

COMPREHENSIVE ANNUAL

FINANCIAL REPORT



2016

FOR THE FISCAL YEAR ENDED

June 30, 2016

Haywood County, North Carolina

HAYWOOD COUNTY, NORTH CAROLINA

Waynesville, North Carolina

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2016



Prepared by: Finance Department

Finance Director: Julie H. Davis, CPA



HAYWOOD COUNTY, NORTH CAROLINA

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June 30, 2016

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INTRODUCTORY SECTION



December 22, 2016

To the Board of County Commissioners and Citizens of
Haywood County, North Carolina

We are pleased to present the Comprehensive Annual Financial Report (“CAFR”) of Haywood County (the “County”) for the fiscal year ended June 30, 2016. Laws of the State of North Carolina, along with policies and procedures of the North Carolina Local Government Commission, require that all local governments in the state publish a complete set of financial statements annually. The financial statements must be presented in conformity with accounting principles generally accepted in the United States of America (“GAAP”).

The financial statements and supplemental schedules contained herein have been audited by the independent, certified public accounting firm of Dixon Hughes Goodman LLP, and that firm’s unmodified opinion is included in the Financial Section of this report. The report itself, however, is presented by the County, which assumes full responsibility for the completeness and reliability of the information presented, based upon a comprehensive framework of internal control that is maintained for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management’s Discussion and Analysis (“MD&A”). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The goal of the independent audit is to provide reasonable assurance that the financial statements of Haywood County for the fiscal year ended June 30, 2016, are free of material misstatements.

This report is divided into four sections: the Introductory, Financial, Statistical, and Compliance Sections. The Introductory Section, which is unaudited, contains this letter of transmittal and information about the County’s organization and principal officials, and the County’s certificate of achievement award. The Financial Section is composed of the auditor’s report; a narrative introduction, overview, and analysis in the form of Management’s Discussion and Analysis; the basic financial statements, which include Government-Wide Financial Statements and Fund Financial Statements, as well as notes to the Financial Statements; and the combining and individual fund financial statements and schedules. The Statistical Section, which is unaudited, contains fiscal and economic data designed to provide a more complete understanding of the County. Many tables in this section present financial data for the past ten years. Finally, the Compliance Section presents reports and schedules required by the federal and state Single Audit Acts. Information related to this single audit, including the schedule of expenditures of federal and state awards, findings and recommendations, and independent auditors’ reports on internal control and compliance with applicable laws and regulations are presented in the Compliance Section of this document.

The financial reporting entity, in accordance with Government Accounting Standards Board, includes all the funds of the primary government (Haywood County), as well as its component units. Component units are legally separate entities for which the primary government is financially accountable. Discretely presented component units are reported in a separate column in the general purpose financial statements to emphasize that they are legally separate from the primary government and to distinguish their financial positions, results of operations, and cash flows from those of the primary government. The Haywood County Tourism Development Authority is reported as a discretely presented component unit. The Tourism Development Authority is reported in the financial statements in a manner similar to a Governmental Fund.



The Haywood County Industrial Facility and Pollution Control Financing Authority is also a component unit of Haywood County. The Corporation exists to issue revenue bond debt of private business for economic development purposes; however, it had no account balances and is, therefore, not reported in the financial statements. The Haywood County Financing Corporation is also a component unit of Haywood County. The Corporation has a board of directors consisting of not less than three persons nor more than five persons, all of which are appointed by the Haywood County Board of Commissioners. The corporation had no transactions or account balances and, therefore, is not reported in the financial statements.

Profile of the County

Haywood County was established in 1808 during the legislative session of the General Assembly, when Representative Thomas Love of Buncombe County introduced a bill establishing a new county in the western portion of North Carolina. Haywood County was named for John Haywood, who served as State Treasurer of North Carolina from 1787 to 1827. The County has land area of 554 square miles, features 19 mountain peaks over 6,000 feet above sea level, 129,994 acres of national forest land and a current population of 60,436. There are four municipalities within the County, the largest being the Town of Waynesville, which serves as the county seat. The County has a commissioner/manager form of government. The five members of the Board of Commissioners are elected from the County at large on a partisan basis and serve four-year staggered terms. Commissioners hold policy-making and legislative authority. They are responsible for adopting the budget and appointing the County Manager. The Manager, in addition to serving as budget officer, is responsible for implementing policies, managing daily operations, and appointing department heads.

The County provides its citizens with a wide range of services that include public safety, sanitation, health and social services, cultural and recreational activities, general administration, and others. This report includes all the County's activities in maintaining these services. The County also extends financial support to certain boards, agencies, and commissions to assist their efforts in serving citizens. Among these are the Haywood County Board of Education and Haywood Community College.

In government, the budget is an integral part of a unit's accounting system and daily operations. The annual budget serves as the foundation for Haywood County's financial planning and control. Annual budgets are adopted for the General and certain Special Revenue Funds. Multi-year project budgets are adopted for the Capital Projects Funds. Appropriations in the General Fund are made at the functional level, Special Revenue Funds and the Internal Service Fund appropriations are made at the departmental level, and the Capital Projects Fund appropriations are made at the object level. However, for internal accounting purposes, budgetary control is maintained by object class (line item account). Purchase orders that would create over-encumbrance at that level are not written until additional appropriations are available through departmental line item transfers approved by the Finance Director and County Manager. The County Manager is authorized by the budget ordinance to transfer appropriations between departments within a functional area; however, any revisions that alter total expenditures of any fund or that change functional appropriations must be approved by the governing board.

Local Economy

Real estate property values, which did not decline in Haywood County during this latest recession as greatly as in other parts of the nation, have begun to bounce back. However, the most recent tax revaluation did uncover neighborhood differences as very high valued homes declined in value, while modest and medium valued homes maintained values. Since July 2014, generally, homes have been selling within 2-3% of the tax values. Tourism continues to climb, generating \$35.76 million in payroll in 2015, an increase of 8.1% over the prior year, with a 3.7% increase in tourism related expenditures from 2014 to 2015. While the manufacturing industry declined over the past decade, the County still maintains



a manufacturing base. Major industries in Haywood County include retail trade, government, medical, agriculture, and tourism. Key economic indicators are as follows:

- The local unemployment rate of 4.5%, a decrease from 5.5% at June 30, 2015, was below the state rate of 5.2%, as well as below the national rate of 5.1% at June 30, 2016.
- Residential construction continues, though reflecting a 3.7% decrease in value of new construction over the prior year's new projects, while the number of new units added decreased 1.6%,
- The number of commercial building permits obtained during the fiscal year ended June 30, 2016 increased 11%, while the value of that construction increased 36% compared to the last fiscal year.
- The population of the County increased steadily over the past decade, with 2016 reflecting a 4.25% increase from 2007, while the per capita income reflected a 13.2% increase for the last year that information was available compared to 2007, eight years back.

Evergreen Packaging, formerly Blue Ridge Paper, continues to be the largest taxpayer in the County, with 2.46% of the County's total assessed valuation. Duke Progress Energy owns .99%, a new hospital, Duke Life Point (DLP) - Haywood Regional Medical, owns .72% and Haywood Electric Membership Corporation owns .70% of assessed valuation. While no other taxpayer owns more than .70%, one company, a utility company, owns .33% of the total valuation. The County is extremely fortunate to have such excellent corporate citizens, and includes the addition of two new players this year. In addition to the new hospital, a new investment company was added to the list. Efforts to further broaden the tax base are ongoing.

Long-term Financial Planning

County officials identified several major needs that needed to be addressed, and initiated a Capital Improvement Plan ("CIP") where priorities were identified and plans formulated to fund some of those priorities. The Board of County Commissioners believes that the taxpayer cannot assume any greater liability, and because of the decrease in local funding on the state and federal levels, management is exploring alternative methods to raise local revenues for any capital projects rather than relying on debt funding. For example, the need to expand the County's landfill operation with the addition of another cell prompted the implementation of a business landfill availability fee as well as an increase in the household landfill fee charged to property owners in 2010. In addition, the solid waste management department has, with much taxpayer support, implemented new recycling goals and procedures that allow citizens to bring recyclables to any convenience center around the County for disposal in recycling bins. These recyclables, ultimately, are sorted and sold, which alleviates the necessity for disposing of them in the landfill.

After much analysis of the entire solid waste management program, the County Commissioners determined multiple strategies that should save taxpayers money over the next few years. The first plan, that of privatizing the County's convenience centers (trash drop off points) was implemented in June 2010 and saved approximately \$120,000 the first year. Renovations and upgrades of some of the county convenience centers began in January 2015 to accommodate single-stream trash compactors or containers, making it even more convenient for citizens to recycle. While single-stream recycling necessarily reduces the quality of the recycled material for resale, it removes a budgeting risk as the revenues on recycled materials have been dropping. As funding allows other centers in the county will be renovated to accommodate the single stream recycling containers. The Board has also determined that it would be in the best interest of the taxpayers to purchase land for these centers before any additional extensive upgrades are made.

In October 2011, the County Commissioners concluded a two year long solid waste study by approving a 30-year agreement with Santek Environmental, Inc. for management of the County's White Oak Landfill. Under this agreement, Santek Environmental, Inc. not only manages the landfill, but has taken over



responsibility for closure and post-closure costs of over \$5.5 million that allowed the county to remove this liability from our financials last fiscal year. The company has submitted a performance bond to the County for this \$5.5 million in addition to certifying coverage of any pollution remediation costs that may be necessary in the future, and that is required of landfill operators by the North Carolina Department of Environment and Natural Resources.

The Commissioners, by exploring alternatives to raising taxes to cover capital needs, have dedicated sales tax revenues collected in the county to cover the debt service for recent building projects, and, as recently vacated County buildings are sold, those revenues will be dedicated to renovations of other County properties for County program needs.

The County Commissioners plan to dedicate proceeds from land sales of other county owned properties, newly graded and marketed for industry development, to fund future economic development projects. Transfers are intended to be made to an Economic Development Capital Project Fund as projects are identified.

Last Spring, as part of an economic initiative, Haywood County, in conjunction with the Town Of Canton, agreed to cover the cost of some infrastructure (roadway access) around an I-40 Exit that has the potential to bring a large company to the area. The Canton corridor has sufficient land and accessibility to the interstate to attract job creating businesses.

County officials continue to undertake priority projects as funding is available and to seek additional funding for new projects. By consolidating the many capital improvement needs into a formal plan, long range implementation plans and funding plans can be established. The County Commissioners have indicated that any future capital projects should be funded by sources other than property taxes in an effort to lessen the burden on the county taxpayers.

Major Initiatives

There have been many pressing needs within county government as aging buildings required maintenance and renovations, and growing services required additional space with which to operate. Throughout the past decade, County Commissioners have had opportunities to address these needs as sales tax revenues and property tax revenues have been dedicated to paying debt service for many projects within County Government. With the building projects such as a new courthouse, new jail and law enforcement center, renovation of the historic County Courthouse for administrative and functional offices, as well as the purchase and renovation of a vacated Wal-Mart building to provide adequate facilities for our social services, health, planning, erosion control and inspection departments, many of these needs have been successfully addressed. This is all in addition to building a new elementary school and renovating other school buildings in the County, as well as building a new landfill cell for maintaining adequate space in the county landfill to accommodate the current and future needs, and completing major renovation projects as well as the building of a Platinum LEED Creative Crafts Center at the community college.

To address other current needs, and as current debt service declines or is paid off, other projects have been considered. This year the community college broke ground on a new Public Training Facility that was funded by a \$4.1 million installment loan issued by the County, which will be repaid with the sales tax dedicated to college capital projects. In addition, the Commissioners approved a \$2.1 million installment loan to begin construction on a new Emergency Medical Services base that will be constructed on a parcel of land currently owned by the county. Last year a comprehensive study was undertaken to establish the feasibility of a new animal services facility. The proceeds of the sale of one of the vacated County properties were used to purchase land for the new animal services facility, which has now been designed and put out for bid. Construction is expected to begin in the fall of this year.



In October 2011, the County Commissioners concluded a two year long solid waste study by approving a 30-year agreement with Santek Environmental, Inc. for management of the County's White Oak Landfill. Under this agreement, Santek Environmental, Inc. not only managed the landfill, but covered the cost of building a public drop off station, a truck wheel wash, improvements to haul roads, and new truck scales, at savings of \$1 million to county taxpayers. This public-private partnership included a provision for the County to revise its landfill permit to accept garbage from 18 Western North Carolina counties, which was accomplished in March of 2013. When the daily disposal amount reached 396 tons, which occurred in May 2014, the contracts expanded management component took effect. This change involved Santek Environmental, Inc. taking over complete management of the landfill operations, which includes maintaining the landfill for 20 years as well as covering the costs associated with closure and post-closure of the landfill at some point in the future. At the expanded management commencement date, the County began receiving a 5 percent host fee for any out-of-county garbage disposed in the landfill. The agreement guarantees there will be space for Haywood County garbage for the next 30 years.

At an earlier constructed but much smaller County landfill, post-closure testing revealed that methane gas may be seeping out into the surrounding properties. While water monitoring and testing did not turn up any contamination, a decision was made to attempt to harness the methane gas for the generation of power at this landfill. A very successful two year, gas collection and flaring project was completed in June 2012 with grant funding of \$1 million from the United States Department of Energy through the North Carolina Department of Commerce. This \$1.2 million project has already generated credits and cash back to the County on the power bill for this property. In addition to the gas collection and flaring project, and to alleviate concerns of possible contamination, the County Commissioners developed a long-term plan for this small landfill that was implemented this fiscal year and included the purchase of some surrounding property and began the construction of an updated cap on the closed landfill site. The County has recognized a liability for future pollution remediation for this landfill of \$2,289,179 as of June 30, 2016.

The County Commission continued to demonstrate its commitment to quality education in Haywood County schools by spending \$14.7 million for current expense and \$500,000 for current capital outlay. The school board has renovated various school buildings and replaced or repaired roofs by utilizing the ADM (Average Daily Membership) funds from the North Carolina School Capital Building Fund that requires a 25% County match and lottery funds which require no match by the County. County funds provide approximately one-fourth of the operating budget for the schools, and the State of North Carolina provides the remainder. The school board is considered to be a separate reporting entity apart from the County, and a detailed discussion of its activities will not be included in this letter.

In addition to the public school projects, the County's emphasis on quality education includes major renovation projects at Haywood Community College. The beautiful campus of the community college is a tremendous asset to the County. However, aging buildings and the need for new programs and courses has created capital project requirements for the college in the form of building renovations and expansions. Construction was recently completed on a Creative Crafts building, renovations to the administrative and general education buildings, upgrades to the waterline that runs through campus, and parking area expansion. With these projects completed, other crucial projects on the campus are expected to be funded with the balance of any sales tax revenue since the sales tax collected annually has been in amounts greater than the debt service related to the current projects. A \$4.1 million installment loan was issued in October of 2015 to cover the cost of a Public Services Training Facility at the college. The facility is expected to be open for classes within the year.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada ("GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting to Haywood County for its comprehensive annual financial report ("CAFR") for the fiscal year ended June 30, 2015. The Certificate



of Achievement is a prestigious national award, recognizing conformance with the highest standards for preparation of a state and local government financial report.

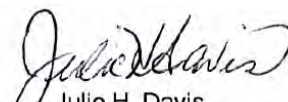
In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, the contents of which conform to program standards. The CAFR must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

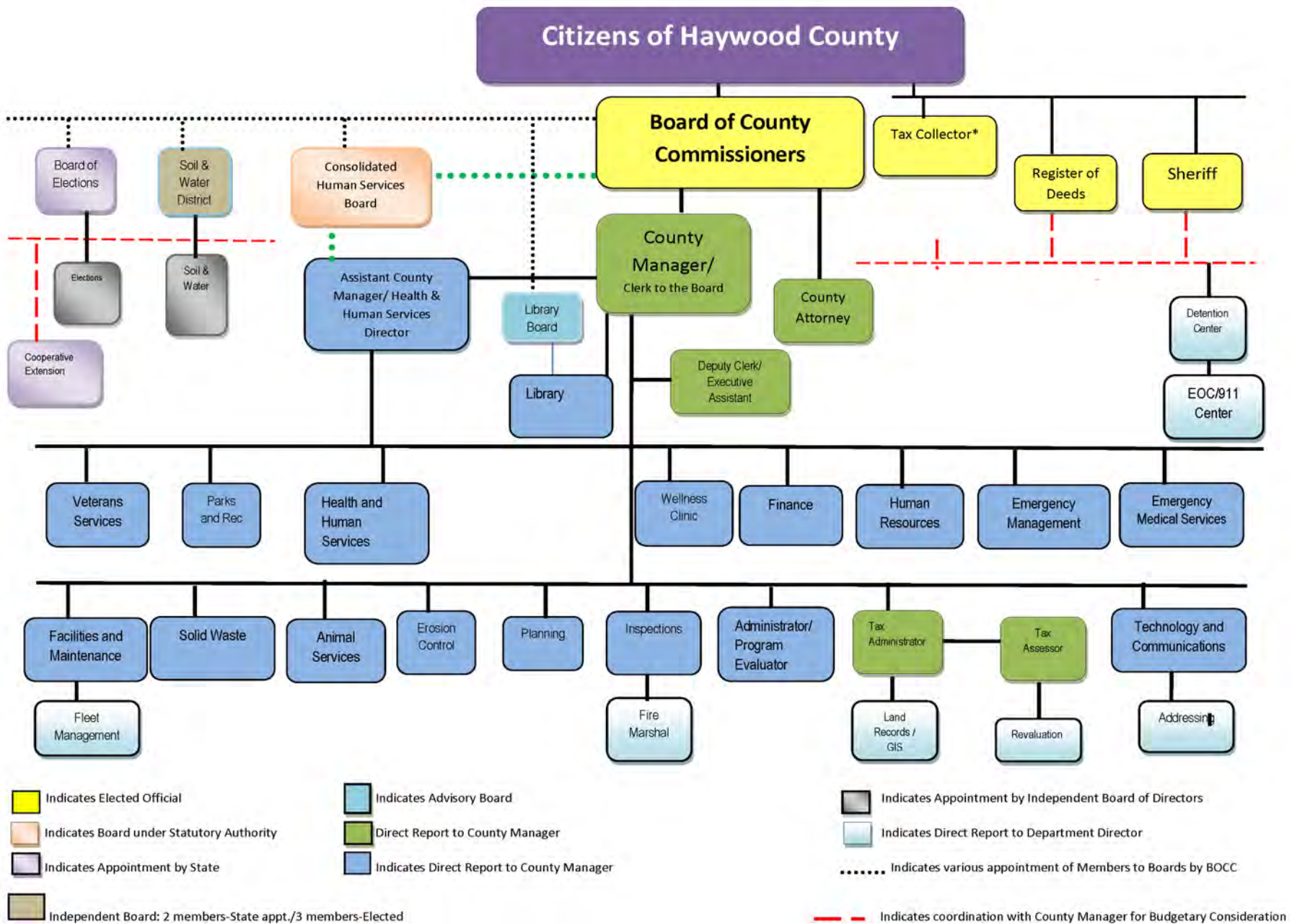
A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to the GFOA.

The preparation of this report would not be possible without the professional team of dedicated individuals in the Finance Department. We would like to acknowledge Dixon Hughes Goodman LLP, Certified Public Accountants, for their assistance. The cooperation of each county department is appreciated as we work together in maintaining the County's financial operations. We especially thank the members of the County Commissioners for the continued support, guidance, and advice in planning and conducting the financial activities of the County in a responsible and progressive manner. Our excellent financial status reflects that involvement.

Respectfully submitted,


Ira Dove
County Manager


Julie H. Davis
Finance Director



*County Manager Appointing Authority for staff

HAYWOOD COUNTY, NORTH CAROLINA

List of Principal Officials

June 30, 2016

Board of County Commissioners

Mark S. Swanger, Chairman
J. W. "Kirk" Kirkpatrick, III, Vice Chairman
L. Kevin Ensley, Commissioner
Bill L. Upton, Commissioner
Michael T. Sorrells, Commissioner

County Officials

Ira Dove, County Manager
Julie H. Davis, CPA, Finance Director
David Francis, Interim Tax Assessor
Michael E. Mathews, Tax Collector
Sherri Rogers, Register of Deeds
Gregory Christopher, Sheriff
Leon M. Killian, Attorney



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

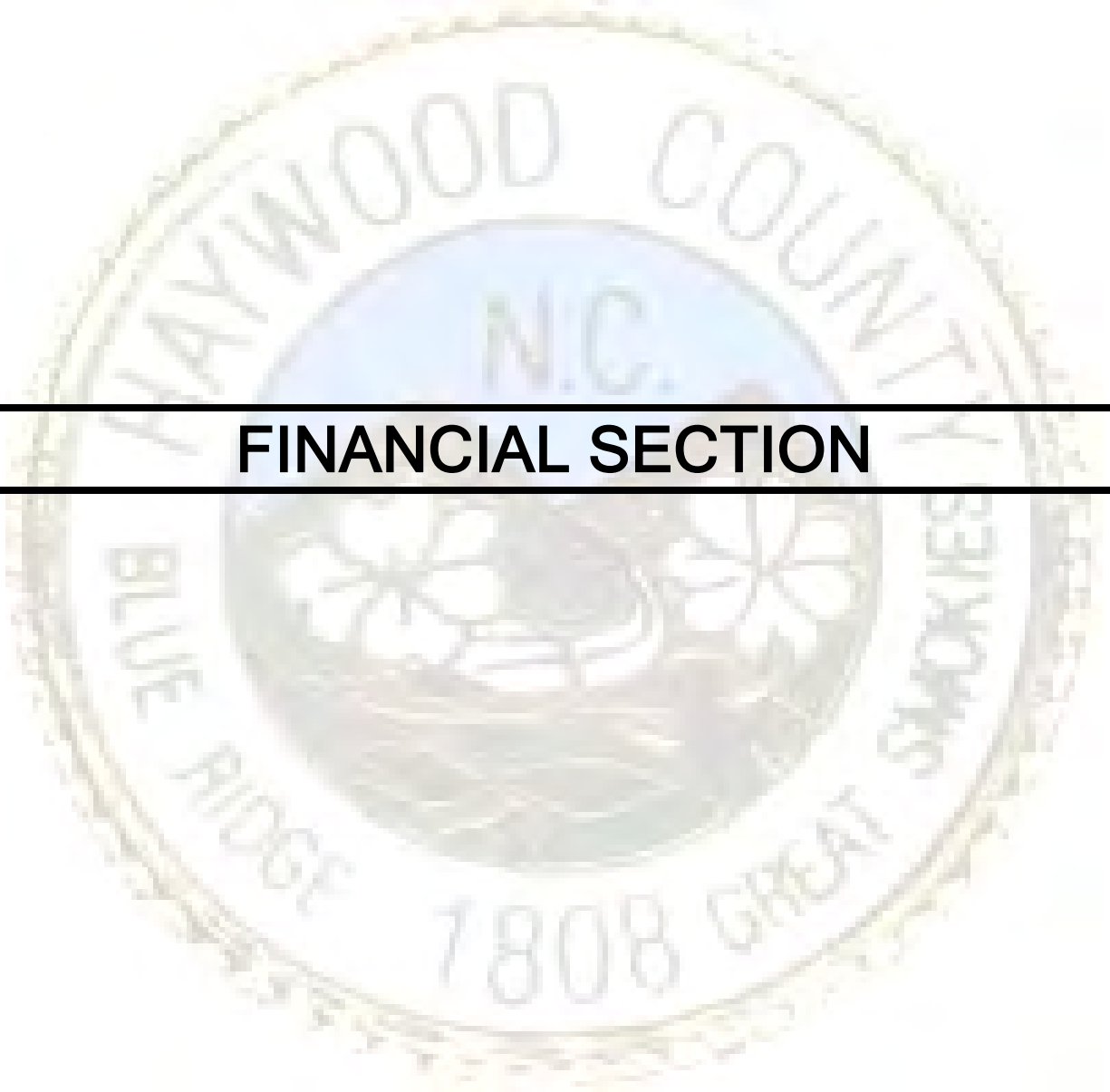
Presented to

Haywood County
North Carolina

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2015

Executive Director/CEO



FINANCIAL SECTION

Independent Auditors' Report

Board of County Commissioners
Haywood County, North Carolina
Waynesville, North Carolina

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' 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 from material misstatement. The financial statements of the Haywood County Tourism Development Authority were not audited in accordance with *Government Auditing Standards*.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Haywood County, North Carolina as of June 30, 2016, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund and the Solid Waste Management Fund for the



year then ended in accordance with accounting principles generally accepted in the United States of America.

Others Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, the Law Enforcement Officers' Special Separation Allowances' and the Other Postemployment Benefits' Schedules of Funding Progress and Employer Contributions, the Local Governmental Employees' Retirement System's Schedules of the County's Proportionate Share of Net Pension Liability (Asset) and County Contributions, and the Register of Deeds' Supplemental Pension Fund's Schedules of the County's Proportionate Share of Net Pension Liability (Asset) and County Contributions on Pages 4 through 12 and 62 through 69, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The introductory section, combining and individual non-major fund statements, statistical section, budgetary schedules and other schedules, as well as the accompanying Schedule of Expenditures of Federal and State Awards as required by Title 2 *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the State Single Audit Implementation Act are presented for the purposes of additional analysis and are not a required part of the financial statements.

The combining and individual non-major fund financial statements, budgetary schedules, and other schedules, as well as the accompanying Schedule of Expenditures of Federal and State Awards are the responsibility of management, were derived from, and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial statements, budgetary schedules, other schedules, and the accompanying Schedule of Expenditures of Federal and State Awards are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.



Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2016, on our consideration of Haywood 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 the internal control over financial reporting and compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Haywood County's internal control over financial reporting and compliance.

Dixon Hughes Goodman LLP

**Asheville, North Carolina
December 22, 2016**

HAYWOOD COUNTY, NORTH CAROLINA

Management's Discussion and Analysis

June 30, 2016

As management of Haywood County (the "County"), we offer readers of Haywood County's financial statements this narrative overview and analysis of the financial activities of Haywood County for the fiscal year ended June 30, 2016. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in our letter of transmittal and in the County's financial statements, which follow this narrative.

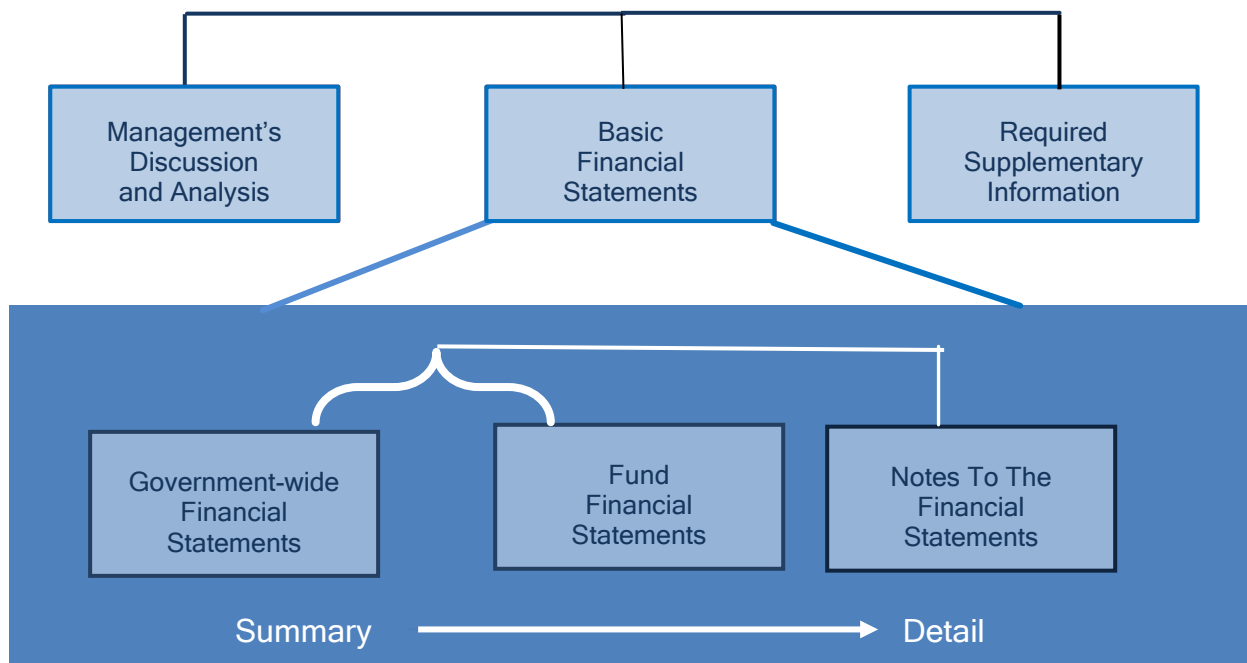
Financial Highlights

- The assets and deferred outflows of resources of Haywood County exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$40,579,111 (*net position*).
- The government's total net position increased by \$9,325,786, primarily due to an increase in the tax rate and the landfill convenience fee, which were implemented in order to maintain current services and upgrade County property.
- As of the close of the current fiscal year, Haywood County's governmental funds reported combined ending fund balances of \$36,100,901, a 37% increase, mainly due to the addition of installment loan proceeds for new capital projects that have not yet been expended in the Capital Project funds, as well as the revenue in the Solid Waste Management fund that is being accumulated in order to fund the CAP Maintenance of a County landfill. Approximately 47.9% of this total amount, or \$17,274,398, is available for spending at the government's discretion.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$17,274,398 or 23.3% of total General Fund expenditures and transfers for the fiscal year.
- Haywood County's total debt increased by \$2,645,232 (4%) during the current fiscal year. This is mainly due to the county incurring \$6.2 million in new debt to construct an Emergency Services Base for County operations and to construct a Public Facilities Training Base at the community college. Additionally, in the prior year, the GASB 68 net pension liability was a negative liability and was reported as a net pension asset. In the current fiscal year, the County is reporting a positive liability of \$1.49 million.
- Haywood County's bond rating from Moody's Investor Service for the latest general obligation bond issue was A2, and was upgraded in 2011 to the Global Rating Scale of AA3. Standard and Poor's issued a rating of AA on the general obligation bond issues.

Overview of the Financial Statements

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

Required Components of Annual Financial Report
Figure 1



The first two statements (Exhibits 1 and 2) in the basic financial statements are the **Government-wide Financial Statements**. They provide both short and long-term information about the County’s financial status.

The next statements (Exhibits 3 through 9) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the County’s government. These statements provide more detail than the government-wide statements. There are four parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements; 3) the proprietary fund statements; and 4) the fiduciary fund statements.

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

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

Government-wide Financial Statements

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

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

The government-wide statements are divided into two categories: 1) governmental activities; and 2) component units. The governmental activities include most of the County's basic services such as public safety, parks and recreation, and general administration. Property taxes and state and federal grant funds finance most of these activities. Business-type activities are those that an entity charges customers to provide. The County does not operate any business-type activities. The second category is the component units. Although legally separate from the County, the Haywood County Tourism Development Authority is important to the County because the County is financially accountable for the Board by appointing its members.

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

Fund Financial Statements

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

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

Haywood County maintains thirteen governmental funds. Information is presented separately in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Solid Waste Management Special Revenue fund, and the Community College Projects fund, all of which are considered to be major funds. Data from the other ten governmental funds are combined by type, with the remaining special revenue funds aggregated and presented separately, and the capital project funds aggregated and presented separately from the major funds. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

Haywood County adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the County, the

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

Proprietary Funds - Haywood County has two proprietary funds. The two Insurance Internal Service Funds are used to account for the activities of the self-insurance plans of the County for employee medical claims and workers' compensation claims.

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

Notes to the Financial Statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements start on page 28 of this report.

Other Information - In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning Haywood County's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 62 of this report.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets and deferred outflows of resources of Haywood County exceeded its liabilities and deferred inflows of resources by \$40,579,111 as of June 30, 2016. The County's net position increased by \$9,325,786 for the fiscal year ended June 30, 2016. One of the largest portions (117.18%) reflects the County's net investment in capital assets (e.g. land, buildings, machinery, and equipment), less any related debt still outstanding that was issued to acquire those items. Haywood County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Haywood County's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of Haywood County's net position (30.35%) represents resources that are subject to external restrictions on how they may be used. The balance of negative unrestricted net position of (\$19,284,853) reflects the outstanding debt for the public school building projects and community college building projects without a related asset. This is due to the fact that the public school and community college boards retain title to the schools, while the County incurs the related debt.

