

COMPREHENSIVE ANNUAL

FINANCIAL REPORT

2017



FOR THE FISCAL YEAR ENDED

June 30, 2017

Haywood County, North Carolina

HAYWOOD COUNTY, NORTH CAROLINA

Waynesville, North Carolina

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2017



Prepared by: Finance Department

Finance Director: Julie H. Davis, CPA



HAYWOOD COUNTY, NORTH CAROLINA

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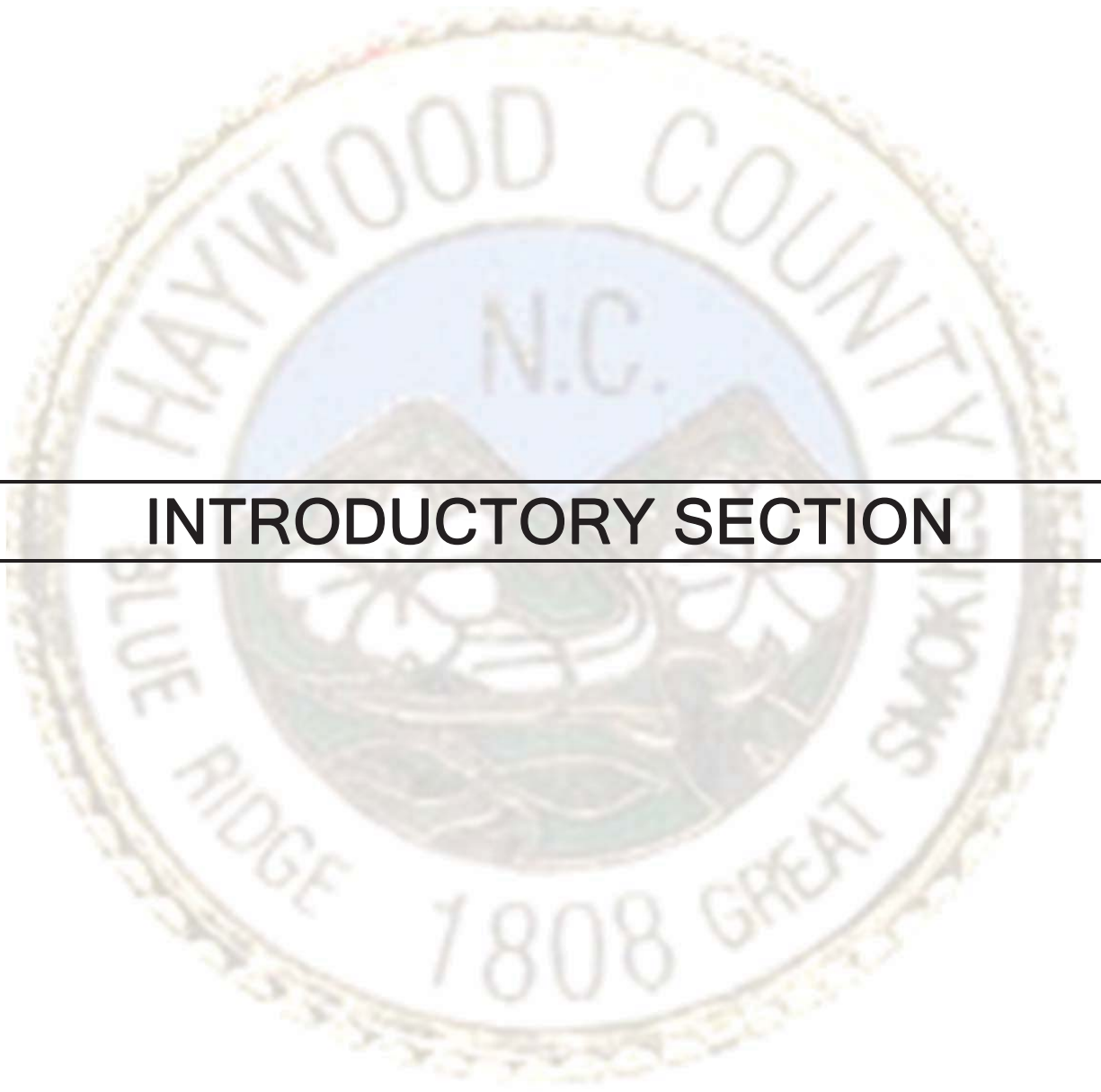
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INTRODUCTORY SECTION



November 17, 2017

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, 2017. 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 Gould Killian CPA Group, P.A., 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, 2017, 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 61,623. 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 (2017) reflected a 2% reduction, overall, from the previous revaluation completed in 2011. Land values declined throughout the county, while single family homes in the Town of Waynesville increased in values and the Town of Maggie Valley's homes decreased in value. Since July 2014, generally, homes have been reselling within 2-3% of the tax values. Tourism continues to climb, generating \$37.76 million in payroll in 2016, an increase of 5.6% over the prior year, with a 6.6% increase



in tourism related expenditures from 2015 to 2016. 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 3.7%, a decrease from 5.2% at June 30, 2016, was below the state rate of 4.2%, as well as below the national rate of 4.5% at June 30, 2017.
- Residential construction continues, though reflecting a 2.1% decrease in value of new construction over the prior year's new projects, while the number of new units added increased 7.4%.
- The number of commercial building permits obtained during the fiscal year ended June 30, 2017 increased 17%, while the value of that construction increased 21% compared to the last fiscal year.
- The population of the County increased steadily over the past decade, with 2017 reflecting a 6.29% increase from 2008, while the per capita income reflected a 14.67% increase for the last year that information was available compared to 2008, eight years back.

Evergreen Packaging, formerly Blue Ridge Paper, continues to be the largest taxpayer in the County, with 2.44% of the County's total assessed valuation. Duke Progress Energy owns 1.34%, and Haywood Electric Membership Corporation owns 1.09% of assessed valuation. While no other taxpayer owns more than 1.00%, one company, Haywood Regional Medical Center - A Duke LifePoint Hospital, owns .77% of the total valuation. The County is extremely fortunate to have such excellent corporate citizens; however, efforts to broaden the tax base continue.

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. By the end of 2017 the Mauney Cove convenience center site will be completed. The Crabtree convenience center site will be closed and relocated to a safer and more suitable site by the end of next year. 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 starting with fiscal year 2014. 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 Environmental Quality.

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. In addition, the Commissioners have been appropriating funding to economic development projects within each annual budget, using the sales tax revenues restricted by the state for this purpose, as well as additional sales tax revenues.

Last year, 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 was successful in bringing a large company to the area. The Canton corridor has sufficient land and accessibility to the interstate to attract job creating businesses, which has caused it to be a specific area targeted for economic development within the county.

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 and a Public Training facility at the community college.

To address other current needs, and as current debt service declines or is paid off, other projects have been considered. Just recently completed is a new Public Training Facility at the community college 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 on a parcel of land already owned by the county and is expected to be completed this summer. Two years ago, 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. Construction began last fall and is expected to be completed by the end of the 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 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 \$2,310,714 as of June 30, 2017.

The County Commission continued to demonstrate its commitment to quality education in Haywood County schools by spending \$15.1 million for current expense and \$675,000 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 has been 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 this 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, 2016. 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 Gould Killian CPA Group, P.A. 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.

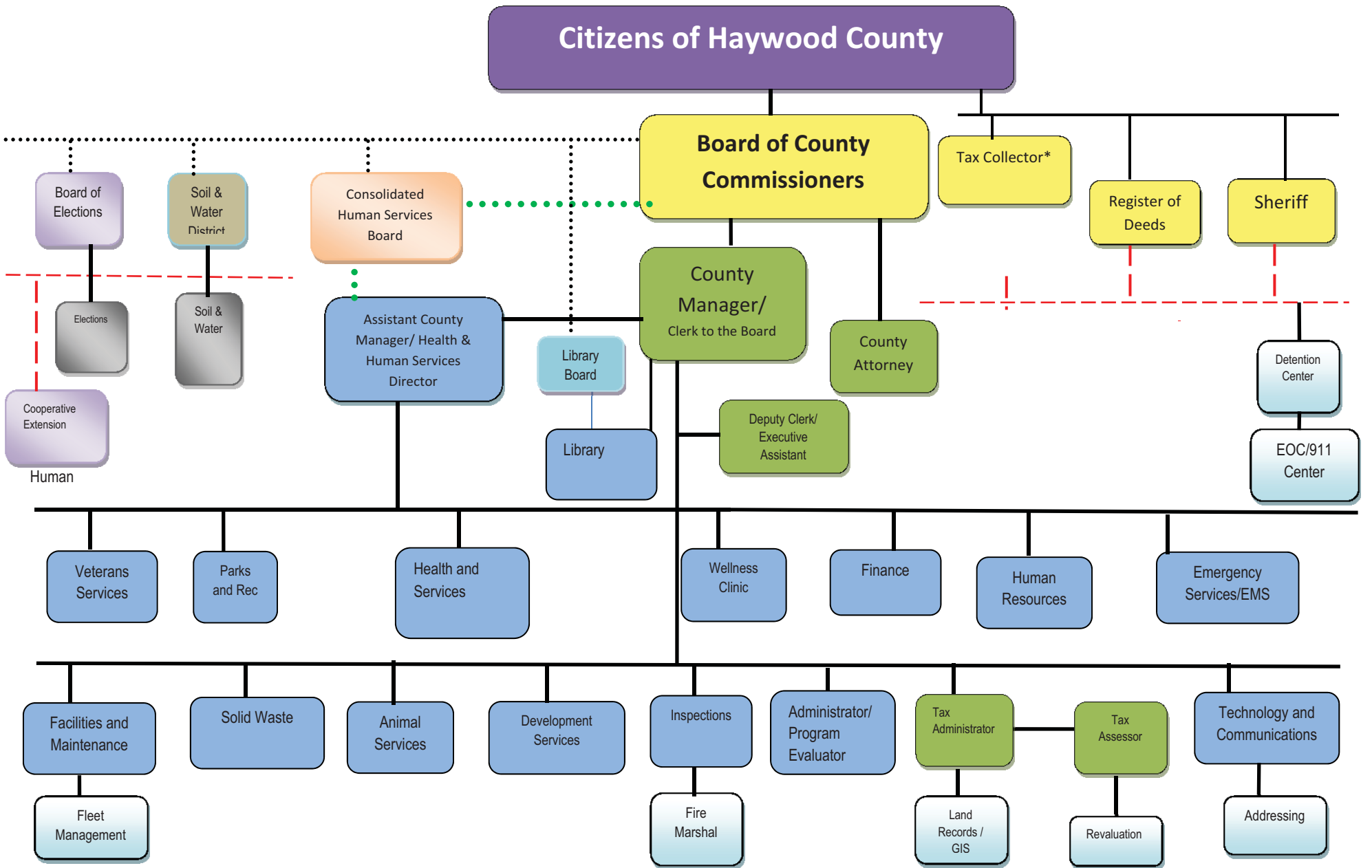
Respectfully submitted,

A handwritten signature in blue ink, appearing to read "J.W. Kirkpatrick, III".

J.W. Kirkpatrick, III
Chairman
Board of County Commissioners

A handwritten signature in blue ink, appearing to read "Julie H. Davis".

Julie H. Davis
Finance Director



Yellow box: Indicates Elected Official

Tan box: Indicates Board under Statutory Authority

Purple box: Indicates Appointment by State

Brown box: Independent Board: 2 members-State appt./3 members-Elected

Light blue box: Indicates Advisory Board

Green box: Direct Report to County Manager

Blue box: Indicates Direct Report to County Manager

Grey box: Indicates Appointment by Independent Board of Directors

Light blue box: Indicates Direct Report to Department Director

..... Indicates various appointment of Members to Boards by BOCC

Red dashed line: Indicates coordination with County Manager for Budgetary Consideration

*County Manager Appointing Authority for staff

HAYWOOD COUNTY, NORTH CAROLINA

List of Principal Officials

As of June 30, 2017

Board of County Commissioners

J. W. "Kirk" Kirkpatrick, III, Chairman
Bill L. Upton, Vice Chairman
L. Kevin Ensley, Commissioner
Michael T. Sorrells, Commissioner
Brandon C. Rogers, Commissioner

County Officials

Ira Dove, County Manager
Julie H. Davis, CPA, Finance Director
Judy Hickman, 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

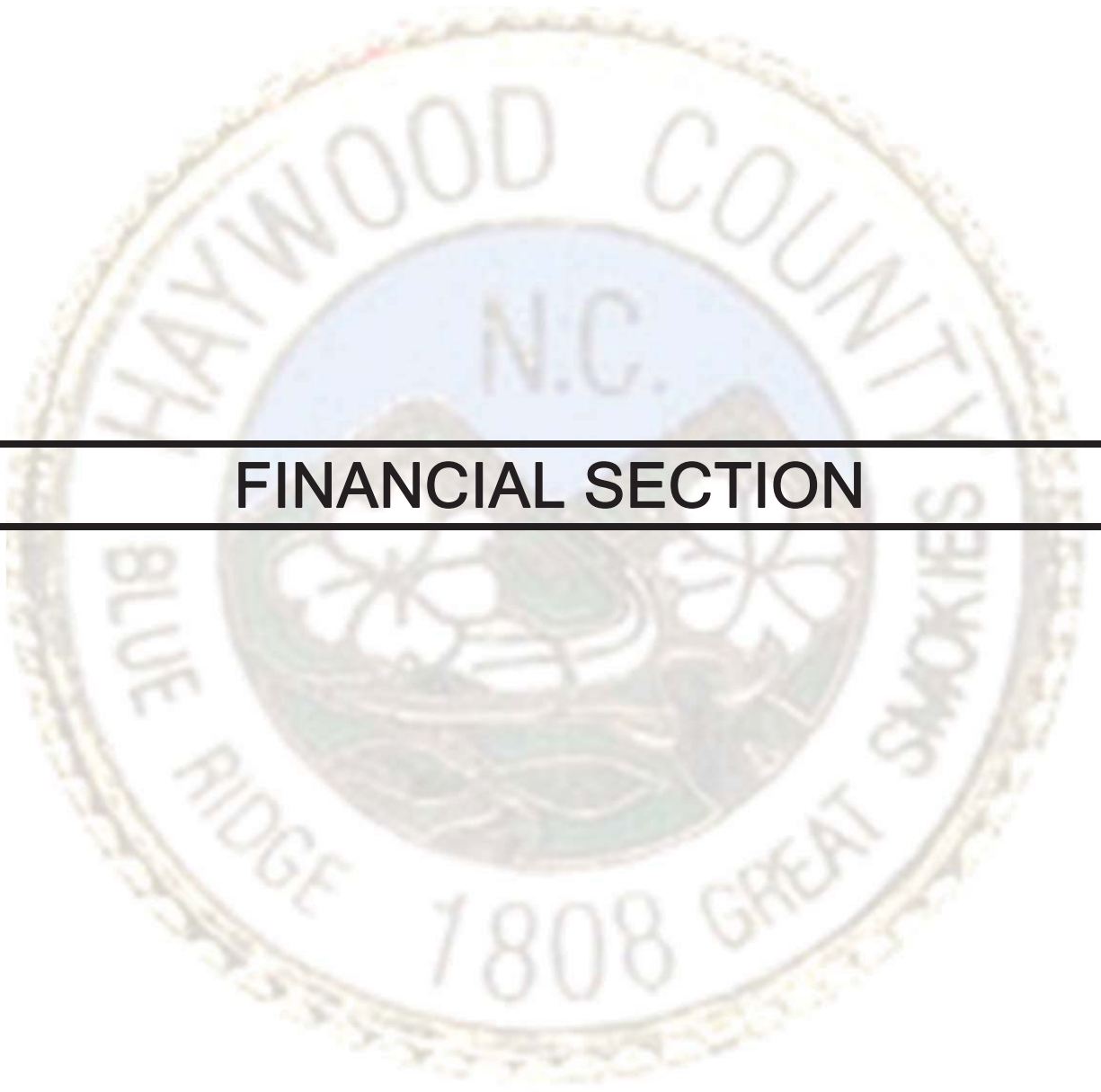
Presented to

Haywood County
North Carolina

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2016

Executive Director/CEO



FINANCIAL SECTION



Independent Auditors' Report

Board of 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, as of and for the year ended June 30, 2017, 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 risk 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, 2017, and the respective changes in financial position 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4-12, the Law Enforcement Officers' Special Separation Allowance Schedules of Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll on page 63, the Other Postemployment Benefits' Schedules of Funding Progress and Employer Contributions on page 64, the Local Government Employees' Retirement System Schedules of the County's Proportionate Share of Net Pension Liability (Asset) and County Contributions on pages 65-66, and the Register of Deeds' Supplemental Pension Fund Schedules of the County's Proportionate Share of the Net Pension Liability (Asset) and County Contributions on pages 67-68, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

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

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

and other schedules are fairly stated, in all material respects, in relation to the basic financial statements 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 November 17, 2017, on our consideration of Haywood County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of the report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* in considering Haywood County's internal control over financial reporting and compliance.

Donald Killian CPA Group, P.A.

Asheville, North Carolina
November 17, 2017

HAYWOOD COUNTY, NORTH CAROLINA

Management's Discussion and Analysis

June 30, 2017

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, 2017. 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.

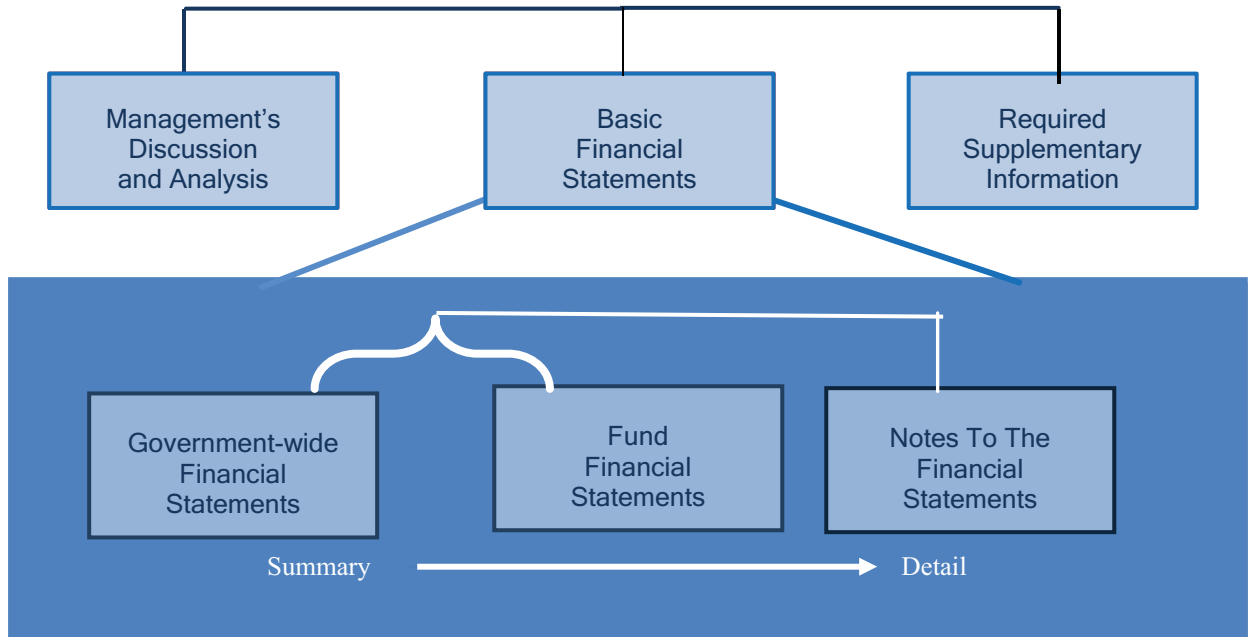
Financial Highlights

- 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 \$47,099,957 (*net position*).
- The government's total net position increased by \$7,005,931, primarily due to an increase in sales tax revenues and deed stamp revenue coming in over estimates.
- As of the close of the current fiscal year, Haywood County's governmental funds reported combined ending fund balances of \$40,529,784, a 12% 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 47.3% of this total amount, or \$19,170,987, is available for spending at the government's discretion.
- At the end of the current fiscal year, available fund balance for the General Fund was \$24,475,082 or 31.9% of total General Fund expenditures and transfers for the fiscal year.
- Haywood County's total debt decreased by \$2,947,687 (5.3%) during the current fiscal year.
- 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 10) 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 and the Solid Waste Management Special Revenue fund, both of which are considered to be major funds. Data from the other eleven 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 five 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 25 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 63 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 \$47,099,957 as of June 30, 2017. The County's net position increased by \$7,005,931 for the fiscal year ended June 30, 2017. One of the largest portions (108%) 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 (16%) represents resources that are subject to external restrictions on how they may be used. The balance of negative unrestricted net position (deficit) of (\$11,305,797) 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.

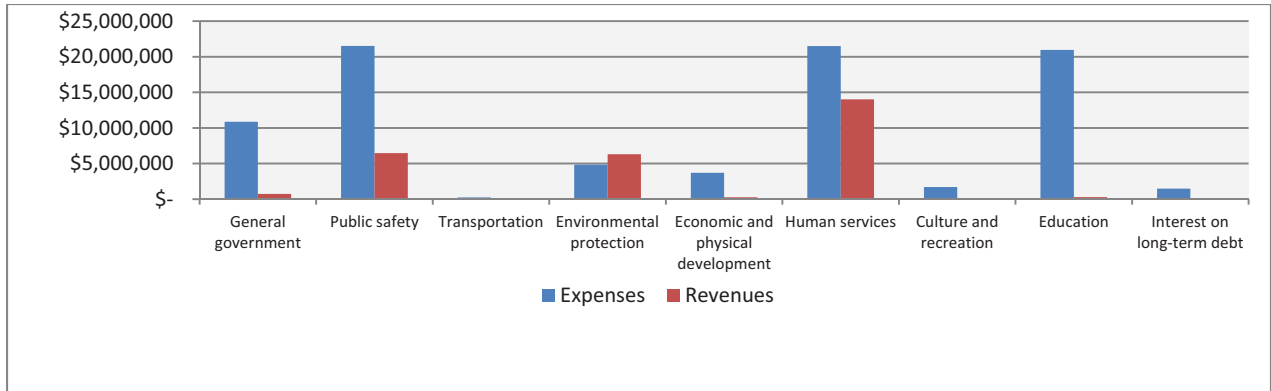
Haywood County's Net Position
Figure 2

	<u>Governmental Activities</u>	
	2017	Restated 2016
Assets:		
Current and other assets	\$ 49,611,305	\$ 46,244,667
Capital assets	<u>76,015,719</u>	<u>74,044,451</u>
Total assets	<u>125,627,024</u>	<u>120,289,118</u>
Deferred outflows of resources	<u>6,888,260</u>	<u>2,039,744</u>
Liabilities:		
Long-term liabilities outstanding	79,404,366	74,868,919
Other liabilities	<u>5,075,916</u>	<u>5,743,490</u>
Total liabilities	<u>84,480,282</u>	<u>80,612,409</u>
Deferred inflows of resources	<u>935,045</u>	<u>1,622,427</u>
Net position:		
Net investment in capital assets	50,994,377	47,549,405
Restricted	7,411,377	12,314,559
Unrestricted (deficit)	<u>(11,305,797)</u>	<u>(19,769,938)</u>
Total net position	<u>\$ 47,099,957</u>	<u>\$ 40,094,026</u>

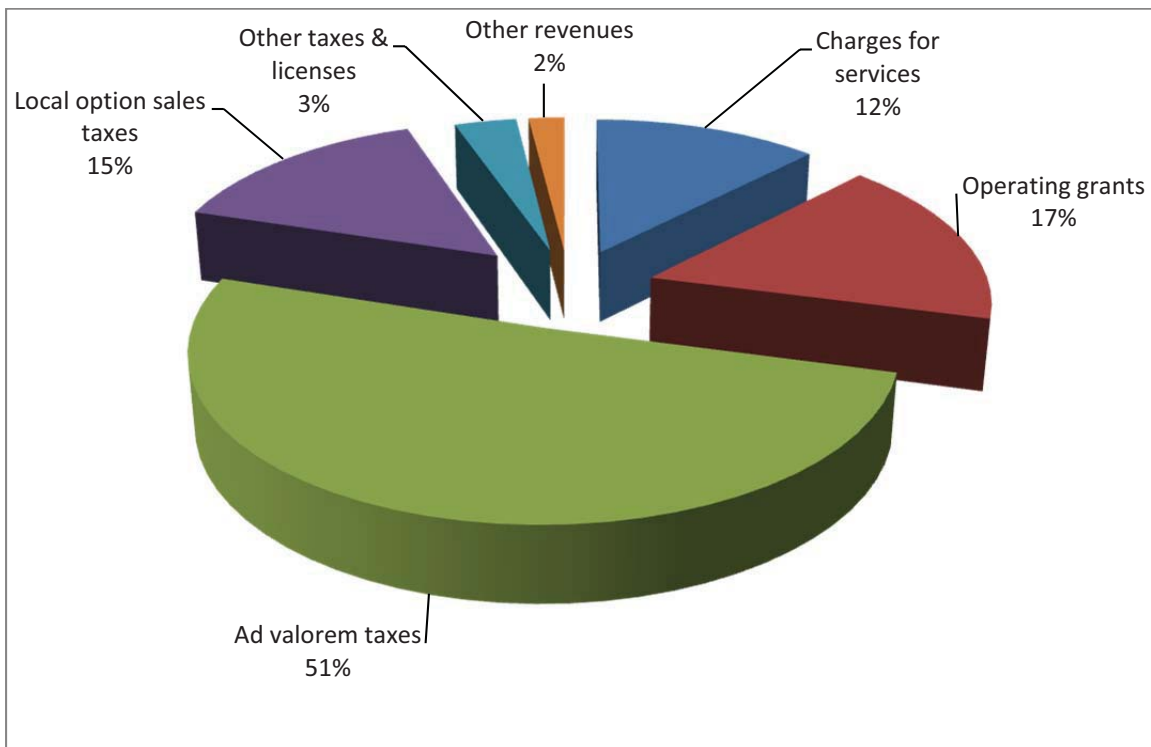
Haywood County's Changes in Net Position
Figure 3

	<u>Governmental Activities</u>	
	<u>2017</u>	<u>Restated 2016</u>
Revenues:		
Program revenues:		
Charges for services	\$ 11,546,124	\$ 9,868,547
Operating grants and contributions	15,742,459	14,449,938
Capital grants and contributions	1,094,402	1,815,055
General revenues:		
Property taxes	47,655,377	47,317,943
Other taxes	17,052,773	16,212,537
Grants and contributions no restricted to specific programs	247,061	367,475
Other	<u>500,953</u>	<u>179,296</u>
Total revenues	<u>93,839,149</u>	<u>90,210,791</u>
Expenses:		
General government	10,884,208	10,500,731
Public safety	21,528,865	19,259,761
Transportation	234,749	191,345
Environmental protection	4,840,792	5,127,244
Economic and physical development	3,704,804	3,484,859
Human services	21,513,292	20,111,298
Culture and recreation	1,700,150	1,562,935
Education	20,957,395	19,118,901
Interest on long-term debt	<u>1,468,963</u>	<u>1,527,931</u>
Total expenses	<u>86,833,218</u>	<u>80,885,005</u>
Increase in net position	7,005,931	9,325,786
Net position, July 1	40,094,026	31,253,325
Adjustment	<u>-</u>	<u>(485,085)</u>
Net position, June 30	<u>\$ 47,099,957</u>	<u>\$ 40,094,026</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 \$24,475,082, while total fund balance reached \$30,807,074. This was particularly attributable to the 3% increase in sales tax, Occupancy tax, and deed stamp tax revenues collected this year, along with a concerted effort by the Commissioners and administration to increase the fund balance. The Governing Body of Haywood County 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 31.9% of General Fund expenditures, while total fund balance represents 40.1% 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, \$5,816,774, 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, 2017, the governmental funds of Haywood County reported a combined fund balance of \$40,529,784, a 12.3% 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 \$2,149,617, 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, 2017, total \$76,015,719 (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:

- Began construction of the county animal services facility.
- Completed construction of an EMS/Emergency Management Base.
- Completed construction of a new, grant funded E-911 base, including consolidation of operations.
- Purchased new security upgrades for county buildings.
- Replaced the grand arched windows in the historic courthouse.

