

**HAYWOOD COUNTY, NORTH CAROLINA**

Waynesville, North Carolina

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2010



Prepared by: Finance Department  
Finance Director: Julie H. Davis, CPA

# HAYWOOD COUNTY, NORTH CAROLINA

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June 30, 2010

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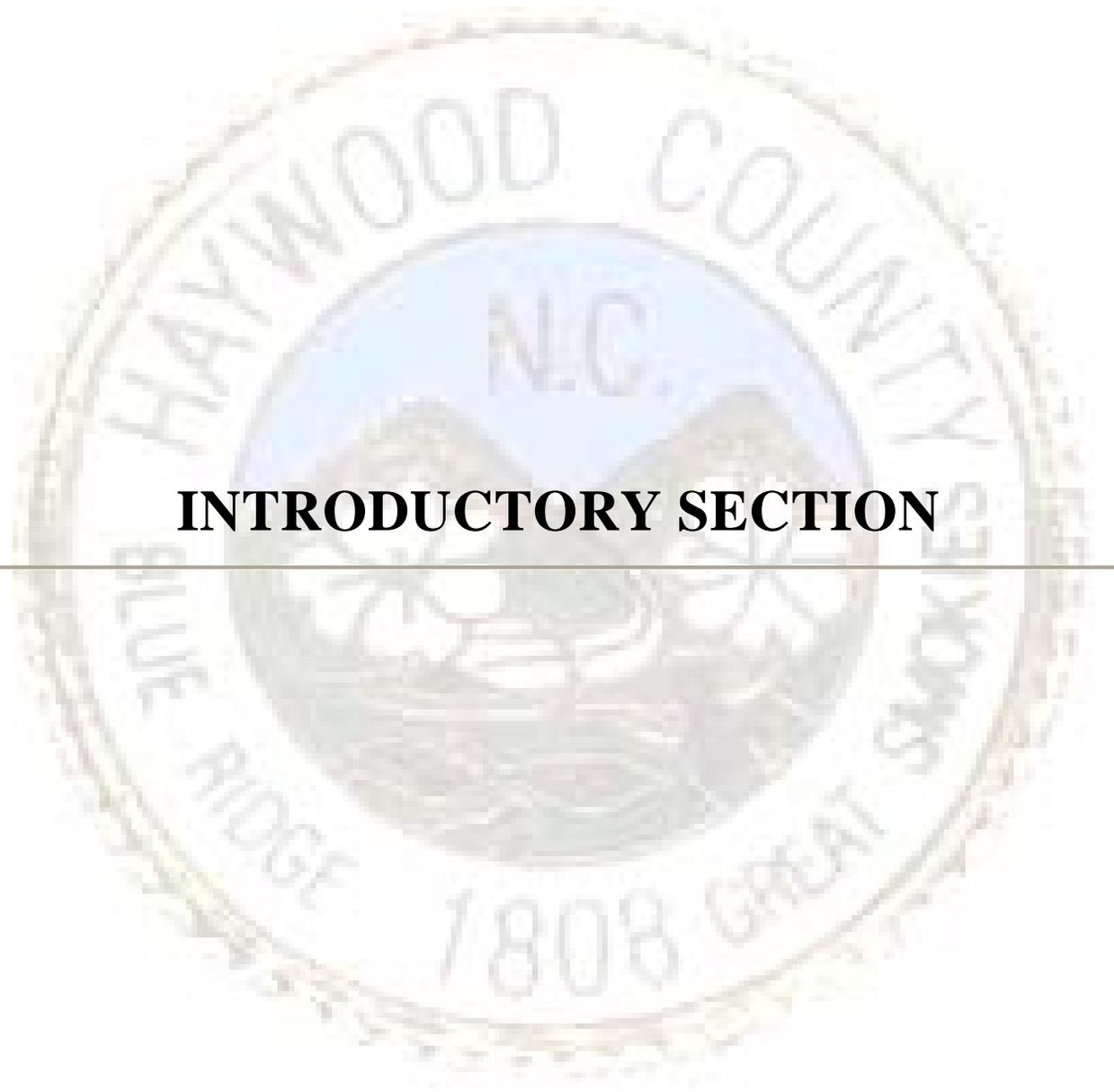
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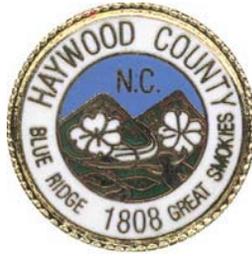
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## **INTRODUCTORY SECTION**

**Board of Commissioners:**  
**J. W. "Kirk" Kirkpatrick, III, Chairman**  
**Bill L. Upton, Vice Chairman**  
**Charles "Skeeter" Curtis**  
**L. Kevin Ensley**  
**Mark S. Swanger**



**County Manager:**  
**David B. Cotton**

**County Attorney:**  
**Leon M. Killian**

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October 26, 2010

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, 2010. Laws of the State of North Carolina, along with policies and procedures of the North Carolina Local Government Commission, require that all local governments in the state publish a complete set of financial statements annually. The financial statements must be presented in conformity with accounting principles generally accepted in the United States of America (GAAP).

The financial statements and supplemental schedules contained herein have been audited by the independent, certified public accounting firm of Dixon Hughes PLLC, and that firm's unqualified 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, 2010, 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,

(i)

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. 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 546 square miles, features 19 mountain peaks over 6,000 feet above sea level, 130,335 acres of national forest land and a current population of 58,368. 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 and Capital Reserve 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. The balances in the Capital Reserve Fund are appropriated when transferred to a Capital Projects Fund in accordance with the project ordinance adopted for the fund. 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 have not declined in Haywood County during this latest recession as greatly as in other parts of the nation. The county noticed a decline in tourism related activity in 2009, and has seen a slight recovery in 2010. While 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 8.9 percent, a decrease from 9.6 percent at June 30, 2009, was below the state rate of 10.1 percent, as well as below the national rate of 9.6 percent at June 30, 2010.
- The number of commercial building permits obtained during the fiscal year ended June 30, 2010 increased 17%, while the value of that construction dropped 37% compared to the last fiscal year, indicating more activity and smaller projects. Residential building permits further declined during the last fiscal year both in numbers and value.
- Property values, including both commercial and residential, have shown an increase since 2006 values, the latest revaluation year, of 12.4%, which reflects a 2.3% increase in the past year.
- The population of the County increased steadily over the past decade, with 2010 reflecting a 7% increase from 2001, while the per capita income increased 29%.

Evergreen Packaging, formerly Blue Ridge Paper, continues to be the largest taxpayer in the County, with 2.09 percent of the County's total assessed valuation. Progress Energy owns 1.28 percent of assessed valuation. While no other taxpayer owns more than 1.00 percent, one other taxpayer, a utility company, owns .9 percent of the assessed valuation. The County is extremely fortunate to have such excellent corporate citizens; however, efforts to broaden the tax base continue. Over-reliance on a few large taxpayers is often viewed as a financial weakness.

## **Long-term Financial Planning**

County officials have identified several major needs to be addressed in the coming years, and have initiated a Capital Improvement Plan (CIP) where priorities have been identified and plans are being 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 these projects. 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 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 for additional revenue, which also 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, and, potentially, generate revenue over and above the operating costs of the programs. The first plan, that of privatizing the County's convenience centers (trash drop off points) would save approximately \$145,000 per year, and was implemented in June 2010 for the current fiscal year. It was also decided that a Request for Proposal would be advertised for the potential private management or purchase/lease of the land fill and the materials recovery programs.

The taxpayers approved, in 2008, by referendum, a new ¼ cent sales tax, with proceeds now dedicated by the County Commissioners to go toward building maintenance and improvement projects at the local community college. This new sales tax generated \$1,403,383 in revenue dedicated to the community college projects in the fiscal year ended June 30, 2010, the first full year of collection.

The previous ½ percent sales tax, implemented in the County December 2002, had been dedicated by the board to cover debt service for some of the County's projects. This revenue source, the County's portion having been reduced to ¼ percent during last fiscal year, and reduced to zero for 2010 was generating approximately \$2 million. The reduction is part of the Medicaid swap plan, which transfers the ½ cent sales tax to the state and, in exchange, reduces counties' Medicaid costs across the state. Haywood County is expected to benefit from this "swap" as the reduction in Medicaid costs outweighs the reduction in that particular ½ cent sales tax revenue. Due to the swap, and the subsequent reduction in this sales tax source, the Commissioners have dedicated, in the current budget, a portion of the 1 cent county sales tax to cover the debt service incurred that was originally appropriated from the "swapped" sales tax. Designating the sales tax revenues toward making debt service payments enabled the county to take advantage of the recent low interest rate environment to build a \$22 million Justice Center and parking deck; renovate the historic courthouse in downtown Waynesville, which includes new county offices and an historic courtroom museum; as well as enabling the county to contribute \$1.8 million to the local community college to go toward construction of a \$4 million child development center on its campus in recent years.

In addition to designating the sales tax revenue for the county and community college building projects, the county commissioners have designated portions of the two ½ cent sales taxes for school construction to be used to pay back the debt service on \$25 million in general obligation bonds. The first issue of the bonds, for \$18 million, was used to construct a new elementary school in the Bethel community of the county. The second issue, \$7 million, was issued March 2008 and has been used to renovate existing school buildings and construct new athletic fields at the county's middle and high schools. The Education Lottery proceeds that have been appropriated to Haywood County have been dedicated to individual school projects, as well. The two high schools in the county had their stadium athletic fields graded and covered with artificial turf in 2008. The artificial turf is expected to greatly reduce maintenance costs for the school system and allow a more varied use of the fields for other activities and events.

The County Commissioners plan to dedicate proceeds from land sales of certain county owned properties, newly graded and marketed for industry development, to fund future economic development projects. Transfers are intended to be made to an Economic Development Capital Project Funds as projects are identified. A recent project involved the grading of a tract of land in the industrial park for future prospect development that is hoped to bring in companies and employment opportunities to the County. A total of \$421,935 county dollars were transferred into the Economic Development Capital Project Fund, to fund the project, now completed. The balance of money needed to complete the project came from Haywood Advancement Foundation, a North Carolina non-profit corporation, in the form of a loan of \$146,100 and a \$133,901 payback amount, which represented a net amount stemming from two earlier agreements. By June 30, 2009 the \$702,696 project was complete and ready for sale. The \$146,100 loan will be paid back to Haywood Advancement Foundation at the time of the sale. That amount, including interest at 4% per year, will come from the proceeds of the sale.

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**

Over the last decade, in order to address the space needs of County facilities, particularly the courts, law enforcement offices, jail, and administrative and tax offices, four major projects were initiated - a new justice center, the related parking deck, a new law enforcement/detention center, and the renovation of the historic County courthouse for County offices. The original plans were all modified to meet the financial constraints of the County, but, also, to maintain adequate size and function for decades to come. The parking deck was completed in the fall of 2003, and the justice center, which is in downtown Waynesville adjacent to the historic courthouse building, was completed in May 2005. The \$22 million project included a contribution from the Town of Waynesville, through an interlocal agreement, that requires annual contributions from the town as payment toward \$2.5 million of the county's debt service for the parking deck portion of the project.

In June 2003, taxpayers in the county passed a \$12 million bond referendum to fund the new detention and law enforcement center. The bond sale closed in May 2004 as construction began on the project. In December 2005 the Haywood County Law Enforcement Center was dedicated. This building now houses both the Sheriff's Office and a 92 bed detention center. The building replaces the old Sheriff Office and the jail cells that were located atop the historic courthouse.

The renovation of the historic courthouse, including the restoration of the historic courtroom, began four years ago with the hiring of an architectural firm to study space needs and develop specifications for renovations. The County Commissioners worked with the local historic society to research records to restore the historic courtroom back to its 1932 original appearance. The renovation began in 2007 and also included updating the historic building to house county offices in the remainder of the building as well as a new elevator and stair tower to allow accessibility for everyone. The County entered into an installment loan with Bank of America for \$9.9 million in January 2007. This financing also included the related equipment and financing costs, as well as the contribution to the community college of \$1.8 million for their child development center. The historic courthouse renovation project became delayed when the County determined that sufficient cause justified ending the current construction contract and pursued legal remedies through the contractors bonding company. The renovation was completed in June 2009.

There are many pressing needs within county government as aging buildings require maintenance and renovations, and growing services require additional space with which to operate. The County Commissioners contracted with McGill and Associates, a local engineering and consulting firm, to compile the needs of the County into one document and to present various financing scenarios for meeting those needs. The report was presented to the Commissioners in 2008, and priorities have been examined. At the top of the priority list was providing adequate facilities for our social services and health departments, as well as maintaining adequate space in the County landfill to accommodate the current and future needs.

The recent downturn in the economy created a situation that left the County Commissioners with the opinion that any new capital projects would be tabled until the effect on County tax collections could be determined. However, by Spring of 2009, it became apparent that the White Oak Landfill expansion, which was a part of the capital improvement plan, would need to begin with the construction of a new cell. There was also a determination that the current funding sources, which include solid waste tipping and availability fees, recycling fees, potential methane gas recovery fees, would not sufficiently cover this new project without an increase in the availability fees charged per household. An installment loan agreement for \$4.5 million, to be paid back over a five year period, was entered into in June 2009 for the expansion of the landfill, and construction began in July. In June 2010, the County Commissioners increased the landfill availability fee from \$70 to \$92 to cover the debt service for this project.

In January of 2010, the American Recovery and Reinvestment Act of 2009 (ARRA) made available loan opportunities through the United States Department of Agriculture (USDA) in amounts higher than generally available in the past. This opportunity, coupled with the fact that a large building that had recently housed a Wal-Mart store in the County became vacant and available for sale, allowed the county to plan for the human services facility that was one of the

highest capital project priorities. This \$12.5 million project, compared to the earlier cost estimates of \$36 million to provide these facilities, made this project especially feasible at this time. A 40 year amortization term, USDA loan opportunity allows for minimal impact on the General Fund budget as this term closely coincides with the depreciation reimbursement to the County for the Social Services portion of the building over a forty-five year period. The USDA loan was secured in October 2010 and renovation of the box building to house county health, social services and permitting departments will begin this winter.