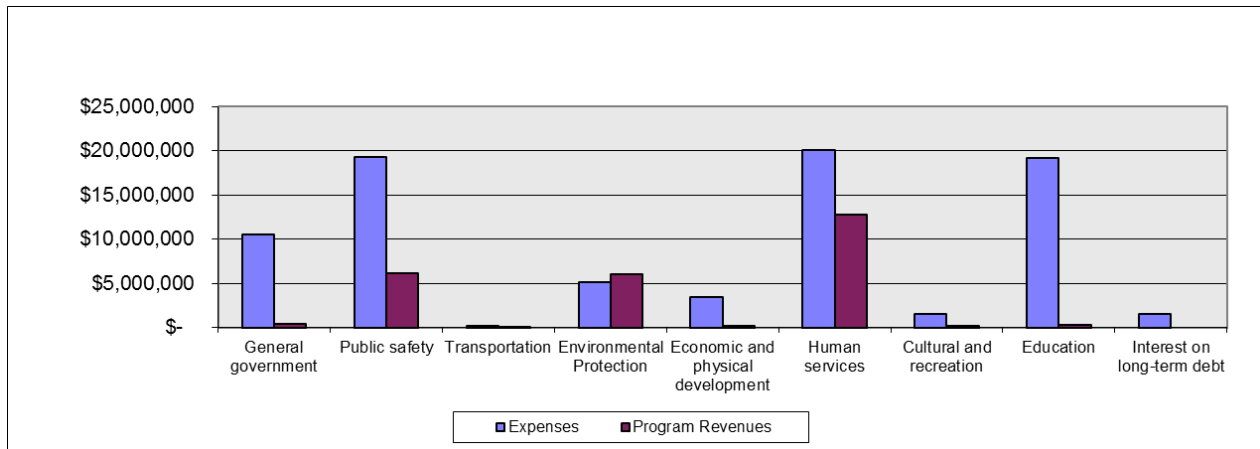
Haywood County's Net Position
Figure 2

	Governmental Activities	
	2016	2015
Current and other assets	\$ 46,244,667	\$ 37,496,001
Capital assets	74,044,451	73,622,315
Total assets	<u>120,289,118</u>	<u>111,118,316</u>
Deferred outflows of resources	<u>1,988,732</u>	<u>2,039,635</u>
Long-term liabilities outstanding	74,332,822	71,687,590
Other liabilities	5,743,490	4,735,813
Total liabilities	<u>80,076,312</u>	<u>76,423,403</u>
Deferred inflows of resources	<u>1,622,427</u>	<u>5,481,223</u>
Net position:		
Net investment in capital assets	47,549,405	43,926,798
Restricted	12,314,559	9,434,549
Unrestricted	<u>(19,284,853)</u>	<u>(22,108,022)</u>
Total net position	<u>\$ 40,579,111</u>	<u>\$ 31,253,325</u>

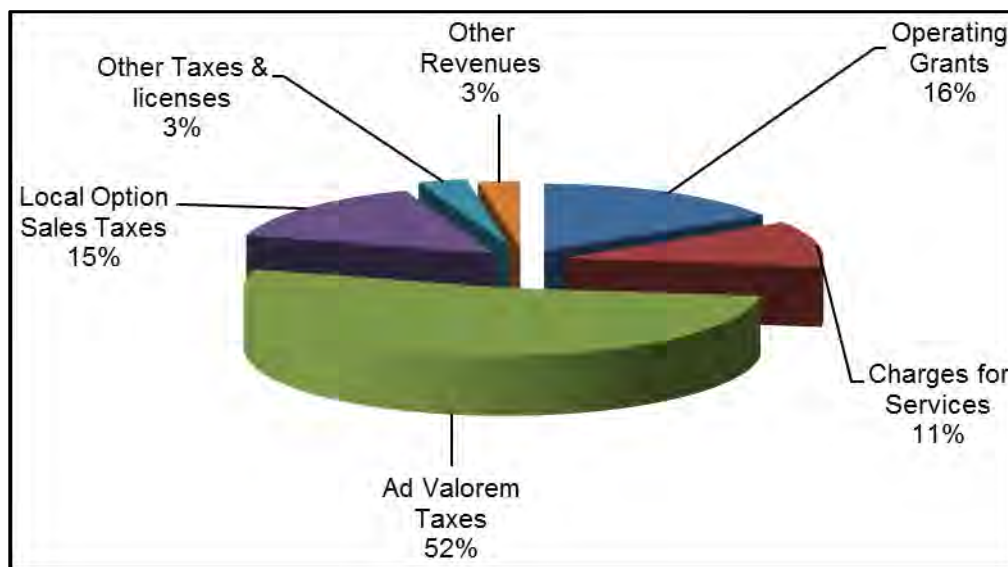
Haywood County's Changes in Net Position
Figure 3

	Governmental Activities	
	2016	2015
Revenues:		
Program revenues:		
Charges for services	\$ 9,868,547	\$ 7,958,559
Operating grants and contributions	14,449,938	15,317,845
Capital grants and contributions	1,815,055	672,043
General revenues:		
Property taxes	47,317,943	43,826,065
Other taxes	16,212,537	15,334,893
Grants and contributions not restricted to specific programs	367,475	308,781
Other	179,296	69,724
Total revenues	<u>90,210,791</u>	<u>83,487,910</u>
Expenses:		
General government	10,500,731	9,202,544
Public safety	19,259,761	18,332,672
Transportation	191,345	197,811
Environmental protection	5,127,244	4,182,627
Economic and physical development	3,484,859	3,289,410
Human services	20,111,298	20,029,023
Culture and recreation	1,562,935	1,685,345
Education	19,118,901	19,586,667
Interest on long-term debt	1,527,931	1,841,698
Total expenses	<u>80,885,005</u>	<u>78,347,797</u>
Increase in net position	9,325,786	5,140,113
Net position, July 1	<u>31,253,325</u>	<u>26,113,212</u>
Net position, June 30	<u>\$ 40,579,111</u>	<u>\$ 31,253,325</u>

Expense and Program Revenues - Governmental Activities



Revenues by Source - Governmental Activities



Financial Analysis of the County's Funds

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

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

The General Fund is the chief operating fund of Haywood County. At the end of the current fiscal year, Haywood County's fund balance available for appropriation in the General Fund was \$19,831,737, while total fund balance reached \$25,618,413. This was particularly attributable to the 5.62% increase in sales tax revenues collected this year and the increase in the County tax rate, along with a concerted effort by

the Commissioners and administration to increase the fund balance. The Governing Body of Haywood County has determined that the County should maintain an available fund balance of at least 11%, with a target balance of 24.5% of General Fund expenditures in case of unforeseen needs or opportunities, in addition to meeting the cash flow needs of the County. The County currently has an available fund balance of 26.78% of General Fund expenditures, while total fund balance represents 34.59% of that same amount.

The Solid Waste Management Fund reports the activities in running the landfill, convenience centers, and the materials recovery facility. At the end of the current fiscal year, the total fund balance in that fund, \$4,618,934, reflects an increase that includes the landfill convenience fee increase that was implemented in the 2015-2016 fiscal year in order to re-cap and maintain a small closed landfill and to upgrade the County convenience centers. It is expected that this fee increase will cover these costs over a five year period so that the County will not need to borrow the funds to complete these projects. Most of the projects are expected to be completed within five years.

At June 30, 2016, the governmental funds of Haywood County reported a combined fund balance of \$36,100,901, a 37.4% increase from last year. The increase was largely due to the increase in both the property tax rate as well as the landfill convenience fee, both implemented in order to upgrade County facilities.

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 services. Total amendments to the General Fund increased revenues by \$2,144,451, largely due to grant appropriations throughout the year.

Proprietary Funds - The internal service funds for employee health insurance benefits and for workers compensation have been consolidated into the government-wide statements since they both serve all county departments.

Capital Asset and Debt Administration

Capital Assets - The County's capital assets for its governmental activities as of June 30, 2016, total \$74,044,451 (net of accumulated depreciation). These assets include buildings, land, other improvements, machinery and equipment, furniture, and vehicles.

Major capital asset transactions during the year include:

- Purchased land near the center of the county for a future animal services facility.
- Began construction of an EMS/Emergency Management Base.
- Began construction of a new, grant funded E-911 base, including consolidation of operations.
- Purchased new security upgrades for county buildings.
- HVAC system upgrades in county buildings.
- Replaced roofing on aging county buildings.
- Purchased various vehicles, vans and equipment for us in the Sheriff's Office and Detention Center.
- Purchased \$500,000 worth of capital for Emergency Medical Services, including two new ambulances and two chassis remounts.
- Purchased land and began upgrades to one of the Solid Waste Management convenience centers.
- Continued cap maintenance at the closed landfill.

Haywood County's Capital Assets
(net of depreciation)
Figure 4

	Governmental Activities	
	2016	2015
Land	\$ 13,365,117	\$ 12,997,807
Buildings	51,215,466	52,734,103
Improvements other than buildings	3,698,485	4,546,620
Equipment	1,559,625	1,918,750
Vehicles	1,248,151	812,941
Construction in progress	2,957,607	612,094
Total	\$ 74,044,451	\$ 73,622,315

Additional information on the County's capital assets can be found in Note 2A of the Basic Financial Statements.

Long-term Debt - As of June 30, 2016, Haywood County had \$20.4 million in bonded debt outstanding.

Haywood County's Outstanding Debt
General Obligation
Figure 5

	Governmental Activities	
	2016	2015
General obligation bonds	\$ 20,435,000	\$ 22,638,000

Haywood County's total debt increased by \$2,645,232 (4%) during the current fiscal year. This is mainly due to the county incurring \$6.2 million in new debt to construct an Emergency Services Base for County operations and to construct a Public Facilities Training Base at the community college. Additionally, in the prior year, the GASB 68 net pension liability was a negative liability and was reported as a net pension asset. In the current fiscal year, the County is reporting a positive liability of \$1.49 million.

As mentioned in the financial highlights section of this document, Haywood County's general obligation bond issues are rated Aa3 from Moody's Investor Service, and AA from Standard & Poor's. These bond ratings are a clear indication of the sound financial condition of Haywood County. This achievement is a primary factor in keeping interest costs low on the County's outstanding debt.

The State of North Carolina limits the amount of general obligation debt that a unit of government can issue to 8% of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for Haywood County is \$537,547,966.

Additional information regarding Haywood County's long-term debt can be found in Note 2C.

Economic Factors and Next Year's Budgets and Rates

The following key economic indicators reflect the outlook of the County:

- The local unemployment rate of 4.5%, a decrease from 5.5% at June 30, 2015, was below the state unemployment rate of 5.2%, as well as below the national rate of 5.1% at June 30, 2016.
- New residential construction continues, though reflecting a 3.7% decrease in value of new construction over the prior year's new projects, while the number of new units added decreased 1.6%.

- Property values for commercial construction increased 36% from 2015 amounts.
- Sales taxes received by the county reflect an increase of 5.62% from 2015 amounts.

Budget Highlights for the Fiscal Year Ending June 30, 2017

Governmental Funds - Budgeted revenues in the General Fund reflect an increase in the property tax base for motor vehicle values and business personal property, with a slight increase in commercial construction. The County completed a revaluation of property values in 2011 that were first reflected in the 2011-2012 fiscal year budget. Total property values for budgeting purposes, which included the reductions for land use, senior citizen exemptions and historic exemptions, decreased in that revaluation cycle by 2.37%. The tax rate of 54.13 cents per \$100 value, an increase of 2.73 cents from the year prior to the revaluation year, reflected an amount that would bring in substantially the same amount of revenue had there been no revaluation. Since that budget, it has become evident that the revenues would not sustain reasonable operations going forward. In that light, the Board of Commissioners decided to increase the tax rate from 54.13 cents to 56.61 cents for the 2015-2016 fiscal year. This increase has allowed for necessary capital expenditures that had been put off during the years following the recession. The tax increase also helped cover the expenses of increasing some of the lowest paid positions in order to attract qualified staff. The Commissioners held the tax rate of 56.61 cents for the 2016-2017 fiscal year. This budget year is our final year to complete the revaluation in the county. Values are expected to drop slightly for vacant land and to increase slightly for homes, and this revaluation will be reflected in the 2017-2018 fiscal year.

The sales tax revenue for Haywood County has averaged 6.54% increase over the past three years, with only a 2% increase in the 2013-2014 fiscal year. The 2014-2015 fiscal year generated a 12% increase, likely due to the purchases generated by the county's hospital which was purchased by Duke-Lifepoint in July 2014. The 2015-2016 fiscal year generated a 5.62% increase over fiscal year 14-15. The budget for next year (2016-2017) reflects an estimated 6% increase over the prior year's budget, and a 2% increase over the actual amount collected through June 30, 2016. As the year progresses, an opportunity to increase the sales tax budget to reflect more revenue may be possible and will be reviewed.

The Solid Waste Management Special Revenue Fund, segregated from the General Fund, reflects the privatization of the convenience centers in the County as well as a public/private partnership for management of the county landfill, which reduced the liability for closure and post closure costs, as well as removed any future landfill expansion cost liability for the County. However, the county has recognized a liability for potential pollution remediation of another, much smaller, County landfill. Along with property purchases, engineers have been engaged to design and administer a new cap construction for the landfill. These costs are reflected in the 2016-2017 fiscal year budget. Last year, an increase in the availability fee, from \$92 per household to \$136 per household, was implemented to cover these new costs.

Requests for Information

This report is designed to provide an overview of the County's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Director of Finance, Haywood County, 215 N. Main Street, Waynesville, NC 28786.

HAYWOOD COUNTY, NORTH CAROLINA

Statement of Net Position

June 30, 2016

	Primary Government	Component Unit
	Governmental Activities	Haywood County Tourism Development Authority
Assets:		
Cash and cash equivalents	\$ 31,350,836	\$ 353,505
Restricted cash	5,372,517	181,640
Receivables (net)	3,343,224	261,114
Due from other governments	5,854,151	-
Inventories	137,952	-
Prepaid items	10,653	3,189
Net pension asset - restricted	175,334	-
Capital assets:		
Land, improvements, and construction in progress	16,322,724	-
Other capital assets, net of depreciation	57,721,727	18,942
Total capital assets	<u>74,044,451</u>	<u>18,942</u>
 Total assets	 <u>120,289,118</u>	 <u>818,390</u>
Deferred outflows of resources	<u>1,988,732</u>	<u>-</u>
Liabilities:		
Accounts payable and accrued expenses	5,162,379	128,677
Accrued interest payable	581,111	-
Long-term liabilities:		
Due within one year	7,571,090	-
Due in more than one year	66,761,732	-
Total liabilities	<u>80,076,312</u>	<u>128,677</u>
 Deferred inflows of resources	 <u>1,622,427</u>	 <u>-</u>
Net position:		
Net investment in capital assets	47,549,405	18,942
Restricted for:		
Stabilization by State Statute	6,275,986	261,114
Pension	175,334	-
Public safety	2,953,290	-
Education	2,909,949	-
Economic development	-	181,640
Unrestricted (deficit)	<u>(19,284,853)</u>	<u>228,017</u>
 Total net position	 <u>\$ 40,579,111</u>	 <u>\$ 689,713</u>

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

HAYWOOD COUNTY, NORTH CAROLINA

Statement of Activities

For the Fiscal Year Ended June 30, 2016

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 10,500,731	\$ 383,017	\$ 81,913	\$ -
Public safety	19,259,761	2,943,283	1,403,896	1,743,905
Transportation	191,345	-	124,768	-
Environmental protection	5,127,244	5,980,206	81,345	-
Economic and physical development	3,484,859	-	204,030	-
Human services	20,111,298	493,716	12,216,916	7,514
Culture and recreation	1,562,935	68,325	118,186	11,517
Education	19,118,901	-	218,884	52,119
Interest on long-term debt	1,527,931	-	-	-
Total governmental activities	\$ 80,885,005	\$ 9,868,547	\$ 14,449,938	\$ 1,815,055
Component unit:				
Haywood County Tourism Development Authority	\$ 1,122,936	\$ 15,340	\$ -	\$ -
General revenues:				
Taxes:				
Property taxes, levied for general purpose				
Local option sales tax				
Occupancy taxes				
Deed stamp excise tax				
Telecommunications/video tax				
Other taxes and licenses				
Grants and contributions not restricted to specific programs				
Investment earnings, unrestricted				
Miscellaneous, unrestricted				
Total general revenues				
Change in net position				
Net position-beginning				
Net position-ending				

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

Net (Expense) Revenue and Changes in Net Position	
Primary Government	Component Unit
Total Governmental Activities	Haywood County Tourism Development Authority
\$ (10,035,801)	
(13,168,677)	
(66,577)	
934,307	
(3,280,829)	
(7,393,152)	
(1,364,907)	
(18,847,898)	
(1,527,931)	
<u>(54,751,465)</u>	
	<u>\$ (1,107,596)</u>
47,317,943	-
13,463,292	-
1,237,654	1,215,278
613,304	-
300,035	-
598,252	-
367,475	-
91,351	15
87,945	-
<u>64,077,251</u>	<u>1,215,293</u>
9,325,786	107,697
31,253,325	582,016
<u>\$ 40,579,111</u>	<u>\$ 689,713</u>

HAYWOOD COUNTY, NORTH CAROLINA

Balance Sheet
Governmental Funds

June 30, 2016

	General Fund	Solid Waste Management Fund	Other Governmental Funds	Total Governmental Funds
Assets:				
Cash and cash equivalents	\$ 24,472,525	\$ 4,654,981	\$ 1,106,326	\$ 30,233,832
Restricted cash	304,125	-	5,068,392	5,372,517
Accounts receivable, net	158,299	-	-	158,299
Taxes receivable, net	1,692,801	-	134,306	1,827,107
Other tax receivables	434,701	-	-	434,701
Due from other governments	5,462,801	66,298	325,052	5,854,151
Solid waste fees receivable	-	521,464	-	521,464
Other receivables	99,290	15,302	-	114,592
Prepays	653	-	-	653
Inventories	137,952	-	-	137,952
Total assets	<u>\$ 32,763,147</u>	<u>\$ 5,258,045</u>	<u>\$ 6,634,076</u>	<u>\$ 44,655,268</u>
Liabilities:				
Accounts payable and accrued liabilities	\$ 4,116,687	\$ 111,050	\$ 636,216	\$ 4,863,953
Deferred inflows of resources	<u>3,028,047</u>	<u>528,061</u>	<u>134,306</u>	<u>3,690,414</u>
Fund balances:				
Non-spendable:				
Prepays	653	-	-	653
Inventories	137,952	-	-	137,952
Restricted:				
Stabilization by State Statute	5,648,071	603,064	24,851	6,275,986
Sheriff's department	73,857	-	-	73,857
Public safety	-	-	1,888,425	1,888,425
E-911	-	-	929,900	929,900
Community college	-	-	2,909,949	2,909,949
Title III projects	61,108	-	-	61,108
Committed:				
Community college	1,544,960	-	-	1,544,960
Solid waste management	-	4,015,870	-	4,015,870
Public school capital projects	40,884	-	28,778	69,662
Capital projects	-	-	81,651	81,651
Assigned:				
Subsequent year's expenditures	800,000	-	-	800,000
LEO Special Separation Allowance	36,530	-	-	36,530
Unassigned	17,274,398	-	-	17,274,398
Total fund balances	<u>25,618,413</u>	<u>4,618,934</u>	<u>5,863,554</u>	<u>36,100,901</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 32,763,147</u>	<u>\$ 5,258,045</u>	<u>\$ 6,634,076</u>	<u>\$ 44,655,268</u>

(continued)

HAYWOOD COUNTY, NORTH CAROLINA

Balance Sheet Governmental Funds, Continued

June 30, 2016

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

Total fund balance for governmental funds	\$ 36,100,901
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	74,044,451
Net pension asset	175,334
Contributions to pension plans in the current fiscal year are deferred outflows of resources on the statement of net position	1,371,244
Deferred outflows of resources for pension related deferrals	37,770
Deferred outflows of resources for a charge on the refunding of debt	579,718
The internal service fund is used by management to account for the activities of the self-insurance plan of the County for employee medical claims to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the Statement of Net Position.	1,094,115
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:	
Accrued interest receivable	21,524
Deferred inflows of resources for taxes, fees and notes receivable	2,855,591
Deferred inflows of resources for pension related deferrals	(787,604)
Some liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Accrued interest payable	(581,111)
Long-term obligations	(74,332,822)
Net position of governmental activities	\$ 40,579,111

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

HAYWOOD COUNTY, NORTH CAROLINA

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds

For the Fiscal Year Ended June 30, 2016

	General Fund	Solid Waste Management Fund	Other Governmental Funds	Total Governmental Funds
Revenues:				
Ad valorem taxes	\$ 42,206,209	\$ -	\$ 4,294,873	\$ 46,501,082
Local option sales taxes	13,463,292	-	-	13,463,292
Other taxes and licenses	2,614,772	134,473	-	2,749,245
Unrestricted intergovernmental	367,475	-	-	367,475
Restricted intergovernmental	13,872,082	65,871	2,233,327	16,171,280
Permits and fees	362,866	5,890,767	-	6,253,633
Sales and services	3,531,349	59,548	-	3,590,897
Investment earnings	85,888	-	5,463	91,351
Miscellaneous	309,414	15,474	52	324,940
Total revenues	<u>76,813,347</u>	<u>6,166,133</u>	<u>6,533,715</u>	<u>89,513,195</u>
Expenditures:				
Current:				
General government	5,436,610	-	-	5,436,610
Central services	3,700,493	-	-	3,700,493
Public safety	14,841,447	-	6,661,783	21,503,230
Transportation	191,345	-	-	191,345
Environmental protection	155,211	3,989,738	243,015	4,387,964
Economic and physical development	2,727,164	-	192,851	2,920,015
Human services	19,745,200	-	-	19,745,200
Culture and recreation	1,473,806	-	-	1,473,806
Intergovernmental:				
Education	17,536,193	-	1,582,708	19,118,901
Debt service:				
Principal	6,167,986	-	-	6,167,986
Interest and other fiscal charges	1,465,922	-	-	1,465,922
Total expenditures	<u>73,441,377</u>	<u>3,989,738</u>	<u>8,680,357</u>	<u>86,111,472</u>
Revenues over (under) expenditures	<u>3,371,970</u>	<u>2,176,395</u>	<u>(2,146,642)</u>	<u>3,401,723</u>
Other financing sources (uses):				
Transfers from other funds	17,085	16,669	619,026	652,780
Transfers to other funds	(614,026)	-	(38,754)	(652,780)
Proceeds from installment loans	-	-	6,200,000	6,200,000
Sale of capital assets	166,516	51,227	-	217,743
Total other financing sources (uses)	<u>(430,425)</u>	<u>67,896</u>	<u>6,780,272</u>	<u>6,417,743</u>
Net change in fund balances	2,941,545	2,244,291	4,633,630	9,819,466
Fund balances—beginning	<u>22,676,868</u>	<u>2,374,643</u>	<u>1,229,924</u>	<u>26,281,435</u>
Fund balances—ending	<u>\$ 25,618,413</u>	<u>\$ 4,618,934</u>	<u>\$ 5,863,554</u>	<u>\$ 36,100,901</u>

(continued)

HAYWOOD COUNTY, NORTH CAROLINA

Statement of Revenues, Expenditures, and Changes in Fund Balances Governmental Funds

For the Fiscal Year Ended June 30, 2016

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

Net change in fund balances--total governmental funds	\$ 9,819,466
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period:</p>	
Capital outlay	4,574,780
Depreciation	(3,776,072)
Net book value of capital assets disposed of during the year, not capitalized on modified accrual basis	(376,572)
Contributions to the pension plan in the current fiscal year are not included in the Statement of Activities	1,371,244
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:</p>	
Change in ad valorem taxes receivable	816,861
Change in notes receivable	(207,210)
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. These amounts are the net effect of these differences in the treatment of long-term debt and related items:</p>	
Proceeds from the issuance of debt	(9,200,000)
Amortization of bond issuance premium	5,256
Repayments	6,167,986
The internal service fund is used by management to account for the activities of the self-insurance plan of the County for employee medical claims to individual funds. The net revenue is reported with the governmental activities	(867,537)
<p>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. The following are accrued in the government-wide statements but not in the fund statements because they do not use current resources:</p>	
Deferred outflows of resources for a charge on the refunding of debt	(62,294)
Compensated absences	(188,675)
Pollution remediation obligation	(22,665)
Pension expense - LGERS	(816,396)
Pension expense - Register of Deeds	6,851
Net pension obligation - LEOSSA	(31,142)
OPEB liability	(883,124)
Difference in interest expense between fund statements (modified accrual) and government-wide statements (full accrual)	(4,971)
Total changes in net position of governmental activities	\$ 9,325,786

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

HAYWOOD COUNTY, NORTH CAROLINA

Statement of Revenues, Expenditures, and Changes in Fund Balances- Budget and Actual--General Fund and Solid Waste Management Fund

For the Fiscal Year Ended June 30, 2016

	General Fund			Variance
	Original Budget	Final Budget	Actual	With Final Positive (Negative)
Revenues:				
Ad valorem taxes	\$ 42,001,939	\$ 42,149,970	\$ 42,206,209	\$ 56,239
Local option sales tax	12,843,987	12,931,487	13,463,292	531,805
Other taxes and licenses	2,459,100	2,803,950	2,614,772	(189,178)
Unrestricted intergovernmental	325,927	325,927	367,475	41,548
Restricted intergovernmental	13,909,368	15,332,804	13,872,082	(1,460,722)
Permits and fees	362,500	362,500	362,866	366
Sales and services	3,774,049	3,832,549	3,531,349	(301,200)
Investment earnings	30,000	30,000	85,888	55,888
Miscellaneous	230,484	312,618	309,414	(3,204)
Total revenues	75,937,354	78,081,805	76,813,347	(1,268,458)
Expenditures:				
Current:				
General government	5,569,885	5,926,721	5,436,610	490,111
Central services	3,502,511	4,089,206	3,700,493	388,713
Public safety	14,746,281	15,786,488	14,841,447	945,041
Transportation	215,400	215,400	191,345	24,055
Environmental protection	167,815	175,103	155,211	19,892
Economic and physical development	2,113,715	3,045,762	2,727,164	318,598
Human services	20,859,243	22,075,704	19,745,200	2,330,504
Culture and recreation	1,521,979	1,581,349	1,473,806	107,543
Contingency and non-departmental	1,750,509	-	-	-
Intergovernmental:				
Education	17,744,607	17,543,309	17,536,193	7,116
Debt service:				
Principal	5,984,987	6,167,987	6,167,986	1
Interest and other charges	1,762,422	1,477,124	1,465,922	11,202
Total expenditures	75,939,354	78,084,153	73,441,377	4,642,776
Revenues over (under) expenditures	(2,000)	(2,348)	3,371,970	3,374,318

Solid Waste Management Fund			
Original Budget	Final Budget	Actual	Variance With Final Positive (Negative)
\$ -	\$ -	\$ -	\$ -
-	-	-	-
120,000	120,000	134,473	14,473
-	-	-	-
47,000	47,000	65,871	18,871
5,951,987	6,071,987	5,890,767	(181,220)
148,000	28,000	59,548	31,548
-	-	-	-
-	-	15,474	15,474
<u>6,266,987</u>	<u>6,266,987</u>	<u>6,166,133</u>	<u>(100,854)</u>
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
4,183,268	6,322,291	3,989,738	2,332,553
-	-	-	-
-	-	-	-
-	-	-	-
298,000	298,000	-	298,000
-	-	-	-
-	-	-	-
-	-	-	-
<u>4,481,268</u>	<u>6,620,291</u>	<u>3,989,738</u>	<u>2,630,553</u>
<u>1,785,719</u>	<u>(353,304)</u>	<u>2,176,395</u>	<u>2,529,699</u>

(continued)

HAYWOOD COUNTY, NORTH CAROLINA

Statement of Revenues, Expenditures, and Changes in Fund Balances-- Budget and Actual--General Fund and Solid Waste Management Fund, Continued

For the Fiscal Year Ended June 30, 2016

	General Fund			
	Original Budget	Final Budget	Actual	Variance With Final Positive (Negative)
Other financing sources (uses):				
Transfers from other funds	\$ 58,131	\$ 75,216	\$ 17,085	\$ (58,131)
Transfers to other funds	(58,131)	(794,455)	(614,026)	180,429
Sale of capital assets	2,000	164,026	166,516	2,490
Appropriated fund balance	-	557,561	-	(557,561)
Total other financing sources (uses)	2,000	2,348	(430,425)	(432,773)
Net change in fund balances	\$ -	\$ -	2,941,545	\$ 2,941,545
Fund balances:				
Beginning of year, July 1			22,676,868	
End of year, June 30			\$ 25,618,413	

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

Solid Waste Management Fund			
Original Budget	Final Budget	Actual	Variance With Final Positive (Negative)
\$ 16,669	\$ 16,669	\$ 16,669	\$ -
(1,785,719)	-	-	-
-	-	51,227	51,227
-	336,635	-	(336,635)
<u>(1,769,050)</u>	<u>353,304</u>	<u>67,896</u>	<u>(285,408)</u>
<u>\$ -</u>	<u>\$ -</u>	2,244,291	<u>\$ 2,244,291</u>
		<u>2,374,643</u>	
		<u>\$ 4,618,934</u>	

HAYWOOD COUNTY, NORTH CAROLINA

Statement of Net Position
Proprietary Funds

June 30, 2016

	<u>Internal Service Funds</u>
Assets:	
Current assets:	
Cash and cash equivalents	\$ 1,117,004
Receivables, net	265,537
Prepays	<u>10,000</u>
Total assets	<u>1,392,541</u>
Liabilities:	
Current liabilities:	
Estimated claims payable	<u>298,426</u>
Net position:	
Unrestricted	<u><u>\$ 1,094,115</u></u>

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

HAYWOOD COUNTY, NORTH CAROLINA

Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds

For the Fiscal Year Ended June 30, 2016

	<u>Internal Service Funds</u>
Operating revenues:	
Internal charges for services	\$ 5,078,098
External charges for services	615,271
Total operating revenues	<u>5,693,369</u>
Operating expenses:	
Claims and administration	<u>6,560,906</u>
Operating income (loss)	<u>(867,537)</u>
Other financing sources (uses):	
Transfers to other funds	(325,000)
Transfers from other funds	325,000
Total other financing sources (uses)	<u>-</u>
Change in net position	(867,537)
Net position:	
Beginning of year, July 1	<u>1,961,652</u>
End of year, June 30	<u><u>\$ 1,094,115</u></u>

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

HAYWOOD COUNTY, NORTH CAROLINA

Statement of Cash Flows
Proprietary Funds

For The Fiscal Year Ended June 30, 2016

	<u>Internal Service Funds</u>
Cash flows from operating activities:	
Receipts from third-party payors and patients	\$ 5,705,239
Payments to providers	(6,599,851)
Net cash used by operating activities	<u>(894,612)</u>
Cash flows from noncapital financing activities	
Transfers to other funds	(325,000)
Transfers from other funds	325,000
Net cash provided (used) by noncapital financing activities	<u>-</u>
Decrease in cash and cash equivalents	(894,612)
Cash and cash equivalents:	
Beginning balance, July 1	<u>2,011,616</u>
Ending balance, June 30	<u>\$ 1,117,004</u>
Reconciliation of operating income to net cash used by operating activities:	
Operating income	\$ (867,537)
Changes in assets and liabilities:	
Increase in accrued expenses	<u>(27,075)</u>
Net cash used by operating activities	<u>\$ (894,612)</u>

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

HAYWOOD COUNTY, NORTH CAROLINA

Statement of Fiduciary Net Position
Fiduciary Fund

For the Fiscal Year Ended June 30, 2016

	<u>Agency Funds</u>
Assets:	
Cash and cash equivalents	<u>\$ 266,576</u>
Liabilities:	
Amounts held for others	201,047
Due to other governments	<u>65,529</u>
Total liabilities	<u><u>\$ 266,576</u></u>

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

HAYWOOD COUNTY, NORTH CAROLINA

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2016

1. Summary of Significant Accounting Policies

The accounting policies of Haywood County (the "County") and its component units conform to generally accepted accounting principles as they apply 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 (G.S.) 153A-10. As required by generally accepted accounting principles, these financial statements present the County and its component units, legally separate entities for which the County is financially accountable. The discretely presented component units presented below are reported in separate columns in the County's basic financial statements in order to emphasize that they are legally separate from the County.

Component Units:

Haywood County Industrial Facility and Pollution Control Financing Authority

Haywood County Industrial Facility and Pollution Control Financing Authority (the "Authority") exists to issue revenue bond debt of private businesses for economic development purposes. The Authority is governed by a seven-member board of commissioners, all of whom are appointed by the County Commissioners. The County can remove any commissioner of the Authority with or without cause. The Authority has no financial transactions or account balances; therefore, it is not presented in the basic financial statements. The Authority does not issue separate financial statements.

Haywood County Financing Corporation

The Haywood County Financing Corporation (the "Corporation") is organized and operated exclusively for the purpose of promoting the general welfare of the citizens of Haywood County by assisting the County in carrying out its governmental functions through the acquisition, construction and operation, sale or lease of real estate and improvements, facilities and equipment for the use and benefit of the general public. The Corporation has a board of directors consisting of no less than three persons and no more than five persons, all of which are appointed by the Haywood County Board of Commissioners. The Corporation has no financial transactions or account balances, therefore, is not reported in the basic financial statements. The Corporation does not issue separate financial statements.