- Purchased various vehicles, vans and equipment for use in the Health and Human Services Agency, as well as the Sheriff's Office, Maintenance Garage and Detention Center.
- Purchased \$180,000 worth of capital for Emergency Medical Services, including new QRVs and computer equipment for billing.
- Began construction on one, and upgrades on another, of the Solid Waste Management convenience centers.
- Continued cap maintenance assessment measures at the closed landfill.

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

	Governmental Activities	
	2017	2016
Land	\$ 13,318,057	\$ 13,365,117
Improvements	3,156,958	3,698,486
Buildings	50,871,433	51,215,465
Equipment	2,710,058	1,559,626
Vehicles	1,337,365	1,248,150
Construction in progress	4,621,848	2,957,607
	<u>\$ 76,015,719</u>	<u>\$ 74,044,451</u>

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, 2017, Haywood County had \$18.3 million in bonded debt outstanding, all of which is backed by the full faith and credit of the County. The remaining \$34.2 million in installment notes payable are secured by the related assets purchased or constructed.

**Haywood County's Outstanding Debt
General Obligation
Figure 5**

	Governmental Activities	
	2017	2016
General obligation bonds, net	\$ 18,310,816	\$ 20,491,072
Notes payable	34,166,772	34,934,203
	<u>\$ 52,477,588</u>	<u>\$ 55,425,275</u>

Haywood County's total debt decreased by \$2,947,687 (5.3%) during the current fiscal year. This is mainly due to paying down loans through debt service.

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 \$552,391,077.

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 3.7%, a decrease from 5.2% at June 30, 2016, was below the state unemployment rate of 4.2%, as well as below the national rate of 4.5% at June 30, 2017.
- New residential construction continues, though reflecting a 2.1% decrease in value of new construction over the prior year's new projects, while the number of new units added increased 7.4%
- Property values for commercial construction increased 21% from 2016 amounts.
- Sales taxes received by the county reflect an increase of 5.5% from 2016 amounts.

Budget Highlights for the Fiscal Year Ending June 30, 2018

Governmental Funds – Budgeted revenues in the General Fund reflect an increase in local sales tax revenues as well as an increase in other taxes related to tourism and real estate transactions as the local economy appears to be recovering. The County completed a revaluation of property values in the 2016-2017 fiscal year that are reflected in the 2017-2018 budget. Total property values for budgeting purposes, which included the reductions for land use, senior citizen exemptions and historic exemptions, decreased in the current revaluation cycle by approximately 2.%. The tax rate of 58.5 cents per \$100 value, an increase of 1.89 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.

The sales tax revenue for Haywood County has averaged an increase of over 6% over the past five years. While the 2016-2017 fiscal year generated a 3% increase. The budget for next year (2017-2018) reflects an estimated 6.7% increase over the prior year's budget, and a 5.5% increase over the actual amount collected through June 30, 2017. 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 2017-2018 fiscal year budget. Two years ago, 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, 2017

	Primary Government	Component Unit
	Governmental Activities	Haywood County Tourism Development Authority
ASSETS		
Cash and cash equivalents	\$ 36,688,050	\$ 419,773
Restricted cash	3,199,675	168,096
Receivables (net)	4,122,442	297,456
Due from other governments	5,290,705	-
Prepays	19,076	10,189
Inventories	152,276	-
Net pension asset - restricted	139,081	-
Capital assets:		
Land and construction in progress	17,939,905	-
Other capital assets, net of depreciation	58,075,814	15,873
Capital assets, net	76,015,719	15,873
Total assets	125,627,024	911,387
DEFERRED OUTFLOWS OF RESOURCES	6,888,260	-
LIABILITIES		
Accounts payable and accrued expenses	4,526,610	73,606
Accrued interest payable	549,306	-
Long-term liabilities:		
Net pension liability - LGERS	7,332,455	-
Net pension liability - LEOSSA	1,209,014	-
Due within one year	7,976,165	-
Due in more than one year	62,886,732	-
Total liabilities	84,480,282	73,606
DEFERRED INFLOWS OF RESOURCES	935,045	-
NET POSITION		
Net investment in capital assets	50,994,377	15,873
Restricted for:		
Stabilization by State Statute	6,867,351	297,456
Pension	139,081	-
Public safety	404,945	-
Economic development	-	168,096
Unrestricted (deficit)	(11,305,797)	356,356
Total net position	\$ 47,099,957	\$ 837,781

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

HAYWOOD COUNTY, NORTH CAROLINA

Statement of Activities
For the year ended June 30, 2017

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities	Haywood County Tourism Development Authority
Governmental Activities:						
General government	\$ 10,884,208	\$ 442,819	\$ 289,800	\$ -	\$ (10,151,589)	\$ -
Public safety	21,528,865	4,096,353	1,581,446	796,632	(15,054,434)	-
Transportation	234,749	-	140,815	-	(93,934)	-
Environmental protection	4,840,792	6,198,836	122,556	-	1,480,600	-
Economic and physical development	3,704,804	214,844	54,674	-	(3,435,286)	-
Human services	21,513,292	574,203	13,445,545	-	(7,493,544)	-
Culture and recreation	1,700,150	19,069	107,623	-	(1,573,458)	-
Education	20,957,395	-	-	297,770	(20,659,625)	-
Interest on long-term debt	1,468,963	-	-	-	(1,468,963)	-
Total governmental activities	<u>\$ 86,833,218</u>	<u>\$ 11,546,124</u>	<u>\$ 15,742,459</u>	<u>\$ 1,094,402</u>	<u>(58,450,233)</u>	<u>-</u>
Component unit						
Haywood County Tourism Development Authority	<u>\$ 1,303,317</u>	<u>\$ 23,951</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>(1,279,366)</u>
General revenues:						
Taxes:						
Property taxes, levied for general purpose					47,655,377	-
Local option sales tax					13,870,765	-
Other taxes and licenses					3,182,008	1,427,434
Grants and contributions not restricted to specific programs					247,061	-
Investment earnings, unrestricted					271,759	-
Miscellaneous, unrestricted					229,194	-
Total general revenues					<u>65,456,164</u>	<u>1,427,434</u>
Changes in net position					<u>7,005,931</u>	<u>148,068</u>
Net position, beginning, as previously stated					40,579,111	689,713
Prior period adjustment (Note 10)					(485,085)	-
Net position, beginning, as restated					<u>40,094,026</u>	<u>689,713</u>
Net position, end of year					<u>\$ 47,099,957</u>	<u>\$ 837,781</u>

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

HAYWOOD COUNTY, NORTH CAROLINA

Balance Sheet
Governmental Funds
June 30, 2017

	<u>General Fund</u>	<u>Solid Waste Management Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets				
Cash and investments	\$ 28,099,398	\$ 5,846,577	\$ 1,712,020	\$ 35,657,995
Restricted cash and investments	401,519	-	2,798,156	3,199,675
Accounts receivable, net	682,953	-	-	682,953
Ad valorem taxes receivable, net	1,537,624	-	134,480	1,672,104
Other tax receivable	544,122	-	-	544,122
Due from other governments	5,202,723	59,505	28,477	5,290,705
Solid waste fee receivable	-	573,217	-	573,217
Other receivables	364,506	35,512	-	400,018
Prepays	9,076	-	-	9,076
Inventories	152,276	-	-	152,276
Total assets	<u>\$ 36,994,197</u>	<u>\$ 6,514,811</u>	<u>\$ 4,673,133</u>	<u>\$ 48,182,141</u>
Liabilities				
Accounts payable and accrued expenses	<u>\$ 3,380,595</u>	<u>\$ 123,748</u>	<u>\$ 632,717</u>	<u>\$ 4,137,060</u>
Deferred inflows of resources	<u>2,806,528</u>	<u>574,289</u>	<u>134,480</u>	<u>3,515,297</u>
Fund balances				
Nonspendable:				
Prepays	9,076	-	-	9,076
Inventories	152,276	-	-	152,276
Restricted:				
Stabilization by State statute	6,170,640	668,234	28,477	6,867,351
Sheriff's department	57,512	-	-	57,512
Public school capital projects	801,890	-	-	801,890
Public safety	-	-	2,210,036	2,210,036
E-911	-	-	286,325	286,325
Community college	-	-	363,247	363,247
Title III projects	61,108	-	-	61,108
Committed:				
Community college capital	1,767,624	-	-	1,767,624
Solid waste management	-	5,148,540	-	5,148,540
Public school capital projects	40,844	-	14,995	55,839
Capital projects	-	-	1,002,856	1,002,856
Assigned:				
Subsequent year's expenditures	2,528,215	-	-	2,528,215
LEO special separation allowance	46,902	-	-	46,902
Unassigned	<u>19,170,987</u>	<u>-</u>	<u>-</u>	<u>19,170,987</u>
Total fund balances	<u>30,807,074</u>	<u>5,816,774</u>	<u>3,905,936</u>	<u>40,529,784</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 36,994,197</u>	<u>\$ 6,514,811</u>	<u>\$ 4,673,133</u>	<u>\$ 48,182,141</u>

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

HAYWOOD COUNTY, NORTH CAROLINA

Balance Sheet
Governmental Funds
June 30, 2017

Total fund balances for governmental funds	\$ 40,529,784
Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds:	
Original cost and/or donated value	121,597,480
Less accumulated depreciation	(45,581,761)
Net pension asset restricted for employees' pension is not a financial resource and therefore not reported in the governmental funds	139,081
Deferred outflows of resources are not available to satisfy current obligations in the fund statements; however, they are considered a consumption of net position that applies to a future period and are included in the statement of net position:	
Deferred charges on refundings of debt	517,424
Contributions to pension plans in the current fiscal year	1,580,454
Benefit payments and administrative costs for LEOSSA	26,104
Pension related deferrals	4,764,278
Accrued interest receivable is not available to pay current-period expenditures and therefore not recognized as revenue in the fund statements.	84,823
Deferred inflows of resources are not available to satisfy current obligations in the fund statements: however, they are considered economic resources and recognized as revenue in the government-wide statements.	
Taxes, fees, and notes receivable	2,868,985
Pension deferrals	(288,733)
The internal service fund is used by management to allocate self-insurance costs to individual funds and departments. The assets and liabilities are included in governmental activities in the statement of net position.	815,710
Liabilities that, because they are not due and payable in the current period, do not require current resources to pay and are therefore not reported in the fund statements:	
General obligation bonds and bond premiums	(18,310,816)
Notes payable	(34,166,772)
Pollution remediation obligation	(2,310,714)
Compensated absences	(1,938,194)
Total pension liability - LEOSSA	(1,209,014)
Net pension liability - LGERS	(7,332,455)
Net OPEB obligation	(14,136,401)
Accrued interest payable	(549,306)
Net position of governmental activities	<u>\$ 47,099,957</u>

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

HAYWOOD COUNTY, NORTH CAROLINA

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the year ended June 30, 2017

	General Fund	Solid Waste Management Fund	Other Governmental Funds	Total Governmental Funds
Revenues				
Ad valorem taxes	\$ 43,218,915	\$ -	\$ 4,474,160	\$ 47,693,075
Local option sales taxes	13,870,765	-	-	13,870,765
Other taxes and licenses	3,040,382	141,626	-	3,182,008
Unrestricted intergovernmental	457,670	-	-	457,670
Restricted intergovernmental	15,494,585	122,556	1,024,018	16,641,159
Restricted contributions	-	-	195,700	195,700
Permits and fees	423,073	6,071,887	-	6,494,960
Sales and services	4,976,516	74,650	-	5,051,166
Investment earnings	257,723	-	14,036	271,759
Miscellaneous	223,591	-	5,603	229,194
Total revenues	<u>81,963,220</u>	<u>6,410,719</u>	<u>5,713,517</u>	<u>94,087,456</u>
Expenditures				
Current:				
General government	6,033,910	-	10,000	6,043,910
Central services	3,786,008	-	-	3,786,008
Public safety	15,549,653	-	9,002,634	24,552,287
Transportation	234,749	-	-	234,749
Environmental protection	139,128	3,783,651	983,265	4,906,044
Economic and physical development	2,861,766	-	241,085	3,102,851
Human services	20,155,103	-	-	20,155,103
Cultural and recreational	1,549,609	-	-	1,549,609
Intergovernmental:				
Education	18,304,194	-	2,653,201	20,957,395
Debt service:				
Principal	6,292,431	-	-	6,292,431
Interest and fees	1,443,730	-	-	1,443,730
Total expenditures	<u>76,350,281</u>	<u>3,783,651</u>	<u>12,890,185</u>	<u>93,024,117</u>
Revenues over (under) expenditures	<u>5,612,939</u>	<u>2,627,068</u>	<u>(7,176,668)</u>	<u>1,063,339</u>
Other Financing Sources (Uses)				
Proceeds from sale of assets	15,544	-	-	15,544
Proceeds from installment loans	-	-	3,350,000	3,350,000
Transfers from (to) other funds	(439,822)	(1,429,228)	1,869,050	-
Total other financing sources (uses)	<u>(424,278)</u>	<u>(1,429,228)</u>	<u>5,219,050</u>	<u>3,365,544</u>
Net changes in fund balances	5,188,661	1,197,840	(1,957,618)	4,428,883
Fund balances, beginning of year	<u>25,618,413</u>	<u>4,618,934</u>	<u>5,863,554</u>	<u>36,100,901</u>
Fund balances, end of year	<u>\$ 30,807,074</u>	<u>\$ 5,816,774</u>	<u>\$ 3,905,936</u>	<u>\$ 40,529,784</u>

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

HAYWOOD COUNTY, NORTH CAROLINA

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the year ended June 30, 2017

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

Net change in fund balances--total governmental funds	\$ 4,428,883
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 as depreciation expense with any residual book value expensed if the asset is disposed:	
Capital outlay expenditures	6,426,926
Depreciation expense	(3,945,141)
Net book value of capital assets disposed	(510,517)
Contributions to pension plans in the current fiscal year are not included on the Statement of Activities	1,580,454
Benefit payments and administrative expenses for LEOSSA in the current fiscal year are not included on the Statement of Activities	26,104
Revenues reported in the Statement of Activities that do not provide current resources are not recorded as revenues in the fund statements:	
Net change in ad valorem taxes receivable	(37,698)
Net change in notes receivable	114,391
The issuance of long-term debt provides current financial resources, while the repayment of 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:	
Proceeds from the issuance of debt	(3,350,000)
Amortization of bond issuance premium	5,256
Amortization of deferred charges on refunding of debt	(62,294)
Repayments	6,292,431
The internal service fund is used by management to account for the activities of the County's health insurance and workers' compensation plans. The net revenue compensation. The net expense is reported with the governmental activities	(278,405)
Expenses reported in the Statement of Activities that do not require the use of current resources to pay are not recorded as expenditures in the fund statements:	
Pollution remediation obligation	(21,535)
Compensated absences	(65,656)
Pension expense - Register of Deeds	(8,130)
Pension expense - LGERS	(1,988,481)
Pension expense - LEOSSA	(110,640)
Net OPEB obligation	(1,521,822)
Accrued interest payable	<u>31,805</u>
Change in net position, governmental activities	<u>\$ 7,005,931</u>

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

HAYWOOD COUNTY, NORTH CAROLINA

*Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
General Fund*

For the year ended June 30, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
Revenues				
Ad valorem taxes	\$42,335,666	\$ 42,695,728	\$ 43,218,915	\$ 523,187
Local option sales taxes	13,709,728	13,909,728	13,870,765	(38,963)
Other taxes and licenses	2,609,835	3,287,237	3,040,382	(246,855)
Unrestricted intergovernmental	315,000	315,000	457,670	142,670
Restricted intergovernmental	14,277,776	15,012,497	15,494,585	482,088
Permits and fees	376,000	376,000	423,073	47,073
Sales and services	4,190,350	4,310,450	4,976,516	666,066
Investment earnings	50,000	50,000	257,723	207,723
Miscellaneous	142,890	216,222	223,591	7,369
Total revenues	<u>78,007,245</u>	<u>80,172,862</u>	<u>81,963,220</u>	<u>1,790,358</u>
Expenditures				
Current:				
General government	5,865,573	6,491,691	6,033,910	457,781
Central services	4,157,973	4,218,700	3,786,008	432,692
Public safety	15,510,731	16,484,544	15,549,653	934,891
Transportation	238,822	254,822	234,749	20,073
Environmental protection	154,207	158,919	139,128	19,791
Economic and physical development	2,371,139	3,160,813	2,861,766	299,047
Human services	21,364,365	22,170,098	20,155,103	2,014,995
Cultural and recreational	1,539,493	1,592,547	1,549,609	42,938
Contingency and non-departmental	914,062	3,800	-	3,800
Intergovernmental:				
Education	18,305,598	18,305,598	18,304,194	1,404
Debt service:				
Principal retirement	6,467,434	6,292,434	6,292,431	3
Interest and other charges	1,476,120	1,451,120	1,443,730	7,390
Total expenditures	<u>78,365,517</u>	<u>80,585,086</u>	<u>76,350,281</u>	<u>4,234,805</u>
Revenues over (under) expenditures	<u>(358,272)</u>	<u>(412,224)</u>	<u>5,612,939</u>	<u>6,025,163</u>
Other Financing Sources (Uses)				
Appropriated fund balance	800,000	1,284,085	-	(1,284,085)
Proceeds from sale of assets	4,500	14,249	15,544	1,295
Transfers (to) other funds	(446,228)	(886,110)	(439,822)	446,288
Total other financing sources (uses)	<u>358,272</u>	<u>412,224</u>	<u>(424,278)</u>	<u>(836,502)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	5,188,661	<u>\$ 5,188,661</u>
Fund balance, beginning of year			<u>25,618,413</u>	
Fund balance, end of year			<u>\$ 30,807,074</u>	

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

HAYWOOD COUNTY, NORTH CAROLINA

Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Solid Waste Management Fund
 For the year ended June 30, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
Revenues				
Other taxes and licenses	\$ 120,000	\$ 120,000	\$ 141,626	\$ 21,626
Restricted intergovernmental	52,000	86,650	122,556	35,906
Permits and fees	6,056,987	6,056,987	6,071,887	14,900
Sales and services	<u>20,000</u>	<u>20,000</u>	<u>74,650</u>	<u>54,650</u>
Total revenues	<u>6,248,987</u>	<u>6,283,637</u>	<u>6,410,719</u>	<u>127,082</u>
Expenditures				
Current:				
Environmental protection	<u>4,615,333</u>	<u>4,354,553</u>	<u>3,783,651</u>	<u>570,902</u>
Total expenditures	<u>4,615,333</u>	<u>4,354,553</u>	<u>3,783,651</u>	<u>570,902</u>
Revenues over expenditures	<u>1,633,654</u>	<u>1,929,084</u>	<u>2,627,068</u>	<u>697,984</u>
Other Financing Sources (Uses)				
Appropriated fund balance	-	683,561	-	(683,561)
Transfers to other funds	<u>(1,633,654)</u>	<u>(2,612,645)</u>	<u>(1,429,228)</u>	<u>1,183,417</u>
Total other financing sources (uses)	<u>(1,633,654)</u>	<u>(1,929,084)</u>	<u>(1,429,228)</u>	<u>499,856</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	1,197,840	<u>\$ 1,197,840</u>
Fund balance, beginning of year			<u>4,618,934</u>	
Fund balance, end of year			<u>\$ 5,816,774</u>	

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

HAYWOOD COUNTY, NORTH CAROLINA

Statement of Net Position
Proprietary Funds
 June 30, 2017

	Internal Service Funds
Assets	
Current assets:	
Cash and cash equivalents	\$ 1,030,055
Receivables (net)	165,205
Prepays	10,000
Total assets	1,205,260
Liabilities	
Current liabilities:	
Estimated claims payable	389,550
Net Position	
Unrestricted	\$ 815,710

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

HAYWOOD COUNTY, NORTH CAROLINA

Statement of Revenues, Expenses, and Changes in Net Position

Proprietary Funds

For the year ended June 30, 2017

	Internal Service Funds
Operating Revenues	
Internal charges for services	\$ 5,931,747
External charges for services	624,030
Total operating revenues	6,555,777
 Operating Expenses	
Claims and administration	6,834,182
 Change in net position	(278,405)
 Net position, beginning of year	1,094,115
 Net position, end of year	\$ 815,710

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

HAYWOOD COUNTY, NORTH CAROLINA

Statement of Cash Flows
Proprietary Funds
 For the year ended June 30, 2017

	Internal Service Fund
Cash flows from operating activities:	
Receipts from third-party payors and patients	\$ 6,656,109
Payments to providers	(6,743,058)
Net cash used by operating activities	(86,949)
Decrease in cash and cash equivalents	(86,949)
Cash and cash equivalents:	
Beginning of year	1,117,004
End of year	\$ 1,030,055
Reconciliation of change in net position to net cash used by operating activities:	
Change in net position	\$ (278,405)
Adjustments to reconcile change in net position to net cash used by operating activities:	
(Increase) decrease in prepaids and receivables	100,332
Increase (decrease) in accrued expenses	91,124
Net cash used by operating activities	\$ (86,949)

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

HAYWOOD COUNTY, NORTH CAROLINA

Statement of Fiduciary Net Position
June 30, 2017

	<u>Agency Funds</u>
Assets	
Cash and cash equivalents	\$ <u>280,082</u>
Liabilities	
Due to others	204,062
Due to other governments	<u>76,020</u>
	<u>\$ 280,082</u>

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

HAYWOOD COUNTY, NORTH CAROLINA

Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2017

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, 2017:

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.

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: the Emergency Telephone System Fund, the Fire Districts Fund, the Crisis Assistance Housing 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 Master Facilities Fund, the Public Schools ADM/Lottery Fund, County Building Renovations Fund, the E-911 Consolidation Fund, and the Solid Waste Projects 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 inmate deposits for commissary use; 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").

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 securities of the NCCMT Government Portfolio, a SEC-registered 2a-7 external investment pool, 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, 2016.

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 financial 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 pension related deferrals and contributions made to the pension plans in the current fiscal year.

In addition to liabilities, the statement of financial position can also report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The County has several items that meet the criterion for this category - prepaid taxes 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 School Capital Projects – portion of fund balance that is restricted by the revenue source to pay for capital expenditures for public schools in the County.
- ✓ Restricted for Public Safety – portion of fund balance that represents proceeds from the installment note payable for the construction of an animal services facility accounted for in the Master Facilities capital project fund.
- ✓ Restricted for E-911 – portion of fund balance that is restricted by the revenue source to pay for qualified E-911 programs.
- ✓ 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.

☐ 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.

- ✓ 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.

- ✓ Committed for subsequent year's expenditures – portion of the fund balance that is committed by the Board of Commissioners to cover some capital costs in the subsequent year's budget.
- ✓ Assigned for LEO Special Separation Allowance – portion of fund balance that has been assigned for future expenditures related to the LEO Special Separation Allowance.

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 Funds

A. Assets

i. 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, 2017, the County's deposits had a carrying amount of \$5,994,964 and a bank balance of \$6,873,687. Of the bank balance, \$704,980 was covered by federal depository insurance and \$6,168,707 by collateral held under the Pooling Method.

At June 30, 2017, the County had \$5,650 cash on hand.

At June 30, 2017, the TDA's deposits had a carrying amount of \$587,669 and a bank balance of \$627,460. Of the bank balance, \$311,418 was covered by federal depository insurance and \$316,042 by collateral held under the Pooling Method. The TDA had cash on hand at year-end in the amount of \$200.

ii. Investments:

As of June 30, 2017, the County had the following investments and maturities:

<u>Investment type</u>	Valuation Measurement <u>Method</u>	<u>Fair Value</u>	Maturity Less Than <u>Six Months</u>
NC Capital Management Trust - Government Portfolio	Amortized cost	\$ 3,535,317	N/A
NC Capital Management Trust - Term Portfolio	Fair Value - Level 1	<u>30,631,876</u>	<u>30,631,876</u>
Total		<u>\$ 34,167,193</u>	<u>\$ 30,631,876</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 from their purchase date.

Credit and Custodial Credit Risk:

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 Government Portfolio carried a credit rating of AAAM by Standard & Poor's as of June 30, 2017. 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 U.S. 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, 2017, the balance was \$214,062.

On June 27, 2017, the County sold real property in exchange for a note receivable in the amount of \$325,000. The agreement requires equal monthly installments of \$1,211, including principal and interest at 3.25%, beginning July 1, 2017 and maturing in full on July 1, 2022. At June 30, 2017, the balance was \$325,000.