The Board of County Commissioners continued to demonstrate its commitment to quality education in Haywood County schools by spending \$14.43 million for current expense and \$200,000 for current capital outlay. In May of 2005 the taxpayers of the county approved a general obligation bond of \$25 million to pay for a new elementary school as well as construction, repairs and renovations to other school buildings throughout the county. The new elementary school was completed in the summer of 2007. The bond proceeds have also been used to update the heating system and add air conditioning to the two middle schools in the county, upgrade or construct new ball fields and gymnasiums for the two high schools in the County, and to build additional classrooms for some of the elementary schools in 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. In addition to the \$1.8 million mentioned earlier and contributed to the college for the child development center, the commissioners have approved plans to begin construction on a \$2.6 million renovation to buildings on the college campus. Also, over the last two years, the community college has been planning the design for a new Creative Crafts building to replace an obsolete building. When completed, the \$11.1 million project will house computer and multipurpose classrooms for film and video and other curriculum courses as well as housing the professional crafts programs, an important resource to the local economy. The project will also replace instructional space lost due to flooding in 2004 and will provide for significant student growth and program expansion. Plans for this project include solar collectors for energy savings and are intended to meet the guidelines for platinum Leadership in Energy and Environmental Design (LEED) certification. The County plans to enter into an installment loan agreement in October and the sales tax revenues that have been dedicated to the college projects are estimated to be sufficient to cover the annual debt service. During the fiscal year, the County Commissioners contributed \$2,118,456 for operational expense and \$665,631 for capital outlay for the community college.

Recognizing the importance of recreation to the citizens of Haywood County, the County Commissioners have maintained a County recreation department through General Fund allocations. The recreation department of the County, along with the municipalities within the county, explored long-range recreation planning by contracting with an engineering and planning

firm to develop a master county-wide recreation plan. The competed plan suggested, among other needs, the current need for property to be purchased within the northern portion of the County for a parks and recreation area. Not long after the plan was presented, a small parcel of land, 22 acres, became available for sale and was purchased by the County to be designated for a park. Allocations from the County recreation department, and grants from the Haywood County Tourism Development Authority were committed for design work, which was completed last fiscal year and includes multiple use fields, picnic areas and a walking trail. The goal is to complete the park for use by citizens as well as for league sports events that should, ultimately, have a positive economic impact on the County. Plans include obtaining construction grants as these opportunities arise in the future.

### **Awards and Acknowledgements**

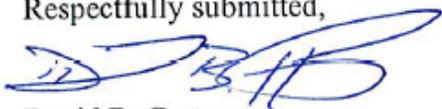
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Haywood County for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2009. The Certificate of Achievement 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 GFOA.

The preparation of this report would not be possible without the professional team of dedicated individuals in the Finance Department. We would like to acknowledge Dixon Hughes PLLC, Certified Public Accountants, for their assistance. The cooperation of each county department is appreciated as we work together in maintaining the County's financial operations. We especially thank the members of the Board of 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,



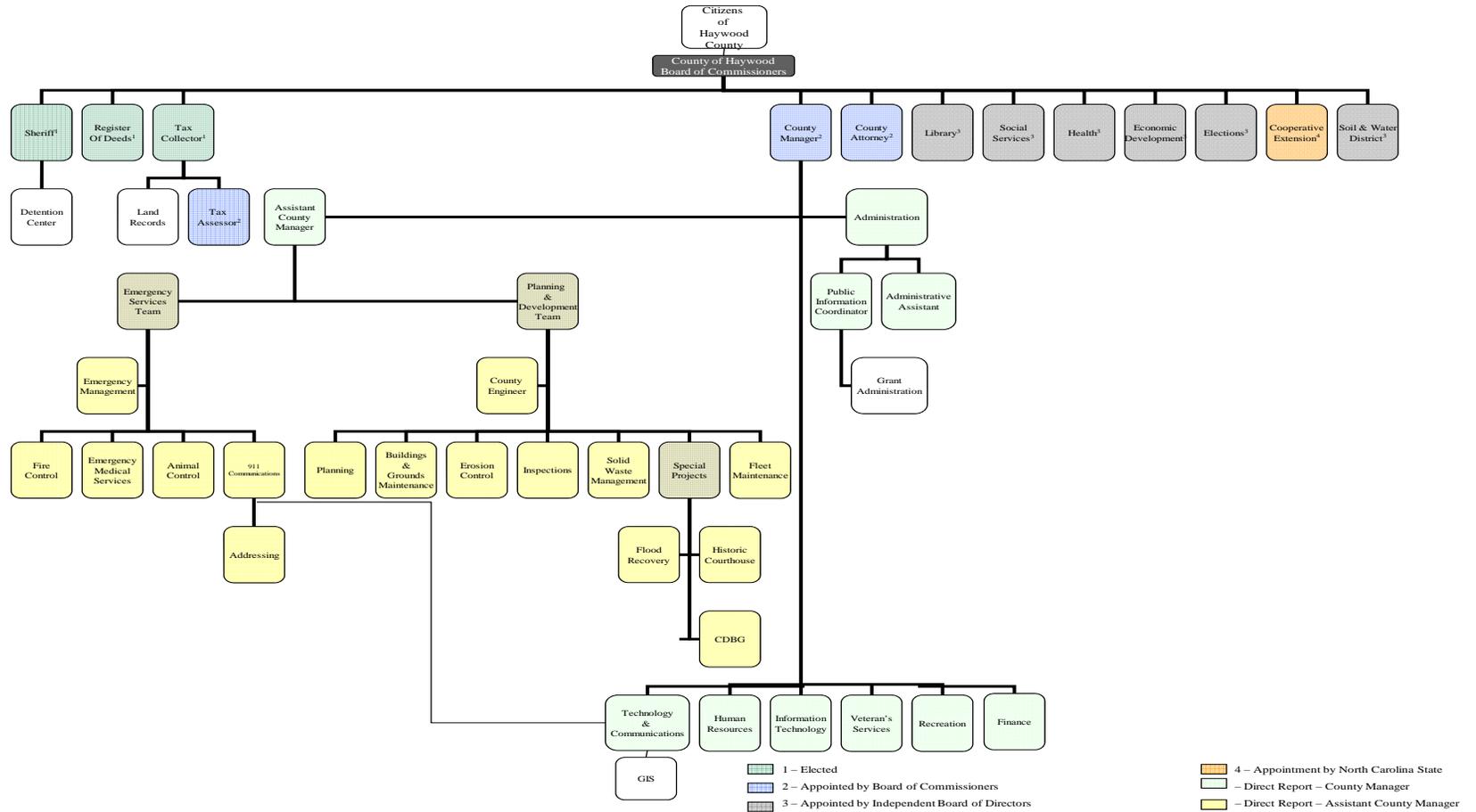
David B. Cotton  
County Manager



Julie H. Davis, CPA  
Finance Director

# HAYWOOD COUNTY, NORTH CAROLINA

## Organizational Chart



**HAYWOOD COUNTY, NORTH CAROLINA**

List of Principal Officials

June 30, 2010

**Board of County Commissioners**

J.W. "Kirk" Kirkpatrick, III, Chairman  
Bill L. Upton, Vice-Chairman  
Charles "Skeeter" Curtis, Commissioner  
L. Kevin Ensley, Commissioner  
Mark S. Swanger, Commissioner

**County Officials**

David B. Cotton, County Manager  
Julie H. Davis, CPA, Finance Director  
Judy Ballard, Tax Assessor  
David Francis, Tax Administrator  
Sherry Rogers, Register of Deeds  
Bobby R. Suttles, Sheriff  
Leon M. Killian, Attorney

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, 2009

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

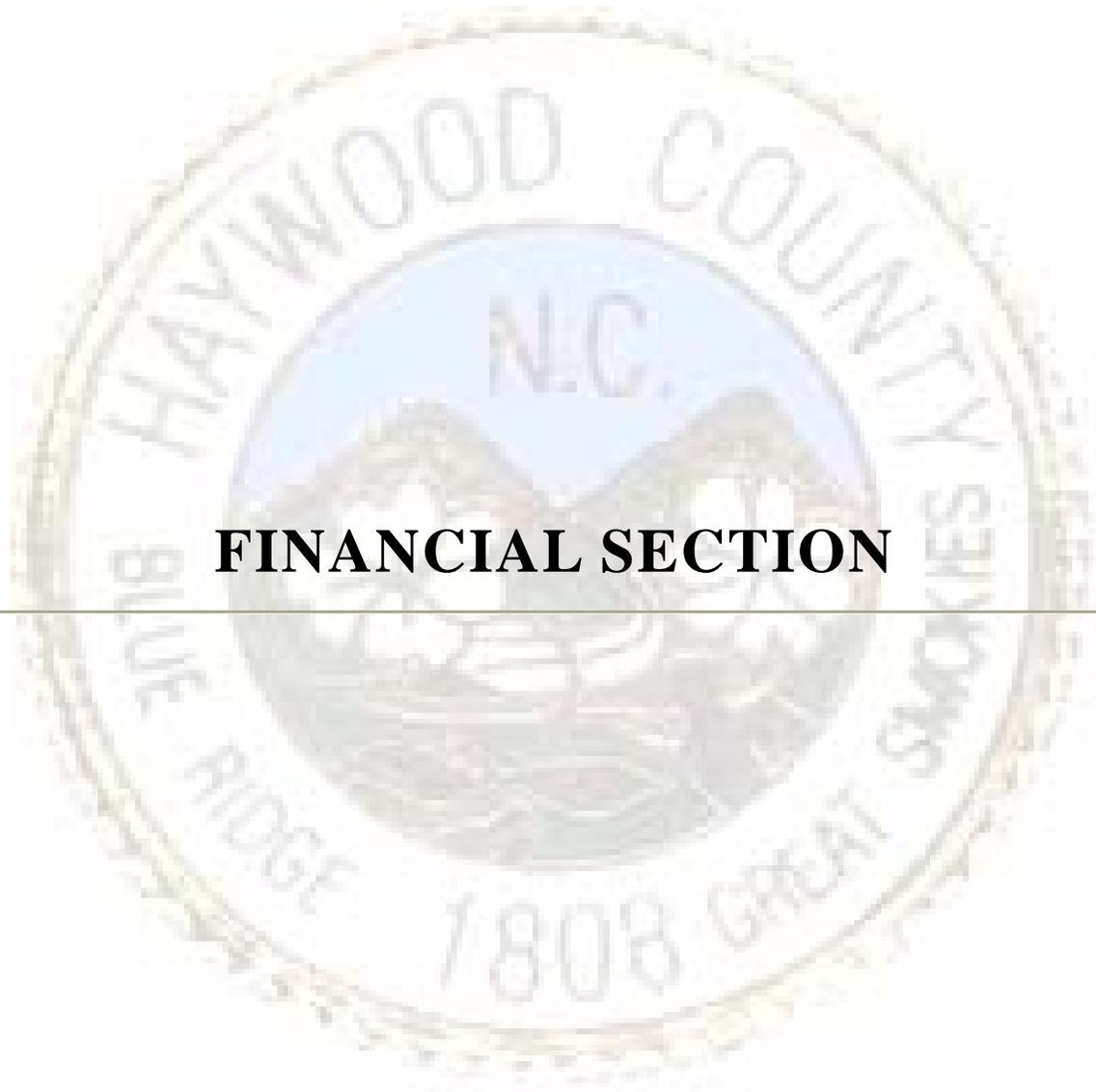


A stylized, handwritten signature in black ink, appearing to be "JRE".

President

A handwritten signature in black ink that reads "Jeffrey R. Enow".

Executive Director



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**FINANCIAL SECTION**

**- Independent Auditors' Report -**

To the Board of County Commissioners  
Haywood County, North Carolina

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, 2010, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Haywood County's management. Our responsibility is to express opinions on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2010, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the General Fund and the Solid Waste Management Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 26, 2010, on our consideration of Haywood County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and

(1)

Independent Auditors' Report  
Page Two

compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. Accordingly, we express no opinion. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis and the schedules of funding progress, employer contributions and the notes to the required schedules for the Law Enforcement Officers' Special Separation Allowance and the Other Postemployment Benefits' Schedule of Funding Progress and Employer Contributions are not a required part of the basic financial statements but is supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit this information and express no opinion on it.

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 financial statements, budgetary schedules, other schedules, statistical tables, as well as the accompanying schedule of federal and State awards as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the State Single Audit Implementation Act, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements, budgetary schedules, and other schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

October 26, 2010

Dixon Hughes PLLC

# HAYWOOD COUNTY, NORTH CAROLINA

## Management's Discussion and Analysis

June 30, 2010

As management of Haywood 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, 2010. 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

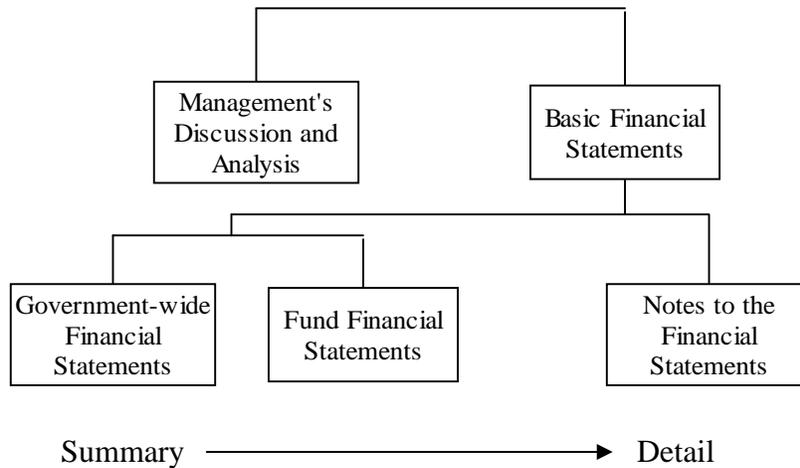
- The assets of Haywood County exceeded its liabilities at the close of the fiscal year by \$22,767,768 (*net assets*).
- The government's total net assets increased by \$933,085, primarily due to the decrease in expenditures from budget cuts across functions, the cutting out of all outside non-profit funding and the minimal reliance on fund balance. Human Services reductions also reflect the state taking over the Medicaid expense borne by the county in recent years. Education expense reductions reflect the completion of major projects. Although sales tax, a major non program revenue source, decreased from the prior year by \$1.65 million as the state took over the last percent of the article 44 county sales tax, the county benefited by realizing minimal Medicaid expense, as stated earlier.
- As of the close of the current fiscal year, Haywood County's governmental funds reported combined ending fund balances of \$19,776,347, an increase of \$1,426,941 in comparison with the prior year. This is largely due to the expenditures for the projects that had been funded by debt proceeds received in prior years. Approximately 70 percent of this total amount, or \$13,897,822, is available for spending at the government's discretion (*unreserved fund balance*).
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$9,487,074 or 15 percent of total General Fund expenditures and transfers for the fiscal year.
- Haywood County's total debt increased by \$2,312,668 (3.3%) during the current fiscal year. This is mainly due to the combination of retiring current debt in the amount of \$5.4 million while incurring new installment loan debt of \$4.5 million and recognizing an additional liability for other post employment benefits (OPEB) of \$1,920,466.
- Haywood County's bond rating from Moody's Investor Service for the latest general obligation bond issue was A2, and was upgraded this spring to the Global Rating Scale of Aa3. Standard and Poor's issued a rating of A+ on the general obligation bond issue.

### Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to Haywood County's basic financial statements. The County's basic financial statements consist of three components; 1)

government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements (see Figure 1). The basic financial statements present two different views of the County through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader’s understanding of the financial condition of Haywood County.

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



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

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

The next section of the basic financial statements is the **notes**. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, **supplemental information** is provided to show details about the County’s non-major governmental funds and internal service funds, all of which are added together in one column on the basic financial statements. Budgetary information required by the 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 assets and how they have changed. Net assets are the difference between the County's total assets and total liabilities. Measuring net assets is one way to gage the County's financial condition.

The government-wide statements are divided into two categories: 1) governmental activities; 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 Tourism Development Authority is important to the County because the County is financially accountable for the Board by appointing its members. The West Canton Water and Sewer District, although also legally separate, functions as a special revenue fund within the county government, maintains the same board of directors as the county, and therefore, has been included as an integral part of the primary government.

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 Assets 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 nineteen 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 seventeen 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 29 of this report.

**Other Information** - In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning Haywood County's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 63 of this report.

**Government-Wide Financial Analysis**

As noted earlier, net assets may serve over time as one useful indicator of a government's financial condition. The assets of Haywood County exceeded liabilities by \$22,767,768 as of June 30, 2010. The County's net assets increased by \$933,085 for the fiscal year ended June 30, 2010. One of the largest portions (140%) reflects the County's 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 assets (18%) represents resources that are subject to external restrictions on how they may be used. The balance of negative unrestricted net assets of (\$13,164,199) reflects the outstanding debt for the public school building projects without a related asset. This is due to the fact that the school board retains title to the schools, while the county incurs the related debt.

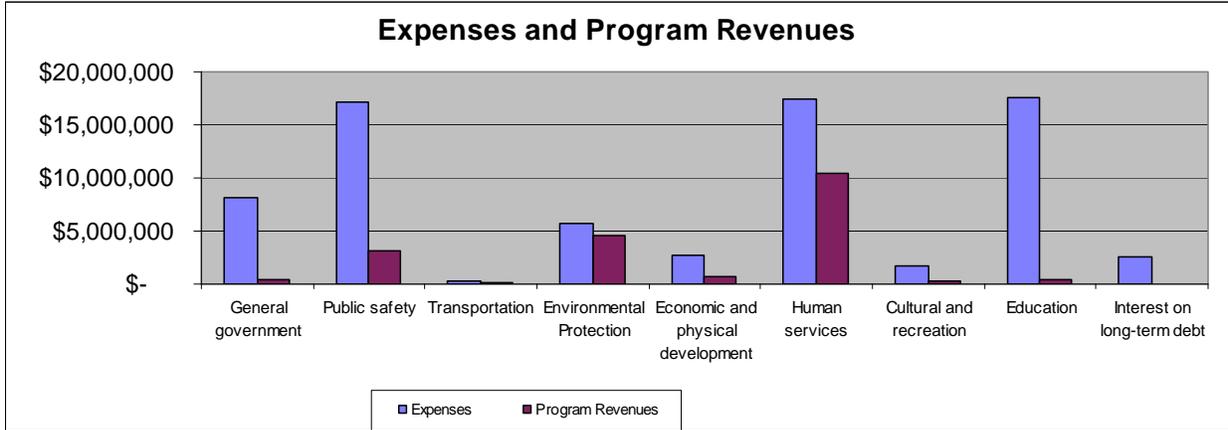
**Haywood County's Net Assets**  
**Figure 2**

	<u>2010</u>	<u>2009</u>
Current and other assets	\$ 29,811,080	\$ 29,637,795
Capital assets	68,831,567	66,587,716
Total assets	<u>98,642,647</u>	<u>96,225,511</u>
Long-term liabilities outstanding	71,560,594	69,247,926
Other liabilities	4,314,285	5,142,902
Total liabilities	<u>75,874,879</u>	<u>74,390,828</u>
Net assets:		
Invested in capital assets, net of related debt	31,810,284	30,453,109
Restricted	4,121,683	3,166,520
Unrestricted	<u>(13,164,199)</u>	<u>(11,784,946)</u>
Total net assets	<u>\$ 22,767,768</u>	<u>\$ 21,834,683</u>

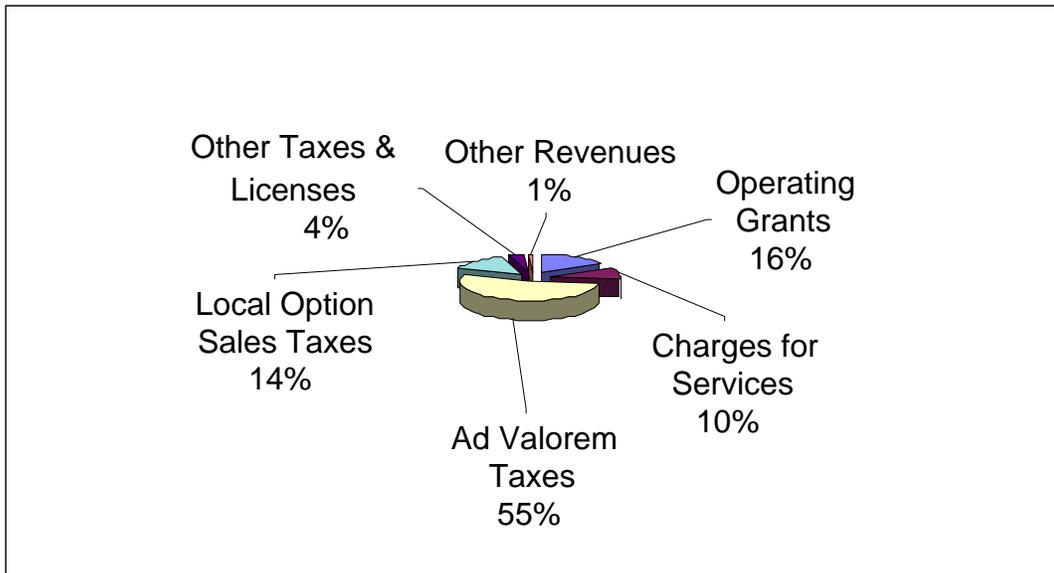
**Haywood County's Changes in Net Assets**  
**Figure 3**

	<b>Governmental Activities</b>	
	<b><u>2010</u></b>	<b><u>2009</u></b>
Revenues:		
Program revenues:		
Charges for services	\$ 7,832,897	\$ 8,490,064
Operating grants and contributions	11,880,711	12,009,264
Capital grants and contributions	363,502	1,474,439
General revenues:		
Property taxes	40,653,369	38,837,841
Other taxes	13,275,314	14,418,338
Grants and contributions not restricted to specific programs	296,970	420,508
Other	153,695	339,238
	<u>74,456,458</u>	<u>75,989,692</u>
Expenses:		
General government	8,182,194	8,768,120
Public safety	17,126,202	16,776,152
Transportation	292,770	284,233
Environmental protection	5,739,294	5,152,439
Economic and physical development	2,736,807	2,770,701
Human services	17,479,276	19,842,232
Culture and recreation	1,773,656	1,899,287
Education	17,562,877	19,139,292
Interest on long-term debt	2,630,297	2,439,611
Total expenses	<u>73,523,373</u>	<u>77,072,067</u>
Increase (decrease) in net assets	933,085	(1,082,375)
Net assets, July 1	<u>21,834,683</u>	<u>22,917,058</u>
Net assets, June 30	<u>\$ 22,767,768</u>	<u>\$ 21,834,683</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, unreserved fund balance of the General Fund was \$9,487,074 while total fund balance reached \$15,131,521. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 15 percent of total General Fund expenditures and transfers, while total fund balance represents 23.5 percent of that same amount.

The Solid Waste Management Fund reports the activities in running the landfill, convenience centers, and the material recovery facility. At the end of the current fiscal year, the total fund balance in that fund, \$2,940,094 reflects the increase in revenues from tipping fees and availability fees that are expected to be available to cover future landfill expansion and closing costs.

At June 30, 2010, the governmental funds of Haywood County reported a combined fund balance of \$19,776,347, a 7% increase over last year. The increase was partially due to the balance available from the new article 46 sales tax that the County Commissioners dedicated to the community college capital projects that had not yet started.

**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 \$1,624,339, largely due to grant appropriations throughout the year.

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

### Capital Asset and Debt Administration

**Capital Assets** - Haywood County's capital assets for its governmental activities as of June 30, 2010, total \$68,831,567 (net of accumulated depreciation). These assets include buildings, land, other improvements, machinery and equipment, furniture, and vehicles.

Major capital asset transactions during the year include:

- Purchased new vehicles for the Sheriff's office.
- Began construction on phase three of the White Oak Landfill

#### Haywood County's Capital Assets (net of depreciation) Figure 3

	<b>Governmental Activities</b>	
	<u>2010</u>	<u>2009</u>
Land	\$ 8,800,657	\$ 8,766,876
Buildings	46,283,279	46,919,893
Improvements other than buildings	6,755,193	7,241,201
Equipment	2,194,104	2,661,971
Vehicles	829,148	997,775
Construction in progress	3,969,186	-
Total	<u>\$ 68,831,567</u>	<u>\$ 66,587,716</u>

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

**Long-term Debt** - As of June 30, 2010, Haywood County had \$30.9 million in bonded debt outstanding.

#### Haywood County's Outstanding Debt General Obligation Figure 4

	<b>Governmental Activities</b>	
	<u>2010</u>	<u>2009</u>
General obligation bonds	<u>\$ 30,900,000</u>	<u>\$ 32,650,000</u>

Haywood County's total debt increased by \$2,312,668 (3.3%) during the current fiscal year. This is mainly due to the combination of retiring current debt in the amount of \$5.4 million while incurring new installment loan debt of \$4.5 million and recognizing an additional liability for other post employment benefits (OPEB) of \$1,920,466.

As mentioned in the financial highlights section of this document, Haywood County's last general obligation bond issue was rated A2 from Moody's Investor Service, recently upgraded to Aa3, and A+ 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 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for Haywood County is \$516,399,248

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

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

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

- The County experienced a decrease in the unemployment rate to 8.9%, which is below the state rate of 10.1% and below the national rate of 9.6%.
- New construction continues, reflecting in a 17% increase in commercial construction from the prior year. Residential construction, however, dropped 12% from the prior year.
- Property values, including both commercial and residential, have shown an increase since 2006, the latest revaluation year, of 12.4%, which reflects a 2.3% increase in the past year.

### **Budget Highlights for the Fiscal Year Ending June 30, 2011**

**Governmental Funds** - Budgeted revenues in the General Fund reflect a small increase in the property tax base from new residential and commercial construction. The tax rate remained the same as the prior year, which reflected an increase to 51.4 cents per \$100 valuation in order to maintain an adequate fund balance and maintain operations within the current economic climate. The General Fund budget, which was flat compared to the previous year's, did not appropriate any fund balance, except for an amount of public school project balance that was transferred to pay the related debt service. The Solid Waste Management Special Revenue Fund, recently segregated from the General Fund, reflects the privatization of the convenience centers in the county as well as operations of the county landfill and recycling centers. The budget for the fund also reflects the debt service for the new landfill cell expansion and an increase in the availability fee charged to residents to cover the landfill expansion debt service. This more closely matches the revenue stream with the related expenditures.

Budgeted expenditures in the General Fund are expected to rise to reflect the debt service on the new building projects for county offices as well as the community college. The sales tax revenue generated from the last ¼ cent tax should cover the debt service on the college debt, with sufficient amounts left for current college capital projects. The County is in the eighth year of a formula allocation for current school operating expenditures, which was developed in cooperation with the Haywood County Board of Education, and which should maintain appropriations at equal to, or above, the statewide average per pupil appropriation.