Haywood County Tourism Development Authority

The North Carolina General Legislature enacted a law which authorized Haywood County to levy a room occupancy and tourism development tax, and the Board of Commissioners adopted a resolution levying this tax on October 1, 1983. The Board of Commissioners created the Haywood County Tourism Development Authority (the "TDA") as a public authority under the Local Government Budget and Fiscal Control Act. The TDA is

composed of twelve voting members and three ex-officio members, serving without compensation and appointed by the Board of Commissioners. Quarterly reports are to be made to the Board of Commissioners. The TDA may contract with any person, firm or organization to advise and assist in carrying out its duty to promote travel, tourism, and conventions for the County. The TDA, which has a June 30 year-end, is presented as if it were a governmental fund. Complete financial statements for the TDA may be obtained at the administrative office of the TDA at 1110 Soco Road, Maggie Valley, North Carolina, 28751.

B. Basis of Presentation

Government-Wide Statements:

The Statement of Net Position and the Statement of Activities display information about the primary government (the "County") and its component units. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type activities* of the County. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

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

Fund Financial Statements:

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

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

The County reports the following major governmental funds for the year ended June 30, 2016:

General Fund

The General Fund is the general operating fund of the County. It is used to account for all financial resources except those that are required to be accounted for in another fund. The Capital Reserve Fund is consolidated into the General Fund in accordance with Governmental Accounting Standards Board ("GASB") Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

Solid Waste Management Fund

This fund accounts for all the operational and capital activities related to the availability fees and tipping fees collected in conjunction with the 2 landfills, the materials recovery facility, the recycling programs and the 10 convenience centers located throughout the County.

Additionally, the County reports the following fund types:

Special Revenue Funds

Special revenue funds are used to account for specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes. The County has the following special revenue funds: Crisis Assistance Housing Fund, the Emergency Telephone Fund, the Fire Districts Fund, the Sanitary District Fund, and the Road Service Fund,

Capital Projects Funds

Capital projects funds are used to account 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 the following capital projects funds within its governmental fund types: the Community College Projects Fund, the Public Schools ADM/Lottery Fund, County Building Renovations Fund, Water & Sewer Lines Fund, E-911 Consolidation Fund, and the Master Facilities Fund.

Internal Service Funds

The internal service funds account for the employee medical benefits and workers' compensation programs, which include group health, dental and workers' compensation.

Agency Funds

Agency funds are custodial in nature and do not involve the measurement of operating results. Agency funds are used to account for assets the County holds on behalf of others. The County maintains the following agency funds: the Social Services Fund, which accounts for monies deposited with the Department of Social Services for the benefit of certain individuals; the Fines and Forfeitures Fund, which accounts for various legal fines and forfeitures that the County is required to remit to the Haywood County Board of Education; the Municipal 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 Sheriff's Office Fund, which accounts for funds held by the County's Sheriff's Office for the benefit of others; 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 remitted to the State Treasurer on a monthly basis.

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

Government-Wide, Proprietary, and Fiduciary Fund Financial Statements:

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

which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

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. Long-term debt issued and acquisitions under capital leases are reported as other financing sources. General capital asset acquisitions are reported as expenditures in governmental funds.

The County considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem property taxes are not accrued as 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. As of September 1, 2013, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, the State of North Carolina is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts. Property taxes are due when vehicles are registered. The billed taxes are applicable to the fiscal year in which they are received. Uncollected taxes that were billed in periods prior to September 1, 2013 and for limited registration plates are shown as a receivable in 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. All taxes, including those dedicated for specific purposes are reported as general revenues rather than program revenues. 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 Fund and special revenue funds, excluding the Crisis Assistance Housing Fund. All annual appropriations lapse at the fiscal year-end. Project ordinances are adopted for the Capital Projects Funds and the Crisis Assistance Housing Fund. All budgets are prepared using the modified accrual basis of accounting.

Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and at the object level for the multi-year funds. The County Manager is authorized by the budget ordinance to transfer appropriations within departments and functions within a fund; however, any revisions that alter total expenditures of any fund or that change functional appropriations must be approved by the governing board. During the year, several amendments to the original budget were necessary, the effects of which were not material. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

- E. **Use of Estimates** - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.
- F. **Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Balance/Net Position**

Deposits and Investments:

All deposits of the County and Haywood County TDA are made in board-designated official depositories and are secured as required by G.S. 159-31. The County and the TDA Board may designate, as an official depository, any bank or savings association whose principal office is located in North Carolina. Also, the County and the TDA Board 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 TDA to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances; and the North Carolina Capital Management Trust ("NCCMT") an SEC- registered (2a-7) money market mutual fund.

The County'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 is measured at amortized cost, which is the NCCMT's share price. The NCCMT Term Portfolio's securities are valued at fair value. 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.

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.

Money in the General Fund is classified as restricted assets because their use is completely restricted by external parties. The unexpended debt proceeds in the Community College Projects Fund and the Master Facilities Fund are classified as restricted assets because their use is completely restricted to the purpose for which the debt was issued.

The TDA considers demand deposits and investments purchased with an original maturity three months or less, that are not limited to use, to be cash and cash equivalents.

Ad Valorem Taxes Receivable:

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the County levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, penalties and interest do not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2015.

Allowances for Doubtful Accounts:

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

Inventories and Prepaid Items:

The inventories of the County are valued at cost (first-in, first-out). The County's General Fund inventory consists of expendable supplies that are recorded as expenditures when consumed.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Capital Assets:

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets received prior to July 1, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after July 1, 2015 are recorded at acquisition value. Minimum capitalization cost is \$1,000 for annual budgeting and \$5,000 for financial reporting. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

The County holds title to certain Haywood County Board of Education and Haywood County Community College properties that have not been included in capital assets. The properties have been deeded to the County to permit installment purchase financing of acquisition and construction costs and to permit the County to receive refunds of sales tax paid for construction costs. Agreements between the County and the Board of Education and Community College give the Board of Education and Community College 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 and Community College, once all restrictions of the financing agreements and all sales tax reimbursement requirements have been met. The properties are reflected as capital assets in the financial statements of the Haywood County Board of Education and the Haywood County Community College.

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

	<u>Years</u>
Buildings	10-50
Improvements	10
Furniture and equipment	3 - 10
Vehicles	4
Computer equipment	3

For the TDA, the minimum capitalization threshold is \$1,000. Depreciation is computed by the straight-line method over the estimated useful lives of the assets as follows:

	<u>Years</u>
Improvements	10
Furniture and equipment	5
Computer equipment	3

Deferred Outflows of Resources and Deferred Inflows of Resources:

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflow of resources. This separate financial statement element 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 several items that meet this criterion including a charge on debt refunding, pension related deferrals, and contributions made to the pension plans in the current fiscal year. In addition to liabilities, the Statement of Net Position can also report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The County has four items that meet the criterion for this category - prepaid taxes and fees receivable, notes receivable, unearned grant revenue, and other pension related deferrals.

Long-Term Obligations:

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. In the fund financial statements for governmental fund types, the net proceeds of debt issued is reported as another financing source. The installment financing contracts are collateralized by the assets being financed and are not secured by the taxing power of the County.

Compensated Absences:

The vacation policy of the County and the TDA provide for the accumulation of up to thirty days earned vacation leave with such leave being fully vested when earned. In the County's government-wide funds, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned. Compensated absences have typically been liquidated in the General Fund.

The sick leave policy of the County and the TDA 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 for County employees may be used in the determination of length of service for retirement benefit purpose. Since these entities have no obligation for the accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

Net Position:

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

Fund Balances:

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

The governmental fund types classify fund balances as follows:

 Non-spendable Fund Balance

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

- ✓ Inventories - portion of fund balance that is not an available resource because it represents the year-end balance of inventories, which are not spendable resources.
- ✓ Prepaids - portion of fund balance that is not available for appropriation because it represents the year-end balance of prepaid items that are not expendable resources.

 Restricted Fund Balance

This classification includes revenue sources that are restricted to specific purposes externally imposed 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 Sheriff's Department - portion of fund balance that is restricted by the revenue source to pay for expenditures related to the drug seizure funds.
- ✓ Restricted for Public Safety - portion of fund balance that represents proceeds from the installment note payable for the construction of an EMS/emergency management base accounted for the in Master Facilities capital project fund.
- ✓ Restricted for Community College - portion of fund balance that represents proceeds from the installment note payable for the Community College capital projects.
- ✓ Restricted for Title III Projects - portion of fund balance that is restricted by the revenue source to pay for expenditures to reimburse the County for search and rescue and other emergency services on federal forest lands.
- ✓ Restricted for E-911 - portion of fund balance that is restricted by the revenue source to pay for qualified E-911 programs.

 Committed Fund Balance

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

- ✓ Committed for Community College Capital - portion of fund balance that reflects the sales tax that has been committed for community college capital expenditures.
- ✓ Committed for Solid Waste Management - portion of fund balance that has been committed to the Solid Waste Management fund of the County.
- ✓ Committee for Public School Capital Projects - portion of fund balance that has been committed for capital expenditures for public schools in the County.

- ✓ Committed for Capital Projects - portion of fund balance that has been committed, by project ordinance, for capital expenditures in the County.

Assigned Fund Balance

This classification includes the portion of total fund balance that the Haywood County governing board has budgeted.

- ✓ Assigned for LEO Special Separation Allowance - portion of fund balance that has been assigned for future expenditures related to the LEO Special Separation Allowance.
- ✓ Assigned for Subsequent Year's Expenditures - portion of fund balance that is appropriated in the next year's budget that is not already classified as restricted or committee. The Board of Commissioners approved the appropriation to cover capital costs in the next year.

Unassigned Fund Balance

This classification includes the portion of total fund balance in the General Fund that has not been restricted, committed or assigned to specific purposes or other funds. The General Fund is the only fund that reports a positive unassigned fund balance, as all other funds report amounts for specific purposes.

Haywood County does not have a formal revenue spending policy that provides guidance for programs with multiple revenue sources. However, it is the County's practice to use resources in the following hierarchy: federal funds, state funds, bond proceeds, local non-county funds, and county funds. For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in-order by committed fund balance, assigned fund balance and lastly unassigned (available) fund balance.

Haywood County, under its Financial Reserves section of the Fiscal Policy, has established a threshold of at least 11% for available General Fund balance at the close of each fiscal year. The excess available fund balance may be used to fund one-time capital expenditures or other one-time costs, or may be transferred to Capital Reserves for future use for a specific purpose within a specified time frame.

Defined Benefit Pension Plans:

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

2. Detail Notes on All Activities and FundsA. Assetsi. Deposits:

All of the County and the TDA'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 TDA'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 TDA, these deposits are considered to be held by their agents in their 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 TDA, or with the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the County or the TDA under the Pooling Method, the potential exists for under-collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The County and the TDA have no formal policy regarding custodial credit risk for deposits, but relies on the State Treasurer to enforce standards of minimum capitalization for all Pooling Method financial institutions and to monitor them for compliance. The County and the TDA comply with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2016, the County's deposits had a carrying amount of \$11,596,452 and a bank balance of \$11,838,445. Of the bank balance, \$1,222,652 was covered by federal depository insurance and \$10,615,793 by collateral held under the Pooling Method.

At June 30, 2016, the County had \$5,325 cash on hand.

At June 30, 2016, the carrying amount of deposits for the TDA was \$534,945 and the bank balance was \$539,771. Of the bank balance, \$310,419 was covered by federal depository insurance. The TDA had cash on hand at year-end in the amount of \$200.

ii. Investments:

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

<u>Investment Type</u>	<u>Valuation Measurement Method</u>	<u>Fair Value</u>	<u>Maturity Less Than Six Months</u>
NCCMT Cash Portfolio	Amortized Cost	\$ 2,296,804	N/A
NCCMT Term Portfolio	Fair Value - Level 1	23,091,348	\$ 23,091,348
		<u>\$ 25,388,152</u>	<u>\$ 23,091,348</u>

Investments classified in Level 1 of the fair value hierarchy are valued using directly observable, quoted prices (unadjusted) in active markets for identical assets.

☐ **Interest Rate Risk**

As a means of limiting its exposure to fair value losses arising from interest rates, funds will be invested with the chief objectives of safety of principal, liquidity, and yield, therefore, the County's investment policy limits at least 80% of the county's investment portfolio to maturities of less than 12 months, with all investments maturing in no more than 36 months for their purchase date.

State law limits investments in commercial paper to the top rating issued by nationally recognized statistical rating organizations (NRSROs). The County's investments in the North Carolina Capital Management Trust Cash Portfolio carried a credit rating of AAAM by Standard & Poor's as of June 30, 2016. The County's investment in the North Carolina Capital Management Trust Term Portfolio is unrated. No more than 5% of the County's investment funds may be invested in a specific company's commercial paper and no more than 20% of the county's investment funds may be invested in commercial paper. No more than 25% of the County's investments may be invested in any one US Agency's securities.

iii. **Receivables:**

☐ **Notes Receivable**

On January 31, 2002, the County and the Town of Waynesville (the "Town") entered into a cooperative agreement in which the Town agreed to contribute \$2,500,000 to be used as payment on the installment financing contract for the construction of new parking facilities, with payment scheduled for a twenty year period. On July 8, 2003, the County and the Town modified the agreement, and on July 9, 2013 the agreement was modified again in the form of a refunding. The Town will pay to the County three remaining equal annual payments of \$217,573, including interest at 1.64% through July 15, 2017. At June 30, 2016, the balance was \$424,671.

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

	<u>Accounts Receivable</u>	<u>Taxes and Related Accrued Interest Receivable</u>	<u>Due From Other Governments</u>	<u>Other</u>	<u>Total</u>
Governmental activities:					
General Fund	\$ 441,298	\$2,944,910	\$ 5,462,801	\$ 99,290	\$ 8,948,299
Receivables - governmental activities only	265,537	21,524	-	-	287,061
Other governmental	771,999	253,170	391,350	15,302	1,431,821
Total receivables	<u>1,478,834</u>	<u>3,219,604</u>	<u>5,854,151</u>	<u>114,592</u>	<u>10,667,181</u>
Allowance for doubtful accounts	(533,534)	(936,272)	-	-	(1,469,806)
Total governmental activities	<u>\$ 945,300</u>	<u>\$ 2,283,332</u>	<u>\$ 5,854,151</u>	<u>\$ 114,592</u>	<u>\$ 9,197,375</u>
Amounts not expected to be collected within one year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 214,063</u>	<u>\$ -</u>	<u>\$ 214,063</u>

Due from other governments that is owed to the County consists of the following:

Local option sales tax	\$ 3,560,917
Long term receivable from	424,671
NC DMV tax receivable	390,611
Other	1,477,952
	<u>\$ 5,854,151</u>

iv. Capital Assets

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

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balances</u>
Governmental activities:					
Nondepreciable assets:					
Land	\$ 12,997,807	\$ 385,052	\$ 17,742	\$ -	\$ 13,365,117
Construction in progress	612,094	2,673,413	-	(327,900)	2,957,607
Total capital assets not being depreciated	<u>13,609,901</u>	<u>3,058,465</u>	<u>17,742</u>	<u>(327,900)</u>	<u>16,322,724</u>
Depreciable assets:					
Improvements	18,255,825	82,062	7,915	327,900	18,657,872
Buildings	65,308,970	175,810	459,453	-	65,025,327
Equipment	11,792,911	387,988	782,799	-	11,398,100
Vehicles	5,415,513	870,455	886,623	-	5,399,345
Total capital assets being depreciated	<u>100,773,219</u>	<u>1,516,315</u>	<u>2,136,790</u>	<u>327,900</u>	<u>100,480,644</u>
Less accumulated depreciation:					
Improvements	13,709,205	1,258,097	7,915	-	14,959,386
Buildings	12,574,867	1,335,617	100,623	-	13,809,862
Equipment	9,874,161	747,114	782,800	-	9,838,474
Vehicles	4,602,572	435,244	886,622	-	4,151,195
Total accumulated depreciation:	<u>40,760,805</u>	<u>\$ 3,776,072</u>	<u>\$ 1,777,960</u>	<u>\$ -</u>	<u>42,758,917</u>
Capital assets, net	<u>60,012,414</u>				<u>57,721,727</u>
Governmental activities Capital assets, net	<u>\$ 73,622,315</u>				<u>\$ 74,044,451</u>

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

Governmental Activities:	
General government	\$ 867,203
Public safety	786,969
Environmental protection	1,153,736
Economic and physical development	551,500
Human services	325,285
Cultural and recreational	91,379
	<u>3,776,072</u>
Total	<u>\$ 3,776,072</u>

Construction Commitments

The government had two construction projects not yet completed as of June 30, 2016. The construction contract for the work at the community college and the contract for construction of the county EMS Base, both of which began this fiscal year, are as follows:

<u>Project</u>	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Haywood Community College Public Training Facility	\$ 1,428,589	\$ 3,257,671
EMS Base	234,265	1,769,985
Total	<u>\$ 1,662,854</u>	<u>\$ 5,027,656</u>

Discretely Presented Component Unit

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Depreciable assets:				
Improvements	\$ 11,425	\$ 3,223	\$ 11,425	\$ 3,223
Equipment and furniture	30,725	14,811	5,138	40,398
Total capital assets				
being depreciated	<u>42,150</u>	<u>18,034</u>	<u>16,563</u>	<u>43,621</u>
Less accumulated depreciation:				
Improvements	7,265	4,765	11,425	605
Equipment and furniture	24,628	4,584	5,138	24,074
Total accumulated Depreciation	<u>31,893</u>	<u>\$ 9,349</u>	<u>\$ 16,563</u>	<u>24,679</u>
Capital assets, net	<u>\$ 10,257</u>			<u>\$ 18,942</u>

B. Deferred Outflows of Resources

Deferred outflows of resources at the government-wide level at June 30, 2016 were as follows:

Charge on refundings of debt	\$ 579,718
County contributions to pension plans subsequent to measurement date	1,371,244
Pension deferrals	<u>37,770</u>
Total	<u>\$ 1,988,732</u>

C. Liabilities**i. Payables:**

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

	<u>Vendors</u>	<u>Salaries and Benefits</u>	<u>Other</u>	<u>Total</u>
Governmental activities:				
General	\$ 1,863,953	\$ 1,154,942	\$ 1,097,792	\$ 4,116,687
Solid waste management fund	105,452	5,598	-	111,050
Estimated claims payable	-	-	298,426	298,426
Other governmental	634,562	1,654	-	636,216
	<u>\$ 2,603,967</u>	<u>\$ 1,162,194</u>	<u>\$ 1,396,218</u>	<u>\$ 5,162,379</u>

ii. Pension Plan Obligations: **Local Governmental Employees' Retirement System**

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

Benefits Provided. LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service (age 55 for firefighters). Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age (15 years of creditable service for firefighters and rescue squad members who are killed in the line of duty) or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

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

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. County employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The County's contractually required contribution rate for the year ended June 30, 2016, was 7.15% of compensation for law enforcement officers and 6.77% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the County were \$1,365,167 for the year ended June 30, 2016.

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

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

At June 30, 2016, the County reported a liability of \$1,492,868 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014. The total pension liability was then rolled forward to the measurement date of June 30, 2015 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension liability was based on a projection of the County's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2015, the County's proportion was 0.33264%, which was an increase of .00071% from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the County recognized pension expense of \$688,499.

At June 30, 2016, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 350,909
Net difference between projected and actual earnings on pension plan investments	-	425,015
Changes in proportion and differences between County contributions and proportionate share of contributions	27,624	953
County contributions subsequent to the measurement date	<u>1,365,167</u>	<u>-</u>
Total	<u>\$ 1,392,791</u>	<u>\$ 776,877</u>

\$1,365,167 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2017	\$ (488,304)
2018	(488,304)
2019	(487,763)
2020	715,118

Actuarial Assumptions. The total pension liability in the December 31, 2013 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

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

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve

and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2015 are summarized in the following table:

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

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

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

Sensitivity of the County's proportionate share of the net pension liability (asset) to changes in the discount rate. The following presents the County's proportionate share of the net pension asset calculated using the discount rate of 7.25 percent, as well as what the County's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1% Decrease (6.25%)	Discount Rate (7.25%)	1% Increase (8.25%)
County's proportionate share of the net pension liability (asset)	\$ 10,409,977	\$ 1,492,868	\$ (6,019,599)

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued CAFR for the State of North Carolina.

□ **Law Enforcement Officers' Special Separation Allowance**

Plan Description. The County administers a public employee retirement system (the "Separation Allowance"), a single-employer defined benefit pension plan that provides retirement benefits to the County's qualified sworn law enforcement officers. The Separation Allowance is equal to .85 % 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. The Plan does not issue a separate stand-alone financial report.

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

Retirees receiving benefits	5
Active plan members	<u>61</u>
 Total	 <u><u>66</u></u>

Summary of Significant Accounting Policies:

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

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

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

Contributions:

The County is required by Article 12D of G. S. Chapter 143 to provide these retirement benefits and has chosen to fund the benefit payments on a pay-as-you-go basis through 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, 2015 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included: (a) 6.57% investment rate of return; and (b) projected salary increases ranging from 3.50% to 7.35% per year. Both items (a) and (b) included an inflation component of 3.00%. The assumptions did not include post-retirement benefit increases. The unfunded actuarial accrued liability is being amortized

as a level dollar closed basis. The remaining amortization period at December 31, 2015 was 15 years.

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:

Employer annual required contribution	\$ 105,534
Interest on net pension obligation	30,362
Adjustment to annual required contribution	<u>(53,362)</u>
Annual pension cost	82,534
Less: Contributions made	<u>(51,392)</u>
Increase in net pension obligation	31,142
Net pension obligation beginning of year	<u>607,241</u>
Net pension obligation end of year	<u><u>\$ 638,383</u></u>

Three-Year Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2016	\$ 82,534	62.27%	\$ 638,383
6/30/2015	\$ 78,357	61.93%	\$ 607,241
6/30/2014	\$ 58,441	76.31%	\$ 577,412

Funded Status and Funding Progress - As of December 31, 2015, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and the unfunded actuarial accrued liability ("UAAL") was \$1,174,480. The covered payroll (annual payroll of active employees covered by the plan) was \$2,938,001, and the ratio of the UAAL to the covered payroll was 39.98%.

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

Supplemental Retirement Income Plan for Law Enforcement Officers

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

included in the CAFR for the State of North Carolina. The State's CAFR includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan for Law Enforcement Officers. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Funding Policy. Article 12E of G.S. Chapter 143 requires the County to contribute each month an amount equal to 5% of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the Plan. Contributions for the year ended June 30, 2016 were \$176,072, which consisted of \$134,844 from the County and \$41,528 from the law enforcement officers.

Supplemental Retirement Income Plan for Employees Not Engaged in Law Enforcement

Full-time employees not engaged in law enforcement are eligible to participate in the Supplemental Retirement Plan under Internal Revenue Code Section 401(k). Under this plan, an employee may contribute a percentage of their annual gross salary as limited by federal tax laws. Haywood County contributed an amount equal to 2% of annual gross pay. Contributions for the year ended June 30, 2016 were \$641,268, which consisted of \$340,102 from the County and \$301,166 from the employees.

Registers of Deeds' Supplemental Pension Fund

Plan Description. Carolina County also contributes to the Registers of Deeds' Supplemental Pension Fund ("RODSPF"), a noncontributory, defined benefit plan administered by the North Carolina Department of State Treasurer. ROSPF provides supplemental pension benefits to any eligible county register of deeds who is retired under the LGERS or an equivalent locally sponsored plan. Article 3 of G.S. Chapter 161 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members - nine appointed by the Governor, one appointed by the state Senate, one appointed by the state House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Registers of Deeds' Supplemental Pension Fund is included in the CAFR for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for the Registers of Deeds' Supplemental Pension Fund. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at www.osc.nc.gov.

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

Contributions. Benefits and administrative expenses are funded by investment income and 1.5% of the receipts collected by each County Commission under Article 1 of Chapter 161 of the North Carolina General Statutes. The statutory contribution currently has no relationship to the actuary's required contribution. The actuarially determined contribution this year and for the foreseeable future is zero. Registers of Deeds do not contribute. Contribution provisions are established by General Statute 161-50 and may be amended only by the North Carolina General Assembly. Contributions to the pension plan from the County were \$6,077 for the year ended June 30, 2016.

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

At June 30, 2016, the County reported an asset of \$175,334 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2015. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2014. The total pension liability was then rolled forward to the measurement date of June 30, 2015 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension asset was based on the County's share of contributions to the pension plan, relative to contributions to the pension plan of all participating RODSPF employers. At June 30, 2015, the County's proportion was .75660%, which was an increase of .05002% from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the County recognized pension expense of \$(6,853). At June 30, 2016, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 859	\$ 2,903
Net difference between projected and actual earnings on pension plan investments	8,696	-
Changes in proportion and differences between County contributions and proportionate share of contributions	591	7,824
County contributions subsequent to the measurement date	<u>6,077</u>	<u>-</u>
Total	<u>\$ 16,223</u>	<u>\$ 10,727</u>

\$6,077 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2017. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2017	\$ (1,551)
2018	(2,518)
2019	1,141
2020	2,347

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

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

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

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

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The adopted asset allocation policy for the RODSPF is 100% in the fixed income asset class. The best estimate of arithmetic real rate of return for the fixed income asset class as of June 30, 2015 is 2.2%.

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

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

Sensitivity of the County's proportionate share of the net pension asset to changes in the discount rate. The following presents the County's proportionate share of the net pension asset calculated using the discount rate of 5.75 percent, as well as what the County's proportionate share of the net pension asset would be if it were calculated using a discount rate that is 1-percentage-point lower (4.75 percent) or 1-percentage-point higher (6.75 percent) than the current rate:

	1% Decrease (4.75%)	Discount Rate (5.75%)	1% Increase (6.75%)
County's proportionate share of the net pension liability (asset)	\$ (158,190)	\$ (175,334)	\$ (190,088)

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued CAFR for the State of North Carolina.

Other Postemployment Benefits-Healthcare Benefits

Plan Description. In addition to providing pension benefits, Haywood County has elected to provide healthcare benefits to retirees of Haywood County, as a single-employer defined benefit plan ("OPEB Plan"), who have at least thirty years of service with the North Carolina Local Governmental Employees' Retirement System (the "System") and, on a pro-rata basis, employees who are credited with at least twenty years of service with the System. Retired employees meeting the criteria discussed herein will be provided hospitalization in the same manner as the active County employees. Haywood County pays 100% of the retiree costs for those retirees who have thirty years of service with the System and seven years with the County. The County pays 50% of health insurance costs for those retirees who have 15 years with the System and are at least 60 years of age. For those retirees with fewer than 30 years of service, who are aged 50 to 59, a pro-rata cost share in health insurance costs is received. Retirees can purchase coverage for their dependents at Haywood County's group rates. Currently, 124 retirees are eligible for post-retirement health benefits. For the fiscal year ended June 30, 2016, Haywood County made payments for post-retirement health benefit premiums of \$1,190,445. Haywood County is self insured for health care costs and pays the Medicare Supplement for retirees who qualify, also on a pro-rata basis. A separate report was not issued for the plan.

Membership of the OPEB Plan consisted of the following at December 31, 2014, the date of the latest actuarial valuation:

	General Employees and Law Enforcement Officers
Retirees and dependents receiving benefits	124
Active plan members	517
Total	641

Funding Policy. Haywood County's obligation to continue the OPEB Plan is established and may be amended by the Haywood County Board of Commissioners. Haywood County's members pay the current active employee rate for dependent coverage, if the retiree elects to purchase the coverage. Haywood County has chosen to fund the healthcare benefits on a pay-as-you-go basis.

The current ARC rate is 10.29% of annual covered payroll. For the current year, the County contributed \$1,190,445 or 5.97% of annual covered payroll.

Summary of Significant Accounting Policies. Post-employment expenditures are made from the 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 come due.

Annual OPEB Cost and Net Obligation. Haywood 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 Haywood County's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in Haywood County's net OPEB obligation for the healthcare benefits:

	Governmental Activities
Annual required contribution	\$ 2,052,598
Interest on net OPEB obligation	469,258
Adjustment to annual required contribution	<u>(448,287)</u>
Annual OPEB cost	2,073,569
Contributions made	<u>(1,190,445)</u>
Increase in net OPEB obligation	883,124
Net OPEB obligation, beginning of year	<u>11,731,455</u>
Net OPEB obligation, end of year	<u><u>\$ 12,614,579</u></u>

Haywood County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2016 were as follows:

<u>For Year Ended June 30</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2014	\$ 2,006,869	38.20%	\$ 10,207,680
2015	\$ 2,085,322	26.90%	\$ 11,731,455
2016	\$ 2,073,569	57.40%	\$ 12,614,579

Funded Status and Funding Progress. As of December 31, 2014, 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 \$23,062,498. The covered payroll (annual payroll of active employees covered by the plan) was \$19,948,193, and the ratio of the UAAL to the covered payroll was 115.6%.

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 assets, consistent with the long-term perspective of the calculations.

In the December 31, 2014 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.00% investment rate of return (net of administrative expenses), which is the expected long-term investment returns on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual medical cost trend increase of 7.50% to 5.00% annually. Both rates included a 3.00% inflation assumption. The actuarial value of assets, if any, was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2014 was 30 years.

Other Employment Benefits

The County has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System ("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 die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest months' salary in a row during the 24 months prior to the employee's death, but no less than \$25,000 and no more than \$50,000. All death benefit payments are made from the Death Benefit Plan. Because the benefit payments are made by the Death Benefit Plan and not by the County, the County does not determine the number of eligible participants nor does the County have any liability beyond the payment of monthly contributions. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount. Contributions are determined as a percentage of monthly payroll based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. The County considers these contributions to be immaterial.

iii. Closure and Postclosure Care Costs-White Oak Landfill Facility:

State and federal laws and regulations require the County to place a final cover on its White Oak Landfill Facility when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the County, in prior years, reported a portion of these closure and post-closure costs based on the estimated life of the landfill. As of May 2014, at the point that the County, per contract with Santek Environmental, Inc., turned over the management of the County landfill to that company, Santek Environmental, Inc. became responsible for funding the closure and postclosure care. Santek Environmental, Inc. has posted a performance bond for the full amount of the closure and postclosure care assurance, as determined by their engineers, provided that in no event, shall the amount of the closure assurance be less than the then current cost estimate for closure and postclosure care assurance that the North Carolina Department of Environment and Natural Resources ("NC DENR") has accepted. At June 30, 2016, the amount that NC DENR had accepted was \$7.6 million. The landfill, constructed in phases, will not be closed until the final phase is completed. Haywood County expects to close the White Oak Facility in the year 2032. Actual costs for closing may differ than estimated due to inflation, changes in technology, or changes in regulations.

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

iv. Pollution Remediation Obligation:

The County has recorded in the financial statements a cost estimate for pollution remediation at the site of a closed County landfill. The site has been identified by NC DENR as a location where there is exceedance of landfill gas at the facility property boundary. The facility has entered into mitigation through the use of a landfill gas extraction system, flare, and gas-to-energy generator system. The estimate of costs used to establish the liability for mitigation was developed through site analysis in conjunction with engineering estimates for similar activities at the County's White Oak Landfill. Actual costs may differ from the estimated liability due to factors such as price increases or decreases, changes in technology, or changes in applicable laws or regulations.

v. 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 for which the government carries commercial insurance. Through the commercial carrier, the County also obtains property coverage equal to replacement cost values of owned property. 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 auto at actual cash value subject to a limit of \$1 million per occurrence, and crime coverage of \$250,000 per occurrence.

The County does not carry flood insurance. The County had insignificant flooding at the edge of the concrete pad at the animal shelter during the two flood events of 2004, and does not consider the cost of flood insurance determination to be a reasonable expense.

The employee medical benefits program is funded through the Insurance Internal Service Fund. The program is funded by both employee and employer contributions. Fringe benefits paid through this program include group health and dental insurance. The group health plan operates with a specific stop-loss of \$100,000 and an aggregate stop-loss of 100% of the

estimated loss fund. The employee workers' compensation program is funded through the Workers' Compensation Internal Service Fund.

The following is a summary of changes in estimated claims payable at June 30:

	<u>2016</u>	<u>2015</u>
Estimated claims payable, July 1	\$ 337,371	\$ 311,803
Plus: Incurred claims and changes in estimates	6,560,906	5,301,958
Less: Claims payments	<u>(6,599,851)</u>	<u>(5,276,390)</u>
Estimated claims payable, June 30	<u>\$ 298,426</u>	<u>\$ 337,371</u>

In accordance with G.S. 159-29, the County's employees that have access to \$100 or more of the County's funds at any given time are performance bonded through a commercial surety bond. The Director of Finance, Tax Collector and Register of Deeds are individually bonded for \$410,000, \$410,000, and \$10,000, respectively. The remaining employees that have access to funds are bonded under a blanket bond for \$250,000.