Receivables at the government-wide level at June 30, 2017 were as follows:

	Accounts Receivable	Taxes and Related Accrued Interest	Due From Other Governments	Other	Total
Governmental activities:					
General Fund	\$ 1,030,370	\$ 2,355,032	\$ 5,202,723	\$ 908,628	\$ 9,496,753
Other governmental funds	573,217	249,318	87,982	35,512	946,029
Governmental activities only	<u>165,205</u>	<u>84,823</u>	<u>-</u>	<u>-</u>	<u>250,028</u>
Total receivables	1,768,792	2,689,173	5,290,705	944,140	10,692,810
Allowance for doubtful accounts	<u>(347,417)</u>	<u>(932,246)</u>	<u>-</u>	<u>-</u>	<u>(1,279,663)</u>
Total	<u>\$ 1,421,375</u>	<u>\$ 1,756,927</u>	<u>\$ 5,290,705</u>	<u>\$ 944,140</u>	<u>\$ 9,413,147</u>
Amounts not expected to be collected within one year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 320,974</u>	<u>\$ 320,974</u>

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

Local option sales tax	\$ 3,577,412
Long-term receivables	214,062
NC DMV tax receivable	421,635
Other	<u>1,077,596</u>
	<u>\$ 5,290,705</u>

iv. Capital Assets

Capital asset activity for the year ended June 30, 2017 was as follows:

	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Transfers</u>	<u>Ending Balance</u>
Governmental Activities:					
Capital assets not being depreciated:					
Land	\$ 13,365,117	\$ 105,447	\$ (152,507)	\$ -	\$ 13,318,057
Construction in progress	<u>2,957,607</u>	<u>3,973,790</u>	<u>-</u>	<u>(2,309,549)</u>	<u>4,621,848</u>
Total capital assets not being depreciated	<u>16,322,724</u>	<u>4,079,237</u>	<u>(152,507)</u>	<u>(2,309,549)</u>	<u>17,939,905</u>
Capital assets being depreciated:					
Improvements	18,657,872	136,128	(42,565)	256,683	19,008,118
Buildings	65,025,327	67,788	(622,531)	1,278,325	65,748,909
Equipment	11,398,100	1,538,759	(379,751)	774,541	13,331,649
Vehicles	<u>5,399,345</u>	<u>605,014</u>	<u>(435,460)</u>	<u>-</u>	<u>5,568,899</u>
Total capital assets being depreciated	<u>100,480,644</u>	<u>2,347,689</u>	<u>(1,480,307)</u>	<u>2,309,549</u>	<u>103,657,575</u>
Less accumulated depreciation for:					
Improvements	14,959,386	934,338	(42,564)	-	15,851,160
Buildings	13,809,862	1,333,222	(265,608)	-	14,877,476
Equipment	9,838,474	1,162,297	(379,180)	-	10,621,591
Vehicles	<u>4,151,195</u>	<u>515,284</u>	<u>(434,945)</u>	<u>-</u>	<u>4,231,534</u>
Total accumulated depreciation	<u>42,758,917</u>	<u>3,945,141</u>	<u>(1,122,297)</u>	<u>-</u>	<u>45,581,761</u>
Capital assets being depreciated, net	<u>57,721,727</u>				<u>58,075,814</u>
Governmental activities capital assets, net	<u>\$ 74,044,451</u>				<u>\$ 76,015,719</u>

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

General government	\$ 925,142
Public safety	1,248,497
Environmental protection	848,806
Economic and physical development	512,000
Human services	346,332
Cultural and recreational	<u>64,364</u>
Total depreciation expenses	<u>\$ 3,945,141</u>

☐ **Construction Commitments**

The County had one construction project not yet completed as of June 30, 2017. The construction contract for the Animal Services Facility, which began in this fiscal year as follows:

Project	Spent to Date	Remaining Commitment
Haywood County Animal Facilities	\$ 1,357,223	\$ 2,134,412
Total	<u>\$ 1,357,223</u>	<u>\$ 2,134,412</u>

☐ **Discretely Presented Component Unit**

Capital asset activity for the TDA for the year ended June 30, 2017 was as follows:

	Beginning Balance	Increase	Decrease	Ending Balance
Tourism Development Authority:				
Capital assets being depreciated:				
Improvements	\$ 3,223	\$ 2,353	\$ (2,560)	\$ 3,016
Equipment and furniture	<u>40,398</u>	<u>-</u>	<u>-</u>	<u>40,398</u>
Total capital assets being depreciated	<u>43,621</u>	<u>2,353</u>	<u>(2,560)</u>	<u>43,414</u>
Less accumulated depreciation for:				
Improvements	605	981	-	1,586
Equipment and furniture	<u>24,074</u>	<u>4,441</u>	<u>(2,560)</u>	<u>25,955</u>
Total accumulated depreciation	<u>24,679</u>	<u>5,422</u>	<u>(2,560)</u>	<u>27,541</u>
Capital assets, net	<u>\$ 18,942</u>	<u>\$ (3,069)</u>	<u>\$ -</u>	<u>\$ 15,873</u>

B. Deferred Outflows of Resources

Deferred outflows of resources at the government-wide level at June 30, 2017 were as follows:

Deferred charges on refunding of debt	\$ 517,424
Contributions to pension plans subsequent to measurement date (LGERS and ROD)	1,580,454
Benefit payments and admin expenses for LEOSSA subsequent to measurement date	26,104
Other pension deferrals - ROD	39,686
Other pension deferrals - LGERS	<u>4,724,592</u>
Total deferred outflows of resources	<u>\$ 6,888,260</u>

C. **Liabilities**i. **Payables:**

Payables at the government-wide level at June 30, 2017 were as follows:

	Vendors	Salaries and Benefits	Other	Total
Governmental activities:				
General fund	\$ 1,587,293	\$ 937,826	\$ 855,476	\$ 3,380,595
Solid waste management fund	121,706	2,042	-	123,748
Estimated claims payable	-	-	389,550	389,550
Other governmental funds	631,063	1,654	-	632,717
Total	<u>\$ 2,340,062</u>	<u>\$ 941,522</u>	<u>\$ 1,245,026</u>	<u>\$ 4,526,610</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, 2017, was 8.00% of compensation for law enforcement officers and 7.34% 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 \$1,573,773 for the year ended June 30, 2017.

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, 2017, the County reported a liability of \$7,332,455 for its proportionate share of the net pension liability. The net pension asset was measured as of June 30, 2016. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2015. The total pension liability was then rolled forward to the measurement date of June 30, 2016 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, 2016, the County's proportion was 0.34549%, which was an increase of .01285% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the County recognized pension expense of \$1,988,481.

At June 30, 2017, 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	\$ 137,764	\$ 256,937
Changes of assumptions	502,208	-
Net difference between projected and actual earnings on pension plan investments	4,053,924	-
Changes in proportion and difference between County contributions and proportionate share of contributions	30,696	635
County contributions subsequent to the measurement date	<u>1,573,773</u>	<u>-</u>
	<u>\$ 6,298,365</u>	<u>\$ 257,572</u>

\$1,573,773 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as an decrease of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30,	
2017	\$ 683,168
2018	683,729
2019	1,933,117
2020	1,167,006
2021	-
Thereafter	<u>-</u>
	<u>\$ 4,467,020</u>

Actuarial Assumptions. The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.50 to 7.75 percent, including inflation and productivity factor
Investment rate of return	7.25 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, 2015 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Real Rate of Return</u>
Fixed Income	29.0%	1.4%
Global Equity	42.0%	5.3%
Real Estate	8.0%	4.3%
Alternatives	8.0%	8.9%
Credit	7.0%	6.0%
Inflation Protection	6.0%	4.0%
Total	<u>100.0%</u>	

The information above is based on 30 year expectations developed with the consulting actuary for the 2016 asset, liability, and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return 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 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%)
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County's proportionate share of the net pension liability (asset)	\$ 17,403,337	\$ 7,332,455	\$ (1,079,494)
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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 under the age of 62 who have completed at least 30 years of creditable service or have attained 55 years of age and have completed five or more years of creditable service. The Separation Allowance is equal to .85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

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

Inactive members receiving benefits	5
Terminated plan members entitled to but not yet receiving benefits	-
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 are recognized when due and payable in accordance with the terms of the plan.

The Separation Allowance has no assets accumulated in a trust that meet the criteria which are outlined in GASB Statement 73.

Actuarial Assumptions:

The entry age normal actuarial cost method was used in the December 31, 2015 valuation. The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.50 to 7.35 percent, including inflation and productivity factor
Discount rate	3.86%

The discount rate used to measure the total pension liability is the weekly average of the Bond Buyer General Obligation 20-year Municipal Bond Index determined at the end of each month.

Mortality rates are based on the RP-2014 mortality tables base rates projected to the valuation date using MP-2015.

Contributions:

The County is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned on a pay-as-you-go basis through appropriations made in the General Fund operating budget. There were no contributions made by employees. The County's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administrative costs of the Separation Allowance are financed through investment earnings. The County paid \$50,746 as benefits came due for the reporting period.

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

At June 30, 2017, the County reported a total pension liability of \$1,209,014. The total pension liability was measured as of December 31, 2016 based on a December 31, 2015 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2016 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2017, the County recognized pension expense of \$110,640.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions and other inputs	-	25,094
Benefit payments and plan administrative expense made subsequent to the measurement date	26,104	-
	<u>\$ 26,104</u>	<u>\$ 25,094</u>

\$26,104 reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year

ended June 30, 2018. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2018	\$ 4,892
2019	4,892
2020	4,892
2021	4,892
2022	4,892
Thereafter	<u>634</u>
	<u>\$ 25,094</u>

\$25,373 paid as benefits came due and \$731 of administrative expenses subsequent to the measurement date are reported as deferred outflows of resources.

Sensitivity of the County's total pension liability to changes in the discount rate. The following presents the County's total pension liability calculated using the discount rate of 3.86 percent, as well as what the County's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.86 percent) or 1-percentage-point higher (4.86 percent) than the current rate:

	1% Decrease (2.86%)	Discount Rate (3.86%)	1% Increase (4.86%)
Total pension liability	\$ 1,315,721	\$ 1,209,014	\$ 1,111,425

Schedule of Changes in Total Pension Liability

Beginning balance	\$ 1,174,480
Changes for the year:	
Service cost at end of year	74,243
Interest	41,023
Change in benefit terms	-
Difference between expected and actual experience	-
Changes of assumptions and other inputs	(29,986)
Benefit payments	(50,746)
Other	-
Net changes	<u>34,534</u>
Ending balance of the total pension liability	<u>\$ 1,209,014</u>

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

The actuarial assumptions used in the December 31, 2015 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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.

The County contributed \$143,738 for law enforcement officers for the reporting year. No amounts were forfeited.

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.

The County contributed \$365,239 for general employees for the reporting year. No amounts were forfeited.

Registers of Deeds’ Supplemental Pension Fund

Plan Description. Haywood County also contributes to the Registers of Deeds’ Supplemental Pension Fund (“RODSPF”), a noncontributory, defined benefit plan administered by the North Carolina Department of State Treasurer. RODSPF provides supplemental pension benefits to any eligible county register of deeds who is retired under the 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 Register 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 \$6,681 for the year ended June 30, 2017.

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

At June 30, 2017, the County reported an asset of \$139,081 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2016. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2015. The total pension liability was then rolled forward to the measurement date of June 30, 2016 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, 2016, the County's proportion was .74391%, which was a decrease of .01269% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the County recognized pension expense of \$8,130. At June 30, 2017, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 149	\$ 1,800
Changes of assumptions	37,054	-
Net difference between projected and actual earnings on pension plan investments	238	-
Changes in proportion and difference between County contributions and proportionate share of contributions	2,245	4,267
County contributions subsequent to the measurement date	6,681	-
	<u>\$ 46,367</u>	<u>\$ 6,067</u>

\$6,681 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, 2018. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30,	
2018	\$ 12,348
2019	15,992
2020	6,832
2021	(1,553)
2022	-
Thereafter	-
	<u>\$ 33,619</u>

Actuarial Assumptions. The total pension asset in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.50 to 7.75 percent, including inflation and productivity factor
Investment rate of return	3.75 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, 2015 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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, 2016 is 1.4%.

The information above is based on 30 year expectations developed with the consulting actuary for the 2016 asset, liability, and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.05%. All rates of return and inflation are annualized.

Discount rate. The discount rate used to measure the total pension asset was 3.75%. 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 3.75 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 (2.75 percent) or 1-percentage-point higher (4.75 percent) than the current rate:

	(2.75%)	(3.75%)	(4.75%)
County's proportionate share of the net pension liability (asset)	\$ (112,144)	\$ (139,081)	\$ (161,711)

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, 2017, Haywood County made payments for post-retirement health benefit premiums of \$553,325. 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:

Retirees and dependents receiving benefits	124
Active plan members	<u>517</u>
Total	<u><u>641</u></u>

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 \$553,325 or 2.77% 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:

Annual required contribution	\$ 2,052,598
Interest on net OPEB obligation	504,583
Adjustment to annual required contribution	<u>(482,034)</u>
Annual OPEB cost	2,075,147
Contributions made	<u>(553,325)</u>
Increase in net OPEB obligation	1,521,822
Net OPEB obligation, beginning of year	<u>12,614,579</u>
Net OPEB obligation, end of year	<u>\$ 14,136,401</u>

Haywood County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2017 were as follows:

Three Year Trend Information			
For Year Ended	Annual	Percentage of	Net OPEB
June 30:	OPEB Cost	Annual OPEB Cost Contributed	Obligation
2015	\$ 2,085,322	26.9%	\$ 11,731,455
2016	2,073,569	57.4%	12,614,579
2017	2,075,147	26.7%	14,136,401

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, 2017, the amount that NC DENR had accepted was \$7.7 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.

A few of the county properties are located in Flood Zone X, which carries minimal risk of flooding. These County properties are covered for \$1 million per occurrence through our general property and liability carrier. The County carries federal flood insurance of \$500,000 on one property that has been determined to be located in Flood Zone AO. In addition to the federally funded flood insurance, the County has also purchased \$2.5 million of coverage for this property, for a total of \$3 million coverage on this property.

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>2017</u>	<u>2016</u>
Estimated claims payable, July 1	\$ 298,426	\$ 337,371
Incurred claims and changes in estimates	6,834,182	6,560,906
Claims payments	<u>(6,743,058)</u>	<u>(6,599,851)</u>
Estimated claims payable, June 30	<u>\$ 389,550</u>	<u>\$ 298,426</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, 2017, 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 assumption of a USDA loan from a local nonprofit 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%.	\$ 131,869
\$1,186,545 note assumption of a USDA loan from local nonprofit 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%.	1,020,670
\$159,018 note for new USDA loan to purchase County property from a local nonprofit. The note was entered into on November 6, 2006, requiring 40 annual installments of \$8,489, including interest at 4.375%.	137,965
\$12,500,000 note 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 of the County. The note was entered into on October 4, 2010 and requires 40 annual payments of \$608,243, including interest at 3.75%.	11,364,602

\$11,100,000 note 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%.	6,346,666
\$15,235,000 note 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%.	5,455,000
\$1,700,000 note 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%.	1,190,000
\$2,100,000 note issued for the EMS/emergency management base building project on February 10, 2016, requiring 10 annual principal payments of \$210,000, plus interest at 2.54%.	1,890,000
\$4,100,000 note 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%.	3,280,000
\$3,350,000 note issued for the animal services building project on September 13, 2016, requiring 6 semi-annual interest only payments at 1.25%. The principal balance is due in full on September 1, 2019, when it is expected to be refinanced with a 40-year USDA loan.	3,350,000
Total installment notes payable	<u>\$ 34,166,772</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>
2018	\$ 4,060,165	\$ 922,235	\$ 4,982,400
2019	2,548,198	851,453	3,399,651
2020	5,891,542	770,013	6,661,555
2021	2,525,209	688,527	3,213,736
2022	2,514,212	627,953	3,142,165
2023-2027	6,458,799	2,385,540	8,844,339
2028-2032	1,644,063	1,823,522	3,467,585
2033-2037	1,987,147	1,480,438	3,467,585
2038-2042	2,402,287	1,065,298	3,467,585
2043-2047	2,566,178	584,458	3,150,636
2048-2050	1,568,972	113,928	1,682,900
	<u>\$ 34,166,772</u>	<u>\$ 11,313,365</u>	<u>\$ 45,480,137</u>

□ General Obligation Bond 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, 2017 are comprised of the following individual issues:

\$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%. \$ 3,850,000

\$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%. 4,935,000

\$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%. 9,475,000

Total general obligation bonds payable \$ 18,260,000

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

	Principal	Interest	Total
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	1,982,000	235,173	2,217,173
2023-2027	7,978,000	527,818	8,505,818
	<u>\$ 18,260,000</u>	<u>\$ 2,153,697</u>	<u>\$ 20,413,697</u>

□ Changes in Long-Term Liabilities

A summary of changes in long-term liabilities follows:

	(As restated)			Ending	Due Within
	Beginning			Balances	One Year
	Balances	Additions	Retirements	Balances	Balances
General obligation bonds	\$ 20,435,000	\$ -	\$ 2,175,000	\$ 18,260,000	\$ 2,136,000
Premium on bonds	56,072	-	5,256	50,816	-
Notes payable	34,934,203	3,350,000	4,117,431	34,166,772	4,060,165
Pollution remediation obligation	2,289,179	21,535	-	2,310,714	-
Compensated absences	1,872,538	1,844,576	1,778,920	1,938,194	1,780,000
Total pension liability (LEOSSA)	1,174,480	34,534	-	1,209,014	-
Net pension liability (LGERS)	1,492,868	5,839,587	-	7,332,455	-
Net OPEB obligation	12,614,579	2,075,147	553,325	14,136,401	-
	<u>\$ 74,868,919</u>	<u>\$ 13,165,379</u>	<u>\$ 8,629,932</u>	<u>\$ 79,404,366</u>	<u>\$ 7,976,165</u>

Compensated absences for governmental activities typically have been liquidated in the General Fund.

At June 30, 2017, Haywood County had a legal debt margin of approximately \$552,000,000.

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, 2017 is composed of the following elements:

	<u>Governmental Funds</u>	<u>Governmental Activities</u>
Prepaid taxes not yet earned (General Fund)	\$ 116,599	\$ 116,599
Prepaid fees not yet earned (Special Revenue)	1,072	1,072
Taxes receivable, net (General Fund)	1,537,624	-
Fees receivable (General Fund)	84,602	-
Taxes receivable, net (Special Revenue)	134,480	-
Long-term notes receivable (General Fund)	539,062	-
Fees receivable (Special Revenue)	573,217	-
Grant revenue received in cash (General Fund)	528,641	528,641
Pension related deferrals (Governmental Activities)	-	288,733
Total	<u>\$ 3,515,297</u>	<u>\$ 935,045</u>

E. Net Position and Fund Balances

- i. **Net Investment in Capital Assets** - Net investment in capital assets at June 30, 2017, are computed as follows:

Capital assets, net of accumulated depreciation	<u>\$ 76,015,719</u>
Less capital debt:	
Gross debt	52,477,588
Less: Deferred charge on refunding of debt	(517,424)
Less: School debt related to assets to which the County does not hold title	(14,514,000)
Less: Community college debt related to assets to which the County does not hold title	(9,626,666)
Unexpended debt proceeds	<u>(2,798,156)</u>
Net capital debt	<u>25,021,342</u>
Net investment in capital assets	<u>\$ 50,994,377</u>

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	\$ 30,807,074
Less:	
Prepays	9,076
Inventory	152,276
Restricted for stabilization by State statute	6,170,640
Restricted for sheriff's department and Title III and public school projects	920,510
Committed fund balance	1,808,468
Assigned fund balance	2,575,117
Fund balance policy (11%)	<u>3,388,778</u>
Remaining fund balance	<u>\$ 15,782,209</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 per year to the Chamber of Commerce for economic development activities from June 30, 2014 through June 30, 2017 and have budgeted that same amount in the 2017-2018 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 \$2,407,669 and \$135,000 to the Community College for operating and capital purposes, respectively, during the fiscal year ending June 30, 2017 from the General Fund. In addition, the County previously 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 \$2,554,127 from the Community College Project Fund for various construction projects during the fiscal year ending June 30, 2017. 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 Vaya Health, a public managed care organization ("MCO"). 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 MCO's continued existence depends on the participating governments' continued funding. None of the participating governments have any equity interest in the MCO, so no equity interest has been reflected in the financial statements at June 30, 2017. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$80,000 to the MCO to supplement its activities. In addition to the monetary contribution, the County entered into a sales agreement with the MCO on December 28, 2011, whereby the County sold the property on which the MCO'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 MCO. Complete financial statements for Vaya Health may be obtained from the MCO'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 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. This additional aid to County recipients does not appear in the financial statements because they are not revenues and expenditures of the County.

	Federal	State
Medical Assistance Program	\$ 61,665,676	\$ 33,324,657
State Childrens' Insurance Program - N.C. Health Choice	1,316,525	6,214
Special Supplemental Nutrition Program for Women, Infants, and Children	939,052	-
TANF/Work First	385,596	(19)
Special Children Adoption	3,600	-
Independent Living Transitional	13,195	-
State / County Special Assistance for Adults	-	536,650
AFDC Payments and Penalties	(200)	55
Foster Care At Risk	-	997
IV-E Foster Care	525,873	146,383
IV-E Adoption	557,917	140,089
Child Welfare Services - Adoption Subsidy	-	263,397
State Foster Care Benefits Program	-	209,307
	<u>\$ 65,407,234</u>	<u>\$ 34,627,730</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, 2017, there were no industrial revenue bonds outstanding.

9. **Interfund Balances and Transfers** – Interfund transfers for the year ended June 30, 2017 consisted of the following:

Transfers from General Fund to:		
Master Facilities Fund	To fund capital projects	\$ 200,000
County Building Renovations Fund	To fund capital projects	<u>239,822</u>
Total		<u>\$ 439,822</u>
Transfer from Solid Waste Fund to:		
Solid Waste Capital Projects Fund	To fund capital projects	<u>\$ 1,429,228</u>
Transfer from E-911 Consolidation Fund to:		
Emergency Telephone Fund	To transfer funds not used for capital projects, to be used for E-911 expenditures	<u>\$ 66,312</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.

10. **Change in Accounting Principles/Restatement** – The County implemented Governmental Accounting Standards Board (GASB) Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, in the fiscal year ending June 30, 2017. The implementation of the statement required the County to record beginning total pension liability and the effects on net position of benefit payments and administrative expenses paid by the County to the Law Enforcement Officers’ Special Separation Allowance during the measurement period. As a result, net position for the governmental activities decreased \$485,085.

The seal of Wake County, North Carolina, is a large, circular emblem in the background. It features a central figure, possibly a person or a symbol, surrounded by the text "WAKE COUNTY, N.C." and "1808 GREAT BRIDGE".

REQUIRED SUPPLEMENTAL FINANCIAL DATA

- Schedule of Changes in Total Pension Liability – Law Enforcement Officers’ Special Separation Allowance
- Schedule of Total Pension Liability as a Percentage of Covered Payroll – Law Enforcement Officers’ Special Separation Allowance
- Schedule of Funding Progress – Other Postemployment Benefits
- Schedule of Employer Contributions – 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 Changes in Total Pension Liability**

	<u>2017*</u>
Beginning balance	\$ 1,174,480
Changes for the year:	
Service cost at end of year	74,243
Interest	41,023
Change in benefit terms	-
Difference between expected and actual experience	-
Changes of assumptions and other inputs	(29,986)
Benefit payments	(50,746)
Other	-
Net changes	<u>34,534</u>
Ending balance of the total pension liability	<u>\$ 1,209,014</u>

Schedule of Total Pension Liability as a Percentage of Covered Payroll

Total Pension Liability	\$ 1,209,014
Covered Payroll	2,938,001
Total pension liability as a percentage of covered payroll	41.15%

Notes to the schedule:

Haywood County has no assets accumulated in a trust that meet the criteria in paragraph 4 of GASB Statement 73 to pay related benefits.

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

HAYWOOD COUNTY, NORTH CAROLINA

Other Postemployment Benefits
Required Supplementary Information
 For the year ended June 30, 2017

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued		Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b - a)/c)
		Liability (AAL) -Projected Unit Credit (b)	Unfunded AAL (UAAL) (b - a)			
12/31/2008	\$ -	\$19,487,023	\$19,487,023	0.00%	\$20,026,959	97.3%
12/31/2009	-	18,569,987	18,569,987	0.00%	19,520,324	95.1%
12/31/2011	-	19,866,726	19,866,726	0.00%	19,265,594	103.1%
12/31/2012	-	21,894,055	21,894,055	0.00%	19,148,052	114.3%
12/31/2014	-	23,062,498	23,062,498	0.00%	19,948,193	115.6%

Schedule of Employer Contributions

Year Ended June 30	Annual Required Contribution	Percentage Contributed
2014	\$ 2,006,869	102.90%
2015	2,085,322	86.40%
2016	2,073,569	57.41%
2017	2,052,598	26.96%

HAYWOOD COUNTY, NORTH CAROLINA

County's Proportionate Share of the Net Pension Liability (Asset)
Required Supplementary Information
 Last Four Fiscal Years*

Local Government Employees' Retirement System

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
County's proportion of the net pension liability (asset) (%)	0.34549%	0.33264%	0.33193%	0.33680%
County's proportion of the net pension liability (asset) (\$)	\$ 7,332,455	\$ 1,492,868	\$ (1,957,545)	\$ 4,059,733
County's covered payroll	\$ 20,081,972	\$ 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 payroll	36.51%	7.64%	(10.15%)	21.31%
Plan fiduciary net position as a percentage of the total pension liability (asset)	91.47%	98.09%	102.64%	94.35%

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

HAYWOOD COUNTY, NORTH CAROLINA

*Schedule of County's Contributions
Required Supplementary Information
Last Four Fiscal Years*

Local Government Employees' Retirement System

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 1,573,773	\$ 1,365,167	\$ 1,389,017	\$ 1,367,400
Contributions in relation to the contractually required contribution	<u>1,573,773</u>	<u>1,365,167</u>	<u>1,389,017</u>	<u>1,367,400</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered payroll	\$21,182,545	\$20,081,972	\$19,534,790	\$19,279,263
Contributions as a percentage of covered payroll	7.43%	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

County's Proportionate Share of the Net Pension Liability (Asset)
Required Supplementary Information
 Last Four Fiscal Years*

Registers of Deeds' Supplemental Pension Fund

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
County's proportion of the net pension liability (asset) (%)	0.74391%	0.75660%	0.70658%	0.71396%
County's proportion of the net pension liability (asset) (\$)	\$ (139,081)	\$ (175,334)	\$ (160,159)	\$ (152,502)
County's covered payroll	\$ 71,375	\$ 68,815	\$ 67,469	\$ 66,205
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	(194.86%)	(254.79%)	(237.38%)	(230.35%)
Plan fiduciary net position as a percentage of the total pension liability (asset)	160.17%	197.29%	193.88%	190.50%

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

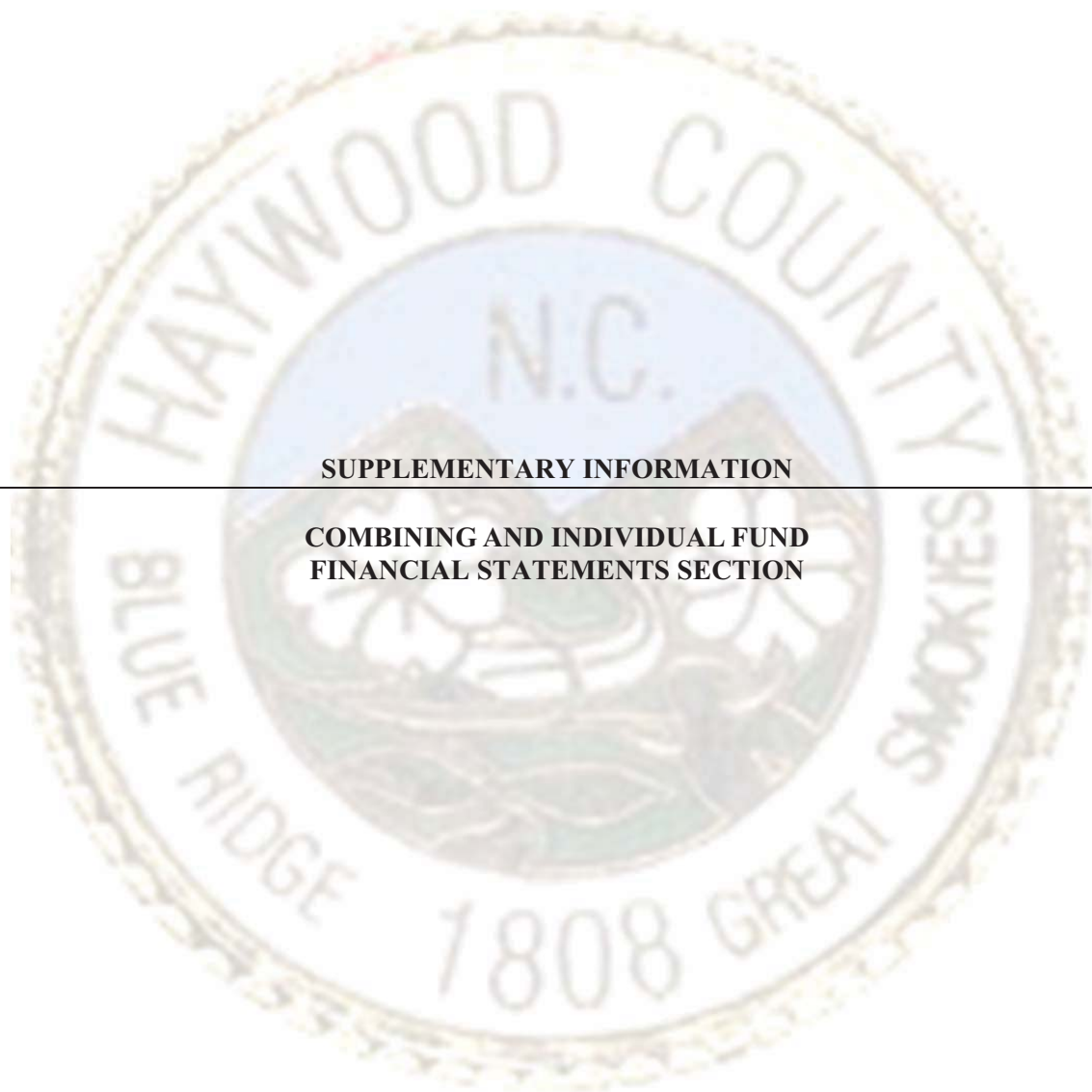
HAYWOOD COUNTY, NORTH CAROLINA

*Schedule of County's Contributions
Required Supplementary Information
Last Four Fiscal Years*

Registers of Deeds' Supplemental Pension Fund

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 6,681	\$ 6,077	\$ 6,054	\$ 5,769
Contributions in relation to the contractually required contribution	<u>6,681</u>	<u>6,077</u>	<u>6,054</u>	<u>5,769</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered payroll	75,917	71,375	68,815	67,469
Contributions as a percentage of covered payroll	8.80%	8.51%	8.80%	8.55%

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



SUPPLEMENTARY INFORMATION

**COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS SECTION**

The seal of Haywood County, North Carolina, is a circular emblem. The outer ring contains the text "HAYWOOD COUNTY" at the top, "1808" at the bottom, "BLUE RIDGE" on the left, and "GREAT SMOKIES" on the right. The inner circle features a landscape with a mountain range, a river, and a sun. The text "NC" is positioned above the landscape.

