

COMPREHENSIVE ANNUAL

# FINANCIAL REPORT

2018



FOR THE FISCAL YEAR ENDED

June 30, 2018

Haywood County, North Carolina

# HAYWOOD COUNTY, NORTH CAROLINA

Waynesville, North Carolina

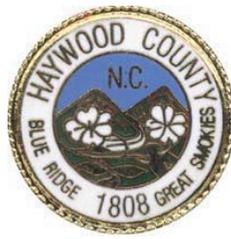
Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2018



Prepared by: Finance Department

Finance Director: Julie H. Davis, CPA



## HAYWOOD COUNTY, NORTH CAROLINA

### Table of Contents

June 30, 2018

#### INTRODUCTORY SECTION:

Letter of Transmittal.....	i-vi
Organizational Chart.....	vii
List of Principal Officials .....	viii
Certificate of Achievement for Excellence in Financial Reporting.....	ix

#### FINANCIAL SECTION:

Independent Auditors' Report .....	1-3
Management's Discussion and Analysis .....	4-12

#### Basic Financial Statements:

##### Government-wide Financial Statements:

"1" Statement of Net Position .....	13
"2" Statement of Activities .....	14

##### Fund Financial Statements:

"3" Balance Sheet-Governmental Funds.....	15-16
"4" Statement of Revenues, Expenditures, and Changes in Fund Balances-Governmental Funds.....	17-18
"5" Statement of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual-General Fund.....	19
"6" Statement of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual-Solid Waste Management Fund .....	20
"7" Statement of Net Position-Proprietary Funds .....	21
"8" Statement of Revenues, Expenses, and Changes in Fund Net Position-Proprietary Funds .....	22
"9" Statement of Cash Flows-Proprietary Funds.....	23
"10" Statement of Fiduciary Assets and Liabilities-Fiduciary Funds .....	24
Notes to the Financial Statements .....	25-63

#### Required Supplemental Financial Data:

"A-1" Law Enforcement Officers' Special Separation Allowance- Schedule of Changes in Total Pension Liability .....	64
Schedule of Total Pension Liability as a Percentage of Covered Payroll .....	64
"A-2" Other Postemployment Benefits- Schedule of Changes in Total OPEB Liability and Related Ratios .....	65
"A-3" Schedule of Proportionate Share of Net Pension Liability (Asset) - Local Governmental Employees' Retirement System.....	66
"A-4" Schedule of the County's Contributions - Local Governmental Employees' Retirement System .....	67
"A-5" Schedule of Proportionate Share of Net Pension Liability (Asset) - Register of Deeds' Supplemental Pension Fund .....	68
"A-6" Schedule of the County's Contributions - Register of Deeds' Supplemental Pension Fund .....	69



**Supplementary Information:**

**Combining and Individual Fund Statements and Schedules:**

"B-1"	Schedule of Revenues, Expenditures, and Changes in Fund Balance-General Fund-Budget and Actual.....	70-81
"B-2"	Schedule of Revenues, Expenditures, and Changes in Fund Balance-Solid Waste Fund-Budget and Actual .....	82
"C-1"	Combining Balance Sheet-Non-Major Governmental Funds .....	83
"C-2"	Combining Balance Sheet-Non-Major Special Revenue Funds.....	84
"C-3"	Combining Balance Sheet-Non-Major Capital Project Funds.....	85
"C-4"	Combining Statement of Revenues, Expenditures, and Changes in Fund Balances-Non-Major Governmental Funds.....	86
"C-5"	Combining Statement of Revenues, Expenditures, and Changes in Fund Balances-Non-Major Special Revenue Funds .....	87
"C-6"	Combining Statement of Revenues, Expenditures, and Changes in Fund Balances-Non-Major Capital Project Funds .....	88

**Schedules of Revenues, Expenditures, and Changes in Fund**

**Balance-Budget and Actual:**

"D-1"	Emergency Telephone System Fund .....	89
"D-2"	Fire Districts Fund.....	90
"D-3"	Sanitary District Fund .....	91
"D-4"	Road Service Fund .....	92
"D-5"	Capital Project Fund-Community College Project Fund .....	93
"D-6"	Capital Project Fund-Master Facilities .....	94
"D-7"	Capital Project Fund-Public Schools ADM/Lottery .....	95
"D-8"	Capital Project Fund-County Building Renovations.....	96
"D-9"	Capital Project Fund-Public Schools County Projects .....	97
"D-10"	Capital Project Fund-Solid Waste Projects.....	98
"E-1"	Combining Statement of Net Position-Internal Service Funds .....	99
"E-2"	Combining Statement of Revenues, Expenses, and Changes in Fund Net Position-Internal Service Funds.....	100
"E-3"	Combining Statement of Cash Flows-Internal Service Funds .....	101
"E-4"	Self Insurance Fund-Health Insurance-Schedule of Revenues and Expenditures-Financial Plan and Actual (Non-GAAP) .....	102
"E-5"	Self Insurance Fund-Workers' Compensation-Schedule of Revenues and Expenditures-Financial Plan and Actual (Non-GAAP) .....	103
"F-1"	Combining Statement of Changes in Fiduciary Assets and Liabilities-Agency Funds .....	104

**Additional Financial Data:**

"G-1"	Schedule of Ad Valorem Taxes Receivable .....	105
"G-2"	Analysis of Current Tax Levy-County-Wide Levy .....	106
	Secondary Market Disclosures .....	106



**STATISTICAL SECTION:**

Changes in Net Position ..... 107-110

Net Position by Component ..... 111-112

Fund Balances, Governmental Funds ..... 113-114

Changes in Fund Balances, Governmental Funds ..... 115-118

Assessed Value of Taxable Property ..... 119

Property Tax Rates-Direct and all Overlapping Governments ..... 120-121

Principal Property Taxpayers ..... 122-123

Property Tax Levies and Collections ..... 124-125

Property Value and Construction ..... 126

Ratio of Outstanding Debt by Type ..... 127-128

Legal Debt Margin Information ..... 129-130

Computation of Direct and Underlying Debt

    Governmental Activities ..... 131

Demographic Statistics ..... 132

Ten Principal Employers ..... 133

Full Time-Equivalent County Government Employees by Function ..... 134

Operating Indicators by Function/Program ..... 135-140

Capital Assets Statistics by Function/Program ..... 141-144

**COMPLIANCE SECTION:**

Report on Internal Control Over Financial Reporting and  
on Compliance and Other Matters Based on an Audit of  
Financial Statements Performed in Accordance with  
*Government Auditing Standards* ..... 145-146

Report on Compliance with Requirements Applicable to Each  
Major Federal Program and Internal Control Over Compliance  
in Accordance with OMB Uniform Guidance and the State  
Single Audit Implementation Act..... 147-148

Report on Compliance with Requirements Applicable to Each  
Major State Program and Internal Control Over Compliance  
in Accordance with OMB Uniform Guidance and the State  
Single Audit Implementation Act..... 149-150

Schedule of Expenditures of Federal and State Awards ..... 151-154

Schedule of Findings and Questioned Costs..... 155-158

Corrective Action Plan ..... 159

Summary Schedule of Prior Year Audit Findings ..... 160



---

## INTRODUCTORY SECTION

---



December 14, 2018

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, 2018. 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, 2018, 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, 133,000 acres of national forest land and a current population of 62,780. 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. Overall, land values declined throughout the county; however, certain areas saw increases. For example, while single family homes in the Town of Maggie Valley decreased in values, the Town of Waynesville's homes reflected increases. In recent years, generally, homes have been reselling within 2-3% of the tax values. Tourism continues to climb, generating \$40.9 million in payroll in 2018, an increase of 8.3% over



the prior year, with a 1.5% increase in tourism related expenditures from 2016 to 2017, on top of a 6.6% increase between 2015 and 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:

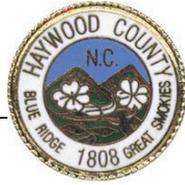
- The local unemployment rate of 3.6%, a slight decrease from 3.7% at June 30, 2017, was below the state rate of 4.2%, as well as below the national rate of 4.0% at June 30, 2018.
- Residential construction began to come back during this fiscal year, reflecting a 43.5% increase in value of new construction over the prior year's new projects, with the number of new units added increasing 10.6%,
- The number of commercial building permits obtained during the fiscal year ended June 30, 2018 increased 20%, while the value of that construction decreased 57% compared to the last fiscal year.
- The population of the County increased steadily over the past decade, with 2018 reflecting a 7% increase from 2009, while the per capita income reflected a 30% increase for the last year that information was available compared to 2009, eight years back.

Evergreen Packaging, formerly Blue Ridge Paper, continues to be the largest taxpayer in the County, with 2.64% of the County's total assessed valuation. Duke Progress Energy owns 1.47%, and Haywood Electric Membership Corporation owns 1.19% of assessed valuation. While no other taxpayer owns more than 1.00%, one company, Haywood Regional Medical Center - A Duke LifePoint Hospital, owns .87% 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 was completed. The Crabtree convenience center site was closed and relocated to a safer and more suitable site by the end of this 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 \$5.7 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 \$5.7 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.

In recent years, 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 classroom upgrades and renovations at the community college.



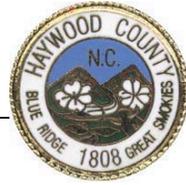
To address other current needs, and as current debt service declines or is paid off, other projects have been considered. Just recently completed is a new Public Training Facility at the community college that was funded by a \$4.1 million installment loan issued by the County, which will be repaid with 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. The facility was completed last summer. Three 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 a year ago and, with donations from the Friends of the Animal Shelter, included upgrades to the appearance and size of the building, allowing for a conference room and open cage areas. The new building was completed in May.

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 pollution remediation for this landfill of \$2,251,491 as of June 30, 2018.

The County Commission continued to demonstrate its commitment to quality education in Haywood County schools by spending \$15.55 million for current expense and \$700,000 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.

### 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, 2017. 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.

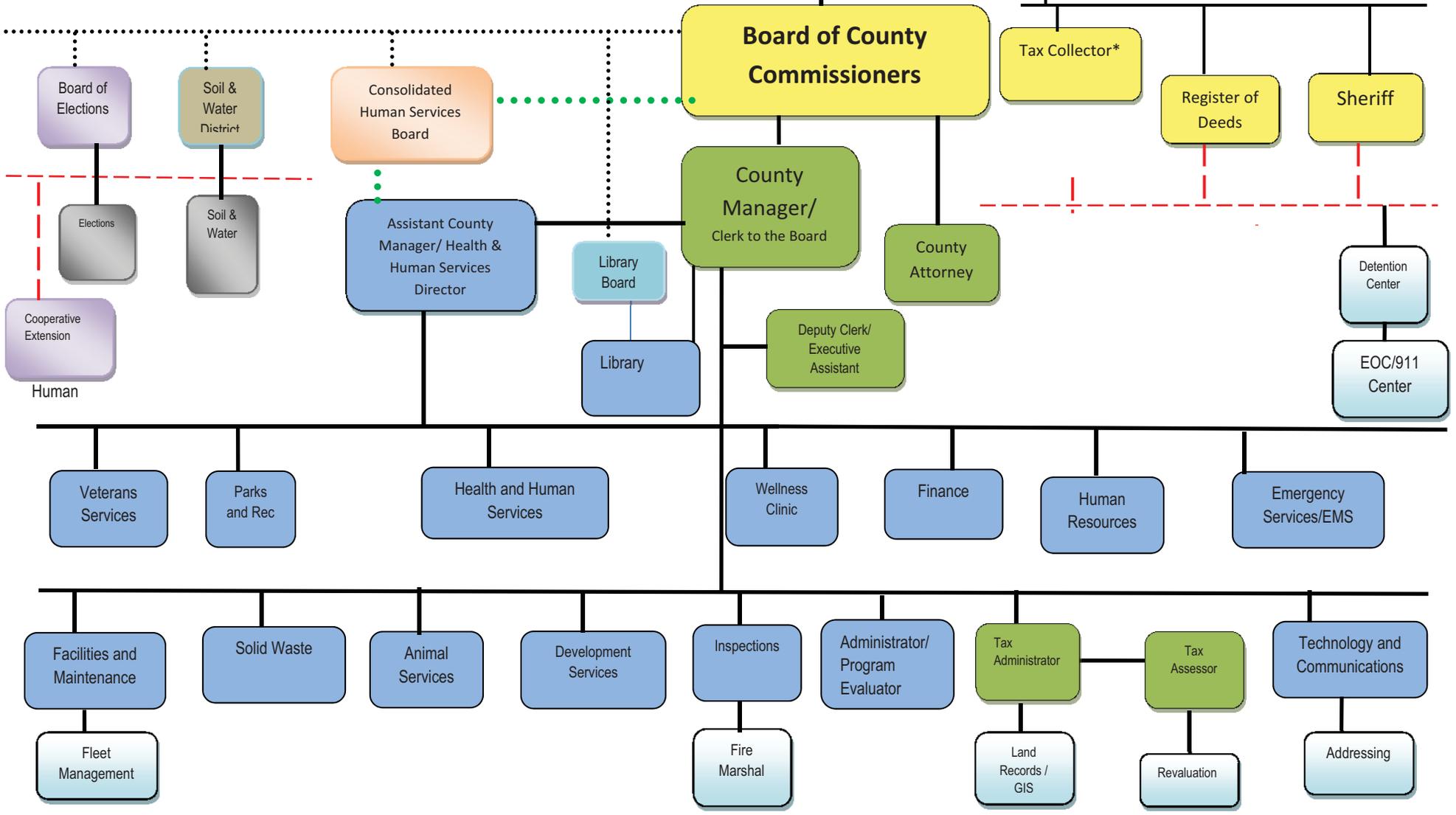
A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to the GFOA.

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,

  
Julie H. Davis  
Finance Director

# Citizens of Haywood County



- Indicates Elected Official
- Indicates Board under Statutory Authority
- Indicates Appointment by State
- Direct Report to County Manager
- Indicates Direct Report to County Manager
- Indicates Advisory Board
- Indicates Appointment by Independent Board of Directors
- Indicates Direct Report to Department Director
- Indicates coordination with County Manager for Budgetary Consideration
- Indicates various appointment of Members to Boards by BOCC
- Independent Board: 2 members-State appt./3 members-Elected

\*County Manager Appointing Authority for staff

# HAYWOOD COUNTY, NORTH CAROLINA

## List of Principal Officials

June 30, 2018

### **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**

Joel Mashburn, Interim 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

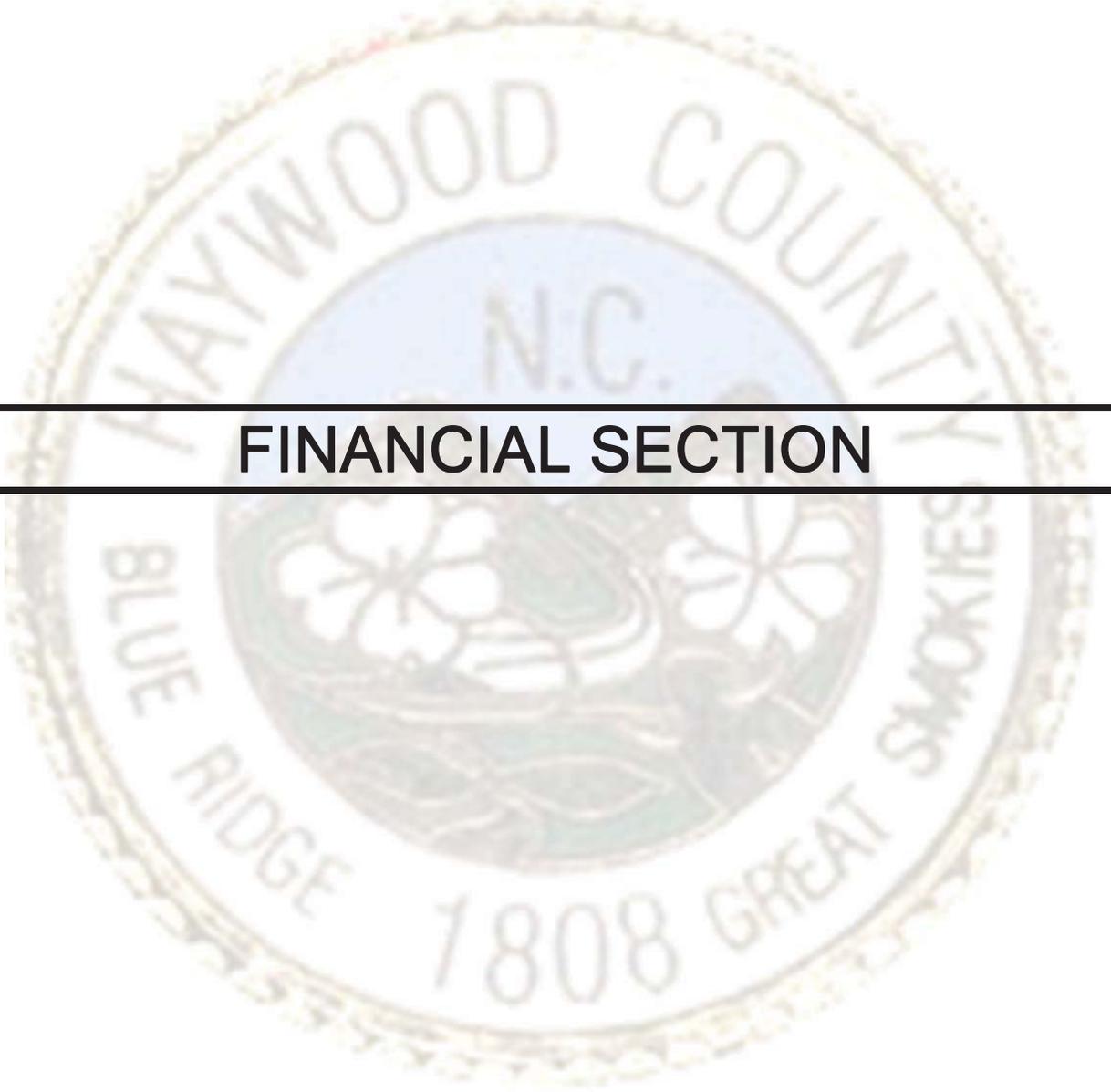
**Haywood County**  
**North Carolina**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2017**

*Christopher P. Morill*

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, 2018, 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, 2018, 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 64, the Other Postemployment Benefits' Schedules of Changes in Total OPEB Liability and Related Ratios on page 65, the Local Government Employees' Retirement System Schedules of the County's Proportionate Share of Net Pension Liability (Asset) and County Contributions on pages 66-67, 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 68-69, 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,

other schedules, and the Schedule of Expenditures of Federal and State Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2018, 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  
December 14, 2018

# HAYWOOD COUNTY, NORTH CAROLINA

## Management's Discussion and Analysis

June 30, 2018

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, 2018. 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.

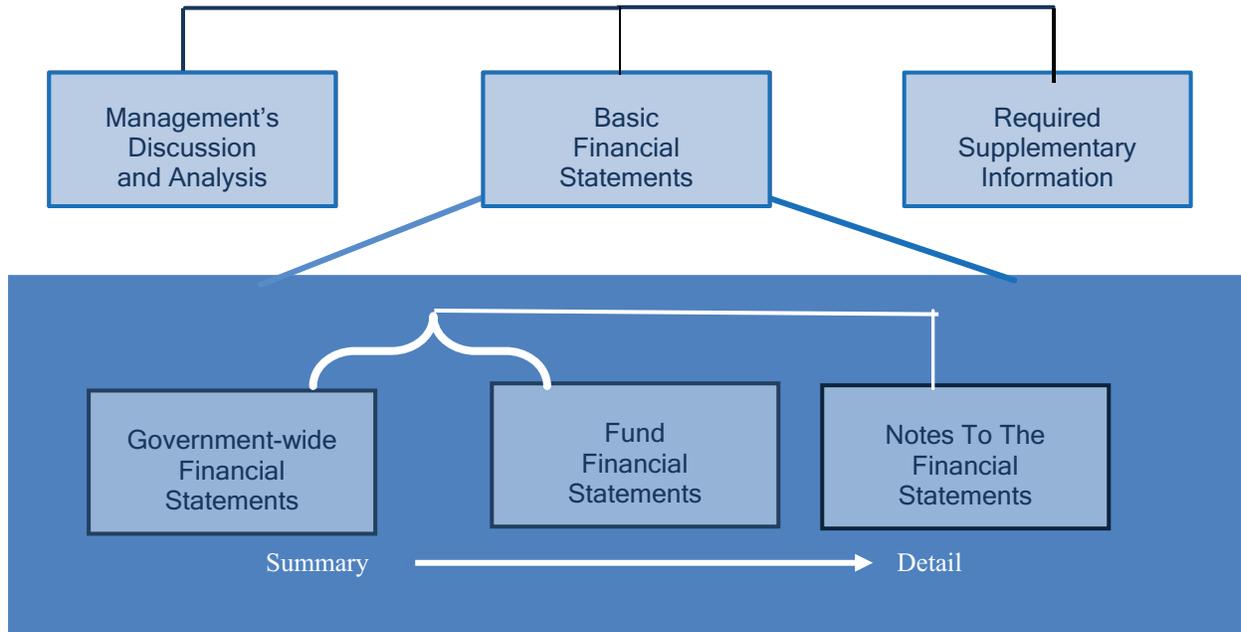
### Financial Highlights

- 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 \$30,698,059 (*net position*).
- The government's total net position increased by \$10,372,170, primarily due to an increase in sales tax revenues and investment interest coming in over estimates, as well as the fact that certain budgeted expenditures did not materialize due to unforeseen delays in availability of items as well as a delay in implementing the new property tax software.
- As of the close of the current fiscal year, Haywood County's governmental funds reported combined ending fund balances of \$46,212,418, a 14% increase, mainly due to sales tax revenue and investment interest increases, as well as an increased portion of fund balance restricted or committed for the schools and community college in the county. In addition, the revenue in the Solid Waste Management fund is being accumulated in order to fund the CAP Maintenance of a County landfill. Approximately 44.9% of the total fund balance amount, or \$20,764,314, 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 \$27,954,983 or 32.1% of total General Fund expenditures and transfers for the fiscal year.
- Haywood County's total debt decreased by \$6,001,421 (11.4%) during the current fiscal year.
- Haywood County's bond rating from Moody's Investor Service for the latest general obligation bond issue was 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 and certain other postemployment benefits to its employees. Required supplementary information can be found beginning on page 64 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 \$30,698,059 as of June 30, 2018. The County's net position increased by \$10,372,170 for the fiscal year ended June 30, 2018. The largest portion of net position, \$53,048,932, 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, \$8,374,425, represents resources that are subject to external restrictions on how they may be used. The balance of negative unrestricted net position (deficit) of (\$30,725,298) reflects a couple factors. One, 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. Second, the County has approximately \$46 million in unfunded liabilities for pensions and retiree health care. These are presented as liabilities on the Statement of Net Position for which there are no corresponding assets.

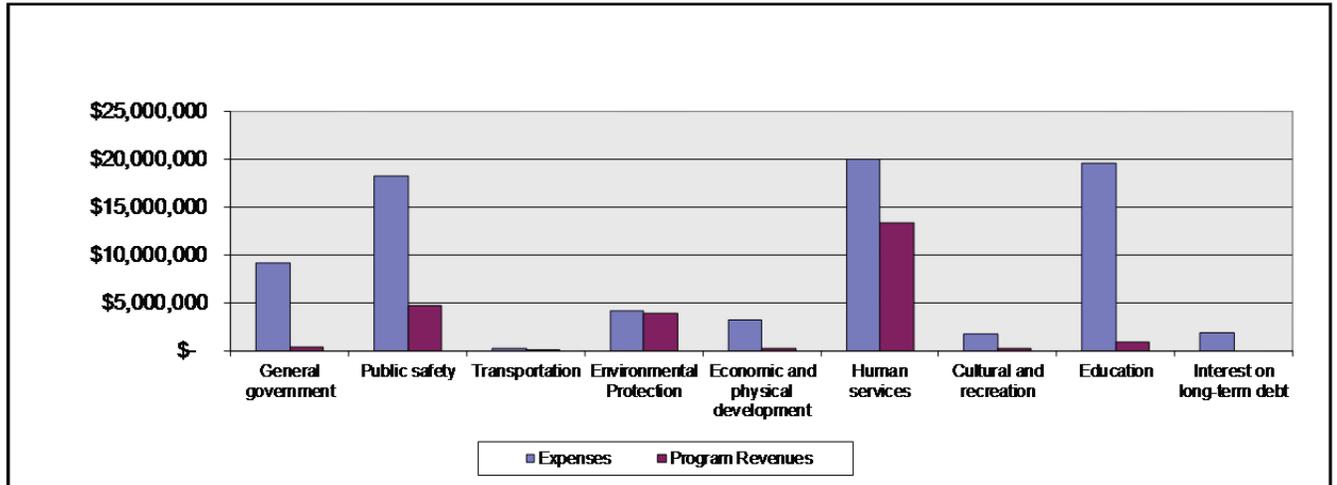
**Haywood County's Net Position**  
**Figure 2**

	<u>Governmental Activities</u>	
	<u>2018</u>	<u>2017</u>
Assets:		
Current and other assets	\$ 54,646,989	\$ 49,611,305
Capital assets	<u>77,303,803</u>	<u>76,015,719</u>
Total assets	<u>131,950,792</u>	<u>125,627,024</u>
Deferred outflows of resources	<u>5,119,067</u>	<u>7,441,586</u>
Liabilities:		
Long-term liabilities outstanding	97,108,164	106,731,760
Other liabilities	<u>4,686,904</u>	<u>5,075,916</u>
Total liabilities	<u>101,795,068</u>	<u>111,807,676</u>
Deferred inflows of resources	<u>4,576,732</u>	<u>935,045</u>
Net position:		
Net investment in capital assets	53,048,932	50,994,377
Restricted	8,374,425	7,411,377
Unrestricted (deficit)	<u>(30,725,298)</u>	<u>(38,079,865)</u>
Total net position	<u>\$ 30,698,059</u>	<u>\$ 20,325,889</u>

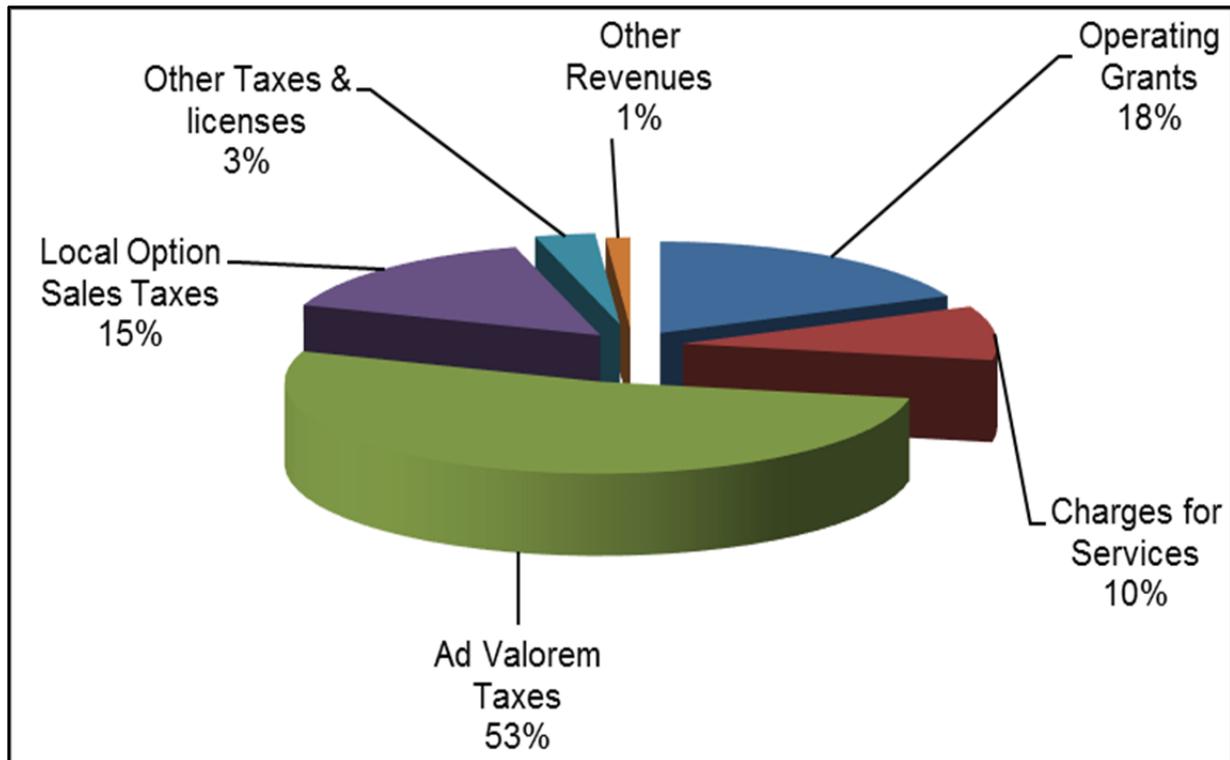
**Haywood County's Changes in Net Position**  
**Figure 3**

	<u>Governmental Activities</u>	
	<u>2018</u>	<u>2017</u>
Revenues:		
Program revenues:		
Charges for services	\$ 10,892,674	\$ 11,546,124
Operating grants and contributions	20,963,379	15,742,459
Capital grants and contributions	1,158,719	1,094,402
General revenues:		-
Property taxes	48,310,192	47,655,377
Other taxes	17,890,572	17,052,773
Grants and contributions no restricted to specific programs	363,023	247,061
Other	950,224	500,953
Total revenues	<u>100,528,783</u>	<u>93,839,149</u>
Expenses:		
General government	10,468,694	10,884,208
Public safety	23,485,794	21,528,865
Transportation	197,874	234,749
Environmental protection	4,340,978	4,840,792
Economic and physical development	3,134,473	3,704,804
Human services	26,775,815	21,513,292
Culture and recreation	1,723,199	1,700,150
Non-departmental	26,310	-
Education	19,738,638	20,957,395
Interest on long-term debt	1,381,038	1,468,963
Total expenses	<u>91,272,813</u>	<u>86,833,218</u>
Special item	<u>1,116,200</u>	<u>-</u>
Increase in net position	10,372,170	7,005,931
Net position, July 1	20,325,889	40,094,026
Adjustment	<u>-</u>	<u>(26,774,068)</u>
Net position, June 30	<u>\$ 30,698,059</u>	<u>\$ 20,325,889</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 \$27,954,983, while total fund balance reached \$35,711,074. This was particularly attributable to the 4.7% increase in sales tax and deed stamp tax revenues collected this year, and a significant increase in investment earnings due to having more funds available to invest coupled with a higher investment rate environment. In addition, there was 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 32.12% of General Fund expenditures, while total fund balance represents 41.03% 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, \$8,704,373, 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, 2018, the governmental funds of Haywood County reported a combined fund balance of \$46,212,089, a 14% increase from last year. The increase was largely due to the increase in sales tax collected as well as the increase in the amount of fund balance that has been restricted or committed to the schools and the community college in the County. In addition, the Solid Waste Fund is collecting landfill and convenience fees for future landfill closing costs.