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 last three years.

Haywood County TDA is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Haywood County Finance Director is separately and individually bonded for \$50,000 as Finance Director for the Authority. The Authority carries commercial insurance for these risks of loss. There have been no significant reductions in insurance coverage from the previous year and settled claims have not exceeded coverage in any of the past three fiscal years.

vi. **Claims and Judgments:**

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

vii. **Long-Term Obligations:**

Notes Payable

The County has entered into various notes payable.

\$154,905 note was actually an assumption of a USDA loan from a local non-profit in order to purchase county property. The note was entered into on November 6, 2006, requiring 36 annual installments of \$8,480, including interest at 4.25%. \$ 134,627

\$1,186,545 note was another assumption of a USDA loan from a local non-profit in order to purchase County property. The note was entered into on November 6, 2006, requiring 37 annual installments of \$68,298, including interest at 4.625%. 1,040,830

(continued)

\$159,018 note was a new USDA loan to purchase County property from a local non-profit. The note was entered into on November 6, 2006, requiring 40 annual installments of \$8,489, including interest at 4.375%.	\$ 140,315
\$12,500,000 note was issued for the adaptive renovation project from USDA with ARRA funds to purchase a vacated Wal-Mart building to house the Social Services, Health, and Central Permitting departments in the County. The note was entered into on October 4, 2010 and requires 40 annual payments of \$608,243, including interest at 3.75%.	11,540,098
\$11,100,000 note was issued for the community college building projects on October 15, 2010, requiring 15 annual principal payments of \$746,866, plus semi-annual interest payments at 3.14%.	7,093,333
\$15,235,000 note was issued for the purpose of 1) refunding all of the County's Series 2003 Certificates of Participation, which include the maturities on and after October 1, 2013 in the amount of \$7,555,000, which were originally issued to finance the construction of a new justice center and parking deck, 2) refunding all of the County's 2007 installment purchase issue outstanding on and after January 8, 2014 in the amount of \$5,940,000, which were originally issued to finance the courthouse renovation project and to make a contribution to the community college for a child development center, 3) refunding all of the County's 2009 installment purchase issue, which includes Maturities on and after June 15, 2013 in the amount of 860,967, which was originally issued for the acquisition of land for a future County park, and 4) financing a County building project in the amount of \$650,000 to house the Board of Elections, Recreation, and a Health & Human Services program. The note was entered into on July 9, 2013 and requires various annual principal payments, plus semi-annual interest payments at 1.38%.	7,835,000
\$1,700,000 note was issued for the public schools high school renovation project on December 11, 2013, requiring 10 annual principal payments of \$170,000, plus interest at 2.15%.	1,360,000
\$2,100,000 note was issued for the EMS/Emergency Management Base building project on February 10, 2016, requiring 10 annual principal payments of \$210,000, plus semi-annual interest payments at 2.54%.	2,100,000
\$4,100,000 note was issued for the community college building projects on October 13, 2015, requiring 10 annual principal payments of \$410,000, plus semi-annual interest payments at 2.16%.	<u>3,690,000</u>
Total installment notes payable-governmental activities	<u>\$ 34,934,203</u>

Annual debt service requirements to maturity for the County's notes payable are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	4,117,430	960,743	5,078,173
2018	4,060,166	880,361	4,940,527
2019	2,548,196	809,577	3,357,773
2020	2,541,541	749,076	3,290,617
2021	2,525,208	688,529	3,213,737
2022-2026	8,679,939	2,613,050	11,292,989
2027-2031	1,582,946	1,884,639	3,467,585
2032-2036	1,913,205	1,554,382	3,467,587
2037-2042	2,312,807	1,154,776	3,467,583
2043-2046	2,554,238	681,666	3,235,904
2046-2050	2,098,527	192,622	2,291,149
	<u>\$ 34,934,203</u>	<u>\$ 12,169,421</u>	<u>\$ 47,103,624</u>

General Obligation Indebtedness

The general obligation bonds financed by the governmental funds are accounted for in the governmental funds. All general obligation bonds are collateralized by the full faith, credit and taxing power of the County. Principal and interest requirements are appropriated when due.

The County's general obligation bonds payable at June 30, 2016 are comprised of the following individual issues:

<p>\$7,000,000 2008 School Facility Serial Bonds due on March 1 and September 1 with interest payments through September 1, 2008; beginning March 1, 2009, installments of \$350,000 plus interest due each March 1 through March 1, 2025; \$650,000 installment plus interest on March 1, 2026 and a payment of \$400,000 plus interest on March 1, 2027. Interest payments are also due each September. Interest rates range from 3% to 4.125%.</p>	4,200,000
<p>\$7,150,000 2012 Jail/Law Enforcement Center Refunded General Obligation Bond, with principal amounts due on June 1 of each year beginning June 1, 2013 in reducing increments through June 1, 2025, and interest amounts due each June 1 and December 1, with an interest rate of 1.88%.</p>	5,615,000
<p>\$10,783,000 2015 School Facility Refunded General Obligation Bond, with principal amounts due on May 1 of each year beginning May 1, 2016 for \$163,000, then a \$1,145,000 principal payment due on May 1, 2017, and reducing increments after that through May 1, 2026. Interest payments are due each May 1 and November 1, with an interest rate of 1.78%.</p>	10,620,000
	<u>\$ 20,435,000</u>

Annual debt service requirements to maturity for the County's general obligation bonds are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 2,175,000	\$ 463,748	\$ 2,638,748
2018	2,136,000	416,583	2,552,583
2019	2,090,000	370,122	2,460,122
2020	2,055,000	324,495	2,379,495
2021	2,019,000	279,506	2,298,506
2022-2026	9,560,000	746,490	10,306,490
2027	400,000	16,500	416,500
	<u>\$ 20,435,000</u>	<u>\$ 2,617,444</u>	<u>\$ 23,052,444</u>
Total			

□ **Changes in Long-Term Liabilities**

A summary of changes in long-term liabilities follows:

	<u>Beginning Balances</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balances</u>	<u>Due Within One Year</u>
General obligation bonds	\$22,638,000	\$ -	\$ 2,203,000	\$20,435,000	\$ 2,175,000
Deferred issuance premium on bonds	61,328	-	5,256	56,072	-
Notes payable	32,699,189	6,200,000	3,964,986	34,934,203	4,117,430
Pollution remediation obligation	2,266,514	22,665	-	2,289,179	-
Compensated absences	1,683,863	1,418,156	1,229,481	1,872,538	1,278,660
Net pension obligation (LEO)	607,241	82,534	51,392	638,383	-
Net pension liability (LGERS)	-	1,492,868	-	1,492,868	-
Other postemployment benefits	11,731,455	2,073,569	1,190,445	12,614,579	-
Total	<u>\$71,687,590</u>	<u>\$11,289,792</u>	<u>\$ 8,644,560</u>	<u>\$74,332,822</u>	<u>\$ 7,571,090</u>

At June 30, 2016, Haywood County had a legal debt margin of \$537,547,966.

D. Deferred Inflows of Resources

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

	Governmental Funds	Governmental Activities
Prepaid taxes not yet earned (General Fund)	\$ 161,232	\$ 161,232
Prepaid fees not yet earned (Special Revenue)	6,597	6,597
Taxes receivable, net (General Fund)	1,692,802	-
Fees receivable (General Fund)	82,348	-
Taxes receivable, net (Special Revenue)	134,306	-
Long-term notes receivable (General Fund)	424,671	-
Fees receivable (Special Revenue)	521,464	-
Grant revenue received in cash (General Fund)	666,994	666,994
Pension related deferrals (Governmental Activities)	-	787,604
	<hr/>	<hr/>
Total	<u>\$ 3,690,414</u>	<u>\$ 1,622,427</u>

E. Net Position and Fund Balances

- i. **Net Investment in Capital Assets** - Net investment in capital assets at June 30, 2016, are computed as follows:

Capital assets, net of accumulated depreciation	\$ 74,044,451
Less capital debt:	
Gross debt	55,425,275
Less: School debt related to assets to which the County does not hold title	(16,180,000)
Less: Community College debt related to assets to which the County does not hold title	(10,783,333)
Unexpended debt proceeds	<u>(1,966,896)</u>
Net capital debt	<u>26,495,046</u>
Net investment in capital assets	<u>\$ 47,549,405</u>

- ii. **Fund Balance** - 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	\$ 25,618,413
Less:	
Inventories	137,952
Prepays	653
Stabilization by State Statute	5,648,071
Restricted for Sheriff's Department and Title III projects	134,965
Committed fund balance	1,585,844
Assigned fund balance	836,530
Fund balance policy (11%)	<u>2,818,025</u>
Remaining fund balance	<u>\$ 14,456,373</u>

3. **Related Organizations** - Until July 1, 2014, the Haywood County Board of Commissioners appointed the members of the Haywood County Economic Development Commission (the "EDC"). In July 2014, the commissioners dissolved the EDC and merged it into the Haywood County Chamber of Commerce. The Chamber of Commerce is a separate non-profit organization. The Commissioners appropriated \$223,059 to the Chamber of Commerce for economic development activities through June 30, 2015 and have budgeted that same amount in the 2015-2016 fiscal year budget.

Haywood Regional Medical Center, a hospital authority, was sold to Duke Lifepoint in July 2014. Through an agreement at the time the authority was created, the County commissioners would receive any proceeds over and above the transferred assets at the time of the sale. The proceeds are currently being held in an escrow account by US Bank and will be maintained in that account until sometime in the future after the possibility of any court action or Medicaid chargebacks has passed. It is anticipated that the funds will be available within six years after the date of closing. The amount in the escrow account is approximately \$12 million. The Authority had a September 30th year end and the final audit report can be obtained at the administrative office of the new hospital at 262 Leroy George Drive, Clyde, NC 28721.

4. **Joint Ventures** - The County, in conjunction with Haywood County Chamber of Commerce and the Maggie Valley Chamber of Commerce, participates in a joint venture to operate the Haywood County Tourism Development Authority (the "TDA"). The TDA exists to promote local business and to make tourists aware of the opportunities and activities available in Haywood County. The County collects occupancy tax and remits the occupancy tax less 3% of the first \$500,000 and 1% of amounts over \$500,000 for administrative fees to the TDA. Although the participating entities do not have any equity interest in the joint venture, the County does appoint the twelve board members. Therefore, the TDA is presented as a component unit of the County in the financial statements. Complete financial statements for the TDA may be obtained from the TDA's offices at 1110 Soco Road, Maggie Valley, North Carolina, 28751.

The County, in conjunction with the State of North Carolina and Haywood County Board of Education, participates in a joint venture to operate Haywood County Community College (the "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 association serves as a non-voting, ex-officio member of the 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. 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 \$2,184,328 and \$90,974 to the Community College for operating and capital purposes, respectively, during the fiscal year ending June 30, 2016 from the General Fund. In addition, the County transferred \$234,026 from the General Fund to a Community College Capital Project Fund to fund the start of paving projects at the college. More money will be moved into this fund from future sales tax revenues dedicated to the college, until there is sufficient funding to begin a paving project. The County also expended \$1,530,589 from the Community College Project Fund for various construction projects. The participating governments do not have any equity interest in the joint venture; therefore, no equity interest has been reflected in the County's financial statements at June 30, 2016. Complete financial statements for the Community College may be obtained from the Community College's administrative offices at 185 Freedlander Drive, Clyde, North Carolina, 28721.

The County, in conjunction with fourteen other county governments, participates in a joint venture to operate the Smoky Mountain Center for Mental Health (the "Center"). Each of the fifteen participants appoints one board member to the 15-25 member board of directors. Each of the fifteen participants then appoints the remaining members in such a manner as to provide equitable area-wide representation. The County has an ongoing financial responsibility for the joint venture because the Center's continued existence depends on the participating governments' continued funding. None of

the participating governments have any equity interest in the Center, so no equity interest has been reflected in the financial statements at June 30, 2016. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$80,000 to the center to supplement its activities. In addition to the monetary contribution, the County entered into a sales agreement with the Center on December 28, 2011, whereby the county sold the property on which the Center's building resided for an amount below the assessed value of the land and the leasehold improvements. The majority of the leasehold improvements had been constructed by the Center. Complete financial statements for the Center may be obtained from the Center's area offices at P. O. Box 280, Dillsboro, North Carolina, 28725.

5. **Jointly Governed Organization** - The County, in conjunction with 21 town and county governments, established the Southwestern North Carolina Planning and Economic Development Commission (the "Commission"). The participating governments established the Commission to coordinate funding received from various federal and State agencies. Each participating government appoints one member to the Commission's governing board.
6. **Benefit Payments Issued by the State** - The amounts listed below were paid directly to individual recipients by the State from federal and State monies. County personnel are involved with certain functions, primarily eligibility determinations, which cause benefit payments to be issued by the State. These amounts disclose this additional aid to County recipients, which do not appear in the financial statements because they are not revenues and expenditures of the County.

	<u>Federal</u>	<u>State</u>
Special Supplemental Food Program for Women, Infants and Children	\$ 980,154	\$ -
Medical Assistance Program	57,604,969	31,778,792
State Children's Insurance Program - N.C. Health Choice	1,069,286	56,748
TANF/Work First	421,791	-
Independent Living Transitional	9,640	-
State/County Special Assistance for Adults	-	428,641
AFDC Payments and Penalties	(211)	(58)
IV-E Adoption	547,616	140,562
IV-E Foster Care	473,660	131,082
Child Welfare Services - Adoption Subsidy	-	273,493
Foster Care At Risk	-	6,333
State Foster Care Benefits Program	-	208,644
Total	<u>\$ 61,106,905</u>	<u>\$ 33,078,237</u>

7. **Summary Disclosure of Significant Contingencies** - 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 monies to the grantor agencies. Management believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the refund of grant monies.
8. **Conduit Debt Obligations - Haywood County Industrial Facility and Pollution Control Financing Authority** (the "Authority") has issued industrial revenue bonds to provide financial assistance to private businesses for economic development purposes. These bonds are secured by the properties financed, as well as by letters of credit, and are payable solely from payments received from the private businesses involved. Ownership of the acquired facilities is in the name of the private business served by the bond issuance. Neither the County, the Authority, the State, nor any political subdivision thereof is obligated in any manner for the repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2016, there was one

series of industrial revenue bonds outstanding, with an aggregate principal amount payable of \$7,600,000.

9. **Interfund Receivables, Payables and Transfers** - Interfund transfers for the year ended June 30, 2016, consisted of the following:

Transfers to Master Facilities Capital Project Fund from:	
General Fund	\$ 380,000
County Building Renovations Capital Project Fund	5,000
	<u>\$ 385,000</u>
Transfer to Community College Capital Project Fund from:	
General Fund	<u>\$ 234,026</u>
Transfer to General Fund from:	
County Building Renovations Capital Project Fund	<u>\$ 17,085</u>
Transfers to Solid Waste Management Fund from:	
Water/Sewer Capital Project Fund	<u>\$ 16,669</u>
Transfers to Health Insurance Internal Service Fund from:	
Workers' Comp Internal Service Fund	<u>\$ 325,000</u>

Transfers are used to: (1) move revenues from the fund that budget requires to collect them to the fund that budget requires to expend them; and (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

During the year ended June 30, 2016, the County transferred \$380,000 from the General Fund to cover the architect fees for two new capital building projects - the new EMS/Emergency Management Base and the proposed Animal Services Facility project.

The County transferred \$234,026 from the General Fund, an amount originally approved for capital outlay for the community college, to the Community College Capital Project Fund to assist with a paving project that is expected to span two or three fiscal of years.

The County transferred \$17,085 from the County Building Renovations Capital Project Fund to the General Fund in order to close a completed County project and to use a portion of the amount to cover the closing costs for the Animal Services land purchase.

The County transferred \$16,669 from the Water & Sewer Capital Project Fund to the Solid Waste Management Special Revenue Fund in order to close the Capital Project Fund and to cover some water tap fees and plumbing supply line connections for properties adjacent to one of the county's landfills.

The County also transferred \$325,000 from the Workers' Comp Internal Service Fund to the Health Insurance Internal Service Fund to cover the increased costs incurred for medical expenditures made during the fiscal year in order to maintain fund balance in the General Fund. Health insurance cost per employee per month was increased in the 2016-2017 fiscal year to cover future medical costs.

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
- Notes to the Required Schedules for the Law Enforcement Officers' Special Separation Allowance
- Schedule of Funding Progress for the Other Postemployment Benefits
- Schedule of Employer Contributions for the Other Postemployment Benefits
- Notes to the Required Schedules for the Other Postemployment Benefits
- Schedule of Proportionate Share of Net Pension Liability (Asset) - Local Governmental Employees' Retirement System
- Schedule of the County's Contributions - Local Governmental Employees' Retirement System
- Schedule of Proportionate Share of Net Pension Liability (Asset) - Register of Deeds' Supplemental Pension Fund
- Schedule of the County's Contributions - Register of Deeds' Supplemental Pension Fund

HAYWOOD COUNTY, NORTH CAROLINA

Law Enforcement Officers' Special Separation Allowance
Required Supplementary Information
Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)- Projected Unit Credit (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll for Year Ending on Val Date (c)	UAAL as a Percentage of Covered Payroll [(b - a)/c]
12/31/15	-	\$ 1,174,480	\$1,174,480	0%	\$ 2,938,001	39.98%
12/31/14	-	711,834	711,834	0%	2,365,195	30.10%
12/31/13	-	699,396	699,396	0%	2,219,780	31.51%
12/31/12	-	592,243	592,243	0%	2,251,312	26.31%
12/31/11	-	650,963	650,963	0%	2,140,204	30.42%
12/31/10	-	632,550	632,550	0%	2,032,038	31.13%
12/31/09	-	598,789	598,789	0%	2,027,941	29.53%
12/31/08	-	471,329	471,329	0%	2,146,030	21.96%
12/31/07	-	405,297	405,297	0%	2,002,778	20.24%
12/31/06	-	346,965	346,965	0%	1,975,853	17.56%
12/31/05	-	308,732	308,732	0%	1,796,938	17.18%
12/31/04	-	329,421	329,421	0%	1,639,466	20.09%

HAYWOOD COUNTY, NORTH CAROLINA

Law Enforcement Officers' Special Separation Allowance Required Supplementary Information Schedule of Employer Contributions

<u>Year Ending June 30,</u>	<u>Annual Required Contributions</u>	<u>Percentage Contributed</u>
2014	\$ 58,441	76.31%
2015	\$ 78,357	61.93%
2016	\$ 82,534	62.27%

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	12/31/15
Actuarial cost method	Entry age normal
Amortization method	Level dollar closed
Remaining amortization period	15 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return*	3.57%
Projected salary increases*	3.50% to 7.35%
Cost-of-living adjustments	N/A

*Includes inflation at 3.00%

HAYWOOD COUNTY, NORTH CAROLINA

Other Postemployment Benefits
 Required Supplementary Information
 Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)- Projected Unit Credit (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b - a)/c]
12/31/14	\$ -	\$23,062,498	\$ 23,062,498	0%	\$ 19,948,193	115.6%
12/31/12	-	21,894,055	21,894,055	0%	19,148,052	114.3%
12/31/11	-	19,866,726	19,866,726	0%	19,265,594	103.1%

HAYWOOD COUNTY, NORTH CAROLINA

Other Postemployment Benefits Required Supplementary Information Schedule of Employer Contributions

<u>Year Ending June 30,</u>	<u>Annual Required Contributions</u>	<u>Percentage Contributed</u>
2014	\$ 2,006,869	38.2%
2015	\$ 2,085,322	26.9%
2016	\$ 2,073,569	57.4%

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	12/31/14
Actuarial cost method	Projected unit credit
Amortization method	Level percentage of pay, open
Remaining amortization period	30 years
Amortization factor	26.1695
Asset valuation method	Market value of assets
Actuarial assumptions:	
Investment rate of return*	4.0%
Medical cost trend:	
Pre-Medicare trend rate	7.50 - 5.00%
Post-Medicare trend rate	5.50 - 5.00%
Year of ultimate trend rate	2020

*Includes inflation at 3.00%

HAYWOOD COUNTY, NORTH CAROLINA

Required Supplementary Information – Schedule of the County's Proportionate
Share of the Net Pension Liability (Asset)
Local Governmental Employees' Retirement System

Last Three Fiscal Years*

	<u>2016</u>	<u>2015</u>	<u>2014</u>
County's proportion of the net pension liability (asset)	0.33264%	0.33193%	0.33680%
County's proportionate share of the net pension liability (asset)	\$ 1,492,868	\$ (1,957,545)	\$ 4,059,733
County's covered-employee payroll	\$ 19,534,790	\$ 19,279,263	\$ 19,052,305
County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	7.64%	-10.15%	21.31%
Plan fiduciary net position as a percentage of total pension liability	98.09%	102.64%	94.35%

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

This schedule originated in FY2014 with the implementation of GASB Statement No. 68. Information for additional years will continue to be added until 10 years of information is presented.

HAYWOOD COUNTY, NORTH CAROLINA

Required Supplementary Information – Schedule of the County's Contributions Local Governmental Employees' Retirement System

Last Three Fiscal Years

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contributions	\$ 1,365,167	\$ 1,389,017	\$ 1,367,400
Contributions in relation to the contractually required contribution	<u>1,365,167</u>	<u>1,389,017</u>	<u>1,367,400</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered-employee payroll	\$ 20,081,972	\$ 19,534,790	\$ 19,279,263
Contributions as a percentage of covered-employee payroll	6.80%	7.11%	7.09%

This schedule originated in FY2014 with the implementation of GASB Statement No. 68. Information for additional years will continue to be added until 10 years of information is presented.

HAYWOOD COUNTY, NORTH CAROLINA

**Required Supplementary Information – Schedule of the County's Proportionate Share of the Net Pension Liability (Asset)
Register of Deeds' Supplemental Pension Fund**

Last Three Fiscal Years*

	<u>2016</u>	<u>2015</u>	<u>2014</u>
County's proportion of the net pension liability (asset)	0.75660%	0.70658%	0.71396%
County's proportionate share of the net pension liability (asset)	\$ (175,334)	\$ (160,159)	\$ (152,502)
County's covered-employee payroll	\$ 68,815	\$ 67,469	\$ 66,205
County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-254.79%	-237.38%	-230.35%
Plan fiduciary net position as a percentage of total pension liability	197.29%	193.88%	190.50%

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

This schedule originated in FY2014 with the implementation of GASB Statement No. 68. Information for additional years will continue to be added until 10 years of information is presented.

HAYWOOD COUNTY, NORTH CAROLINA

**Required Supplementary Information – Schedule of the County's Contributions
Registers of Deeds' Supplemental Pension Fund**

Last Three Fiscal Years

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contributions	\$ 6,077	\$ 6,054	\$ 5,769
Contributions in relation to the contractually required contribution	<u>6,077</u>	<u>6,054</u>	<u>5,769</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered-employee payroll	\$ 71,375	\$ 68,815	\$ 67,469
Contributions as a percentage of covered-employee payroll	8.51%	8.80%	8.55%

This schedule originated in FY2014 with the implementation of GASB Statement No. 68. Information for additional years will continue to be added until 10 years of information is presented.

The seal of Haywood County, North Carolina, is a circular emblem. It features a central figure of a plow, symbolizing agriculture. The text "HAYWOOD COUNTY" is arched across the top, and "N.C." is in the center. Below the plow, the words "BLUE RIDGE" and "7808 GREAT SMOKIES" are visible, along with the year "1842" at the bottom. The seal is rendered in a light, faded style.

SUPPLEMENTARY INFORMATION

**COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS SECTION**

The seal of Haywood County, North Carolina, is a circular emblem. It features a central figure of a bear standing on a log, with a plow and a sheaf of wheat on either side. The text "HAYWOOD COUNTY" is arched across the top, "NC" is in the center above the bear, "BLUE RIDGE" is on the left, "7808 GREAT SMOKIES" is on the right, and "1842" is at the bottom. The seal is rendered in a light, faded style.

GENERAL FUND

The General Fund accounts for resources traditionally associated with government that are not required legally or by sound financial management to be accounted for in other funds.

HAYWOOD COUNTY, NORTH CAROLINA

General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
(with Comparative Totals for 2015)

For the Fiscal Year Ended June 30, 2016

	2016		Variance Favorable (Unfavorable)	2015
	Budget	Actual		Actual
Revenues:				
Ad valorem taxes:				
Current year and prior years		\$ 41,958,886		\$ 39,891,910
Penalties and interest		247,323		241,744
Total	\$ 42,149,970	42,206,209	\$ 56,239	40,133,654
Local option sales taxes:				
Article 39 one percent		5,468,470		5,196,979
Article 40 one-half of one percent		3,269,844		3,089,905
Article 42 one-half of one percent		3,019,509		2,860,084
Article 44 one-half of one percent		4,163		(879)
Article 46 one-quarter of one percent		1,701,306		1,600,475
Total	12,931,487	13,463,292	531,805	12,746,564
Other taxes and licenses:				
Occupancy tax		1,237,654		1,083,221
Deed stamp excise tax		613,304		599,968
Telecommunication video sales tax		300,035		312,533
Other taxes		463,779		464,030
Total	2,803,950	2,614,772	(189,178)	2,459,752
Unrestricted intergovernmental:				
Payments in lieu of taxes	325,927	367,475	41,548	308,781
Restricted intergovernmental:				
Federal, state and other grants		13,019,651		13,308,162
Court facilities fees		115,476		105,974
Health and Social Services revenues-local		110,047		517,849
ABC net revenues		45,451		44,410
Controlled substance tax		45,405		5,856
Other-local		536,052		593,580
Total	15,332,804	13,872,082	(1,460,722)	14,575,831
Permits and fees:				
Building permits and inspection fees	362,500	362,866	366	351,838

(continued)

HAYWOOD COUNTY, NORTH CAROLINA

General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual,
(with Comparative Totals for 2015) Continued

For the Fiscal Year Ended June 30, 2016

	2016		Variance Favorable (Unfavorable)	2015
	Budget	Actual		Actual
Revenues, continued:				
Sales and services:				
Library local revenues		\$ 16,900		\$ 17,273
Mapping sales		6,359		5,918
Sheriff's fees and commissions		223,089		188,998
Jail and officers' fees		268,621		180,384
Ambulance fees		2,075,683		2,534,077
Animal control fees		42,915		52,637
Dental clinic charges		127,929		111,146
Health dept patient fees		111,730		134,609
Environmental health fees		168,127		150,463
Social Services patient fees		85,424		45,131
Tax assessments—departmental services		321		416
Garage-departmental services		14,296		12,843
Tax collection fees		99,642		61,021
Public buildings-departmental services		52,933		57,080
Elections-departmental services		1,736		224
Extension 4H		14,979		12,498
Rent		203,577		192,405
Recreation fees		17,088		19,942
Total	\$ 3,832,549	3,531,349	\$ (301,200)	3,777,065
Investment earnings	30,000	85,888	55,888	26,287
Miscellaneous:				
Other	312,618	309,414	(3,204)	251,621
Total revenues	78,081,805	76,813,347	(1,268,458)	74,631,393
Expenditures:				
General government:				
Governing body:				
Salaries and employee benefits		119,426		104,189
Operating		479,243		428,608
Total		598,669		532,797

(continued)

HAYWOOD COUNTY, NORTH CAROLINA

General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual,
(with Comparative Totals for 2015) Continued

For the Fiscal Year Ended June 30, 2016

	2016		2015
	Budget	Actual	
Expenditures, continued:			
General government, continued:			
Administration:			
Salaries and employee benefits		\$ 325,710	\$ 315,118
Operating		31,517	30,254
Capital outlay		1,350	-
Total		<u>358,577</u>	<u>345,372</u>
Finance:			
Salaries and employee benefits		535,941	500,191
Operating		64,645	58,768
Total		<u>600,586</u>	<u>558,959</u>
Human Resource:			
Salaries and employee benefits		162,201	152,115
Operating		582,854	543,594
Total		<u>745,055</u>	<u>695,709</u>
Wellness Clinic:			
Salaries and employee benefits		155,697	148,422
Operating		47,038	27,124
Total		<u>202,735</u>	<u>175,546</u>
Tax collections:			
Salaries and employee benefits		266,923	300,952
Operating		245,600	240,402
Total		<u>512,523</u>	<u>541,354</u>
Tax assessments:			
Salaries and employee benefits		453,719	451,169
Operating		71,931	78,520
Total		<u>525,650</u>	<u>529,689</u>

(continued)

HAYWOOD COUNTY, NORTH CAROLINA

General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual,
(with Comparative Totals for 2015) Continued

For the Fiscal Year Ended June 30, 2016

	2016		Variance Favorable (Unfavorable)	2015
	Budget	Actual		Actual
Expenditures, continued:				
General government, continued:				
Land records:				
Salaries and employee benefits		\$ 196,368		\$ 170,802
Operating		11,316		9,862
Capital outlay		7,000		-
Total		<u>214,684</u>		<u>180,664</u>
Revaluation:				
Salaries and employee benefits		249,323		250,710
Operating		65,533		17,847
Capital outlay		60,000		-
Total		<u>374,856</u>		<u>268,557</u>
Legal services				
Salaries and employee benefits		100,037		53,396
Operating		58,055		97,762
Total		<u>158,092</u>		<u>151,158</u>
Elections:				
Salaries and employee benefits		342,193		290,995
Operating		90,766		95,261
Capital outlay		-		6,533
Total		<u>432,959</u>		<u>392,789</u>
Register of Deeds:				
Salaries and employee benefits		235,355		227,807
Operating		474,969		467,593
Capital outlay		1,900		-
Total		<u>712,224</u>		<u>695,400</u>
Total general government	\$ 5,926,721	<u>5,436,610</u>	\$ 490,111	<u>5,067,994</u>

(continued)

HAYWOOD COUNTY, NORTH CAROLINA

General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual,
(with Comparative Totals for 2015) Continued

For the Fiscal Year Ended June 30, 2016

	2016		Variance Favorable (Unfavorable)	2015
	Budget	Actual		Actual
Expenditures, continued:				
Central Services:				
Information systems:				
Salaries and employee benefits		\$ 529,606		\$ 382,540
Operating		355,241		297,030
Capital outlay		16,071		11,071
Total		<u>900,918</u>		<u>690,641</u>
Garage:				
Salaries and employee benefits		110,733		106,873
Operating		30,670		30,854
Capital outlay		7,694		-
Total		<u>149,097</u>		<u>137,727</u>
Public buildings:				
Salaries and employee benefits		911,166		888,297
Operating		1,301,560		1,124,291
Capital outlay		437,752		195,429
Total		<u>2,650,478</u>		<u>2,208,017</u>
Total central services	\$ 4,089,206	<u>3,700,493</u>	\$ 388,713	<u>3,036,385</u>
Public safety:				
Sheriff:				
Salaries and employee benefits		3,919,309		3,640,804
Operating		532,171		556,216
Capital outlay		189,692		139,947
Total		<u>4,641,172</u>		<u>4,336,967</u>
Haywood County 911 Communication Center:				
Salaries and employee benefits		823,965		832,791
Operating		50,076		55,459
Capital outlay		-		4,795
Total		<u>874,041</u>		<u>893,045</u>

(continued)

HAYWOOD COUNTY, NORTH CAROLINA

General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual,
(with Comparative Totals for 2015) Continued

For the Fiscal Year Ended June 30, 2016

	2016		Variance Favorable (Unfavorable)	2015
	Budget	Actual		Actual
Expenditures, continued:				
Public safety, continued:				
Public safety grants:				
Operating		\$ 108,029		\$ 82,801
Sheriff-SRO officers:				
Salaries and employee benefits		270,549		265,960
Operating		2,419		1,416
Total		272,968		267,376
Detention:				
Salaries and employee benefits		2,092,815		1,910,907
Operating		519,195		562,249
Capital outlay		45,446		40,248
Total		2,657,456		2,513,404
Courts:				
Operating		95,437		92,522
NC forest service:				
Operating		79,312		68,479
Building inspections:				
Salaries and employee benefits		365,136		375,498
Operating		38,426		36,962
Total		403,562		412,460
Medical examiner		71,800		48,350
Emergency medical service:				
Salaries and employee benefits		3,763,016		3,530,670
Operating		572,314		573,365
Capital outlay		493,414		282,757
Total		4,828,744		4,386,792
Rescue squad:				
Operating		30,000		25,000

(continued)

HAYWOOD COUNTY, NORTH CAROLINA

General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual,
(with Comparative Totals for 2015) Continued