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

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

General Fund

For the year ended June 30, 2017

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues			
Ad valorem taxes:			
Taxes		\$ 42,960,477	
Penalties and interest		258,438	
Total	<u>\$ 42,695,728</u>	<u>43,218,915</u>	<u>\$ 523,187</u>
Local option sales taxes:			
Article 39 one percent		5,535,976	
Article 40 one-half of one percent		3,406,225	
Article 42 one-half of one percent		3,082,922	
Article 44 one-half of one percent		9,903	
Article 44-524 (c.) distribution		24,835	
Article 46 one-quarter of one percent		1,810,904	
Total	<u>13,909,728</u>	<u>13,870,765</u>	<u>(38,963)</u>
Other taxes and licenses:			
Occupancy tax		1,450,906	
Deed stamp excise tax		780,283	
Telecommunication video sales tax		303,328	
Other taxes		505,865	
Total	<u>3,287,237</u>	<u>3,040,382</u>	<u>(246,855)</u>
Unrestricted intergovernmental:			
Payments in lieu of taxes		379,559	
Beer and wine tax		78,111	
Total	<u>315,000</u>	<u>457,670</u>	<u>142,670</u>
Restricted intergovernmental:			
Federal, state, and other grants		13,967,329	
Court facilities fees		107,027	
Health and social services revenues - local		838,594	
ABC net revenues		47,656	
Controlled substance tax		10,627	
Other - local		523,352	
Total	<u>15,012,497</u>	<u>15,494,585</u>	<u>482,088</u>
Permits and fees:			
Building permits, other permits, and inspection fees	<u>376,000</u>	<u>423,073</u>	<u>47,073</u>

HAYWOOD COUNTY, NORTH CAROLINA

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

General Fund

For the year ended June 30, 2017

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues (continued)			
Sales and services:			
Library local revenues		14,910	
Mapping sales		5,595	
Sherriff's fees and commissions		253,159	
Jail and officers' fees		274,418	
Ambulance fees		3,403,230	
Animal control fees		39,101	
Dental clinic charges		174,210	
Health dept. patient fees		142,511	
Environmental health fees		203,028	
Social Services patient fees		87,848	
Tax assessments - departmental services		425	
Garage - departmental services		13,152	
Tax collection fees		83,238	
Public buildings - departmental services		55,054	
Elections - departmental services		259	
Extension 4H		9,712	
Rent		191,919	
Recreation fees		24,747	
Total	<u>4,310,450</u>	<u>4,976,516</u>	<u>666,066</u>
Investment earnings	<u>50,000</u>	<u>257,723</u>	<u>207,723</u>
Miscellaneous	<u>216,222</u>	<u>223,591</u>	<u>7,369</u>
Total revenues	<u>80,172,862</u>	<u>81,963,220</u>	<u>1,790,358</u>
Expenditures			
General government:			
Governing body:			
Salaries and employee benefits		120,885	
Operating		463,496	
Capital outlay		1,984	
Total		<u>586,365</u>	
Administration:			
Salaries and employee benefits		418,876	
Operating		30,901	
Total		<u>449,777</u>	

HAYWOOD COUNTY, NORTH CAROLINA

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
General Fund
For the year ended June 30, 2017

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Expenditures (continued)			
General government (continued):			
Finance:			
Salaries and employee benefits		554,668	
Operating		64,504	
Capital outlay		8,759	
Total		<u>627,931</u>	
Human resources:			
Salaries and employee benefits		181,031	
Operating		596,405	
Total		<u>777,436</u>	
Wellness Clinic:			
Salaries and employee benefits		169,832	
Operating		45,955	
Capital outlay		2,947	
Total		<u>218,734</u>	
Tax collections:			
Salaries and employee benefits		257,630	
Operating		232,221	
Total		<u>489,851</u>	
Tax assessments:			
Salaries and employee benefits		513,537	
Operating		137,522	
Total		<u>651,059</u>	
Land records:			
Salaries and employee benefits		235,790	
Operating		12,316	
Total		<u>248,106</u>	
Revaluation:			
Salaries and employee benefits		231,648	
Operating		156,751	
Total		<u>388,399</u>	

HAYWOOD COUNTY, NORTH CAROLINA

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

For the year ended June 30, 2017

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Expenditures (continued)			
General government (continued):			
Legal services:			
Salaries and employee benefits		161,701	
Operating		<u>141,105</u>	
Total		<u>302,806</u>	
Elections:			
Salaries and employee benefits		335,268	
Operating		<u>118,102</u>	
Total		<u>453,370</u>	
Register of Deeds:			
Salaries and employee benefits		251,625	
Operating		576,211	
Capital outlay		<u>12,240</u>	
Total		<u>840,076</u>	
Total general government	<u>6,491,691</u>	<u>6,033,910</u>	<u>457,781</u>
Central services:			
Information systems:			
Salaries and employee benefits		528,499	
Operating		553,266	
Capital outlay		<u>180,625</u>	
Total		<u>1,262,390</u>	
Garage:			
Salaries and employee benefits		116,176	
Operating		47,302	
Capital outlay		<u>56,127</u>	
Total		<u>219,605</u>	

HAYWOOD COUNTY, NORTH CAROLINA

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

General Fund

For the year ended June 30, 2017

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Expenditures (continued)			
Central services (continued):			
Public buildings:			
Salaries and employee benefits		948,531	
Operating		1,080,459	
Capital outlay		<u>275,023</u>	
Total		<u>2,304,013</u>	
 Total central services	<u>4,218,700</u>	<u>3,786,008</u>	<u>432,692</u>
 Public safety:			
Sheriff:			
Salaries and employee benefits		4,168,638	
Operating		552,977	
Capital outlay		<u>334,640</u>	
Total		<u>5,056,255</u>	
 Haywood County 911 Communication Center:			
Salaries and employee benefits		903,286	
Operating		<u>62,197</u>	
Total		<u>965,483</u>	
 Public safety grants:			
Operating		<u>74,816</u>	
 Sheriff-SRO officers:			
Salaries and employee benefits		299,851	
Operating		<u>1,920</u>	
Total		<u>301,771</u>	
 Detention:			
Salaries and employee benefits		2,229,486	
Operating		648,509	
Capital outlay		<u>27,314</u>	
Total		<u>2,905,309</u>	
 Courts:			
Operating		<u>98,446</u>	

HAYWOOD COUNTY, NORTH CAROLINA

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

For the year ended June 30, 2017

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Expenditures (continued)			
Public safety (continued):			
NC forest service:			
Operating		<u>102,621</u>	
Building inspections:			
Salaries and employee benefits		361,275	
Operating		33,999	
Capital outlay		<u>1,813</u>	
Total		<u>397,087</u>	
Medical examiner		<u>117,720</u>	
Emergency medical service:			
Salaries and employee benefits		3,774,245	
Operating		783,897	
Capital outlay		<u>202,708</u>	
Total		<u>4,760,850</u>	
Rescue squad			
Operating:		<u>27,600</u>	
Emergency management:			
Salaries and employee benefits		129,462	
Operating		<u>44,824</u>	
Total		<u>174,286</u>	
Animal control:			
Salaries and employee benefits		388,121	
Operating		171,815	
Capital outlay		<u>7,473</u>	
Total		<u>567,409</u>	
Total public safety	<u>16,484,544</u>	<u>15,549,653</u>	<u>934,891</u>
Transportation:			
Mass transit	<u>254,822</u>	<u>234,749</u>	<u>20,073</u>

HAYWOOD COUNTY, NORTH CAROLINA

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

For the year ended June 30, 2017

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Expenditures (continued)			
Environmental protection:			
Erosion control program:			
Salaries and employee benefits		136,732	
Operating		<u>2,396</u>	
Total	<u>158,919</u>	<u>139,128</u>	<u>19,791</u>
Economic and physical development:			
Planning:			
Salaries and employee benefits		340,390	
Operating		5,679	
Capital outlay		<u>4,000</u>	
Total		<u>350,069</u>	
Economic development:			
Operating		<u>426,397</u>	
Tourism development		<u>1,426,397</u>	
Community development:			
Operating		<u>45,509</u>	
Extension:			
Operating		<u>272,783</u>	
Soil conservation:			
Salaries and employee benefits		233,633	
Operating		<u>26,684</u>	
Total		<u>260,317</u>	
Soil and water conservation agricultural technician:			
Salaries and employee benefits		71,969	
Operating		<u>8,325</u>	
Total		<u>80,294</u>	
Total economic and physical development	<u>3,160,813</u>	<u>2,861,766</u>	<u>299,047</u>

HAYWOOD COUNTY, NORTH CAROLINA

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
General Fund
For the year ended June 30, 2017

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Expenditures (continued)			
Human services:			
Health:			
Salaries and employee benefits		2,205,791	
Operating		268,808	
Capital outlay		19,318	
Total		<u>2,493,917</u>	
Immunization:			
Operating		<u>56</u>	
Dental clinic:			
Salaries and employee benefits		452,693	
Operating		69,433	
Total		<u>522,126</u>	
Child health		<u>1,310</u>	
Immunization:			
Operating		<u>20,959</u>	
Adult health services:			
Operating		<u>14,999</u>	
Cancer data base		<u>9,677</u>	
WIC program:			
Salaries and employee benefits		258,256	
Operating		6,460	
Total		<u>264,716</u>	
Maternal health:			
Operating		<u>509</u>	

HAYWOOD COUNTY, NORTH CAROLINA

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
General Fund
For the year ended June 30, 2017

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Expenditures (continued)			
Human services (continued):			
Environmental health:			
Salaries and employee benefits		593,842	
Operating		68,502	
Capital outlay		19,174	
Total		<u>681,518</u>	
T.B. control		<u>1,738</u>	
Mental health		<u>100,464</u>	
Social services:			
Salaries and employee benefits		6,916,057	
Operating		617,826	
Capital outlay		49,034	
Total		<u>7,582,917</u>	
Work First - NCDOT Trans		<u>6,127</u>	
Public assistance:			
General assistance		66	
Aid to the aged and disabled		522,648	
Crisis intervention		221,664	
Aid to the blind		5,784	
Adoption assistance		38,313	
Medicaid transportation		227,433	
Electrical assistance expenditures		230,811	
Foster care		<u>1,316,910</u>	
Total		<u>2,563,629</u>	
Meals on Wheels:			
Salaries and employee benefits		224,112	
Operating		<u>74,140</u>	
Total		<u>298,252</u>	

HAYWOOD COUNTY, NORTH CAROLINA

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
General Fund
For the year ended June 30, 2017

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Expenditures (continued)			
Human services (continued):			
JOBS Work First:			
Operating		<u>3,792,977</u>	
Adoption awareness		<u>2,559</u>	
Adult day care:			
Salaries and employee benefits		231,610	
Operating		<u>41,935</u>	
Total		<u>273,545</u>	
Cap-Community Alternative Program:			
Salaries and employee benefits		333,052	
Operating		<u>66,875</u>	
Total		<u>399,927</u>	
Robert Wood Johnson Grant		<u>100,000</u>	
Community Crisis Management		<u>2,840</u>	
Adoption payments		<u>217,438</u>	
Title III Grants		<u>331,255</u>	
Senior citizens programs		<u>16,000</u>	
Veteran's service:			
Salaries and employee benefits		111,778	
Operating		<u>8,343</u>	
Total		<u>120,121</u>	
Youth Services		<u>335,527</u>	
Total human services	<u>22,170,098</u>	<u>20,155,103</u>	<u>2,014,995</u>

HAYWOOD COUNTY, NORTH CAROLINA

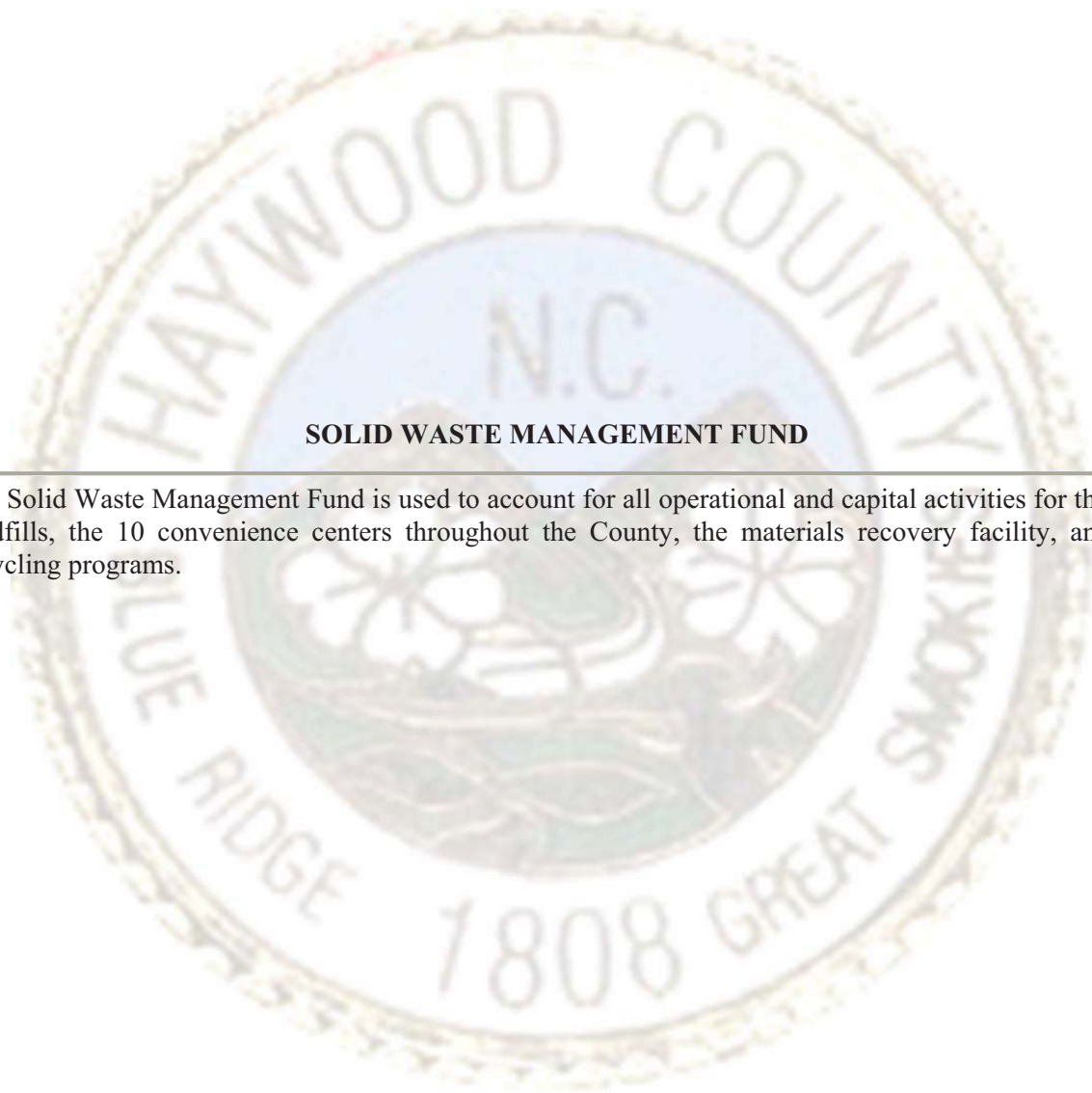
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
General Fund
For the year ended June 30, 2017

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Expenditures (continued)			
Cultural and recreation:			
Library:			
Salaries and employee benefits		1,018,014	
Operating		310,787	
Capital outlay		<u>5,046</u>	
Total		<u>1,333,847</u>	
Recreation:			
Salaries and employee benefits		166,236	
Operating		<u>49,526</u>	
Total		<u>215,762</u>	
Total culture and recreation	<u>1,592,547</u>	<u>1,549,609</u>	<u>42,938</u>
Education:			
Public schools-current		15,086,525	
Public schools-capital outlay		675,000	
Community colleges-current		2,407,669	
Community colleges-capital outlay		<u>135,000</u>	
Total education	<u>18,305,598</u>	<u>18,304,194</u>	<u>1,404</u>
Debt Service:			
Principal retirement	6,292,434	6,292,431	3
Interest and fees	<u>1,451,120</u>	<u>1,443,730</u>	<u>7,390</u>
Total debt service	<u>7,743,554</u>	<u>7,736,161</u>	<u>7,393</u>
Contingency	<u>3,800</u>	-	<u>3,800</u>
Total expenditures	<u>80,585,086</u>	<u>76,350,281</u>	<u>4,234,805</u>
Revenues over (under) expenditures	<u>(412,224)</u>	<u>5,612,939</u>	<u>6,025,163</u>

HAYWOOD COUNTY, NORTH CAROLINA

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
General Fund
For the year ended June 30, 2017

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Other Financing Sources (Uses)			
Appropriated fund balance	1,284,085	-	(1,284,085)
Proceeds from sale of assets	14,249	15,544	1,295
Transfers to other funds, net	<u>(886,110)</u>	<u>(439,822)</u>	<u>446,288</u>
Total other financing sources (uses)	<u>412,224</u>	<u>(424,278)</u>	<u>(836,502)</u>
Net change in fund balance	<u>\$ -</u>	5,188,661	<u>\$ 5,188,661</u>
Fund balance, beginning of year		<u>25,618,413</u>	
Fund balance, end of year		<u>\$ 30,807,074</u>	



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.

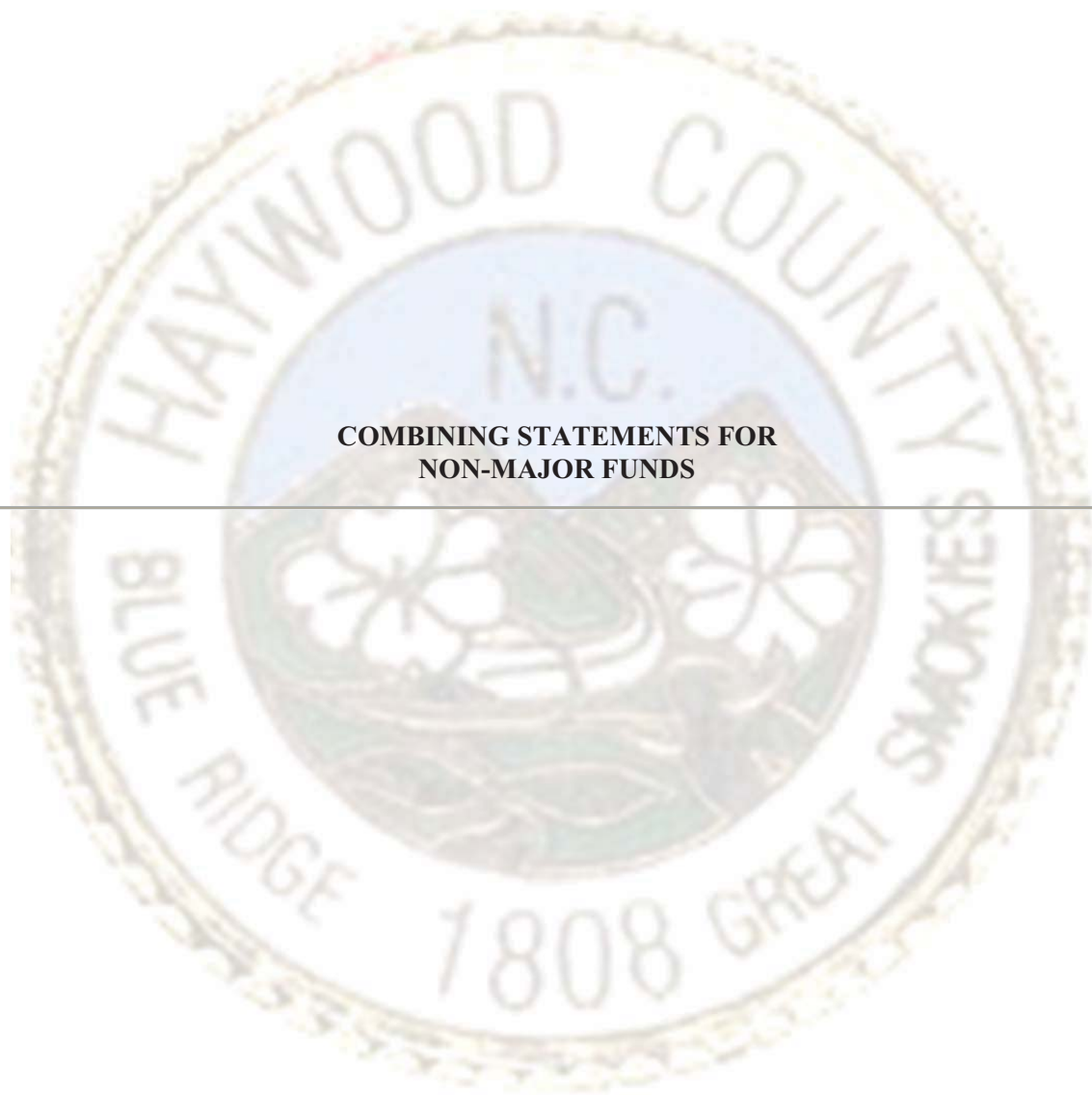
HAYWOOD COUNTY, NORTH CAROLINA

Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)

Solid Waste Management Fund

For the year ended June 30, 2017

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Permits and fees:			
Solid waste fees	\$ 5,951,987	\$ 5,967,879	\$ 15,892
Landfill host fees	105,000	104,008	(992)
Taxes and licenses	120,000	141,626	21,626
Intergovernmental revenue	86,650	122,556	35,906
Sales and services	<u>20,000</u>	<u>74,650</u>	<u>54,650</u>
Total revenues	<u>6,283,637</u>	<u>6,410,719</u>	<u>127,082</u>
Expenditures:			
Environmental Protection:			
Salaries and employee benefits	176,565	170,123	6,442
Operating	3,686,710	3,397,838	288,872
Capital outlay	241,878	215,690	26,188
Contingency	<u>249,400</u>	<u>-</u>	<u>249,400</u>
Total expenditures	<u>4,354,553</u>	<u>3,783,651</u>	<u>570,902</u>
Revenues over expenditures	<u>1,929,084</u>	<u>2,627,068</u>	<u>697,984</u>
Other Financing Sources (Uses)			
Appropriated fund balance	683,561	-	(683,561)
Transfers to other funds	<u>(2,612,645)</u>	<u>(1,429,228)</u>	<u>1,183,417</u>
Total other financing sources (uses)	<u>(1,929,084)</u>	<u>(1,429,228)</u>	<u>499,856</u>
Net change in fund balance	<u>\$ -</u>	1,197,840	<u>\$ 1,197,840</u>
Fund balance, beginning of year		<u>4,618,934</u>	
Fund balance, end of year		<u>\$ 5,816,774</u>	



**COMBINING STATEMENTS FOR
NON-MAJOR FUNDS**

HAYWOOD COUNTY, NORTH CAROLINA

Combining Balance Sheet - Non-major Governmental Funds

June 30, 2017

	<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	\$ 402,941	\$ 1,309,079	\$ 1,712,020
Restricted cash	-	2,798,156	2,798,156
Taxes receivable, net	134,480	-	134,480
Due from other governments	28,477	-	28,477
Total assets	<u>\$ 565,898</u>	<u>\$ 4,107,235</u>	<u>\$ 4,673,133</u>
LIABILITIES			
Account payable and accrued liabilities	<u>\$ 116,616</u>	<u>\$ 516,101</u>	<u>\$ 632,717</u>
DEFERRED INFLOWS OF RESOURCES			
	<u>134,480</u>	<u>-</u>	<u>134,480</u>
FUND BALANCES			
Restricted:			
Stabilization by State statute	28,477	-	28,477
Public safety	-	2,210,036	2,210,036
E-911	286,325	-	286,325
Community College	-	363,247	363,247
Committed:			
Public school capital projects	-	14,995	14,995
Capital projects	-	1,002,856	1,002,856
Total fund balances	<u>314,802</u>	<u>3,591,134</u>	<u>3,905,936</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 565,898</u>	<u>\$ 4,107,235</u>	<u>\$ 4,673,133</u>