**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 \$9,640,889, largely due to a contribution of \$8 million from the Haywood County Hospital Authority as a portion of the proceeds from the 2014 sale of the county hospital. This \$8 million was, subsequently, contributed to the Haywood Healthcare Foundation in order to further healthcare initiatives within the County.

**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, 2018, total \$77,303,803 (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:

- Completed construction of the county animal services facility as well as furnished the offices and pet areas.

- Purchased new security upgrades for county buildings, particularly an extensive upgrade to the security at the Law Enforcement Center.
- Purchased six new patrol vehicles for the Sheriff's Office..
- Purchased two new service canines for the Sheriff's Office that are trained as patrol as well as drug canines.
- Completed construction and upgrades to two county convenience centers
- Continued cap maintenance assessment measures at the closed landfill.

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

	<b>Governmental Activities</b>	
	2018	2017
Land	\$ 13,489,857	\$ 13,318,057
Improvements	3,599,714	3,156,958
Buildings	56,568,855	50,871,433
Equipment	2,205,493	2,710,058
Vehicles	1,276,395	1,337,365
Construction in progress	163,489	4,621,848
	<u>\$ 77,303,803</u>	<u>\$ 76,015,719</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, 2018, Haywood County had \$16.1 million in bonded debt outstanding, all of which is backed by the full faith and credit of the County. The remaining \$30.3 million in installment notes payable are secured by the related assets purchased or constructed.

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

	<b>Governmental Activities</b>	
	2018	2017
General obligation bonds, net	\$ 16,169,560	\$ 18,310,816
Notes payable	30,306,607	34,166,772
	<u>\$ 46,476,167</u>	<u>\$ 52,477,588</u>

Haywood County's total debt decreased by \$6,001,421 (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 approximately \$550 million.

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 3.6%, a slight decrease from 3.7% at June 30, 2017, was below the state unemployment rate of 4.2%, as well as below the national rate of 4.0% at June 30, 2018.
- Residential construction began to come back during this fiscal year, reflecting a 43.5% increase in value of new construction over the prior year's new projects, with the number of new units added increasing 10.6%.
- The number of commercial building permits obtained during the fiscal year ended June 30, 2018 increased 20%, while the value of that construction decreased 57% compared to the last fiscal year.
- Sales taxes received by the county reflect an increase of 4.7% from 2017 amounts.

### **Budget Highlights for the Fiscal Year Ending June 30, 2019**

**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 2018-2019 budget. Total property values for budgeting purposes, which included the reductions for land use, senior citizen exemptions and historic exemptions, decreased in this last 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 5% over the past five years. While the 2017-2018 fiscal year generated a 4.65% increase. The budget for next year (2018-2019) reflects an estimated 5.2% increase over the prior year's budget, and a 5.7% increase over the actual amount collected through June 30, 2018. As the year progresses, we will review the actual amounts collected in relation to the budget and make any adjustments necessary.

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 2018-2019 fiscal year budget. Three 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, 2018

	<b>Primary Government</b>	<b>Component Unit</b>
	<b>Governmental Activities</b>	<b>Haywood County Tourism Development Authority</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 42,757,271	\$ 468,814
Restricted cash	1,240,269	133,781
Receivables (net)	3,607,462	328,694
Due from other governments	6,808,301	-
Prepays	10,000	13,076
Inventories	92,436	-
Net pension asset - ROD - restricted	131,250	-
Capital assets:		
Land and construction in progress	13,653,346	-
Other capital assets, net of depreciation	63,650,457	21,331
Capital assets, net	77,303,803	21,331
Total assets	131,950,792	965,696
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<b>5,119,067</b>	<b>46,270</b>
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	4,163,232	121,511
Accrued interest payable	523,672	-
Long-term liabilities:		
Net pension liability - LGERS	4,998,404	33,764
Total pension liability - LEOSSA	1,355,115	-
Total OPEB liability	40,027,217	-
Due within one year	6,651,232	-
Due in more than one year	44,076,196	-
Total liabilities	101,795,068	155,275
<b>DEFERRED INFLOWS OF RESOURCES</b>	<b>4,576,732</b>	<b>956</b>
<b>NET POSITION</b>		
Net investment in capital assets	53,048,932	21,331
Restricted for:		
Stabilization by State Statute	7,804,279	328,694
Pension	131,250	-
Public safety	438,896	-
Economic development	-	133,781
Unrestricted (deficit)	(30,725,298)	371,929
Total net position	<u>\$ 30,698,059</u>	<u>\$ 855,735</u>

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

## HAYWOOD COUNTY, NORTH CAROLINA

*Statement of Activities*  
For the year ended June 30, 2018

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
<b>Governmental Activities:</b>						
General government	\$ 10,468,694	\$ 441,499	\$ 328,361	\$ -	\$ (9,698,834)	\$ -
Public safety	23,485,794	3,390,989	1,579,025	142,000	(18,373,780)	-
Transportation	197,874	-	140,815	-	(57,059)	-
Environmental protection	4,340,978	6,229,806	53,861	-	1,942,689	-
Economic and physical development	3,134,473	216,717	49,685	-	(2,868,071)	-
Human services	26,775,815	595,618	18,699,703	-	(7,480,494)	-
Culture and recreation	1,723,199	18,045	111,929	-	(1,593,225)	-
Non-departmental	26,310	-	-	-	(26,310)	-
Education	19,738,638	-	-	1,016,719	(18,721,919)	-
Interest on long-term debt	1,381,038	-	-	-	(1,381,038)	-
Total governmental activities	<u>\$ 91,272,813</u>	<u>\$ 10,892,674</u>	<u>\$ 20,963,379</u>	<u>\$ 1,158,719</u>	<u>(58,258,041)</u>	<u>-</u>
<b>Component unit</b>						
Haywood County Tourism Development Authority	<u>\$ 1,586,806</u>	<u>\$ 60,121</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>(1,526,685)</u>
<b>General revenues:</b>						
<b>Taxes:</b>						
Property taxes, levied for general purpose					48,310,192	-
Local option sales tax					14,526,715	-
Other taxes and licenses					3,363,857	1,544,639
Grants and contributions not restricted to specific programs					363,023	-
Investment earnings, unrestricted					565,268	-
Miscellaneous, unrestricted					384,956	-
Total general revenues					<u>67,514,011</u>	<u>1,544,639</u>
Changes in net position excluding special item					9,255,970	17,954
Special item (Note 11)					1,116,200	-
Changes in net position					<u>10,372,170</u>	<u>17,954</u>
Net position, beginning, as previously stated					47,099,957	837,781
Restatement (Note 10)					(26,774,068)	-
Net position, beginning, as restated					<u>20,325,889</u>	<u>837,781</u>
Net position, end of year					<u>\$ 30,698,059</u>	<u>\$ 855,735</u>

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

HAYWOOD COUNTY, NORTH CAROLINA

Balance Sheet  
Governmental Funds  
June 30, 2018

	<u>General Fund</u>	<u>Solid Waste Management Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>				
Cash and investments	\$ 31,290,261	\$ 8,676,732	\$ 1,323,871	\$ 41,290,864
Restricted cash and investments	462,778	-	777,491	1,240,269
Accounts receivable, net	804,696	-	-	804,696
Ad valorem taxes receivable, net	1,418,982	-	111,585	1,530,567
Other tax receivable	479,286	-	-	479,286
Due from other governments	6,727,801	53,339	27,161	6,808,301
Solid waste fee receivable	-	585,066	-	585,066
Other receivables	48,432	60,124	-	108,556
Inventories	92,436	-	-	92,436
Total assets	<u>\$ 41,324,672</u>	<u>\$ 9,375,261</u>	<u>\$ 2,240,108</u>	<u>\$ 52,940,041</u>
<b>Liabilities</b>				
Accounts payable and accrued liabilities	<u>\$ 3,257,176</u>	<u>\$ 82,538</u>	<u>\$ 331,552</u>	<u>\$ 3,671,266</u>
<b>Deferred inflows of resources</b>	<u>2,356,422</u>	<u>588,350</u>	<u>111,585</u>	<u>3,056,357</u>
<b>Fund balances</b>				
Nonspendable:				
Inventories	92,436	-	-	92,436
Restricted:				
Stabilization by State statute	7,663,655	113,463	27,161	7,804,279
Sheriff's department	17,921	-	-	17,921
Public school capital projects	1,306,922	-	-	1,306,922
Public safety	-	-	438,896	438,896
Community college	-	-	417,165	417,165
Title III projects	61,108	-	-	61,108
Committed:				
Community college capital	2,102,096	-	-	2,102,096
Solid waste management	-	8,590,910	-	8,590,910
Public school capital projects	40,844	-	293,978	334,822
Capital projects	-	-	619,771	619,771
Assigned:				
Subsequent year's expenditures	1,789,500	-	-	1,789,500
LEO special separation allowance	82,740	-	-	82,740
Unassigned	<u>22,553,852</u>	<u>-</u>	<u>-</u>	<u>22,553,852</u>
Total fund balances	<u>35,711,074</u>	<u>8,704,373</u>	<u>1,796,971</u>	<u>46,212,418</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 41,324,672</u>	<u>\$ 9,375,261</u>	<u>\$ 2,240,108</u>	<u>\$ 52,940,041</u>

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

HAYWOOD COUNTY, NORTH CAROLINA

*Balance Sheet*  
*Governmental Funds*  
June 30, 2018

Total fund balances for governmental funds	\$ 46,212,418
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	126,049,734
Less accumulated depreciation	(48,745,931)
Net pension asset restricted for employees' pension is not a financial resource and therefore not reported in the governmental funds	131,250
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	455,131
Contributions to pension plans in the current fiscal year	1,617,788
Benefit payments and administrative costs for LEOSSA	11,631
Pension related deferrals	2,347,801
Benefit payments and administrative costs for OPEB	686,716
Accrued interest receivable is not available to pay current-period expenditures and therefore not recognized as revenue in the fund statements.	92,771
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	2,512,193
Pension deferrals	(267,190)
OPEB deferrals	(3,765,378)
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.	990,961
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	(16,169,560)
Notes payable	(30,306,607)
Pollution remediation obligation	(2,251,491)
Compensated absences	(1,999,770)
Total pension liability - LEOSSA	(1,355,115)
Net pension liability - LGERS	(4,998,404)
Total OPEB liability	(40,027,217)
Accrued interest payable	(523,672)
Net position of governmental activities	<u>\$ 30,698,059</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, 2018

	<u>General Fund</u>	<u>Solid Waste Management Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues</b>				
Ad valorem taxes	\$ 43,899,057	\$ -	\$ 4,553,735	\$ 48,452,792
Local option sales taxes	14,526,715	-	-	14,526,715
Other taxes and licenses	3,192,921	159,087	-	3,352,008
Unrestricted intergovernmental	581,112	-	-	581,112
Restricted intergovernmental	20,814,255	53,861	1,111,984	21,980,100
Restricted contributions	-	-	142,000	142,000
Permits and fees	391,312	6,140,232	-	6,531,544
Sales and services	4,293,311	67,820	-	4,361,131
Investment earnings	558,089	-	7,179	565,268
Miscellaneous	315,300	-	53,918	369,218
Total revenues	<u>88,572,072</u>	<u>6,421,000</u>	<u>5,868,816</u>	<u>100,861,888</u>
<b>Expenditures</b>				
Current:				
General government	6,137,288	-	107,521	6,244,809
Central services	3,864,139	-	-	3,864,139
Public safety	16,876,408	-	6,632,411	23,508,819
Transportation	198,385	-	-	198,385
Environmental protection	-	3,538,939	701,381	4,240,320
Economic and physical development	2,757,977	-	286,567	3,044,544
Human services	25,384,268	-	-	25,384,268
Cultural and recreational	1,568,958	-	30,000	1,598,958
Non-departmental	26,310	-	-	26,310
Intergovernmental:				
Education	18,953,563	-	785,075	19,738,638
Debt service:				
Principal	9,546,165	-	-	9,546,165
Interest and fees	1,349,634	-	-	1,349,634
Total expenditures	<u>86,663,095</u>	<u>3,538,939</u>	<u>8,542,955</u>	<u>98,744,989</u>
Revenues over (under) expenditures	<u>1,908,977</u>	<u>2,882,061</u>	<u>(2,674,139)</u>	<u>2,116,899</u>
<b>Other Financing Sources (Uses)</b>				
Sale of capital assets	10,197	5,538	-	15,735
Installment obligations issued	3,350,000	-	200,000	3,550,000
Transfers from (to) other funds	(365,174)	-	365,174	-
Total other financing sources (uses)	<u>2,995,023</u>	<u>5,538</u>	<u>565,174</u>	<u>3,565,735</u>
Net changes in fund balances	4,904,000	2,887,599	(2,108,965)	5,682,634
Fund balances, beginning of year	<u>30,807,074</u>	<u>5,816,774</u>	<u>3,905,936</u>	<u>40,529,784</u>
Fund balances, end of year	<u>\$ 35,711,074</u>	<u>\$ 8,704,373</u>	<u>\$ 1,796,971</u>	<u>\$ 46,212,418</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, 2018

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

Net change in fund balances--total governmental funds	\$ 5,682,634
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	3,821,937
Depreciation expense	(3,650,053)
Contributions to pension plans in the current fiscal year are not included on the Statement of Activities	1,617,788
Benefit payments and administrative expenses for LEOSSA in the current fiscal year are not included on the Statement of Activities	11,631
Benefit payments and administrative expenses for OPEB in the current fiscal year are not included on the Statement of Activities	686,716
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	(117,177)
Net change in accrued interest receivable on property taxes	(13,574)
Income from donated asset	1,116,200
Net change in notes receivable	(218,089)
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	(3,550,000)
Amortization of bond issuance premium	5,256
Amortization of deferred charges on refunding of debt	(62,294)
Repayments	9,546,165
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	175,251
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	59,223
Compensated absences	(61,579)
Pension expense - Register of Deeds	(16,387)
Pension expense - LGERS	(1,695,801)
Pension expense - LEOSSA	(109,187)
OPEB plan expense	(2,882,125)
Accrued interest payable	<u>25,635</u>
Change in net position, governmental activities	<u>\$ 10,372,170</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, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance with Final Budget- Positive (Negative)</b>
<b>Revenues</b>				
Ad valorem taxes	\$ 43,124,852	\$ 43,124,852	\$ 43,899,057	\$ 774,205
Local option sales taxes	14,630,000	14,680,000	14,526,715	(153,285)
Other taxes and licenses	3,051,600	3,566,600	3,192,921	(373,679)
Unrestricted intergovernmental	300,604	393,604	581,112	187,508
Restricted intergovernmental	14,698,728	23,529,773	20,814,255	(2,715,518)
Permits and fees	403,500	405,250	391,312	(13,938)
Sales and services	4,311,761	4,319,761	4,293,311	(26,450)
Investment earnings	200,000	239,944	558,089	318,145
Miscellaneous	138,172	240,322	315,300	74,978
Total revenues	<u>80,859,217</u>	<u>90,500,106</u>	<u>88,572,072</u>	<u>(1,928,034)</u>
<b>Expenditures</b>				
Current:				
General government	7,518,841	7,125,720	6,137,288	988,432
Central services	4,215,181	4,467,966	3,864,139	603,827
Public safety	16,833,862	18,293,943	16,876,408	1,417,535
Transportation	278,822	294,431	198,385	96,046
Economic and physical development	2,839,757	3,144,404	2,757,977	386,427
Human services	21,789,278	30,667,466	25,384,268	5,283,198
Cultural and recreational	1,680,293	1,780,986	1,568,958	212,028
Contingency and non-departmental	1,050,179	26,310	26,310	-
Intergovernmental:				
Education	18,951,978	18,958,478	18,953,563	4,915
Debt service:				
Principal retirement	6,323,166	9,662,350	9,546,165	116,185
Interest and other charges	1,342,319	1,353,135	1,349,634	3,501
Total expenditures	<u>82,823,676</u>	<u>95,775,189</u>	<u>86,663,095</u>	<u>9,112,094</u>
Revenues over (under) expenditures	<u>(1,964,459)</u>	<u>(5,275,083)</u>	<u>1,908,977</u>	<u>7,184,060</u>
<b>Other Financing Sources (Uses)</b>				
Appropriated fund balance	2,528,215	3,241,013	-	(3,241,013)
Proceeds from sale of assets	2,500	2,500	10,197	7,697
Proceeds from installment loans	387,000	3,350,000	3,350,000	-
Transfers to other funds	(953,256)	(1,318,430)	(365,174)	953,256
Total other financing sources (uses)	<u>1,964,459</u>	<u>5,275,083</u>	<u>2,995,023</u>	<u>(2,280,060)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	4,904,000	<u>\$ 4,904,000</u>
Fund balance, beginning of year			<u>30,807,074</u>	
Fund balance, end of year			<u>\$ 35,711,074</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, 2018

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget- Positive (Negative)</b>
<b>Revenues</b>				
Other taxes and licenses	\$ 120,000	\$ 120,000	\$ 159,087	\$ 39,087
Restricted intergovernmental	32,000	32,000	53,861	21,861
Permits and fees	5,990,987	5,990,987	6,140,232	149,245
Sales and services	40,000	40,000	67,820	27,820
Total revenues	<u>6,182,987</u>	<u>6,182,987</u>	<u>6,421,000</u>	<u>238,013</u>
<b>Expenditures</b>				
Current:				
Environmental protection	4,417,258	4,417,258	3,538,939	878,319
Total expenditures	<u>4,417,258</u>	<u>4,417,258</u>	<u>3,538,939</u>	<u>878,319</u>
Revenues over expenditures	<u>1,765,729</u>	<u>1,765,729</u>	<u>2,882,061</u>	<u>1,116,332</u>
<b>Other Financing Uses</b>				
Proceeds from sale of assets	-	-	5,538	5,538
Transfers to other funds	<u>(1,765,729)</u>	<u>(1,765,729)</u>	<u>-</u>	<u>1,765,729</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	2,887,599	<u>\$ 2,887,599</u>
Fund balance, beginning of year			<u>5,816,774</u>	
Fund balance, end of year			<u>\$ 8,704,373</u>	

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

## HAYWOOD COUNTY, NORTH CAROLINA

*Statement of Net Position*  
*Proprietary Funds*  
 June 30, 2018

	<b>Internal Service Funds</b>
<b>Assets</b>	
Current assets:	
Cash and cash equivalents	\$ 1,466,407
Receivables, net	6,520
Prepays	10,000
Total assets	1,482,927
<b>Liabilities</b>	
Current liabilities:	
Estimated claims payable	491,966
<b>Net Position</b>	
Unrestricted	\$ 990,961

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, 2018

	<b>Internal Service Funds</b>
<b>Operating Revenues</b>	
Internal charges for services	\$ 6,546,860
External charges for services	745,860
Total operating revenues	7,292,720
 <b>Operating Expenses</b>	
Claims and administration	7,117,469
 Change in net position	175,251
 Net position, beginning of year	815,710
 Net position, end of year	\$ 990,961

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, 2018

	<b>Internal Service Fund</b>
<b>Cash flows from operating activities:</b>	
Receipts from third-party payors and patients	\$ 7,451,405
Payments to providers	<u>(7,015,053)</u>
Net cash provided by operating activities	<u>436,352</u>
Increase in cash and cash equivalents	<u>436,352</u>
<b>Cash and cash equivalents:</b>	
Beginning of year	<u>1,030,055</u>
End of year	<u>\$ 1,466,407</u>
<b>Reconciliation of change in net position to net cash provided by operating activities:</b>	
Change in net position	\$ 175,251
Adjustments to reconcile change in net position to net cash used by operating activities:	
(Increase) decrease in prepaids and receivables	158,685
Increase (decrease) in accrued expenses	<u>102,416</u>
Net cash provided by operating activities	<u>\$ 436,352</u>

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

## HAYWOOD COUNTY, NORTH CAROLINA

*Statement of Fiduciary Net Position*

June 30, 2018

	<u>Agency Funds</u>
<b>Assets</b>	
Cash and cash equivalents	\$ <u>272,569</u>
<b>Liabilities</b>	
Due to others	198,275
Due to other governments	<u>74,294</u>
	<u>\$ 272,569</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, 2018

### 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”) was 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 was dissolved in April 2018 after all Certificates of Participation debt was repaid. The Corporation had 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, 2018:

#### **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 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 Public Schools County Projects 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, Solid Waste Management Fund and special revenue funds. All annual appropriations lapse at the fiscal year-end. Project ordinances are adopted for the Capital Projects Funds. 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 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 are classified as restricted assets because their use is completely restricted to the purpose for which the debt was issued. The unused portion of restricted donations in the Master Facilities Fund are classified as restricted assets because their use is completely restricted to the purpose for which the donations were made.

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, 2017.

**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 and OPEB related deferrals, retiree benefits paid during the current fiscal year, 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 pension and OPEB 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 an other 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.

 **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 restricted donations made for the construction of an animal services facility accounted for in the Master Facilities capital project fund and the portion of fund balance that is restricted by revenue sources to pay for qualified E-911 expenditures in the Emergency Telephone System Fund.
- ✓ Restricted for Community College – portion of fund balance that represents proceeds from the installment note payable for the Community College capital projects.
- ✓ Restricted for Title III Projects – portion of fund balance that is restricted by the revenue source to pay for expenditures to reimburse the County for search and rescue and other emergency services on federal forest lands.

 **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 Public School Capital Projects – the portion of County funds committed, project ordinance, for capital projects that benefit public schools in the County.
- ✓ Committed for Capital Projects – portion of fund balance that has been committed, by project ordinance, for capital expenditures in the County.

**Assigned Fund Balance**

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

- ✓ 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.

**Multiple-Employer 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, 2018, the County's deposits had a carrying amount of \$5,515,478 and a bank balance of \$6,039,238. Of the bank balance, \$677,938 was covered by federal depository insurance and \$5,361,300 by collateral held under the Pooling Method.

At June 30, 2018, the County had \$5,000 cash on hand.

At June 30, 2018, the TDA's deposits had a carrying amount of \$602,394 and a bank balance of \$682,292. Of the bank balance, \$250,000 was covered by federal depository insurance and \$432,292 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, 2018, the County had the following investments and maturities:

<u>Investment type</u>	Valuation Measurement <u>Method</u>	<u>Fair Value</u>	<u>Term to Maturity</u>		
			<u>Less Than Six Months</u>	<u>Six to Twelve Months</u>	<u>More Than Twelve Months</u>
NC Capital Management Trust - Government Portfolio	Amortized cost	\$ 1,626,860	N/A	N/A	N/A
NC Capital Management Trust - Term Portfolio	Fair Value - Level 1	32,146,012	\$ 32,146,012	\$ -	\$ -
US Treasuries	Fair Value - Level 1	2,044,847	884,652	-	1,160,195
US Government Agencies	Fair Value - Level 2	2,338,250	-	589,465	1,748,785
Commercial Paper	Fair Value - Level 2	593,662	299,250	294,412	-
Total		<u>\$ 38,749,631</u>	<u>\$ 33,329,914</u>	<u>\$ 883,877</u>	<u>\$ 2,908,980</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. Level 2 debt securities are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

**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, 2018. 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 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, 2018, the balance was \$320,974.