For the Fiscal Year Ended June 30, 2016

	2016		Variance Favorable (Unfavorable)	2015
	Budget	Actual		Actual
Expenditures, continued:				
Public safety, continued:				
Emergency management:				
Salaries and employee benefits		\$ 125,443		\$ 110,942
Operating		49,395		78,440
Capital outlay		51,822		18,131
Total		<u>226,660</u>		<u>207,513</u>
Animal control:				
Salaries and employee benefits		342,779		286,543
Operating		161,483		152,703
Capital outlay		48,004		-
Total		<u>552,266</u>		<u>439,246</u>
Total public safety	\$ 15,786,488	<u>14,841,447</u>	\$ 945,041	<u>13,773,955</u>
Transportation:				
Mass transit	<u>215,400</u>	<u>191,345</u>	<u>24,055</u>	<u>197,811</u>
Environmental protection:				
Erosion control program:				
Salaries and employee benefits		152,217		154,516
Operating		2,994		2,967
Total	<u>175,103</u>	<u>155,211</u>	<u>19,892</u>	<u>157,483</u>
Economic and physical development:				
Planning:				
Salaries and employee benefits		221,243		178,416
Operating		4,788		4,903
Total		<u>226,031</u>		<u>183,319</u>
Economic development:				
Salaries and employee benefits		-		5,702
Operating		523,059		331,434
Total		<u>523,059</u>		<u>337,136</u>
Tourism development		<u>1,215,277</u>		<u>1,062,388</u>

(continued)

HAYWOOD COUNTY, NORTH CAROLINA

General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual,
(with Comparative Totals for 2015) Continued

For the Fiscal Year Ended June 30, 2016

	2016		Variance Favorable (Unfavorable)	2015
	Budget	Actual		Actual
Expenditures, continued:				
Economic and physical development, continued:				
Community development:				
Operating		\$ 185,668		\$ 84,942
Extension:				
Operating		264,027		245,116
Soil conservation:				
Salaries and employee benefits		213,652		182,076
Operating		25,195		21,195
Total		238,847		203,271
Soil and water conservation agricultural engineer:				
Salaries and employee benefits		-		59,449
Soil and water conservation agricultural technician:				
Salaries and employee benefits		66,448		63,814
Operating		7,807		7,307
Total		74,255		71,121
Total economic and physical development	\$ 3,045,762	2,727,164	\$ 318,598	2,246,742
Health:				
Salaries and employee benefits		2,309,371		2,477,410
Operating		215,454		203,690
Capital outlay		60,751		21,160
Total		2,585,576		2,702,260
Immunization:				
Operating		502		1,006

(continued)

HAYWOOD COUNTY, NORTH CAROLINA

General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual,
(with Comparative Totals for 2015) Continued

For the Fiscal Year Ended June 30, 2016

	2016		Variance Favorable (Unfavorable)	2015
	Budget	Actual		Actual
Expenditures, continued:				
Human services, continued:				
Dental clinic:				
Salaries and employee benefits		\$ 410,340		\$ 358,454
Operating		78,959		87,219
Capital outlay		9,606		6,769
Total		<u>498,905</u>		<u>452,442</u>
Child health		<u>1,624</u>		<u>3,147</u>
Family planning:				
Operating		<u>19,694</u>		<u>37,644</u>
Adult health services:				
Operating		51,466		55,859
Capital outlay		3,590		-
Total		<u>55,056</u>		<u>55,859</u>
Cancer data base		<u>12,559</u>		<u>10,959</u>
American Cancer Society-Project Assist:				
Salaries and employee benefits		-		58,695
Operating		-		2,175
Total		<u>-</u>		<u>60,870</u>
WIC program:				
Salaries and employee benefits		103,707		10,740
Operating		7,472		11,272
Total		<u>111,179</u>		<u>22,012</u>
Maternal Health:				
Operating		<u>10,535</u>		<u>1,653</u>
Environmental health:				
Salaries and employee benefits		683,097		679,830
Operating		33,156		30,713
Total		<u>716,253</u>		<u>710,543</u>
T.B. control		<u>2,115</u>		<u>4,334</u>

(continued)

HAYWOOD COUNTY, NORTH CAROLINA

General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual,
(with Comparative Totals for 2015) Continued

For the Fiscal Year Ended June 30, 2016

	2016		2015
	Budget	Actual	
Expenditures, continued:			
Human services, continued:			
Mental health		\$ 99,685	\$ 98,773
Social Services:			
Salaries and employee benefits		6,806,299	6,783,002
Operating		634,683	532,224
Capital outlay		43,019	49,372
Total		7,484,001	7,364,598
Work First-NCDOT Trans		13,358	8,614
Public Assistance:			
General assistance		1,379	1,294
Aid to the aged and disabled		490,318	503,751
Crisis intervention		203,445	220,616
Aid to blind		5,270	5,310
Adoption assistance		25,798	34,967
Medicaid transportation		280,366	321,551
Electrical assistance expenditures		285,047	282,206
Foster care		1,274,342	1,339,657
Total		2,565,965	2,709,352
Meals on Wheels:			
Salaries and employee benefits		190,145	154,882
Operating		65,129	64,326
Total		255,274	219,208
JOBS Work First:			
Operating		3,559,673	3,684,934
Adoption awareness		3,374	21,661
Adult Day Care:			
Salaries and employee benefits		188,320	134,131
Operating		31,303	79,702
Capital outlay		-	4,666
Total		219,623	218,499

(continued)

HAYWOOD COUNTY, NORTH CAROLINA

General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual,
(with Comparative Totals for 2015) Continued

For the Fiscal Year Ended June 30, 2016

	2016		Variance Favorable (Unfavorable)	2015
	Budget	Actual		Actual
Expenditures, continued:				
Human services, continued:				
Cap-Community Alternative Program				
Salaries and employee benefits		\$ 322,765		\$ 285,903
Operating		75,863		69,122
Total		<u>398,628</u>		<u>355,025</u>
Robert Wood Johnson Grant		<u>100,000</u>		<u>100,000</u>
Community Crisis Management		<u>2,869</u>		<u>2,346</u>
Adoption payments		<u>222,986</u>		<u>225,766</u>
Title III Grants		<u>317,690</u>		<u>342,661</u>
Senior citizens programs		<u>16,000</u>		<u>16,000</u>
Veteran's service:				
Salaries and employee benefits		106,530		101,175
Operating		5,292		6,549
Total		<u>111,822</u>		<u>107,724</u>
Youth Services		<u>360,254</u>		<u>191,975</u>
Total human services	\$ 22,075,704	<u>19,745,200</u>	\$ 2,330,504	<u>19,729,865</u>
Culture and recreation:				
Library:				
Salaries and employee benefits		945,460		963,800
Operating		293,849		353,614
Capital outlay		14,952		20,536
Total		<u>1,254,261</u>		<u>1,337,950</u>
Recreation:				
Salaries and employee benefits		155,772		148,669
Operating		46,146		63,045
Capital outlay		17,627		-
Total		<u>219,545</u>		<u>211,714</u>
Total culture and recreation	1,581,349	<u>1,473,806</u>	107,543	<u>1,549,664</u>

(continued)

HAYWOOD COUNTY, NORTH CAROLINA

General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual,
(with Comparative Totals for 2015) Continued

For the Fiscal Year Ended June 30, 2016

	2016		Variance Favorable (Unfavorable)	2015
	Budget	Actual		Actual
Expenditures, continued:				
Education:				
Public schools-current		\$ 14,760,890		\$ 14,439,161
Public schools-capital outlay		500,000		385,000
Community college-current		2,184,328		2,141,106
Community college-capital outlay		90,975		275,000
Total education	\$ 17,543,309	17,536,193	\$ 7,116	17,240,267
Debt service:				
Principal	6,167,987	6,167,986	1	5,813,918
Interest and other charges	1,477,124	1,465,922	11,202	1,898,355
Total debt service	7,645,111	7,633,908	11,203	7,712,273
Total expenditures	78,084,153	73,441,377	4,642,776	70,712,439
Revenues over (under) expenditures	(2,348)	3,371,970	3,374,318	3,918,954
Other financing sources (uses):				
Transfers from other funds	75,216	17,085	(58,131)	106,711
Transfers to other funds	(794,455)	(614,026)	180,429	(61,670)
Refunding proceeds from debt issued	-	-	-	10,783,000
Payment to escrow agent for refunded debt	-	-	-	(10,723,992)
Sale of capital assets	164,026	166,516	2,490	3,522
Appropriated fund balance	557,561	-	(557,561)	-
Total other financing sources (uses)	2,348	(430,425)	(432,773)	107,571
Net change in fund balance	\$ -	2,941,545	\$ 2,941,545	4,026,525
Fund balance:				
Beginning of year, July 1		22,676,868		18,650,343
End of year, June 30		\$ 25,618,413		\$ 22,676,868

The seal of Wayne County, North Carolina, is a circular emblem. It features a central figure of a Native American man in traditional dress, holding a bow and arrow. The text "WAYNE COUNTY N.C." is arched across the top. Below the central figure, the words "THE RIDGE" and "7808 GREAT SMACK" are visible, along with a small figure of a person. The seal is rendered in a light, faded style in the background.

SOLID WASTE MANAGEMENT FUND

The Solid Waste Management Fund is used to account for all operational and capital activities for the two landfills, the 10 convenience centers throughout the County, the materials recovery facility, and the recycling programs.

HAYWOOD COUNTY, NORTH CAROLINA

Solid Waste Management Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual

For the Fiscal Year Ended June 30, 2016

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:			
Permits and fees:			
Solid waste fees	\$ 5,951,987	\$ 5,783,489	\$ (168,498)
Landfill host fees	120,000	107,278	(12,722)
Taxes and licenses	120,000	134,473	14,473
Intergovernmental revenue:			
DENR grants	47,000	65,871	18,871
Sales and services	28,000	59,548	31,548
Miscellaneous revenue	-	15,474	15,474
Total revenues	<u>6,266,987</u>	<u>6,166,133</u>	<u>(100,854)</u>
Expenditures:			
Environmental Protection:			
Salaries and employee benefits	145,107	138,061	7,046
Operating	5,427,205	3,357,256	2,069,949
Capital outlay	749,979	494,421	255,558
Contingency	298,000	-	298,000
Total expenditures	<u>6,620,291</u>	<u>3,989,738</u>	<u>2,630,553</u>
Revenues over (under) expenditures	<u>(353,304)</u>	<u>2,176,395</u>	<u>2,529,699</u>
Other financing sources:			
Transfers from other funds	16,669	16,669	-
Sale of capital assets	-	51,227	51,227
Appropriated fund balance	336,635	-	(336,635)
Total other financing sources	<u>353,304</u>	<u>67,896</u>	<u>(285,408)</u>
Net change in fund balance	<u>\$ -</u>	<u>2,244,291</u>	<u>\$ 2,244,291</u>
Fund balance:			
Beginning of year, July 1		<u>2,374,643</u>	
End of year, June 30		<u>\$ 4,618,934</u>	

The seal of Lenoir County, North Carolina, is a circular emblem. It features a central figure of a Native American man in traditional dress, holding a bow and arrow. The text "LENOIR COUNTY" is arched across the top, and "N.C." is positioned above the central figure. Below the figure, the words "BLUE RIDGE" and "7808 GREAT SMOKIES" are visible, along with the year "1785".

**COMBINING STATEMENTS FOR
NON-MAJOR FUNDS**

HAYWOOD COUNTY, NORTH CAROLINA

Combining Balance Sheet
Non-major Governmental Funds

June 30, 2016

	<u>Total Non-major Special Revenue Funds</u>	<u>Total Non-major Capital Projects Funds</u>	<u>Total Non-major Governmental Funds</u>
Assets:			
Cash and cash equivalents	\$ 464,015	\$ 642,311	\$ 1,106,326
Restricted cash	-	5,068,392	5,068,392
Taxes receivable, net	134,306	-	134,306
Due from other governments	24,851	300,201	325,052
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 623,172</u>	<u>\$ 6,010,904</u>	<u>\$ 6,634,076</u>
Liabilities:			
Accounts payable and accrued liabilities	<u>\$ 109,592</u>	<u>\$ 526,624</u>	<u>\$ 636,216</u>
Deferred inflows of resources	<u>134,306</u>	<u>-</u>	<u>134,306</u>
Fund balances:			
Restricted:			
Stabilization by State Statute	24,851	-	24,851
Public safety	-	1,888,425	1,888,425
E-911	354,423	575,477	929,900
Community College	-	2,909,949	2,909,949
Committed:			
Public school capital projects	-	28,778	28,778
Capital projects	-	81,651	81,651
Total fund balances	<u>379,274</u>	<u>5,484,280</u>	<u>5,863,554</u>
	<u> </u>	<u> </u>	<u> </u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 623,172</u>	<u>\$ 6,010,904</u>	<u>\$ 6,634,076</u>

HAYWOOD COUNTY, NORTH CAROLINA

Combining Balance Sheet Non-major Special Revenue Funds

June 30, 2016

	Emergency Telephone Fund	Fire Districts Fund	Crisis Assistance Housing Fund
Assets:			
Cash and cash equivalents	\$ 366,967	\$ 62,365	\$ 30,900
Taxes receivable, net	-	130,428	-
Due from other governments	24,851	-	-
	<u>\$ 391,818</u>	<u>\$ 192,793</u>	<u>\$ 30,900</u>
Liabilities:			
Accounts payable and accrued liabilities	\$ 12,544	\$ 62,365	\$ 30,900
Deferred inflows of resources	<u>-</u>	<u>130,428</u>	<u>-</u>
Fund balances:			
Restricted:			
Stabilization by State Statute	24,851	-	-
E-911	354,423	-	-
Total fund balances	<u>379,274</u>	<u>-</u>	<u>-</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 391,818</u>	<u>\$ 192,793</u>	<u>\$ 30,900</u>

<u>Sanitary District Fund</u>	<u>Road Service Fund</u>	<u>Total Non-major Special Revenue Funds</u>
\$ 2,169	\$ 1,614	\$ 464,015
1,554	2,324	134,306
<u>-</u>	<u>-</u>	<u>24,851</u>
<u>\$ 3,723</u>	<u>\$ 3,938</u>	<u>\$ 623,172</u>
<u>\$ 2,169</u>	<u>\$ 1,614</u>	<u>\$ 109,592</u>
<u>1,554</u>	<u>2,324</u>	<u>134,306</u>
<u>-</u>	<u>-</u>	<u>24,851</u>
<u>-</u>	<u>-</u>	<u>354,423</u>
<u>-</u>	<u>-</u>	<u>379,274</u>
<u>\$ 3,723</u>	<u>\$ 3,938</u>	<u>\$ 623,172</u>

HAYWOOD COUNTY, NORTH CAROLINA

Combining Balance Sheet Non-major Capital Project Funds

June 30, 2016

	Community College Projects Fund	Water and Sewer Lines Fund	Master Facilities Fund
Assets:			
Cash and cash equivalents	\$ -	\$ -	\$ -
Restricted cash	3,101,496	-	1,966,896
Due from other governments	-	-	-
	\$ 3,101,496	\$ -	\$ 1,966,896
Total assets	\$ 3,101,496	\$ -	\$ 1,966,896
 Liabilities:			
Accounts payable and accrued liabilities	\$ 191,547	\$ -	\$ 78,471
 Fund balances:			
Restricted:			
Community college	2,909,949	-	-
Public safety	-	-	1,888,425
E-911	-	-	-
Committed:			
Public school capital projects	-	-	-
Capital projects	-	-	-
Total fund balances	2,909,949	-	1,888,425
Total liabilities and fund balances	\$ 3,101,496	\$ -	\$ 1,966,896

<u>Public Schools ADM/Lottery Fund</u>	<u>County Building Renovations Fund</u>	<u>E-911 Consolidation Fund</u>	<u>Total Non-major Capital Projects Funds</u>
\$ 28,778	\$ 81,651	\$ 531,882	\$ 642,311
-	-	-	5,068,392
-	-	300,201	300,201
<u>\$ 28,778</u>	<u>\$ 81,651</u>	<u>\$ 832,083</u>	<u>\$ 6,010,904</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 256,606</u>	<u>\$ 526,624</u>
-	-	-	2,909,949
-	-	-	1,888,425
-	-	575,477	575,477
28,778	-	-	28,778
-	81,651	-	81,651
<u>28,778</u>	<u>81,651</u>	<u>575,477</u>	<u>5,484,280</u>
<u>\$ 28,778</u>	<u>\$ 81,651</u>	<u>\$ 832,083</u>	<u>\$ 6,010,904</u>

HAYWOOD COUNTY, NORTH CAROLINA

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-major Governmental Funds

For the Fiscal Year Ended June 30, 2016

	Non-major Special Revenue Funds	Non-major Capital Projects Funds	Total Non-major Governmental Funds
Revenues:			
Ad valorem taxes	\$ 4,294,873	\$ -	\$ 4,294,873
Restricted intergovernmental	298,205	1,935,122	2,233,327
Investment earnings	203	5,260	5,463
Miscellaneous	-	52	52
Total revenues	<u>4,593,281</u>	<u>1,940,434</u>	<u>6,533,715</u>
Expenditures:			
Current:			
Public safety	4,181,031	2,480,752	6,661,783
Environmental protection	243,015	-	243,015
Economic and physical development	192,851	-	192,851
Intergovernmental:			
Education	-	1,582,708	1,582,708
Total expenditures	<u>4,616,897</u>	<u>4,063,460</u>	<u>8,680,357</u>
Revenues under expenditures	<u>(23,616)</u>	<u>(2,123,026)</u>	<u>(2,146,642)</u>
Other financing sources (uses):			
Transfers from other funds	-	619,026	619,026
Transfers to other funds	-	(38,754)	(38,754)
Proceeds of installment loans	-	6,200,000	6,200,000
Total other financing sources (uses)	<u>-</u>	<u>6,780,272</u>	<u>6,780,272</u>
Net change in fund balances	(23,616)	4,657,246	4,633,630
Fund balances:			
Beginning of year, July 1	<u>402,890</u>	<u>827,034</u>	<u>1,229,924</u>
End of year, June 30	<u>\$ 379,274</u>	<u>\$ 5,484,280</u>	<u>\$ 5,863,554</u>

HAYWOOD COUNTY, NORTH CAROLINA

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances Non-major Special Revenue Funds

For the Fiscal Year Ended June 30, 2016

	Emergency Telephone System Fund	Fire District Fund	Sanitary District Fund
Revenues:			
Ad valorem taxes	\$ -	\$ 3,859,007	\$ 243,015
Restricted intergovernmental	298,205	-	-
Investment earnings	203	-	-
Total revenues	298,408	3,859,007	243,015
Expenditures:			
Current:			
Public safety	322,024	3,859,007	-
Environmental protection	-	-	243,015
Economic and physical development	-	-	-
Total expenditures	322,024	3,859,007	243,015
Net change in fund balances	(23,616)	-	-
Fund balances:			
Beginning of year, July 1	402,890	-	-
End of year, June 30	\$ 379,274	\$ -	\$ -

Road Service Fund	Total Non-major Special Revenue Funds
\$ 192,851	\$ 4,294,873
-	298,205
-	203
<u>192,851</u>	<u>4,593,281</u>
-	4,181,031
-	243,015
192,851	192,851
<u>192,851</u>	<u>4,616,897</u>
-	(23,616)
-	402,890
<u>\$ -</u>	<u>\$ 379,274</u>

HAYWOOD COUNTY, NORTH CAROLINA

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances Non-major Capital Project Funds

For the Fiscal Year Ended June 30, 2016

	Community College Projects Fund	Water and Sewer Lines Fund	Master Facilities Fund
Revenues:			
Restricted intergovernmental	\$ -	\$ -	\$ -
Investment earnings	4,086	-	1,174
Miscellaneous	52	-	-
Total revenues	4,138	-	1,174
Expenditures:			
Current:			
Public safety	-	-	597,749
Intergovernmental:			
Education	1,530,589	-	-
Total expenditures	1,530,589	-	597,749
Revenues under expenditures	(1,526,451)	-	(596,575)
Other financing sources (uses):			
Proceeds of installment loans	4,100,000		2,100,000
Transfers from other funds	234,026	-	385,000
Transfers to other funds	-	(16,669)	-
Total other financing sources (uses)	4,334,026	(16,669)	2,485,000
Net change in fund balances	2,807,575	(16,669)	1,888,425
Fund balances:			
Beginning of year, July 1	102,374	16,669	-
End of year, June 30	\$ 2,909,949	\$ -	\$ 1,888,425

Public Schools ADM/Lottery Fund	County Building Renovations Fund	E-911 Consolidation Fund	Total Non-major Capital Projects Funds
\$ 52,119	\$ -	\$ 1,883,003	\$ 1,935,122
-	-	-	5,260
-	-	-	52
<u>52,119</u>	<u>-</u>	<u>1,883,003</u>	<u>1,940,434</u>
-	-	1,883,003	2,480,752
52,119	-	-	1,582,708
<u>52,119</u>	<u>-</u>	<u>1,883,003</u>	<u>4,063,460</u>
-	-	-	(2,123,026)
-	-	-	6,200,000
-	-	-	619,026
-	(22,085)	-	(38,754)
-	<u>(22,085)</u>	-	<u>6,780,272</u>
-	(22,085)	-	4,657,246
<u>28,778</u>	<u>103,736</u>	<u>575,477</u>	<u>827,034</u>
<u>\$ 28,778</u>	<u>\$ 81,651</u>	<u>\$ 575,477</u>	<u>\$ 5,484,280</u>

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditures for specific purposes.

Individual Fund Descriptions

- **The Emergency Telephone Fund** accounts for 9-1-1 system subscriber fees and levies as provided for in North Carolina General Statute (NCGS) 159-26(b)(2). Under NCGS Chapter 62A, Haywood County imposes a monthly service charge to cover the cost of administering an enhanced emergency telecommunications wire line system. NCGS Chapter 62A also provides for the levy of a monthly service charge by the State for each wireless mobile connection unit to recover costs associated with operating a wireless enhanced system.
- **The Fire Districts Fund** accounts for the ad valorem tax levies of the fifteen fire districts in Haywood County.
- **The Crisis Assistance Housing Fund** accounts for the administration of federal and state grants for relocation and rehabilitation assistance related to damage from previous years' hurricanes.
- **The Sanitary District Fund** accounts for the ad valorem tax levy for a sanitary district in Haywood County.
- **The Road Service Fund** accounts for the ad valorem tax levy of a road service district.

HAYWOOD COUNTY, NORTH CAROLINA

Emergency Telephone System Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual

For the Fiscal Year Ended June 30, 2016

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Restricted intergovernmental	\$ 298,205	\$ 298,205	\$ -
Investment earnings	250	203	(47)
Total revenues	<u>298,455</u>	<u>298,408</u>	<u>(47)</u>
Expenditures:			
Public safety	<u>537,620</u>	<u>322,024</u>	<u>215,596</u>
Revenues under expenditures	<u>(239,165)</u>	<u>(23,616)</u>	<u>215,549</u>
Other financing sources:			
Appropriated fund balance	<u>239,165</u>	<u>-</u>	<u>(239,165)</u>
Net change in fund balance	<u>\$ -</u>	<u>(23,616)</u>	<u>\$ (23,616)</u>
Fund balance:			
Beginning of year, July 1		<u>402,890</u>	
End of year, June 30		<u>\$ 379,274</u>	

HAYWOOD COUNTY, NORTH CAROLINA

Fire Districts Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual

For the Fiscal Year Ended June 30, 2016

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Ad valorem taxes:			
Current year and prior	\$ 4,185,114	\$ 3,834,371	\$ (350,743)
Penalties and interest	3,696	24,636	20,940
Total	<u>4,188,810</u>	<u>3,859,007</u>	<u>(329,803)</u>
Expenditures:			
Public safety:			
Fire district:			
West Canton	75,000	66,348	8,652
North Canton	278,000	259,947	18,053
Center Pigeon	417,000	382,361	34,639
Lake Junaluska	450,000	397,750	52,250
Crabtree-Ironduff	307,500	288,733	18,767
Cruso	188,800	180,202	8,598
Saunook	206,500	198,021	8,479
Maggie Valley	744,000	712,440	31,560
Clyde	435,000	393,179	41,821
Jonathan Creek	462,500	432,790	29,710
Big Cove (Waynesville)	10	2	8
Fines Creek	188,500	175,920	12,580
Lake Logan-Cecil	165,500	143,686	21,814
Waynesville (combined)	218,700	196,914	21,786
Eagles Nest	18,800	13,022	5,778
Howell Mill	10,000	3,692	6,308
East Canton	11,500	9,015	2,485
Ivy Hill	11,500	4,985	6,515
Total expenditures	<u>4,188,810</u>	<u>3,859,007</u>	<u>329,803</u>
Net change in fund balance	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balance:			
Beginning of year, July 1		<u>-</u>	
End of year, June 30		<u>\$ -</u>	

HAYWOOD COUNTY, NORTH CAROLINA

Crisis Assistance Housing Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance—Budget and Actual

From Inception and for the Fiscal Year Ended June 30, 2016

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Year	Current Year	Total to Date	
Revenues:					
Restricted intergovernmental:					
NC Department of Crime Control and Public Safety-CHAF	\$ 5,405,402	\$ 3,744,853	\$ -	\$ 3,744,853	\$(1,660,549)
Clean Water Management Trust Easement	350,066	315,129	-	315,129	(34,937)
Total revenues	<u>5,755,468</u>	<u>4,059,982</u>	<u>-</u>	<u>4,059,982</u>	<u>(1,695,486)</u>
Expenditures:					
Crises Housing Assistance Fund (CHAF):					
Housing rehab/construction	530,000	300,533	-	300,533	229,467
Renters' assistance	328,900	8,166	-	8,166	320,734
Homeowners' relocation assistance	1,020,000	580,060	-	580,060	439,940
Operating expenditures	254,120	253,164	-	253,164	956
Housing counselors	123,392	121,879	-	121,879	1,513
Replacement assistance	3,146,000	2,478,061	-	2,478,061	667,939
C/O data processing equipment	2,990	2,990	-	2,990	-
Total	<u>5,405,402</u>	<u>3,744,853</u>	<u>-</u>	<u>3,744,853</u>	<u>1,660,549</u>
Clean Water Trust easement:					
Professional services	106,354	91,263	-	91,263	15,091
Property management	48,647	48,519	-	48,519	128
C/O land easement	195,065	175,347	-	175,347	19,718
Total	<u>350,066</u>	<u>315,129</u>	<u>-</u>	<u>315,129</u>	<u>34,937</u>
Total expenditures	<u>5,755,468</u>	<u>4,059,982</u>	<u>-</u>	<u>4,059,982</u>	<u>1,695,486</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balance:					
Beginning of year, July 1			-		
End of year, June 30			<u>\$ -</u>		

HAYWOOD COUNTY, NORTH CAROLINA

Sanitary District Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual

For the Fiscal Year Ended June 30, 2016

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Ad valorem taxes:			
Current year and prior	\$ 255,000	\$ 242,336	\$ (12,664)
Penalties and interest	-	679	679
Total revenues	<u>255,000</u>	<u>243,015</u>	<u>(11,985)</u>
Expenditures:			
Environmental protection:			
Water and sewer	<u>255,000</u>	<u>243,015</u>	<u>11,985</u>
Net change in fund balance	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balance:			
Beginning of year, July 1		<u>-</u>	
End of year, June 30		<u>\$ -</u>	

HAYWOOD COUNTY, NORTH CAROLINA

Road Service Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance—Budget and Actual

For the Fiscal Year Ended June 30, 2016

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Ad valorem taxes:			
Current year and prior year	\$ 242,000	\$ 192,363	\$ (49,637)
Penalties and interest	-	488	488
Total revenues	<u>242,000</u>	<u>192,851</u>	<u>(49,149)</u>
Expenditures:			
Economic and physical development	<u>242,000</u>	<u>192,851</u>	<u>49,149</u>
Net change in fund balance	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balance:			
Beginning of year, July 1		<u>-</u>	
End of year, June 30		<u>\$ -</u>	

The seal of Haywood County, North Carolina, is a circular emblem. It features a central figure of a Native American holding a bow and arrow. The text "HAYWOOD COUNTY" is written around the top inner edge, and "N.C." is at the bottom. The date "1808" is prominently displayed in the center. The outer ring of the seal contains the text "7808 GREAT HAYWYER".

CAPITAL PROJECT FUNDS

Capital Project Funds are used to account for the acquisition or construction of major capital facilities.

Individual Fund Descriptions

- **The Community College Projects Fund** accounts for the major capital projects at the community college that are funded by the article 46 ¼ cent sales tax revenues.
- **The Water and Sewer Lines Fund** accounts for the County water and sewer projects.
- **The Master Facilities Fund** accounts for the County facilities building projects
- **The Public Schools ADM/Lottery Fund** accounts for projects funded with ADM revenues and lottery proceeds appropriated to Haywood County.
- **The County Building Renovations Fund** accounts for any large renovation projects for Haywood County that are not accounted for in a separate fund.
- **The E-911 Consolidation Fund** accounts for grant funding from the state to complete the E-911 consolidation.