HAYWOOD COUNTY, NORTH CAROLINA

Combining Balance Sheet - Non-major Special Revenue Fund
 June 30, 2017

	Emergency Telephone Fund	Fire Districts Fund	Crisis Assistance Housing Fund	Sanitary District Fund	Road Service Fund	Total Special Revenue Funds
ASSETS						
Cash and cash equivalents	\$ 296,690	\$ 70,789	\$ 30,900	\$ 2,819	\$ 1,743	\$ 402,941
Taxes receivable, net	-	126,039	-	6,823	1,618	134,480
Due from other governments	28,477	-	-	-	-	28,477
Total assets	<u>\$ 325,167</u>	<u>\$ 196,828</u>	<u>\$ 30,900</u>	<u>\$ 9,642</u>	<u>\$ 3,361</u>	<u>\$ 565,898</u>
LIABILITIES						
Account payable and accrued liabilities	<u>\$ 10,365</u>	<u>\$ 70,789</u>	<u>\$ 30,900</u>	<u>\$ 2,819</u>	<u>\$ 1,743</u>	<u>\$ 116,616</u>
DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>126,039</u>	<u>-</u>	<u>6,823</u>	<u>1,618</u>	<u>134,480</u>
FUND BALANCES						
Restricted:						
Stabilization by State statute	28,477	-	-	-	-	28,477
E-911	286,325	-	-	-	-	286,325
Total fund balances	<u>314,802</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>314,802</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 325,167</u>	<u>\$ 196,828</u>	<u>\$ 30,900</u>	<u>\$ 9,642</u>	<u>\$ 3,361</u>	<u>\$ 565,898</u>

HAYWOOD COUNTY, NORTH CAROLINA

Combining Balance Sheet - Non-major Capital Projects Funds

June 30, 2017

	Community College Projects Fund	Master Facilities Fund	Public Schools ADM/Lottery Fund	County Building Renovations Fund	E-911 Consolidation Fund	Solid Waste Projects Fund	Total Non-major Capital Projects Funds
ASSETS							
Cash and cash equivalents	\$ -	\$ -	\$ 14,995	\$ 311,473	\$ -	\$ 982,611	\$ 1,309,079
Restricted cash	363,247	2,434,909	-	-	-	-	2,798,156
Total assets	<u>\$ 363,247</u>	<u>\$ 2,434,909</u>	<u>\$ 14,995</u>	<u>\$ 311,473</u>	<u>\$ -</u>	<u>\$ 982,611</u>	<u>\$ 4,107,235</u>
LIABILITIES							
Account payable and accrued liabilities	\$ -	\$ 224,873	\$ -	\$ -	\$ -	\$ 291,228	\$ 516,101
FUND BALANCES							
Restricted:							
Community college	363,247	-	-	-	-	-	363,247
Public safety	-	2,210,036	-	-	-	-	2,210,036
Committed:							
Public school capital projects	-	-	14,995	-	-	-	14,995
Capital projects	-	-	-	311,473	-	691,383	1,002,856
Total fund balances	<u>363,247</u>	<u>2,210,036</u>	<u>14,995</u>	<u>311,473</u>	<u>-</u>	<u>691,383</u>	<u>3,591,134</u>
Total liabilities and fund balances	<u>\$ 363,247</u>	<u>\$ 2,434,909</u>	<u>\$ 14,995</u>	<u>\$ 311,473</u>	<u>\$ -</u>	<u>\$ 982,611</u>	<u>\$ 4,107,235</u>

HAYWOOD COUNTY, NORTH CAROLINA

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-major Governmental Funds
 For the year ended June 30, 2017

	Total Non-major Special Revenue Funds	Total Non-major Capital Projects Funds	Total Non-major Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
Revenues			
Ad valorem taxes	\$ 4,474,160	\$ -	\$ 4,474,160
Restricted intergovernmental	341,720	682,298	1,024,018
Restricted contributions	-	195,700	195,700
Investment earnings	171	13,865	14,036
Miscellaneous	-	5,603	5,603
Total revenues	<u>4,816,051</u>	<u>897,466</u>	<u>5,713,517</u>
Expenditures			
Current:			
General government	-	10,000	10,000
Public safety	4,460,330	4,542,304	9,002,634
Environmental protection	245,420	737,845	983,265
Economic and physical development	241,085	-	241,085
Intergovernmental:			
Education	-	2,653,201	2,653,201
Total expenditures	<u>4,946,835</u>	<u>7,943,350</u>	<u>12,890,185</u>
Revenues under expenditures	<u>(130,784)</u>	<u>(7,045,884)</u>	<u>(7,176,668)</u>
Other Financing Sources (Uses)			
Installment purchase obligations issued	-	3,350,000	3,350,000
Transfers from other funds	66,312	1,869,050	1,935,362
Transfers to other funds	-	(66,312)	(66,312)
Total other financing sources (uses)	<u>66,312</u>	<u>5,152,738</u>	<u>5,219,050</u>
Net change in fund balances	(64,472)	(1,893,146)	(1,957,618)
Fund balances, beginning of year	<u>379,274</u>	<u>5,484,280</u>	<u>5,863,554</u>
Fund balances, end of year	<u>\$ 314,802</u>	<u>\$ 3,591,134</u>	<u>\$ 3,905,936</u>

HAYWOOD COUNTY, NORTH CAROLINA

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-major Special Revenue Funds
 For the year ended June 30, 2017

	Emergency Telephone System Fund	Fire Districts Fund	Sanitary District Fund	Road Service Fund	Total Special Revenue Funds
Revenues					
Ad valorem taxes	\$ -	\$ 3,987,655	\$ 245,420	\$ 241,085	\$ 4,474,160
Restricted intergovernmental	341,720	-	-	-	341,720
Investment earnings	171	-	-	-	171
Total revenues	<u>341,891</u>	<u>3,987,655</u>	<u>245,420</u>	<u>241,085</u>	<u>4,816,051</u>
Expenditures					
Current:					
Public safety	472,675	3,987,655	-	-	4,460,330
Environmental protection	-	-	245,420	-	245,420
Economic and physical development	-	-	-	241,085	241,085
Total expenditures	<u>472,675</u>	<u>3,987,655</u>	<u>245,420</u>	<u>241,085</u>	<u>4,946,835</u>
Revenues under expenditures	<u>(130,784)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(130,784)</u>
Other Financing Sources					
Transfers from other funds	<u>66,312</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>66,312</u>
Net change in fund balances	(64,472)	-	-	-	(64,472)
Fund balances, beginning of year	<u>379,274</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>379,274</u>
Fund balances, end of year	<u>\$ 314,802</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 314,802</u>

HAYWOOD COUNTY, NORTH CAROLINA

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Non-major Capital Projects Funds
 For the year ended June 30, 2017

	Community College Projects Fund	Master Facilities Fund	Public Schools ADM/Lottery Fund	County Building Renovations Fund	E-911 Consolidation Fund	Solid Waste Projects Fund	Total Nonmajor Capital Projects Funds
Revenues							
Restricted intergovernmental	\$ -	\$ -	\$ 85,291	\$ -	\$ 597,007	\$ -	\$ 682,298
Restricted contributions	-	195,700	-	-	-	-	195,700
Investment earnings	1,822	12,043	-	-	-	-	13,865
Miscellaneous	5,603	-	-	-	-	-	5,603
Total revenues	<u>7,425</u>	<u>207,743</u>	<u>85,291</u>	<u>-</u>	<u>597,007</u>	<u>-</u>	<u>897,466</u>
Expenditures							
Current:							
General government	-	-	-	10,000	-	-	10,000
Public safety	-	3,436,132	-	-	1,106,172	-	4,542,304
Environmental protection	-	-	-	-	-	737,845	737,845
Intergovernmental:							
Education	2,554,127	-	99,074	-	-	-	2,653,201
Total expenditures	<u>2,554,127</u>	<u>3,436,132</u>	<u>99,074</u>	<u>10,000</u>	<u>1,106,172</u>	<u>737,845</u>	<u>7,943,350</u>
Revenues under expenditures	<u>(2,546,702)</u>	<u>(3,228,389)</u>	<u>(13,783)</u>	<u>(10,000)</u>	<u>(509,165)</u>	<u>(737,845)</u>	<u>(7,045,884)</u>
Other Financing Sources (Uses)							
Installment purchase obligations issued	-	3,350,000	-	-	-	-	3,350,000
Transfers from other funds	-	200,000	-	239,822	-	1,429,228	1,869,050
Transfers to other funds	-	-	-	-	(66,312)	-	(66,312)
Total other financing sources (uses)	<u>-</u>	<u>3,550,000</u>	<u>-</u>	<u>239,822</u>	<u>(66,312)</u>	<u>1,429,228</u>	<u>5,152,738</u>
Net change in fund balances	(2,546,702)	321,611	(13,783)	229,822	(575,477)	691,383	(1,893,146)
Fund balances, beginning of year	<u>2,909,949</u>	<u>1,888,425</u>	<u>28,778</u>	<u>81,651</u>	<u>575,477</u>	<u>-</u>	<u>5,484,280</u>
Fund balances, end of year	<u>\$ 363,247</u>	<u>\$ 2,210,036</u>	<u>\$ 14,995</u>	<u>\$ 311,473</u>	<u>\$ -</u>	<u>\$ 691,383</u>	<u>\$ 3,591,134</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 System 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 seventeen 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 in Haywood County.

HAYWOOD COUNTY, NORTH CAROLINA

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Emergency Telephone System Fund
 For the year ended June 30, 2017

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Restricted intergovernmental	\$ 341,719	\$ 341,720	\$ 1
Investment earnings	200	171	(29)
Total revenues	341,919	341,891	(28)
Expenditures			
Public safety	664,421	472,675	191,746
Total expenditures	664,421	472,675	191,746
Revenues under expenditures	(322,502)	(130,784)	191,718
Other Financing Sources			
Appropriated fund balance	256,190	-	(256,190)
Transfers from other funds	66,312	66,312	-
Total other financing sources	322,502	66,312	(256,190)
Net change in fund balance	\$ -	(64,472)	\$ (64,472)
Fund balance, beginning of year		379,274	
Fund balance, end of year		\$ 314,802	

HAYWOOD COUNTY, NORTH CAROLINA

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Fire Districts Fund
 For the year ended June 30, 2017

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Ad valorem taxes:			
Current and prior years	\$ 4,352,100	\$ 3,961,920	\$ (390,180)
Penalties and interest	30,300	25,735	(4,565)
Total revenues	4,382,400	3,987,655	(394,745)
Expenditures			
Public Safety:			
Fire districts:			
West Canton	88,000	67,354	20,646
North Canton	333,800	306,415	27,385
Center Pigeon	404,800	388,563	16,237
Lake Junaluska	446,500	408,499	38,001
Crabtree-Ironduff	322,000	297,369	24,631
Cruso	212,000	184,460	27,540
Saunook	225,200	199,168	26,032
Maggie Valley	768,500	734,222	34,278
Clyde	418,500	398,587	19,913
Jonathan Creek	464,000	436,398	27,602
Fines Creek	207,000	183,949	23,051
Lake Logan-Cecil	166,500	147,217	19,283
Waynesville (combined)	230,500	202,815	27,685
Eagles Nest	36,700	13,199	23,501
Howell Mill	16,800	4,011	12,789
East Canton	21,800	9,851	11,949
Ivy Hill	19,800	5,578	14,222
Total expenditures	4,382,400	3,987,655	394,745
Net change in fund balance	\$ -	-	\$ -
Fund balance, beginning of year		-	
Fund balance, end of year		\$ -	

HAYWOOD COUNTY, NORTH CAROLINA

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Crisis Assistance Housing Fund
 From inception and for the year ended June 30, 2017

	<u>Project Authorization</u>	<u>Reported In Prior Years</u>	<u>Current Year</u>	<u>Total</u>	<u>Variance Positive (Negative)</u>
Revenues					
Restricted intergovernmental revenue:					
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					
Economic and physical development:					
Crisis Housing Assistance Fund:					
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			<u>-</u>		
Fund balance, end of year			<u>\$ -</u>		

HAYWOOD COUNTY, NORTH CAROLINA

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Sanitary District Fund
 For the year ended June 30, 2017

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues			
Ad valorem taxes:			
Current and prior years	\$ 265,000	\$ 244,859	\$ (20,141)
Penalties and interest	-	561	561
Total revenues	<u>265,000</u>	<u>245,420</u>	<u>(19,580)</u>
Expenditures			
Environmental protection:			
Water and sewer	<u>265,000</u>	<u>245,420</u>	<u>19,580</u>
Net change in fund balance	<u>\$ -</u>	-	<u>\$ -</u>
Fund balance, beginning of year		<u>-</u>	
Fund balance, end of year		<u>\$ -</u>	

HAYWOOD COUNTY, NORTH CAROLINA

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Road Service Fund
 For the year ended June 30, 2017

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Ad valorem taxes:			
Current and prior years	\$ 262,000	\$ 240,484	\$ (21,516)
Penalties and interest	-	601	601
Total revenues	262,000	241,085	(20,915)
Expenditures			
Economic and physical development	262,000	241,085	20,915
Net change in fund balance	\$ -	-	\$ -
Fund balance, beginning of year		-	
Fund balance, end of year		\$ -	

The seal of Haywood County, North Carolina, is a large, circular emblem in the background. It features a central figure, possibly a Native American, surrounded by the text "HAYWOOD COUNTY N.C." and "1808 GREAT SMOKES".

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 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.
- **The Solid Waste Projects Fund** accounts for the County solid waste projects.

HAYWOOD COUNTY, NORTH CAROLINA

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Capital Project Fund - Community College Projects
 From inception and for the year ended June 30, 2017

	<u>Project Authorization</u>	<u>Reported In Prior Years</u>	<u>Current Year</u>	<u>Total</u>	<u>Variance Positive (Negative)</u>
Revenues					
Restricted Intergovernmental	\$ 1,212,000	\$ -	\$ -	\$ -	\$ (1,212,000)
Investment earnings	-	4,086	1,822	5,908	5,908
Miscellaneous	-	52	5,603	5,655	5,655
Total revenues	<u>1,212,000</u>	<u>4,138</u>	<u>7,425</u>	<u>11,563</u>	<u>(1,200,437)</u>
Expenditures					
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	4,940,918	1,502,778	2,554,127	4,056,905	884,013
Contingency	78,782	-	-	-	78,782
Total	<u>5,312,000</u>	<u>1,528,078</u>	<u>2,554,127</u>	<u>4,082,205</u>	<u>1,229,795</u>
HCC-Campus paving					
Site work/paving	<u>333,889</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>333,889</u>
Total expenditures	<u>5,645,889</u>	<u>1,528,078</u>	<u>2,554,127</u>	<u>4,082,205</u>	<u>1,563,684</u>
Revenues over (under) expenditures	<u>(4,433,889)</u>	<u>(1,523,940)</u>	<u>(2,546,702)</u>	<u>(4,070,642)</u>	<u>363,247</u>
Other Financing Sources					
Installment purchase obligations issued	4,100,000	4,100,000	-	4,100,000	-
Transfers from other funds	333,889	333,889	-	333,889	-
Total other financing sources	<u>4,433,889</u>	<u>4,433,889</u>	<u>-</u>	<u>4,433,889</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 2,909,949</u>	<u>(2,546,702)</u>	<u>\$ 363,247</u>	<u>\$ 363,247</u>
Fund balance, beginning of year			<u>2,909,949</u>		
Fund balance, end of year			<u>\$ 363,247</u>		

HAYWOOD COUNTY, NORTH CAROLINA

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

From inception and for the year ended June 30, 2017

	<u>Project Authorization</u>	<u>Reported In Prior Years</u>	<u>Current Year</u>	<u>Total</u>	<u>Variance Positive (Negative)</u>
Revenues					
Investment earnings	\$ 2,500	\$ 1,174	\$ 12,043	\$ 13,217	\$ 10,717
Restricted contributions	205,700	-	195,700	195,700	(10,000)
Total	<u>208,200</u>	<u>1,174</u>	<u>207,743</u>	<u>208,917</u>	<u>717</u>
Expenditures					
EMS/Emergency management base:					
Professional services-other costs	12,125	1,166	1,243	2,409	9,716
Professional services-architect/ engineering	128,687	105,488	21,750	127,238	1,449
Miscellaneous financing charges	9,500	9,500	-	9,500	-
Equipment	74,720	-	68,907	68,907	5,813
Building and structures	2,027,468	246,595	1,777,873	2,024,468	3,000
Total	<u>2,252,500</u>	<u>362,749</u>	<u>1,869,773</u>	<u>2,232,522</u>	<u>19,978</u>
Animal services facility:					
Professional services-architect/ engineering	81,250	-	32,500	32,500	48,750
Miscellaneous financing charges	30,000	-	25,833	25,833	4,167
Land purchase	235,000	235,000	-	235,000	-
Building and structures	3,511,636	-	1,508,026	1,508,026	2,003,610
Contingency	132,814	-	-	-	132,814
Total	<u>3,990,700</u>	<u>235,000</u>	<u>1,566,359</u>	<u>1,801,359</u>	<u>2,189,341</u>
Total expenditures	<u>6,243,200</u>	<u>597,749</u>	<u>3,436,132</u>	<u>4,033,881</u>	<u>2,209,319</u>
Revenues under expenditures	<u>(6,035,000)</u>	<u>(596,575)</u>	<u>(3,228,389)</u>	<u>(3,824,964)</u>	<u>2,210,036</u>
Other Financing Sources					
Installment purchase obligations issued	5,450,000	2,100,000	3,350,000	5,450,000	-
Transfers from general fund	580,000	380,000	200,000	580,000	-
Transfers from capital project fund	5,000	5,000	-	5,000	-
Total other financing sources	<u>6,035,000</u>	<u>2,485,000</u>	<u>3,550,000</u>	<u>6,035,000</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 1,888,425</u>	321,611	<u>\$ 2,210,036</u>	<u>\$ 2,210,036</u>
Fund balance, beginning of year			<u>1,888,425</u>		
Fund balance, end of year			<u>\$ 2,210,036</u>		

HAYWOOD COUNTY, NORTH CAROLINA

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Capital Project Fund - Public Schools ADM/Lottery
 From inception and for the year ended June 30, 2017

	<u>Project Authorization</u>	<u>Reported In Prior Years</u>	<u>Current Year</u>	<u>Total</u>	<u>Variance Positive (Negative)</u>
Revenues					
Restricted intergovernmental	\$ 98,048	\$ -	\$ 85,291	\$ 85,291	\$ (12,757)
Expenditures					
Building Projects:					
N. Canton Elementary	55,131	-	55,131	55,131	-
Pisgah/Tuscola:					
HVAC systems	56,700	-	43,943	43,943	12,757
Total expenditures	<u>111,831</u>	<u>-</u>	<u>99,074</u>	<u>99,074</u>	<u>12,757</u>
Revenues under expenditures	<u>(13,783)</u>	<u>-</u>	<u>(13,783)</u>	<u>(13,783)</u>	<u>-</u>
Other Financing Sources (Uses):					
Transfers from other funds	13,783	28,778	-	28,778	14,995
Transfers to other funds	-	-	-	-	-
Total other financing sources (uses)	<u>13,783</u>	<u>28,778</u>	<u>-</u>	<u>28,778</u>	<u>14,995</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 28,778</u>	<u>(13,783)</u>	<u>\$ 14,995</u>	<u>\$ 14,995</u>
Fund balance, beginning of year			<u>28,778</u>		
Fund balance, end of year			<u>\$ 14,995</u>		

HAYWOOD COUNTY, NORTH CAROLINA

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Capital Project Fund - County Building Renovations
 From inception and for the year ended June 30, 2017

	<u>Project Authorization</u>	<u>Reported In Prior Years</u>	<u>Current Year</u>	<u>Total</u>	<u>Variance Positive (Negative)</u>
Revenues					
Miscellaneous	\$ -	\$ 81,651	\$ -	\$ 81,651	\$ 81,651
Expenditures					
County projects:					
General government:					
Annex 1 space study	30,000	-	10,000	10,000	20,000
Justice Center space study	30,000	-	-	-	30,000
Justice Center equipment	22,000	-	-	-	22,000
Historic courtroom windows	81,000	-	-	-	81,000
Total	<u>163,000</u>	<u>-</u>	<u>10,000</u>	<u>10,000</u>	<u>153,000</u>
Public safety:					
EOC electronic equipment	46,822	-	-	-	46,822
Total	<u>46,822</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>46,822</u>
Culture & recreation:					
Waynesville library space study	30,000	-	-	-	30,000
Total	<u>30,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>30,000</u>
Total expenditures	<u>239,822</u>	<u>-</u>	<u>10,000</u>	<u>10,000</u>	<u>229,822</u>
Revenues over (under) expenditures	<u>(239,822)</u>	<u>81,651</u>	<u>(10,000)</u>	<u>71,651</u>	<u>311,473</u>
Other Financing Sources					
Transfers from other funds	239,822	-	239,822	239,822	-
Total other financing sources	<u>239,822</u>	<u>-</u>	<u>239,822</u>	<u>239,822</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 81,651</u>	<u>229,822</u>	<u>\$ 311,473</u>	<u>\$ 311,473</u>
Fund balance, beginning of year			<u>81,651</u>		
Fund balance, end of year			<u>\$ 311,473</u>		

HAYWOOD COUNTY, NORTH CAROLINA

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Capital Project Fund - E-911 Consolidation
 From inception and for the year ended June 30, 2017

	<u>Project Authorization</u>	<u>Reported In Prior Years</u>	<u>Current Year</u>	<u>Total</u>	<u>Variance Positive (Negative)</u>
Revenues					
Intergovernmental revenue	\$ 2,694,827	\$ 2,097,820	\$ 597,007	\$ 2,694,827	\$ -
Expenditures					
Emergency Operations Center consolidation:					
Professional services-design	70,500	70,500	-	70,500	-
Professional services-admin and consulting	199,511	199,511	-	199,511	-
Technology equipment	2,042,576	968,209	1,074,367	2,042,576	-
EOC furniture and equipment	31,805	-	31,805	31,805	-
Building improvements	859,600	859,600	-	859,600	-
Total expenditures	<u>3,203,992</u>	<u>2,097,820</u>	<u>1,106,172</u>	<u>3,203,992</u>	<u>-</u>
Revenues under expenditures	<u>(509,165)</u>	<u>-</u>	<u>(509,165)</u>	<u>(509,165)</u>	<u>-</u>
Other Financing Sources (Uses)					
Transfers from other funds	575,477	575,477	-	575,477	-
Transfers to other funds	(66,312)	-	(66,312)	(66,312)	-
Total other financing sources (uses)	<u>509,165</u>	<u>575,477</u>	<u>(66,312)</u>	<u>509,165</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 575,477</u>	<u>(575,477)</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balance, beginning of year			<u>575,477</u>		
Fund balance, end of year			<u>\$ -</u>		

HAYWOOD COUNTY, NORTH CAROLINA

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Capital Project Fund - Solid Waste Projects
 From inception and for the year ended June 30, 2017

	<u>Project Authorization</u>	<u>Reported In Prior Years</u>	<u>Current Year</u>	<u>Total</u>	<u>Variance Positive (Negative)</u>
Revenues					
Sales and services	\$ -	\$ -	\$ -	\$ -	\$ -
Expenditures					
209 convenience center project:					
Professional services:					
Architectural and engineering	63,650	-	57,707	57,707	5,943
Land purchase	110,000	-	105,447	105,447	4,553
Buildings, structures, and improvements	319,987	-	-	-	319,987
Landscaping/site development	40,600	-	-	-	40,600
Contingency	18,000	-	-	-	18,000
Total	<u>552,237</u>	<u>-</u>	<u>163,154</u>	<u>163,154</u>	<u>389,083</u>
Mauney Cove convenience center project:					
Professional services:					
Architectural and engineering	44,975	-	38,801	38,801	6,174
Landscaping/site development	574,016	-	527,772	527,772	46,244
Total	<u>618,991</u>	<u>-</u>	<u>566,573</u>	<u>566,573</u>	<u>52,418</u>
Francis Farm Landfill corrective action plan:					
Professional services:					
Architectural and engineering	258,000	-	8,118	8,118	249,882
Total	<u>258,000</u>	<u>-</u>	<u>8,118</u>	<u>8,118</u>	<u>249,882</u>
Total expenditures	<u>1,429,228</u>	<u>-</u>	<u>737,845</u>	<u>737,845</u>	<u>691,383</u>
Revenues under expenditures	<u>(1,429,228)</u>	<u>-</u>	<u>(737,845)</u>	<u>(737,845)</u>	<u>691,383</u>
Other Financing Sources					
Transfers from other funds	1,429,228	-	1,429,228	1,429,228	-
Total other financing sources	<u>1,429,228</u>	<u>-</u>	<u>1,429,228</u>	<u>1,429,228</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	691,383	<u>\$ 691,383</u>	<u>\$ 691,383</u>
Fund balance, beginning of year			-		
Fund balance, end of year			<u>\$ 691,383</u>		

The seal of Haywood County, North Carolina, is a circular emblem. It features a central shield with a plow and a sheaf of wheat, flanked by two figures. The shield is set against a background of a landscape with a rising sun and mountains. The words "HAYWOOD COUNTY" are arched across the top, and "1808 GREAT SMOKES RIDGE" are arched across the bottom. The seal is rendered in a light, faded color.

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, 2017*

	Internal Service Fund - Health Insurance	Internal Service Fund - Workers' Comp	Total Internal Service Funds
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and cash equivalents	\$ 274,556	\$ 755,499	\$ 1,030,055
Receivables, net	165,205	-	165,205
Prepays	<u>-</u>	<u>10,000</u>	<u>10,000</u>
Total assets	<u><u>439,761</u></u>	<u><u>765,499</u></u>	<u><u>1,205,260</u></u>
 LIABILITIES			
Current liabilities:			
Accrued expenses	<u>204,493</u>	<u>185,057</u>	<u>389,550</u>
 NET POSITION			
Unrestricted	<u><u>\$ 235,268</u></u>	<u><u>\$ 580,442</u></u>	<u><u>\$ 815,710</u></u>

HAYWOOD COUNTY, NORTH CAROLINA

Combining Statement of Revenues, Expenditures, and Changes in Fund Net Position
Internal Service Funds
 For the year ended June 30, 2017

	Internal Service Fund - Health Insurance	Internal Service Fund - Workers' Comp	Total Internal Service Funds
Operating revenues			
Internal charges for services	\$ 5,669,029	\$ 262,718	\$ 5,931,747
External charges for services	624,030	-	624,030
Total revenues	6,293,059	262,718	6,555,777
Operating expenses			
Claims and administration	6,179,929	654,253	6,834,182
Change in net position	113,130	(391,535)	(278,405)
Net Position			
Beginning of year, July 1	122,138	971,977	1,094,115
End of year, June 30	\$ 235,268	\$ 580,442	\$ 815,710

HAYWOOD COUNTY, NORTH CAROLINA

*Combining Statement of Cash Flows**Internal Service Funds*

For the year ended June 30, 2017

	<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 payers and patients	\$ 6,393,391	\$ 262,718	\$ 6,656,109
Payments to providers	<u>(6,260,377)</u>	<u>(482,681)</u>	<u>(6,743,058)</u>
Net cash provided (used) by operating activities	<u>133,014</u>	<u>(219,963)</u>	<u>(86,949)</u>
Cash and cash equivalents			
Beginning balance, July 1	<u>141,542</u>	<u>975,462</u>	<u>1,117,004</u>
Ending balance, June 30	<u><u>\$ 274,556</u></u>	<u><u>\$ 755,499</u></u>	<u><u>\$ 1,030,055</u></u>
Reconciliation of change in net position to net cash provided (used) by operating activities:			
Change in net position	\$ 113,130	\$ (391,535)	\$ (278,405)
Changes in assets and liabilities:			
(Increase) decrease in prepaids and receivables	100,332	-	100,332
Increase (decrease) in accrued expenses	<u>(80,448)</u>	<u>171,572</u>	<u>91,124</u>
Net cash provided (used) by operating activities	<u><u>\$ 133,014</u></u>	<u><u>\$ (219,963)</u></u>	<u><u>\$ (86,949)</u></u>

HAYWOOD COUNTY, NORTH CAROLINA

Schedule of Revenues and Expenditures - Financial Plan and Actual (Non-GAAP)
Self Insurance Fund - Health Insurance
For the year ended June 30, 2017

Table with 4 columns: Description, Financial Plan, Actual, and Variance Over/(Under). Rows include Revenues (Internal/External charges, Total revenues) and Expenditures (Claims and administration), ending with Revenues over expenditures.