Receivables at the government-wide level at June 30, 2018 were as follows:

	Accounts Receivable	Taxes and Related Accrued Interest	Due From Other Governments	Other	Total
Governmental activities:					
General Fund	\$ 1,145,155	\$ 2,280,369	\$ 6,727,801	\$ 527,718	\$ 10,681,043
Other governmental funds	871,119	227,547	80,500	60,124	1,239,290
Governmental activities only	<u>6,520</u>	<u>92,771</u>	<u>-</u>	<u>-</u>	<u>99,291</u>
Total receivables	2,022,794	2,600,687	6,808,301	587,842	12,019,624
Allowance for doubtful accounts	<u>(626,512)</u>	<u>(977,349)</u>	<u>-</u>	<u>-</u>	<u>(1,603,861)</u>
Total	<u>\$ 1,396,282</u>	<u>\$ 1,623,338</u>	<u>\$ 6,808,301</u>	<u>\$ 587,842</u>	<u>\$ 10,415,763</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	\$ 3,799,283
DSS admin reimbursements	930,946
NC DMV tax receivable	443,260
Other	<u>1,634,812</u>
	<u>\$ 6,808,301</u>

## iv. Capital Assets

Capital asset activity for the year ended June 30, 2018 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	\$ 13,318,057	\$ 171,800	\$ -	\$ -	\$ 13,489,857
Construction in progress	<u>4,621,848</u>	<u>155,373</u>	<u>-</u>	<u>(4,613,732)</u>	<u>163,489</u>
Total capital assets not being depreciated	<u>17,939,905</u>	<u>327,173</u>	<u>-</u>	<u>(4,613,732)</u>	<u>13,653,346</u>
Capital assets being depreciated:					
Improvements	19,008,118	345,177	(3,100)	658,278	20,008,473
Buildings	65,748,909	3,157,647	(7,934)	3,955,454	72,854,076
Equipment	13,331,649	645,059	(266,805)	-	13,709,903
Vehicles	<u>5,568,899</u>	<u>463,081</u>	<u>(208,044)</u>	<u>-</u>	<u>5,823,936</u>
Total capital assets being depreciated	<u>103,657,575</u>	<u>4,610,964</u>	<u>(485,883)</u>	<u>4,613,732</u>	<u>112,396,388</u>
Less accumulated depreciation for:					
Improvements	15,851,160	560,699	(3,100)	-	16,408,759
Buildings	14,877,476	1,415,679	(7,934)	-	16,285,221
Equipment	10,621,591	1,149,624	(266,805)	-	11,504,410
Vehicles	<u>4,231,534</u>	<u>524,051</u>	<u>(208,044)</u>	<u>-</u>	<u>4,547,541</u>
Total accumulated depreciation	<u>45,581,761</u>	<u>3,650,053</u>	<u>(485,883)</u>	<u>-</u>	<u>48,745,931</u>
Capital assets being depreciated, net	<u>58,075,814</u>				<u>63,650,457</u>
Governmental activities capital assets, net	<u>\$ 76,015,719</u>				<u>\$ 77,303,803</u>

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

General government	\$ 977,863
Public safety	1,514,979
Environmental protection	682,969
Economic and physical development	82,101
Human services	336,850
Cultural and recreational	<u>55,291</u>
Total depreciation expenses	<u>\$ 3,650,053</u>

□ **Discretely Presented Component Unit**

Capital asset activity for the TDA for the year ended June 30, 2018 was as follows:

	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
Tourism Development Authority:				
Capital assets being depreciated:				
Improvements	\$ 5,576	\$ 2,287	\$ 445	\$ 7,418
Equipment and furniture	<u>37,838</u>	<u>9,837</u>	<u>1,738</u>	<u>45,937</u>
Total capital assets being depreciated	<u>43,414</u>	<u>12,124</u>	<u>2,183</u>	<u>53,355</u>
Less accumulated depreciation for:				
Improvements	(1,586)	(1,230)	(445)	(2,371)
Equipment and furniture	<u>(25,955)</u>	<u>(5,436)</u>	<u>(1,738)</u>	<u>(29,653)</u>
Total accumulated depreciation	<u>(27,541)</u>	<u>(6,666)</u>	<u>(2,183)</u>	<u>(32,024)</u>
Capital assets, net	<u>\$ 15,873</u>			<u>\$ 21,331</u>

**B. Deferred Outflows of Resources**

Deferred outflows of resources at the government-wide level at June 30, 2018 were as follows:

Deferred charges on refunding of debt	\$ 455,131
Contributions to pension plans subsequent to the measurement date (LGERS and ROD)	1,617,788
Benefit payments for LEOSSA subsequent to the measurement date	11,631
Benefit payments for OPEB subsequent to the measurement date	686,716
Differences between expected and actual experience	290,207
Changes of assumptions	810,782
Net difference between project and actual earnings	1,224,776
Changes in proportion and differences between employer contributions and proportionate share of contributions	<u>22,036</u>
	<u>\$ 5,119,067</u>

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

Payables at the government-wide level at June 30, 2018 were as follows:

	<u>Vendors</u>	<u>Salaries and Benefits</u>	<u>Other</u>	<u>Total</u>
Governmental activities:				
General fund	\$ 1,564,031	\$ 1,001,374	\$ 691,771	\$ 3,257,176
Solid waste management fund	80,560	1,978	-	82,538
Estimated claims payable	-	-	491,966	491,966
Other governmental funds	329,899	1,653	-	331,552
Total	<u>\$ 1,974,490</u>	<u>\$ 1,005,005</u>	<u>\$ 1,183,737</u>	<u>\$ 4,163,232</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](http://www.osc.nc.gov).

*Benefits Provided.* LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service (age 55 for firefighters). Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service 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, 2018, was 8.25% of compensation for law enforcement officers and 7.50% 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 \$1,611,153 for the year ended June 30, 2018.

*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, 2018, the County reported a liability of \$4,998,404 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016. The total pension liability was then rolled forward to the measurement date of June 30, 2017 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, 2017, the County's proportion was 0.32718%, which was a decrease of .01831% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the County recognized pension expense of \$1,695,801.

At June 30, 2018, 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	\$ 287,954	\$ 141,489
Changes of assumptions	713,841	-
Net difference between projected and actual earnings on pension plan investments	1,213,619	-
Changes in proportion and difference between County contributions and proportionate share of contributions	20,795	83,776
County contributions subsequent to the measurement date	<u>1,611,153</u>	<u>-</u>
	<u>\$ 3,847,362</u>	<u>\$ 225,265</u>

\$1,611,153 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, 2019. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30,	
2019	254,635
2020	1,437,740
2021	711,925
2022	(393,356)
2023	-
Thereafter	<u>-</u>
	<u>\$ 2,010,944</u>

*Actuarial Assumptions.* The total pension liability in the December 31, 2016 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	7.20 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, 2016 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, 2017 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 7.20%. 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 liability calculated using the discount rate of 7.20 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 (6.20 percent) or 1-percentage-point higher (8.20 percent) than the current rate:

	1% Decrease (6.20%)	Discount Rate (7.20%)	1% Increase (8.20%)
County's proportionate share of the net pension liability (asset)	\$ 15,005,322	\$ 4,998,404	\$ (3,354,213)

*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, 2016 (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>62</u>
Total	<u><u>67</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, 2016 valuation. The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increases	3.50 to 7.35 percent, including inflation and productivity factor
Discount rate	3.16%

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 \$40,832 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, 2018, the County reported a total pension liability of \$1,355,115. The total pension liability was measured as of December 31, 2017 based on a December 31, 2016 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2017 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2018, the County recognized pension expense of \$109,187.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 16,670
Changes of assumptions and other inputs	74,796	20,202
Benefit payments and plan administrative expense made subsequent to the measurement date	11,631	-
	<u>\$ 86,427</u>	<u>\$ 36,872</u>

\$11,631 reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the

measurement date, and changes of assumptions and other inputs will be recognized as a decrease of the total pension liability in the year ended June 30, 2019. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2019	\$ 7,167
2020	7,167
2021	7,167
2022	7,167
2023	9,256
Thereafter	-
	<u>\$ 37,924</u>

*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 (2.16%)	Discount Rate (3.16%)	1% Increase (4.16%)
Total pension liability	\$ 1,475,404	\$ 1,355,115	\$ 1,245,354

#### **Schedule of Changes in Total Pension Liability**

Beginning balance	\$ 1,209,014
Changes for the year:	
Service cost at end of year	70,868
Interest	45,880
Change in benefit terms	-
Difference between expected and actual experience	(20,129)
Changes of assumptions and other inputs	90,314
Benefit payments	(40,832)
Other	-
Net changes	<u>146,101</u>
Ending balance of the total pension liability	<u>\$ 1,355,115</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, 2016 valuation were based on the results of an actuarial experience study for the period January 1, 2011 through December 31, 2015.

**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 \$151,946 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 \$364,921 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](http://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 \$6,635 for the year ended June 30, 2018.

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

At June 30, 2018, the County reported an asset of \$131,250 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2017. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2016. The total pension liability was then rolled forward to the measurement date of June 30, 2017 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, 2017, the County's proportion was .76894%, which was an increase of .02503% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the County recognized pension expense of \$16,387. At June 30, 2018, 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	\$ 2,253	\$ 423
Changes of assumptions	22,145	-
Net difference between projected and actual earnings on pension plan investments	11,157	-
Changes in proportion and difference between County contributions and proportionate share of contributions	1,241	4,630
County contributions subsequent to the measurement date	6,635	-
	<u>\$ 43,431</u>	<u>\$ 5,053</u>

\$6,635 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, 2019. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30,	
2019	\$ 18,566
2020	9,056
2021	1,276
2022	2,845
2023	-
Thereafter	-
	<u>\$ 31,743</u>

*Actuarial Assumptions.* The total pension asset in the December 31, 2016 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, 2016 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, 2017 is 1.4%.

The information above is based on 30 year expectations developed with the consulting actuary for the 2017 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:

	1% Decrease (2.75%)	Discount Rate (3.75%)	1% Increase (4.75%)
County's proportionate share of the net pension liability (asset)	\$ (103,161)	\$ (131,250)	\$ (154,875)

*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.

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

Following is information related to the proportionate share and pension expense for all pension plans:

	<u>LGERS</u>	<u>ROD</u>	<u>LEOSSA</u>	<u>Total</u>
Proportionate Share of Net Pension Liability (Asset)	\$ 4,998,404	\$ (131,250)	-	\$ 4,867,154
Proportion of the Net Pension Liability (Asset)	0.32718%	0.76894%	N/A	N/A
Total Pension Liability	-	-	\$ 1,355,115	\$ 1,355,115
Pension Expense	1,695,801	16,387	109,187	1,821,375

	<u>LGERS</u>	<u>ROD</u>	<u>LEOSSA</u>	<u>Total</u>
<b>Deferred Outflows of Resources:</b>				
Differences between expected and actual experience	\$ 287,954	\$ 2,253	\$ -	\$ 290,207
Changes of assumptions	713,841	22,145	74,796	810,782
Net difference between projected and actual earnings on plan investments	1,213,619	11,157	-	1,224,776
Changes in proportion and differences between County contributions and proportionate share of contributions	20,795	1,241	-	22,036
County contributions/benefit payments subsequent to the measurement date	1,611,153	6,635	11,631	1,629,419
	<u>\$ 3,847,362</u>	<u>\$ 43,431</u>	<u>\$ 86,427</u>	<u>\$ 3,977,220</u>

<b>Deferred Inflows of Resources:</b>				
Differences between expected and actual experience	\$ 141,489	\$ 423	\$ 16,670	\$ 158,582
Changes of assumptions	-	-	20,202	20,202
Changes in proportion and differences between County contributions and proportionate share of contributions	83,776	4,630	-	88,406
	<u>\$ 225,265</u>	<u>\$ 5,053</u>	<u>\$ 36,872</u>	<u>\$ 267,190</u>

**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. 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 June 30, 2017, the date of the latest actuarial valuation:

Retirees and dependents receiving benefits	139
Active plan members	<u>472</u>
Total	<u><u>611</u></u>

*Total OPEB Liability.* Haywood County's total OPEB liability of \$40,027,217 was measured as of June 30, 2017, and was determined by an actuarial valuation as of that date.

*Actuarial Assumptions and Other Inputs.* The Total OPEB liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50 percent
Salary increases	3.50 to 7.75 percent, including inflation and productivity factor
Discount rate	3.56 percent,
Healthcare cost trend rates	Pre-Medicare – 7.5 percent decreasing to 5.0 percent by 2023 Medicare – 5.5 percent decreasing to 5.0 percent by 2020

The discount rate is based on the yield of the S&P Municipal Bond 20 Year High Grade Rate Index as of the measurement date.

#### Changes in the Total OPEB Liability

<b>Balance at July 1, 2017</b>	\$ 41,463,795
<b>Changes for the year</b>	
Service cost	2,269,894
Interest	1,239,794
Changes in benefit terms	-
Differences between expected and actual experience	(190,906)
Changes in assumptions and other inputs	(4,202,035)
Benefit payments	<u>(553,325)</u>
<b>Net changes</b>	<u>(1,436,578)</u>
<b>Balance at June 30, 2018</b>	<u><u>\$ 40,027,217</u></u>

Changes of assumptions and other inputs reflect a change in the discount rate from 3.01 percent to 3.56 percent.

Mortality rates were based on the RP-2014 Total Data Set for Healthy Annuitants Mortality Table.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period January 2010 through December 2014.

*Sensitivity of the total OPEB liability to changes in the discount rate.* The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.56 percent) or 1-percentage-point higher (4.56 percent) than the current discount rate:

	1% Decrease (2.56%)	Discount Rate (3.56%)	1% Increase (4.56%)
Total OPEB Liability	\$ 48,147,249	\$ 40,027,217	\$ 33,733,045

*Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates.* The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1- percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	(4.5% Medicare, 6.5% Pre-Medicare)	(5.5% Medicare, 7.5% Pre-Medicare)	(6.5% Medicare, 8.5% Pre-Medicare)
Total OPEB Liability	\$ 33,111,061	\$ 40,027,217	\$ 49,164,702

#### **OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

For the year ended June 30, 2018, the County recognized OPEB expense of \$2,882,125. At June 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 163,634
Changes of assumptions	-	3,601,744
Benefit payments made subsequent to the measurement date	686,716	-
	<u>\$ 686,716</u>	<u>\$ 3,765,378</u>

\$686,716 reported as deferred outflows of resources related to OPEB resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total OPEB liability in the year ended June 30, 2019. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30,	
2019	\$ (627,563)
2020	(627,563)
2021	(627,563)
2022	(627,563)
2023	(627,563)
Thereafter	<u>(627,563)</u>
	<u>\$ (3,765,378)</u>

**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,

2018, 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:

	2018	2017
Estimated claims payable, July 1	\$ 389,550	\$ 298,426
Incurred claims and changes in estimates	7,117,469	6,834,182
Claims payments	<u>(7,015,053)</u>	<u>(6,743,058)</u>
Estimated claims payable, June 30	<u>\$ 491,966</u>	<u>\$ 389,550</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, 2018, 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%.	\$ 128,993
\$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%.	999,578
\$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%.	135,512
\$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%.	11,182,524
\$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%.	5,600,000
\$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%.	3,140,000

\$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%.	1,020,000
\$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%.	1,680,000
\$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%.	2,870,000
\$3,350,000 note issued for the animal services building on June 4, 2018, requiring 40 annual principal payments of \$139,150 plus annual interest payments at 2.75%.	3,350,000
\$200,000 note for improving the property at Jonathan's Creek, issued December 20, 2017, requiring one principal payment of \$200,000 in 2023, plus annual interest payments at 2.5%.	<u>200,000</u>
Total installment notes payable	<u><u>\$ 30,306,607</u></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>
2019	\$ 2,595,232	\$ 906,703	\$ 3,501,935
2020	2,589,869	844,907	3,434,776
2021	2,574,865	783,029	3,357,894
2022	2,565,234	721,090	3,286,324
2023	2,115,989	663,455	2,779,444
2024-2028	5,184,179	2,614,187	7,798,366
2029-2033	2,033,453	2,129,927	4,163,380
2034-2038	2,437,209	1,726,171	4,163,380
2039-2043	2,921,787	1,240,665	4,162,452
2044-2048	3,068,432	693,661	3,762,093
2043-2053	1,580,245	190,200	1,770,445
2054+	640,113	53,656	693,769
	<u>\$ 30,306,607</u>	<u>\$ 12,567,651</u>	<u>\$ 42,874,258</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, 2018 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%. \$ 3,500,000

\$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%. 4,265,000

\$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%. 8,359,000

Total general obligation bonds payable \$ 16,124,000

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

	Principal	Interest	Total
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	1,943,000	191,513	2,134,513
2024-2028	6,035,000	336,304	6,371,304
	<u>\$ 16,124,000</u>	<u>\$ 1,737,113</u>	<u>\$ 17,861,113</u>

□ **Changes in Long-Term Liabilities**

A summary of changes in long-term liabilities follows:

	(As restated)			Ending Balances	Due Within One Year
	Beginning Balances	Additions	Retirements		
General obligation bonds	\$ 18,260,000	\$ -	\$ 2,136,000	\$ 16,124,000	\$ 2,090,000
Premium on bonds	50,816	-	5,256	45,560	-
Notes payable	34,166,772	3,550,000	7,410,165	30,306,607	2,595,232
Pollution remediation obligation	2,310,714	-	59,223	2,251,491	-
Compensated absences	1,938,194	2,027,226	1,965,650	1,999,770	1,966,000
Total pension liability (LEOSSA)	1,209,014	146,101	-	1,355,115	-
Net pension liability (LGERS)	7,332,455	-	2,334,051	4,998,404	-
Total OPEB liability	41,463,795	-	1,436,578	40,027,217	-
	<u>\$ 106,731,760</u>	<u>\$ 5,723,327</u>	<u>\$ 15,346,923</u>	<u>\$ 97,108,164</u>	<u>\$ 6,651,232</u>

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

At June 30, 2018, Haywood County had a legal debt margin of approximately \$550,000,000.

**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, 2018 is composed of the following elements:

	Governmental Funds	Governmental Activities
Prepaid taxes not yet earned (General Fund)	\$ 217,146	\$ 217,146
Prepaid fees not yet earned (Special Revenue)	3,284	3,284
Taxes receivable, net (General Fund)	1,418,982	-
Fees receivable (General Fund)	75,586	-
Taxes receivable, net (Special Revenue)	111,585	-
Long-term notes receivable (General Fund)	320,974	-
Fees receivable (Special Revenue)	585,066	-
Grant revenue received in cash (General Fund)	323,734	323,734
Changes in assumptions	-	3,621,946
Differences between expected and actual experience	-	322,216
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	88,406
Total	<u>\$ 3,056,357</u>	<u>\$ 4,576,732</u>

**E. Net Position and Fund Balances**

- i. **Net Investment in Capital Assets** - Net investment in capital assets at June 30, 2018, are computed as follows:

Capital assets, net of accumulated depreciation	\$ 77,303,803
Less capital debt:	
Gross debt	46,476,167
Less: Deferred charge on refunding of debt	(455,131)
Less: School debt related to assets to which the County does not hold title	(12,879,000)
Less: Community college debt related to assets to which the County does not hold title	(8,470,000)
Unexpended debt proceeds	<u>(417,165)</u>
Net capital debt	<u>24,254,871</u>
Net investment in capital assets	<u>\$ 53,048,932</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	\$ 35,711,074
Less:	
Inventory	92,436
Restricted for stabilization by State statute	7,663,655
Restricted for sheriff's department and Title III and public school projects	1,385,951
Committed fund balance	2,142,940
Assigned fund balance	1,872,240
Fund balance policy (11%)	<u>3,928,218</u>
Remaining fund balance	<u>\$ 18,625,634</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, 2018 and have budgeted that same amount in the 2018-2019 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. During the fiscal year ended June 30, 2018, the County received a distribution in the amount of \$8 million from the

Authority. Those funds were then contributed to a trust established to manage the proceeds for the benefit of community health initiatives. The amount remaining in the escrow account is approximately \$4 million. The Authority had a September 30<sup>th</sup> 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 \$2,585,585 and \$116,000 to the Community College for operating and capital purposes, respectively, during the fiscal year ending June 30, 2018 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 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, 2018. 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, 2018. 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.

	<u>Federal</u>	<u>State</u>
Medical Assistance Program	\$ 64,018,380	\$ 33,267,089
State Childrens' Insurance Program - N.C. Health Choice	1,350,936	2,483
Special Supplemental Nutrition Program for Women, Infants, and Children	984,330	-
TANF/Work First	374,260	-
Independent Living Transitional State / County Special Assistance for Adults	1,606	-
	-	545,205
AFDC Payments and Penalties	(34)	(9)
Foster Care At Risk	-	11,185
IV-E Foster Care	573,299	194,996
IV-E Adoption	432,010	102,426
Child Welfare Services - Adoption Subsidy	-	261,570
State Foster Care Benefits Program	-	143,426
	<u>\$ 67,734,787</u>	<u>\$ 34,528,371</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.

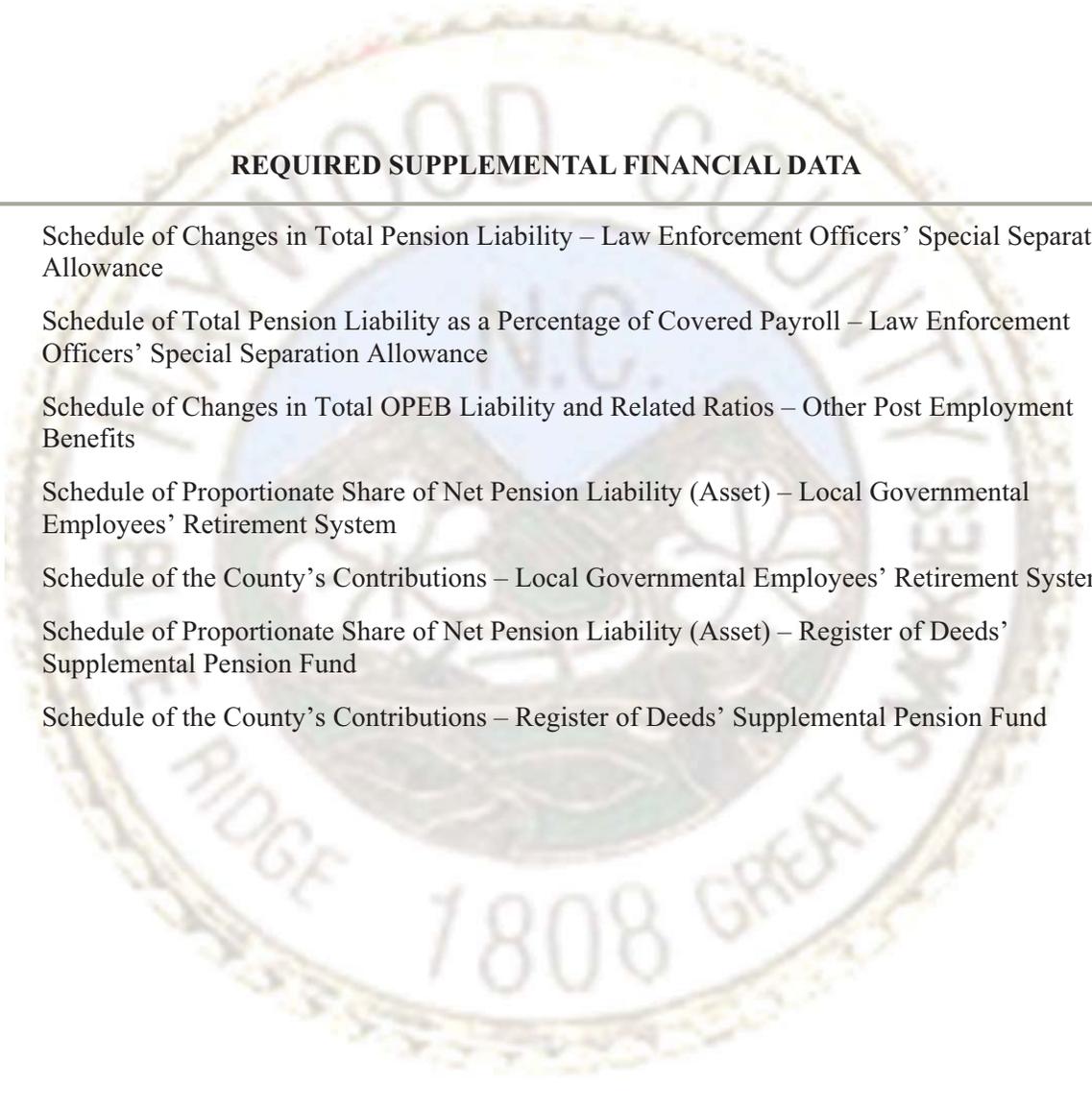
9. **Interfund Balances and Transfers** – Interfund transfers for the year ended June 30, 2018 consisted of the following:

Transfers from General Fund to:

School Capital Sales Tax Projects Fund	To fund capital projects	\$ 308,000
County Building Renovations Fund	To fund capital projects	<u>57,174</u>
Total		<u>\$ 365,174</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) No. Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, in the fiscal year ending June 30, 2018. The implementation of the statement required the County to record beginning total OPEB liability and the effects on net position of benefit payments and administrative expenses paid by the City related to OPEB during the measurement period (fiscal year ending June 30, 2017). Beginning deferred outflows and inflows of resources associated with the implementation were excluded from the restatement. As a result, net position for the governmental activities decreased \$26,774,068.
11. **Special Item – Donated Asset** – During the fiscal year, the State of North Carolina donated a building to the County. The 15,000 square foot building, a National Guard Armory, was previously used by the 211<sup>th</sup> National Guard Unit, which is moving its headquarters out of the county as part of consolidation efforts. The County has recorded income of \$1,116,200 related to this donation on the Statement of Activities.



## 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 Changes in Total OPEB Liability and Related Ratios – Other Post Employment 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  
Last Two Fiscal Years*

**Schedule of Changes in Total Pension Liability**

	<u>2018</u>	<u>2017</u>
Beginning balance	\$ 1,209,014	\$ 1,174,480
Changes for the year:		
Service cost at end of year	70,868	74,243
Interest	45,880	41,023
Change in benefit terms	-	-
Difference between expected and actual experience	(20,129)	-
Changes of assumptions and other inputs	90,314	(29,986)
Benefit payments	(40,832)	(50,746)
Other	-	-
Net changes	<u>146,101</u>	<u>34,534</u>
Ending balance	<u>\$ 1,355,115</u>	<u>\$ 1,209,014</u>

**Schedule of Total Pension Liability as a Percentage of Covered Payroll**

Total Pension Liability	\$ 1,355,115	\$ 1,209,014
Covered Payroll	2,986,556	2,938,001
Total pension liability as a percentage of covered payroll	45.37%	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 December 31 (measurement date).

## HAYWOOD COUNTY, NORTH CAROLINA

*Other Postemployment Benefits*  
*Required Supplementary Information*  
 For the year ended June 30, 2018

## Schedule of Changes in the Total OPEB Liability and Related Ratios

	<u>2018</u>
Beginning balance	\$ 41,463,795
Changes for the year:	
Service cost	2,269,894
Interest	1,239,794
Changes of benefit terms	-
Differences between expected and actual experience	(190,906)
Changes of assumptions or other inputs	(4,202,035)
Benefit payments	<u>(553,325)</u>
Net changes	<u>(1,436,578)</u>
Ending balance	<u>\$ 40,027,217</u>
Covered-employee payroll	\$ 19,042,317
Total OPEB liability as a percentage of covered-employee payroll	210.20%

## Notes to the schedule:

---

Changes of assumptions: Changes of assumptions and other inputs reflect the effects of changes in the discount rate of each period. The following are the discount rates used in each period:

<u>Fiscal year</u>	<u>Rate</u>
2018	3.56%

## HAYWOOD COUNTY, NORTH CAROLINA

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

## Local Government Employees' Retirement System

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
County's proportion of the net pension liability (asset) (%)	0.32718%	0.34549%	0.33264%	0.33193%	0.33680%
County's proportion of the net pension liability (asset) (\$)	\$ 4,998,404	\$ 7,332,455	\$ 1,492,868	\$ (1,957,545)	\$ 4,059,733
County's covered payroll	21,182,545	20,081,972	19,534,790	19,279,263	19,052,302
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	23.60%	36.51%	7.64%	( 10.15%)	21.31%
Plan fiduciary net position as a percentage of the total pension liability (asset)	94.18%	91.47%	98.09%	102.64%	94.35%

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 Five Fiscal Years*

## Local Government Employees' Retirement System

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 1,611,153	\$ 1,573,773	\$ 1,365,167	\$ 1,389,017	\$ 1,367,400
Contributions in relation to the contractually required contribution	<u>1,611,153</u>	<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>				
County's covered payroll	\$ 21,168,153	\$ 21,182,545	\$ 20,081,972	\$ 19,534,790	\$ 19,279,263
Contributions as a percentage of covered payroll	7.61%	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 Five Fiscal Years\*

**Registers of Deeds' Supplemental Pension Fund**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
County's proportion of the net pension liability (asset) (%)	0.76894%	0.74391%	0.75660%	0.70658%	0.71396%
County's proportion of the net pension liability (asset) (\$)	\$ (131,250)	\$ (139,081)	\$ (175,334)	\$ (160,159)	\$ (152,502)
County's covered payroll	75,917	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	(172.89%)	(194.86%)	(254.79%)	(237.38%)	(230.35%)
Plan fiduciary net position as a percentage of the total pension liability (asset)	153.77%	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.