HAYWOOD COUNTY, NORTH CAROLINA

Capital Project Fund-Community College Project Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual

From Inception and for the Fiscal Year Ended June 30, 2016

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Year	Current Year	Total to Date	
Revenues:					
Restricted intergovernmental	\$ 1,212,000	\$ -	\$ -	\$ -	\$ (1,212,000)
Investment earnings	32,978	32,978	4,086	37,064	4,086
Miscellaneous	-	-	52	52	52
Total revenues	<u>1,244,978</u>	<u>32,978</u>	<u>4,138</u>	<u>37,116</u>	<u>(1,207,862)</u>
Expenditures:					
HCC-Administration building:					
Professional services:					
Architectural and engineering	63,404	63,404	-	63,404	-
Other	25,544	25,544	-	25,544	-
Buildings, structures and improvements	1,579,352	1,579,352	-	1,579,352	-
Total	<u>1,668,300</u>	<u>1,668,300</u>	<u>-</u>	<u>1,668,300</u>	<u>-</u>
HCC-Creative Arts Building:					
Professional services:					
Architectural and engineering	1,010,984	1,010,984	-	1,010,984	-
Financing costs	66,352	66,352	-	66,352	-
Miscellaneous	180,847	180,847	-	180,847	-
Buildings, structures and improvements	8,837,623	8,837,623	-	8,837,623	-
Total	<u>10,095,806</u>	<u>10,095,806</u>	<u>-</u>	<u>10,095,806</u>	<u>-</u>
HCC-General Education Building 300 renovation:					
Professional services:					
Architectural and engineering	24,364	24,364	-	24,364	-
Buildings, structures and improvements	139,034	139,034	-	139,034	-
Total	<u>163,398</u>	<u>163,398</u>	<u>-</u>	<u>163,398</u>	<u>-</u>
HCC-Waterline project:					
Professional services:					
Architectural and engineering	40,298	40,298	-	40,298	-
Buildings, structures and improvements	290,822	290,822	-	290,822	-
Total	<u>331,120</u>	<u>331,120</u>	<u>-</u>	<u>331,120</u>	<u>-</u>

(continued)

HAYWOOD COUNTY, NORTH CAROLINA

Capital Project Fund-Community College Project Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual

From Inception and for the Fiscal Year Ended June 30, 2016

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Year	Current Year	Total to Date	
Expenditures: (continued)					
HCC-Demolition/grading/lighting:					
Professional services:					
Engineering	\$ 49,300	\$ 49,300	\$ -	\$ 49,300	\$ -
Professional services - other	60,800	60,800	-	60,800	-
Landscaping/site development	397,645	397,645	-	397,645	-
Total	<u>507,745</u>	<u>507,745</u>	<u>-</u>	<u>507,745</u>	<u>-</u>
HCC-Other structures	<u>84,112</u>	<u>81,601</u>	<u>2,511</u>	<u>84,112</u>	<u>-</u>
HCC-Public training facility					
Professional services:		-			
Architectural and engineering	175,000	-	-	-	175,000
Other	25,300	-	25,300	25,300	-
Equipment	92,000	-	-	-	92,000
Buildings, structures and improvements	4,785,387	-	1,502,778	1,502,778	3,282,609
Contingency	234,313	-	-	-	234,313
Total	<u>5,312,000</u>	<u>-</u>	<u>1,528,078</u>	<u>1,528,078</u>	<u>3,783,922</u>
HCC-Campus paving					
Site work/paving	<u>333,889</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>333,889</u>
Total expenditures	<u>18,496,370</u>	<u>12,847,970</u>	<u>1,530,589</u>	<u>14,378,559</u>	<u>4,117,811</u>
Revenues under expenditures	<u>(17,251,392)</u>	<u>(12,814,992)</u>	<u>(1,526,451)</u>	<u>(14,341,443)</u>	<u>2,909,949</u>
Other financing sources:					
Proceeds from installment loans	15,200,000	11,100,000	4,100,000	15,200,000	-
Transfers from other funds	2,051,392	1,817,366	234,026	2,051,392	-
Total other financing sources	<u>17,251,392</u>	<u>12,917,366</u>	<u>4,334,026</u>	<u>17,251,392</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 102,374</u>	<u>2,807,575</u>	<u>\$ 2,909,949</u>	<u>\$ 2,909,949</u>
Fund balance:					
Beginning of year, July 1			<u>102,374</u>		
End of year, June 30			<u>\$ 2,909,949</u>		

HAYWOOD COUNTY, NORTH CAROLINA

Capital Project Fund-Water and Sewer Lines
 Schedule of Revenues, Expenditures and Changes in Fund Balance—Budget and Actual

From Inception and for the Fiscal Year Ended June 30, 2016

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Year	Current Year	Total to Date	
Revenues:					
Sales and services	\$ 56,669	\$ 56,669	\$ -	\$ 56,669	\$ -
Expenditures:					
Contribution to Town of Canton:					
Water and sewer lines	40,000	40,000	-	40,000	-
Revenues over expenditures	16,669	16,669	-	16,669	-
Other financing uses:					
Transfers to solid waste management fund	(16,669)	-	(16,669)	(16,669)	-
Net change in fund balance	\$ -	\$ 16,669	(16,669)	\$ -	\$ -
Fund balance:					
Beginning of year, July 1			16,669		
End of year, June 30			\$ -		

HAYWOOD COUNTY, NORTH CAROLINA

Capital Project Fund-Master Facilities Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual

From Inception and for the Fiscal Year Ended June 30, 2016

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Year	Current Year	Total to Date	
Revenues:					
Investment earnings	\$ -	\$ -	\$ 1,174	\$ 1,174	\$ 1,174
Expenditures:					
EMS/emergency management base:					
Professional services-other costs	12,125	-	1,166	1,166	10,959
Professional services-architect/ engineering	145,000	-	105,488	105,488	39,512
Miscellaneous financing charges	9,500	-	9,500	9,500	-
Equipment	10,000	-	-	-	10,000
Building and structures	2,004,250	-	246,595	246,595	1,757,655
Contingency	69,125	-	-	-	69,125
Total	<u>2,250,000</u>	<u>-</u>	<u>362,749</u>	<u>362,749</u>	<u>1,887,251</u>
Animal services facility:					
Land purchase	235,000	-	235,000	235,000	-
Total expenditures	<u>2,485,000</u>	<u>-</u>	<u>597,749</u>	<u>597,749</u>	<u>1,887,251</u>
Revenues under expenditures	<u>(2,485,000)</u>	<u>-</u>	<u>(596,575)</u>	<u>(596,575)</u>	<u>(1,886,077)</u>
Other financing sources:					
Proceeds from installment loans	2,100,000	-	2,100,000	2,100,000	-
Transfers from general fund	380,000	-	380,000	380,000	-
Transfer from capital project fund	5,000	-	5,000	5,000	-
Total other financing sources	<u>2,485,000</u>	<u>-</u>	<u>2,485,000</u>	<u>2,485,000</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>1,888,425</u>	<u>\$ 1,888,425</u>	<u>\$ 1,888,425</u>
Fund balance:					
Beginning of year, July 1			<u>-</u>		
End of year, June 30			<u>\$ 1,888,425</u>		

HAYWOOD COUNTY, NORTH CAROLINA

Capital Project Fund-Public Schools ADM/Lottery
Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual

From Inception and for the Fiscal Year Ended June 30, 2016

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Year	Current Year	Total to Date	
Revenues:					
Restricted intergovernmental	\$ 250,000	\$ 196,974	\$ 52,119	\$ 249,093	\$ (907)
Expenditures:					
Building projects:					
Pisgah/Tuscola gym flooring:					
Floor replacements	250,000	196,974	52,119	249,093	907
Revenues over (under) expenditures	-	-	-	-	-
Other financing sources:					
Transfer from other funds	-	28,778	-	28,778	(28,778)
Net change in fund balance	\$ -	\$ 28,778	-	\$ 28,778	\$ 28,778
Fund balance:					
Beginning of year, July 1			28,778		
End of year, June 30			\$ 28,778		

HAYWOOD COUNTY, NORTH CAROLINA

Capital Project Fund-County Building Renovations
Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual

From Inception and for the Fiscal Year Ended June 30, 2016

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Year	Current Year	Total to Date	
Revenues:					
Miscellaneous	\$ -	\$ 81,651	\$ -	\$ 81,651	\$ 81,651
Expenditures:					
Pigeon Community Center project:					
Professional services-architect	3,360	3,360	-	3,360	-
Other building costs-repairs	72,105	72,105	-	72,105	-
Other building repairs	7,450	7,450	-	7,450	-
Total expenditures	82,915	82,915	-	82,915	-
Revenues under expenditures	(82,915)	(1,264)	-	(1,264)	81,651
Other financing sources (uses):					
Transfers from other funds	111,000	111,000	-	111,000	-
Transfer to other funds	(28,085)	(6,000)	(22,085)	(28,085)	-
Total other financing sources (uses)	82,915	105,000	(22,085)	82,915	-
Net change in fund balance	\$ -	\$ 103,736	(22,085)	\$ 81,651	\$ 81,651
Fund balance:					
Beginning of year, July 1			103,736		
End of year, June 30			\$ 81,651		

HAYWOOD COUNTY, NORTH CAROLINA

Capital Project Fund-E-911 Consolidation
Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual

From Inception and for the Fiscal Year Ended June 30, 2016

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Year	Current Year	Total to Date	
Revenues:					
Intergovernmental revenue - NC 911	\$ 2,694,827	\$ 214,817	\$ 1,883,003	\$ 2,097,820	\$ (597,007)
Expenditures:					
Emergency Operations Center consolidation:					
Professional services-design	75,000	47,325	23,175	70,500	4,500
Professional services-administration and consulting	199,511	77,588	121,923	199,511	-
Technology equipment	2,093,718	89,904	878,305	968,209	1,125,509
EOC furniture and equipment	42,475	-	-	-	42,475
Building improvements	859,600	-	859,600	859,600	-
Total expenditures	3,270,304	214,817	1,883,003	2,097,820	1,172,484
Revenues under expenditures	(575,477)	-	-	-	(575,477)
Other financing sources:					
Transfer from E-911 Special Revenue Fund	575,477	575,477	-	575,477	-
Net change in fund balance	\$ -	\$ 575,477	-	\$ 575,477	\$ 575,477
Fund balance:					
Beginning of year, July 1			575,477		
End of year, June 30			\$ 575,477		

The seal of Haywood County, Oregon, is a circular emblem. It features a central figure of a Native American man in traditional dress, holding a bow and arrow. The text "HAYWOOD COUNTY" is arched across the top, and "ORIGINS" is arched across the bottom. Below the central figure, the year "1808" is prominently displayed, with "GREAT RIDGE" written in smaller text below it. The seal is rendered in a light, faded style in the background of the page.

INTERNAL SERVICE FUNDS

Internal Service Funds are proprietary funds and are used to account for services provided by one department to other departments within Haywood County.

Individual Fund Descriptions

- **The Health Insurance Fund** accounts for the cost of medical procedures and pharmaceuticals for the employees of Haywood County.
- **The Workers' Compensation Fund** accounts for the cost of workers' compensation charges for the employees of Haywood County.

HAYWOOD COUNTY, NORTH CAROLINA

Combining Statement of Net Position
Internal Service Funds

June 30, 2016

	<u>Internal Service Fund – Health Insurance</u>	<u>Internal Service Fund - Workers' Comp</u>	<u>Total Internal Service Funds</u>
Assets:			
Current assets:			
Cash and cash equivalents	\$ 141,542	\$ 975,462	\$ 1,117,004
Receivables, net	265,537	-	265,537
Prepays	-	10,000	10,000
Total assets	<u>407,079</u>	<u>985,462</u>	<u>1,392,541</u>
Liabilities:			
Current liabilities:			
Accrued expenses	<u>284,941</u>	<u>13,485</u>	<u>298,426</u>
Net position:			
Unrestricted	<u>\$ 122,138</u>	<u>\$ 971,977</u>	<u>\$ 1,094,115</u>

HAYWOOD COUNTY, NORTH CAROLINA

Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Internal Service Funds

June 30, 2016

	Internal Service Fund - Health Insurance	Internal Service Fund - Workers' Comp	Total Internal Service Funds
Operating revenues:			
Internal charges for services	\$ 4,568,976	\$ 509,122	\$ 5,078,098
External charges for services	615,271	-	615,271
Total revenues	<u>5,184,247</u>	<u>509,122</u>	<u>5,693,369</u>
Operating expenses:			
Claims and administration	<u>6,246,221</u>	<u>314,685</u>	<u>6,560,906</u>
Operating income (loss)	<u>(1,061,974)</u>	<u>194,437</u>	<u>(867,537)</u>
Other financing sources (uses):			
Transfers to other funds	-	(325,000)	(325,000)
Transfers from other funds	<u>325,000</u>	<u>-</u>	<u>325,000</u>
Total other financing sources (uses)	<u>325,000</u>	<u>(325,000)</u>	<u>-</u>
Change in net position	(736,974)	(130,563)	(867,537)
Net position:			
Beginning of year, July 1	<u>859,112</u>	<u>1,102,540</u>	<u>1,961,652</u>
End of year, June 30	<u>\$ 122,138</u>	<u>\$ 971,977</u>	<u>\$ 1,094,115</u>

HAYWOOD COUNTY, NORTH CAROLINA

Combining Statement of Cash Flows
Internal Service Funds

For The Fiscal Year Ended June 30, 2016

	<u>Internal Service Fund - Health Insurance</u>	<u>Internal Service Fund - Workers' Comp</u>	<u>Total Internal Service Funds</u>
Cash flows from operating activities:			
Receipts from third-party payors and patients	\$ 5,196,117	\$ 509,122	\$ 5,705,239
Payments to providers	<u>(6,287,018)</u>	<u>(312,833)</u>	<u>(6,599,851)</u>
Net cash provided (used) by operating activities	<u>(1,090,901)</u>	<u>196,289</u>	<u>(894,612)</u>
Cash flows from non-capital financing activities			
Transfers to other funds	-	(325,000)	(325,000)
Transfers from other funds	<u>325,000</u>	<u>-</u>	<u>325,000</u>
Net cash provided (used) by non-capital financing activities	<u>325,000</u>	<u>(325,000)</u>	<u>-</u>
Net decrease in cash and cash equivalents	(765,901)	(128,711)	(894,612)
Cash and cash equivalents:			
Beginning balance, July 1	<u>907,443</u>	<u>1,104,173</u>	<u>2,011,616</u>
Ending balance, June 30	<u>\$ 141,542</u>	<u>\$ 975,462</u>	<u>\$ 1,117,004</u>
Reconciliation of operating income to net cash provided (used) by operating activities:			
Operating income	\$ (1,061,974)	\$ 194,437	\$ (867,537)
Changes in assets and liabilities:			
Decrease (increase) in accrued expenses	<u>(28,927)</u>	<u>1,852</u>	<u>(27,075)</u>
Net cash provided (used) by operating activities	<u>\$ (1,090,901)</u>	<u>\$ 196,289</u>	<u>\$ (894,612)</u>

HAYWOOD COUNTY, NORTH CAROLINA

Self Insurance Fund-Health Insurance
Schedule of Revenues and Expenditures Financial Plan and Actual (Non-GAAP)

June 30, 2016

	<u>Financial Plan</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Charges for services	\$ 5,212,600	\$ 5,184,247	\$ (28,353)
Expenditures:			
Claims and administration	6,288,857	6,246,221	42,636
Operating loss	<u>(1,076,257)</u>	<u>(1,061,974)</u>	<u>14,283</u>
Other financing sources:			
Transfers from other funds	325,000	325,000	-
Fund balance appropriated	<u>751,257</u>	<u>-</u>	<u>(751,257)</u>
Total other financing sources	<u>1,076,257</u>	<u>325,000</u>	<u>(751,257)</u>
Revenues and other financing sources under expenditures	<u>\$ -</u>	<u>\$ (736,974)</u>	<u>\$ (736,974)</u>

HAYWOOD COUNTY, NORTH CAROLINA

Self Insurance Fund-Workers' Compensation
Schedule of Revenues and Expenditures Financial Plan and Actual (Non-GAAP)

June 30, 2016

	<u>Financial Plan</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Charges for services	\$ 512,000	\$ 509,122	\$ (2,878)
Expenditures:			
Claims and administration	512,000	314,685	197,315
Operating income	-	194,437	194,437
Other financing sources (uses):			
Transfer to other funds	(325,000)	(325,000)	197,315
Fund balance appropriated	325,000	-	325,000
Total other financing sources	-	(325,000)	522,315
Revenues and other financing sources under expenditures and other financing uses	<u>\$ -</u>	<u>\$ (130,563)</u>	<u>\$ (130,563)</u>

The background of the page features a large, faint watermark of the Haywood County Seal. The seal is circular and contains the text "HAYWOOD COUNTY" at the top and "1808" at the bottom. In the center, there is a depiction of a mountain range with a sun rising over it. The seal is rendered in a light, semi-transparent style.

AGENCY FUNDS

Agency Funds are used to account for assets held by the County as an agent for individuals, private organizations, other governments and/or other funds.

Individual Fund Descriptions

- **The Social Services Fund** accounts for assets held by the County as agent for individuals served by this department.
- **The Fines and Forfeitures Fund** accounts for various legal fines and forfeitures that the County is required to remit to the Haywood County Board of Education.
- **The Motor Vehicle Tax Fund** accounts for the proceeds of the motor vehicle taxes that are collected by the County on behalf of the municipalities within the County.
- **The Sheriff's Office Fund** accounts for inmate deposits for commissary use.
- **The NC Deed of Trust Fee Fund** 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 remitted to the State Treasurer on a monthly basis.

HAYWOOD COUNTY, NORTH CAROLINA

Agency Funds
Combining Statement of Changes in Assets and Liabilities

June 30, 2016

	Beginning Balance	Additions	Deductions	Ending Balance
Social Services:				
Assets:				
Cash and cash equivalents	\$ 192,796	\$ 802,947	\$ 813,582	\$ 182,161
Liabilities:				
Amounts held for others	\$ 192,796	\$ 802,947	\$ 813,582	\$ 182,161
Fines and Forfeitures:				
Assets:				
Cash and cash equivalents	\$ -	\$ 374,687	\$ 374,687	\$ -
Liabilities:				
Due to other governments	\$ -	\$ 374,687	\$ 374,687	\$ -
Municipal Motor Vehicle Tax:				
Assets:				
Cash and cash equivalents	\$ 55,721	\$ 648,602	\$ 638,794	\$ 65,529
Liabilities:				
Due to other governments	\$ 55,721	\$ 648,602	\$ 638,794	\$ 65,529
Sheriff's Office:				
Assets:				
Cash and cash equivalents	\$ 19,128	\$ 250,413	\$ 250,655	\$ 18,886
Liabilities:				
Amounts held for others	\$ 19,128	\$ 250,413	\$ 250,655	\$ 18,886
Deed of Trust Fee:				
Assets:				
Cash and cash equivalents	\$ -	\$ 50,828	\$ 50,828	\$ -
Liabilities:				
Due to other governments	\$ -	\$ 50,828	\$ 50,828	\$ -
Totals--All Agency Funds:				
Assets:				
Cash and cash equivalents	\$ 267,645	\$ 2,127,477	\$ 2,128,546	\$ 266,576
Liabilities:				
Amounts held for others	\$ 211,924	\$ 1,053,360	\$ 1,064,237	\$ 201,047
Due to other governments	55,721	1,074,117	1,064,309	65,529
Total liabilities	\$ 267,645	\$ 2,127,477	\$ 2,128,546	\$ 266,576

The seal of Wayne County, North Carolina, is a circular emblem. It features a central figure of a Native American man in traditional dress, holding a bow and arrow. The text "WAYNE COUNTY NC" is arched across the top. Below the central figure, the words "BLUE RIDGE" and "7808 GREAT SMOKIES" are written in a circular path. The seal is rendered in a light, faded style in the background of the page.

ADDITIONAL FINANCIAL DATA

This section contains additional information on ad valorem taxes as of and for the year ended June 30, 2016.

HAYWOOD COUNTY, NORTH CAROLINA

General Fund
Schedule of Ad Valorem Taxes Receivable

June 30, 2016

<u>Fiscal Year</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Collections And Credits</u>	<u>Ending Balance</u>
2015-2016	\$ -	\$ 42,141,284	\$ 40,993,147	\$ 1,148,137
2014-2015	977,518	-	634,030	343,488
2013-2014	412,884	-	212,678	200,206
2012-2013	247,713	-	66,966	180,747
2011-2012	156,062	-	29,828	126,234
2010-2011	129,731	-	13,458	116,273
2009-2010	109,631	-	4,664	104,967
2008-2009	107,559	-	4,494	103,065
2007-2008	96,085	-	1,882	94,203
2006-2007	95,132	-	2,241	92,891
2005-2006	98,555	-	98,555	-
	<u>\$ 2,430,870</u>	<u>\$ 42,141,284</u>	<u>\$ 42,061,943</u>	2,510,211
Less: allowance for uncollectible accounts:				
General Fund				<u>(817,408)</u>
Ad valorem taxes receivable - net:				
General Fund				<u>\$ 1,692,803</u>
<u>Reconcilement with revenues:</u>				
Ad valorem taxes—General Fund				\$ 42,206,209
Reconciling items:				
Interest collected				(247,323)
2005 - 2006 write-off per statute of limitations				98,555
Other				4,502
Total reconciling items				<u>(144,266)</u>
Total collections and credits				<u>\$ 42,061,943</u>

HAYWOOD COUNTY, NORTH CAROLINA

Analysis of Current Tax Levy
County-wide Levy

For the Fiscal Year Ended June 30, 2016

	County-wide		Total Levy		
	Property Valuation	Rate	Amount of Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property taxed at current year's rate	\$ 7,431,758,170	0.5661	\$ 42,071,183	\$ 39,034,658	\$ 3,036,525
Penalties	-		138,227	138,227	-
Total	<u>7,431,758,170</u>		<u>42,209,410</u>	<u>39,172,885</u>	<u>3,036,525</u>
Discoveries:					
Current year taxes	939,940	0.5661	5,321	5,321	-
Prior year taxes	-		33,373	33,373	-
Penalties	-		9,415	9,415	-
Total	<u>939,940</u>		<u>48,109</u>	<u>48,109</u>	<u>-</u>
Abatements	<u>(20,532,591)</u>	0.5661	<u>(116,235)</u>	<u>(116,149)</u>	<u>(86)</u>
Total property valuation	<u>\$ 7,412,165,518</u>				
Net levy			42,141,284	39,104,845	3,036,439
Uncollected taxes at June 30, 2016			<u>1,148,137</u>	<u>1,148,030</u>	<u>107</u>
Current year's taxes collected			<u>\$ 40,993,147</u>	<u>\$ 37,956,815</u>	<u>\$ 3,036,332</u>
Current levy collection percentage			<u>97.276%</u>	<u>97.064%</u>	<u>99.996%</u>

HAYWOOD COUNTY, NORTH CAROLINA

Secondary Market Disclosures

For the Fiscal Year Ended June 30, 2016

Secondary Market Disclosures:

Assessed valuation:

Assessment ratio ¹	100%
Real property	\$ 6,283,353,200
Personal property	961,399,399
Public service companies ²	167,412,919
Total assessed valuation	<u>7,412,165,518</u>
Tax rate per \$100	0.5661
Levy (includes discoveries, releases and abatements) ³	<u><u>\$ 42,141,284</u></u>

In addition to the County-wide rate, the following table lists the levies by the County on behalf of fire protection districts, road service districts, and sanitary districts for the fiscal year ended June 30:

Fire protection districts	\$ 3,543,670
Road service districts	170,147
Sanitary district	<u>223,879</u>
Total	<u><u>\$ 3,937,696</u></u>

¹ Percentage of appraised value has been established by Statute.

² Valuation of railroads, telephone companies and other utilities as determined by the North Carolina Property Tax Commission.

³ The levy includes interest and penalties.

STATISTICAL SECTION

This part of Haywood County's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the County's overall financial health.

- *Financial Trends* - These schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.
- *Revenue Capacity* - These schedules contain information to help the reader access the County's most significant local revenue source, the property tax.
- *Debt Capacity* - These schedules present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future.
- *Demographic and Economic Information* - These schedules offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place.
- *Operating Information* - These schedules contain service and infrastructure data to help the reader understand how the information in the County's financial report relates to the services the County provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

HAYWOOD COUNTY, NORTH CAROLINA

Changes in Net Position Last Ten Fiscal Years (accrual basis of accounting)

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Expenses:				
Governmental activities:				
General government	\$ 10,500,731	\$ 9,202,544	\$ 7,168,720	\$ 8,748,556
Public safety	19,259,761	18,332,672	18,149,499	18,095,664
Transportation	191,345	197,811	246,070	233,951
Environmental protection	5,127,244	4,182,627	8,238,720	6,960,850
Economic and physical development	3,484,859	3,289,410	3,369,021	3,445,307
Human services	20,111,298	20,029,023	21,403,525	20,380,433
Cultural and recreation	1,562,935	1,685,345	1,908,029	1,751,594
Education	19,118,901	19,586,667	18,860,749	18,227,121
Interest on long-term debt	1,527,931	1,841,698	2,053,735	2,399,211
Total governmental activities expenses	<u>80,885,005</u>	<u>78,347,797</u>	<u>81,398,068</u>	<u>80,242,687</u>
Program revenues:				
Governmental activities:				
Charges for services:				
General government	383,017	330,727	348,880	344,358
Public safety	2,943,283	3,274,565	3,099,254	2,855,128
Environmental protection	5,980,206	3,835,700	4,933,647	5,081,817
Economic and physical development	-	-	6,190	2,025
Human services	493,716	442,379	477,466	489,236
Cultural and recreation	68,325	75,188	76,465	79,324
Operating grants:				
General government	81,913	103,006	198,494	128,791
Public safety	1,403,896	1,298,261	1,329,654	1,752,631
Transportation	124,768	133,783	155,388	-
Environmental protection	81,345	127,502	76,488	47,296
Economic and physical development	204,030	199,304	568,557	540,447
Human services	12,216,916	12,966,702	12,465,469	11,974,626
Cultural and recreation	118,186	164,582	253,471	192,300
Education	218,884	324,705	81,610	19,082

2012	2011	2010	2009	2008	2007
\$ 8,560,054	\$ 9,618,835	\$ 8,182,194	\$ 8,768,120	\$ 11,708,960	\$ 7,189,107
17,821,262	17,490,162	17,126,202	16,776,152	16,168,220	14,757,960
238,829	294,722	292,770	284,233	259,896	223,334
5,980,140	5,484,418	5,739,294	5,152,439	4,631,896	4,506,090
2,871,824	3,774,853	2,736,807	2,770,701	5,339,247	10,158,504
20,714,369	16,944,025	17,479,276	19,842,232	19,965,753	19,491,770
1,760,349	1,741,261	1,773,656	1,899,287	1,013,051	2,085,582
23,120,536	22,278,017	17,562,877	19,139,292	24,520,469	27,993,801
2,506,831	3,237,593	2,630,297	2,439,611	2,361,453	2,005,587
<u>83,574,194</u>	<u>80,863,886</u>	<u>73,523,373</u>	<u>77,072,067</u>	<u>85,968,945</u>	<u>88,411,735</u>
312,438	287,709	181,331	184,733	216,227	177,952
1,745,281	2,561,848	2,190,012	2,946,596	2,032,758	1,847,392
5,139,520	5,102,367	4,585,211	4,265,110	2,224,986	1,752,966
247,751	287,415	229,303	244,421	348,236	439,972
500,329	540,790	574,082	777,162	731,429	758,957
76,892	104,974	72,958	72,042	67,806	70,965
188,366	207,309	203,704	490,415	1,022,891	424,308
1,366,251	1,184,711	963,921	819,708	577,031	572,433
-	179,481	182,845	174,105	163,855	141,666
212,179	238,726	46,105	65,128	-	-
269,942	822,638	389,337	455,797	947,857	4,139,240
12,528,733	9,189,620	9,751,605	9,618,243	8,702,862	8,841,511
207,976	193,046	184,269	185,723	186,984	254,065
86,230	180,153	158,925	200,145	98,355	89,968

HAYWOOD COUNTY, NORTH CAROLINA

Changes in Net Position Last Ten Fiscal Years, Continued (accrual basis of accounting)

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Program revenues, continued:				
Governmental activities, continued:				
Capital grants:				
General government	\$ -	\$ -	\$ 3,581	\$ 1,160,350
Public safety	1,743,905	108,978	4,604	16,115
Environmental protection	-	-	34,499	18,426
Economic development	-	-	-	-
Human services	7,514	4,666	-	-
Culture and recreation	11,517	16,541	93,656	124,958
Education	52,119	541,858	1,078,408	458,032
Total governmental activities program revenues	<u>26,133,540</u>	<u>23,948,447</u>	<u>25,285,781</u>	<u>25,284,942</u>
Net (expense) revenue:				
Governmental activities	(54,751,465)	(54,399,350)	(56,112,287)	(54,957,745)
General revenues and other changes in net position:				
Governmental activities:				
Taxes:				
Property taxes, levied for general purpose	47,317,943	43,826,065	44,532,523	43,168,762
Local option sales tax	13,463,292	12,746,564	11,407,418	11,193,517
Other taxes	2,749,245	2,588,329	2,317,882	2,383,599
Grants and contributions not restricted to specific programs	367,475	308,781	339,051	306,971
Investment earnings, unrestricted	91,351	28,178	27,441	32,575
Miscellaneous, unrestricted	87,945	41,546	19,992	93,510
Special item	-	-	7,494,062	-
Total governmental activities	<u>64,077,251</u>	<u>59,539,463</u>	<u>66,138,369</u>	<u>57,178,934</u>
Change in net position:				
Governmental activities	<u>\$ 9,325,786</u>	<u>\$ 5,140,113</u>	<u>\$ 10,026,082</u>	<u>\$ 2,221,189</u>

2012	2011	2010	2009	2008	2007
\$ -	\$ 21,918	\$ -	\$ 5,372	\$ -	\$ -
3,111	445,912	29,872	-	4,194	31,576
881,455	36,578	-	-	-	-
91,710	54,758	28,879	136,689	1,136,322	5,202,570
99,967	54,321	40,183	-	-	22,470
-	-	10,000	-	-	-
675,418	1,091,587	254,568	1,332,378	267,421	849,710
24,633,549	22,785,861	20,077,110	21,973,767	18,729,214	25,617,721
(58,940,645)	(58,078,025)	(53,446,263)	(55,098,300)	(67,239,731)	(62,794,014)
42,039,417	41,329,957	40,653,369	38,837,841	37,536,263	35,997,662
10,511,432	9,886,615	10,471,553	12,125,586	13,862,533	13,332,882
2,839,212	2,766,516	2,803,761	2,292,752	4,828,076	4,556,551
312,905	301,405	296,970	420,508	186,409	188,063
58,668	89,457	76,439	305,960	1,053,916	1,486,052
489,068	26,255	77,256	33,278	19,326	87
-	-	-	-	-	-
56,250,702	54,400,205	54,379,348	54,015,925	57,486,523	55,561,297
\$ (2,689,943)	\$ (3,677,820)	\$ 933,085	\$ (1,082,375)	\$ (9,753,208)	\$ (7,232,717)

HAYWOOD COUNTY, NORTH CAROLINA

Net Position by Component Last Ten Fiscal Years (accrual basis of accounting)

	2016	2015	2014	2013
Governmental activities:				
Net investment in capital assets	\$ 47,549,405	\$ 43,926,798	\$ 43,151,578	\$ 40,022,209
Restricted	12,314,559	9,434,549	9,227,579	6,917,922
Unrestricted (deficit)	(19,284,853)	(22,108,022)	(23,731,881)	(28,318,937)
 Total governmental activities net position	 \$ 40,579,111	 \$ 31,253,325	 \$ 28,647,276	 \$ 18,621,194

<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
\$ 36,628,567	\$ 34,025,761	\$ 31,810,284	\$ 30,453,109	\$ 31,578,244	\$ 34,381,766
11,009,703	17,985,523	9,558,867	8,289,420	11,338,365	11,010,647
<u>(31,238,265)</u>	<u>(32,921,336)</u>	<u>(18,601,383)</u>	<u>(16,907,846)</u>	<u>(19,999,551)</u>	<u>(12,722,147)</u>
<u>\$ 16,400,005</u>	<u>\$ 19,089,948</u>	<u>\$ 22,767,768</u>	<u>\$ 21,834,683</u>	<u>\$ 22,917,058</u>	<u>\$ 32,670,266</u>

HAYWOOD COUNTY, NORTH CAROLINA

Fund Balances, Governmental Funds Last Ten Fiscal Years (modified accrual basis of accounting)

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
General Fund:				
Non-spendable	\$ 138,605	\$ 115,987	\$ 115,978	\$ 92,536
Restricted	5,783,036	5,729,220	6,158,624	5,126,446
Committed	1,585,844	1,655,228	1,355,234	1,173,116
Assigned	836,530	39,479	236,685	321,667
Unassigned	17,274,398	15,136,954	10,783,822	9,363,649
Total General Fund	<u>25,618,413</u>	<u>22,676,868</u>	<u>18,650,343</u>	<u>16,077,414</u>
All other governmental funds:				
Non-spendable	-	1,000	2,000	-
Restricted	6,356,189	1,587,625	3,068,955	1,791,476
Committed	4,126,299	2,015,942	4,077,902	3,801,781
Total all other governmental funds	<u>10,482,488</u>	<u>3,604,567</u>	<u>7,148,857</u>	<u>5,593,257</u>
Total fund balances	<u>\$ 36,100,901</u>	<u>\$ 26,281,435</u>	<u>\$ 25,799,200</u>	<u>\$ 21,670,671</u>

<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
\$ 100,794	\$ 105,379	\$ 342,106	\$ 153,595	\$ 126,577	\$ 151,397
4,709,538	5,230,310	5,604,977	5,426,791	6,076,223	7,056,953
1,025,703	922,369	2,087,408	1,184,146	-	-
1,161,066	693,787	1,782,489	2,450,872	5,359,323	6,201,618
7,515,009	6,616,772	5,326,401	3,849,538	996,758	1,117,634
<u>14,512,110</u>	<u>13,568,617</u>	<u>15,143,381</u>	<u>13,064,942</u>	<u>12,558,881</u>	<u>14,527,602</u>
-	-	-	-	-	-
3,023,959	7,178,829	234,078	86,859	51,353	92,511
<u>3,619,475</u>	<u>6,190,208</u>	<u>4,398,888</u>	<u>5,197,605</u>	<u>9,653,570</u>	<u>12,006,276</u>
<u>6,643,434</u>	<u>13,369,037</u>	<u>4,632,966</u>	<u>5,284,464</u>	<u>9,704,923</u>	<u>12,098,787</u>
<u>\$ 21,155,544</u>	<u>\$ 26,937,654</u>	<u>\$ 19,776,347</u>	<u>\$ 18,349,406</u>	<u>\$ 22,263,804</u>	<u>\$ 26,626,389</u>

HAYWOOD COUNTY, NORTH CAROLINA

Changes in Fund Balances, Governmental Funds Last Ten Fiscal Years (modified accrual basis of accounting)

	2016	2015	2014	2013
Revenues:				
Ad valorem taxes	\$ 46,501,082	\$ 44,229,373	\$ 44,970,038	\$ 43,272,044
Local option sales taxes	13,463,292	12,746,564	11,407,418	11,193,517
Other taxes and licenses	2,749,245	2,588,329	2,317,882	2,383,599
Unrestricted intergovernmental	367,475	308,781	339,051	306,971
Restricted intergovernmental	16,171,280	15,948,172	15,969,226	15,304,433
Permits and fees	6,253,633	3,840,018	3,704,922	3,691,013
Sales and services	3,590,897	4,091,192	5,209,763	5,130,002
Investment earnings	91,351	28,178	27,441	32,575
Miscellaneous	324,940	279,141	585,622	200,835
Total revenues	<u>89,513,195</u>	<u>84,059,748</u>	<u>84,531,363</u>	<u>81,514,989</u>
Expenditures:				
Current:				
General government	4,736,280	4,791,471	4,081,061	4,684,047
Central services	3,700,493	3,036,385	3,007,491	2,786,088
Public safety	18,220,955	17,339,529	16,748,491	16,664,497
Transportation	191,345	197,811	246,070	233,951
Environmental protection	3,930,421	3,574,816	4,173,339	4,367,858
Economic and physical development	2,920,015	2,751,196	2,799,718	2,767,853
Human services	19,637,125	19,652,564	20,547,639	19,363,542
Culture and recreation	1,447,249	1,536,524	1,734,884	1,586,495
Intergovernmental:				
Education	19,118,901	19,586,667	18,860,749	18,227,121
Capital outlay	4,574,780	2,951,132	2,025,428	1,247,969
Debt service:				
Principal	6,167,986	6,313,918	20,634,450	6,748,745
Interest and other charges	1,465,922	1,908,030	2,497,409	2,582,067
Bond issuance costs	-	-	-	-
Total expenditures	<u>86,111,472</u>	<u>83,640,043</u>	<u>97,356,729</u>	<u>81,260,233</u>
Revenues over (under) expenditures	<u>3,401,723</u>	<u>419,705</u>	<u>(12,825,366)</u>	<u>254,756</u>