HAYWOOD COUNTY, NORTH CAROLINA

Schedule of Revenues and Expenditures - Financial Plan and Actual (Non-GAAP)
Self Insurance Fund - Workers' Compensation
 For the year ended June 30, 2017

	<u>Financial Plan</u>	<u>Actual</u>	<u>Variance Over/(Under)</u>
Revenues			
Internal charges for services	\$ 257,000	\$ 262,718	\$ 5,718
Expenditures			
Claims and administration	670,000	654,253	15,747
Operating loss	(413,000)	(391,535)	21,465
Other financing sources:			
Fund balance appropriated	413,000	-	(413,000)
Total other financing sources	413,000	-	(413,000)
Revenues and other financing sources under expenditures	\$ -	\$ (391,535)	\$ (391,535)

The seal of Haywood County, North Carolina, is a large, faint watermark in the background. It is circular with a gold border. The outer ring contains the text "HAYWOOD COUNTY" at the top and "1808" at the bottom. Inside the ring, there is a central emblem featuring a plow, a sheaf of wheat, and a bundle of cotton, with the letters "N.C." below it. The seal is centered on the page.

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

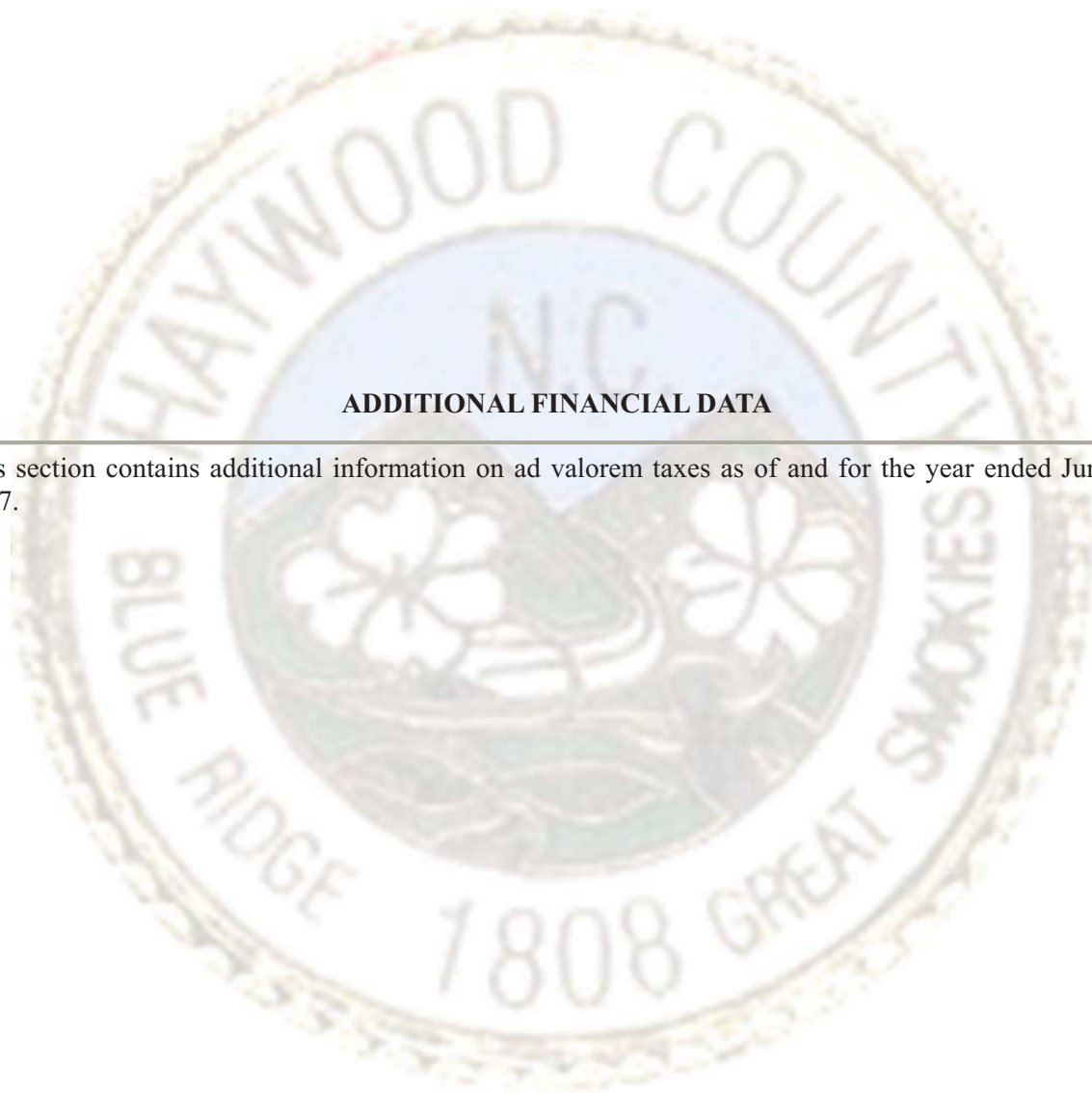
- **The Social Services Fund** accounts for assets held by the County as agent for individuals served by this department.
- **The Fines and Forfeitures Fund** accounts for various legal fines and forfeitures that the County is required to remit to the Haywood County Board of Education.
- **The Municipal 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

*Combining Statement of Changes in Fiduciary Assets and Liabilities
Agency Funds*

For the year ended June 30, 2017

	Balance			Balance
	July 1, 2016	Additions	Deductions	June 30, 2017
Social Services:				
Assets:				
Cash and cash equivalents	\$ 182,161	\$ 801,194	\$ 796,813	\$ 186,542
Liabilities:				
Due to others	\$ 182,161	\$ 801,194	\$ 796,813	\$ 186,542
Fines and Forfeitures:				
Assets:				
Cash and cash equivalents	\$ -	\$ 390,443	\$ 390,443	\$ -
Liabilities:				
Due to other governments	\$ -	\$ 390,443	\$ 390,443	\$ -
Municipal Motor Vehicle Tax:				
Assets:				
Cash and cash equivalents	\$ 65,529	\$ 744,511	\$ 734,020	\$ 76,020
Liabilities:				
Due to other governments	\$ 65,529	\$ 744,511	\$ 734,020	\$ 76,020
Sheriff's Office:				
Assets:				
Cash and cash equivalents	\$ 18,886	\$ 297,414	\$ 298,780	\$ 17,520
Liabilities:				
Due to others	\$ 18,886	\$ 297,414	\$ 298,780	\$ 17,520
N.C. Deed of Trust Fee:				
Assets:				
Cash and cash equivalents	\$ -	\$ 56,184	\$ 56,184	\$ -
Liabilities:				
Due to other governments	\$ -	\$ 56,184	\$ 56,184	\$ -
Total:				
Assets:				
Cash and cash equivalents	\$ 266,576	\$ 2,289,746	\$ 2,276,240	\$ 280,082
Liabilities:				
Due to others	\$ 201,047	\$ 1,098,608	\$ 1,095,593	\$ 204,062
Due to other governments	65,529	1,191,138	1,180,647	76,020
	\$ 266,576	\$ 2,289,746	\$ 2,276,240	\$ 280,082



ADDITIONAL FINANCIAL DATA

This section contains additional information on ad valorem taxes as of and for the year ended June 30, 2017.

HAYWOOD COUNTY, NORTH CAROLINA

Schedule of Ad Valorem Taxes Receivable
General Fund
 June 30, 2017

Fiscal Year	Uncollected Balance July 1, 2016	Additions	Collections and Credits	Uncollected Balance June 30, 2017
2016-2017	\$ -	\$ 42,902,722	\$ 41,815,422	\$ 1,087,300
2015-2016	1,148,137	-	843,290	304,847
2014-2015	343,488	-	189,530	153,958
2013-2014	200,206	-	65,858	134,348
2012-2013	180,747	-	25,855	154,892
2011-2012	126,234	-	9,680	116,554
2010-2011	116,273	-	6,149	110,124
2009-2010	104,967	-	4,103	100,864
2008-2009	103,065	-	2,728	100,337
2007-2008	94,203	-	2,395	91,808
2006-2007	92,891	-	92,891	-
Total	<u>\$ 2,510,211</u>	<u>\$ 42,902,722</u>	<u>\$ 43,057,901</u>	2,355,032
Less: allowance for uncollectible accounts				<u>(817,408)</u>
Ad valorem taxes receivable, net				<u>\$ 1,537,624</u>
Reconciliation with Revenues:				
Ad valorem taxes - General Fund				<u>\$ 43,218,915</u>
Reconciling items:				
Penalties and interest				(258,438)
2006-2007 write-offs per statute of limitations				92,891
Other adjustments				<u>4,533</u>
Total reconciling items				<u>(161,014)</u>
Total collections and credits				<u>\$ 43,057,901</u>

HAYWOOD COUNTY, NORTH CAROLINA

*Analysis of Current Year County-Wide Tax Levy
June 30, 2017*

	County Wide			Total Levy	
	Property Valuation	Rate	Total Levy	Property Excluding Motor Vehicles	Registered Motor Vehicles
Original Levy:					
Property taxed at current year's rate	\$ 7,564,147,854	0.5661	\$ 42,820,641	\$ 39,427,768	\$ 3,392,873
Penalties	-		49,827	49,827	-
Total	<u>7,564,147,854</u>		<u>42,870,468</u>	<u>39,477,595</u>	<u>3,392,873</u>
Discoveries:					
Current year taxes	13,291,291	0.5661	75,242	75,242	-
Prior year taxes	-		46,758	46,758	-
Penalties	-		4,118	4,118	-
Total	<u>13,291,291</u>		<u>126,118</u>	<u>126,118</u>	<u>-</u>
Abatements	<u>(16,580,816)</u>	0.5661	<u>(93,864)</u>	<u>(93,864)</u>	<u>-</u>
Total property valuation	<u>\$ 7,560,858,329</u>				
Net levy			42,902,722	39,509,849	3,392,873
Uncollected taxes at June 30, 2017			<u>1,087,300</u>	<u>1,087,142</u>	<u>158</u>
Current Year's Taxes Collected			<u>\$ 41,815,422</u>	<u>\$ 38,422,707</u>	<u>\$ 3,392,715</u>
Current Levy Collection %			<u>97.47%</u>	<u>97.25%</u>	<u>100.00%</u>
Secondary Market Disclosures:					
Assessed Valuation					
Assessment Ratio ⁽¹⁾				100.00%	
Real Property				\$ 6,320,354,378	
Personal Property				1,069,000,414	
Public Service Companies ⁽²⁾				<u>171,503,537</u>	
Total Assessed Valuation				7,560,858,329	
Tax Rate per \$100				<u>0.5661</u>	
Levy (includes discoveries, releases and abatements) ⁽³⁾				<u>\$ 42,902,722</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				\$ 3,614,638	
Road service districts				226,240	
Sanitary district				<u>229,430</u>	
Total				<u>\$ 4,070,308</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>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Expenses:					
Governmental activities:					
General government	\$ 10,884,208	\$ 10,500,731	\$ 9,202,544	\$ 7,168,720	\$ 8,748,556
Public safety	21,528,865	19,259,761	18,332,672	18,149,499	18,095,664
Transportation	234,749	191,345	197,811	246,070	233,951
Environmental protection	4,840,792	5,127,244	4,182,627	8,238,720	6,960,850
Economic and physical development	3,704,804	3,484,859	3,289,410	3,369,021	3,445,307
Human services	21,513,292	20,111,298	20,029,023	21,403,525	20,380,433
Cultural and recreation	1,700,150	1,562,935	1,685,345	1,908,029	1,751,594
Education	20,957,395	19,118,901	19,586,667	18,860,749	18,227,121
Interest on long-term debt	1,468,963	1,527,931	1,841,698	2,053,735	2,399,211
Total governmental activities expenses	<u>86,833,218</u>	<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	442,819	383,017	330,727	348,880	344,358
Public safety	4,096,353	2,943,283	3,274,565	3,099,254	2,855,128
Environmental protection	6,198,836	5,980,206	3,835,700	4,933,647	5,081,817
Economic and physical development	214,844	-	-	6,190	2,025
Human services	574,203	493,716	442,379	477,466	489,236
Cultural and recreation	19,069	68,325	75,188	76,465	79,324
Program revenues, continued:					
Governmental activities, continued:					
Operating grants:					
General government	289,800	81,913	103,006	198,494	128,791
Public safety	1,581,446	1,403,896	1,298,261	1,329,654	1,752,631
Transportation	140,815	124,768	133,783	155,388	-
Environmental protection	122,556	81,345	127,502	76,488	47,296
Economic and physical development	54,674	204,030	199,304	568,557	540,447
Human services	13,445,545	12,216,916	12,966,702	12,465,469	11,974,626
Cultural and recreation	107,623	118,186	164,582	253,471	192,300
Education	-	218,884	324,705	81,610	19,082

	2012	2011	2010	2009	2008
\$	8,560,054	\$ 9,618,835	\$ 8,182,194	\$ 8,768,120	\$ 11,708,960
	17,821,262	17,490,162	17,126,202	16,776,152	16,168,220
	238,829	294,722	292,770	284,233	259,896
	5,980,140	5,484,418	5,739,294	5,152,439	4,631,896
	2,871,824	3,774,853	2,736,807	2,770,701	5,339,247
	20,714,369	16,944,025	17,479,276	19,842,232	19,965,753
	1,760,349	1,741,261	1,773,656	1,899,287	1,013,051
	23,120,536	22,278,017	17,562,877	19,139,292	24,520,469
	2,506,831	3,237,593	2,630,297	2,439,611	2,361,453
	83,574,194	80,863,886	73,523,373	77,072,067	85,968,945

312,438	287,709	181,331	184,733	216,227
1,745,281	2,561,848	2,190,012	2,946,596	2,032,758
5,139,520	5,102,367	4,585,211	4,265,110	2,224,986
247,751	287,415	229,303	244,421	348,236
500,329	540,790	574,082	777,162	731,429
76,892	104,974	72,958	72,042	67,806

188,366	207,309	203,704	490,415	1,022,891
1,366,251	1,184,711	963,921	819,708	577,031
-	179,481	182,845	174,105	163,855
212,179	238,726	46,105	65,128	-
269,942	822,638	389,337	455,797	947,857
12,528,733	9,189,620	9,751,605	9,618,243	8,702,862
207,976	193,046	184,269	185,723	186,984
86,230	180,153	158,925	200,145	98,355

HAYWOOD COUNTY, NORTH CAROLINA

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

	<u>2017</u>	<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	796,632	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	297,770	52,119	541,858	1,078,408	458,032
Total governmental activities program revenues	<u>28,382,985</u>	<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	(58,450,233)	(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	47,655,377	47,317,943	43,826,065	44,532,523	43,168,762
Local option sales tax	13,870,765	13,463,292	12,746,564	11,407,418	11,193,517
Other taxes	3,182,008	2,749,245	2,588,329	2,317,882	2,383,599
Grants and contributions not restricted to specific programs	247,061	367,475	308,781	339,051	306,971
Investment earnings, unrestricted	271,759	91,351	28,178	27,441	32,575
Miscellaneous, unrestricted	229,194	87,945	41,546	19,992	93,510
Special item	-	-	-	7,494,062	-
Total governmental activities	<u>65,456,164</u>	<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>\$ 7,005,931</u>	<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
\$ -	\$ 21,918	\$ -	\$ 5,372	\$ -
3,111	445,912	29,872	-	4,194
881,455	36,578	-	-	-
91,710	54,758	28,879	136,689	1,136,322
99,967	54,321	40,183	-	-
-	-	10,000	-	-
675,418	1,091,587	254,568	1,332,378	267,421
<u>24,633,549</u>	<u>22,785,861</u>	<u>20,077,110</u>	<u>21,973,767</u>	<u>18,729,214</u>
(58,940,645)	(58,078,025)	(53,446,263)	(55,098,300)	(67,239,731)
42,039,417	41,329,957	40,653,369	38,837,841	37,536,263
10,511,432	9,886,615	10,471,553	12,125,586	13,862,533
2,839,212	2,766,516	2,803,761	2,292,752	4,828,076
312,905	301,405	296,970	420,508	186,409
58,668	89,457	76,439	305,960	1,053,916
489,068	26,255	77,256	33,278	19,326
-	-	-	-	-
<u>56,250,702</u>	<u>54,400,205</u>	<u>54,379,348</u>	<u>54,015,925</u>	<u>57,486,523</u>
<u>\$ (2,689,943)</u>	<u>\$ (3,677,820)</u>	<u>\$ 933,085</u>	<u>\$ (1,082,375)</u>	<u>\$ (9,753,208)</u>

HAYWOOD COUNTY, NORTH CAROLINA

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Governmental activities:					
Net investment in capital assets	\$ 50,994,377	\$ 47,549,405	\$ 43,926,798	\$ 43,151,578	\$ 40,022,209
Restricted	7,411,377	12,314,559	9,434,549	9,227,579	6,917,922
Unrestricted (deficit)	<u>(11,305,797)</u>	<u>(19,284,853)</u>	<u>(22,108,022)</u>	<u>(23,731,881)</u>	<u>(28,318,937)</u>
 Total governmental activities net position	 <u>\$ 47,099,957</u>	 <u>\$ 40,579,111</u>	 <u>\$ 31,253,325</u>	 <u>\$ 28,647,276</u>	 <u>\$ 18,621,194</u>

2012	2011	2010	2009	2008
\$ 36,628,567	\$ 34,025,761	\$ 31,810,284	\$ 30,453,109	\$ 31,578,244
11,009,703	17,985,523	9,558,867	8,289,420	11,338,365
(31,238,265)	(32,921,336)	(18,601,383)	(16,907,846)	(19,999,551)
<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>

HAYWOOD COUNTY, NORTH CAROLINA

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
General Fund:					
Non-spendable	\$ 161,352	\$ 138,605	\$ 115,987	\$ 115,978	\$ 92,536
Restricted	7,091,150	5,783,036	5,729,220	6,158,624	5,126,446
Committed	1,808,468	1,585,844	1,655,228	1,355,234	1,173,116
Assigned	2,575,117	836,530	39,479	236,685	321,667
Unassigned	19,170,987	17,274,398	15,136,954	10,783,822	9,363,649
Total General Fund	<u>30,807,074</u>	<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	3,556,319	6,356,189	1,587,625	3,068,955	1,791,476
Committed	6,166,391	4,126,299	2,015,942	4,077,902	3,801,781
Total all other governmental funds	<u>9,722,710</u>	<u>10,482,488</u>	<u>3,604,567</u>	<u>7,148,857</u>	<u>5,593,257</u>
Total fund balances	<u>\$ 40,529,784</u>	<u>\$ 36,100,901</u>	<u>\$ 26,281,435</u>	<u>\$ 25,799,200</u>	<u>\$ 21,670,671</u>

2012	2011	2010	2009	2008
\$ 100,794	\$ 105,379	\$ 342,106	\$ 153,595	\$ 126,577
4,709,538	5,230,310	5,604,977	5,426,791	6,076,223
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
7,515,009	6,616,772	5,326,401	3,849,538	996,758
<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>
-	-	-	-	-
3,023,959	7,178,829	234,078	86,859	51,353
<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>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>\$ 21,155,544</u>	<u>\$ 26,937,654</u>	<u>\$ 19,776,347</u>	<u>\$ 18,349,406</u>	<u>\$ 22,263,804</u>

HAYWOOD COUNTY, NORTH CAROLINA

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

	2017	2016	2015	2014
Revenues:				
Ad valorem taxes	\$ 47,693,075	\$ 46,501,082	\$ 44,229,373	\$ 44,970,038
Local option sales taxes	13,870,765	13,463,292	12,746,564	11,407,418
Other taxes and licenses	3,182,008	2,749,245	2,588,329	2,317,882
Unrestricted intergovernmental	457,670	367,475	308,781	339,051
Restricted intergovernmental	16,641,159	16,171,280	15,948,172	15,969,226
Restricted Contributions	195,700			
Permits and fees	6,494,960	6,253,633	3,840,018	3,704,922
Sales and services	5,051,166	3,590,897	4,091,192	5,209,763
Investment earnings	271,759	91,351	28,178	27,441
Miscellaneous	229,194	324,940	279,141	585,622
Total revenues	<u>94,087,456</u>	<u>89,513,195</u>	<u>84,059,748</u>	<u>84,531,363</u>
Expenditures:				
Current:				
General government	5,656,570	4,736,280	4,791,471	4,081,061
Central services	3,786,008	3,700,493	3,036,385	3,007,491
Public safety	19,511,654	18,220,955	17,339,529	16,748,491
Transportation	234,749	191,345	197,811	246,070
Environmental protection	3,969,180	3,930,421	3,574,816	4,173,339
Economic and physical development	3,102,851	2,920,015	2,751,196	2,799,718
Human services	20,098,060	19,637,125	19,652,564	20,547,639
Culture and recreation	1,544,563	1,447,249	1,536,524	1,734,884
Intergovernmental:				
Education	20,957,395	19,118,901	19,586,667	18,860,749
Capital outlay	6,426,926	4,574,780	2,951,132	2,025,428
Debt service:				
Principal	6,292,431	6,167,986	6,313,918	20,634,450
Interest and other charges	1,443,730	1,465,922	1,908,030	2,497,409
Bond issuance costs	-	-	-	-
Total expenditures	<u>93,024,117</u>	<u>86,111,472</u>	<u>83,640,043</u>	<u>97,356,729</u>
Revenues over (under) expenditures	<u>1,063,339</u>	<u>3,401,723</u>	<u>419,705</u>	<u>(12,825,366)</u>

	2013	2012	2011	2010	2009	2008
\$	43,272,044	\$ 42,408,756	\$ 41,673,838	\$ 40,835,842	\$ 38,246,641	\$ 37,341,541
	11,193,517	10,511,432	9,886,615	10,471,553	12,125,586	13,862,533
	2,383,599	2,839,212	2,766,516	2,803,761	2,292,752	4,828,076
	306,971	312,905	301,405	296,970	420,508	186,409
	15,304,433	16,651,663	13,861,876	12,217,455	13,023,512	12,297,790
	3,691,013	3,581,528	3,667,014	2,841,608	3,345,578	522,945
	5,130,002	4,416,878	5,189,552	4,964,417	5,115,187	5,050,041
	32,575	58,668	89,457	76,439	305,960	1,053,916
	200,835	158,541	232,679	212,480	641,333	1,004,000
	<u>81,514,989</u>	<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>
	4,684,047	4,516,508	5,530,293	4,559,550	5,073,435	4,934,640
	2,786,088	2,768,301	2,643,017	2,499,061	2,327,613	2,146,925
	16,664,497	16,255,963	15,845,398	15,412,448	15,058,395	15,031,455
	233,951	238,829	294,722	292,770	284,233	259,896
	4,367,858	4,473,356	4,282,103	4,584,173	3,964,429	3,614,960
	2,767,853	2,188,431	3,115,104	2,387,145	2,420,865	5,026,356
	19,363,542	19,742,912	16,037,412	16,568,534	19,031,989	19,912,019
	1,586,495	1,590,109	1,578,155	1,597,366	1,735,876	912,665
	18,227,121	23,120,536	22,278,017	17,562,877	19,139,292	24,520,469
	1,247,969	5,840,809	11,580,962	5,377,218	4,669,773	6,178,600
	6,748,745	6,496,245	5,702,536	4,423,360	4,457,487	3,955,964
	2,582,067	3,029,723	2,610,060	2,535,736	2,567,745	2,384,555
	-	-	-	-	-	153,085
	<u>81,260,233</u>	<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>
	254,756	(9,322,139)	(13,828,827)	(3,079,713)	(5,214,075)	(12,884,338)

HAYWOOD COUNTY, NORTH CAROLINA

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Other financing sources (uses):				
Transfers from other funds	\$ 1,869,050	\$ 652,780	\$ 1,191,409	\$ 438,234
Transfers to other funds	(1,869,050)	(652,780)	(1,191,409)	(438,234)
General obligation bonds issued	-	-	-	-
Premium on general obligation bonds issued	-	-	-	-
Notes payable issued	3,350,000	6,200,000	-	2,350,000
Current refunding of certificates of participation issued	-	-	10,783,000	14,585,000
Payment to escrow agent for refunded debt	-	-	(10,723,992)	-
Sale of capital assets	15,544	217,743	3,522	18,895
Total other financing sources and uses	<u>3,365,544</u>	<u>6,417,743</u>	<u>62,530</u>	<u>16,953,895</u>
Net change in fund balance	4,428,883	9,819,466	482,235	4,128,529
Fund balances-beginning	<u>36,100,901</u>	<u>26,281,435</u>	<u>25,799,200</u>	<u>21,670,671</u>
Fund balances-ending	<u>\$ 40,529,784</u>	<u>\$ 36,100,901</u>	<u>\$ 26,281,435</u>	<u>\$ 25,799,200</u>
Debt service as a percentage of non-capital expenditures	8.93%	9.36%	10.19%	24.26%

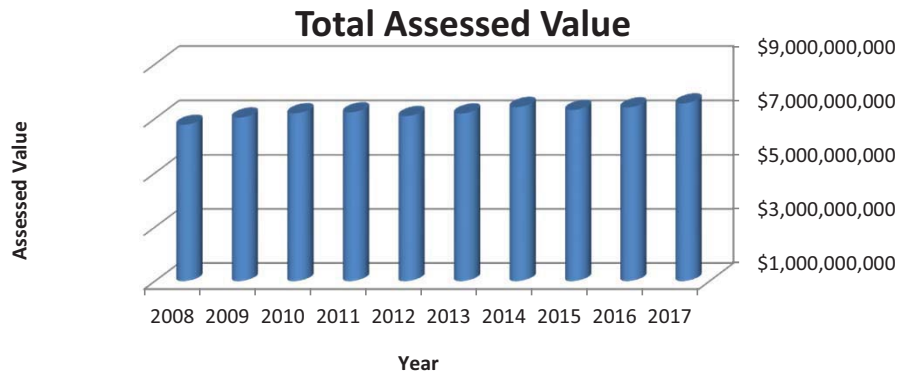
Capital outlay expenditures have been segregated here in order to calculate the percentage of non-capital expenditures.