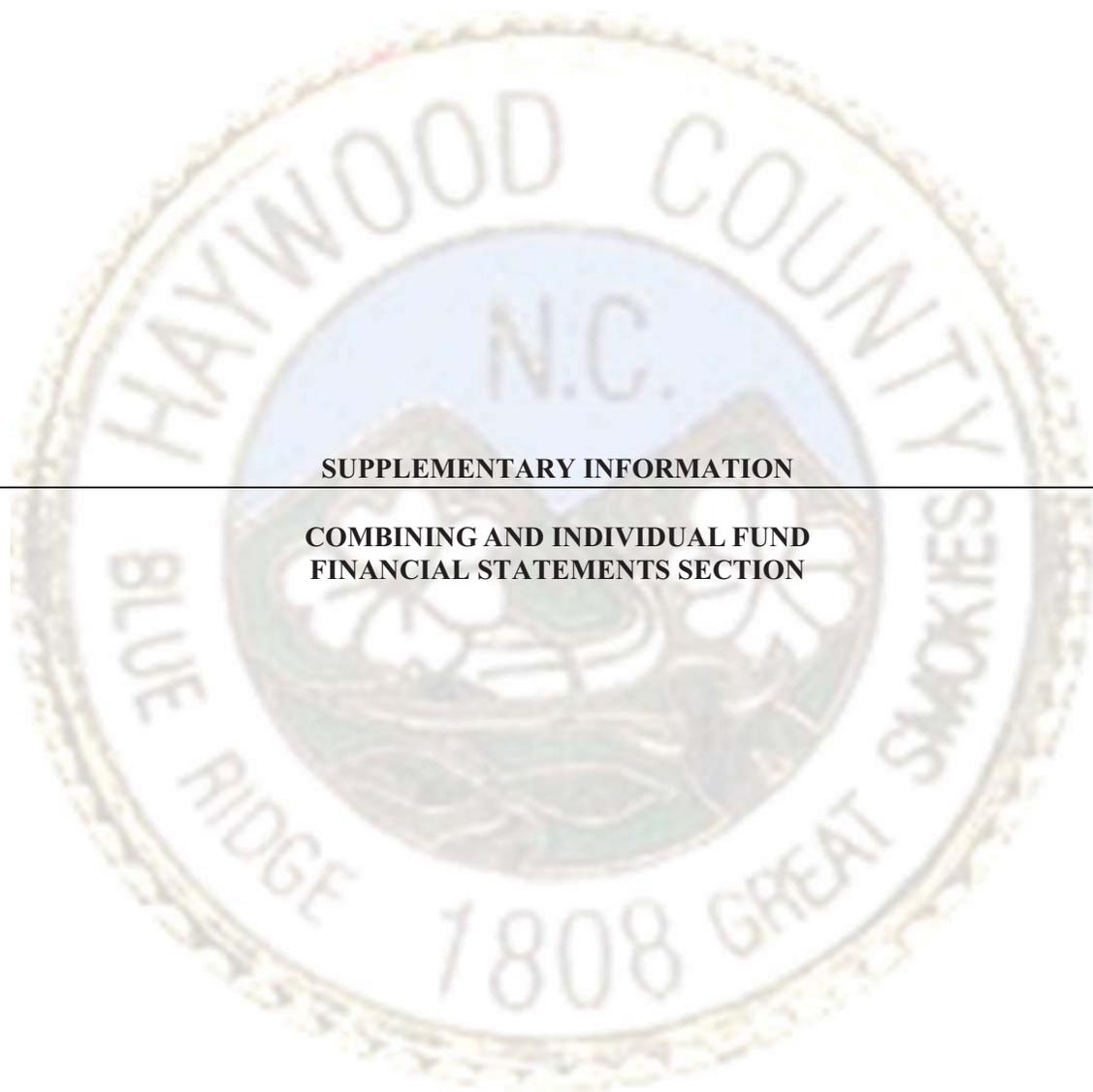
## HAYWOOD COUNTY, NORTH CAROLINA

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

**Registers of Deeds' Supplemental Pension Fund**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 6,635	\$ 6,681	\$ 6,077	\$ 6,054	\$ 5,769
Contributions in relation to the contractually required contribution	<u>6,635</u>	<u>6,681</u>	<u>6,077</u>	<u>6,054</u>	<u>5,769</u>
Contribution deficiency (excess)	<u>\$ -</u>				
County's covered payroll	\$ 74,729	\$ 75,917	\$ 71,375	\$ 68,815	\$ 67,469
Contributions as a percentage of covered payroll	8.88%	8.80%	8.51%	8.80%	8.55%

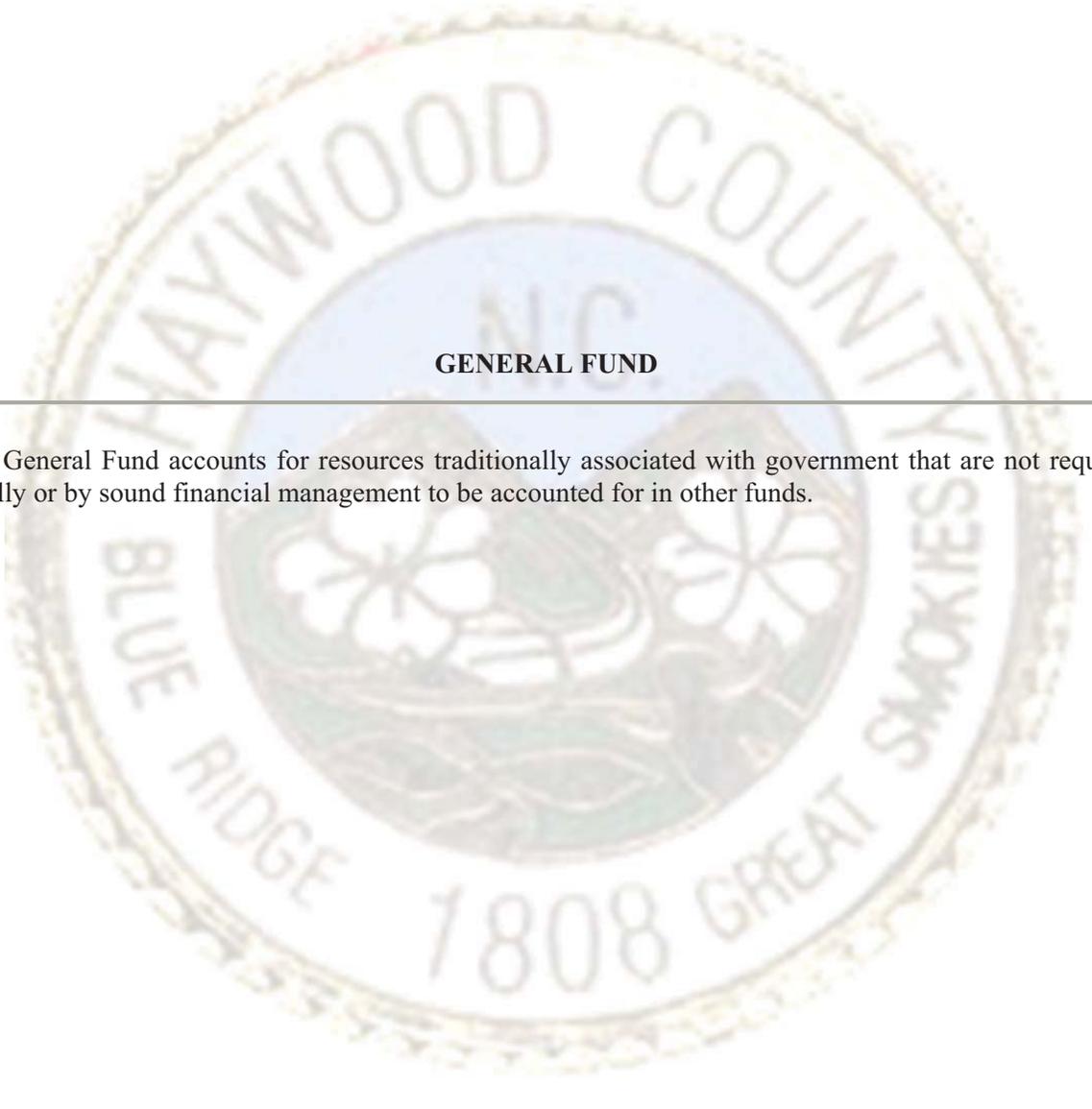
This schedule originated in FY2014 with the implementation of GASB Statement No. 68. Information for additional years will continue to be added until 10 years of information is presented.



---

**SUPPLEMENTARY INFORMATION**

**COMBINING AND INDIVIDUAL FUND  
FINANCIAL STATEMENTS SECTION**

The seal of Haywood County, North Carolina, is a circular emblem. It features a central shield with a plow, a sheaf of wheat, and a cotton plant. Above the shield is a banner with the letters "N.C.". The outer ring of the seal contains the text "HAYWOOD COUNTY" at the top, "1808" at the bottom, and "BLUE RIDGE" on the left and "GREAT SMOKIES" on the right.

**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, 2018

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Revenues</b>			
Ad valorem taxes:			
Taxes		\$ 43,653,649	
Penalties and interest		245,408	
Total	<u>\$ 43,124,852</u>	<u>43,899,057</u>	<u>\$ 774,205</u>
Local option sales taxes:			
Article 39 one percent		5,767,980	
Article 40 one-half of one percent		3,622,834	
Article 42 one-half of one percent		3,228,356	
Article 44 one-half of one percent		456	
Article 44-524 (c.) distribution		35,678	
Article 46 one-quarter of one percent		1,871,411	
Total	<u>14,680,000</u>	<u>14,526,715</u>	<u>(153,285)</u>
Other taxes and licenses:			
Occupancy tax		1,570,358	
Deed stamp excise tax		820,195	
Telecommunication video sales tax		298,995	
Other taxes		503,373	
Total	<u>3,566,600</u>	<u>3,192,921</u>	<u>(373,679)</u>
Unrestricted intergovernmental:			
Payments in lieu of taxes		388,105	
Beer and wine tax		193,007	
Total	<u>393,604</u>	<u>581,112</u>	<u>187,508</u>
Restricted intergovernmental:			
Federal, state, and other grants		19,614,481	
Court facilities fees		101,575	
Health and social services revenues - local		500,542	
ABC net revenues		59,276	
Controlled substance tax		7,839	
Other - local		530,542	
Total	<u>23,529,773</u>	<u>20,814,255</u>	<u>(2,715,518)</u>
Permits and fees:			
Building permits, other permits, and inspection fees	<u>405,250</u>	<u>391,312</u>	<u>(13,938)</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, 2018

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Revenues (continued)</b>			
Sales and services:			
Library local revenues		14,698	
Mapping sales		6,538	
Sherriff's fees and commissions		320,799	
Jail and officers' fees		210,633	
Ambulance fees		2,717,132	
Animal control fees		40,843	
Dental clinic charges		177,274	
Health dept. patient fees		130,258	
Environmental health fees		224,170	
Social Services patient fees		75,573	
Tax assessments - departmental services		414	
Garage - departmental services		14,605	
Tax collection fees		62,739	
Public buildings - departmental services		55,032	
Elections - departmental services		6,701	
Extension 4H		12,147	
Rent		198,982	
Recreation fees		24,773	
Total	<u>4,319,761</u>	<u>4,293,311</u>	<u>(26,450)</u>
Investment earnings	<u>239,944</u>	<u>558,089</u>	<u>318,145</u>
Miscellaneous	<u>240,322</u>	<u>315,300</u>	<u>74,978</u>
Total revenues	<u>90,500,106</u>	<u>88,572,072</u>	<u>(1,928,034)</u>
<b>Expenditures</b>			
General government:			
Governing body:			
Salaries and employee benefits		134,420	
Operating		496,295	
Capital outlay		12,504	
Total		<u>643,219</u>	
Administration:			
Salaries and employee benefits		388,312	
Operating		19,025	
Total		<u>407,337</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, 2018

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Expenditures (continued)</b>			
General government (continued):			
Finance:			
Salaries and employee benefits		571,153	
Operating		<u>53,522</u>	
Total		<u>624,675</u>	
Human resources:			
Salaries and employee benefits		200,606	
Operating		<u>712,771</u>	
Total		<u>913,377</u>	
Wellness Clinic:			
Salaries and employee benefits		163,772	
Operating		<u>62,476</u>	
Total		<u>226,248</u>	
Tax collections:			
Salaries and employee benefits		272,718	
Operating		<u>233,753</u>	
Total		<u>506,471</u>	
Tax assessments:			
Salaries and employee benefits		790,965	
Operating		152,851	
Capital outlay		<u>40,084</u>	
Total		<u>983,900</u>	
Land records:			
Salaries and employee benefits		300,842	
Operating		23,293	
Capital outlay		<u>90</u>	
Total		<u>324,225</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, 2018

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Expenditures (continued)</b>			
General government (continued):			
Legal services:			
Salaries and employee benefits		207,255	
Operating		<u>25,065</u>	
Total		<u>232,320</u>	
Elections:			
Salaries and employee benefits		351,336	
Operating		58,975	
Capital outlay		<u>1,373</u>	
Total		<u>411,684</u>	
Register of Deeds:			
Salaries and employee benefits		279,942	
Operating		<u>583,890</u>	
Total		<u>863,832</u>	
Total general government	<u>7,125,720</u>	<u>6,137,288</u>	<u>988,432</u>
Central services:			
Information systems:			
Salaries and employee benefits		543,451	
Operating		718,283	
Capital outlay		<u>99,595</u>	
Total		<u>1,361,329</u>	
Garage:			
Salaries and employee benefits		126,297	
Operating		34,658	
Capital outlay		<u>3,545</u>	
Total		<u>164,500</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, 2018

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Expenditures (continued)</b>			
Central services (continued):			
Public buildings:			
Salaries and employee benefits		969,189	
Operating		1,038,379	
Capital outlay		<u>330,742</u>	
Total		<u>2,338,310</u>	
 Total central services	<u>4,467,966</u>	<u>3,864,139</u>	<u>603,827</u>
 Public safety:			
Sheriff:			
Salaries and employee benefits		4,503,363	
Operating		606,681	
Capital outlay		<u>403,808</u>	
Total		<u>5,513,852</u>	
 Haywood County 911 Communication Center:			
Salaries and employee benefits		1,026,598	
Operating		69,229	
Capital outlay		<u>22,860</u>	
Total		<u>1,118,687</u>	
 Public safety grants:			
Operating		<u>83,869</u>	
 Sheriff-SRO officers:			
Salaries and employee benefits		332,543	
Operating		<u>1,548</u>	
Total		<u>334,091</u>	
 Detention:			
Salaries and employee benefits		2,515,674	
Operating		751,818	
Capital outlay		<u>11,950</u>	
Total		<u>3,279,442</u>	
 Courts:			
Operating		<u>75,670</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, 2018

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Expenditures (continued)</b>			
Public safety (continued):			
NC forest service:			
Operating		<u>80,050</u>	
Building inspections:			
Salaries and employee benefits		386,387	
Operating		<u>38,038</u>	
Total		<u>424,425</u>	
Medical examiner		<u>100,780</u>	
Emergency medical service:			
Salaries and employee benefits		4,065,613	
Operating		873,287	
Capital outlay		<u>273,807</u>	
Total		<u>5,212,707</u>	
Rescue squad			
Operating:		<u>30,000</u>	
Animal control:			
Salaries and employee benefits		443,548	
Operating		171,887	
Capital outlay		<u>7,400</u>	
Total		<u>622,835</u>	
Total public safety	<u>18,293,943</u>	<u>16,876,408</u>	<u>1,417,535</u>
Transportation:			
Mass transit	<u>294,431</u>	<u>198,385</u>	<u>96,046</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, 2018

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Expenditures (continued)</b>			
Economic and physical development:			
Planning:			
Salaries and employee benefits		405,006	
Operating		<u>5,916</u>	
Total		<u>410,922</u>	
Economic development:			
Operating		<u>225,759</u>	
Tourism development		<u>1,544,655</u>	
Community development:			
Operating		<u>17,500</u>	
Extension:			
Operating		<u>240,582</u>	
Soil conservation:			
Salaries and employee benefits		190,746	
Operating		<u>43,395</u>	
Total		<u>234,141</u>	
Soil and water conservation agricultural technician:			
Salaries and employee benefits		75,393	
Operating		<u>9,025</u>	
Total		<u>84,418</u>	
Total economic and physical development	<u>3,144,404</u>	<u>2,757,977</u>	<u>386,427</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, 2018

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Expenditures (continued)</b>			
Human services:			
Health:			
Salaries and employee benefits		2,208,968	
Operating		240,437	
Capital outlay		3,183	
Total		<u>2,452,588</u>	
Health initiatives		<u>8,009,944</u>	
Immunization:			
Operating		<u>658</u>	
Dental clinic:			
Salaries and employee benefits		456,191	
Operating		92,395	
Capital outlay		16,953	
Total		<u>565,539</u>	
Child health		<u>1,661</u>	
Immunization:			
Operating		<u>28,909</u>	
Adult health services:			
Operating		<u>13,703</u>	
Cancer data base		<u>5,690</u>	
WIC program:			
Salaries and employee benefits		255,005	
Operating		10,001	
Total		<u>265,006</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, 2018

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Expenditures (continued)</b>			
Human services (continued):			
Environmental health:			
Salaries and employee benefits		673,561	
Operating		53,802	
Capital outlay		3,638	
Total		<u>731,001</u>	
T.B. control		<u>1,253</u>	
Mental health		<u>101,107</u>	
Social services:			
Salaries and employee benefits		7,457,197	
Operating		507,529	
Capital outlay		3,988	
Total		<u>7,968,714</u>	
Work First - NCDOT Trans		<u>9,062</u>	
Public assistance:			
General assistance		1,003	
Aid to the aged and disabled		554,976	
Crisis intervention		240,761	
Aid to the blind		5,889	
Adoption assistance		32,897	
Medicaid transportation		123,736	
Electrical assistance expenditures		271,532	
Foster care		<u>1,364,720</u>	
Total		<u>2,595,514</u>	
Meals on Wheels:			
Salaries and employee benefits		210,259	
Operating		<u>73,729</u>	
Total		<u>283,988</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, 2018

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Expenditures (continued)</b>			
Human services (continued):			
JOBS Work First:			
Operating		<u>265,545</u>	
Adoption awareness		<u>19,951</u>	
Adult day care:			
Salaries and employee benefits		262,381	
Operating		<u>36,659</u>	
Total		<u>299,040</u>	
Cap-Community Alternative Program:			
Salaries and employee benefits		324,664	
Operating		<u>35,854</u>	
Total		<u>360,518</u>	
Robert Wood Johnson Grant		<u>100,000</u>	
Adoption payments		<u>354,984</u>	
Title III Grants		<u>334,694</u>	
Senior citizens programs		<u>16,000</u>	
Mountain Project grants		<u>150,000</u>	
Veteran's service:			
Salaries and employee benefits		116,194	
Operating		<u>8,455</u>	
Total		<u>124,649</u>	
Youth Services		<u>324,550</u>	
Total human services	<u>30,667,466</u>	<u>25,384,268</u>	<u>5,283,198</u>

HAYWOOD COUNTY, NORTH CAROLINA

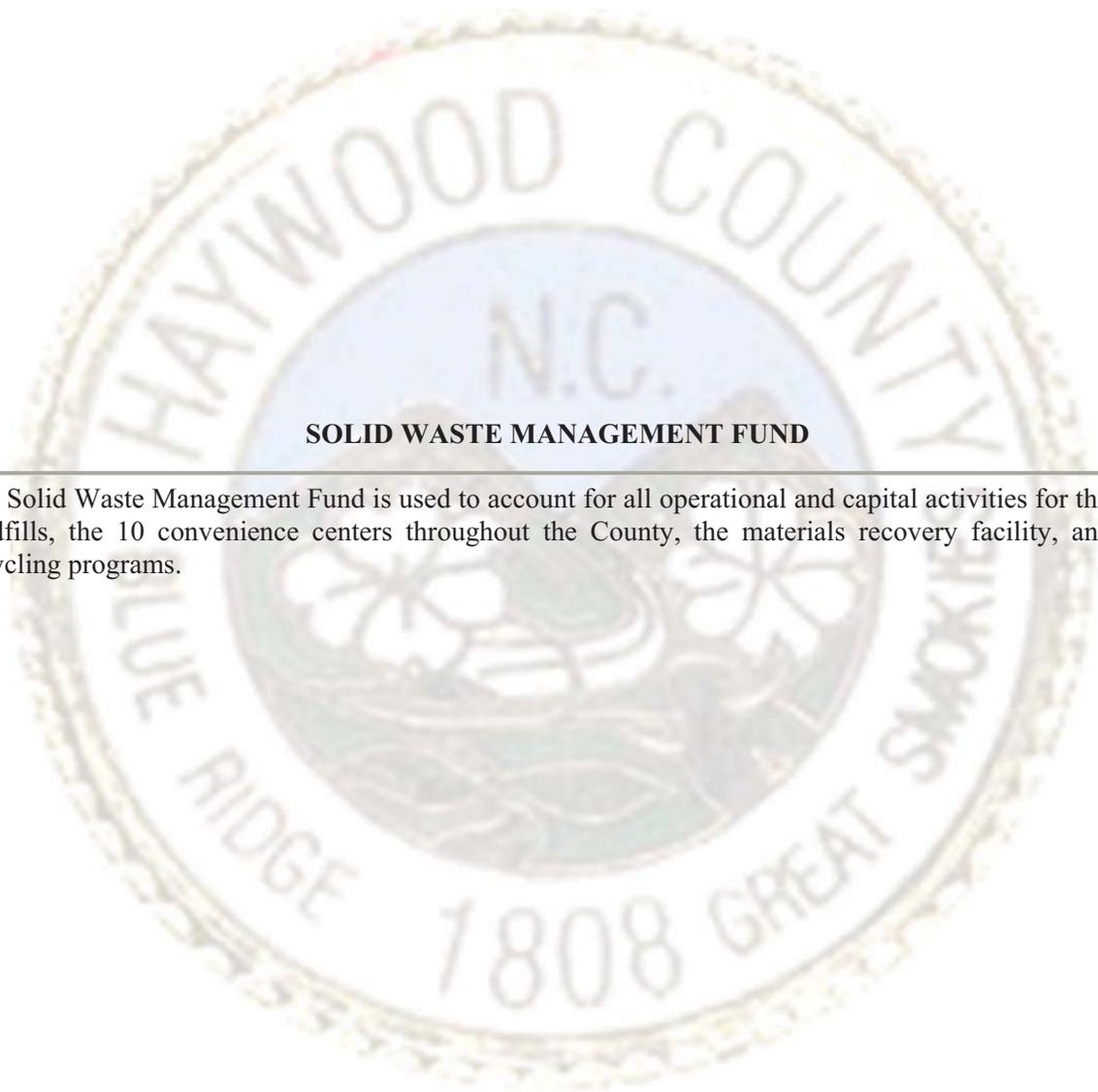
*Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual*  
*General Fund*  
For the year ended June 30, 2018

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Expenditures (continued)</b>			
Cultural and recreation:			
Library:			
Salaries and employee benefits		970,242	
Operating		329,090	
Capital outlay		<u>26,898</u>	
Total		<u>1,326,230</u>	
Recreation:			
Salaries and employee benefits		166,720	
Operating		51,008	
Contribution to Town of Canton		<u>25,000</u>	
Total		<u>242,728</u>	
Total culture and recreation	<u>1,780,986</u>	<u>1,568,958</u>	<u>212,028</u>
Education:			
Public schools-current		15,551,978	
Public schools-capital outlay		700,000	
Community colleges-current		2,585,585	
Community colleges-capital outlay		<u>116,000</u>	
Total education	<u>18,958,478</u>	<u>18,953,563</u>	<u>4,915</u>
Debt Service:			
Principal retirement	9,662,350	9,546,165	116,185
Interest and fees	<u>1,353,135</u>	<u>1,349,634</u>	<u>3,501</u>
Total debt service	<u>11,015,485</u>	<u>10,895,799</u>	<u>119,686</u>
Contingency and non-departmental	<u>26,310</u>	<u>26,310</u>	<u>-</u>
Total expenditures	<u>95,775,189</u>	<u>86,663,095</u>	<u>9,112,094</u>
Revenues over (under) expenditures	<u>(5,275,083)</u>	<u>1,908,977</u>	<u>7,184,060</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, 2018

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Other Financing Sources (Uses)</b>			
Appropriated fund balance	3,241,013	-	(3,241,013)
Sale of capital assets	2,500	10,197	7,697
Installment obligations issued	3,350,000	3,350,000	-
Transfers to other funds	(1,318,430)	(365,174)	953,256
Total other financing sources (uses)	<u>5,275,083</u>	<u>2,995,023</u>	<u>(2,280,060)</u>
Net change in fund balance	<u>\$ -</u>	4,904,000	<u>\$ 4,904,000</u>
Fund balance, beginning of year		<u>30,807,074</u>	
Fund balance, end of year		<u>\$ 35,711,074</u>	



### **SOLID WASTE MANAGEMENT FUND**

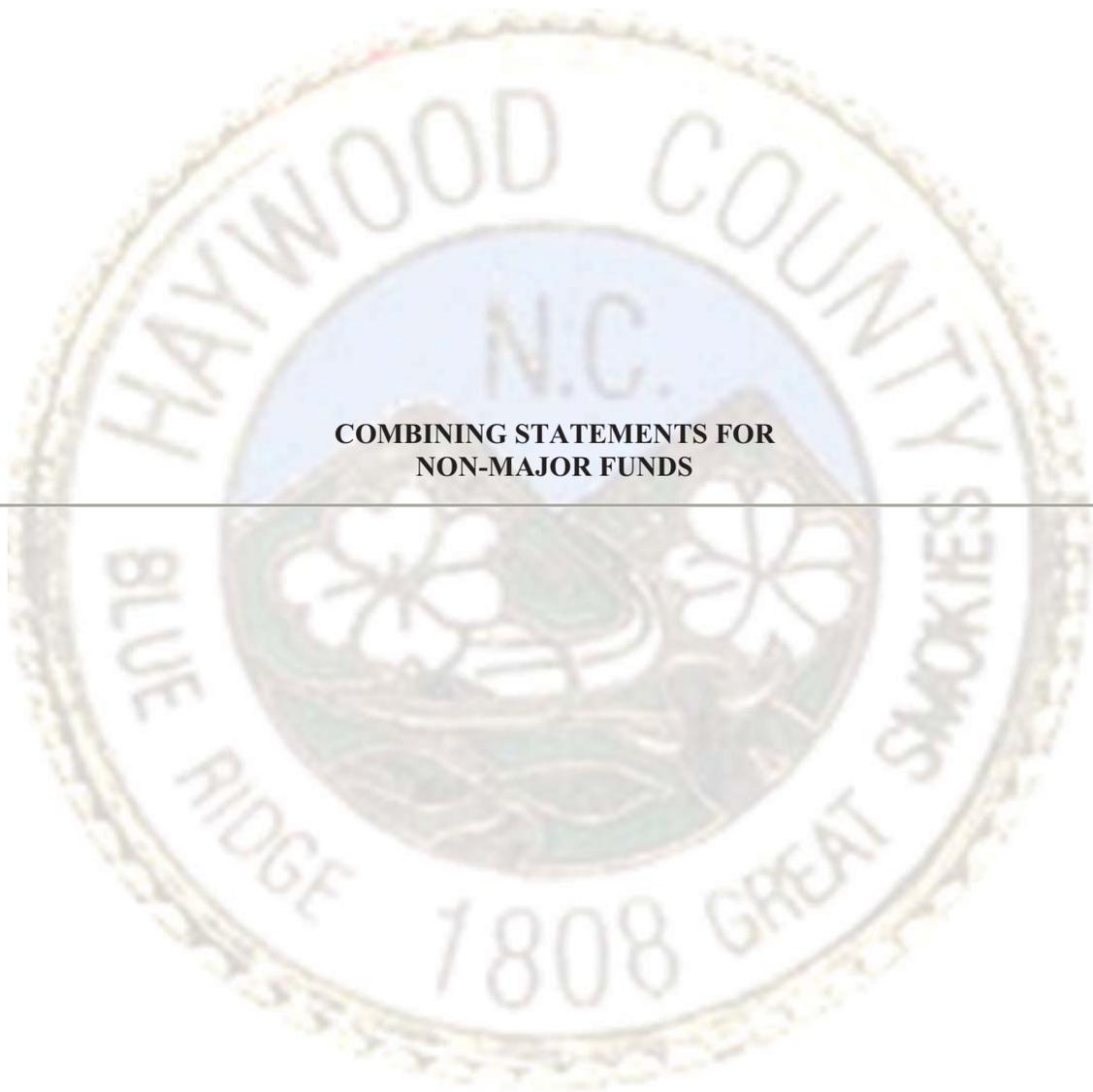
---

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*  
*Solid Waste Management Fund*  
 For the year ended June 30, 2018