### **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 Assets

June 30, 2010

	<b>Primary Government</b>	<b>Component Unit</b>
	<b>Governmental Activities</b>	<b>Haywood County Tourism Development Authority</b>
Assets:		
Cash and cash equivalents	\$ 17,997,084	\$ 91,618
Restricted cash	523,948	-
Receivables (net)	4,772,823	178,186
Due from other governments	5,495,439	-
Inventories	88,304	-
Prepaid items	309,604	-
Deferred charge--issuance costs	623,878	-
Capital assets:		
Land, improvements, and construction in progress	12,769,843	-
Other capital assets, net of depreciation	56,061,724	28,798
Total capital assets	68,831,567	28,798
 Total assets	 98,642,647	 298,602
Liabilities:		
Accounts payable and accrued expenses	2,975,238	33,646
Unearned revenue	688,652	-
Accrued interest payable	650,395	-
Long-term liabilities:		
Due within one year	6,245,409	-
Due in more than one year	65,315,185	-
Total liabilities	75,874,879	33,646
Net assets:		
Invested in capital assets, net of related debt	31,810,284	28,798
Restricted for:		
Public safety	374,877	-
Environmental protection	3,578,876	-
Education	153,079	-
Economic and physical development	14,851	-
Unrestricted (deficit)	(13,164,199)	236,158
 Total net assets	 \$ 22,767,768	 \$ 264,956

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

# HAYWOOD COUNTY, NORTH CAROLINA

## Statement of Activities

For the Fiscal Year Ended June 30, 2010

Functions/Programs	Program Revenues			
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government:				
Governmental activities:				
General government	\$ 8,182,194	\$ 181,331	\$ 203,704	\$ -
Public safety	17,126,202	2,190,012	963,921	29,872
Transportation	292,770	-	182,845	-
Environmental protection	5,739,294	4,585,211	46,105	-
Economic and physical development	2,736,807	229,303	389,337	28,879
Human services	17,479,276	574,082	9,751,605	40,183
Culture and recreation	1,773,656	72,958	184,269	10,000
Education	17,562,877	-	158,925	254,568
Interest on long-term debt	2,630,297	-	-	-
Total primary government	\$ 73,523,373	\$ 7,832,897	\$ 11,880,711	\$ 363,502
Component unit:				
Haywood County Tourism Development Authority	\$ 1,074,821	\$ 74,632	\$ -	\$ -
General revenues:				
Taxes:				
Property taxes, levied for general purpose				
Local option sales tax				
Occupancy taxes				
Real property transfer				
Deed stamp excise tax				
Telecommunications/video tax				
Other taxes and licenses				
Grants and contributions not restricted to specific programs				
Investment earnings, unrestricted				
Miscellaneous, unrestricted				
Total general revenues				
Change in net assets				
Net assets-beginning				
Net assets-ending				

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

<b>Net (Expense) Revenue and Changes in Net Assets</b>	
<b>Primary Government</b>	<b>Component Unit</b>
<b>Governmental Activities</b>	<b>Haywood County Tourism Development Authority</b>
\$ (7,797,159)	
(13,942,397)	
(109,925)	
(1,107,978)	
(2,089,288)	
(7,113,406)	
(1,506,429)	
(17,149,384)	
(2,630,297)	
<u>\$ (53,446,263)</u>	
	<u>\$ (1,000,189)</u>
\$ 40,653,369	\$ -
10,471,553	-
902,195	883,172
417,226	-
395,480	-
347,718	-
741,142	-
296,970	-
76,439	-
77,256	596
<u>54,379,348</u>	<u>883,768</u>
933,085	(116,421)
<u>21,834,683</u>	<u>381,377</u>
<u>\$ 22,767,768</u>	<u>\$ 264,956</u>

**HAYWOOD COUNTY, NORTH CAROLINA**

Balance Sheet  
Governmental Funds

June 30, 2010

<u>Assets</u>	<u>General</u>	<u>Solid Waste Management Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Cash and cash equivalents	\$ 12,739,520	\$ 2,899,800	\$ 1,458,892	\$ 17,098,212
Restricted cash	-	-	523,948	523,948
Accounts receivable, net	471,204	543,744	-	1,014,948
Taxes receivable, net	2,529,277	-	330,935	2,860,212
Other tax receivables	867,805	-	-	867,805
Due from other governments	5,394,552	30,862	70,025	5,495,439
Other receivables	15,605	-	-	15,605
Prepays	253,802	-	-	253,802
Inventories	88,304	-	-	88,304
	<u>\$ 22,360,069</u>	<u>\$ 3,474,406</u>	<u>\$ 2,383,800</u>	<u>\$ 28,218,275</u>

**Liabilities and Fund Balances**

Liabilities:

Accounts payable and accrued liabilities	\$ 2,465,370	\$ 146,698	\$ 348,103	\$ 2,960,171
Deferred revenues	4,763,178	387,644	330,935	5,481,757
Total liabilities	<u>7,228,548</u>	<u>534,342</u>	<u>679,038</u>	<u>8,441,928</u>

Fund balances:

Reserved for:				
Inventories	88,304	-	-	88,304
State statute	5,203,106	187,774	46,304	5,437,184
Prepays	253,802	-	-	253,802
Sheriff drug seizure funds	99,235	-	-	99,235
Unreserved:				
Designated for subsequent years expenditures:				
Solid Waste Management Fund	-	100,000	-	100,000
Reported in non-major:				
Special Revenue Funds	-	-	29,897	29,897
Capital project funds	-	-	1,197,015	1,197,015
Designated for debt service	673,943	-	-	673,943
Designated for MOW program	302,636	-	-	302,636
Designated for LEO special separation allowance	65,000	-	-	65,000
Designated for future public school debt service	1,043,546	-	-	1,043,546

(continued)

**HAYWOOD COUNTY, NORTH CAROLINA**

Balance Sheet  
Governmental Funds, Continued

June 30, 2010

	<u>General</u>	<u>Solid Waste Management Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Fund balances, continued:				
Unreserved, continued:				
Designated for future community college capital outlay	\$ 2,099,368	\$ -	\$ -	\$ 2,099,368
Undesignated	5,302,581	2,652,290	-	7,954,871
Unreserved, reported in non-major:				
Special Revenue Funds	-	-	374,877	374,877
Capital Projects Funds	-	-	56,669	56,669
Total fund balances	<u>15,131,521</u>	<u>2,940,064</u>	<u>1,704,762</u>	<u>19,776,347</u>
Total liabilities and fund balances	<u>\$ 22,360,069</u>	<u>\$ 3,474,406</u>	<u>\$ 2,383,800</u>	
Deferred charges related to advance refunding bond issue				623,878
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.				68,831,567
The internal service fund is used by management to account for the activities of the self-insurance plan of the County for employee medical claims to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the Statement of Net Assets.				939,607
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:				
Accrued interest receivable				14,253
Notes receivable				1,514,450
Liabilities for earned but deferred revenues in fund statements.				3,278,655
Some liabilities are not due and payable in the current period and therefore are not reported in the funds:				
Accrued interest payable				(650,395)
Long-term obligations				<u>(71,560,594)</u>
Net assets of governmental activities				<u>\$ 22,767,768</u>

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

**HAYWOOD COUNTY, NORTH CAROLINA**

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

For the Fiscal Year Ended June 30, 2010

	<u>General Fund</u>	<u>Solid Waste Management Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Ad valorem taxes	\$ 36,986,735	\$ -	\$ 3,849,107	\$ 40,835,842
Local option sales taxes	10,471,553	-	-	10,471,553
Other taxes and licenses	2,114,440	133,668	555,653	2,803,761
Unrestricted intergovernmental	296,970	-	-	296,970
Restricted intergovernmental	12,001,725	46,105	169,625	12,217,455
Permits and fees	265,594	2,576,014	-	2,841,608
Sales and services	3,000,849	1,963,905	(337)	4,964,417
Investment earnings (loss)	163,399	-	(86,960)	76,439
Miscellaneous	212,480	-	-	212,480
Total revenues	<u>65,513,745</u>	<u>4,719,692</u>	<u>4,487,088</u>	<u>74,720,525</u>
Expenditures:				
Current:				
General government	4,750,336	-	454,659	5,204,995
Central services	2,499,061	-	-	2,499,061
Public safety	11,968,970	-	3,976,425	15,945,395
Transportation	292,770	-	-	292,770
Environmental protection	172,518	4,281,058	4,194,658	8,648,234
Economic and physical development	1,998,983	-	421,943	2,420,926
Human services	16,657,274	-	-	16,657,274
Culture and recreation	1,609,610	-	-	1,609,610
Intergovernmental:				
Education	17,414,086	-	148,791	17,562,877
Debt service:				
Principal	4,423,360	-	-	4,423,360
Interest and other charges	2,535,736	-	-	2,535,736
Total expenditures	<u>64,322,704</u>	<u>4,281,058</u>	<u>9,196,476</u>	<u>77,800,238</u>
Revenues over (under) expenditures	<u>1,191,041</u>	<u>438,634</u>	<u>(4,709,388)</u>	<u>(3,079,713)</u>
Other financing sources (uses):				
Transfers from other funds	1,047,181	-	313,685	1,360,866
Transfers to other funds	(178,297)	(130,080)	(1,052,489)	(1,360,866)
Notes payable issued	-	-	4,500,000	4,500,000
Sale of capital assets	6,654	-	-	6,654
Total other financing sources (uses)	<u>875,538</u>	<u>(130,080)</u>	<u>3,761,196</u>	<u>4,506,654</u>
Net change in fund balances	2,066,579	308,554	(948,192)	1,426,941
Fund balances--beginning	<u>13,064,942</u>	<u>2,631,510</u>	<u>2,652,954</u>	<u>18,349,406</u>
Fund balances--ending	<u>\$ 15,131,521</u>	<u>\$ 2,940,064</u>	<u>\$ 1,704,762</u>	<u>\$ 19,776,347</u>

**HAYWOOD COUNTY, NORTH CAROLINA**

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

For the Fiscal Year Ended June 30, 2010

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

Net change in fund balances--total governmental funds	\$ 1,426,941
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period:	
Capital outlay	5,377,218
Depreciation	(3,203,522)
Cost of capital asset disposed of during the year, not recognized on modified accrual basis	(452)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:	
Change in ad valorem taxes receivable	(182,473)
Change in notes receivable	(158,403)
Fair value of assets donated that is not recorded in the fund statements but is recorded in the government-wide statements	70,607
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items:	
Proceeds	(4,500,000)
Issuance premium, net of amortization	96,309
Repayments	4,423,360
Issuance costs, net of amortization	(55,274)
The internal service fund is used by management to account for the activities of the self-insurance plan of the County for employee medical claims to individual funds. The net revenue is reported with the governmental activities	161,982
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds: The following are accrued in the government-wide statements but not in the fund statements because they do not use current resources:	
Compensated absences	(38,103)
Landfill closure and post closure costs	(339,998)
Net pension obligation	(33,770)
OPEB Liability	(1,920,466)
Difference in interest expense between fund statements (modified accrual) and government-wide statements (full accrual).	(190,871)
Total changes in net assets of governmental activities	<u>\$ 933,085</u>

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

## HAYWOOD COUNTY, NORTH CAROLINA

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

For the Fiscal Year Ended June 30, 2010

	<b>General Fund</b>			
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance With Final Positive (Negative)</b>
<b>Revenues:</b>				
Ad valorem taxes	\$ 36,447,139	\$ 36,705,028	\$ 36,986,735	\$ 281,707
Local option sales tax	11,238,734	11,238,734	10,471,553	(767,181)
Other taxes and licenses	1,901,920	1,975,420	2,114,440	139,020
Unrestricted intergovernmental	185,000	185,000	296,970	111,970
Restricted intergovernmental	11,151,028	12,336,580	12,001,725	(334,855)
Permits and fees	394,000	394,000	265,594	(128,406)
Sales and services	3,314,300	3,361,729	3,000,849	(360,880)
Investment earnings	225,000	225,000	163,399	(61,601)
Miscellaneous	210,350	270,319	212,480	(57,839)
Total revenues	65,067,471	66,691,810	65,513,745	(1,178,065)
<b>Expenditures:</b>				
<b>Current:</b>				
General government	4,527,579	5,025,361	4,750,336	275,025
Central services	2,253,867	2,506,881	2,499,061	7,820
Public safety	11,225,710	12,276,092	11,968,970	307,122
Transportation	227,670	305,462	292,770	12,692
Environmental protection	186,388	185,876	172,518	13,358
Economic and physical development	2,051,235	2,134,630	1,998,983	135,647
Human services	16,894,535	18,037,809	16,657,274	1,380,535
Culture and recreation	1,607,079	1,648,371	1,609,610	38,761
<b>Intergovernmental:</b>				
Education	18,509,517	19,560,171	17,414,086	2,146,085
<b>Debt service:</b>				
Principal	4,538,360	4,538,360	4,423,360	115,000
Interest and other charges	2,567,730	2,567,730	2,535,736	31,994
Total Expenditures	64,589,670	68,786,743	64,322,704	4,464,039
Revenues over (under) expenditures	477,801	(2,094,933)	1,191,041	3,285,974
<b>Other financing sources (uses):</b>				
Transfers from other funds	-	3,380	1,047,181	1,043,801
Transfers to other funds	-	(225,197)	(178,297)	46,900
Sale of capital assets	25,000	25,000	6,654	(18,346)
Total other financing sources (uses)	25,000	(196,817)	875,538	1,072,355

**Solid Waste Management Fund**

<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance With Final Positive (Negative)</b>
\$ -	\$ -	\$ -	\$ -
-	-	-	-
53,000	87,975	133,668	45,693
-	-	-	-
-	15,000	46,105	31,105
2,225,000	2,328,719	2,576,014	247,295
1,411,500	1,686,500	1,963,905	277,405
-	-	-	-
-	-	-	-
<u>3,689,500</u>	<u>4,118,194</u>	<u>4,719,692</u>	<u>601,498</u>
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
3,511,966	4,827,593	4,281,058	546,535
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
<u>3,511,966</u>	<u>4,827,593</u>	<u>4,281,058</u>	<u>546,535</u>
<u>177,534</u>	<u>(709,399)</u>	<u>438,634</u>	<u>1,148,033</u>
-	-	-	-
-	(130,080)	(130,080)	-
-	-	-	-
<u>-</u>	<u>(130,080)</u>	<u>(130,080)</u>	<u>-</u>

(continued)

## HAYWOOD COUNTY, NORTH CAROLINA

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

For the Fiscal Year Ended June 30, 2010

	General Fund			Variance With Final Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues and other financing sources over (under) expenditures and other financing uses	\$ 502,801	\$ (2,291,750)	\$ 2,066,579	\$ 4,358,329
Appropriated fund balance	560,861	2,291,750	-	(2,291,750)
Contingency	(1,063,662)	-	-	-
Net change in fund balances	\$ -	\$ -	2,066,579	\$ 2,066,579
Fund balances:				
Beginning of year, July 1			13,064,942	
End of year, June 30			\$ 15,131,521	

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

**Solid Waste Management Fund**

<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance With Final Positive (Negative)</b>
\$ 177,534	\$ (839,479)	\$ 308,554	\$ 1,148,033
-	839,479	-	(839,479)
(177,534)	-	-	-
<u>\$ -</u>	<u>\$ -</u>	308,554	<u>\$ 308,554</u>
		<u>2,631,510</u>	
		<u>\$ 2,940,064</u>	

**HAYWOOD COUNTY, NORTH CAROLINA**Statement of Net Assets  
Proprietary Funds

June 30, 2010

	<b><u>Internal Service Funds</u></b>
Assets:	
Current assets:	
Cash and cash equivalents	\$ 898,872
Prepays	<u>55,802</u>
Total assets	<u>954,674</u>
Liabilities:	
Current liabilities:	
Accrued expenses	<u>15,067</u>
Net assets:	
Unrestricted	<u><u>\$ 939,607</u></u>

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

**HAYWOOD COUNTY, NORTH CAROLINA**Statement of Revenues, Expenses, and Changes in Fund Net Assets  
Proprietary Funds

For the Fiscal Year Ended June 30, 2010

	<b><u>Internal Service Funds</u></b>
Operating revenues:	
Internal charges	\$ 4,860,360
Charges for services	556,748
Cobra subsidy	1,268
Total operating revenues	<u>5,418,376</u>
Operating expenses:	
Claims and administration	<u>5,256,394</u>
Operating income/increase in net assets	161,982
Net assets:	
Beginning of year, July 1	<u>777,625</u>
End of year, June 30	<u><u>\$ 939,607</u></u>