	2013	2012	2011	2010	2009	2008
\$	567,960	\$ 141,132	\$ 3,439,102	\$ 1,360,866	\$ 538,542	\$ 5,124,492
	(567,960)	(141,132)	(3,439,102)	(1,360,866)	(538,542)	(5,124,492)
	-	-	-	-	-	7,000,000
	-	-	-	-	-	99,872
	-	3,053,600	20,896,400	4,500,000	1,269,100	1,400,000
	7,150,000	-	-	-	-	-
	(7,079,605)	-	-	-	-	-
	189,976	486,429	93,734	6,654	30,577	21,881
	260,371	3,540,029	20,990,134	4,506,654	1,299,677	8,521,753
	515,127	(5,782,110)	7,161,307	1,426,941	(3,914,398)	(4,362,585)
	21,155,544	26,937,654	19,776,347	18,349,406	22,263,804	26,626,389
\$	<u>21,670,671</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>
	11.66%	11.28%	10.40%	9.61%	9.24%	7.65%

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)
2017	\$ 6,320,354,378	\$ 1,069,000,414	\$ 171,503,537	\$ 7,560,858,329	0.5661
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



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

	2017	2016	2015	2014	2013
Haywood County	0.5661	0.5661	0.5413	0.5413	0.5413
<u>Municipality Rates:</u>					
Town of Canton	0.5800	0.5800	0.5800	0.5800	0.5800
Town of Clyde	0.4300	0.4300	0.4300	0.4300	0.4300
Town of Maggie	0.3900	0.3900	0.3900	0.3900	0.3900
Town of Waynesville	0.4857	0.4382	0.4382	0.4082	0.4082
Municipal Service District	0.2000	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	0.100
North Canton Fire District #2	0.070	0.060	0.060	0.060	0.065
Center Pigeon Fire District	0.075	0.075	0.075	0.075	0.075
Lake Junaluska Fire District	0.075	0.075	0.070	0.070	0.070
Crabtree-Iron Duff Fire District	0.075	0.075	0.065	0.065	0.065
Cruso Fire District	0.100	0.100	0.095	0.095	0.095
Camp Branch Fire District	0.000	0.000	0.000	0.000	0.000
Saunook Fire District	0.050	0.050	0.040	0.040	0.040
Maggie Valley Fire District	0.060	0.060	0.060	0.060	0.060
Clyde Fire District	0.090	0.090	0.090	0.090	0.090
Jonathan Creek Fire District	0.070	0.070	0.070	0.070	0.070
South Waynesville Fire District	0.000	0.000	0.000	0.000	0.000
Big Cove Fire District	0.000	0.000	0.000	0.000	0.000
Fines Creek Fire District	0.090	0.090	0.090	0.090	0.090
Lake Logan-Cecil Fire District	0.100	0.100	0.100	0.100	0.100
Waynesville Fire District	0.060	0.060	0.060	0.060	0.060
Eagles Nest Fire Service District	0.060	0.060	0.060	**	**
Howell Mill Fire Service District	0.060	0.060	0.060	**	**
East Canton Fire Service District	0.100	0.100	***	***	***
Ivy Hill Fire Service District	0.060	0.060	***	***	***
Lake Junaluska Sanitary District	0.060	0.060	0.060	0.060	0.060
Maggie Valley Country Club Road Maintenance	0.200	0.140	0.140	0.140	0.140
Forest Park Road Maintenance	0.080	0.080	0.080	0.080	0.080
Oak Park Road Maintenance	0.100	0.100	0.100	0.100	0.100
Wildcat Mountain Road Maintenance	0.150	0.150	0.150	0.150	0.150
Walker-in-the-Hills Road Maintenance	0.095	0.095	0.095	0.095	0.095
Upper Chestnut Grove Road Maintenance	0.160	0.160	0.160	0.160	0.160
Norman Road Maintenance	0.150	0.150	0.150	0.150	0.150
Tuscola Park Road Maintenance	0.100	0.080	0.110	0.110	0.110
Fox Run Road Maintenance	0.150	0.150	0.150	0.150	0.150
Sugar Valley Springs Road Maintenance	0.120	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
0.5413	0.5140	0.5140	0.4970	0.4970
0.5800	0.5800	0.5800	0.5800	0.5800
0.4300	0.4300	0.4300	0.4300	0.4300
0.4200	0.4200	0.4200	0.4200	0.4200
0.4082	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
0.060	0.060	0.060	0.060	0.055
0.075	0.075	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
0.095	0.095	0.100	0.100	0.090
0.000	0.000	0.000	0.060	0.060
0.040	0.040	0.040	0.040	0.040
0.050	0.050	0.050	0.050	0.050
0.090	0.090	0.090	0.090	0.090
0.070	0.070	0.070	0.070	0.070
0.000	0.000	0.000	0.060	0.060
0.000	0.000	0.000	0.060	0.060
0.090	0.090	0.090	0.090	0.090
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
0.140	0.140	0.140	0.140	0.100
0.080	0.080	0.080	0.080	0.080
0.080	0.080	0.080	0.140	0.140
0.150	0.150	0.150	0.150	0.150
0.095	0.095	0.095	0.095	0.095
0.160	0.160	0.160	0.160	0.120
0.150	0.150	0.150	0.150	0.150
0.110	0.110	0.110	0.110	0.110
0.150	0.150	0.150	0.150	0.150
***	***	***	***	***

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 Electric Membership Corporation	Utility
Haywood Regional Medical Center-A Duke LifePoint Hospital	Medical
Consolidated Metco	Manufacturing
Ingles Markets, Inc.	Super Market
Waynesville Enterprises LLC	Retail
BellSouth Telephone Company	Utility
Sonoco Plastics, Inc. formerly Associated Packaging	Manufacturing
Highland Forest	Land Developers
Graves Development Corp	Land Developers
Carolina Log Homes Inc	Land Developers
Maggie Valley Resort	Country Club
Vantagepoint Investments of Waynesville	Retail
Preserve at Chestnut Flats	Land Developers
Totals	

Source: Haywood County Tax Assessor

2017			2008		
Valuation	Rank	% of Valuation	Valuation	Rank	% of Valuation
\$ 184,428,715	1	2.44%	\$ 161,233,426	1	2.38%
101,578,924	2	1.34%	63,346,858	2	0.97%
82,616,967	3	1.09%	32,707,284	3	0.66%
58,106,756	4	0.77%			
24,709,783	5	0.33%			
22,203,239	6	0.29%	20,611,875	5	0.44%
21,391,200	7	0.28%			
21,110,347	8	0.28%	29,042,260	4	0.61%
16,652,920	9	0.22%			
15,202,869	10				
		0.00%	20,162,870	6	0.44%
		0.00%	18,765,046	7	0.56%
		0.00%	13,888,552	8	0.43%
		0.00%	13,186,240	9	0.42%
		0.00%	11,859,030	10	0.39%
<u>\$ 548,001,720</u>		<u>7.05%</u>	<u>\$ 384,803,441</u>		<u>7.31%</u>

HAYWOOD COUNTY, NORTH CAROLINA

Property Tax Levies and Collections
Last Ten Fiscal Years

<u>Fiscal Year Ended June 30,</u>	<u>Total Tax Levy</u>	<u>Collected within the Fiscal Year of the Levy</u>	
		<u>Amount</u>	<u>Percentage of Levy Collected</u>
2017	\$ 42,902,722	\$ 41,815,422	97.47%
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%

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		
\$ -	\$ 41,815,422	97.47%	\$ 1,087,300	2.53%
843,290	41,836,437	99.28%	304,847	0.72%
823,560	39,566,069	99.61%	153,958	0.39%
1,135,731	40,185,041	99.67%	134,348	0.33%
1,372,008	38,913,817	99.60%	154,892	0.40%
1,355,536	38,393,723	99.70%	116,554	0.30%
1,335,813	37,275,705	99.71%	110,124	0.29%
1,441,970	36,800,920	99.73%	100,864	0.27%
1,417,326	35,107,469	99.72%	100,337	0.28%
913,858	33,682,121	99.73%	91,808	0.27%
			<u>\$ 2,355,032</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
2017	70	\$ 16,752,475	464	\$ 37,164,836	\$ 1,086,187,112	\$ 5,692,606,389
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

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

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)}	Total Primary Government
2017	\$ 7,560,858,329	\$ 18,310,816	\$ -	\$ -	\$ 34,166,773	\$ 52,477,589
2016	7,412,165,518	20,491,072	-	-	34,934,203	55,425,275
2015	7,316,152,780	22,699,328	-	-	32,699,189	55,398,517
2014	7,427,627,563	24,484,793	-	-	36,963,107	61,447,900
2013	7,189,894,232	26,458,067	7,849,489	-	31,157,557	65,465,113
2012	7,093,917,236	27,817,077	9,580,453	-	34,446,301	71,843,831
2011	7,230,675,293	29,597,423	11,296,417	-	34,488,946	75,382,786
2010	7,196,429,119	31,377,768	13,007,381	-	15,900,082	60,285,231
2009	7,039,518,034	33,158,113	14,713,345	-	12,433,442	60,304,900
2008	6,771,497,642	34,938,458	16,429,309	-	12,221,829	63,589,596

Sources:

⁽¹⁾NC Office of State Budget & Management-projection 2017, revised estimate 2010-2016

⁽²⁾Bureau of Economic Analysis-reflects revised numbers 2008 - 2015

⁽³⁾Haywood County CAFRs

⁽⁴⁾Installment loans shown as notes payable

* Information not yet available

Net Debt to Assessed Value	Population⁽¹⁾	Personal Income⁽²⁾ (thousands)	Percentage of Personal Income	Net Debt Per Capita
0.69%	61,623	*	*	\$ 852
0.75%	60,436	*	*	917
0.76%	60,178	\$ 2,107,798	2.63%	921
0.83%	59,913	2,014,728	3.05%	1,025.62
0.91%	59,675	1,919,833	3.41%	1,097.03
1.01%	59,267	1,950,818	3.68%	1,212.21
1.04%	59,475	1,874,974	4.02%	1,267.47
0.84%	58,949	1,820,971	3.31%	1,022.67
0.86%	58,680	1,780,283	3.39%	1,027.69
0.94%	57,976	1,805,628	3.52%	1,096.83

HAYWOOD COUNTY, NORTH CAROLINA

Legal Debt Margin Information
Last Ten Fiscal Years

Legal debt margin:	
Assessed value	\$ 7,560,858,329
Debt limit	<u>8.00%</u>
	604,868,666
Gross debt:	
General obligation bonds	18,310,816
Notes payable	<u>34,166,773</u>
Total amount of debt applicable to debt limit	<u>52,477,589</u>
Legal debt margin	<u>\$ 552,391,077</u>

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Debt limit	\$ 604,868,666	\$ 592,973,241	\$ 585,292,222	\$ 594,210,205	\$ 575,191,539
Total net debt applicable to limit	<u>52,477,589</u>	<u>55,425,275</u>	<u>55,398,517</u>	<u>61,447,900</u>	<u>65,465,113</u>
Legal debt margin	<u>\$ 552,391,077</u>	<u>\$ 537,547,966</u>	<u>\$ 529,893,705</u>	<u>\$ 532,762,305</u>	<u>\$ 509,726,426</u>
Total net debt applicable to the limit as a percentage of debt limit	8.68%	9.35%	9.47%	10.34%	11.38%

<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
\$ 567,513,379	\$ 578,454,023	\$ 575,714,330	\$ 563,161,443	\$ 541,719,811
<u>71,843,831</u>	<u>75,382,786</u>	<u>60,285,231</u>	<u>60,304,900</u>	<u>63,589,596</u>
<u>\$ 495,669,548</u>	<u>\$ 503,071,237</u>	<u>\$ 515,429,099</u>	<u>\$ 502,856,543</u>	<u>\$ 478,130,215</u>
12.66%	13.03%	10.47%	10.71%	11.74%

HAYWOOD COUNTY, NORTH CAROLINA

Computation of Direct and Overlapping Debt
 Governmental Activities
 June 30, 2017

	Municipalities		
	Governmental	Estimated	
	Debt	Percentage	
	Outstanding ⁽¹⁾	Applicable	
	<u> </u>		<u> </u>
Municipalities:			
Town of Canton	\$ 1,600,480	100%	\$ 1,600,480
Town of Clyde	5,065	100%	5,065
Town of Maggie Valley	615,398	100%	615,398
Town of Waynesville	6,070,420	100%	<u>6,070,420</u>
 Total overlapping debt			 8,291,363
 Haywood County direct debt			 <u>52,477,589</u>
 Total direct and overlapping debt			 <u><u>\$ 60,768,952</u></u>

Note:

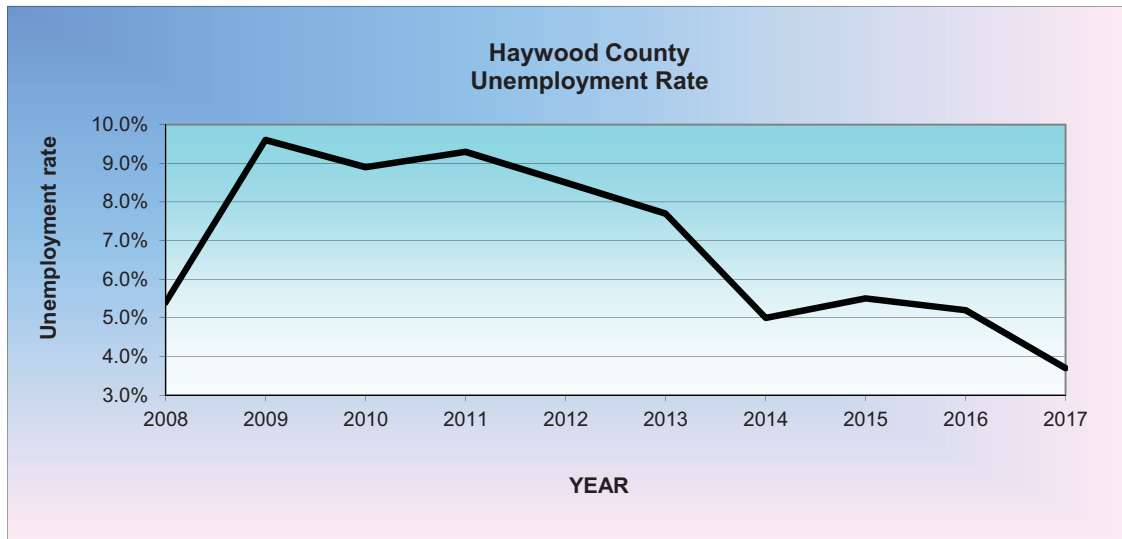
Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the County. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the citizens and businesses of the County. This process recognizes that, when 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⁾
2017	61,623	*	7,083	3.7%
2016	61,126	*	7,134	5.2%
2015	60,631	35,207	7,239	5.5%
2014	59,993	33,929	7,564	5.0%
2013	59,643	32,473	7,459	7.7%
2012	59,263	33,188	7,530	8.5%
2011	59,480	31,940	7,582	9.3%
2010	58,956	30,886	7,588	8.9%
2009	58,680	30,097	7,677	9.6%
2008	57,976	30,702	7,658	5.4%



Sources:

⁽¹⁾NC Office of State Budget & Management-projection 2017, revised estimate 2010-2016

⁽²⁾Bureau of Economic Analysis-reflects revised numbers 2008 - 2015

⁽³⁾Haywood County Board of Education 2008 - 2010

⁽⁴⁾Department of Public Instruction - Student Enrollment is ADM starting 2011

⁽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	2017			2008		
	Number of Employees⁽¹⁾		% of Total County Employment⁽²⁾	Number of Employees⁽¹⁾		% of Total County Employment⁽²⁾
Haywood County Consolidated Schools	1,236	1	4.29%	1,375	1	5.13%
Blue Ridge Paper Products, Inc. (Evergreen Packaging)	1,050	2	3.65%	1,146	2	4.28%
Haywood Regional Medical Centers-A Duke LifePoint Hospital	894	3	3.11%	896	3	3.34%
Haywood County Government	547	4	1.90%	613	4	2.29%
Ingles Markets, Inc.	525	5	1.82%	434	7	1.62%
Consolidated Metco Inc.	501	6	1.74%			
Haywood Vocational Opportunities, Inc.	408	7	1.42%	306	8	1.14%
Wal-Mart Associates, Inc.	355	8	1.23%	475	6	1.77%
Haywood Community College	318	9	1.10%	608	5	2.27%
Town of Waynesville	290	10	1.01%	242	9	0.90%
McDonald's				200	10	0.75%
Totals	6,124		21.27%	6,295		23.49%

Sources:

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

⁽²⁾Employment Security Commission of North Carolina

HAYWOOD COUNTY, NORTH CAROLINA

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

	<u>2017</u>	<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>
Number of employees:										
General government	52.80	50.30	49.66	49.57	49.07	50.00	52.00	51.34	57.00	55.00
Central services	33.15	30.15	30.15	29.00	28.05	24.30	25.50	24.60	28.75	24.50
Public safety	183.85	182.85	177.85	171.00	167.35	168.10	166.90	165.80	169.65	168.50
Environmental protection	4.15	4.40	18.50	18.50	18.50	27.50	28.30	48.25	47.25	48.50
Economic and physical development	10.25	8.00	7.50	9.50	9.50	9.50	9.70	11.50	10.50	10.50
Human services	198.45	204.25	205.29	204.50	205.50	207.50	213.75	212.75	221.75	217.00
Culture and recreation	19.50	19.50	19.50	19.50	19.50	19.50	19.50	20.20	22.20	24.00
Total	<u>502.15</u>	<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>

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

Function/Program	2017	2016	2015
<u>General Government</u>			
Elections:			
Number of registered voters	43,247	42,847	40,974
Register of Deeds:			
Deeds and real estate documents indexed	12,251	10,822	10,550
<u>Public Safety</u>			
Building Inspections:			
Residential permits issued	464	432	439
Mobile home permits issued (9)	81	73	53
Commercial permits issued	70	60	54
Fire Control:			
Inspections performed	776	870	943
Fire marshal and assistants	3	3	3
Detention:			
Booked inmates	3428	3493	3437
Average daily jail population	119	109	117
Sheriff:			
Hand gun permits processed (1)	n/a	2147	2098
EMS:			
Billable transports	7343	7389	7677
EOC/Dispatching: (2)			
Number of emergency calls dispatched	83,424	79,378	78,770
Number of fire related calls dispatched	10,326	9,438	8,572
Animal Services:			
Number of calls serviced (1)	n/a	2360	2139
Number of animals received (1)	n/a	2099	2106
Number of adoptions (1)	n/a	1517	1066

2014	2013	2012	2011	2010	2009	2008
42,152	41,717	42,120	41,523	41,944	41,361	41,522
10,247	12,323	11,453	11,389	11,591	12,920	15,933
396	389	327	395	346	393	721
58	58	83	70	87	85	
60	64	50	50	34	29	53
1024	866	685	504	409	480	551
3	3	3	3	3	2	3
3252	3177	2690	2704	2574	2825	2798
112	105	75	85	93	83	93
1066	1501	1716	1422	1180	1255	1293
6858	7256	6356	6601	6498	6385	6654
51,751	46,510	42,339	40,837	43,989	41,383	37,933
5,650	2,634	2,144	2,675	1,748	1,565	2,031
1985	2266	2259	2567	2946	2760	2,748
2628	2707	2916	3424	3612	3942	4,120
1108	969	1343	1308	1449	885	698

HAYWOOD COUNTY, NORTH CAROLINA

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

Function/Program	2017	2016	2015
<u>Environmental Protection</u>			
Solid Waste:			
Tons of solid waste buried (3)	160,471.42	160,499.58	160,565.57
Tons of yard waste processed	1,054.80	557.17	454.75
Tons of recyclables sent out	6,185.44	6,259.20	6,686.45
<u>Economic and Physical Development</u>			
Planning:			
Number of major subdivision plan reviews	14	4	4
Economic Development:			
Tourism revenues (1) (7)	n/a	\$178,600,000	\$167,560,000
Taxable sales (8)	\$707,655,991	\$668,797,027	\$631,113,234
<u>Human Services</u>			
Health Department:			
Number of health clients served	10,488	8,859	9,232
Number of food service inspections	626	520	677
Social Services:			
Average # of food stamp recipients per month (1)	n/a	9217	10342
Child support collections (1)	n/a	\$3,554,893	\$3,608,626
Total number of unduplicated children subject to child protection services (CPS) assessments (1)			
	n/a	481	476
Total number of unduplicated children in foster care (1)			
	n/a	\$138	140
<u>Culture and Recreation</u>			
Library:			
Library patrons	42,520	40,806	35,334
Items of library materials cataloged	149,497	146,164	149,615
Recreation:			
Park recreation program participants	1448	1176	1112

2014	2013	2012	2011	2010	2009	2008
57,331.00	42,859.40	44,510.30	44,857.70	46,328.69	50,881.02	57,554.94
241.98	191.41	138.64	201.72	224.30	397.59	1,187.28
5,948.76	5,757.56	6,083.67	6,374.19	6,903.09	5,770.90	3,483.59
2	3	3	1	6	16	28
\$161,590,000	\$155,380,000	\$148,630,000	\$120,400,000	\$116,310,000	\$108,880,000	\$113,460,000
\$565,672,010	\$560,682,306	\$540,735,523	\$518,290,311	\$498,088,247	\$489,719,216	\$549,879,484
9,449	10,922	12,108	13,418	12,370	12,736	12,666
785	810	706	717	885	896	777
10,687	10,256	10,487	9,908	9,960	8,253	6,542
\$3,553,448	\$3,721,830	\$3,756,082	\$3,648,803	\$3,622,478	\$3,818,785	\$4,178,218
496	517	524	352	360	379	374
150	154	158	138	161	183	171
36,621	34,232	29,859	35,667	40,491	38,346	35,429
146,621	143,401	147,709	168,813	176,281	179,615	185,419
1263	1552	2219	1822	1914	1572	1456

HAYWOOD COUNTY, NORTH CAROLINA

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

Function/Program	2017	2016	2015
<u>Education</u>			
Public Schools:			
County appropriations per pupil-Final ADM (Average Daily Membership) (5)	\$2,013	\$1,996	\$1,977
Number of teachers (4)	521	535	522
Student enrollment (4) (5)	7,083	7,134	7,280
County appropriations for current operating per student - State ranking (5)	n/a	26	24
Community College: (6)			
Number of courses offered	938	1,011	1,142
Curriculum student enrollment	2,416	2,372	2,617
Curriculum full-time-equivalents (FTE) (fall and spring terms only)	1,317.00	1,369.00	1,531.60
Continuing Ed student enrollment (1)	n/a	3,970	3,563
Continuing Ed FTE (spring, summer, fall terms) (1)	n/a	241.1	259.1

Sources: Various governmental departments - Fiscal year data

- (1) Calendar year data
- (2) EOC and Sheriff Dispatch consolidated 2015
- (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
- (6) Source: Haywood Community College - Academic year data
- (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 - 2008 combined

2014	2013	2012	2011	2010	2009	2008
\$1,939	\$1,896	\$1,854	\$1,898	\$1,882	\$1,725	\$1,776
537	533	535	546	547	619	568
7,421	7,459	7,530	7,582	7,588	7,779	7,658
23	25	26	22	23	28	23
1,231	1,166	1,233	1,358	1,239	1,212	1,191
2,210	3,099	2,599	3,493	3,341	3,413	3,174
1,693.40	1,756.00	1,927.00	1,968.56	1,838.12	1,653.87	1,607.68
4,391	5,161	5,370	5,122	5,400	7,355	6,497
306.3	343.0	337.34	314.10	343.03	332.27	293.33

HAYWOOD COUNTY, NORTH CAROLINA

Capital Assets Statistics By Function/Program
Last Ten Fiscal Years

Function/Program	2017	2016	2015	2014
<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	150	137	137
Sheriff:				
Offices	1	1	1	1
Patrol vehicles	70	65	64	64
<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>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
187	187	187	187	187	187
3	3	3	3	3	3
137	132	133	133	133	133
1	1	1	1	1	1
59	63	66	57	53	60
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	22
8	8	8	8	8	8
1	1	1	1	1	1
1	1	1	1	1	1

HAYWOOD COUNTY, NORTH CAROLINA

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

Function/Program	2017	2016	2015	2014
<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

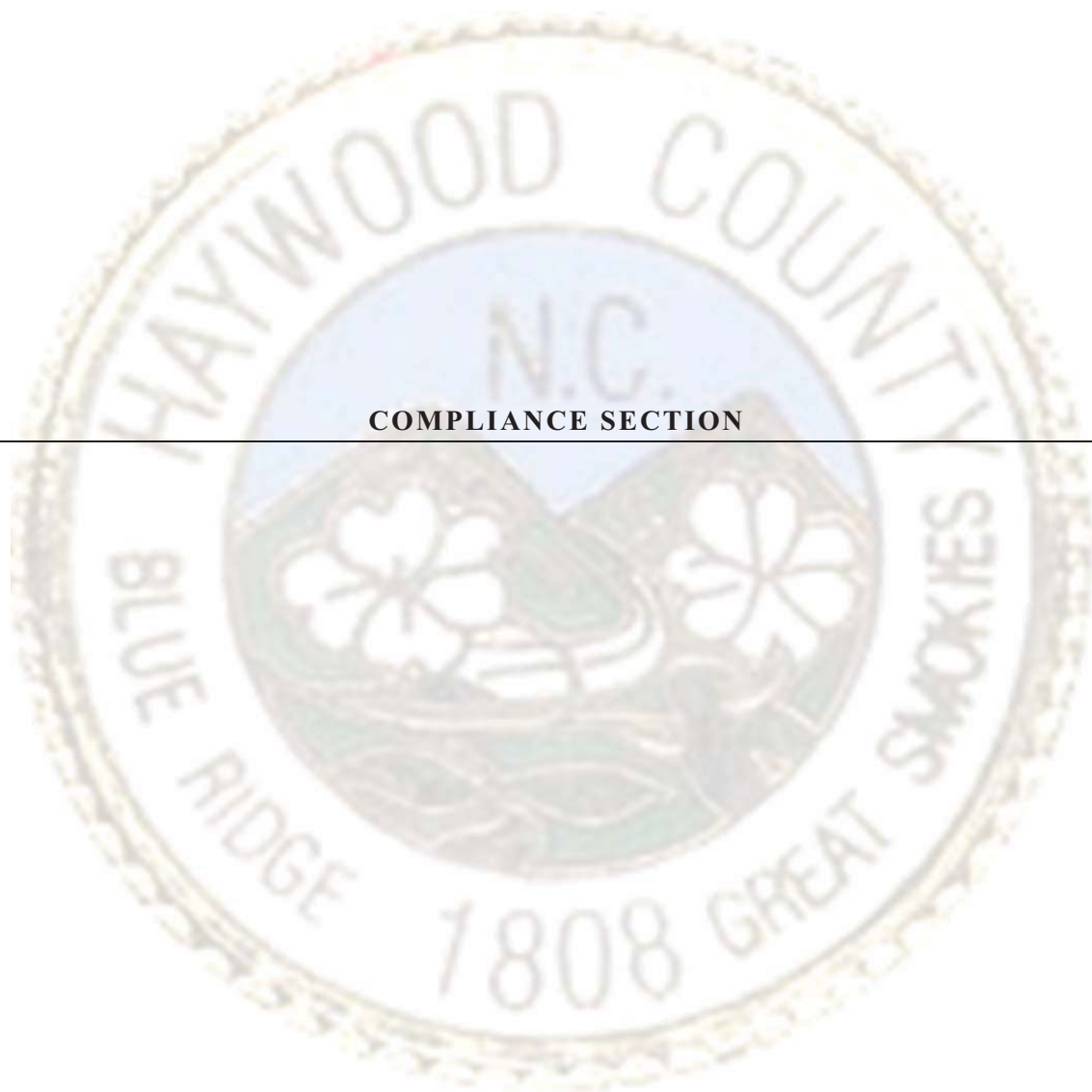
Source: Various governmental departments

⁽¹⁾Source: Haywood County Board of Education

⁽²⁾Source: Haywood Community College

⁽³⁾Source: Haywood Regional Medical Center

<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
16	16	16	16	16	16
1	1	1	1	1	1
1	1	1	1	1	1



COMPLIANCE SECTION



**GOULD KILLIAN
CPA GROUP, P.A.**
CERTIFIED PUBLIC ACCOUNTANTS

**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 the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the 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, 2017, and the related notes to the financial statements, which collectively comprise Haywood County, North Carolina's basic financial statements and have issued our report thereon dated November 17, 2017. 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, North Carolina'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, North Carolina's internal control. Accordingly, we do not express an opinion on the effectiveness of Haywood County, North Carolina'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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. 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 Haywood County, North Carolina's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance 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.