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Revenues</b>			
Permits and fees:			
Solid waste fees	\$ 5,882,987	\$ 6,039,735	\$ 156,748
Landfill host fees	108,000	100,497	(7,503)
Taxes and licenses	120,000	159,087	39,087
Intergovernmental revenue	32,000	53,861	21,861
Sales and services	40,000	67,820	27,820
Total revenues	6,182,987	6,421,000	238,013
<b>Expenditures</b>			
Environmental Protection:			
Salaries and employee benefits	185,806	157,474	28,332
Operating	3,658,225	3,273,091	385,134
Capital outlay	157,644	108,374	49,270
Contingency	415,583	-	415,583
Total expenditures	4,417,258	3,538,939	878,319
Revenues over expenditures	1,765,729	2,882,061	1,116,332
<b>Other Financing Sources</b>			
Transfers to other funds	(1,765,729)	-	1,765,729
Sale of capital assets	-	5,538	5,538
Total other financing sources	(1,765,729)	5,538	1,771,267
Net change in fund balance	\$ -	2,887,599	\$ 2,887,599
Fund balance, beginning of year		5,816,774	
Fund balance, end of year		\$ 8,704,373	



**COMBINING STATEMENTS FOR  
NON-MAJOR FUNDS**

## HAYWOOD COUNTY, NORTH CAROLINA

## Combining Balance Sheet - Non-major Governmental Funds

June 30, 2018

	<b>Total Non-major Special Revenue Funds</b>	<b>Total Non-major Capital Projects Funds</b>	<b>Total Non-major Governmental Funds</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 377,753	\$ 946,118	\$ 1,323,871
Restricted cash	-	777,491	777,491
Taxes receivable, net	111,585	-	111,585
Due from other governments	27,161	-	27,161
Total assets	<u>\$ 516,499</u>	<u>\$ 1,723,609</u>	<u>\$ 2,240,108</u>
<b>LIABILITIES</b>			
Account payable and accrued liabilities	<u>\$ 77,882</u>	<u>\$ 253,670</u>	<u>\$ 331,552</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<u>111,585</u>	<u>-</u>	<u>111,585</u>
<b>FUND BALANCES</b>			
Restricted:			
Stabilization by State statute	27,161	-	27,161
Public safety	299,871	139,025	438,896
Community College	-	417,165	417,165
Committed:			
Public school capital projects	-	293,978	293,978
Capital projects	-	619,771	619,771
Total fund balances	<u>327,032</u>	<u>1,469,939</u>	<u>1,796,971</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 516,499</u>	<u>\$ 1,723,609</u>	<u>\$ 2,240,108</u>

HAYWOOD COUNTY, NORTH CAROLINA

Combining Balance Sheet - Non-major Special Revenue Fund  
 June 30, 2018

	<b>Emergency Telephone System Fund</b>	<b>Fire Districts Fund</b>	<b>Sanitary District Fund</b>	<b>Road Service Fund</b>	<b>Total Special Revenue Funds</b>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 317,766	\$ 54,046	\$ 2,578	\$ 3,363	\$ 377,753
Taxes receivable, net	-	106,842	1,525	3,218	111,585
Due from other governments	27,161	-	-	-	27,161
Total assets	<u>\$ 344,927</u>	<u>\$ 160,888</u>	<u>\$ 4,103</u>	<u>\$ 6,581</u>	<u>\$ 516,499</u>
<b>LIABILITIES</b>					
Account payable and accrued liabilities	<u>\$ 17,895</u>	<u>\$ 54,046</u>	<u>\$ 2,578</u>	<u>\$ 3,363</u>	<u>\$ 77,882</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
	<u>-</u>	<u>106,842</u>	<u>1,525</u>	<u>3,218</u>	<u>111,585</u>
<b>FUND BALANCES</b>					
Restricted:					
Stabilization by State statute	27,161	-	-	-	27,161
Public safety	299,871	-	-	-	299,871
Total fund balances	<u>327,032</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>327,032</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 344,927</u>	<u>\$ 160,888</u>	<u>\$ 4,103</u>	<u>\$ 6,581</u>	<u>\$ 516,499</u>

HAYWOOD COUNTY, NORTH CAROLINA

Combining Balance Sheet - Non-major Capital Projects Funds  
 June 30, 2018

	<u>Community College Projects Fund</u>	<u>Master Facilities Fund</u>	<u>Public Schools ADM/Lottery Fund</u>	<u>County Building Renovations Fund</u>	<u>Public Schools County Projects Fund</u>	<u>Solid Waste Projects Fund</u>	<u>Total Non-major Capital Projects Funds</u>
<b>ASSETS</b>							
Cash and cash equivalents	\$ -	\$ -	\$ 14,995	\$ 381,240	\$ 279,800	\$ 270,083	\$ 946,118
Restricted cash	417,165	360,326	-	-	-	-	777,491
Total assets	<u>\$ 417,165</u>	<u>\$ 360,326</u>	<u>\$ 14,995</u>	<u>\$ 381,240</u>	<u>\$ 279,800</u>	<u>\$ 270,083</u>	<u>\$ 1,723,609</u>
<b>LIABILITIES</b>							
Account payable and accrued liabilities	\$ -	\$ 221,301	\$ -	\$ 15,727	\$ 817	\$ 15,825	\$ 253,670
<b>FUND BALANCES</b>							
Restricted:							
Community college	417,165	-	-	-	-	-	417,165
Public safety	-	139,025	-	-	-	-	139,025
Committed:							
Public school capital projects	-	-	14,995	-	278,983	-	293,978
Capital projects	-	-	-	365,513	-	254,258	619,771
Total fund balances	<u>417,165</u>	<u>139,025</u>	<u>14,995</u>	<u>365,513</u>	<u>278,983</u>	<u>254,258</u>	<u>1,469,939</u>
Total liabilities and fund balances	<u>\$ 417,165</u>	<u>\$ 360,326</u>	<u>\$ 14,995</u>	<u>\$ 381,240</u>	<u>\$ 279,800</u>	<u>\$ 270,083</u>	<u>\$ 1,723,609</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, 2018

	<b>Total Non-major Special Revenue Funds</b>	<b>Total Non-major Capital Projects Funds</b>	<b>Total Non-major Governmental Funds</b>
<b>Revenues</b>			
Ad valorem taxes	\$ 4,553,735	\$ -	\$ 4,553,735
Restricted intergovernmental	325,926	786,058	1,111,984
Restricted contributions	-	142,000	142,000
Investment earnings	168	7,011	7,179
Miscellaneous	-	53,918	53,918
Total revenues	<u>4,879,829</u>	<u>988,987</u>	<u>5,868,816</u>
<b>Expenditures</b>			
Current:			
General government	-	107,521	107,521
Public safety	4,365,567	2,266,844	6,632,411
Environmental protection	264,256	437,125	701,381
Economic and physical development	237,776	48,791	286,567
Intergovernmental:			
Education	-	785,075	785,075
Cultural and recreational	-	30,000	30,000
Total expenditures	<u>4,867,599</u>	<u>3,675,356</u>	<u>8,542,955</u>
Revenues over (under) expenditures	<u>12,230</u>	<u>(2,686,369)</u>	<u>(2,674,139)</u>
<b>Other Financing Sources</b>			
Installment obligations issued	-	200,000	200,000
Transfers from other funds	-	365,174	365,174
Total other financing sources (uses)	<u>-</u>	<u>565,174</u>	<u>565,174</u>
Net change in fund balances	12,230	(2,121,195)	(2,108,965)
Fund balances, beginning of year	<u>314,802</u>	<u>3,591,134</u>	<u>3,905,936</u>
Fund balances, end of year	<u>\$ 327,032</u>	<u>\$ 1,469,939</u>	<u>\$ 1,796,971</u>

## HAYWOOD COUNTY, NORTH CAROLINA

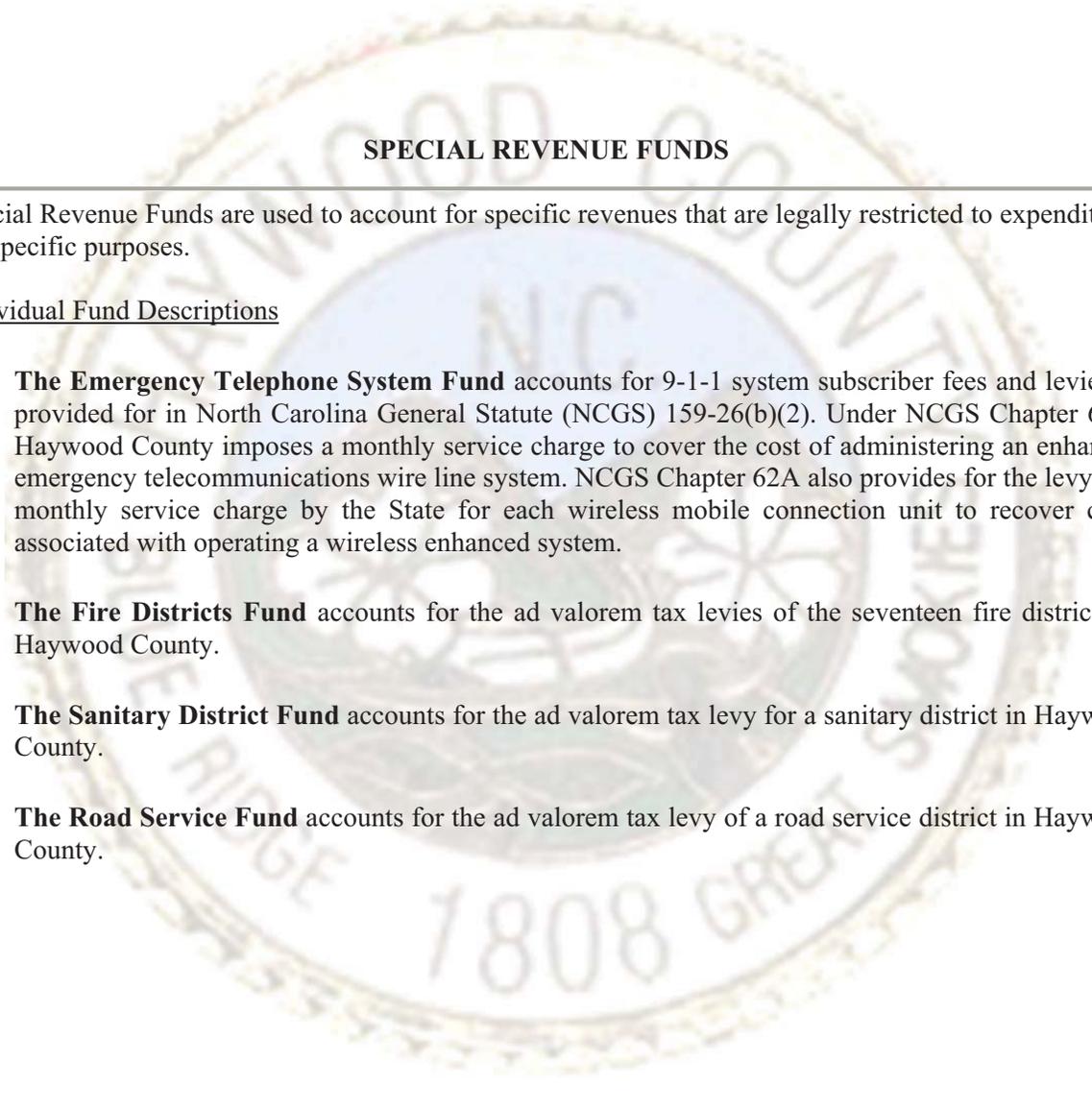
*Combining Statement of Revenues, Expenditures, and Changes in Fund Balances*  
*Non-major Special Revenue Funds*  
 For the year ended June 30, 2018

	<b>Emergency Telephone System Fund</b>	<b>Fire Districts Fund</b>	<b>Sanitary District Fund</b>	<b>Road Service Fund</b>	<b>Total Special Revenue Funds</b>
<b>Revenues</b>					
Ad valorem taxes	\$ -	\$ 4,051,703	\$ 264,256	\$ 237,776	\$ 4,553,735
Restricted intergovernmental	325,926	-	-	-	325,926
Investment earnings	168	-	-	-	168
Total revenues	<u>326,094</u>	<u>4,051,703</u>	<u>264,256</u>	<u>237,776</u>	<u>4,879,829</u>
<b>Expenditures</b>					
Current:					
Public safety	313,864	4,051,703	-	-	4,365,567
Environmental protection	-	-	264,256	-	264,256
Economic and physical development	-	-	-	237,776	237,776
Total expenditures	<u>313,864</u>	<u>4,051,703</u>	<u>264,256</u>	<u>237,776</u>	<u>4,867,599</u>
Net change in fund balances	12,230	-	-	-	12,230
Fund balances, beginning of year	<u>314,802</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>314,802</u>
Fund balances, end of year	<u>\$ 327,032</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 327,032</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, 2018

	<b>Community College Projects Fund</b>	<b>Master Facilities Fund</b>	<b>Public Schools ADM/Lottery Fund</b>	<b>County Building Renovations Fund</b>	<b>Sales Tax Projects Fund</b>	<b>Solid Waste Projects Fund</b>	<b>Total Nonmajor Capital Projects Funds</b>
<b>Revenues</b>							
Restricted intergovernmental	\$ -	\$ -	\$ 756,058	\$ 30,000	\$ -	\$ -	\$ 786,058
Restricted contributions	-	142,000	-	-	-	-	142,000
Investment earnings	-	7,011	-	-	-	-	7,011
Miscellaneous	53,918	-	-	-	-	-	53,918
Total revenues	<u>53,918</u>	<u>149,011</u>	<u>756,058</u>	<u>30,000</u>	<u>-</u>	<u>-</u>	<u>988,987</u>
<b>Expenditures</b>							
Current:							
General government	-	-	-	107,521	-	-	107,521
Public safety	-	2,220,022	-	46,822	-	-	2,266,844
Environmental protection	-	-	-	-	-	437,125	437,125
Economic and physical development	-	-	-	48,791	-	-	48,791
Intergovernmental:							
Education	-	-	756,058	-	29,017	-	785,075
Cultural and recreational	-	-	-	30,000	-	-	30,000
Total expenditures	<u>-</u>	<u>2,220,022</u>	<u>756,058</u>	<u>233,134</u>	<u>29,017</u>	<u>437,125</u>	<u>3,675,356</u>
Revenues over (under) expenditures	<u>53,918</u>	<u>(2,071,011)</u>	<u>-</u>	<u>(203,134)</u>	<u>(29,017)</u>	<u>(437,125)</u>	<u>(2,686,369)</u>
<b>Other Financing Sources</b>							
Installment purchase obligations issued	-	-	-	200,000	-	-	200,000
Transfers from other funds	-	-	-	57,174	308,000	-	365,174
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>257,174</u>	<u>308,000</u>	<u>-</u>	<u>565,174</u>
Net change in fund balances	53,918	(2,071,011)	-	54,040	278,983	(437,125)	(2,121,195)
Fund balances, beginning 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>
Fund balances, end of year	<u>\$ 417,165</u>	<u>\$ 139,025</u>	<u>\$ 14,995</u>	<u>\$ 365,513</u>	<u>\$ 278,983</u>	<u>\$ 254,258</u>	<u>\$ 1,469,939</u>

The seal of Haywood County, North Carolina, is a circular emblem. It features a central figure of a Native American holding a bow and arrow. The text "HAYWOOD COUNTY" is written around the top inner edge, and "1808 GREAT SMOKE" is written around the bottom inner edge. The words "N.C." are positioned above the central figure.

## 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 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, 2018

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Revenues</b>			
Restricted intergovernmental	\$ 325,926	\$ 325,926	\$ -
Investment earnings	100	168	68
Total revenues	<u>326,026</u>	<u>326,094</u>	<u>68</u>
<b>Expenditures</b>			
Public safety	<u>432,991</u>	<u>313,864</u>	<u>119,127</u>
Total expenditures	<u>432,991</u>	<u>313,864</u>	<u>119,127</u>
Revenues over (under) expenditures	<u>(106,965)</u>	<u>12,230</u>	<u>119,195</u>
<b>Other Financing Sources</b>			
Appropriated fund balance	<u>106,965</u>	<u>-</u>	<u>(106,965)</u>
Net change in fund balance	<u>\$ -</u>	<u>12,230</u>	<u>\$ 12,230</u>
Fund balance, beginning of year		<u>314,802</u>	
Fund balance, end of year		<u>\$ 327,032</u>	

## 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, 2018

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Revenues</b>			
Ad valorem taxes:			
Current and prior years	\$ 4,377,931	\$ 4,027,410	\$ (350,521)
Penalties and interest	26,307	24,293	(2,014)
Total revenues	4,404,238	4,051,703	(352,535)
<b>Expenditures</b>			
Public safety:			
Fire districts:			
West Canton	72,069	65,587	6,482
North Canton	327,864	312,852	15,012
Center Pigeon	415,762	389,344	26,418
Lake Junaluska	437,095	421,705	15,390
Crabtree-Ironduff	318,185	296,353	21,832
Cruso	197,372	176,648	20,724
Saunook	213,110	197,089	16,021
Maggie Valley	785,618	688,504	97,114
Clyde	426,488	402,909	23,579
Jonathan Creek	467,255	423,508	43,747
Fines Creek	196,827	179,189	17,638
Lake Logan-Cecil	157,523	142,527	14,996
Eagles Nest	14,123	12,788	1,335
Howell Mill	4,292	3,932	360
East Canton	10,542	9,412	1,130
Ivy Hill	5,968	5,384	584
Waynesville Rural Fire District #1	217,012	198,088	18,924
Waynesville Rural Fire District #2	133,750	123,634	10,116
Waynesville Rural Fire District #3	1,070	699	371
Waynesville Rural Fire District #4	268	143	125
Waynesville Rural Fire District #5	1,391	964	427
Waynesville Rural Fire District #6	654	444	210
Total expenditures	4,404,238	4,051,703	352,535
Net change in fund balance	\$ -	-	\$ -
Fund balance, beginning of year		-	
Fund balance, end of year		\$ -	

## HAYWOOD COUNTY, NORTH CAROLINA

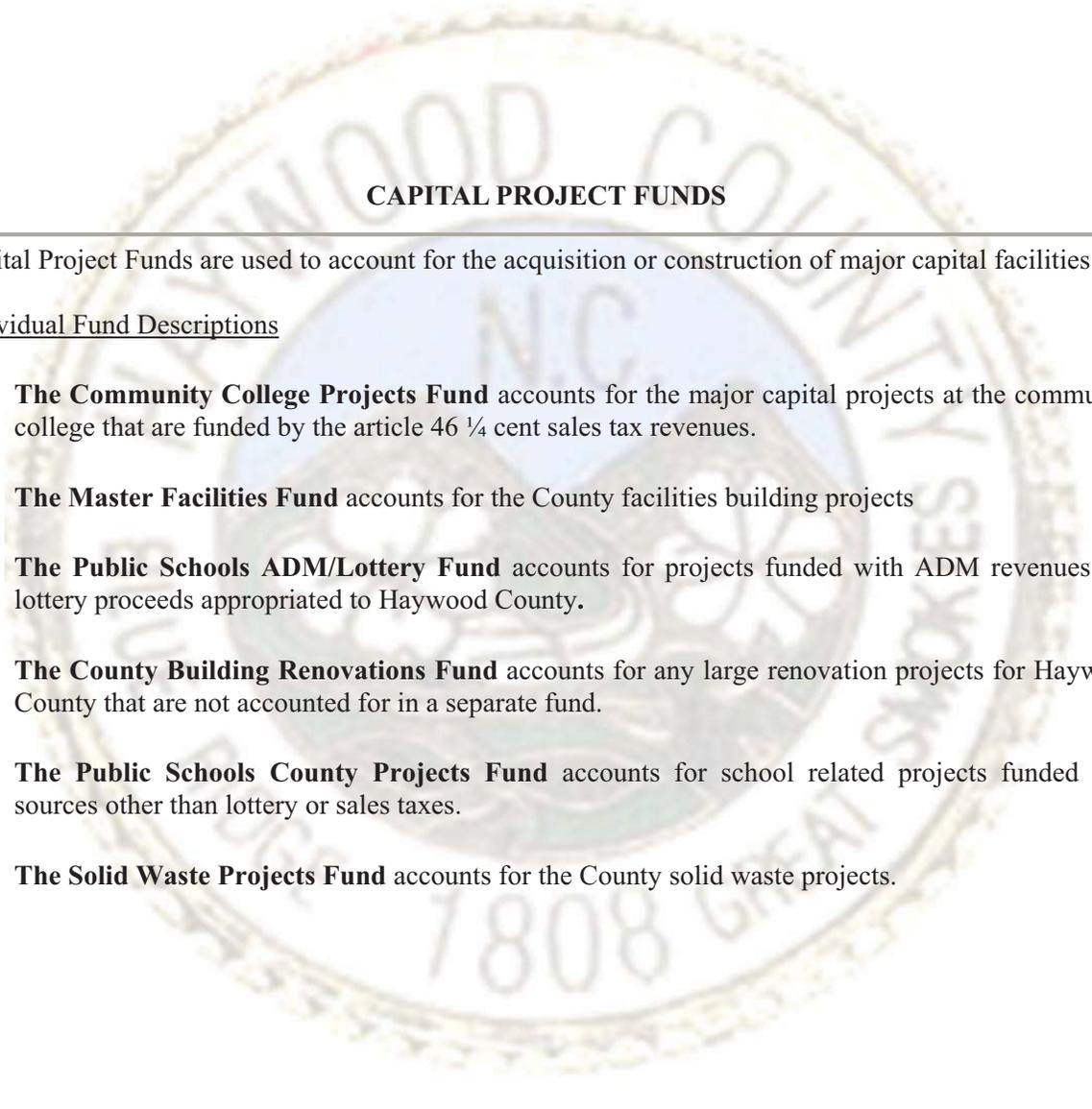
*Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual*  
*Sanitary District Fund*  
 For the year ended June 30, 2018

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Revenues</b>			
Ad valorem taxes:			
Current and prior years	\$ 264,400	\$ 263,353	\$ (1,047)
Penalties and interest	-	903	903
Total revenues	<u>264,400</u>	<u>264,256</u>	<u>(144)</u>
<b>Expenditures</b>			
Environmental protection:			
Water and sewer	<u>264,400</u>	<u>264,256</u>	<u>144</u>
Net change in fund balance	<u>\$ -</u>	-	<u>\$ -</u>
Fund balance, beginning of year		<u>-</u>	
Fund balance, end of year		<u><u>\$ -</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, 2018

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Revenues</b>			
Ad valorem taxes:			
Current and prior years	\$ 256,064	\$ 237,274	\$ (18,790)
Penalties and interest	-	502	502
Total revenues	256,064	237,776	(18,288)
<b>Expenditures</b>			
Economic and physical development	256,064	237,776	18,288
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 Public Schools County Projects Fund** accounts for school related projects funded with sources other than lottery or sales taxes.
- **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, 2018

	<u>Project Authorization</u>	<u>Reported In Prior Years</u>	<u>Current Year</u>	<u>Total</u>	<u>Variance Positive (Negative)</u>
<b>Revenues</b>					
Restricted intergovernmental	\$ 1,212,000	\$ -	\$ -	\$ -	\$ (1,212,000)
Investment earnings	-	5,908	-	5,908	5,908
Miscellaneous	-	5,655	53,918	59,573	59,573
Total revenues	<u>1,212,000</u>	<u>11,563</u>	<u>53,918</u>	<u>65,481</u>	<u>(1,146,519)</u>
<b>Expenditures</b>					
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	4,056,905	-	4,056,905	884,013
Contingency	78,782	-	-	-	78,782
Total	<u>5,312,000</u>	<u>4,082,205</u>	<u>-</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>4,082,205</u>	<u>-</u>	<u>4,082,205</u>	<u>1,563,684</u>
Revenues over (under) expenditures	<u>(4,433,889)</u>	<u>(4,070,642)</u>	<u>53,918</u>	<u>(4,016,724)</u>	<u>417,165</u>
<b>Other Financing Sources</b>					
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>\$ 363,247</u>	53,918	<u>\$ 417,165</u>	<u>\$ 417,165</u>
Fund balance, beginning of year			<u>363,247</u>		
Fund balance, end of year			<u>\$ 417,165</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, 2018

	<u>Project Authorization</u>	<u>Reported In Prior Years</u>	<u>Current Year</u>	<u>Total</u>	<u>Variance Positive (Negative)</u>
<b>Revenues</b>					
Investment earnings	\$ 2,500	\$ 13,217	\$ 7,011	\$ 20,228	\$ 17,728
Restricted contributions	337,607	195,700	142,000	337,700	93
Total	<u>340,107</u>	<u>208,917</u>	<u>149,011</u>	<u>357,928</u>	<u>17,821</u>
<b>Expenditures</b>					
EMS/Emergency management base:					
Professional services-other costs	2,409	2,409	-	2,409	-
Professional services-architect/ engineering	128,687	127,238	1,450	128,688	(1)
Miscellaneous financing charges	9,500	9,500	-	9,500	-
Equipment	68,907	68,907	-	68,907	-
Building and structures	2,042,997	2,024,468	18,015	2,042,483	514
Total	<u>2,252,500</u>	<u>2,232,522</u>	<u>19,465</u>	<u>2,251,987</u>	<u>513</u>
Animal services facility:					
Professional services-architect/ engineering	86,060	32,500	49,410	81,910	4,150
Departmental supplies	26,840	-	23,840	23,840	3,000
Miscellaneous financing charges	30,000	25,833	3,339	29,172	828
Furniture	47,952	-	46,869	46,869	1,083
Data processing equipment	31,251	-	25,048	25,048	6,203
Land purchase	235,000	235,000	-	235,000	-
Building and structures	3,620,025	1,508,026	2,052,051	3,560,077	59,948
Contingency	45,479	-	-	-	45,479
Total	<u>4,122,607</u>	<u>1,801,359</u>	<u>2,200,557</u>	<u>4,001,916</u>	<u>120,691</u>
Total expenditures	<u>6,375,107</u>	<u>4,033,881</u>	<u>2,220,022</u>	<u>6,253,903</u>	<u>121,204</u>
Revenues under expenditures	<u>(6,035,000)</u>	<u>(3,824,964)</u>	<u>(2,071,011)</u>	<u>(5,895,975)</u>	<u>139,025</u>
<b>Other Financing Sources</b>					
Installment obligations issued	5,450,000	5,450,000	-	5,450,000	-
Transfers from general fund	580,000	580,000	-	580,000	-
Transfers from capital project fund	5,000	5,000	-	5,000	-
Total other financing sources	<u>6,035,000</u>	<u>6,035,000</u>	<u>-</u>	<u>6,035,000</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 2,210,036</u>	<u>(2,071,011)</u>	<u>\$ 139,025</u>	<u>\$ 139,025</u>
Fund balance, beginning of year			2,210,036		
Fund balance, end of year			<u>\$ 139,025</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, 2018