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

**HAYWOOD COUNTY, NORTH CAROLINA**Statement of Cash Flows  
Proprietary Funds

For The Fiscal Year Ended June 30, 2010

	<b><u>Internal Service Funds</u></b>
Cash flows from operating activities:	
Receipts from third-party payors and patients	\$ 5,363,573
Payments to providers	(4,914,284)
Payments to administrator	(788,792)
Net cash used by operating activities	<u>(339,503)</u>
Decrease in cash and cash equivalents	(339,503)
Cash and cash equivalents, July 1	<u>1,238,375</u>
Cash and cash equivalents, June 30	<u><u>\$ 898,872</u></u>
Reconciliation of operating income to net cash used by operating activities:	
Operating income	\$ 161,982
Changes in assets and liabilities:	
Increase in prepaids	(54,802)
Decrease in accrued expenses	<u>(446,683)</u>
Net cash used by operating activities	<u><u>\$ (339,503)</u></u>

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

**HAYWOOD COUNTY, NORTH CAROLINA**Statement of Fiduciary Net Assets  
Fiduciary Fund

For the Fiscal Year Ended June 30, 2010

	<b>Agency Funds</b>
	<u>                    </u>
Assets:	
Cash and cash equivalents	\$ 266,431
	<u>                    </u>
Liabilities:	
Amounts held for others	187,153
Due to other governments	79,278
	<u>                    </u>
Total liabilities	<u><u>\$ 266,431</u></u>

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

# HAYWOOD COUNTY, NORTH CAROLINA

## Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2010

### 1. **Summary of Significant Accounting Policies**

The accounting policies of Haywood County and its blended 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 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 (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 (Corporation) is organized and operated exclusively for the purpose of promoting the general welfare of the citizens of Haywood County by assisting the County in carrying out its governmental functions through the acquisition, construction and operation, sale or lease of real estate and improvements, facilities and equipment for the use and benefit of the general public. The Corporation has a board of directors consisting of no less than three persons and no more than five persons, all of

which are appointed by the Haywood County Board of Commissioners. The Corporation has no financial transactions or account balances, therefore, is not reported in the basic financial statements. The Corporation does not issue separate financial statements.

□ **Haywood County Tourism Development Authority**

The North Carolina General Legislature enacted a law, which authorized Haywood County to levy a room occupancy and tourism development tax; and the board of commissioners adopted a resolution levying this tax on October 1, 1983. The board of commissioners created Haywood County Tourism Development Authority (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 Authority may be obtained at the administrative office of the TDA at 1233 North Main Street, Suite I-40, Waynesville, North Carolina, 28786.

B. **Basis of Presentation**

**Government-Wide Statements:**

The Statement of Net Assets 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, 2010:

**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**

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

Additionally, the County reports the following fund types:

**Special Revenue Funds**

Special revenue funds are used to account for specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes. The County has the following special revenue funds: Crisis Assistance Housing Special Revenue Fund, the Capital Reserve Fund, the Emergency Telephone Fund, the Fire Districts Fund, the Sanitary District Fund, the Road Service Fund, and the CDBG Scattered Site Project 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 Public Schools ADM Lottery Fund, the Public Schools G.O. Bond Building Fund, County Building Renovations Fund, Master Facilities Capital Projects Fund, Economic Development Fund, Water and Sewer Lines Fund, and the Solid Waste/Landfill 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 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 DMV Interest Fund, which accounts for fees and interests for the Department of Motor Vehicles; 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. Also, as of January 1, 1993, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, Haywood County is responsible for billing and collecting the property taxes on all registered motor vehicles on behalf of all municipalities and special tax districts in the County. For motor vehicles, property taxes are due the first day of the fourth month after the vehicles are registered. The billed taxes are applicable to the fiscal year in which they become due. Therefore, taxes for vehicles registered from March 2009 through February 2010 apply to the fiscal year ended June 30, 2010. Uncollected taxes which were billed during this period are shown as a receivable on these financial statements.

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

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

- D. **Budgetary Data** - The County's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund and special revenue funds, excluding the CDBG Scattered Site Project and the Crisis Housing Assistance Fund. All annual appropriations lapse at the fiscal year-end. Project ordinances are adopted for the Capital Projects Funds, CDBG Scattered Site Project and the Crisis Housing Assistance Fund. All budgets are prepared using the modified accrual basis of accounting.

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

- E. **Use of Estimates** - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**F. Assets, Liabilities and Fund Balances/Net Assets****Deposits and Investments:**

All deposits of the County and Haywood County TDA are made in board-designated official depositories and are secured as required by G.S. 159-31. The County and the TDA Board may designate, as an official depository, any bank or savings association whose principal office is located in North Carolina. Also, the County and the TDA Board may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts, and certificates of deposit.

State law [G.S. 159-30(c)] authorizes the County and the TDA to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances; and the North Carolina Capital Management Trust (NCCMT) an SEC-registered (2a-7) money market mutual fund.

The County's investments with a maturity of more than one year at acquisition and non-money market investments are carried at fair value as determined by quoted market prices. The securities of the NCCMT Cash Portfolio are valued at fair value, 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. 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.

The unexpended debt proceeds are classified as restricted assets within the Solid Waste Landfill Capital Project Fund because their use is completely restricted to the purpose for which the funds were borrowed.

**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, 2009.

**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 are recorded at their estimated fair value at the date of donation. Certain items acquired before July 1, 1970, are recorded at an estimated original cost. The total of such estimates is not considered large enough that errors would be material when the capital assets are considered as a whole. Minimum capitalization cost is \$1,000. 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 properties that have not been included in capital assets. The properties have been deeded to the County to permit installment purchase financing of acquisition and construction costs and to permit the County to receive refunds of sales tax paid for construction costs. Agreements between the County and the Board of Education give the Board of Education full use of the facilities, full responsibility for maintenance of the facilities, and provide that the County will convey title to the property back to the Board of Education, 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.

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, 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	3-10

**Long-Term Obligations:**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. In the fund financial statements for governmental fund types, the net proceeds of debt issued is reported as “an other financing source.”

**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 Assets:**

Net assets in government-wide and proprietary fund financial statements are classified as invested in capital assets, net of related debt; restricted; and unrestricted. Restricted net assets represent 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, reservations or restrictions of fund balance represent amounts that are not appropriable or are legally segregated for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

State law [G.S. 159-13(b) (16)] restricts the appropriation of fund balance or fund equity to an amount not to exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts as those amounts stand at the close of the fiscal year preceding the budget year.

The governmental fund types classify fund balances as follows:

**Reserved:** **Reserved by State Statute**

Portion of fund balance, which is not available for appropriation under State law [G.S. 159-8(a)]. This amount is usually comprised of accounts receivable and interfund receivables, which are not offset by deferred revenues.

 **Reserved for Inventories**

Portion of fund balance not available for appropriation because it represents the year-end balance of inventories, which are not expendable, available resources.

 **Reserved for Prepaids**

Portion of fund balance, which is not available for appropriation because it represents the year-end fund balance of ending prepaids, which are not expendable, available resources.

**Reserved for Sheriff Drug Seizure Funds**

Portion of fund balance that is available for appropriation but legally segregated for expenditure as designated by the Sheriff's department.

**Unreserved:** **Designated for Subsequent Year's Expenditures**

Portion of total fund balance available for appropriation which has been designated for the adopted 2010-2011 budget ordinance.

 **Other Designations**

Portions of total fund balance available for appropriation that have been designated for debt service, Meals on Wheels ("MOW") program, future public school debt service, future community college capital outlay, and the Law Enforcement Officers' Special Separations Allowance, at the discretion of the Board of Commissioners.

 **Undesignated**

Portion of total fund balance available for appropriation that is uncommitted at year-end.

**2. Detail Notes on All Funds****A. Assets****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, 2010, the County's deposits had a carrying amount of \$16,030,694 and a bank balance of \$16,303,801. Of the bank balance, \$943,046 was covered by federal depository insurance and \$15,360,755 by collateral held under the Pooling Method.

At June 30, 2010, the County had \$5,175 cash on hand.

At June 30, 2010, the carrying amount of deposits for the TDA was \$91,418, and the bank balance was \$130,370, all of which was covered by federal depository insurance. The TDA had cash on hand at year-end in the amount of \$200.

#### **Investments:**

At June 30, 2010, the County had \$2,751,594 invested with the North Carolina Capital Management Trust's Cash Portfolio which carried a credit rating of AAAM by Standard & Poor's. The County has no formal policy regarding credit risk.

#### **Receivables:**

##### **Notes Receivable**

On January 31, 2002, the County and the Town of Waynesville (Town) entered into a cooperative agreement in which the Town agreed to contribute \$2,500,000 to be used as payment on the installment financing contract for the construction of new parking facilities, with payment scheduled for a twenty year period. On July 8, 2003 the County and the Town modified the agreement. The Town will pay to the County fifteen equal annual payments of \$227,047, including interest at 4.479% through July 15, 2017. At June 30, 2010, the balance was \$1,498,845.

On May 5, 2003, the County received a note for the sale of property. The original amount of the note was \$53,500, payable to the County in equal monthly installments of \$446, with no interest through May 2013. At June 30, 2010, the balance was \$15,605.

Receivables at the government-wide level at June 30, 2010 were as follows:

	<b>Accounts Receivable</b>	<b>Taxes and Related Accrued Interest Receivable</b>	<b>Due from Other Governments</b>	<b>Other</b>	<b>Total</b>
Governmental activities:					
General fund	\$ 821,204	\$ 4,011,335	\$ 5,394,552	\$ 15,605	\$ 10,242,696
Other governmental	568,744	347,020	100,887	-	1,016,651
Total receivables	<u>1,389,948</u>	<u>4,358,355</u>	<u>5,495,439</u>	<u>15,605</u>	<u>11,259,347</u>
Allowance for doubtful accounts	(375,000)	(616,085)	-	-	(991,085)
Total governmental activities	<u>\$ 1,014,948</u>	<u>\$ 3,742,270</u>	<u>\$ 5,495,439</u>	<u>\$ 15,605</u>	<u>\$ 10,268,262</u>
Amounts not expected to be collected within one year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,338,936</u>	<u>\$ 10,254</u>	<u>\$ 1,349,190</u>

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

Local option sales tax	\$ 2,550,609
Long term receivable from town	1,498,845
Sales tax refund	568,230
Other	<u>877,755</u>
	<u>\$ 5,495,439</u>

**Capital Assets:**

Capital asset activity for the year ended June 30, 2010 was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Governmental activities:				
Non-depreciable assets:				
Land	\$ 8,766,876	\$ 33,781	\$ -	\$ 8,800,657
Construction in progress	-	3,969,186	-	3,969,186
Total capital assets not being depreciated	<u>8,766,876</u>	<u>4,002,967</u>	<u>-</u>	<u>12,769,843</u>
Depreciable assets:				
Improvements	13,862,810	-	-	13,862,810
Buildings	52,714,844	415,045	-	53,129,889
Equipment	12,676,749	727,256	757,448	12,646,557
Vehicles	4,320,569	302,557	56,119	4,567,007
Total capital assets being depreciated	<u>83,574,972</u>	<u>1,444,858</u>	<u>813,567</u>	<u>84,206,263</u>
Less accumulated depreciation:				
Improvements	6,621,610	486,007	-	7,107,617
Buildings	5,794,951	1,051,659	-	6,846,610
Equipment	10,014,778	1,194,671	756,996	10,452,453
Vehicles	<u>3,322,793</u>	<u>471,185</u>	<u>56,119</u>	<u>3,737,859</u>
Total accumulated depreciation	<u>25,754,132</u>	<u>\$ 3,203,522</u>	<u>\$ 813,115</u>	<u>28,144,539</u>
Capital assets, net	<u>57,820,840</u>			<u>56,061,724</u>
Governmental activities capital assets, net	<u>\$ 66,587,716</u>			<u>\$ 68,831,567</u>

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

Governmental activities:	
General government	\$ 927,108
Public safety	1,068,726
Environmental protection	308,414
Economic and physical development	665,141
Human services	135,415
Cultural and recreational	<u>98,718</u>
Total	<u><u>\$ 3,203,522</u></u>

**Construction Commitments**

The government had only one active construction project as of June 30, 2010. The construction contract for the new landfill expansion project which began in June 2009 had approximately \$92,000 remaining in the contract.

**Discretely Presented Component Unit**

Activity for the TDA for the year ended June 30, 2010 was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Governmental activities:				
Depreciable assets:				
Improvements	\$ 39,078	\$ -	\$ -	\$ 39,078
Equipment and furniture	<u>17,996</u>	<u>-</u>	<u>-</u>	<u>17,996</u>
Total capital assets being depreciated	<u>57,074</u>	<u>-</u>	<u>-</u>	<u>57,074</u>
Less accumulated depreciation:				
Improvements	7,165	3,908	-	11,073
Equipment and furniture	<u>14,386</u>	<u>2,817</u>	<u>-</u>	<u>17,203</u>
Total accumulated depreciation	<u>21,551</u>	<u>\$ 6,725</u>	<u>\$ -</u>	<u>28,276</u>
Capital assets, net	<u><u>\$ 35,523</u></u>			<u><u>\$ 28,798</u></u>

**B. Liabilities**

**Payables:**

Payables at the government-wide level at June 30, 2010 were as follows:

	<u>Vendors</u>	<u>Salaries and Benefits</u>	<u>Other</u>	<u>Total</u>
Governmental activities:				
General	\$ 1,169,088	\$ 748,831	\$ 547,451	\$ 2,465,370
Solid waste management fund	88,145	58,553	-	146,698
Internal service fund	-	-	15,067	15,067
Other governmental	346,720	1,383	-	348,103
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total governmental activities	\$ 1,603,953	\$ 808,767	\$ 562,518	\$ 2,975,238

**Pension Plan Obligation:**

**Local Governmental Employees' Retirement System**

**Plan Description** - The County contributes to 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 provides retirement and disability benefits to plan members and beneficiaries. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The LGERS is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

**Funding Policy** - Plan members are required to contribute six percent of their annual covered salary. The County is required to contribute at an actuarially determined rate. For the County, the current rate for employees not engaged in law enforcement and for law enforcement officers is 4.80% and 5.27%, respectively, of annual covered payroll. The contribution requirements of members and of the County are established and may be amended by the North Carolina General Assembly. The County's contributions to LGERS for the years ended June 30, 2010, 2009 and 2008 were \$865,635, \$977,673, and \$1,070,888, respectively. The contributions made by the County equaled the required contributions for each year.