	2012	2011	2010	2009	2008	2007
\$	42,408,756	\$ 41,673,838	\$ 40,835,842	\$ 38,246,641	\$ 37,341,541	\$ 35,790,491
	10,511,432	9,886,615	10,471,553	12,125,586	13,862,533	13,332,882
	2,839,212	2,766,516	2,803,761	2,292,752	4,828,076	4,556,551
	312,905	301,405	296,970	420,508	186,409	188,063
	16,651,663	13,861,876	12,217,455	13,023,512	12,297,790	20,260,573
	3,581,528	3,667,014	2,841,608	3,345,578	522,945	756,169
	4,416,878	5,189,552	4,964,417	5,115,187	5,050,041	4,239,314
	58,668	89,457	76,439	305,960	1,053,916	1,486,052
	158,541	232,679	212,480	641,333	1,004,000	498,061
	<u>80,939,583</u>	<u>77,668,952</u>	<u>74,720,525</u>	<u>75,517,057</u>	<u>76,147,251</u>	<u>81,108,156</u>
	4,516,508	5,530,293	4,559,550	5,073,435	4,934,640	2,971,055
	2,768,301	2,643,017	2,499,061	2,327,613	2,146,925	2,020,639
	16,255,963	15,845,398	15,412,448	15,058,395	15,031,455	13,650,977
	238,829	294,722	292,770	284,233	259,896	223,334
	4,473,356	4,282,103	4,584,173	3,964,429	3,614,960	3,225,444
	2,188,431	3,115,104	2,387,145	2,420,865	5,026,356	9,918,856
	19,742,912	16,037,412	16,568,534	19,031,989	19,912,019	19,301,078
	1,590,109	1,578,155	1,597,366	1,735,876	912,665	1,977,203
	23,120,536	22,278,017	17,562,877	19,139,292	24,520,469	27,993,801
	5,840,809	11,580,962	5,377,218	4,669,773	6,178,600	9,958,195
	6,496,245	5,702,536	4,423,360	4,457,487	3,955,964	2,503,127
	3,029,723	2,610,060	2,535,736	2,567,745	2,384,555	2,222,189
	-	-	-	-	153,085	-
	<u>90,261,722</u>	<u>91,497,779</u>	<u>77,800,238</u>	<u>80,731,132</u>	<u>89,031,589</u>	<u>95,965,898</u>
	<u>(9,322,139)</u>	<u>(13,828,827)</u>	<u>(3,079,713)</u>	<u>(5,214,075)</u>	<u>(12,884,338)</u>	<u>(14,857,742)</u>

(continued)

HAYWOOD COUNTY, NORTH CAROLINA

Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years, Continued
(modified accrual basis of accounting)

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Other financing sources (uses):				
Transfers from other funds	\$ 652,780	\$ 1,191,409	\$ 438,234	\$ 567,960
Transfers to other funds	(652,780)	(1,191,409)	(438,234)	(567,960)
General obligation bonds issued	-	-	-	-
Premium on general obligation bonds issued	-	-	-	-
Notes payable issued	6,200,000	-	2,350,000	-
Current refunding of certificates of participation issued	-	10,783,000	14,585,000	7,150,000
Payment to escrow agent for refunded debt	-	(10,723,992)	-	(7,079,605)
Sale of capital assets	217,743	3,522	18,895	189,976
Total other financing sources and uses	<u>6,417,743</u>	<u>62,530</u>	<u>16,953,895</u>	<u>260,371</u>
Net change in fund balance	9,819,466	482,235	4,128,529	515,127
Fund balances-beginning	<u>26,281,435</u>	<u>25,799,200</u>	<u>21,670,671</u>	<u>21,155,544</u>
Fund balances-ending	<u>\$ 36,100,901</u>	<u>\$ 26,281,435</u>	<u>\$ 25,799,200</u>	<u>\$ 21,670,671</u>
Debt service as a percentage of non-capital expenditures	9.36%	10.19%	24.26%	11.66%

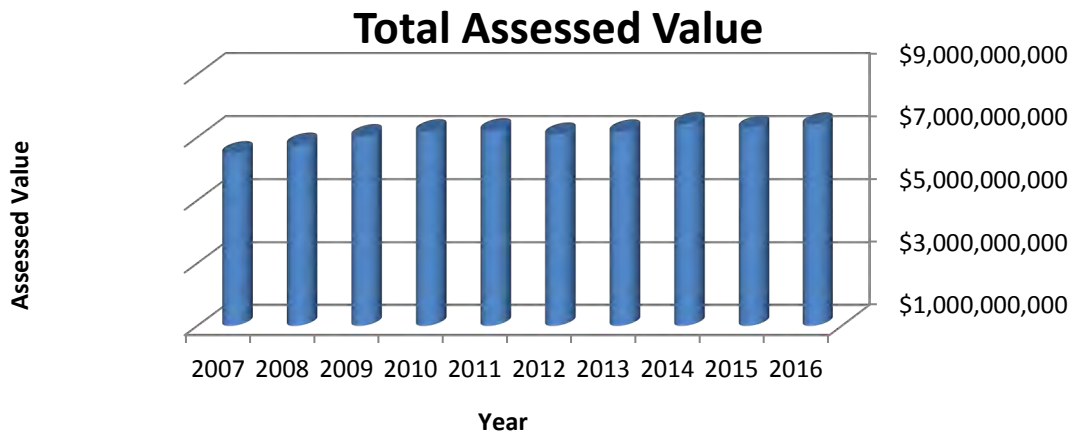
Capital outlay expenditures have been segregated here in order to calculate the percentage of non-capital expenditures.

2012	2011	2010	2009	2008	2007
\$ 141,132 (141,132) -	\$ 3,439,102 (3,439,102) -	\$ 1,360,866 (1,360,866) -	\$ 538,542 (538,542) -	\$ 5,124,492 (5,124,492) 7,000,000	\$ 3,182,847 (3,182,847) -
- 3,053,600 -	- 20,896,400 -	- 4,500,000 -	- 1,269,100 -	99,872 1,400,000	- 11,400,000 -
- 486,429	- 93,734	- 6,654	- 30,577	- 21,881	- 555
3,540,029	20,990,134	4,506,654	1,299,677	8,521,753	11,400,555
(5,782,110)	7,161,307	1,426,941	(3,914,398)	(4,362,585)	(3,457,187)
26,937,654	19,776,347	18,349,406	22,263,804	26,626,389	30,083,576
<u>\$ 21,155,544</u>	<u>\$ 26,937,654</u>	<u>\$ 19,776,347</u>	<u>\$ 18,349,406</u>	<u>\$ 22,263,804</u>	<u>\$ 26,626,389</u>
11.28%	10.40%	9.61%	9.24%	7.65%	5.39%

HAYWOOD COUNTY, NORTH CAROLINA

Assessed Value of Taxable Property Last Ten Fiscal Years

Fiscal Year Ended June 30,	Real Property	Personal Property	Public Service Company Property	Total Assessed Value	Total Direct Tax Rate (Per \$100)
2016	\$ 6,283,353,200	\$ 961,399,399	\$ 167,412,919	\$ 7,412,165,518	0.5661
2015	6,207,558,192	959,054,765	149,539,823	7,316,152,780	0.5413
2014	6,189,657,715	1,089,015,320	148,954,528	7,427,627,563	0.5413
2013	6,170,732,764	870,482,776	148,678,692	7,189,894,232	0.5413
2012	6,149,833,834	796,003,199	148,080,203	7,093,917,236	0.5413
2011	6,252,182,637	796,614,829	181,877,827	7,230,675,293	0.5140
2010	6,165,577,637	880,864,853	149,986,629	7,196,429,119	0.5140
2009	6,023,547,541	876,803,849	139,166,644	7,039,518,034	0.4970
2008	5,752,818,363	887,033,884	131,645,395	6,771,497,642	0.4970
2007	5,479,463,273	889,422,387	130,444,521	6,499,330,181	0.4970



Note: Assessed valuations are established by the Board of County Commissioners at 100 percent of estimated market value. A revaluation of real property is required by the North Carolina General Statutes at least every eight years. The last revaluation was completed as of January 1, 2011, for the 2012 fiscal year.

Source: Haywood County Tax Assessor

HAYWOOD COUNTY, NORTH CAROLINA

Property Tax Rates--Direct and All Overlapping Governments (Per \$100 of Assessed Value) Last Ten Fiscal Years

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Haywood County	0.5661	0.5413	0.5413	0.5413
<u>Municipality Rates:</u>				
Town of Canton	0.5800	0.5800	0.5800	0.5800
Town of Clyde	0.4300	0.4300	0.4300	0.4300
Town of Maggie	0.3900	0.3900	0.3900	0.3900
Town of Waynesville	0.4382	0.4382	0.4082	0.4082
Municipal Service District	0.2000	0.2000	0.2000	0.2000
<u>Special Districts:</u>				
West Canton Fire District #1	0.100	0.100	0.100	0.100
North Canton Fire District #2	0.060	0.060	0.060	0.065
Center Pigeon Fire District	0.075	0.075	0.075	0.075
Lake Junaluska Fire District	0.075	0.070	0.070	0.070
Crabtree-Iron Duff Fire District	0.075	0.065	0.065	0.065
Cruso Fire District	0.100	0.095	0.095	0.095
Camp Branch Fire District	0.000	0.000	0.000	0.000
Saunook Fire District	0.050	0.040	0.040	0.040
Maggie Valley Fire District	0.060	0.060	0.060	0.060
Clyde Fire District	0.090	0.090	0.090	0.090
Jonathan Creek Fire District	0.070	0.070	0.070	0.070
South Waynesville Fire District	0.000	0.000	0.000	0.000
Big Cove Fire District	0.000	0.000	0.000	0.000
Fines Creek Fire District	0.090	0.090	0.090	0.090
Lake Logan-Cecil Fire District	0.100	0.100	0.100	0.100
Waynesville Fire District	0.060	0.060	0.060	0.060
Eagles Nest Fire Service District	0.060	0.060	**	**
Howell Mill Fire Service District	0.060	0.060	**	**
East Canton Fire Service District	0.100	***	***	***
Ivy Hill Fire Service District	0.060	***	***	***
Lake Junaluska Sanitary District	0.060	0.060	0.060	0.060
Maggie Valley Country Club Road Maintenance	0.140	0.140	0.140	0.140
Forest Park Road Maintenance	0.080	0.080	0.080	0.080
Oak Park Road Maintenance	0.100	0.100	0.100	0.100
Wildcat Mountain Road Maintenance	0.150	0.150	0.150	0.150
Walker-in-the-Hills Road Maintenance	0.095	0.095	0.095	0.095
Upper Chestnut Grove Road Maintenance	0.160	0.160	0.160	0.160
Norman Road Maintenance	0.150	0.150	0.150	0.150
Tuscola Park Road Maintenance	0.080	0.110	0.110	0.110
Fox Run Road Maintenance	0.150	0.150	0.150	0.150
Sugar Valley Springs Road Maintenance	0.120	***	***	***

Source: Haywood County Tax Assessor

* Did not begin collecting until FY2010

** Did not begin collecting until FY2015

***Did not begin collecting until FY2016

2012	2011	2010	2009	2008	2007
0.5413	0.5140	0.5140	0.4970	0.4970	0.4970
0.5800	0.5800	0.5800	0.5800	0.5800	0.5300
0.4300	0.4300	0.4300	0.4300	0.4300	0.4300
0.4200	0.4200	0.4200	0.4200	0.4200	0.4200
0.4082	0.4000	0.4000	0.4000	0.4000	0.4000
0.2000	0.2300	0.2300	0.2300	0.2300	*
0.100	0.100	0.100	0.100	0.100	0.100
0.060	0.060	0.060	0.060	0.055	0.060
0.075	0.075	0.065	0.065	0.065	0.065
0.070	0.070	0.070	0.070	0.070	0.065
0.065	0.065	0.065	0.065	0.065	0.065
0.095	0.095	0.100	0.100	0.090	0.090
0.000	0.000	0.000	0.060	0.060	0.060
0.040	0.040	0.040	0.040	0.040	0.035
0.050	0.050	0.050	0.050	0.050	0.050
0.090	0.090	0.090	0.090	0.090	0.090
0.070	0.070	0.070	0.070	0.070	0.070
0.000	0.000	0.000	0.060	0.060	0.060
0.000	0.000	0.000	0.060	0.060	0.060
0.090	0.090	0.090	0.090	0.090	0.090
0.100	0.100	0.100	0.100	0.100	0.100
0.060	0.060	0.060	*	*	*
**	**	**	**	**	**
**	**	**	**	**	**
***	***	***	***	***	***
***	***	***	***	***	***
0.060	0.060	0.060	0.060	0.060	0.060
0.140	0.140	0.140	0.140	0.100	0.100
0.080	0.080	0.080	0.080	0.080	0.100
0.080	0.080	0.080	0.140	0.140	0.140
0.150	0.150	0.150	0.150	0.150	0.150
0.095	0.095	0.095	0.095	0.095	0.095
0.160	0.160	0.160	0.160	0.120	0.120
0.150	0.150	0.150	0.150	0.150	0.130
0.110	0.110	0.110	0.110	0.110	0.110
0.150	0.150	0.150	0.150	0.150	0.130
***	***	***	***	***	***

HAYWOOD COUNTY, NORTH CAROLINA

Principal Property Taxpayers Current Year and 9 Years Ago

<u>Taxpayer</u>	<u>Type of Business</u>
Blue Ridge Paper Products, Inc. (Evergreen Packaging)	Paper Mill
Duke Energy Progress, Inc. formerly Carolina Power & Light	Utility
Haywood Regional Medical Center-A Duke LifePoint Hospital	Medical
Haywood Electric Membership Corporation	Utility
Consolidated Metco	Manufacturing
Waynesville Enterprises LLC	Retail
Ingles Markets, Inc.	Super Market
BellSouth Telephone Company	Utility
Sonoco Plastics, Inc. formerly Associated Packaging	Manufacturing
Vantagepoint Investments of Waynesville	Apartments
Developers Diversified Realty	Retail
Waynesville Country Club	Country Club
Maggie Valley Resort	Country Club
Totals	

Source: Haywood County Tax Assessor

2016			2007		
Valuation	Rank	% of Valuation	Valuation	Rank	% of Valuation
\$ 182,044,897	1	2.46%	\$ 159,442,599	1	2.45%
73,376,368	2	0.99%	79,597,890	2	1.22%
53,698,169	3	0.72%			
52,165,582	4	0.70%	43,546,904	3	0.67%
24,755,462	5	0.33%	7,749,498	10	0.12%
21,391,200	6	0.29%			
19,846,029	7	0.27%	21,062,939	5	0.32%
18,511,383	8	0.25%	40,491,975	4	0.62%
17,824,189	9	0.24%	13,062,721	9	0.22%
13,379,175	10	0.18%			
			13,186,240	6	0.20%
			9,622,480	7	0.15%
			9,389,252	8	0.14%
<u>\$ 476,992,454</u>		<u>6.43%</u>	<u>\$ 397,152,498</u>		<u>6.11%</u>

HAYWOOD COUNTY, NORTH CAROLINA

Property Tax Levies and Collections Last Ten Fiscal Years

Fiscal Year Ended June 30,	Total Tax Levy	Collected within the Fiscal Year of the Levy	
		Amount	Percentage of Levy Collected
2016	\$ 42,141,284	\$ 40,993,147	97.28%
2015	39,720,027	38,742,509	97.54%
2014	40,319,389	39,049,310	96.85%
2013	39,068,709	37,541,809	96.09%
2012	38,510,277	37,038,187	96.18%
2011	37,385,829	35,939,892	96.13%
2010	36,901,784	35,358,950	95.82%
2009	35,207,806	33,690,143	95.69%
2008	33,773,929	32,768,263	97.02%
2007	32,438,583	31,468,784	97.01%

Source: Haywood County CAFRs.

Collections In Subsequent Years	Total Collections to Date		Outstanding Delinquent Taxes	Percentage of Delinquent Taxes to Tax Levy
	Amount	Percentage of Total Tax Collections to Levy		
\$ -	\$ 40,993,147	97.28%	\$ 1,148,137	2.72%
634,030	38,742,509	97.54%	343,488	2.46%
1,069,873	40,119,183	99.50%	200,206	0.50%
1,346,153	38,887,962	99.54%	180,747	0.46%
1,345,856	38,384,043	99.67%	126,234	0.33%
1,329,664	37,269,556	99.69%	116,273	0.31%
1,437,867	36,796,817	99.72%	104,967	0.28%
1,414,598	35,104,741	99.71%	103,065	0.29%
911,463	33,679,726	99.72%	94,203	0.28%
876,908	32,345,692	99.71%	92,891	0.29%
			<u>\$ 2,510,211</u>	

HAYWOOD COUNTY, NORTH CAROLINA

Property Value and Construction Last Ten Fiscal Years

Fiscal Year Ended June 30,	Commercial Construction ⁽¹⁾		Residential Construction ^(1, 2)		Property Value ⁽³⁾	
	Number of Units	Value	Number of Units	Value	Commercial	Residential
2016	60	\$ 13,826,647	432	\$ 37,950,517	\$ 1,079,565,075	\$ 5,751,959,551
2015	54	10,203,649	439	39,408,037	1,050,681,817	5,621,765,934
2014	60	12,576,586	396	31,988,838	1,032,385,921	5,623,591,513
2013	64	1,774,083	389	29,917,203	947,779,971	5,685,343,094
2012	50	6,370,685	327	27,799,418	887,532,635	5,065,530,995
2011	50	29,209,313	395	29,918,839	847,580,729	5,234,560,039
2010	34	2,670,085	346	30,044,418	823,359,822	5,176,189,508
2009	29	4,219,005	393	39,509,649	795,117,342	5,070,353,589
2008	53	17,514,488	721	81,259,490	749,555,156	4,846,782,744
2007	65	14,084,846	815	114,118,215	722,992,583	4,602,815,572

Source:

⁽¹⁾Haywood County Inspection Department

⁽²⁾As of 2009, total does not include mobile home placement permits,
which are not considered permanent construction.

⁽³⁾Haywood County Tax Assessor-TR1-reflects revised numbers 2007-2015

HAYWOOD COUNTY, NORTH CAROLINA

Ratio of Outstanding Debt by Type Last Ten Fiscal Years

Fiscal Year Ended June 30,	Assessed Value ⁽³⁾	General Obligation Bonds ⁽³⁾	COPS ⁽³⁾	Special Revenue ⁽³⁾	Installment Loans ^{(3) (4)}
2016	\$ 7,412,165,518	\$ 20,491,072	\$ -	\$ -	\$ 34,934,203
2015	7,316,152,780	22,699,328	-	-	32,699,189
2014	7,427,627,563	24,484,793	-	-	36,963,107
2013	7,189,894,232	26,458,067	7,849,489	-	31,157,557
2012	7,093,917,236	27,817,077	9,580,453	-	34,446,301
2011	7,230,675,293	29,597,423	11,296,417	-	34,488,946
2010	7,196,429,119	31,377,768	13,007,381	-	15,900,082
2009	7,039,518,034	33,158,113	14,713,345	-	12,433,442
2008	6,771,497,642	34,938,458	16,429,309	-	12,221,829
2007	6,499,330,181	29,265,427	18,160,273	-	11,712,793

Sources:

⁽¹⁾NC Office of State Budget & Management-projection 2016, revised estimate 2015

⁽²⁾Bureau of Economic Analysis - reflects revised numbers for 2007-2014

⁽³⁾Haywood County CAFRs

⁽⁴⁾Installment loans shown as notes payable

* Information not yet available

	Total Primary Government	Net Debt to Assessed Value	Population⁽¹⁾	Personal Income⁽²⁾ (thousands)	Percentage of Personal Income	Net Debt Per Capita
\$	55,425,275	0.75%	60,436	*	*	\$ 917
	55,398,517	0.76%	60,178	*	*	921
	61,447,900	0.83%	59,913	\$ 2,017,833	3.05%	1,026
	65,465,113	0.91%	59,675	1,940,318	3.37%	1,097
	71,843,831	1.01%	59,267	2,004,386	3.58%	1,212
	75,382,786	1.04%	59,475	1,896,335	3.98%	1,267
	60,285,231	0.84%	58,949	1,847,948	3.26%	1,023
	60,304,900	0.86%	58,680	1,837,029	3.28%	1,028
	63,589,596	0.94%	57,976	1,821,175	3.49%	1,097
	59,138,493	0.91%	57,722	1,782,640	3.32%	1,025

HAYWOOD COUNTY, NORTH CAROLINA

Legal Debt Margin Information Last Ten Fiscal Years

Legal debt margin:	
Assessed value	\$ 7,412,165,518
Debt limit	8.00%
	592,973,241
Gross debt:	
General obligation bonds	20,491,072
Notes payable	34,934,203
	55,425,275
Total amount of debt applicable to debt limit	\$ 537,547,966
Legal debt margin	\$ 537,547,966

	2016	2015	2014	2013
Debt limit	\$ 592,973,241	\$ 585,292,222	\$ 594,210,205	\$ 575,191,539
Total net debt applicable to limit	55,425,275	55,398,517	61,447,900	65,465,113
Legal debt margin	\$ 537,547,966	\$ 529,893,705	\$ 532,762,305	\$ 509,726,426
Total net debt applicable to the limit as a percentage of debt limit	9.35%	9.47%	10.34%	11.38%

2012	2011	2010	2009	2008	2007
\$ 567,513,379 71,843,831	\$ 578,454,023 75,382,786	\$ 575,714,330 60,285,231	\$ 563,161,443 60,304,900	\$ 541,719,811 63,589,596	\$ 519,946,414 59,138,493
\$ 495,669,548	\$ 503,071,237	\$ 515,429,099	\$ 502,856,543	\$ 478,130,215	\$ 460,807,921
12.66%	13.03%	10.47%	10.71%	11.74%	11.37%

HAYWOOD COUNTY, NORTH CAROLINA

Computation of Direct and Overlapping Debt Governmental Activities

June 30, 2016

	Municipalities Governmental Debt Outstanding ⁽¹⁾	Estimated Percentage Applicable		
Municipalities:				
Town of Canton	\$ 509,143	100%	\$	509,143
Town of Clyde	15,940	100%		15,940
Town of Maggie Valley	735,422	100%		735,422
Town of Waynesville	6,962,088	100%		6,962,088
Total overlapping debt				8,222,593
Haywood County direct debt				55,425,275
Total direct and overlapping debt			\$	63,647,868

Note:

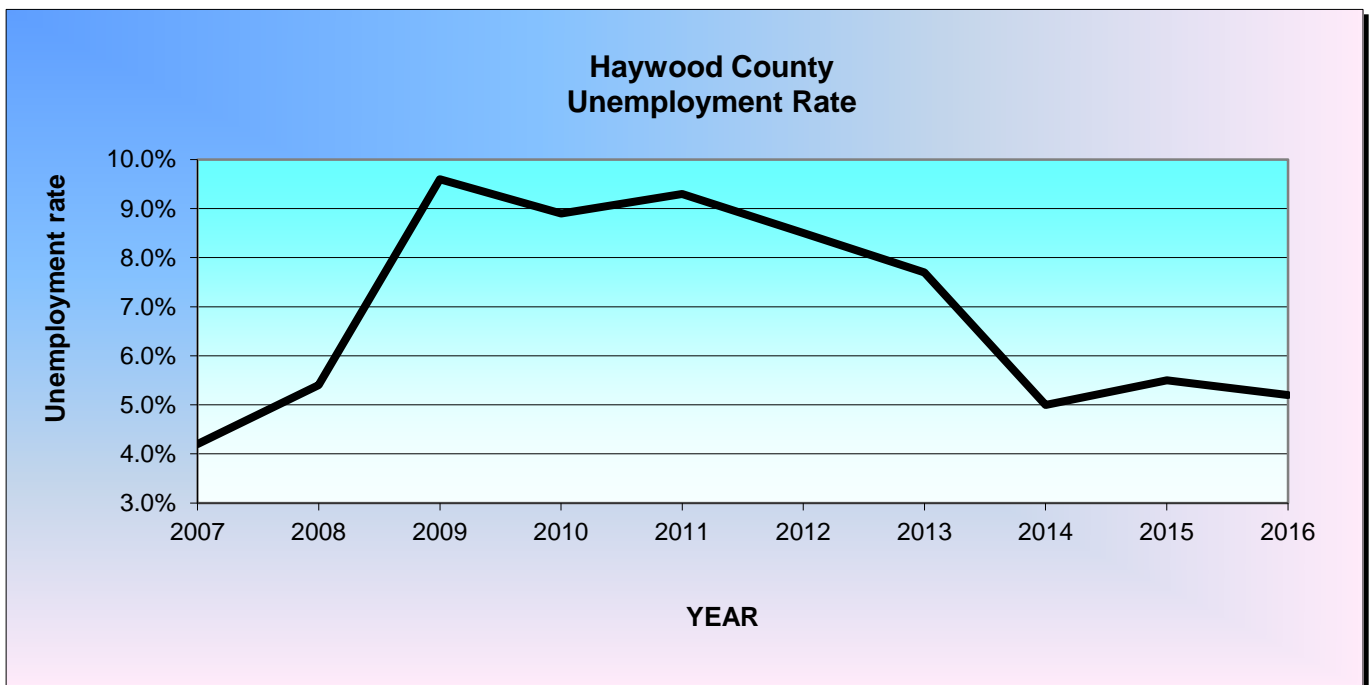
Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the County. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the citizens and businesses of the County. This process recognizes that, when considering the governments ability to issue and repay long term debt, the entire burden borne by the residents and businesses should be taken into account. This does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt of each overlapping government.

⁽¹⁾ Municipalities' information provided by the individual municipalities within Haywood County.

HAYWOOD COUNTY, NORTH CAROLINA

Demographic Statistics Last Ten Calendar Years

Year	Population ⁽¹⁾	Per Capita Income ⁽²⁾	School Enrollment ⁽³⁾⁽⁴⁾	Unemployment Rate ⁽⁵⁾
2016	60,436	*	7,134	5.2%
2015	60,178	*	7,239	5.5%
2014	59,913	33,930	7,564	5.0%
2013	59,675	32,796	7,459	7.7%
2012	59,267	34,099	7,530	8.5%
2011	59,475	32,309	7,582	9.3%
2010	58,949	31,348	7,588	8.9%
2009	58,680	31,056	7,677	9.6%
2008	57,976	30,967	7,658	5.4%
2007	57,722	30,532	7,652	4.2%



Sources:

- ⁽¹⁾NC Office of State Budget & Management-projection 2016, revised estimate 2015
- ⁽²⁾Bureau of Economic Analysis-reflects revised numbers 2007 - 2014
- ⁽³⁾Haywood County Board of Education 2007 - 2010
- ⁽⁴⁾Department of Public Instruction - Student Enrollment is ADM starting 2011, revised 2014 & 2015
- ⁽⁵⁾Employment Security Commission of North Carolina as of June 30 each year
- * Information not yet available

HAYWOOD COUNTY, NORTH CAROLINA

Ten Principal Employers Current Year And Nine Years Ago

Employer	2016			2007		
	Number of Employees ⁽¹⁾	% of Total County Employment ⁽²⁾		Number of Employees ⁽¹⁾	% of Total County Employment ⁽²⁾	
Blue Ridge Paper Products, Inc. (Evergreen Packaging)	1,024	1	3.79%	1,014	2	3.70%
Haywood Regional Medical Centers-A Duke LifePoint Hospital	992	2	3.67%	970	3	3.54%
Haywood County Consolidated Schools	955	3	3.54%	1,432	1	5.22%
Ingles Markets, Inc.	676	4	2.50%	388	5	1.41%
Consolidated Metco ⁽³⁾	555	5	2.05%			
Haywood County Government	538	6	1.99%	600	4	2.19%
Wal-Mart Associates, Inc.	391	7	1.45%	375	6	1.37%
Haywood Vocational Opportunities, Inc.	329	8	1.22%	262	8	0.96%
Haywood Community College	281	9	1.04%	289	7	1.05%
Town of Waynesville	260	10	0.96%	229	9	0.83%
Lowe's Home Center, Inc.				175	10	0.64%
Totals	6,001		22.21%	5,734		20.90%

Sources:

⁽¹⁾Human Resource Department of companies - includes all full and part time employees

⁽²⁾Employment Security Commission of North Carolina

⁽³⁾Consolidated Metco - 2015 total employee count

HAYWOOD COUNTY, NORTH CAROLINA

Full Time Equivalent County Government Employees by Function For the Last Ten Fiscal Years

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013⁽¹⁾</u>	<u>2012⁽¹⁾</u>	<u>2011⁽¹⁾</u>	<u>2010⁽¹⁾</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Number of employees:										
General government	50.30	49.66	49.57	49.07	50.00	52.00	51.34	57.00	55.00	53.00
Central services	30.15	30.15	29.00	28.05	24.30	25.50	24.60	28.75	24.50	23.50
Public safety	182.85	177.85	171.00	167.35	168.10	166.90	165.80	169.65	168.50	168.50
Environmental protection	4.40	18.50	18.50	18.50	27.50	28.30	48.25	47.25	48.50	48.50
Economic and physical development	8.00	7.50	9.50	9.50	9.50	9.70	11.50	10.50	10.50	9.50
Human services	204.25	205.29	204.50	205.50	207.50	213.75	212.75	221.75	217.00	217.00
Culture and recreation	19.50	19.50	19.50	19.50	19.50	19.50	20.20	22.20	24.00	24.00
 Total	<u>499.45</u>	<u>508.45</u>	<u>501.57</u>	<u>497.47</u>	<u>506.40</u>	<u>515.65</u>	<u>534.44</u>	<u>557.10</u>	<u>548.00</u>	<u>544.00</u>

Source:

Haywood County Finance Dept, FTE - Full Time (FT) & Permanent Part Time (PPT) budgeted positions

⁽¹⁾Reduction in workforce

HAYWOOD COUNTY, NORTH CAROLINA

Operating Indicators By Function/Program Last Ten Fiscal Years

<u>Function/Program</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<u>General Government</u>			
Elections:			
Number of registered voters	42,847	40,974	42,152
Register of Deeds:			
Deeds and real estate documents indexed	10,822	10,550	10,247
<u>Public Safety</u>			
Building Inspections:			
Residential permits issued	432	439	396
Mobile home permits issued (9)	73	53	58
Commercial permits issued	60	54	60
Fire Control:			
Inspections performed	870	943	1024
Fire marshal and assistants	3	3	3
Detention:			
Booked inmates	3493	3437	3252
Average daily jail population	109	117	112
Sheriff:			
Hand gun permits processed (1)	n/a	2098	1066
EMS:			
Billable transports (2)	7389	7677	6858
EOC/Dispatching: (10)			
Number of emergency calls dispatched	79,378	78,770	51,751
Number of fire related calls dispatched	9,438	8,572	5,650
Animal Services:			
Number of calls serviced (1)	n/a	2139	1985
Number of animals received (1)	n/a	2106	2628
Number of adoptions (1)	n/a	1066	1108

2013	2012	2011	2010	2009	2008	2007
41,717	42,120	41,523	41,944	41,361	41,522	38,762
12,323	11,453	11,389	11,591	12,920	15,933	18,651
389	327	395	346	393	721	818
58	83	70	87	85		
64	50	50	34	29	53	62
866	685	504	409	480	551	763
3	3	3	3	2	3	3
3177	2690	2704	2574	2825	2798	2624
105	75	85	93	83	93	90
1501	1716	1422	1180	1255	1293	1135
7256	6356	6601	6498	6385	6654	6619
46,510	42,339	40,837	43,989	41,383	37,933	30,298
2,634	2,144	2,675	1,748	1,565	2,031	2,432
2266	2259	2567	2946	2760	2,748	n/a
2707	2916	3424	3612	3942	4,120	n/a
969	1343	1308	1449	885	698	n/a

HAYWOOD COUNTY, NORTH CAROLINA

Operating Indicators By Function/Program, Continued Last Ten Fiscal Years

Function/Program	2016	2015	2014
<u>Environmental Protection</u>			
Solid Waste:			
Tons of solid waste buried (3)	160,499.58	160,565.57	57,331.00
Tons of yard waste processed	557.17	454.75	241.98
Tons of recyclables sent out	6,259.20	6,686.45	5,948.76
<u>Economic and Physical Development</u>			
Planning:			
Number of major subdivision plan reviews	4	4	2
Economic Development:			
Tourism revenues (1) (7)	n/a	\$167,560,000	\$161,590,000
Taxable sales (8)	\$668,797,027	\$631,113,234	\$565,672,010
<u>Human Services</u>			
Health Department:			
Number of health clients served	8,859	9,232	9,449
Number of food service inspections	520	677	785
Social Services:			
Average # of food stamp recipients per month (1)	n/a	10342	10,687
Child support collections (1)	n/a	\$3,608,626	\$3,553,448
Total number of unduplicated children subject to child protection services (CPS) assessments (1)	n/a	476	496
Total number of unduplicated children in foster care (1)	n/a	140	150
<u>Culture and Recreation</u>			
Library:			
Library patrons	40,806	35,334	36,621
Items of library materials cataloged	146,164	149,615	146,621
Recreation:			
Park recreation program participants	1176	1112	1263