	<u>Project Authorization</u>	<u>Reported In Prior Years</u>	<u>Current Year</u>	<u>Total</u>	<u>Variance Positive (Negative)</u>
<b>Revenues</b>					
Restricted intergovernmental	\$ 861,250	\$ 43,942	\$ 756,058	\$ 800,000	\$ (61,250)
<b>Expenditures</b>					
Building Projects:					
Bethel Middle School gym renovations	20,000	-	-	-	20,000
Pisgah/Tuscola:					
HVAC systems	800,000	43,942	756,058	800,000	-
Central Haywood High - access controls	55,000	-	-	-	55,000
Total expenditures	<u>875,000</u>	<u>43,942</u>	<u>756,058</u>	<u>800,000</u>	<u>75,000</u>
Revenues under expenditures	<u>(13,750)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,750</u>
<b>Other Financing Sources</b>					
Transfers from other funds	<u>13,750</u>	<u>14,995</u>	<u>-</u>	<u>14,995</u>	<u>1,245</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 14,995</u>	<u>-</u>	<u>\$ 14,995</u>	<u>\$ 14,995</u>
Fund balance, beginning of year			<u>14,995</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, 2018

	<u>Project Authorization</u>	<u>Reported In Prior Years</u>	<u>Current Year</u>	<u>Total</u>	<u>Variance Positive (Negative)</u>
<b>Revenues</b>					
Restricted intergovernmental	\$ -	\$ -	\$ 30,000	\$ 30,000	\$ 30,000
Miscellaneous	-	81,651	-	81,651	81,651
Total	-	81,651	30,000	111,651	111,651
<b>Expenditures</b>					
County projects:					
General government:					
Annex 1 space study	30,000	10,000	10,000	20,000	10,000
Justice Center space study	30,000	-	20,109	20,109	9,891
Justice Center equipment	22,000	-	-	-	22,000
Historic courtroom windows	81,000	-	77,412	77,412	3,588
Total	163,000	10,000	107,521	117,521	45,479
Public safety:					
EOC electronic equipment	46,822	-	46,822	46,822	-
Total	46,822	-	46,822	46,822	-
Culture & recreation:					
Waynesville library space study	30,000	-	30,000	30,000	-
Total	30,000	-	30,000	30,000	-
Jonathan Creek property site development:					
Professional services	71,706	-	26,942	26,942	44,764
Grading and compaction	167,803	-	13,805	13,805	153,998
Miscellaneous	17,665	-	8,044	8,044	9,621
Total	257,174	-	48,791	48,791	208,383
Total expenditures	496,996	10,000	233,134	243,134	253,862
Revenues over (under) expenditures	(496,996)	71,651	(203,134)	(131,483)	365,513
<b>Other Financing Sources</b>					
Transfers from other funds	296,996	239,822	57,174	296,996	-
Debt issuance	200,000	-	200,000	200,000	-
Total other financing sources	496,996	239,822	257,174	496,996	-
Net change in fund balance	\$ -	\$ 311,473	54,040	\$ 365,513	\$ 365,513
Fund balance, beginning of year			311,473		
Fund balance, end of year			\$ 365,513		

## HAYWOOD COUNTY, NORTH CAROLINA

*Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual*  
*Capital Project Fund - Public Schools County Projects*  
 From inception and for the year ended June 30, 2018

	<b>Project Authorization</b>	<b>Reported In Prior Years</b>	<b>Current Year</b>	<b>Total</b>	<b>Variance Positive (Negative)</b>
<b>Revenues</b>					
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Expenditures</b>					
Education					
Professional services	308,000	-	29,017	29,017	278,983
Total expenditures	308,000	-	29,017	29,017	278,983
Revenues under expenditures	(308,000)	-	(29,017)	(29,017)	278,983
<b>Other Financing Sources</b>					
Transfers from other funds	308,000	-	308,000	308,000	-
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	278,983	<u>\$ 278,983</u>	<u>\$ 278,983</u>
Fund balance, beginning of year			-		
Fund balance, end of year			<u>\$ 278,983</u>		

## HAYWOOD COUNTY, NORTH CAROLINA

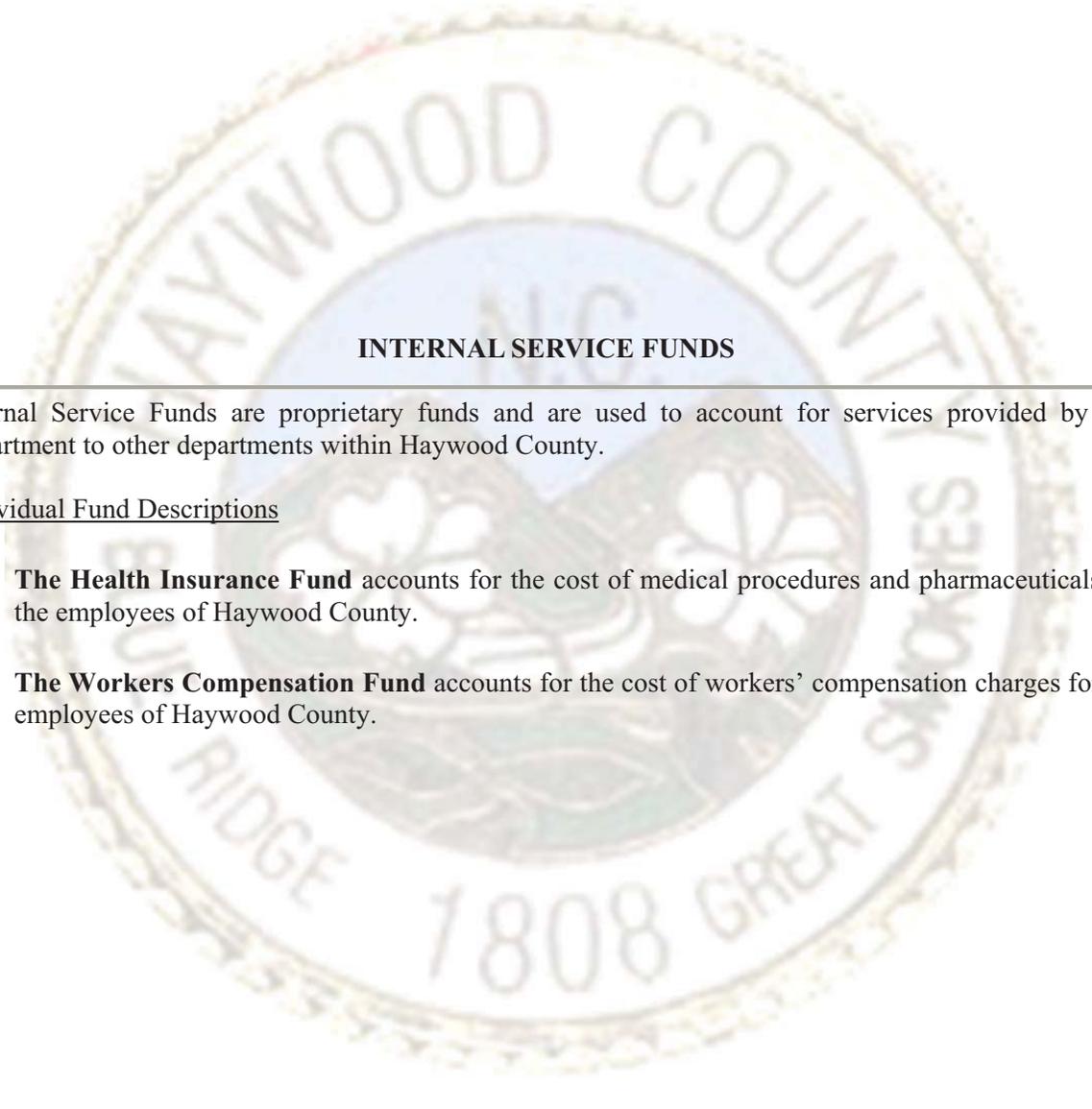
*Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual*  
*Capital Project Fund - Solid Waste Projects*  
 From inception and for the year ended June 30, 2018

	<u>Project Authorization</u>	<u>Reported In Prior Years</u>	<u>Current Year</u>	<u>Total</u>	<u>Variance Positive (Negative)</u>
<b>Revenues</b>					
Sales and services	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Expenditures</b>					
209 convenience center project:					
Professional services:					
Architectural and engineering	71,830	57,707	8,450	66,157	5,673
Land purchase	110,000	105,447	-	105,447	4,553
Buildings, structures, and improvements	320,204	-	320,203	320,203	1
Landscaping/site development	40,600	-	-	-	40,600
Contingency	9,603	-	-	-	9,603
Total	<u>552,237</u>	<u>163,154</u>	<u>328,653</u>	<u>491,807</u>	<u>60,430</u>
Mauney Cove convenience center project:					
Professional services:					
Architectural and engineering	46,175	38,801	2,856	41,657	4,518
Landscaping/site development	<u>572,816</u>	<u>527,772</u>	<u>4,800</u>	<u>532,572</u>	<u>40,244</u>
Total	<u>618,991</u>	<u>566,573</u>	<u>7,656</u>	<u>574,229</u>	<u>44,762</u>
Francis Farm Landfill corrective action plan:					
Professional services:					
Architectural and engineering	258,000	8,118	100,816	108,934	149,066
Total	<u>258,000</u>	<u>8,118</u>	<u>100,816</u>	<u>108,934</u>	<u>149,066</u>
Total expenditures	<u>1,429,228</u>	<u>737,845</u>	<u>437,125</u>	<u>1,174,970</u>	<u>254,258</u>
Revenues under expenditures	<u>(1,429,228)</u>	<u>(737,845)</u>	<u>(437,125)</u>	<u>(1,174,970)</u>	<u>254,258</u>
<b>Other Financing Sources</b>					
Transfers from other funds	<u>1,429,228</u>	<u>1,429,228</u>	<u>-</u>	<u>1,429,228</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 691,383</u>	<u>(437,125)</u>	<u>\$ 254,258</u>	<u>\$ 254,258</u>
Fund balance, beginning of year			<u>691,383</u>		
Fund balance, end of year			<u>\$ 254,258</u>		

## HAYWOOD COUNTY, NORTH CAROLINA

*Combining Statement of Net Position*  
*Internal Service Funds*  
 June 30, 2018

	<b>Internal Service Fund - Health Insurance</b>	<b>Internal Service Fund - Workers' Comp</b>	<b>Total Internal Service Funds</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 882,637	\$ 583,770	\$ 1,466,407
Receivables, net	6,520	-	6,520
Prepays	-	10,000	10,000
Total assets	<u>889,157</u>	<u>593,770</u>	<u>1,482,927</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accrued expenses	<u>479,504</u>	<u>12,462</u>	<u>491,966</u>
<b>NET POSITION</b>			
Unrestricted	<u>\$ 409,653</u>	<u>\$ 581,308</u>	<u>\$ 990,961</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, symbolizing agriculture. Above the shield is a banner with the text "PLANTING THE SEED OF KNOWLEDGE". The outer ring of the seal contains the text "HAYWOOD COUNTY" at the top, "1808" at the bottom, and "GREAT SMOKIES" on the right side. The seal is rendered in a light, faded color in the background of the page.

## INTERNAL SERVICE FUNDS

---

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

### Individual Fund Descriptions

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

## HAYWOOD COUNTY, NORTH CAROLINA

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

For the year ended June 30, 2018

	<b>Internal Service Fund - Health Insurance</b>	<b>Internal Service Fund - Workers' Comp</b>	<b>Total Internal Service Funds</b>
<b>Operating revenues</b>			
Internal charges for services	\$ 6,273,456	\$ 273,404	\$ 6,546,860
External charges for services	745,860	-	745,860
Total revenues	<u>7,019,316</u>	<u>273,404</u>	<u>7,292,720</u>
<b>Operating expenses</b>			
Claims and administration	<u>6,844,931</u>	<u>272,538</u>	<u>7,117,469</u>
Change in net position	174,385	866	175,251
Net position, beginning of year	<u>235,268</u>	<u>580,442</u>	<u>815,710</u>
Net position, end of year	<u>\$ 409,653</u>	<u>\$ 581,308</u>	<u>\$ 990,961</u>

## HAYWOOD COUNTY, NORTH CAROLINA

*Combining Statement of Cash Flows*  
*Internal Service Funds*  
 For the year ended June 30, 2018

	<b>Internal Service Fund - Health Insurance</b>	<b>Internal Service Fund - Workers' Comp</b>	<b>Total Internal Service Funds</b>
<b>Cash flows from operating activities</b>			
Receipts from third-party payers and patients	\$ 7,178,001	\$ 273,404	\$ 7,451,405
Payments to providers	(6,569,920)	(445,133)	(7,015,053)
Net cash provided (used) by operating activities	608,081	(171,729)	436,352
<b>Cash and cash equivalents</b>			
Beginning of year	274,556	755,499	1,030,055
End of year	\$ 882,637	\$ 583,770	\$ 1,466,407
<b>Reconciliation of change in net position to net cash provided (used) by operating activities:</b>			
Change in net position	\$ 174,385	\$ 866	\$ 175,251
Changes in assets and liabilities:			
(Increase) decrease in receivables	158,685	-	158,685
Increase (decrease) in accrued expenses	275,011	(172,595)	102,416
Net cash provided (used) by operating activities	\$ 608,081	\$ (171,729)	\$ 436,352

## HAYWOOD COUNTY, NORTH CAROLINA

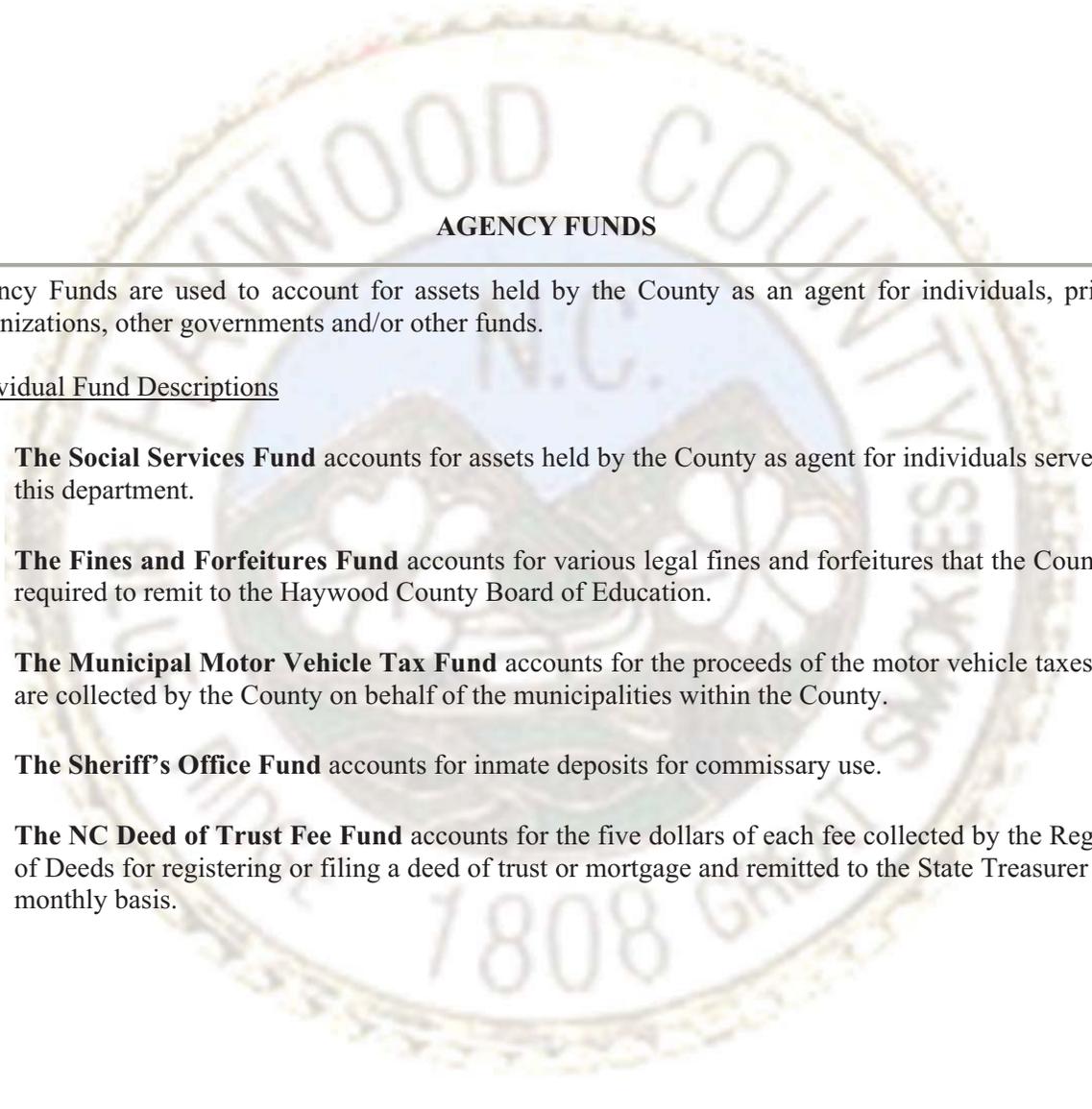
*Schedule of Revenues and Expenditures - Financial Plan and Actual (Non-GAAP)*  
*Self Insurance Fund - Health Insurance*  
 For the year ended June 30, 2018

	<u>Financial Plan</u>	<u>Actual</u>	<u>Variance Over/(Under)</u>
<b>Revenues</b>			
Internal charges for services	\$ 6,040,000	\$ 6,273,456	\$ 233,456
External charges for services	<u>755,000</u>	<u>745,860</u>	<u>(9,140)</u>
Total revenues	<u>6,795,000</u>	<u>7,019,316</u>	<u>224,316</u>
<b>Expenditures</b>			
Claims and administration	<u>6,895,000</u>	<u>6,844,931</u>	<u>50,069</u>
Revenues over (under) expenditures	(100,000)	174,385	274,385
<b>Other financing sources</b>			
Fund balance appropriated	<u>100,000</u>	<u>-</u>	<u>(100,000)</u>
Revenues over expenditures	<u>\$ -</u>	<u>\$ 174,385</u>	<u>\$ 174,385</u>

## 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, 2018

	<u>Financial Plan</u>	<u>Actual</u>	<u>Variance Over/(Under)</u>
<b>Revenues</b>			
Internal charges for services	\$ 270,000	\$ 273,404	\$ 3,404
<b>Expenditures</b>			
Claims and administration	530,000	272,538	257,462
Revenues over (under) expenditures	<u>(260,000)</u>	<u>866</u>	<u>260,866</u>
<b>Other financing sources</b>			
Fund balance appropriated	260,000	-	(260,000)
Total other financing sources	<u>260,000</u>	<u>-</u>	<u>(260,000)</u>
Revenues and other financing sources over expenditures	<u>\$ -</u>	<u>\$ 866</u>	<u>\$ 866</u>

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 words "SHERIFF'S OFFICE" and "REGISTER OF DEEDS" are also visible within the seal's design.

## 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

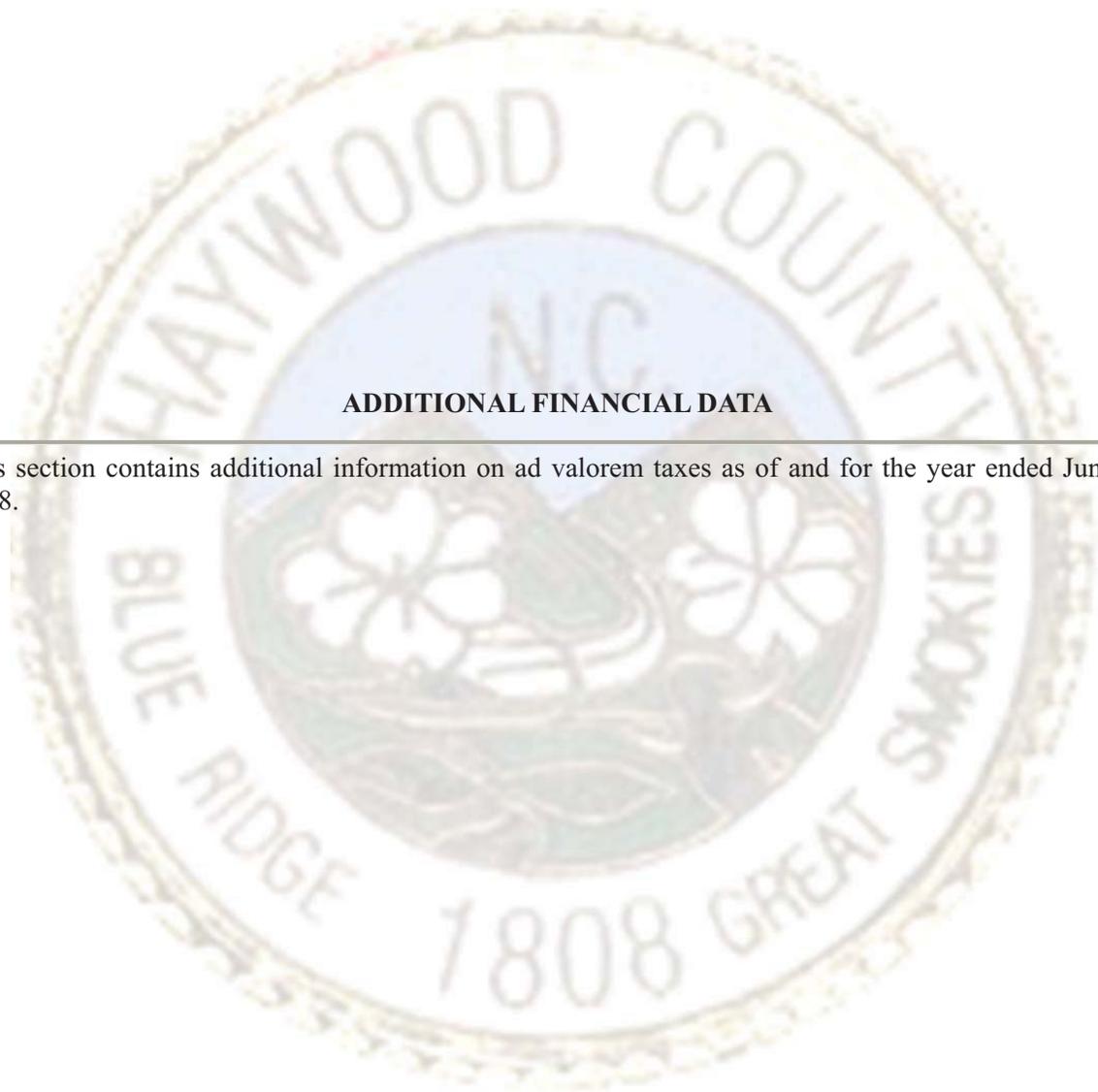
- **The Social Services Fund** accounts for assets held by the County as agent for individuals served by this department.
- **The Fines and Forfeitures Fund** accounts for various legal fines and forfeitures that the County is required to remit to the Haywood County Board of Education.
- **The Municipal 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, 2018

	<b>Balance July 1, 2017</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance June 30, 2018</b>
Social Services:				
<b>Assets:</b>				
Cash and cash equivalents	\$ 186,542	\$ 751,418	\$ 760,022	\$ 177,938
<b>Liabilities:</b>				
Due to others	\$ 186,542	\$ 751,418	\$ 760,022	\$ 177,938
Fines and Forfeitures:				
<b>Assets:</b>				
Cash and cash equivalents	\$ -	\$ 370,421	\$ 370,421	\$ -
<b>Liabilities:</b>				
Due to other governments	\$ -	\$ 370,421	\$ 370,421	\$ -
Municipal Motor Vehicle Tax:				
<b>Assets:</b>				
Cash and cash equivalents	\$ 76,020	\$ 777,331	\$ 779,057	\$ 74,294
<b>Liabilities:</b>				
Due to other governments	\$ 76,020	\$ 777,331	\$ 779,057	\$ 74,294
Sheriff's Office:				
<b>Assets:</b>				
Cash and cash equivalents	\$ 17,520	\$ 260,752	\$ 257,935	\$ 20,337
<b>Liabilities:</b>				
Due to others	\$ 17,520	\$ 260,752	\$ 257,935	\$ 20,337
N.C. Deed of Trust Fee:				
<b>Assets:</b>				
Cash and cash equivalents	\$ -	\$ 54,982	\$ 54,982	\$ -
<b>Liabilities:</b>				
Due to other governments	\$ -	\$ 54,982	\$ 54,982	\$ -
Total:				
<b>Assets:</b>				
Cash and cash equivalents	\$ 280,082	\$ 2,214,904	\$ 2,222,417	\$ 272,569
<b>Liabilities:</b>				
Due to others	\$ 204,062	\$ 1,012,170	\$ 1,017,957	\$ 198,275
Due to other governments	76,020	1,202,734	1,204,460	74,294
	\$ 280,082	\$ 2,214,904	\$ 2,222,417	\$ 272,569



**ADDITIONAL FINANCIAL DATA**

---

This section contains additional information on ad valorem taxes as of and for the year ended June 30, 2018.

## HAYWOOD COUNTY, NORTH CAROLINA

*Schedule of Ad Valorem Taxes Receivable*  
*General Fund*  
 June 30, 2018

<b>Fiscal Year</b>	<b>Uncollected Balance July 1, 2017</b>	<b>Additions</b>	<b>Collections and Credits</b>	<b>Uncollected Balance June 30, 2018</b>
2017-2018	\$ -	\$ 43,722,520	\$ 42,591,059	\$ 1,131,461
2016-2017	1,087,300	-	786,760	300,540
2015-2014	304,847	-	162,760	142,087
2014-2013	153,958	-	60,335	93,623
2013-2014	134,348	-	32,195	102,153
2012-2013	154,892	-	27,893	126,999
2011-2012	116,554	-	14,919	101,635
2010-2011	110,124	-	12,235	97,889
2009-2010	100,864	-	8,066	92,798
2008-2009	100,337	-	9,153	91,184
2007-2008	91,808	-	91,808	-
<b>Total</b>	<b><u>\$ 2,355,032</u></b>	<b><u>\$ 43,722,520</u></b>	<b><u>\$ 43,797,183</u></b>	<b>2,280,369</b>
Less: allowance for uncollectible accounts				<u>(861,387)</u>
Ad valorem taxes receivable, net				<u>\$ 1,418,982</u>
Reconciliation with Revenues:				
Ad valorem taxes - General Fund				<u>\$ 43,899,057</u>
Reconciling items:				
Penalties and interest				(245,408)
2007-2008 write-offs per statute of limitations				91,808
Other adjustments				<u>51,726</u>
Total reconciling items				<u>(101,874)</u>
Total collections and credits				<u>\$ 43,797,183</u>

## HAYWOOD COUNTY, NORTH CAROLINA

*Analysis of Current Year County-Wide Tax Levy  
June 30, 2018*

	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	\$ 7,457,281,923	0.5850	\$ 43,625,099	\$ 40,043,668	\$ 3,581,431
Penalties	-		56,920	56,920	-
Total	<u>7,457,281,923</u>		<u>43,682,019</u>	<u>40,100,588</u>	<u>3,581,431</u>
Discoveries:					
Current year taxes	200,055	0.5850	1,170	1,170	-
Prior year taxes	10,781,197	0.5850	63,070	63,070	-
Penalties	-		14,590	14,590	-
Total	<u>10,981,252</u>		<u>78,830</u>	<u>78,830</u>	<u>-</u>
Abatements	<u>(6,551,966)</u>	0.5850	<u>(38,329)</u>	<u>(38,329)</u>	<u>-</u>
Total property valuation	<u>\$ 7,461,711,209</u>				
Net levy			43,722,520	40,141,089	3,581,431
Uncollected taxes at June 30, 2018			<u>1,131,461</u>	<u>1,131,234</u>	<u>227</u>
Current Year's Taxes Collected			<u>\$ 42,591,059</u>	<u>\$ 39,009,855</u>	<u>\$ 3,581,204</u>
Current Levy Collection %			<u>97.41%</u>	<u>97.18%</u>	<u>99.99%</u>
Secondary Market Disclosures:					
Assessed Valuation					
Assessment Ratio <sup>(1)</sup>				100.00%	
Real Property				\$ 6,175,381,660	
Personal Property				1,107,967,006	
Public Service Companies <sup>(2)</sup>				<u>178,362,543</u>	
Total Assessed Valuation				7,461,711,209	
Tax Rate per \$100				<u>0.5850</u>	
Levy (includes discoveries, releases and abatements) <sup>(3)</sup>				<u>\$ 43,722,520</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				\$ 4,000,618	
Road service districts				238,762	
Sanitary district				<u>259,349</u>	
Total				<u>\$ 4,498,729</u>	

<sup>(1)</sup> Percentage of appraised value has been established by statute.