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

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

All full-time County law enforcement officers are covered by the Separation Allowance. At December 31, 2009, the Separation Allowance's membership consisted of:

Retirees receiving benefits	3
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	54
 Total	 57

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

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

**Contributions** - The County is required by Article 12D of G. S. Chapter 143 to provide these retirement benefits and has chosen to fund the benefit payments on a pay-as-you-go basis through appropriations made in the General Fund operating budget. The County's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. There were no contributions made by employees.

The annual required contribution for the current year was determined as part of the December 31, 2009 actuarial valuation using the projected unit, credit actuarial cost method. The actuarial assumptions included (a) 5.00% investment rate of return and (b) projected salary increases ranging from 4.5% to 12.3% per year. Both item (a) and (b) included an inflation component of 3.75%. The assumptions did not include post-retirement benefit increases. The unfunded actuarial accrued liability is being amortized as a level percent of pay on a closed basis. The remaining amortization period at December 31, 2009 was 21 years.

**Annual Pension Cost and Net Pension Obligation -**

Employer annual required contribution	\$ 57,236
Interest on net pension obligation	31,846
Adjustment to annual required contribution	<u>(27,670)</u>
Annual pension cost	61,412
Less: Contributions made	<u>27,642</u>
Increase in net pension obligation	33,770
Net pension obligation beginning of year	<u>439,260</u>
Net pension obligation end of year	<u><u>\$ 473,030</u></u>

**Three-Year Trend Information**

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/10	\$ 61,412	45.01%	\$ 473,030
6/30/09	\$ 55,538	50.66%	\$ 439,260
6/30/08	\$ 52,230	29.73%	\$ 411,860

**Funded Status and Funding Progress -** As December 31, 2009, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and the unfunded actuarial accrued liability (UAAL) was \$598,789. The covered payroll (annual payroll of active employees covered by the plan) was \$2,027,941, and the ratio of the UAAL to the covered payroll was 29.53%.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

**Supplemental Retirement Income Plan for Law Enforcement Officers - Plan Description.** The County contributes to the Supplemental Retirement Income Plan ("Plan"), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcement officers employed by the County. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Supplemental Retirement Income Plan for Law Enforcement Officers is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes 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 five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the Plan. Contributions for the year ended June 30, 2010 were \$136,251, which consisted of \$103,559 from the County and \$32,692 from the law enforcement officers.

**Supplemental Retirement Income Plan for Employees Not Engaged in Law Enforcement** - Full-time employees not engaged in law enforcement are eligible to participate in the Supplemental Retirement Plan under Internal Revenue Code Section 401(k). Under this plan, an employee may contribute a percentage of their annual gross salary as limited by federal tax laws. Haywood County contributed an amount equal to 5.5% of annual gross pay through March 2009, at which point the contribution by the county was discontinued, and all amounts contributed were vested immediately. Contributions for the year ended June 30, 2010 were \$251,160, all of which was from employees.

**Registers of Deeds' Supplemental Pension Fund - Plan Description.** Haywood County also contributes to the Registers of Deeds' Supplemental Pension Fund (Fund), a non-contributory, defined contribution plan administered by the North Carolina Department of State Treasurer. The Fund provides supplemental pension benefits to Haywood County Register of Deeds that is retired under the Local Government Employees' Retirement System (LGERS) or an equivalent locally sponsored plan. Article 3 of G.S. Chapter 161 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Registers of Deeds' Supplemental Pension Fund is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for the Registers of Deeds' Supplemental Pension Fund. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

**Funding Policy -** On a monthly basis, the County remits to the Department of State Treasurer an amount equal to one and one-half percent (1.5%) of the monthly receipts collected pursuant to Article 1 of G.S. 161. Immediately following January 1 of each year, the Department of State Treasurer divides ninety-three percent (93%) of the amount in the Fund at the end of the preceding calendar year into equal shares to be disbursed as monthly benefits. The remaining seven percent (7%) of the Fund's assets may be used by the State Treasurer in administering the Fund. For the fiscal year ended June 30, 2010, the County's required and actual contributions were \$5,932.

**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 who have at least thirty years of service with the North Carolina Local Governmental Employees' Retirement System (System) and, on a pro-rata basis, employees who are credited with at least twenty years of service with the System. Retired employees meeting the criteria discussed herein will be provided hospitalization in the same manner as the active County employees. Haywood County pays 100% of the retiree costs for those retirees who have thirty years of service with the System and seven years with the County. The County pays 50% of health insurance costs for those retirees who have 15 years with the System and are at least 60 years of age. For those retirees with fewer than 30 years of service, who are aged 50 to 59, a pro-rata cost share in health insurance costs is received. Retirees can purchase coverage for their dependents at Haywood County's group rates. Currently, 72 retirees are eligible for post-retirement health benefits. For the fiscal year ended June 30, 2010, Haywood County made payments for post-retirement health benefit premiums of \$112,333. 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 Plan consisted of the following at December 31, 2008, the date of the latest actuarial valuation:

	<b>General Employees and Law Enforcement Officers</b>
	<hr/>
Retirees and dependents receiving benefits	72
Active plan members	<hr/> 569
Total	<hr/> <hr/> 641

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

The current ARC rate is 10.09% of annual covered payroll. For the current year, the County contributed \$112,333 or 0.60% of annual covered payroll.

**Summary of Significant Accounting Policies:**

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

**Annual OPEB Cost and Net Obligation:**

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

	<b><u>Governmental Activities</u></b>
Annual required contribution	\$ 2,020,158
Interest on net OPEB obligation	75,844
Adjustment to annual required contribution	<u>(63,203)</u>
Annual OPEB cost	2,032,799
Contributions made	<u>(112,333)</u>
Increase in net OPEB obligation	1,920,466
Net OPEB obligation, beginning of year	<u>1,896,088</u>
Net OPEB obligation, end of year	<u><u>\$ 3,816,554</u></u>

Haywood County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2010 were as follows:

<b><u>For Year Ended June 30</u></b>	<b><u>Annual OPEB Cost</u></b>	<b><u>Percentage of Annual OPEB Cost Contributed</u></b>	<b><u>Net OPEB Obligation</u></b>
2010	\$ 2,032,799	5.53%	\$ 3,816,554
2009	\$ 2,020,158	6.14%	\$ 1,896,088

#### **Fund Status and Funding Progress:**

As of December 31, 2008, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and, thus, the unfunded actuarial accrued liability (UAAL) was \$19,487,023. The covered payroll (annual payroll of active employees covered by the plan) was \$20,026,959, and the ratio of the UAAL to the covered payroll was 97.3 percent. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

**Actuarial Methods and Assumptions:**

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

In the December 31, 2008 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.00 percent investment rate of return (net of administrative expenses), which is the expected long-term investment returns on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual medical cost trend increase of 10.50 to 5.00 percent annually. Both rates included a 3.75 percent inflation assumption. The actuarial value of assets, if any, was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2008, was 30 years.

**Other Employment Benefits:**

The County has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest months' salary in a row during the 24 months prior to the employee's death, but no less than \$25,000 and no more than \$50,000. All death benefit payments are made from the Death Benefit Plan. The County has no liability beyond the payment of monthly contributions. 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. 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. For the fiscal year ended June 30, 2010, the County made contributions to the State for death benefits of \$20,941. The County's required contributions for employees not engaged in law enforcement and for law enforcement officers represented 0.13% and 0.14%, respectively, of covered payroll. The contributions to

the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount.

**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 reports a portion of these closure and postclosure care costs based on the estimated life of the landfill and the usage of the landfill for a particular period. As of June 30, 2010, the estimated accrual for landfill closure and postclosure care of \$5,596,211, which is based on the use of 100% of the estimated capacity of Phase I of the landfill and 87.68% of the estimated capacity of Phase II, had increased by \$339,998. The County will recognize the remaining estimated cost of closure and postclosure care of \$362,591 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2010. Haywood County expects to close the White Oak Facility in the year 2011. Actual costs may be higher 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. However, the County has plans to establish a reserve fund to accumulate resources for the payment of closure and postclosure care costs.

**Deferred / Unearned Revenues:**

The balance in deferred revenues on the fund statements and unearned revenues on the government-wide statements at June 30, 2010 is composed of the following elements:

	<b>Deferred Revenue</b>	<b>Unearned Revenue</b>
Prepaid taxes not yet earned (General)	\$ 124,617	\$ 124,617
Taxes receivable, net (General)	2,529,277	-
Fees receivable (General)	31,609	-
Taxes receivable, net (Special Revenue)	330,937	-
Long-term notes receivable (General)	1,514,450	-
Fees receivable (Solid Waste)	387,644	812
Grant revenue received in cash (General)	563,223	563,223
Total	<u>\$ 5,481,757</u>	<u>\$ 688,652</u>

**Risk Management:**

The County is exposed to various risks of losses related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the government carries commercial insurance. Through the commercial carrier, the County also obtains property coverage equal to replacement cost values of owned property. The County also purchases general, auto, public officials, law enforcement, and employment practices liability coverage of \$2 million per occurrence, auto physical damage coverage for owned auto at actual cash value subject to a limit of \$1 million per occurrence, and crime coverage of \$250,000 per occurrence.

The County does not carry flood insurance. The County had insignificant flooding at the edge of the concrete pad at the animal shelter during the two flood events of 2004, and does not consider the cost of flood insurance determination to be a reasonable expense. The employee medical benefits program is funded through the Insurance Internal Service Fund. The program is funded by both employee and employer contributions. Fringe benefits paid through this program include group health and dental insurance. The group health plan operates with a specific stop-loss of \$60,000 and an aggregate stop-loss of 100 percent of the estimated loss fund. The employee workers' compensation program is funded through the Workers' Compensation Internal Service Fund.

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

	<u>2009</u>	<u>2010</u>
Estimated claims payable, July 1	\$ 140,838	\$ 461,749
Plus: incurred claims and changes in estimates	5,282,156	5,256,394
Less: claims payments	<u>(4,961,245)</u>	<u>(5,703,076)</u>
Estimated claims payable, June 30	<u>\$ 461,749</u>	<u>\$ 15,067</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 \$50,000, \$100,000, 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 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.

**Claims and Judgments:**

At June 30, 2010, the County was a defendant to various lawsuits. In the opinion of the County’s management and the County attorney, the ultimate effect of these legal matters will not have a material adverse effect on the County’s financial position.

**Long-Term Obligations:**

**Notes Payable**

The County has entered into various notes payable.

\$154,905 note was actually an assumption of a USDA loan from a local non-profit in order to purchase county property. The note was entered into on November 6, 2006, requiring 36 annual installments of \$8,480, including interest at 4.25%.	\$ 148,970
\$1,186,545 note was another assumption of a USDA loan from a local non-profit in order to purchase County property. The note was entered into on November 6, 2006, requiring 37 annual installments of \$68,298, including interest at 4.625%.	1,144,393
\$159,018 note was a new USDA loan to purchase County property from a local non-profit. The note was entered into on November 6, 2006, requiring 40 annual installments of \$8,489, including interest at 4.376%.	152,486
\$9,900,000 note was issued for the courthouse renovation project and to make a contribution to the community college for their Child Development Center. The note was entered into on January 8, 2007, requiring 15 annual principal payments of \$660,000, plus interest payments at 3.67%.	7,920,000
\$1,400,000 note was issued for the public schools’ artificial turf project at the two high school stadiums. The note was entered into on April 1, 2008, requiring five annual principal payments of \$280,000, plus interest payments at 3.32%.	840,000

(continued)

\$146,100 note was issued for the Haywood Advancement Loan. The note was entered into on November 6, 2008, requiring one annual principal payment of \$146,100, plus interest payments at 4.00%.	\$ 146,100
\$1,123,000 note was issued to finance the acquisition of land for a future County park. The note was entered into on June 12, 2009, requiring fifteen annual principal payments of \$74,867 plus interest at 4.17%.	1,048,133
\$624,000 note issued to finance the expansion of the County landfill on July 1, 2009. The note is a taxable issue, requires two annual principal payments of \$500,000 and \$124,000, plus interest at 3.59%.	624,000
\$3,876,000 note issued to finance the expansion of the County landfill on July 1, 2009. This note requires one principal payment of \$376,000, plus interest, three annual principal payments of \$1,000,000, plus interest and one annual principal payment of \$500,000 plus interest, all at 3.87%.	<u>3,876,000</u>
Total installment notes payable--governmental activities	<u>\$ 15,900,082</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>
2011	\$ 2,034,203	\$ 586,189	\$ 2,620,392
2012	2,035,085	511,015	2,546,100
2013	2,036,005	434,754	2,470,759
2014	1,756,972	363,096	2,120,068
2015	1,257,978	296,045	1,554,023
2016-2020	3,806,699	1,004,885	4,811,584
2021-2025	1,784,903	361,662	2,146,565
2026-2030	206,777	219,558	426,335
2031-2035	258,462	167,876	426,338
2036-2040	323,071	103,262	426,333
2041-2045	399,927	26,093	426,020
	<u>\$ 15,900,082</u>	<u>\$ 4,074,435</u>	<u>\$ 19,974,517</u>

**Certificates of Participation**

In October 2002, the County entered into an installment-financing contract with a bank for construction of a new justice center and parking deck in the amount of \$22,000,000. In February 2003, the County entered into an installment-financing contract with a bank for refunding of the previous installment contract and the note payable for the construction of the agricultural center. The refunding was undertaken to reduce total future debt service payments. The transaction resulted in an economic gain of \$911,644 and a reduction of \$1,815,976 in future debt service payments. The contract was funded by execution and delivery of Certificates of Participation. The outstanding contract at June 30, 2010 is as follows:

\$22,705,000 Building Construction and Renovation	
Program Series 2002 due in annual principal payments	
on October 1, ranging from \$50,000 to \$1,765,000, and	
semi-annual interest payments on April 1 and October 1	
through 2017; interest ranges from 2.0% to 5.0%,	
fluctuating throughout the life of the certificates.	<u><u>\$ 12,515,000</u></u>

Annual debt service requirements to maturity for the County’s Certificates of Participation are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 1,645,000	\$ 558,500	\$ 2,203,500
2012	1,650,000	476,125	2,126,125
2013	1,665,000	393,250	2,058,250
2014	1,585,000	312,000	1,897,000
2015	1,495,000	242,475	1,737,475
2016-2018	4,475,000	307,688	4,782,688
Total	\$ 12,515,000	\$ 2,290,038	\$ 14,805,038