Donald Killian CPA Group, P.A.

Asheville, North Carolina
November 17, 2017



**Report On Compliance With Requirements Applicable to 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, North Carolina'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, North Carolina's major federal programs for the year ended June 30, 2017. Haywood County, North Carolina's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Haywood County, North Carolina's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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). Those standards and the Uniform Guidance 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, North Carolina'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 of Haywood County, North Carolina's compliance.

Opinion on Each Major Federal Program

In our opinion, Haywood County, North Carolina complied, in all material respects, with the types of 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, 2017.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying

schedule of findings and questioned costs as item 2017-003. Our opinion on each major federal program is not modified with respect to this matter.

Haywood County, North Carolina's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Haywood County, North Carolina'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, North Carolina 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, North Carolina's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the 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, North Carolina'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 a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2017-001 and 2017-002, that we consider to be material weaknesses.

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

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

Donald Killian CPA Group, P.A.

Asheville, North Carolina
November 17, 2017



**Report On Compliance With Requirements Applicable to 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, North Carolina's compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina* that could have a direct and material effect on each of Haywood County, North Carolina's major state programs for the year ended June 30, 2017. Haywood County, North Carolina's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Haywood County, North Carolina'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*. 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, North Carolina'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 of Haywood County, North Carolina's compliance.

Opinion on Each Major State Program

In our opinion, Haywood County, North Carolina complied, in all material respects, with the types of 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, 2017.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2017-003. Our opinion on each major state program is not modified with respect to this matter.

Haywood County, North Carolina's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Haywood County, North Carolina'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, North Carolina 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, North Carolina's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the 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, North Carolina's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2017-001 and 2017-002, that we consider to be material weaknesses.

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

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

Donald Killian CPA Group, P.A.

Asheville, North Carolina
November 17, 2017

HAYWOOD COUNTY, NORTH CAROLINA
Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2017

<u>Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>State/Pass- Through Grantor's Number</u>	<u>Federal (Direct and Pass- Through) Expenditures</u>	<u>State Expenditures</u>	<u>Passed-through to Subrecipients</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:					
SNAP Cluster:					
State Administration Matching Grants for the Supplemental Nutrition Assistance Program (SNAP)	10.561		\$ 531,595	\$ -	\$ -
Division of Public Health:					
Administration:					
Special Supplemental Nutrition Program for Women, Infants and Children	10.557		223,516	-	-
Direct Benefit Payments:					
Special Supplemental Nutrition Program for Women, Infants and Children	10.557		939,052	-	-
Passed through N.C. Department of Agriculture:					
Food Distribution Cluster:					
Emergency Food Assistance Program Commodities-(Non-cash)	10.569		30,531	-	-
Forest Service:					
Passed through the Office of State Budget and Management:					
Forest Service Schools and Roads Cluster:					
Schools and Roads-Grants to States and Counties	10.665		15,066	-	15,066
Total Forest Service Schools and Roads Cluster			15,066	-	15,066
Law Enforcement Agreements	10.704		1,295	-	-
Total U.S. Department of Agriculture			1,741,055	-	15,066
<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		74,816	-	-
Bureau Of Justice Assistance					
Passed through N.C. Department of Crime Control and Public Safety:					
Bulletproof Vest Partnership Program	16.607		3,925	-	-
2016 Jag Officer Safety Initiative	16.738		10,351	-	-
Communication Interoperability Enhancement	16.738		22,488	-	-
Total U.S. Department of Justice			111,580	-	-
<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	20.205-1		28,009	-	28,009
Total U.S. Department of Transportation			28,009	-	28,009

HAYWOOD COUNTY, NORTH CAROLINA

Schedule of Expenditures of Federal and State Awards

For the Year Ended June 30, 2017

<u>Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>State/Pass- Through Grantor's Number</u>	<u>Federal (Direct and Pass- Through) Expenditures</u>	<u>State Expenditures</u>	<u>Passed-through to Subrecipients</u>
<u>U.S. Department of Health and Human Services</u>					
Office of Population Affairs:					
Passed through the NC Department of Health and Human Services:					
Human Services:					
Division of Public Health:					
Family Planning	93.217		40,821	-	-
Administration for Children and Families:					
Passed through the NC Department of Health and Human Services:					
Division of Social Services:					
Foster Care and Adoption Cluster (Note C)					
Administration:					
Foster Care	93.658		114,134	-	-
IV-E Foster Care/Off Trn	93.658		334,663	-	-
Adoption/Foster Care	93.658		133,536	40,340	-
IV-E Adoption/Off Trn	93.659		11,233	-	-
Direct Benefit Payments:					
Foster Care At Risk			-	997	-
IV-E Foster Care	93.658		525,873	146,383	-
IV-E Adoption	93.659		557,917	140,089	-
			<u>1,677,356</u>	<u>327,809</u>	<u>-</u>
Total Foster Care and Adoption Cluster (Note C)					
Temporary Assistance for Needy Families Cluster:					
Temporary Assistance for Needy Families TANF/Work First	93.558		904,235	-	-
TANF/Work First--Direct Benefits	93.558		385,596	(19)	-
Special Children Adoption--Direct Benefits	93.558		3,600	-	-
Total TANF Cluster			<u>1,293,431</u>	<u>(19)</u>	<u>-</u>
<u>Child Care Development Fund Cluster</u>					
<u>Division of Social Services:</u>					
Division of Child Development:					
Child Care Development Fund - Mandatory	93.596		141,971	-	-
Total Child Care Fund Cluster			<u>141,971</u>	<u>-</u>	<u>-</u>
NC Child Support Enforcement Section					
Low-Income Home Energy Assistance:					
Administration	93.568		37,086	-	-
Crisis Intervention Program	93.568		443,906	-	-
Permanency Planning--Families for Kids	93.645		6,941	-	-
SSBG-In-Home Service Fund	93.667		32,511	-	-
SSBG-Adult Day Care	93.667		63,736	33,176	-
SSBG-Other Services and Training	93.667		183,086	18,539	-
Child Protective Safety TANF to SSBG	93.667		118,480	-	-
Independent Living	93.674		14,435	3,608	-
Independent Living Transitional/LINKS -Direct Benefit	93.674		13,195	-	-
Family Preservation and Support Services	93.556		38,644	-	-
AFDC Payments & Penalties -Direct Benefits	93.560		(200)	(55)	-
AFDC Incent/Prog Integrity			-	1,256	-
Total Division of Social Services			<u>1,707,886</u>	<u>56,524</u>	<u>-</u>

HAYWOOD COUNTY, NORTH CAROLINA

Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2017

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	State/Pass- Through Grantor's Number	Federal (Direct and Pass- Through) Expenditures	State Expenditures	Passed-through to Subrecipients
<u>Centers for Medicare and Medicaid Services</u>					
Passed through N.C. Department of Health and Human Services:					
Human Services:					
Medicaid Cluster:					
Division of Medical Assistance:					
Direct Benefit Payments:					
Medical Assistance Program	93.778		61,665,676	33,324,657	-
Division of Social Services:					
Administration:					
Medical Assistance Program	93.778		1,446,860	9,057	
State County Special Assistance	93.778		62,321	-	
Total Medicaid Cluster			<u>63,174,857</u>	<u>33,333,714</u>	<u>-</u>
Division of Medical Assistance:					
Direct Benefit Payments:					
State Children's Insurance Program--NC Health Choice	93.767		1,316,525	6,214	-
Division of Social Services:					
Administration:					
State Children's Insurance Program--NC Health Choice	93.767		89,742	(13)	-
Total Centers for Medicare and Medicaid Services			<u>64,581,124</u>	<u>33,339,915</u>	<u>-</u>
<u>Centers for Disease Control and Prevention</u>					
Passed through N.C. Department of Health and Human Services:					
Human Services:					
Division of Public Health:					
Public Health Emergency Preparedness	93.074		46,615	-	-
Tuberculosis Prevention and Control and Laboratory Program	93.116		50	-	-
Injury Prevention and Control	93.136		8,432	-	-
Immunizations CoAg and Vaccines for Children Program	93.268		5,792	-	-
Prevention and Public Health Fund Affordable Car Act-Immunization Pro	93.539		8,202	-	-
Cancer Prevention and Control Programs for State, Territorial and Tribal	93.752		7,837	-	-
Passed through Macon County:					
State Public health Actions to Prevent and Control Diabetes,					
Heart Disease, Obesity and Associated Risk Factors	93.757		3,022	-	-
Preventive Health Services - Healthy Communities	93.758		26,707	-	-
Preventive Health Services -Sexually Transmitted Diseases Control Grant	93.977		97	-	-
Total Centers for Disease Control and Prevention			<u>106,754</u>	<u>-</u>	<u>-</u>
<u>Health Resources and Services Administration</u>					
Division of Public Health:					
Maternal Child Health Block Grant to the States	93.994		86,904	65,185	-
<u>Administration for Community Living:</u>					
Passed through the 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		38,892	-	-
Special Programs for the Aging-Title III-C-Nutrition Services					
Title III-C1 - Congregate	93.045		277,712	-	277,712
Title III-C2 - Home Delivered Meals	93.045		103,512	14,912	19,012
Total Aging Cluster			<u>420,116</u>	<u>14,912</u>	<u>296,724</u>
Total U.S. Department of Health and Human Services			<u>69,914,392</u>	<u>33,804,326</u>	<u>296,724</u>

HAYWOOD COUNTY, NORTH CAROLINA

Schedule of Expenditures of Federal and State Awards

For the Year Ended June 30, 2017

<u>Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>State/Pass- Through Grantor's Number</u>	<u>Federal (Direct and Pass- Through) Expenditures</u>	<u>State Expenditures</u>	<u>Passed-through to Subrecipients</u>
<u>U.S. Department of Homeland Security</u>					
Passed through the N.C. Department of Public Safety, Division of Emergency Management					
Division of Emergency Management:					
Emergency Management Performance Grant (EMPG)	97.042		19,292	19,292	-
State Homeland Security Program:					
Incident Management Training	97.067		991	-	-
Total U.S. Department of Homeland Security			20,283	19,292	-
State Awards:					
<u>N.C. Department of Agriculture and Consumer Services</u>					
Farmland Preservation Trust Fund:					
Spay and Neuter Program			-	26,665	26,665
<u>N.C. Department of Cultural Resources</u>					
Division of State Library:					
State Aid to Public Libraries			-	105,804	-
<u>N.C. Department of Environment and Natural Resources</u>					
Division of Waste Management:					
Scrap Tire Disposal Grant			-	62,461	-
Electronic Management Program			-	4,498	-
2016 Community Waste Reduction and Recycling Grant Project			-	20,000	-
Total N.C. Department of Environment and Natural Resources			-	86,959	-
<u>N.C. Department of Health and Human Services</u>					
Division of Social Services:					
Adoption Subsidy--Direct Benefits Payments			-	263,397	-
State Child Welfare/CPS			-	91,234	-
Energy Assistance-Private Grants			-	8,111	-
State/County Special Assistance for Adults -Direct Benefits			-	536,650	-
State Foster Care Benefits Program-Direct Benefits			-	209,307	-
Division of Public Health:					
Breast and Cervical Cancer Program			-	9,180	-
Child Health			-	3,524	-
General Aid to Counties			-	85,725	-
General Communicable Disease Control			-	11,423	-
Food and Lodging Fees			-	8,973	-
Electronic Records			-	10,593	-
HMHC-Family Planning			-	4,625	-
HIV Testing			-	100	-
Maternal Health			-	1,452	-
Sexually Transmitted Diseases			-	817	-
School Nurse Funding Initiative			-	100,000	-
TB Medical Service			-	540	-
Tuberculosis			-	2,186	-
Public Health Nursing			-	400	-
WHSF-Women's Preventative Health			-	11,114	-
Zika Virus Mosquito Control			-	18,011	-
Total N.C. Department of Health and Human Services			-	1,377,362	-

HAYWOOD COUNTY, NORTH CAROLINA

Schedule of Expenditures of Federal and State Awards

For the Year Ended June 30, 2017

<u>Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>State/Pass- Through Grantor's Number</u>	<u>Federal (Direct and Pass- Through) Expenditures</u>	<u>State Expenditures</u>	<u>Passed-through to Subrecipients</u>
<u>N.C. Office of Juvenile Justice</u>					
Department of Juvenile Justice and Delinquency Prevention:					
Juvenile Crime Prevention Program			-	303,931	303,931
<u>N.C. Department of Public Instruction</u>					
Public School Building Capital Fund:					
Public School Building Capital Fund-Lottery			-	241,355	241,355
Public School Building Capital Fund-State ADM			-	41,348	41,348
Total N.C. Department of Public Instruction			-	282,703	282,703
<u>N.C. Department of Transportation</u>					
Rural Operating Assistance Program:					
Elderly and Disabled Transportation Assistance Program		DOT-16-CL	-	73,797	73,797
Rural General Public Program		DOT-16-CL	-	67,018	67,018
Work First/Employment		DOT-16-CL	-	15,161	-
Total N.C. Department of Transportation			-	155,976	140,815
<u>N.C. Department of Veteran Affairs</u>					
Veteran Services			-	2,130	-
<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	-	597,007	-
Total N.C. General Assembly			-	597,007	-
Total Federal and State Awards			\$ 71,815,319	\$ 36,762,155	\$ 1,093,913

Notes to Schedule of Expenditures of Federal and State Awards**1. 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.

2. 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.

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

3. Clusters of Programs

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.

4. 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 year ended June 30, 2017

I. Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance to GAAP: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? yes no
- Significant deficiency(s) identified that are not considered to be material weaknesses yes none reported
- Noncompliance material to financial statements noted yes no

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? yes no
- Significant deficiency(s) identified that are not considered to be material weaknesses? yes none reported

Type of auditor's 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)? yes no

The following were audited as major federal programs for the fiscal year ended June 30, 2017:

<u>Program Name</u>	<u>CFDA #</u>
Medicaid Cluster	93.778

The threshold for distinguishing between Type A and Type B programs for Haywood County is \$2,425,471.

Haywood County does not qualify as a low risk auditee.

HAYWOOD COUNTY, NORTH CAROLINA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the year ended June 30, 2017

State Awards

Internal control over major State programs:

- Material weakness identified? yes no
- Significant deficiency identified that are not considered to be material weakness yes none reported

Type of auditor's report issued on compliance for major State programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with the State Single Audit Implementation Act yes no

Identification of major State programs:

Program Name

Medicaid

HAYWOOD COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the year ended June 30, 2017

II. Financial Statement Findings

None reported

III. Federal Award Findings and Questioned Costs

U.S. Department of Health and Human Services

Passed through the NC Department of Health and Human Services

Program Name: Medical Assistance Program (Medicaid, Title XIX)

CFDA # 93.778

Finding 2017-001

Material Weakness – Monitoring Controls

Condition: The County's second party review process for the Medicaid program is not operating effectively to detect and correct errors found in the casefile documentation.

Criteria: The second party review process should both detect and correct errors in the County's eligibility intake functions for the Medicaid program.

Cause: The County's second party review process does not include follow-through procedures to ensure that identified errors are effectively corrected. Also, not all errors are detected during the review process.

Effect: Documentation, sufficient to comply with the County's internal quality control policy and the Medicaid program requirements, was not present in the casefile at the time the external auditors performed their procedures.

Context: The external auditors tested 23 cases where County supervisors performed second party reviews of Medicaid cases processed by Income Maintenance Caseworkers (IMCs). Of the 23 selected there were 4 instances where the reviewer noted errors in the documentation that were never corrected by the IMC. The external auditors also discovered one instance where a review was conducted, but the reviewer did not catch a documentation error that the IMC made. In total, the auditors noted 5 cases with documentation errors. However, the determination of eligibility was not affected.

Questioned Costs: The external auditors calculated the questioned costs pertaining to the documentation errors to be \$61,628 and questioned costs due to incorrect eligibility determination to be \$0. The calculation of questioned costs was based on the actual benefits paid on behalf of the recipients during the affected recertification period(s).

Recommendation: Management should revise the second party review process to require supervisors to follow-up on errors that are found to ensure that they are satisfactorily corrected. Training and performance reviews of supervisors should include their effectiveness in performing reviews.

Views of Responsible Officials: The County agrees with this findings. See the Corrective Action Plan.

HAYWOOD COUNTY, NORTH CAROLINA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the year ended June 30, 2017

U.S. Department of Health and Human Services

Passed through the NC Department of Health and Human Services

Program Name: Medical Assistance Program (Medicaid, Title XIX)

CFDA # 93.778

Finding 2017-002

Material Weakness – Controls over Medicaid Eligibility Intake

Condition: As discussed at finding 2017-003, the County's eligibility intake functions for the Medicaid program did not prevent material errors in the program for fiscal year 2017.

Criteria: The County's system of internal controls over Medicaid eligibility intake functions should ensure that documentation, sufficient to comply with the federal and state compliance requirements for eligibility determination, be obtained and retained in the recipient's file at the time eligibility is determined. Also, County staff should be provided adequate training and supervision to ensure all relevant and accurate information is used in the budget calculations for determining eligibility.

Cause: The County implemented its corrective action plan in response to prior year findings, which were communicated to the County staff early in the 2017 calendar year. Therefore, half of the fiscal year under audit had passed before the County implemented its corrective actions.

Effect: Documentation retained to support the County's determination of eligibility was inadequate or incorrect.

Context: Of the 126 cases tested, there were three with missing or incorrect documentation. The external auditor discovered two cases where an element of documentation was not included in the file at the time the recertification was conducted to determine eligibility. Additionally, in one case the incorrect income amount was used in the budget calculation.

Questioned Costs: The external auditors calculated the questioned costs as part of the compliance finding 2017-003. Please refer to this finding below for the questioned cost.

Recommendation: Management should modify its procedures to create an environment which ensures compliance through proper training, oversight and follow up. Such procedures along with the recommendation made at finding 2017-001, will assist the County's efforts to ensure its compliance with the federal and state regulations.

Views of Responsible Officials: The County agrees with this findings. See the Corrective Action Plan.

HAYWOOD COUNTY, NORTH CAROLINA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the year ended June 30, 2017

U.S. Department of Health and Human Services

Passed through the NC Department of Health and Human Services

Program Name: Medical Assistance Program (Medicaid, Title XIX)

CFDA # 93.778

Finding 2017-003

Compliance Finding – Medicaid Eligibility

Condition: The external auditors tested 126 non-MAGI cases in the Medicaid program and discovered 3 documentation errors. For one case, the case record did not contain documentation of verification of citizenship. For one case, the case record did not contain the online verification of income. Finally, in one case, the caseworker used an incorrect income amount in the budget used to determine eligibility.

Criteria: Documentation, sufficient to comply with the federal and state compliance requirements for eligibility determination, should be obtained and retained in the recipient's file at the time eligibility is determined. Also, all relevant and accurate information should be used in the budget calculations for determining eligibility.

Cause: The County implemented its corrective action plan in response to prior year findings, which were communicated to the County staff early in the 2017 calendar year. Therefore, half of the fiscal year under audit had passed before the County implemented its corrective actions.

Effect: Documentation sufficient to determine eligibility was not included in the recipient's file at the time that the recipient's eligibility was determined. Also, there was an error in a recipient's budget where the incorrect amount of income was included. In each of these cases, the eligibility determination was not affected.

Context: A statistically valid sample of 126 cases from a population of 8,144 non-MAGI recipients were reviewed, and 3 of those cases contained inadequate or incorrect documentation. However, in all 3 cases, the recipients were found to be eligible.

Questioned Costs: The external auditors calculated the questioned costs due to documentation errors to be \$37,416 and questioned costs due to incorrect eligibility determination to be \$0. The calculation of questioned costs was based on the actual benefits paid on behalf of the recipients during the affected recertification period(s).

Context: The external auditors discovered two cases where an element of documentation was not included in the file at the time the recertification was conducted to determine eligibility. And, one case where the caseworker used the wrong income amount in the budget used for determining eligibility.

Identification of repeat finding: This finding is a repeat of the prior year finding 2016-001.

Recommendation: Documentation, sufficient to comply with the federal and state compliance requirements for eligibility determination, should be obtained and retained in the recipient's file at the time eligibility was determined. Also, County staff should also correctly include all relevant and current information in the budgets used to determine eligibility. This requires training, monitoring and feedback so that staff have the skills, expertise and oversight needed to ensure compliance.

Views of Responsible Officials: The County agrees with this findings. See the Corrective Action Plan.

HAYWOOD COUNTY, NORTH CAROLINA

CORRECTIVE ACTION PLAN

For the year ended June 30, 2017

Material Weakness

2017-001 Second Party Review

Name of contact person: Teresa Allison, Haywood County HHS Director of Economic Services

Corrective Action:

A documentation template has been developed for Adult Medicaid and Family and Children's Medicaid to insure all verification requirements are met and documented. This is a mandatory tool to be used with each application and review. A documentation template will be developed for Long Term Care Medicaid by January 31, 2017.

Quality assurance reviews will be completed as outlined in the Dear County Director Letter, Medicaid Eligibility Second Party Review Corrective Action Plan, dated March 30, 2017. The state developed second party review worksheet will be used in all quality reviews. At least 68 randomly selected cases will be reviewed for quality assurance quarterly.

As errors are identified in Quality Reviews, Supervisors will review the error with the Income Maintenance Caseworker and give them 10 days to make the corrections. It is the responsibility of the Supervisor to review the case to insure the error was corrected properly and to document the date the correction is completed on the Second Party Review Log. The Economic Services Program Manager will review the logs to insure error corrections are being noted.

Supervisors will continue to monitor second party review data monthly to determine areas of weakness and to determine if job performance issues exist.

Material Weakness

2017-002 Medicaid Eligibility Intake Controls

Name of contact person: Teresa Allison, Haywood County HHS Director of Economic Services

Corrective Action:

Income Maintenance Caseworkers will receive additional training on reading online verification sources for verifying social security numbers and citizenship for purposes of meeting the Citizenship/Identity verification requirements.

Manual budgets will continue to be a mandatory document for the case record which serves as a checks and balance procedure to insure NCFAS income evidence matches the eligibility determination.

HHS recognized that Income Maintenance Caseworker caseloads were high and that errors were most likely due to heavy workloads. Two additional Medicaid Income Maintenance positions were granted for the 2017-2018 fiscal year. One newly created position for the Adult Medicaid team was filled as of September 2017. The other additional position is in the process of being filled.

HHSA continues to work with the local community college on a pre-hire training program to help in recruiting staff that is best suited for the demands of the position.

Material Noncompliance

2017-003 Medicaid Eligibility Documentation

Name of contact person: Teresa Allison, Haywood County HHSA Director of Economic Services

Corrective Action:

Income Maintenance Caseworkers will receive additional training on reading online verification sources for verifying social security numbers and citizenship for purposes of meeting the Citizenship/Identity verification requirements.

Manual budgets will continue to be a mandatory document for the case record which serves as a checks and balance procedure to insure NCFAST income evidence matches the eligibility determination.

HHSA recognized that Income Maintenance Caseworker caseloads were high and that errors were most likely due to heavy workloads. Two additional Medicaid Income Maintenance positions were granted for the 2017-2018 fiscal year. One newly created position for the Adult Medicaid team was filled as of September 2017. The other additional position is in the process of being filled.

HAYWOOD COUNTY, NORTH CAROLINA

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

For the year ended June 30, 2017

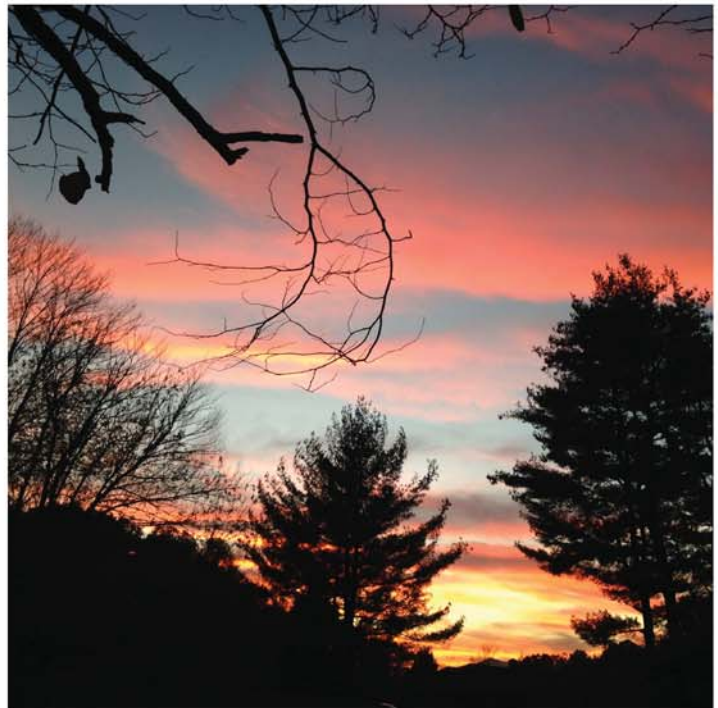
Finding 2016-001

Status: This finding has been repeated as finding 2017-003.

COMPREHENSIVE ANNUAL

FINANCIAL REPORT

2017



Haywood County, North Carolina