<sup>(2)</sup> Valuation of railroads, telephone companies, and other utilities as determined by the North Carolina Property Tax Commission.

<sup>(3)</sup> 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>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Expenses:					
Governmental activities:					
General government	\$ 10,468,694	10,884,208	\$ 10,500,731	9,202,544	7,168,720
Public safety	23,485,794	21,528,865	19,259,761	18,332,672	18,149,499
Transportation	197,874	234,749	191,345	197,811	246,070
Environmental protection	4,340,978	4,840,792	5,127,244	4,182,627	8,238,720
Economic and physical development	3,134,473	3,704,804	3,484,859	3,289,410	3,369,021
Human services	26,775,815	21,513,292	20,111,298	20,029,023	21,403,525
Cultural and recreation	1,723,199	1,700,150	1,562,935	1,685,345	1,908,029
Non-departmental	26,310	-	-	-	-
Education	19,738,638	20,957,395	19,118,901	19,586,667	18,860,749
Interest on long-term debt	1,381,038	1,468,963	1,527,931	1,841,698	2,053,735
Total governmental activities expenses	<u>91,272,813</u>	<u>86,833,218</u>	<u>80,885,005</u>	<u>78,347,797</u>	<u>81,398,068</u>
Program revenues:					
Governmental activities:					
Charges for services:					
General government	441,499	442,819	383,017	330,727	348,880
Public safety	3,390,989	4,096,353	2,943,283	3,274,565	3,099,254
Environmental protection	6,229,806	6,198,836	5,980,206	3,835,700	4,933,647
Economic and physical development	216,717	214,844	-	-	6,190
Human services	595,618	574,203	493,716	442,379	477,466
Cultural and recreation	18,045	19,069	68,325	75,188	76,465
Operating grants:					
General government	328,361	289,800	81,913	103,006	198,494
Public safety	1,579,025	1,581,446	1,403,896	1,298,261	1,329,654
Transportation	140,815	140,815	124,768	133,783	155,388
Environmental protection	53,861	122,556	81,345	127,502	76,488
Economic and physical development	49,685	54,674	204,030	199,304	568,557
Human services	18,699,703	13,445,545	12,216,916	12,966,702	12,465,469
Cultural and recreation	111,929	107,623	118,186	164,582	253,471
Education	-	-	218,884	324,705	81,610

2013	2012	2011	2010	2009
\$ 8,748,556	\$ 8,560,054	\$ 9,618,835	\$ 8,182,194	\$ 8,768,120
18,095,664	17,821,262	17,490,162	17,126,202	16,776,152
233,951	238,829	294,722	292,770	284,233
6,960,850	5,980,140	5,484,418	5,739,294	5,152,439
3,445,307	2,871,824	3,774,853	2,736,807	2,770,701
20,380,433	20,714,369	16,944,025	17,479,276	19,842,232
1,751,594	1,760,349	1,741,261	1,773,656	1,899,287
-	-	-	-	-
18,227,121	23,120,536	22,278,017	17,562,877	19,139,292
2,399,211	2,506,831	3,237,593	2,630,297	2,439,611
<u>80,242,687</u>	<u>83,574,194</u>	<u>80,863,886</u>	<u>73,523,373</u>	<u>77,072,067</u>

344,358	312,438	287,709	181,331	184,733
2,855,128	1,745,281	2,561,848	2,190,012	2,946,596
5,081,817	5,139,520	5,102,367	4,585,211	4,265,110
2,025	247,751	287,415	229,303	244,421
489,236	500,329	540,790	574,082	777,162
79,324	76,892	104,974	72,958	72,042
128,791	188,366	207,309	203,704	490,415
1,752,631	1,366,251	1,184,711	963,921	819,708
-	-	179,481	182,845	174,105
47,296	212,179	238,726	46,105	65,128
540,447	269,942	822,638	389,337	455,797
11,974,626	12,528,733	9,189,620	9,751,605	9,618,243
192,300	207,976	193,046	184,269	185,723
19,082	86,230	180,153	158,925	200,145

## HAYWOOD COUNTY, NORTH CAROLINA

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Program revenues, continued:					
Governmental activities, continued:					
Capital grants:					
General government	\$ -	\$ -	\$ -	\$ -	\$ 3,581
Public safety	142,000	796,632	1,743,905	108,978	4,604
Environmental protection	-	-	-	-	34,499
Economic development	-	-	-	-	-
Human services	-	-	7,514	4,666	-
Culture and recreation	-	-	11,517	16,541	93,656
Education	1,016,719	297,770	52,119	541,858	1,078,408
Total governmental activities program revenues	<u>33,014,772</u>	<u>28,382,985</u>	<u>26,133,540</u>	<u>23,948,447</u>	<u>25,285,781</u>
Net (expense) revenue:					
Governmental activities	(58,258,041)	(58,450,233)	(54,751,465)	(54,399,350)	(56,112,287)
General revenues and other changes in net position:					
Governmental activities:					
Taxes:					
Property taxes, levied for general purpose	48,310,192	47,655,377	47,317,943	43,826,065	44,532,523
Local option sales tax	14,526,715	13,870,765	13,463,292	12,746,564	11,407,418
Other taxes	3,363,857	3,182,008	2,749,245	2,588,329	2,317,882
Grants and contributions not restricted to specific programs	363,023	247,061	367,475	308,781	339,051
Investment earnings, unrestricted	565,268	271,759	91,351	28,178	27,441
Miscellaneous, unrestricted	384,956	229,194	87,945	41,546	19,992
Special item	1,116,200	-	-	-	7,494,062
Total governmental activities	<u>68,630,211</u>	<u>65,456,164</u>	<u>64,077,251</u>	<u>59,539,463</u>	<u>66,138,369</u>
Change in net position:					
Governmental activities	<u>\$ 10,372,170</u>	<u>\$ 7,005,931</u>	<u>\$ 9,325,786</u>	<u>\$ 5,140,113</u>	<u>\$ 10,026,082</u>

<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
\$ 1,160,350	\$ -	\$ 21,918	\$ -	\$ 5,372
16,115	3,111	445,912	29,872	-
18,426	881,455	36,578	-	-
-	91,710	54,758	28,879	136,689
-	99,967	54,321	40,183	-
124,958	-	-	10,000	-
458,032	675,418	1,091,587	254,568	1,332,378
<u>25,284,942</u>	<u>24,633,549</u>	<u>22,785,861</u>	<u>20,077,110</u>	<u>21,973,767</u>
(54,957,745)	(58,940,645)	(58,078,025)	(53,446,263)	(55,098,300)
43,168,762	42,039,417	41,329,957	40,653,369	38,837,841
11,193,517	10,511,432	9,886,615	10,471,553	12,125,586
2,383,599	2,839,212	2,766,516	2,803,761	2,292,752
306,971	312,905	301,405	296,970	420,508
32,575	58,668	89,457	76,439	305,960
93,510	489,068	26,255	77,256	33,278
-	-	-	-	-
<u>57,178,934</u>	<u>56,250,702</u>	<u>54,400,205</u>	<u>54,379,348</u>	<u>54,015,925</u>
<u>\$ 2,221,189</u>	<u>\$ (2,689,943)</u>	<u>\$ (3,677,820)</u>	<u>\$ 933,085</u>	<u>\$ (1,082,375)</u>

HAYWOOD COUNTY, NORTH CAROLINA

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

	<u>2018</u>	<u>Restated 2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Governmental activities:					
Net investment in capital assets	\$ 53,048,932	\$ 50,994,377	\$ 47,549,405	\$ 43,926,798	\$ 43,151,578
Restricted	8,374,425	7,411,377	12,314,559	9,434,549	9,227,579
Unrestricted (deficit)	<u>(30,725,298)</u>	<u>(38,079,865)</u>	<u>(19,284,853)</u>	<u>(22,108,022)</u>	<u>(23,731,881)</u>
 Total governmental activities net position	 <u>\$ 30,698,059</u>	 <u>\$ 20,325,889</u>	 <u>\$ 40,579,111</u>	 <u>\$ 31,253,325</u>	 <u>\$ 28,647,276</u>

<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
\$ 40,022,209	\$ 36,628,567	\$ 34,025,761	\$ 31,810,284	\$ 30,453,109
6,917,922	11,009,703	17,985,523	9,558,867	8,289,420
<u>(28,318,937)</u>	<u>(31,238,265)</u>	<u>(32,921,336)</u>	<u>(18,601,383)</u>	<u>(16,907,846)</u>
<u>\$ 18,621,194</u>	<u>\$ 16,400,005</u>	<u>\$ 19,089,948</u>	<u>\$ 22,767,768</u>	<u>\$ 21,834,683</u>

## HAYWOOD COUNTY, NORTH CAROLINA

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
General Fund:						
Non-spendable	\$ 92,436	\$ 161,352	\$ 138,605	\$ 115,987	\$ 115,978	\$ 92,536
Restricted	9,049,606	7,091,150	5,783,036	5,729,220	6,158,624	5,126,446
Committed	2,142,940	1,808,468	1,585,844	1,655,228	1,355,234	1,173,116
Assigned	1,872,240	2,575,117	836,530	39,479	236,685	321,667
Unassigned	22,553,852	19,170,987	17,274,398	15,136,954	10,783,822	9,363,649
Total General Fund	<u>35,711,074</u>	<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	996,685	3,556,319	6,356,189	1,587,625	3,068,955	1,791,476
Committed	9,504,659	6,166,390	4,126,299	2,015,942	4,077,902	3,801,781
Total all other governmental funds	<u>10,501,344</u>	<u>9,722,709</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>\$ 46,212,418</u>	<u>\$ 40,529,783</u>	<u>\$ 36,100,901</u>	<u>\$ 26,281,435</u>	<u>\$ 25,799,200</u>	<u>\$ 21,670,671</u>

<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
\$ 100,794	\$ 105,379	\$ 342,106	\$ 153,595
4,709,538	5,230,310	5,604,977	5,426,791
1,025,703	922,369	2,087,408	1,184,146
1,161,066	693,787	1,782,489	2,450,872
7,515,009	6,616,772	5,326,401	3,849,538
<u>14,512,110</u>	<u>13,568,617</u>	<u>15,143,381</u>	<u>13,064,942</u>
-	-	-	-
3,023,959	7,178,829	234,078	86,859
<u>3,619,475</u>	<u>6,190,208</u>	<u>4,398,888</u>	<u>5,197,605</u>
<u>6,643,434</u>	<u>13,369,037</u>	<u>4,632,966</u>	<u>5,284,464</u>
<u>\$ 21,155,544</u>	<u>\$ 26,937,654</u>	<u>\$ 19,776,347</u>	<u>\$ 18,349,406</u>

## HAYWOOD COUNTY, NORTH CAROLINA

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>Revenues:</b>					
Ad valorem taxes	\$ 48,452,792	\$ 47,693,075	\$ 46,501,082	\$ 44,229,373	\$ 44,970,038
Local option sales taxes	14,526,715	13,870,765	13,463,292	12,746,564	11,407,418
Other taxes and licenses	3,352,008	3,182,008	2,749,245	2,588,329	2,317,882
Unrestricted intergovernmental	581,112	457,670	367,475	308,781	339,051
Restricted intergovernmental	21,980,100	16,641,159	16,171,280	15,948,172	15,969,226
Permits and fees	6,531,544	6,494,959	6,253,633	3,840,018	3,704,922
Sales and services	4,361,131	5,051,166	3,590,897	4,091,192	5,209,763
Investment earnings	565,268	271,759	91,351	28,178	27,441
Miscellaneous	511,218	424,895	324,940	279,141	585,622
Total revenues	<u>100,861,888</u>	<u>94,087,456</u>	<u>89,513,195</u>	<u>84,059,748</u>	<u>84,531,363</u>
<b>Expenditures:</b>					
Current:					
General government	6,083,237	5,656,570	4,736,280	4,791,471	4,081,061
Central services	3,430,257	3,786,008	3,700,493	3,036,385	3,007,491
Public safety	20,522,150	19,511,654	18,220,955	17,339,529	16,748,491
Transportation	198,385	234,749	191,345	197,811	246,070
Environmental protection	3,694,821	3,969,180	3,930,421	3,574,816	4,173,339
Economic and physical development	2,995,753	3,102,851	2,920,015	2,751,196	2,799,718
Human services	25,356,506	20,098,060	19,637,125	19,652,564	20,547,639
Culture and recreation	1,572,060	1,544,563	1,447,249	1,536,524	1,734,884
Non-departmental	26,310	-	-	-	-
Intergovernmental:					
Education	19,738,638	20,957,395	19,118,901	19,586,667	18,860,749
Capital outlay	4,231,073	6,426,926	4,574,780	2,951,132	2,025,428
Debt service:					
Principal	9,546,165	6,292,431	6,167,986	6,313,918	20,634,450
Interest and other charges	1,349,634	1,443,730	1,465,922	1,908,030	2,497,409
Bond issuance costs	-	-	-	-	-
Total expenditures	<u>98,744,989</u>	<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>2,116,899</u>	<u>1,063,339</u>	<u>3,401,723</u>	<u>419,705</u>	<u>(12,825,366)</u>

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

(continued)

## HAYWOOD COUNTY, NORTH CAROLINA

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>Other financing sources (uses):</b>					
Transfers from other funds	\$ 365,174	\$ 1,869,050	\$ 652,780	\$ 1,191,409	\$ 438,234
Transfers to other funds	(365,174)	(1,869,050)	(652,780)	(1,191,409)	(438,234)
General obligation bonds issued	-	-	-	-	-
Premium on general obligation bonds issued	-	-	-	-	-
Notes payable issued	3,550,000	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	15,735	15,544	217,743	3,522	18,895
<b>Total other financing sources and uses</b>	<u>3,565,735</u>	<u>3,365,544</u>	<u>6,417,743</u>	<u>62,530</u>	<u>16,953,895</u>
Net change in fund balance	5,682,634	4,428,883	9,819,466	482,235	4,128,529
Fund balances-beginning	<u>40,529,783</u>	<u>36,100,901</u>	<u>26,281,435</u>	<u>25,799,200</u>	<u>21,670,671</u>
Fund balances-ending	<u><u>\$ 46,212,417</u></u>	<u><u>\$ 40,529,784</u></u>	<u><u>\$ 36,100,901</u></u>	<u><u>\$ 26,281,435</u></u>	<u><u>\$ 25,799,200</u></u>
Debt service as a percentage of non-capital expenditures	11.48%	8.93%	9.36%	10.19%	24.26%

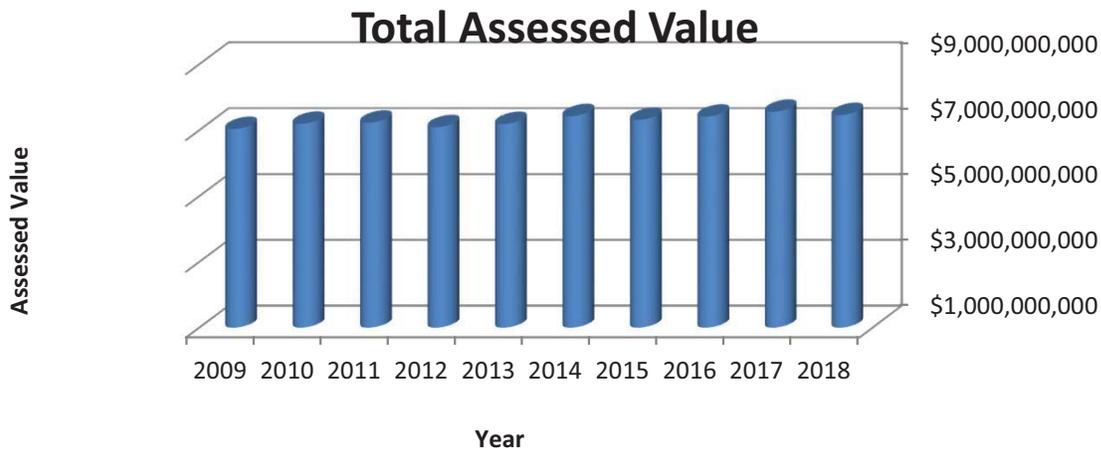
Capital outlay expenditures have been segregated here in order to calculate the percentage of non-capital expenditures.

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

## 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)
2018	\$ 6,160,099,938	\$ 1,123,248,728	\$ 178,362,543	\$ 7,461,711,209	0.5850
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



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, 2017, for the 2018 fiscal year.

Source: Haywood County Tax Office

## HAYWOOD COUNTY, NORTH CAROLINA

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

	2018	2017	2016	2015	2014
Haywood County	0.5850	0.5661	0.5661	0.5413	0.5413
<u>Municipality Rates:</u>					
Town of Canton	0.5800	0.5800	0.5800	0.5800	0.5800
Town of Clyde	0.4500	0.4300	0.4300	0.4300	0.4300
Town of Maggie	0.4300	0.3900	0.3900	0.3900	0.3900
Town of Waynesville	0.4957	0.4857	0.4382	0.4382	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	0.070	0.060	0.060	0.060
Center Pigeon Fire District	0.085	0.075	0.075	0.075	0.075
Lake Junaluska Fire District	0.075	0.075	0.075	0.070	0.070
Crabtree-Iron Duff Fire District	0.075	0.075	0.075	0.065	0.065
Cruso Fire District	0.100	0.100	0.100	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	0.050	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	0.060	**
Howell Mill Fire Service District	0.060	0.060	0.060	0.060	**
East Canton Fire Service District	0.100	0.100	0.100	***	***
Ivy Hill Fire Service District	0.060	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	0.200	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	0.100	0.080	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	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

2013	2012	2011	2010	2009
0.5413	0.5413	0.5140	0.5140	0.4970
0.5800	0.5800	0.5800	0.5800	0.5800
0.4300	0.4300	0.4300	0.4300	0.4300
0.3900	0.4200	0.4200	0.4200	0.4200
0.4082	0.4082	0.4000	0.4000	0.4000
0.2000	0.2000	0.2300	0.2300	0.2300
0.100	0.100	0.100	0.100	0.100
0.065	0.060	0.060	0.060	0.060
0.075	0.075	0.075	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	0.095	0.100	0.100
0.000	0.000	0.000	0.000	0.060
0.040	0.040	0.040	0.040	0.040
0.060	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	0.000	0.060
0.000	0.000	0.000	0.000	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	0.060
0.140	0.140	0.140	0.140	0.140
0.080	0.080	0.080	0.080	0.080
0.100	0.080	0.080	0.080	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	0.160
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
Vantagepoint Investments of Waynesville	Retail
Sonoco Plastics, Inc. formerly Associated Packaging	Manufacturing
Graves Development Corp	Land Developers
Carolina Log Homes Inc	Land Developers
Maggie Valley Resort	Country Club
RCG - Waynesville LLC	Retail
Totals	

Source: Haywood County Tax Assessor

2018			2009		
Valuation	Rank	% of	Valuation	Rank	% of
\$ 196,942,301	1	2.64%	\$ 150,587,445	1	2.09%
109,256,822	2	1.46%	92,230,752	2	1.28%
88,604,601	3	1.19%	64,449,032	3	0.90%
65,125,859	4	0.87%			
36,229,527	5	0.49%	13,428,194	9	0.19%
32,814,501	6	0.44%	23,151,304	5	0.32%
21,287,200	7	0.29%			
19,945,490	8	0.27%	38,275,875	4	0.53%
16,285,868	9	0.22%			
14,793,688	10	0.20%			
		0.00%	19,456,190	8	0.27%
		0.00%	20,560,990	6	0.29%
		0.00%	18,817,531	7	0.26%
		0.00%	12,404,590	10	0.17%
<u>\$ 601,285,857</u>		<u>8.06%</u>	<u>\$ 453,361,903</u>		<u>6.30%</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>
2018	\$ 43,722,520	\$ 42,591,059	97.41%
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%

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		
\$ -	\$ 42,591,059	97.41%	\$ 1,131,461	2.59%
786,760	42,602,182	99.30%	300,540	0.70%
1,006,050	41,999,197	99.66%	142,087	0.34%
883,895	39,626,404	99.76%	93,623	0.24%
1,167,926	40,217,236	99.75%	102,153	0.25%
1,399,901	38,941,710	99.67%	126,999	0.33%
1,370,455	38,408,642	99.74%	101,635	0.26%
1,348,048	37,287,940	99.74%	97,889	0.26%
1,450,036	36,808,986	99.75%	92,798	0.25%
1,426,479	35,116,622	99.74%	91,184	0.26%
			<u>\$ 2,280,369</u>	

## HAYWOOD COUNTY, NORTH CAROLINA

### Property Value and Construction Last Ten Fiscal Years

Fiscal Year Ended June 30,	Commercial Construction <sup>(1)</sup>		Residential Construction <sup>(1, 2)</sup>		Property Value <sup>(3)</sup>	
	Number of Units	Value	Number of Units	Value	Commercial	Residential
2018	84	\$ 7,156,250	513	\$ 53,328,910	\$ 1,051,770,030	\$ 5,554,723,226
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

Source:

<sup>(1)</sup>Haywood County Inspection Department

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

<sup>(3)</sup>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 <sup>(3)</sup>	General Obligation Bonds <sup>(3)</sup>	COPS <sup>(3)</sup>	Installment Loans <sup>(3) (4)</sup>	Total Primary Government
2018	\$ 7,461,711,209	\$ 16,169,560	\$ -	\$ 30,306,607	\$ 46,476,167
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

**Sources:**

<sup>(1)</sup>NC Office of State Budget & Management-projection 2017, revised estimate 2017

<sup>(2)</sup>Bureau of Economic Analysis-reflects revised numbers 2008 - 2015

<sup>(3)</sup>Haywood County CAFRs

<sup>(4)</sup>Installment loans shown as notes payable

\* Information not yet available

<b>Net Debt to Assessed Value</b>	<b>Population<sup>(1)</sup></b>	<b>Personal Income<sup>(2)</sup> (thousands)</b>	<b>Percentage of Personal Income</b>	<b>Net Debt Per Capita</b>
0.62%	62,780	*	*	\$ 740
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%	1,026
0.91%	59,675	1,919,833	3.41%	1,097
1.01%	59,267	1,950,818	3.68%	1,212
1.04%	59,475	1,874,974	4.02%	1,267
0.84%	58,949	1,820,971	3.31%	1,023
0.86%	58,680	1,780,283	3.39%	1,028

## HAYWOOD COUNTY, NORTH CAROLINA

### Legal Debt Margin Information Last Ten Fiscal Years

Legal debt margin:	
Assessed value	\$ 7,461,711,209
Debt limit	8.00%
	596,936,897
Gross debt:	
General obligation bonds	16,169,560
Notes payable	30,306,607
	46,476,167
Total amount of debt applicable to debt limit	46,476,167
Legal debt margin	\$ 550,460,730

	2018	2017	2016	2015	2014
Debt limit	\$ 596,936,897	\$ 604,868,666	\$ 592,973,241	\$ 585,292,222	\$ 594,210,205
Total net debt applicable to limit	46,476,167	52,477,589	55,425,275	55,398,517	61,447,900
Legal debt margin	\$ 550,460,730	\$ 552,391,077	\$ 537,547,966	\$ 529,893,705	\$ 532,762,305
Total net debt applicable to the limit as a percentage of debt limit	7.79%	8.68%	9.35%	9.47%	10.34%

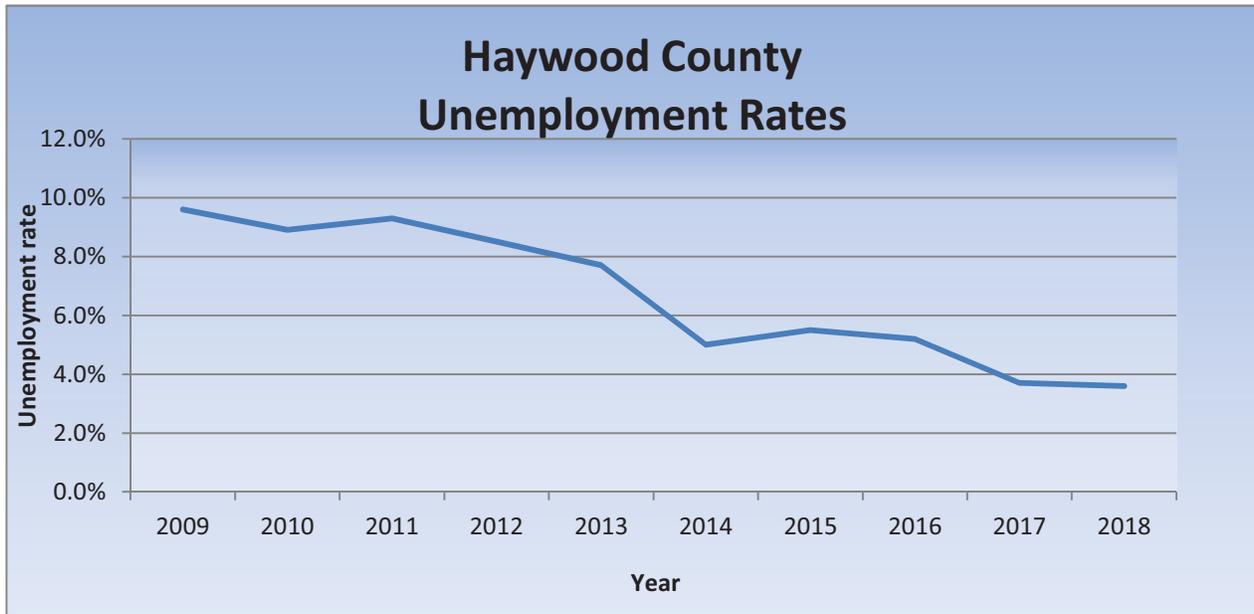
<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
\$ 575,191,539 65,465,113	\$ 567,513,379 71,843,831	\$ 578,454,023 75,382,786	\$ 575,714,330 60,285,231	\$ 563,161,443 60,304,900
<u>\$ 509,726,426</u>	<u>\$ 495,669,548</u>	<u>\$ 503,071,237</u>	<u>\$ 515,429,099</u>	<u>\$ 502,856,543</u>
11.38%	12.66%	13.03%	10.47%	10.71%



# HAYWOOD COUNTY, NORTH CAROLINA

## Demographic Statistics Last Ten Calendar Years

Year	Population <sup>(1)</sup>	Per Capita Income <sup>(2)</sup>	School Enrollment <sup>(3)(4)</sup>	Unemployment Rate <sup>(5)</sup>
2018	62,780	*	7,120	3.6%
2017	61,623	*	7,083	3.7%
2016	61,126	39,183	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%



Sources:

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

<sup>(2)</sup>Bureau of Economic Analysis-reflects revised numbers 2008 - 2015

<sup>(3)</sup>Haywood County Board of Education 2008 - 2010

<sup>(4)</sup>Department of Public Instruction - Student Enrollment is ADM starting 2011

<sup>(5)</sup>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	2018			2009		
	Number of Employees <sup>(1)</sup>		% of Total County Employment <sup>(2)</sup>	Number of Employees <sup>(1)</sup>		% of Total County Employment <sup>(2)</sup>
Haywood County Consolidated Schools	1,211	1	4.21%	1,003	2	4.01%
Blue Ridge Paper Products, Inc. (Evergreen Packaging)	1,100	2	3.82%	1,126	1	4.51%
Haywood Regional Medical Center-A Duke LifePoint Hospital	906	3	3.15%	960	3	3.84%
Haywood County Government	555	4	1.93%	590	4	2.36%
Ingles Markets, Inc.	742	5	2.58%	440	5	1.76%
Consolidated Metco Inc.	675	6	2.34%			
Haywood Vocational Opportunities, Inc.	415	7	1.44%	306	8	1.22%
Wal-Mart Associates, Inc.	335	8	1.16%	340	7	1.36%
Haywood Community College	495	9	1.72%	373	6	1.49%
Town of Waynesville	249	10	0.87%	164	9	0.66%
Silver Bluff Village				161	10	0.64%
Totals	6,683		23.22%	5,463		21.85%