2013	2012	2011	2010	2009	2008	2007
42,859.40	44,510.30	44,857.70	46,328.69	50,881.02	57,554.94	58,455.37
191.41	138.64	201.72	224.30	397.59	1,187.28	1,216.39
5,757.56	6,083.67	6,374.19	6,903.09	5,770.90	3,483.59	3,079.32
3	3	1	6	16	28	62
\$155,380,000	\$148,630,000	\$120,400,000	\$116,310,000	\$108,880,000	\$113,460,000	\$116,640,000
\$560,682,306	\$540,735,523	\$518,290,311	\$498,088,247	\$489,719,216	\$549,879,484	\$538,500,941
10,922	12,108	13,418	12,370	12,736	12,666	n/a
810	706	717	885	896	777	n/a
10,256	10,487	9,908	9,960	8,253	6,542	5,933
\$3,721,830	\$3,756,082	\$3,648,803	\$3,622,478	\$3,818,785	\$4,178,218	\$4,191,812
517	524	352	360	379	374	311
154	158	138	161	183	171	144
34,232	29,859	35,667	40,491	38,346	35,429	31,771
143,401	147,709	168,813	176,281	179,615	185,419	190,960
1552	2219	1822	1914	1572	1456	1455

HAYWOOD COUNTY, NORTH CAROLINA

Operating Indicators By Function/Program, Continued Last Ten Fiscal Years

Function/Program	2016	2015	2014
<u>Education</u>			
Public Schools:			
County appropriations per pupil-Final ADM (Average Daily Membership) (5)	\$1,996	\$1,977	\$1,939
Number of teachers (4)	535	522	537
Student enrollment (4) (5)	7,134	7,280	7,421
County appropriations for current operating per student - State ranking (5)	n/a	24	23
Community College: (6)			
Number of courses offered	1,011	1,142	1,231
Curriculum student enrollment	2,372	2,617	2,210
Curriculum full-time-equivalents (FTE) (fall and spring terms only)	1,369.00	1,531.60	1,693.40
Continuing Ed student enrollment (1)	n/a	3,563	4,391
Continuing Ed FTE (spring, summer, fall terms) (1)	n/a	259.1	306.3

Sources: Various governmental departments - Fiscal year data

- (1) Calendar year data
- (2) Source: EMS Management & Consultants- EMS Archived Data 2007
- (3) 2015 increase due to privatization of White Oak Landfill-Santek has contracted for maximum tonnage allowance by DENR
- (4) Source: Haywood County Board of Education - Academic year data
- (5) Source: Department of Public Instruction - Student Enrollment is final ADM starting 2011; Revised 2014 & 2015
- (6) Source: Haywood Community College - Academic year data; Revised 2014 & 2015
- (7) Source: Economic Development Partnership of NC
- (8) Source: NC Dept of Revenue Website
- (9) As of 2009, mobile home permits separated from residential permits - 2007 - 2008 combined
- (10) EOC and Sheriff Dispatch consolidated 2015

2013	2012	2011	2010	2009	2008	2007
\$1,896	\$1,854	\$1,898	\$1,882	\$1,725	\$1,776	\$1,685
533	535	546	547	619	568	568
7,459	7,530	7,582	7,588	7,779	7,658	7,652
25	26	22	23	28	23	18
1,166	1,233	1,358	1,239	1,212	1,191	1,197
3,099	2,599	3,493	3,341	3,413	3,174	3,045
1,756.00	1,927.00	1,968.56	1,838.12	1,653.87	1,607.68	1,601.12
5,161	5,370	5,122	5,400	7,355	6,497	5,648
343.0	337.34	314.10	343.03	332.27	293.33	295.09

HAYWOOD COUNTY, NORTH CAROLINA

Capital Assets Statistics By Function/Program Last Ten Fiscal Years

<u>Function/Program</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
<u>General Government</u>				
Elections:				
Number of voting machines:				
Direct Record Electronic	187	187	187	187
Optical Scan voting	3	3	3	3
<u>Public Safety</u>				
Detention:				
Number of jail beds	150	137	137	137
Sheriff:				
Offices	1	1	1	1
Patrol vehicles	65	64	64	59
<u>Environmental Protection</u>				
Solid Waste:				
Landfills	2	2	2	2
Convenience centers (5 owned, 5 leased)	10	10	10	10
Material recovery facilities	1	1	1	1
<u>Culture and Recreation</u>				
Library:				
Number of libraries	4	4	4	4
Recreation:				
Park acreage-undeveloped	22	22	22	22
Park acreage-developed (leased property)	8	8	8	8
Multi-purpose arena	1	1	1	1
Ag & activities center	1	1	1	1

<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
187	187	187	187	187	177
3	3	3	3	3	3
132	133	133	133	133	133
1	1	1	1	1	1
63	66	57	53	60	64
2	2	2	2	2	2
10	10	10	10	10	10
1	1	1	1	1	1
4	4	4	4	4	4
22	22	22	22	22	-
8	8	8	8	8	8
1	1	1	1	1	1
1	1	1	1	1	1

(continued)

HAYWOOD COUNTY, NORTH CAROLINA

Capital Assets Statistics By Function/Program, Continued Last Ten Fiscal Years

Function/Program	2016	2015	2014	2013
<u>Education</u>				
Public Schools: ⁽¹⁾				
Number of schools	16	16	16	16
Community College: ⁽²⁾				
Number of colleges	1	1	1	1
<u>Hospitals</u> ⁽³⁾				
Number of hospitals	1	1	1	1

Source: Various governmental departments

⁽¹⁾Source: Haywood County Board of Education

⁽²⁾Source: Haywood Community College

⁽³⁾Source: Haywood Regional Medical Center

<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
16	16	16	16	16	16
1	1	1	1	1	1
1	1	1	1	1	1



COMPLIANCE SECTION

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Independent Auditors' Report

Board of County Commissioners
Haywood County, North Carolina

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Haywood County, North Carolina, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Haywood County's basic financial statements, and have issued our report thereon dated December 16, 2016. The financial statements of the Haywood County Tourism Development Authority were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Haywood 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 Haywood County's internal control. Accordingly, we do not express an opinion on the effectiveness of Haywood County's internal control.

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 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. 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.

Our consideration of internal control over financial reporting 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 financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements of Haywood County are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance 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 no instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards*.

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 results 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.

Dixon Hughes Goodman LLP

**Asheville, North Carolina
December 22, 2016**

Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance in Accordance with OMB Uniform Guidance and the State Single Audit Implementation Act

Independent Auditors' Report

Board of County Commissioners
Haywood County, North Carolina

Report on Compliance for Each Major Federal Program

We have audited Haywood County's compliance with the types of compliance requirements described in the OMB *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 Haywood County's major federal programs for the year ended June 30, 2016. Haywood County's major federal programs are identified in the summary of auditors' 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.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Haywood 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; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"), and the State Single Audit Implementation Act. Those standards, the Uniform Guidance 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 Haywood 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 Haywood County's compliance.

Opinions on Each Major Federal Program

In our opinion, Haywood County complied, in all material respects, with the compliance 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, 2016.

Other Matter

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying Schedule of Findings and Questioned Costs as Finding 2016-001. Our opinion on each major federal program is not modified with respect to this matter.

Haywood County's response to the noncompliance finding identified in our audit is described in the accompanying Corrective Action Plan. Haywood 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 Haywood 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 Haywood County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Uniform Guidance, 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 Haywood 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 preceding paragraph 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 were not identified. We identified a certain deficiency in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as Finding 2016-001, that we consider to be a material weakness.

Haywood County's response to the internal control over compliance finding identified in our audit is described in the accompanying Corrective Action Plan. Haywood County's response was not subjected to the auditing procedures 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Dixon Hughes Goodman LLP

**Asheville, North Carolina
December 22, 2016**

Report on Compliance with for Each Major State Program and on Internal Control Over Compliance in Accordance with OMB Uniform Guidance and the State Single Audit Implementation Act

Independent Auditors' Report

Board of County Commissioners
Haywood County, North Carolina

Report on Compliance for Each Major State Program

We have audited Haywood County's 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 each of its major state programs for the year ended June 30, 2016. Haywood County's major state programs are identified in the summary of auditors' 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 programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Haywood County's major state 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; applicable sections of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"), as described in the *Audit Manual for Governmental Auditors in North Carolina*, and the State Single Audit Implementation Act. Those standards, the Uniform Guidance 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 Haywood 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 state program. However, our audit does not provide a legal determination on Haywood County's compliance.

Opinions on Each Major State Program

In our opinion, Haywood County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2016.

Other Matter

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying Schedule of Findings and Questioned Costs as Finding 2016-001. Our opinion on each major federal program is not modified with respect to this matter.

Haywood County's response to the noncompliance finding identified in our audit is described in the accompanying Corrective Action Plan. Haywood 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 Haywood 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, we considered Haywood County's internal control over compliance with the requirements that could have a direct and material effect on a major state program in order to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with applicable sections of Uniform Guidance and the State Single Audit Implementation Act, 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 Haywood 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 preceding paragraph 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 were not identified. We identified a certain deficiency in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as Finding 2016-001, that we consider to be a material weakness.

Haywood County's response to the internal control over compliance finding identified in our audit is described in the accompanying Corrective Action Plan. Haywood County's response was not subjected to the auditing procedures 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 applicable sections of Uniform Guidance and the State Single Audit Implementation Act. Accordingly, this report is not suitable for any other purpose.

Dixon Hughes Goodman LLP

**Asheville, North Carolina
December 22, 2016**

HAYWOOD COUNTY, NORTH CAROLINA

Schedule of Expenditures of Federal and State Awards

For the Year Ended June 30, 2016

<u>Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>State/Pass- Through Grantor's Number</u>
Federal Awards:		
<u>U.S. Department of Agriculture</u>		
Food and Nutrition Service:		
Passed through N.C. Department of Health and Human Services:		
Division of Social Services:		
Supplemental Nutrition Assistance Program Cluster:		
State Administration Matching Grants for the Supplemental Nutrition Assistance Program (SNAP)	10.561	
Division of Public Health:		
Administration:		
Special Supplemental Nutrition Program for Women, Infants and Children	10.557	
Direct Benefit Payments:		
Special Supplemental Nutrition Program for Women, Infants and Children	10.557	
Total Special Supplemental Nutrition Program for Women, Infants and Children		
Passed through N.C. Department of Agriculture:		
Emergency Food Assistance Program Food Commodities (Non-cash)	10.569	
Forest Service:		
Passed through the Office of State Budget and Management:		
Schools and Roads-Grants to States and Counties	10.665	
Total U.S. Department of Agriculture		

<u>Federal (Direct and Pass-Through) Expenditures</u>	<u>State Expenditures</u>	<u>Passed Through to Subrecipients</u>
\$ 536,007	\$ (129)	\$ -
217,884	-	-
<u>980,154</u>	<u>-</u>	<u>-</u>
<u>1,198,038</u>	<u>-</u>	<u>-</u>
32,373	-	-
<u>82,003</u>	<u>-</u>	<u>82,003</u>
<u>1,848,421</u>	<u>(129)</u>	<u>82,003</u>

(continued)

HAYWOOD COUNTY, NORTH CAROLINA

Schedule of Expenditures of Federal and State Awards (Continued)

For the Year Ended June 30, 2016

<u>Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>State/Pass- Through Grantor's Number</u>
<u>U.S. Department of Justice</u>		
Violence Against Women Office:		
Passed through N.C. Department of Crime Control and Public Safety:		
Arrest Grant Prosecution Unit and SART Training Team	16.590	
 <u>U.S. Department of Transportation</u>		
Federal Transit Administration:		
Passed through N.C. Department of Transportation:		
Highway Planning and Construction:		
Blue Ridge National Heritage Area Trails	20.205-2	
 <u>U.S. Department of Health and Human Services</u>		
Office of Population Affairs:		
Passed through N.C. Department of Health and Human Services:		
Division of Public Health:		
Family Planning	93.217	
 Administration for Children and Families:		
Passed through N.C. Department of Health and Human Services:		
Division of Social Services:		
Temporary Assistance for Needy Families Cluster:		
Temporary Assistance for Needy Families/Work First	93.558	
TANF/Work First--Direct Benefits	93.558	
Total TANF Cluster		
 NC Child Support Enforcement Section		
	93.563	
Low-Income Home Energy Assistance Block Grant:		
Administration	93.568	
Crisis Intervention Program	93.568	
Total Low-Income Home Energy Assistance Block Grant		
 Child Care Development Fund		
	93.596	

<u>Federal (Direct and Pass-Through) Expenditures</u>	<u>State Expenditures</u>	<u>Passed Through to Subrecipients</u>
\$ 108,029	\$ -	\$ -
<u>168,168</u>	<u>-</u>	<u>168,168</u>
<u>38,353</u>	<u>-</u>	<u>-</u>
787,333	-	-
421,791	-	-
<u>1,209,124</u>	<u>-</u>	<u>-</u>
625,988	5	-
43,467	-	-
476,087	-	-
<u>519,554</u>	<u>-</u>	<u>-</u>
141,316	-	-

(continued)

HAYWOOD COUNTY, NORTH CAROLINA

Schedule of Expenditures of Federal and State Awards (Continued)

For the Year Ended June 30, 2016

<u>Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>State/Pass- Through Grantor's Number</u>
<u>U.S. Department of Health and Human Services, continued</u>		
Administration for Children and Families, continued:		
Passed through N.C. Department of Health and Human Services:		
Division of Social Services:		
Foster Care and Adoption Cluster (Note D):		
Administration:		
Foster Care	93.658	
IV-E Foster Care/Off Trn	93.658	
Adoption/Foster Care	93.658	
IV-E Adoption/Off Trn	93.659	
Direct Benefit Payments:		
Foster Care At Risk		
IV-E Foster Care	93.658	
IV-E Adoption	93.659	
Total Foster Care and Adoption Cluster (Note D)		
Permanency Planning--Families for Kids	93.645	
Social Services Block Grant:		
SSBG-In-Home Service Fund	93.667	
SSBG-Adult Day Care	93.667	
SSBG-Other Services and Training	93.667	
Child Protective Safety TANF to SSBG	93.667	
Total Social Services Block Grant		
Independent Living	93.674	
Independent Living Transitional/LINKS-Direct Benefits	93.674	
Family Preservation and Support Services	93.556	
AFDC Payments & Penalties-Direct Benefits	93.560	
AFDC Incent/Prog Integrity	93.560	

<u>Federal (Direct and Pass-Through) Expenditures</u>	<u>State Expenditures</u>	<u>Passed Through to Subrecipients</u>
\$ 137,452	\$ -	\$ -
223,770	-	-
154,858	36,821	-
8,694	-	-
-	6,333	-
473,660	131,082	-
547,616	140,562	-
<u>1,546,050</u>	<u>314,798</u>	<u>-</u>
22,234	-	-
23,893	-	-
54,490	34,304	-
42,099	19,176	-
(356,671)	-	-
<u>(236,189)</u>	<u>53,480</u>	<u>-</u>
12,768	3,192	-
9,640	-	-
17,436	-	-
(211)	(58)	-
-	1,104	-

(continued)

HAYWOOD COUNTY, NORTH CAROLINA

Schedule of Expenditures of Federal and State Awards (Continued)

For the Year Ended June 30, 2016

<u>Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>State/Pass- Through Grantor's Number</u>
<u>U.S. Department of Health and Human Services, continued</u>		
Centers for Medicare and Medicaid Services:		
Passed through N.C. Department of Health and Human Services:		
Division of Medical Assistance:		
Medical Assistance Program--Direct Benefit Payments	93.778	
Division of Social Services:		
Medical Assistance Program--Administration	93.778	
Total Medical Assistance Program		
Division of Medical Assistance:		
Direct Benefit Payments:		
State Children's Insurance Program--N.C. Health Choice	93.767	
Division of Social Services:		
Administration:		
State Children's Insurance Program--N.C. Health Choice	93.767	
Total State Children's Insurance Program--N.C. Health Choice		
Centers for Disease Control and Prevention:		
Passed through N.C. Department of Health and Human Services:		
Division of Public Health:		
Public Health Emergency Preparedness	93.074	
Project Grants and Cooperative Agreements for Tuberculosis		
Control Programs	93.116	
Immunization Grants	93.268	
Passed through Macon County:		
State Public Health Actions to Prevent and Control Diabetes, Heart Disease, Obesity and Associated Risk Factors	93.757	
Preventive Health Services - Healthy Communities	93.758	
Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cancer Early Detection Programs	93.919	
Preventive Health Services -Sexually Transmitted Diseases Control Grants	93.977	

<u>Federal (Direct and Pass-Through) Expenditures</u>	<u>State Expenditures</u>	<u>Passed Through to Subrecipients</u>
\$ 57,604,969	\$ 31,778,792	\$ -
1,341,136	8,299	-
<u>58,946,105</u>	<u>31,787,091</u>	<u>-</u>
1,069,286	56,748	-
172,206	1,305	-
<u>1,241,492</u>	<u>58,053</u>	<u>-</u>
41,712	-	-
43	-	-
10,705	-	-
11,051	-	-
30,991	-	-
14,110	-	-
217	-	-

(continued)

HAYWOOD COUNTY, NORTH CAROLINA

Schedule of Expenditures of Federal and State Awards (Continued)

For the Year Ended June 30, 2016

<u>Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>State/Pass- Through Grantor's Number</u>
<u>U.S. Department of Health and Human Services, continued</u>		
Health Resources and Services Administration:		
Passed through N.C. Department of Health and Human Services:		
Division of Public Health:		
Maternal Child Health Block Grant to the States	93.994	
Administration for Community Living:		
Passed through Southwestern N.C. Planning and Economic Development Commission:		
Aging Cluster:		
Special Programs for the Aging-Title III-B:		
Grants for Supportive Services and Senior Centers	93.044	
Special Programs for the Aging-Title III-C - Nutrition Services:		
Title III-C1 - Congregate	93.045	
Title III-C2 - Home Delivered Meals	93.045	
Total Aging Cluster		
Total U.S. Department of Health and Human Services		
 <u>U.S. Department of Homeland Security</u>		
Passed through the N.C. Department of Public Safety:		
Division of Emergency Management:		
Emergency Management Performance Grant (EMPG)	97.042	
State Homeland Security Program - Incident Management Training	97.067	
Total U.S. Department of Homeland Security		
 State Awards:		
 <u>N.C. Department of Agriculture and Consumer Services</u>		
Farmland Preservation Trust Fund:		
Spay and Neuter Program		

<u>Federal (Direct and Pass-Through) Expenditures</u>	<u>State Expenditures</u>	<u>Passed Through to Subrecipients</u>
\$ 95,639	\$ 63,504	\$ -
25,837	4,560	-
231,432	40,841	272,273
89,277	15,755	11,934
<u>346,546</u>	<u>61,156</u>	<u>284,207</u>
<u>64,644,674</u>	<u>32,342,325</u>	<u>284,207</u>
19,271	19,271	-
15,324	-	-
<u>34,595</u>	<u>19,271</u>	<u>-</u>
<u>-</u>	<u>28,655</u>	<u>28,655</u>

(continued)

HAYWOOD COUNTY, NORTH CAROLINA

Schedule of Expenditures of Federal and State Awards (Continued)

For the Year Ended June 30, 2016

<u>Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>State/Pass- Through Grantor's Number</u>
<u>N.C. Department of Cultural Resources</u>		
Division of State Library:		
State Aid to Public Libraries		
 <u>N.C. Department of Environment and Natural Resources</u>		
Division of Waste Management:		
Scrap Tire Disposal Grant		
Electronic Management Program		
Total N.C. Department of Environment and Natural Resources		
 <u>N.C. Department of Health and Human Services</u>		
Division of Social Services:		
Adoption Subsidy--Direct Benefit Payments		
State Child Welfare/CPS		
Energy Assistance-Private Grants		
State/County Special Assistance for Adults--Direct Benefits		
State Foster Care Benefits Program--Direct Benefits		
Division of Public Health:		
Breast and Cervical Cancer Program		
Child Health		
General Aid to Counties		
General Communicable Disease Control		
Food and Lodging Fees		
HMHC-Family Planning		
HIV/STD SSBG Aid		
Maternal Health (HMHC)		
Public Health Pest Management		
Sexually Transmitted Diseases		
School Nurse Funding Initiative		
TB Medical Service		
Tuberculosis		
Women's Health Service Fund		

<u>Federal (Direct and Pass-Through) Expenditures</u>	<u>State Expenditures</u>	<u>Passed Through to Subrecipients</u>
\$ -	\$ 106,068	\$ -
-	30,103	-
-	5,768	-
-	35,871	-
-	273,493	-
-	137,189	-
-	14,347	-
-	482,641	-
-	208,644	-
-	6,375	-
-	3,524	-
-	85,725	-
-	11,423	-
-	11,768	-
-	7,163	-
-	500	-
-	1,592	-
-	1,244	-
-	1,604	-
-	100,000	-
-	540	-
-	2,186	-
-	11,307	-

(continued)

HAYWOOD COUNTY, NORTH CAROLINA

Schedule of Expenditures of Federal and State Awards (Continued)

For the Year Ended June 30, 2016

<u>Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>State/Pass- Through Grantor's Number</u>
<u>N.C. Department of Health and Human Services, continued</u>		
Division of Mental Health, Developmental Disabilities and Substance Abuse Services:		
Passed through Wake Forest University Health Services:		
North Carolina Coalition Initiative (NCCI): Building Capacity to Substance Free Communities		
Total N.C. Department of Health and Human Services		
<u>N.C. Office of Juvenile Justice</u>		
Department of Juvenile Justice and Delinquency Prevention: Juvenile Crime Prevention Program		
<u>N.C. Department of Public Instruction</u>		
Public School Building Capital Fund-Lottery		
<u>N.C. Department of Transportation</u>		
Rural Operating Assistance Program:		
Elderly and Disabled Transportation Assistance Program		DOT-16-CL
Rural General Public Program		DOT-16-CL
Work First/Employment		DOT-16-CL
Total N.C. Department of Transportation		
<u>N.C. Department of Veteran's Affairs</u>		
Veteran's Services		
<u>N.C. General Assembly</u>		
Passed through the Office of Information Technology Services:		
N.C. 911 Board:		
E-911 Consolidated and End of Life Replacement/Relocate Consolidation and Individual PSAP Enhancement/Replacement Project		G-2015-003
Total Federal and State Awards		

<u>Federal (Direct and Pass-Through) Expenditures</u>	<u>State Expenditures</u>	<u>Passed Through to Subrecipients</u>
\$ -	\$ 34,671	\$ -
-	1,395,936	-
-	330,550	330,550
-	163,183	163,183
-	65,224	65,224
-	59,544	59,544
-	13,358	-
-	138,126	124,768
-	2,288	-
-	1,883,003	-
<u>\$ 66,803,887</u>	<u>\$ 36,445,147</u>	<u>\$ 1,181,534</u>

HAYWOOD COUNTY, NORTH CAROLINA

Schedule of Expenditures of Federal and State Awards (Continued)

For the Year Ended June 30, 2016

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

NOTE A - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal and State awards ("SEFSA") includes the federal and State grant activity of Haywood County under the programs of the federal government and the State of North Carolina for the year ended June 30, 2016. The information in this SEFSA is presented in accordance with the requirements of Title 2 US Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* ("Uniform Guidance") and the State Single Audit Implementation Act. Because the SEFSA presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, changes in net position or cash flows of the County.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported in the SEFSA are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursements. Pass-through entity identifying numbers are presented where available.

NOTE C - INDIRECT COSTS

Haywood County has elected not to use the 10-percent de minimis indirect cost rate allowed by the Uniform Guidance.

NOTE D - CLUSTERS

The following are clustered by the North Carolina Department of Health and Human Services and are treated separately for State audit requirement purposes:

Foster Care and Adoption

NOTE E - REFUNDS

Certain expenditures that are shown as negative amounts represent refunds received for the respective programs.

HAYWOOD COUNTY, NORTH CAROLINA

Schedule of Findings and Questioned Costs

For the Fiscal Year Ended June 30, 2016

Section I—Summary of Auditors' Results

Financial Statements

Type of auditors' report issued on whether the financial statements audited were prepared in accordance with GAAP: unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ yes X no
- Significant deficiency(ies) identified? _____ yes X none reported

Non-compliance material to financial statements noted? _____ yes X no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? X yes _____ no
- Significant deficiency(ies) identified? _____ yes X none reported

Type of auditors' report issued on compliance for major federal programs: unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _____ X yes _____ no

Identification of major federal programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
93.778	Medical Assistance Program

Dollar threshold used to distinguish between Type A and Type B programs: \$ 2,004,117

Auditee qualified as low-risk auditee? _____ yes X no

State Awards

Internal control over major State programs:

- Material weakness(es) identified? X yes _____ no
- Significant deficiency(ies) identified? _____ yes X none reported

(continued)

HAYWOOD COUNTY, NORTH CAROLINA

Schedule of Findings and Questioned Costs

For the Fiscal Year Ended June 30, 2016

Section I—Summary of Auditors' Results, Continued

Type of auditors' report issued on compliance for major State programs: unmodified

Any audit findings disclosed that are required
required to be reported in accordance
with the State Single Audit Implementation
Act?

 X yes

 no

Identification of major State programs:

Program Names

Medical Assistance Program

E-911 Consolidated and End of Life Replacement/Relocation

Consolidation and Individual PSAP Enhancement/Replacement Project

Section II—Financial Statement Findings

None reported.

Section III—Federal Award Findings and Questioned Costs

Finding 2016-001: Medical Assistance Program

Federal Program: Medical Assistance Program (CFDA No. 93.778)

U.S. Department of Health and Human Services

N.C. Department of Health and Human Services

MATERIAL WEAKNESS
MATERIAL NONCOMPLIANCE

Eligibility

Criteria:

The case records of clients evaluated for eligibility must contain documentation that the client's income was verified and a budget that has been computed correctly to support their eligibility. For Adult Medicaid cases, the case records must also contain documentation that financial resources were verified and determined to be countable or non-countable correctly. Additionally, Medicaid for the Disabled case records must include documentation the client is disabled.

HAYWOOD COUNTY, NORTH CAROLINA

Schedule of Findings and Questioned Costs

For the Fiscal Year Ended June 30, 2016

Section III-Federal Award Findings and Questioned Costs, Continued

Condition:	<p>For two case records that were reviewed, the clients' countable income was calculated incorrectly. However, the clients would still have been eligible for benefits had the correct countable income been used.</p> <p>For one case record that was reviewed, the case record contained no documentation that a financial resource verification was performed at the time of the client's application.</p> <p>For one case record that was reviewed, the client was deemed by the Social Security Administration to no longer be disabled and therefore, the client was ineligible to receive Medicaid for the Disabled benefits. However, the client's benefits were not terminated in a timely manner.</p>
Effect:	<p>Clients may not receive the appropriate medical assistance benefits that they are eligible for. Further, medical assistance benefits could be paid to an ineligible client due to an incorrect eligibility determination.</p>
Questioned Costs:	<p>Known questioned costs are \$41,019. However, if tests were extended to the entire population, questioned costs could be significant to the program.</p>
Context:	<p>A sample of 100 cases were examined from a population of 6,187 cases. There were two cases in which clients received benefits inappropriately.</p>
Repeat Finding:	<p>This is a repeat finding from the fiscal year 2015 audit, 2015-001.</p>
Recommendation:	<p>We recommend that adequate policy and procedures be implemented to train employees on how to properly determine eligibility and on how to properly document the eligibility determination. Further, the County should review and revise its policy and procedures related to the monitoring of eligibility determinations.</p>
Views of Responsible Officials and Planned Corrective Actions:	<p>See Corrective Action Plan.</p>

Section IV-State Award Findings and Questioned Costs

See finding 2016-001 in Section III.

HAYWOOD COUNTY, NORTH CAROLINA

Corrective Action Plan

For the Fiscal Year Ended June 30, 2016

Section II-Financial Statement Findings

None reported.

Section III-Federal Award Findings and Questioned Costs

Finding 2016-001: Medical Assistance Program

Federal Program: Medical Assistance Program (CFDA No. 93.778)
U.S. Department of Health and Human Services
N.C. Department of Health and Human Services

MATERIAL WEAKNESS
MATERIAL NONCOMPLIANCE

Eligibility

Name of Contact Person: Teresa Allison, Economic Services Division Director

Corrective Action: Haywood County HHS is recommending the following to achieve compliance:

- Income Maintenance Caseworkers will receive additional training on proper verification sources for verifying income used to determine eligibility.
- Even though a budget is calculated in NCFAST, a manual budget will continue to be a mandatory document for the case record emphasizing the importance of having a manual budget for cases where eligibility is forced in NCFAST.
- Further training will be provided to IMCs on how to correctly document the income used in the determination of eligibility and how the income was verified.
- Additional training to Adult Medicaid workers on Adult Medicaid Manual Section 2230, reviewing resource policy rules, verification procedures and how to document in NCFAST. Administrative Letter 03-14 which explains the use of the Asset Verification System will also be reviewed.
- One approved application/recertification will be reviewed per caseworker per month by a supervisor/lead worker. These cases will be randomly selected from a data warehouse query or NCFAST report.
- Supervisors will monitor case review data monthly to determine areas of weakness and to determine if job performance issues exist.
- Feedback will be shared monthly with staff regarding issues found in case reviews.

HAYWOOD COUNTY, NORTH CAROLINA

Corrective Action Plan

For the Fiscal Year Ended June 30, 2016

Section III-Federal Award Findings and Questioned Costs, Continued

Corrective Action (Continued):

- HHSA recognizes that IMCs caseloads are currently high and feel some errors are due to heavy workloads. Two additional FTEs are being considered in the upcoming budget for fiscal year 2017-2018.
- Turnover has been higher than usual in 2016, resulting in multiple vacancies. HHSA will work with the local community college on a pre-hire training program in order to recruit staff that is best suited for the demands of the position.

Proposed Completion Date: Training will be completed by January 31, 2017.

Section IV-State Award Findings and Questioned Costs

See finding 2016-001 in Section III.

HAYWOOD COUNTY, NORTH CAROLINA

Summary Schedule of Prior Year Audit Findings

For the Fiscal Year Ended June 30, 2016

Finding 2015-001

Status: Finding is repeated in the current year as Finding 2016-001.

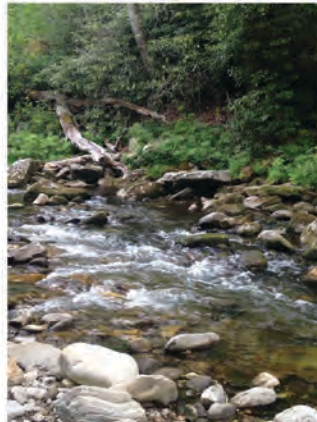
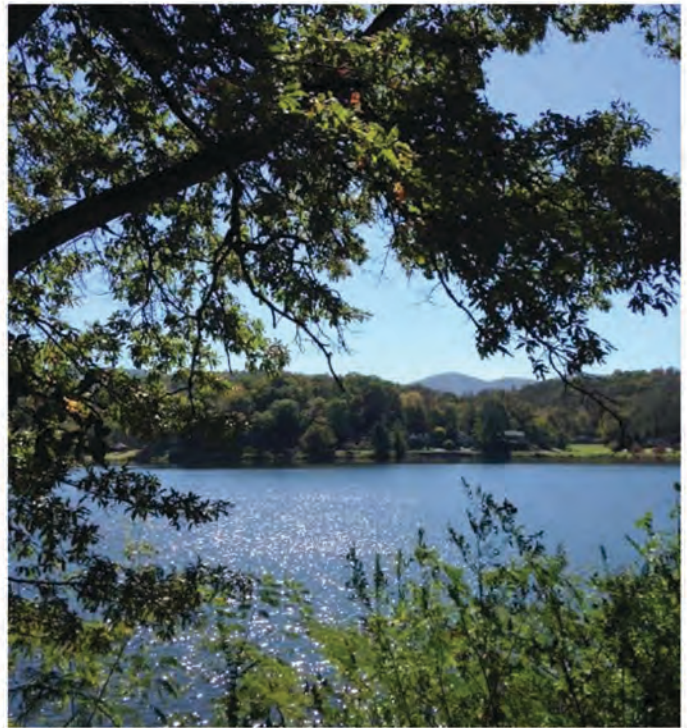
Finding 2015-002

Status: Corrective action plan has been implemented.

COMPREHENSIVE ANNUAL

FINANCIAL REPORT

Haywood County, North Carolina



2016

COVER PHOTOS COURTESY OF DONNA CORPENING
DESIGN BY JOSH CRAWFORD