**General Obligation Indebtedness**

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

The County’s general obligation bonds payable at June 30, 2010 are comprised of the following individual issues:

\$12,000,000 2005 Jail/Law Enforcement Center Serial Bonds due on December and June 1 with interest payments through December 1, 2005; beginning June 1, 2006, installments of \$600,000 plus interest through June 1, 2025; interest rates ranging from 3.5% to 4.8%	\$ 9,000,000
\$18,000,000 2006 School Facility Serial Bonds due on November 1 and May 1 with interest payments through November 1, 2007; beginning May 1, 2008, installments of \$800,000 plus interest each May 1 through 2013; installment of \$900,000 plus interest due May 1, 2014; installments of \$1,000,000 plus interest through May 1, 2025, and a payment of \$1,300,000 plus interest on May 1, 2026. Interest payments are also due each November. Interest rates range from 3.75% to 5.00%.	15,600,000
\$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%.	<u>6,300,000</u>
Total	<u><u>\$ 30,900,000</u></u>

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 1,750,000	\$ 1,290,388	\$ 3,040,388
2012	1,750,000	1,226,888	2,976,888
2013	1,750,000	1,163,388	2,913,388
2014	1,850,000	1,098,888	2,948,888
2015	1,950,000	1,028,388	2,978,388
2016-2020	9,750,000	3,851,586	13,601,586
2020-2024	9,750,000	1,769,224	11,519,224
2025-2029	<u>2,350,000</u>	<u>116,525</u>	<u>2,466,525</u>
Total	<u><u>\$ 30,900,000</u></u>	<u><u>\$ 11,545,275</u></u>	<u><u>\$ 42,445,275</u></u>

□ **Changes in Long-Term Liabilities**

A summary of changes in long-term liabilities follows:

	<u>Beginning Balances</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balances</u>	<u>Due Within One Year</u>
General obligation bonds	\$ 32,650,000	\$ -	\$ 1,750,000	\$ 30,900,000	\$ 1,750,000
Deferred issuance premium on bonds	508,113	-	30,345	477,768	-
Certificates of Participation	14,155,000	-	1,640,000	12,515,000	1,645,000
Deferred issuance premium on COPs	558,345	-	65,964	492,381	-
Notes payable	12,433,442	4,500,000	1,033,360	15,900,082	2,034,203
Landfill closure and postclosure care costs	5,256,213	339,998	-	5,596,211	-
Compensated absences	1,351,465	848,639	810,536	1,389,568	816,206
Net pension obligation	439,260	33,770	-	473,030	-
Other post employment benefits	<u>1,896,088</u>	<u>2,032,799</u>	<u>112,333</u>	<u>3,816,554</u>	<u>-</u>
Total	<u>\$ 69,247,926</u>	<u>\$ 7,755,206</u>	<u>\$ 5,442,538</u>	<u>\$ 71,560,594</u>	<u>\$ 6,245,409</u>

At June 30, 2010, Haywood County had a legal debt margin of \$516,399,248.

C. **Capital Assets, Net of Related Debt** - Capital assets, net of related debt at June 30, 2010, are computed as follows:

Capital assets, net of accumulated depreciation	\$ 68,831,567
Less capital debt:	
Gross debt	60,285,231
Less: School debt related to assets to which the County does not hold title	(22,740,000)
Unexpended debt proceeds	<u>(523,948)</u>
Net capital debt	<u>37,021,283</u>
Capital assets, net of related debt	<u>\$ 31,810,284</u>

- D. **Related Organization** - The Haywood County Board of Commissioners are responsible for appointing the members of Haywood County Economic Development Commission (Commission), but the County's accountability for this organization does not extend beyond making these appointments. The Commission exists to advise County management regarding the creation of capital investment and job opportunities through the attraction of new business and industry to Haywood County. The Commission had no financial transactions or account balances during the fiscal year ended June 30, 2010.

Haywood Regional Medical Center (the "Hospital") is a Hospital Authority. The County appoints the board of trustees for the Hospital, which has a September 30<sup>th</sup> year end. Complete financial statements for the Hospital may be obtained at the administrative office of the Hospital at 262 Leroy George Drive, Clyde, NC 28721.

- E. **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 Haywood County Tourism Development Authority (Authority). The Authority 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 Authority. Although the participating entities do not have any equity interest in the joint venture, the County does appoint the twelve board members. Therefore, the Authority is presented as a component unit of the County in the financial statements. Complete financial statements for the Authority may be obtained from the Authority's offices at 1233 North Main Street, Suite I-40, Waynesville, NC 28786.

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. 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 \$2,118,456 and \$665,631 to the community college for operating and capital purposes, respectively, during the fiscal year ending June 30, 2010. 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, 2010. Complete financial statements for the community college may be obtained from the community college's administrative offices at Freedlander Drive, Clyde, N.C., 28721.

The County, in conjunction with fourteen other county governments, participates in a joint venture to operate the Smoky Mountain Center for Mental Health (Center). Each of the fifteen participants appoints one board member to the 15-25 member board of directors. Each of the fifteen participants then appoints the remaining members in such a manner as to provide equitable area-wide representation. The County has an ongoing financial responsibility for the joint venture because the Center’s continued existence depends on the participating governments’ continued funding. None of the participating governments have any equity interest in the Center, so no equity interest has been reflected in the financial statements at June 30, 2010. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$166,596 to the center to supplement its activities. Complete financial statements for the Center may be obtained from the Center’s area offices at P. O. Box 280, Dillsboro, N.C., 28725.

F. **Jointly Governed Organization** - The County, in conjunction with 21 town and county governments, established the Southwestern North Carolina Planning and Economic Development 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.

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

	<u>Federal</u>	<u>State</u>
Medical Assistance Program	\$ 51,371,137	\$ 18,012,494
ARRA-Medical Assistance Program Stimulus Credit	56,980	(52,719)
TANF Emergency Assistance	835,920	-
Special Supplemental Food Program for Women, Infants, and Children	872,357	-
Low-Income Home Energy Assistance	539,524	-
CWS Adoption Subsidy	-	402,581
Foster Care at Risk	-	40,898
IV-E Foster Care	206,531	58,347
ARRA-IV-E Foster Care	8,025	-
IV-E Adoption	459,630	94,414
ARRA-IV-E Adoption	19,847	-
Total	<u>\$ 54,369,951</u>	<u>\$ 18,556,015</u>

- H. **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.
  
- I. **Conduit Debt Obligations** - Haywood County Industrial Facility and Pollution Control Financing 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, 2010, there were three series of industrial revenue bonds outstanding, with an aggregate principal amount payable of \$18,625,000.
  
- J. **Interfund Receivables, Payables and Transfers** - Interfund transfers for the year ended June 30, 2010, consisted of the following:

Transfers to the General Fund from:	
Non-major governmental funds	\$ 1,047,181
Transfers to non-major governmental funds from:	
General Fund	178,297
Solid Waste Fund	130,080
Transfers between non-major governmental funds	5,308

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

During the year ended June 30, 2010, the County transferred \$1,043,546 to the General Fund from the Public Schools capital project fund to close out the project and use the remaining amount to pay the debt service on the project in the next fiscal year. The County transferred a total of \$3,635 in residual balances to the General Fund from three capital project funds to close out the projects. Transfers from the General Fund to non-major funds included \$6,000 to the Capital Project Fund for County projects for a future recreation project; \$172,297 to the Public Schools ADM/Lottery Capital Project Fund, a portion, \$88,304, as a 25% match for a school roofing,

window installation, heating/cooling system projects, 75% funded by the Public Schools Capital Building Fund; and \$83,993 to the Public Schools ADM/Lottery Capital Project Fund to fund various projects on seven schools with the “Medicaid Swap” money put aside in the prior year for school projects. A transfer from the Solid Waste fund to the Landfill Capital Project Fund of \$130,080 was made to cover the new methane gas collection project at the landfill. The transfer between non-major governmental funds of \$5,308 was a transfer from the capital reserve fund to a Capital Project Fund to cover a portion of the design work for a future recreation project.

- K. **Subsequent Events** - Subsequent to year end, the County entered into two financing agreements in the amount of \$12,500,000 and \$11,100,000 for the purchase and renovation of the building to house multiple departments and for the community college project, respectively.



## **REQUIRED SUPPLEMENTAL FINANCIAL DATA**

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- Schedule of Funding Progress for the Law Enforcement Officers' Special Separation Allowance
- Schedule of Employer Contributions for the Law Enforcement Officers' Special Separation Allowance
- Notes to the Required Schedules for the Law Enforcement Officers' Special Separation Allowance
- Schedule of Funding Progress for the Other Postemployment Benefits
- Schedule of Employer Contributions for the Other Postemployment Benefits
- Notes to the Required Schedules for the Other Postemployment Benefits

**HAYWOOD COUNTY, NORTH CAROLINA**

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

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL)-- Projected Unit Credit (b)</b>	<b>Unfunded AAL (UAAL) (b - a)</b>	<b>Funded Ratio (a/b)</b>	<b>Covered Payroll for Year Ending on Val Date (c)</b>	<b>UAAL as a Percentage of Covered Payroll [(b - a)/c]</b>
12/31/09	\$ -	\$ 598,789	\$ 598,789	0%	\$ 2,027,941	29.53%
12/31/08	-	471,329	471,329	0%	2,146,030	21.96%
12/31/07	-	405,297	405,297	0%	2,002,778	20.24%
12/31/06	-	346,965	346,965	0%	1,975,853	17.56%
12/31/05	-	308,732	308,732	0%	1,796,938	17.18%
12/31/04	-	329,421	329,421	0%	1,639,466	20.09%
12/31/03	-	308,145	308,145	0%	1,447,599	21.29%
12/31/02	-	305,477	305,477	0%	1,386,108	22.04%
12/31/01	-	299,161	299,161	0%	1,418,501	21.09%
12/31/00	-	263,294	263,294	0%	1,353,839	19.45%

**HAYWOOD COUNTY, NORTH CAROLINA**

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

<u>Year Ending June 30,</u>	<u>Annual Required Contributions</u>	<u>Percentage Contributed</u>
2008	\$ 52,230	29.73%
2009	\$ 51,707	54.42%
2010	\$ 57,236	48.29%

**Notes to the Required Schedules:**

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

Valuation date	12/31/09
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay closed
Remaining amortization period	21 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return*	5.00%
Projected salary increases*	4.5% to 12.3%
Includes inflation at	3.75%
Cost-of-living adjustments	N/A

\*Includes inflation at cost of living adjustments

**HAYWOOD COUNTY, NORTH CAROLINA**

Other Postemployment Benefits  
Required Supplementary Information  
Schedule of Funding Progress

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL)-- Projected Unit Credit (b)</b>	<b>Unfunded AAL (UAAL) (b - a)</b>	<b>Funded Ratio (a/b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a Percentage of Covered Payroll [(b - a)/c]</b>
12/31/08	\$ -	\$19,487,023	\$19,487,023	0%	\$20,026,959	97.30%

**HAYWOOD COUNTY, NORTH CAROLINA**

Other Postemployment Benefits  
 Required Supplementary Information  
 Schedule of Employer Contributions

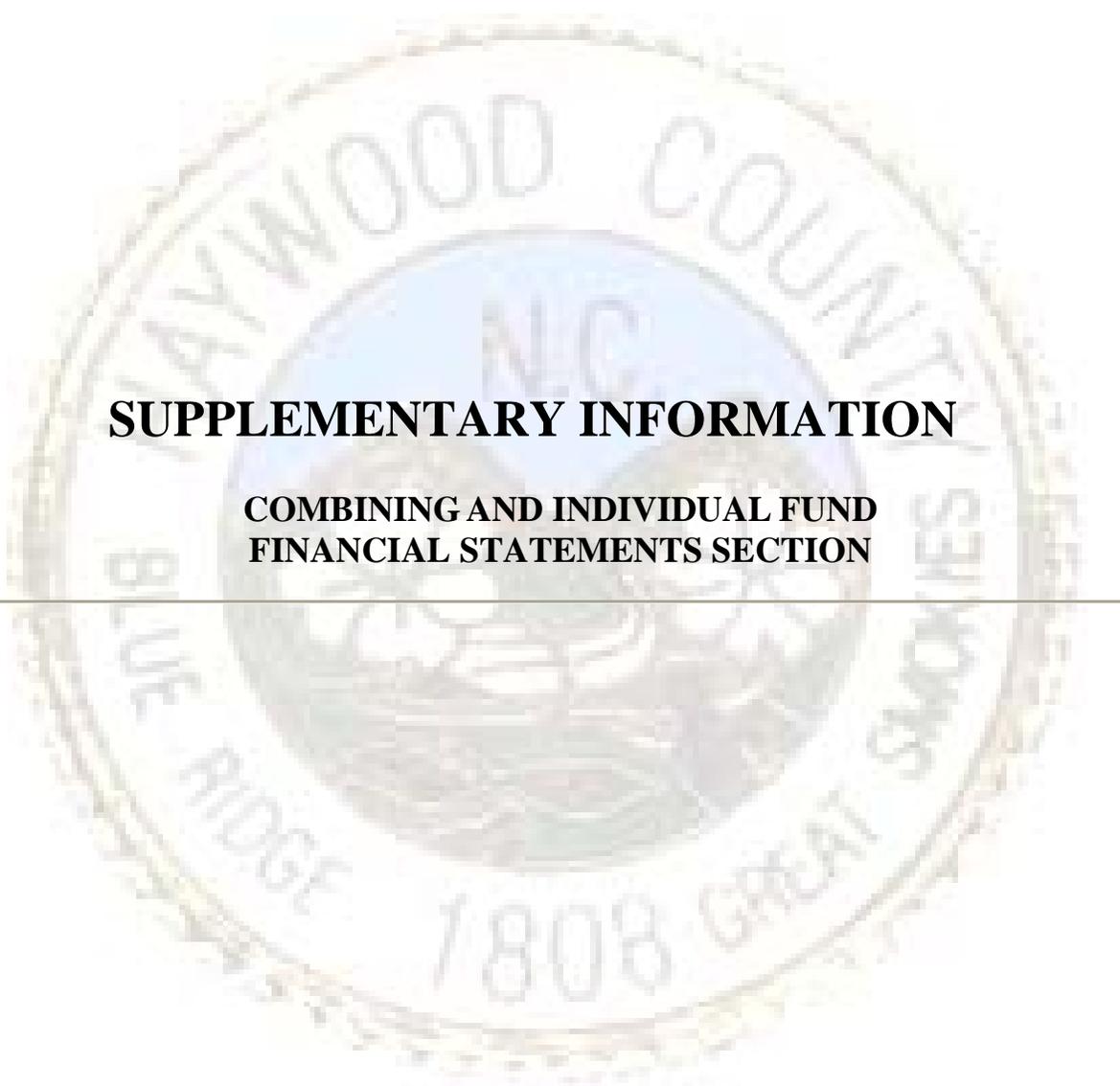
<u>Year Ending June 30,</u>	<u>Annual Required Contributions</u>	<u>Percentage Contributed</u>
2009	\$ 2,020,158	6.14%
2010	2,032,799	5.53%