Sources:

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

<sup>(2)</sup>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>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013<sup>(1)</sup></u>	<u>2012<sup>(1)</sup></u>	<u>2011<sup>(1)</sup></u>	<u>2010<sup>(1)</sup></u>	<u>2009</u>
Number of employees:										
General government	54.18	52.80	50.30	49.66	49.57	49.07	50.00	52.00	51.34	57.00
Central services	33.00	33.15	30.15	30.15	29.00	28.05	24.30	25.50	24.60	28.75
Public safety	187.00	183.85	182.85	177.85	171.00	167.35	168.10	166.90	165.80	169.65
Environmental protection	2.15	4.15	4.40	18.50	18.50	18.50	27.50	28.30	48.25	47.25
Economic and physical development	10.50	10.25	8.00	7.50	9.50	9.50	9.50	9.70	11.50	10.50
Human services	200.95	198.45	204.25	205.29	204.50	205.50	207.50	213.75	212.75	221.75
Culture and recreation	19.50	19.50	19.50	19.50	19.50	19.50	19.50	19.50	20.20	22.20
 Total	<u>507.28</u>	<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>

Source:

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

<sup>(1)</sup>Reduction in workforce

## HAYWOOD COUNTY, NORTH CAROLINA

### Operating Indicators By Function/Program Last Ten Fiscal Years

Function/Program	2018	2017	2016
<u>General Government</u>			
Elections:			
Number of registered voters	44,691	43,247	42,847
Register of Deeds:			
Deeds and real estate documents indexed	9,282	12,251	10,822
<u>Public Safety</u>			
Building Inspections:			
Residential permits issued	513	464	432
Mobile home permits issued (9)	81	81	73
Commercial permits issued	84	70	60
Fire Control:			
Inspections performed	746	776	870
Fire marshal and assistants	3	3	3
Detention:			
Booked inmates	3580	3428	3493
Average daily jail population	111	119	109
Sheriff:			
Hand gun permits processed (1)	n/a	1200	2147
EMS:			
Billable transports	8381	7343	7389
EOC/Dispatching: (2)			
Number of emergency calls dispatched	89,046	83,424	79,378
Number of fire related calls dispatched	11,012	10,326	9,438
Animal Services:			
Number of calls serviced (1)	n/a	2583	2360
Number of animals received (1)	n/a	1908	2099
Number of adoptions (1)	n/a	1746	1517

2015	2014	2013	2012	2011	2010	2009
40,974	42,152	41,717	42,120	41,523	41,944	41,361
10,550	10,247	12,323	11,453	11,389	11,591	12,920
439	396	389	327	395	346	393
53	58	58	83	70	87	85
54	60	64	50	50	34	29
943	1024	866	685	504	409	480
3	3	3	3	3	3	2
3437	3252	3177	2690	2704	2574	2825
117	112	105	75	85	93	83
2098	1066	1501	1716	1422	1180	1255
7677	6858	7256	6356	6601	6498	6385
78,770	51,751	46,510	42,339	40,837	43,989	41,383
8,572	5,650	2,634	2,144	2,675	1,748	1,565
2139	1985	2266	2259	2567	2946	2760
2106	2628	2707	2916	3424	3612	3942
1066	1108	969	1343	1308	1449	885

(Continued)

## HAYWOOD COUNTY, NORTH CAROLINA

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

Function/Program	2018	2017	2016
<u>Environmental Protection</u>			
Solid Waste:			
Tons of solid waste buried (3)	160,885.19	160,471.42	160,499.58
Tons of yard waste processed	461.01	1,054.80	557.17
Tons of recyclables sent out	5,724.24	6,185.44	6,259.20
<u>Economic and Physical Development</u>			
Planning:			
Number of major subdivision plan reviews	5	14	4
Economic Development:			
Tourism revenues (1) (7)	n/a	\$182,270,000	\$178,600,000
Taxable sales (8)	\$728,626,526	\$707,655,991	\$668,797,027
<u>Human Services</u>			
Health Department:			
Number of health clients served	13,004	10,488	8,859
Number of food service inspections	769	626	520
Social Services:			
Average # of food stamp recipients per month (1)	n/a	8403	9217
Child support collections (1)	n/a	\$3,598,134	\$3,554,893
Total number of unduplicated children subject to child protection services (CPS) assessments (1)	n/a	1159	481
Total number of unduplicated children in foster care (1)	n/a	198	138
<u>Culture and Recreation</u>			
Library:			
Library patrons	44,809	42,520	40,806
Items of library materials cataloged	147,687	149,497	146,164
Recreation:			
Park recreation program participants	2024	1448	1176

2015	2014	2013	2012	2011	2010	2009
160,565.57	57,331.00	42,859.40	44,510.30	44,857.70	46,328.69	50,881.02
454.75	241.98	191.41	138.64	201.72	224.30	397.59
6,686.45	5,948.76	5,757.56	6,083.67	6,374.19	6,903.09	5,770.90
4	2	3	3	1	6	16
\$167,560,000	\$161,590,000	\$155,380,000	\$148,630,000	\$120,400,000	\$116,310,000	\$108,880,000
\$631,113,234	\$565,672,010	\$560,682,306	\$540,735,523	\$518,290,311	\$498,088,247	\$489,719,216
9,232	9,449	10,922	12,108	13,418	12,370	12,736
677	785	810	706	717	885	896
10342	10,687	10,256	10,487	9,908	9,960	8,253
\$3,608,626	\$3,553,448	\$3,721,830	\$3,756,082	\$3,648,803	\$3,622,478	\$3,818,785
476	496	517	524	352	360	379
140	150	154	158	138	161	183
35,334	36,621	34,232	29,859	35,667	40,491	38,346
149,615	146,621	143,401	147,709	168,813	176,281	179,615
1112	1263	1552	2219	1822	1914	1572

(Continued)

## HAYWOOD COUNTY, NORTH CAROLINA

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

Function/Program	2018	2017	2016
<u>Education</u>			
Public Schools:			
County appropriations per pupil-Final ADM (Average Daily Membership) (5)	\$2,062	\$2,013	\$1,996
Number of teachers (4)	484	521	535
Student enrollment (4) (5)	7,120	7,083	7,134
County appropriations for current operating per student - State ranking (5)	n/a	29	26
Community College: (6)			
Number of courses offered	864	938	1,011
Curriculum student enrollment	2,220	2,416	2,372
Curriculum full-time-equivalents (FTE) (fall and spring terms only)	1,261.50	1,317.00	1,369.00
Continuing Ed student enrollment (1)	n/a	3,677	3,970
Continuing Ed FTE (spring, summer, fall terms) (1)	n/a	232.7	241.1

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

2015	2014	2013	2012	2011	2010	2009
\$1,977	\$1,939	\$1,896	\$1,854	\$1,898	\$1,882	\$1,725
522	537	533	535	546	547	619
7,280	7,421	7,459	7,530	7,582	7,588	7,779
24	23	25	26	22	23	28
1,142	1,231	1,166	1,233	1,358	1,239	1,212
2,617	2,210	3,099	2,599	3,493	3,341	3,413
1,531.60	1,693.40	1,756.00	1,927.00	1,968.56	1,838.12	1,653.87
3,563	4,391	5,161	5,370	5,122	5,400	7,355
259.1	306.3	343.0	337.34	314.10	343.03	332.27

## HAYWOOD COUNTY, NORTH CAROLINA

### Capital Assets Statistics By Function/Program Last Ten Fiscal Years

Function/Program	2018	2017	2016	2015	2014
<u>General Government</u>					
Elections:					
Number of voting machines:					
Direct Record Electronic	187	187	187	187	187
Optical Scan voting	3	3	3	3	3
<u>Public Safety</u>					
Detention:					
Number of jail beds	150	150	150	137	137
Sheriff:					
Offices	1	1	1	1	1
Patrol vehicles	69	70	65	64	64
<u>Environmental Protection</u>					
Solid Waste:					
Landfills	2	2	2	2	2
Convenience centers (5 owned, 5 leased)	10	10	10	10	10
Material recovery facilities	1	1	1	1	1
<u>Culture and Recreation</u>					
Library:					
Number of libraries	4	4	4	4	4
Recreation:					
Park acreage-developed (leased property)	8	8	8	8	8
Multi-purpose arena	1	1	1	1	1
Ag & activities center	1	1	1	1	1

<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
187	187	187	187	187
3	3	3	3	3
137	132	133	133	133
1	1	1	1	1
59	63	66	57	53
2	2	2	2	2
10	10	10	10	10
1	1	1	1	1
4	4	4	4	4
8	8	8	8	8
1	1	1	1	1
1	1	1	1	1

(continued)

HAYWOOD COUNTY, NORTH CAROLINA

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

<u>Function/Program</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<u>Education</u>					
Public Schools: <sup>(1)</sup>					
Number of schools	16	16	16	16	16
Community College: <sup>(2)</sup>					
Number of colleges	1	1	1	1	1
<u>Hospitals</u> <sup>(3)</sup>					
Number of hospitals	1	1	1	1	1

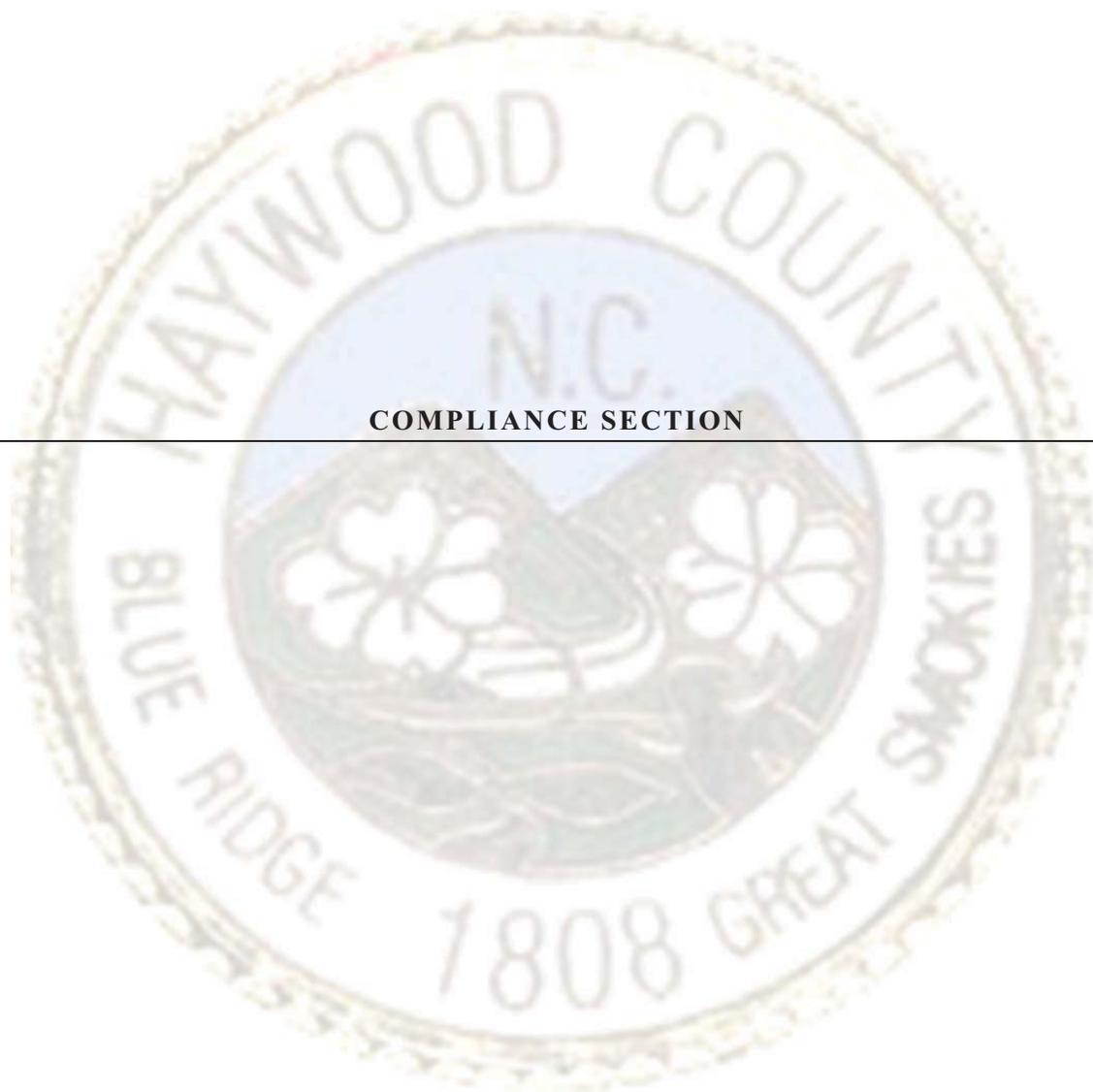
Source: Various governmental departments

<sup>(1)</sup>Source: Haywood County Board of Education

<sup>(2)</sup>Source: Haywood Community College

<sup>(3)</sup>Source: Haywood Regional Medical Center

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



---

**COMPLIANCE SECTION**



**Report On Internal Control Over Financial Reporting And On  
Compliance And Other Matters Based On An Audit Of Financial Statements  
Performed In Accordance With *Government Auditing Standards***

**Independent Auditors' Report**

Board of County Commissioners  
Haywood County, North Carolina

We have audited, in accordance with 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, 2018, 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 December 14, 2018. 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  
December 14, 2018



**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, 2018. 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, 2018.

### ***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 2018-001. Our opinion on each major federal program is not modified with respect to this matter.

### ***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 significant deficiencies or material weaknesses and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, we did identify a deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2018-001, that we consider to be a significant deficiency.

Haywood County's response to the noncompliance and internal control over compliance findings identified in our audit is described in the accompanying corrective action plan. The County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

*Donald Killian CPA Group, P.A.*

Asheville, North Carolina  
December 14, 2018



**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, 2018. 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, 2018.

### ***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance as described in the *Audit Manual for Governmental Auditors in North Carolina* and which are described in the accompanying schedule of findings and questioned costs as item 2018-001. Our opinion on each major state program is not modified with respect to this matter.

### ***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 significant deficiencies or material weaknesses and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, we did identify a deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2018-001, that we consider to be a significant deficiency.

Haywood County's response to the noncompliance and internal control over compliance findings identified in our audit is described in the accompanying corrective action plan. The County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

*David Killian CPA Group, P.A.*

Asheville, North Carolina  
December 14, 2018

HAYWOOD COUNTY, NORTH CAROLINA

Schedule of Expenditures of Federal and State Awards

For the Year Ended June 30, 2018

<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>
<b>Federal Awards:</b>					
<u>U.S. Department of Agriculture</u>					
Food and Nutrition Service:					
Passed through N.C. Department of Health and Human Services:					
Human Services:					
Division of Social Services:					
Supplemental Nutrition Assist. Program (SNAP) Cluster:					
Food Stamp Administration	10.561	185NC406S2514	\$ 545,129	\$ -	\$ -
Total SNAP			545,129	-	-
Division of Public Health:					
Administration:					
Special Supplemental Nutrition Program for Women, Infants and Children	10.557	18175NC705W1003	243,775	-	-
Passed through N.C. Department of Agriculture:					
Food distribution Cluster:					
Emergency Food Assistance Program Commodities-(Non-cash)	10.569	75-1501-0-1-609	6,975	-	-
Total Food distribution Cluster			6,975	-	-
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	12-9921-0-2-999	66,904	-	66,904
Law Enforcement Agreements	10.704	12-1106-0-1-302	1,295	-	-
Total Forest Service Schools and Roads Cluster			68,199	-	66,904
Total U.S. Department of Agriculture			864,078	-	66,904
<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	2017-WE-AX-0026	80,560	-	-
Total U.S. Department of Justice			80,560	-	-
<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	FPHPA046048 & FPHPA046226-01	33,656	-	-
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	1801NCFOST	127,281	-	-
IV-E Foster Care/Off Trn	93.658	1801NCFOST	340,047	-	-
Adoption/Foster Care	93.658	1801NCADPT	119,813	20,530	-
IV-E Adoption/Off Trn	93.659	1801NCADPT	10,414	-	-
Direct Benefit Payments:					
Foster Care At Risk		XXXXX	-	11,185	-
IV-E Foster Care	93.658	1801NCFOST	573,299	168,338	-
Total Foster Care and Adoption (Note C)			1,170,854	200,053	-
Temporary Assistance for Needy Families Cluster:					
TANF TEA FOSTER CARE	93.558	G1801NCTANF	28,098	-	-
TANF TEA FOS CRE MAX	93.558	G1801NCTANF	52,048	-	-
WORK FIRST ADMIN	93.558	G1801NCTANF	177,694	-	-
WORK FIRST SERVICE	93.558	G1801NCTANF	900,787	-	-
Total TANF Cluster			1,158,627	-	-

<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>Child Care Development Fund Cluster</u>					
<u>Division of Social Services</u>					
Division of Child Development					
Child Care Development Fund - Mandatory	93.596	G1801NCCCDF	135,337	-	-
Total Child Care Fund Cluster			135,337	-	-
NC Child Support Enforcement Section	93.563	75-1501-0-1-609	547,298	-	-
Low-Income Home Energy Assistance					
Administration	93.568	G17B1NCLIEA & G18B1NCLIEA	37,301	-	-
Crisis Intervention Program	93.568	G17B1NCLIEA & G18B1NCLIEA	451,561	-	-
Permanency Planning--Families for Kids	93.645	G1801NCCWSS	15,757	-	-
SSBG-In-Home Service Fund	93.667	G17B1NCLIEA & G18B1NCLIEA	22,550	-	-
SSBG-Adult Day Care	93.667	G17B1NCLIEA & G18B1NCLIEA	65,169	30,909	-
SSBG-Other Services and Training	93.667	G17B1NCLIEA & G18B1NCLIEA	236,539	-	-
Child Protective Safety TANF to SSBG	93.667	G17B1NCLIEA & G18B1NCLIEA	108,460	-	-
Independent Living	93.674	1801NC1420	12,466	3,117	-
Independent Living Transitional/LINKS -Direct Benefit	93.674	1801NC1420	1,606	-	-
Family Preservation and Support Services	93.556	1801NCFPSS	28,553	-	-
AFDC Incent/Prog Integrity		XXXXX	-	775	-
<u>Centers for Medicare and Medicaid Services</u>					
Passed through N.C. Department of Health and Human Services:					
Human Services:					
Division of Medical Assistance:					
Division of Social Services:					
Administration:					
Medicaid Cluster:					
Medical Assistance Program	93.778	XIX-MAP18	1,520,337	8,449	-
State County Special Assistance	93.778	XIX-MAP18	62,013	-	-
Total Medicaid Cluster			1,582,350	8,449	-
State Children's Insurance Program--NC Health Choice	93.767	CHIP18	35,863	7	-
<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	U90TP000538	33,733	-	-
Tuberculosis Prevention and Control and Laboratory Program	93.116	U52PS004872-03	29	-	-
Injury Prevention and Control	93.136	DH-837C-472-1175	3,757	-	-
Prevention and Public Health Fund Affordable Car Act-Immunization Program	93.539	H23IP000759	13,994	-	-
Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations	93.898	5NU58DP003933-04	1,530	-	-
Passed through Macon County:					
Preventive Health Services - Healthy Communities	93.758	B010T009034	39,984	-	-
Preventive Health Services -Sexually Transmitted Diseases Control Grants	93.977	H25PS004349	100	-	-
<u>Health Resources and Services Administration</u>					
Passed through N.C. Department of Health and Human Services:					
Division of Public Health:					
Maternal Child Health Block Grant to the States	93.994	B04MC28117	67,397	50,554	-
<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	DOA-735	43,434	-	-
Special Programs for the Aging-Title III-C-Nutrition Services					
Title III-C1 - Congregate	93.045	DOA-735	278,830	-	278,830
Title III-C2 - Home Delivered Meals	93.045	DOA-735	89,676	12,364	19,617
Total for Aging Cluster			411,940	12,364	298,447
Total U.S. Department of Health and Human Services			6,216,411	306,227	298,447
<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	97.042	EMPG	19,321	19,321	-

<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>
<b>State Awards:</b>					
<u>N.C. Department of Agriculture and Consumer Services</u>					
Farmland Preservation Trust Fund:					
Spay and Neuter Program			-	19,685	19,685
<u>N.C. Department of Cultural Resources</u>					
Division of State Library:					
State Aid to Public Libraries			-	109,242	-
<u>N.C. Department of Environment and Natural Resources</u>					
Division of Waste Management:					
Scrap Tire Disposal Grant			-	48,930	-
Electronic Management Program			-	4,931	-
Total N.C. Department of Environment and Natural Resources			-	53,861	-
<u>N.C. Department of Health and Human Services</u>					
Division of Social Services:					
State Child Welfare/CPS			-	108,253	-
Energy Assistance-Private Grants			-	51,380	-
State Foster Care Benefits Program-Direct Benefits			-	170,084	-
Division of Public Health:					
Breast and Cervical Cancer Program			-	5,355	-
Child Health			-	3,524	-
General Aid to Counties			-	85,725	-
General Communicable Disease Control			-	11,423	-
Food and Lodging Fees			-	10,265	-
Family Planning - State			-	19,426	-
HIV Testing			-	500	-
Maternal Health			-	1,452	-
Gonorrhea Partner Services			-	1,274	-
School Nurse Funding Initiative			-	100,000	-
Electronic Health Record			-	8,809	-
TB Control			-	2,244	-
Maternal Health			-	1,452	-
Public Health Nursing			-	400	-
Women Health Service Fund			-	7,881	-
Mosquito and Tick Suppression			-	14,129	-
Total N.C. Department of Health and Human Services			-	603,576	-
<u>N.C. Office of Juvenile Justice</u>					
Department of Juvenile Justice and Delinquency Prevention:					
Juvenile Crime Prevention Program			-	295,870	295,870
<u>N.C. Department of Public Instruction</u>					
Public School Building Capital Fund:					
Public School Building Capital Fund-Lottery			-	949,815	949,815
Public School Building Capital Fund-State ADM			-	41,250	41,348
Total N.C. Department of Public Instruction			-	991,065	991,163
<u>N.C. Department of Transportation</u>					
Rural Operating Assistance Program:					
Elderly and Disabled Transportation Assistance Program	36220.10.7.1		-	73,797	73,797
Rural General Public Program	36228.22.7.1		-	67,018	67,018
Work First/Employment	36236.11.6.1		-	8,493	-
Total N.C. Department of Transportation			-	149,308	140,815
<u>N.C. Department of Veteran Affairs</u>					
Veteran Services			-	2,175	-
<b>Total Federal and State Awards</b>			<b>\$ 7,180,370</b>	<b>\$ 2,550,330</b>	<b>\$ 1,812,884</b>

**Notes to the Schedule of Expenditures of Federal and State Awards:**

---

**Note 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, 2018. The information in this SEFSA is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of Haywood County, it is not intended to and does not present the financial position, changes in net position or cash flows of Haywood County.

**Note 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 reimbursement. Haywood County has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**Note 3: Cluster of Programs**

The following are clustered by the NC Department of Health and Human Services and are treated separately for state audit requirement purposes:

Subsidized Child Care  
Foster Care and Adoption

**HAYWOOD COUNTY, NORTH CAROLINA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

For the year ended June 30, 2018

**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 \_\_X\_\_no
  
- Significant deficiency(s) identified that are not considered to be material weaknesses \_\_\_yes \_\_X\_\_none reported
  
- Noncompliance material to financial statements noted \_\_\_yes \_\_X\_\_no

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? \_\_\_yes \_\_X\_\_no
  
- Significant deficiency(s) identified that are not considered to be material weaknesses? \_\_X\_\_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 \_\_X\_\_no

The following were audited as major federal programs for the fiscal year ended June 30, 2018:

<u>Program Name</u>	<u>CFDA #</u>
Medicaid Cluster	93.778
Temporary Assistance for Needy Families	93.558
Foster Care	93.658

The threshold for distinguishing between Type A and Type B programs for Haywood County is \$750,000.

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, 2018

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  
Foster Care  
Public School Building Capital Fund

**HAYWOOD COUNTY, NORTH CAROLINA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

For the year ended June 30, 2018

**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: Temporary Assistance For Needy Families (TANF)

CFDA # 93.558

**U.S. Department of Health and Human Services**

**Passed through the NC Department of Health and Human Services**

Program Names: Foster Care Title IV-E

CFDA # 93.658

**Finding: 2018-001 Required Social Worker Training**  
SIGNIFICANT DEFICIENCY  
NONMATERIAL NONCOMPLIANCE

Criteria: The North Carolina Division of Social Services, Department of Health and Human Services requires under G.S. § 131-D-10.6A. that social workers who provide services for programs that serve certain populations of children receive adequate training and ongoing continuing education.

Condition: The County does not have an effective system of internal control that ensures that all of the social workers who serve the youth in the Foster Care and Child Welfare services have completed all of the required continuing education required by the State DHHS.

Context: For the nine social workers reviewed, we found one worker who did not receive the complete annual 24 hours of continuing education in the required time frame.

Effect: The County is not in compliance with the training requirements for social workers. The social worker in question has not been adequately educated and trained according to State statute. The children in this individual's care could be exposed to a greater risk. The County could also be exposed to additional risks related to the non-compliance including incurring potential legal and financial liabilities.

Identification of a repeat finding: This is not a repeat finding.

Cause: The County keeps a training log for all social workers. There was a lapse in the 24 hour annual continuing education requirement. This particular worker is an on-call staff and their status is a challenge for administering timely training.

Recommendation: We recommend that management monitor its training logs to ensure compliance on an ongoing basis for all social workers including on-call staff.

Views of responsible officials and planned corrective actions: The county agrees with the finding. Please refer to the County's corrective action plan on page 159.

**HAYWOOD COUNTY, NORTH CAROLINA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

For the year ended June 30, 2018

**IV. State Award Findings and Questioned Costs**

**U.S. Department of Health and Human Services**

**Passed through the NC Department of Health and Human Services**

Program Names: Foster Care Title IV-E

CFDA # 93.658

**Finding: 2018-001 Required Social Worker Training**  
SIGNIFICANT DEFICIENCY  
NONMATERIAL NONCOMPLIANCE

Please refer to finding 2018-001 in the Federal Award Findings and Questioned Costs above.

This finding also applies to State requirements and State awards.

**BOARD OF COMMISSIONERS**

**L. KEVIN ENSLEY, CHAIRMAN**  
**BRANDON C. ROGERS, VICE CHAIRMAN**  
**J. W. "KIRK" KIRKPATRICK, III**  
**TOMMY LONG**  
**MARK PLESS**



**COUNTY MANAGER**  
**BRYANT MOREHEAD**

**COUNTY ATTORNEY**  
**LEON M. KILLIAN, III**

**CORRECTIVE ACTION PLAN**

For the year ended June 30, 2018

**2018-001 Required Social Worker Training**

Name of contact person: Gayla Jones, Haywood County HHSA Social Work Services Director

Corrective Action:

Supervisors will maintain a training log for each of their social work staff annually. This training log will be reviewed with social work staff quarterly to ensure that social work staff is registering and attending training, as training is accessible to staff by the state. Supervisors will document training hours in each social worker's annual performance evaluation. The Program Manager will review training plans regularly to ensure training hours are obtained by social work staff. The Social Work Director will also regularly monitor NCSW LEARN to ensure that social work staff is registering for the minimum of 24 hours of training annually.

**SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS**  
For the year ended June 30, 2018

**Finding 2017-001**

**Status:** This finding has been corrected.

**Finding 2017-002**

**Status:** This finding has been corrected.

**Finding 2017-003**

**Status:** This finding has been corrected.