**Notes to the Required Schedules:**

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

Valuation date	12/31/08
Actuarial cost method	Projected unit credit
Amortization method	Level percentage of pay, open
Remaining amortization period	30 years
Asset valuation method	Market value of assets
Actuarial assumptions:	
Investment rate of return*	4.0%
Medical cost trend	10.50 - 5.00%
Year of ultimate trend rate	2016

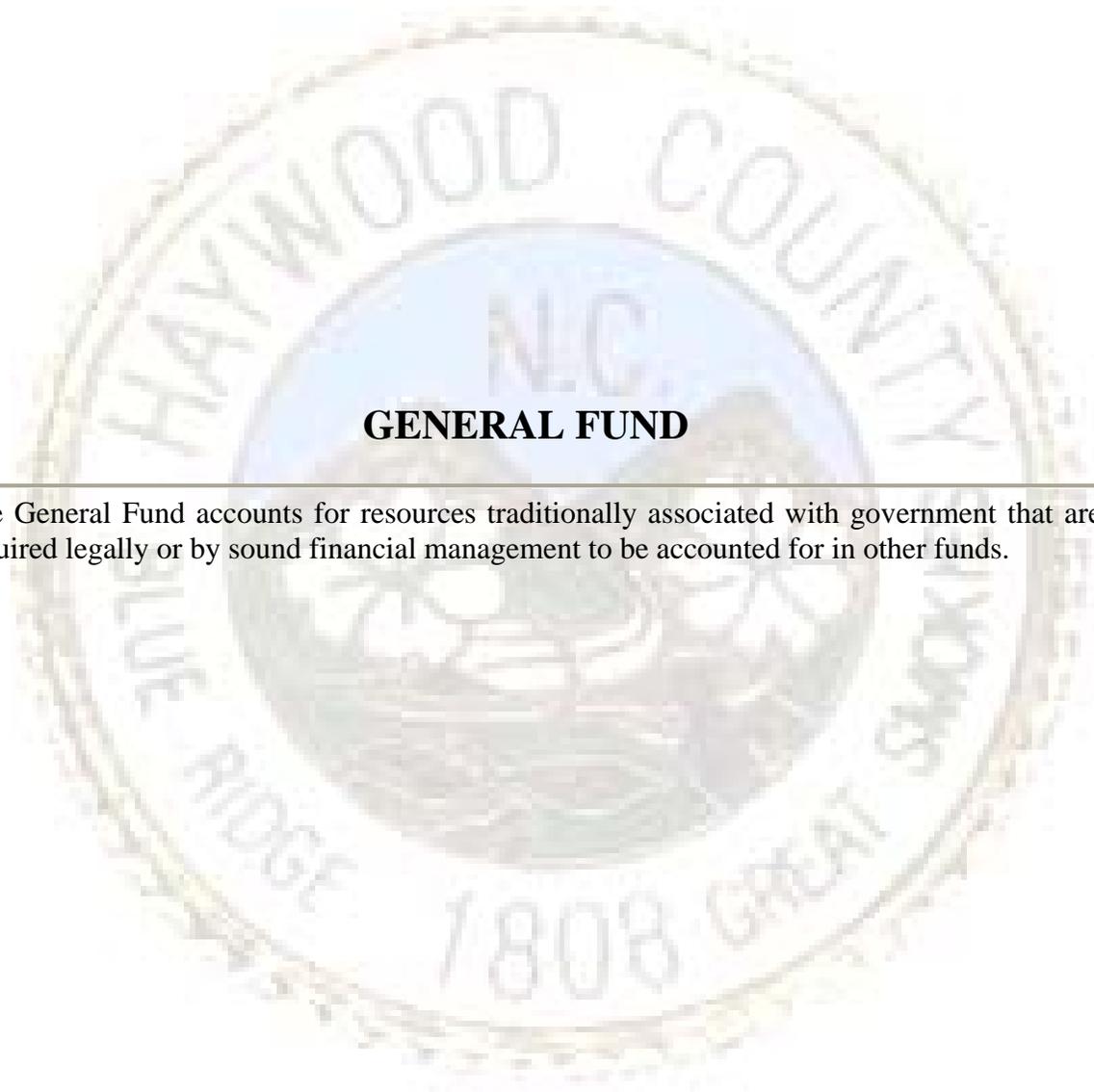
\*Includes inflation at 3.75%

The seal of the State of Tennessee is faintly visible in the background. It features a central figure of George Washington on a rock, surrounded by the text "THE GREAT SEAL OF THE STATE OF TENNESSEE" and "1796".

**SUPPLEMENTARY INFORMATION**

**COMBINING AND INDIVIDUAL FUND  
FINANCIAL STATEMENTS SECTION**

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## **GENERAL FUND**

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

**HAYWOOD COUNTY, NORTH CAROLINA**

## General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance--Budget and Actual  
(with Comparative Totals for 2009)

For the Fiscal Year Ended June 30, 2010

	<u>2010</u>		<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>	<u>2009</u>
	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
Revenues:				
Ad valorem taxes:				
Current year and prior years		\$ 36,715,334		\$ 34,537,505
Penalties and interest		271,401		176,845
Total	\$ 36,705,028	36,986,735	\$ 281,707	34,714,350
Local option sales taxes:				
Article 39 one percent		4,176,798		4,722,924
Article 40 one-half of one percent		2,378,883		2,512,605
Article 42 one-half of one percent		2,247,028		2,485,360
Article 44 one-half of one percent		264,951		1,220,551
Article 46 one-quarter of one percent		1,403,893		1,184,146
Total	11,238,734	10,471,553	(767,181)	12,125,586
Other taxes and licenses:				
Rental vehicle tax		22,177		21,371
Occupancy tax		902,195		975,405
Cable television tax		29,644		62,045
Telecommunication video sales tax		347,718		338,436
Real property transfer tax		417,226		386,668
Deed stamp excise tax		395,480		408,414
Total	1,975,420	2,114,440	139,020	2,192,339
Unrestricted intergovernmental:				
Payments in lieu of taxes	185,000	296,970	111,970	420,508

(continued)

**HAYWOOD COUNTY, NORTH CAROLINA**

## General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance--Budget and Actual, Continued  
(with Comparative Totals for 2009)

For the Fiscal Year Ended June 30, 2010

	<u>2010</u>		<u>Variance Favorable (Unfavorable)</u>	<u>2009</u>
	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
Revenues, continued:				
Restricted intergovernmental:				
Federal, state and other grants		\$ 10,174,666		\$ 9,788,308
Court facilities fees		113,940		151,716
Health and Social Services revenues-local		1,069,495		1,035,190
ABC net revenues		73,433		103,436
Controlled substance tax		10,357		115,943
Other--local		559,834		559,858
Total	\$ 12,336,580	12,001,725	\$ (334,855)	11,754,451
Permits and fees:				
Building permits and inspection fees	394,000	265,594	(128,406)	374,240
Sales and services:				
Library local revenues		16,807		15,955
Mapping sales		6,638		8,845
Sheriff's fees and commissions		150,888		135,320
Jail and officers' fees		175,613		206,275
Ambulance fees		1,800,278		1,917,225
Animal control fees		60,247		65,539
Dental clinic charges		56,089		18,826
Health dept patient fees		458,853		707,259
Social Services patient fees		59,140		51,078
Tax assessments--departmental services		458		201
Garage--departmental services		14,732		11,930
Tax collection fees		34,222		24,289
Public buildings--departmental services		35,679		47,618
Elections--departmental services		7,058		336
EDC--property management fees		12,000		10,560
Extension 4H		17,075		24,286
Rent		71,924		74,167
Recreation fees		23,148		19,878
Total	3,361,729	3,000,849	(360,880)	3,339,587

(continued)

**HAYWOOD COUNTY, NORTH CAROLINA**

General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance--Budget and Actual, Continued  
(with Comparative Totals for 2009)

For the Fiscal Year Ended June 30, 2010

	<u>2010</u>		<u>Variance Favorable (Unfavorable)</u>	<u>2009</u>
	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
Revenues, continued:				
Investment earnings	\$ 225,000	\$ 163,399	\$ (61,601)	\$ 256,002
Miscellaneous:				
Other	270,319	212,480	(57,839)	507,432
Total revenues	<u>66,691,810</u>	<u>65,513,745</u>	<u>(1,178,065)</u>	<u>65,684,495</u>
Expenditures:				
General government:				
Governing body:				
Salaries and employee benefits		87,739		96,354
Operating		466,967		474,352
Total		<u>554,706</u>		<u>570,706</u>
Administration:				
Salaries and employee benefits		434,661		404,797
Operating		42,871		65,611
Total		<u>477,532</u>		<u>470,408</u>
Finance:				
Salaries and employee benefits		352,988		352,374
Operating		32,619		45,513
Total		<u>385,607</u>		<u>397,887</u>
Human Resource:				
Salaries and employee benefits		197,471		193,642
Operating		147,691		159,591
Total		<u>345,162</u>		<u>353,233</u>

(continued)

**HAYWOOD COUNTY, NORTH CAROLINA**

## General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance--Budget and Actual, Continued  
(with Comparative Totals for 2009)

For the Fiscal Year Ended June 30, 2010

	<u>2010</u>		<u>Variance Favorable (Unfavorable)</u>	<u>2009</u>
	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
Expenditures, continued:				
General government, continued:				
Wellness Clinic:				
Operating		\$ 146,529		\$ 135,972
Capital outlay		-		1,015
Total		<u>146,529</u>		<u>136,987</u>
Tax collections:				
Salaries and employee benefits		290,107		286,928
Operating		115,608		103,794
Capital outlay		-		1,435
Total		<u>405,715</u>		<u>392,157</u>
Tax assessments:				
Salaries and employee benefits		414,093		443,225
Operating		60,707		62,444
Total		<u>474,800</u>		<u>505,669</u>
Land records:				
Salaries and employee benefits		160,624		241,152
Operating		9,989		14,511
Total		<u>170,613</u>		<u>255,663</u>
Revaluation:				
Salaries and employee benefits		283,698		289,082
Operating		94,031		29,836
Total		<u>377,729</u>		<u>318,918</u>
Legal services		<u>275,819</u>		<u>452,663</u>

(continued)

**HAYWOOD COUNTY, NORTH CAROLINA**

General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance--Budget and Actual, Continued  
(with Comparative Totals for 2009)

For the Fiscal Year Ended June 30, 2010

	<u>2010</u>		<u>Variance Favorable (Unfavorable)</u>	<u>2009</u>
	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
Expenditures, continued:				
General government, continued:				
Engineering support:				
Salaries and employee benefits		\$ -		\$ 89,673
Operating		-		5,101
Capital outlay		-		5,613
Total		<u>-</u>		<u>100,387</u>
Courts:				
Operating		<u>168,024</u>		<u>136,948</u>
CJPP technical assistance:				
Salaries and employee benefits		54,817		56,193
Operating		<u>14,963</u>		<u>16,521</u>
Total		<u>69,780</u>		<u>72,714</u>
Mountain dispute settlement		<u>-</u>		<u>1,875</u>
Elections:				
Salaries and employee benefits		278,390		273,806
Operating		43,832		52,559
Capital outlay		<u>2,726</u>		<u>5,372</u>
Total		<u>324,948</u>		<u>331,737</u>
Register of Deeds:				
Salaries and employee benefits		203,827		248,900
Operating		<u>369,545</u>		<u>335,017</u>
Total		<u>573,372</u>		<u>583,917</u>
Total general government	<u>5,025,361</u>	<u>4,750,336</u>	<u>275,025</u>	<u>5,081,869</u>

(continued)

**HAYWOOD COUNTY, NORTH CAROLINA**

## General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance--Budget and Actual, Continued  
(with Comparative Totals for 2009)

For the Fiscal Year Ended June 30, 2010

	2010		Variance Favorable (Unfavorable)	2009
	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
Expenditures, continued:				
Central Services:				
Information systems:				
Salaries and employee benefits		\$ 283,379		\$ 335,691
Operating		179,461		167,386
Capital outlay		94,057		42,775
Total		<u>556,897</u>		<u>545,852</u>
Garage:				
Salaries and employee benefits		103,116		103,370
Operating		29,528		21,909
Total		<u>132,644</u>		<u>125,279</u>
Public buildings:				
Salaries and employee benefits		661,331		793,451
Operating		1,037,579		905,806
Capital outlay		110,610		86,851
Total		<u>1,809,520</u>		<u>1,786,108</u>
Total central services	<u>2,506,881</u>	<u>2,499,061</u>	<u>7,820</u>	<u>2,457,239</u>
Public safety:				
Sheriff:				
Salaries and employee benefits		3,346,380		3,331,650
Operating		588,401		546,091
Capital outlay		110,738		274,674
Total		<u>4,045,519</u>		<u>4,152,415</u>

(continued)

**HAYWOOD COUNTY, NORTH CAROLINA**

## General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance--Budget and Actual, Continued  
(with Comparative Totals for 2009)

For the Fiscal Year Ended June 30, 2010

	<u>2010</u>		<u>Variance Favorable (Unfavorable)</u>	<u>2009</u>
	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
Expenditures, continued:				
Public safety, continued:				
Haywood County 911 Communication Center:				
Salaries and employee benefits		\$ 436,515		\$ 473,261
Operating		42,856		48,185
Capital outlay		-		81,026
Total		<u>479,371</u>		<u>602,472</u>
Public safety grants:				
Salaries and employee benefits		5,227		-
Operating		294,229		78,616
Total		<u>299,456</u>		<u>78,616</u>
Sheriff--SRO officers:				
Salaries and employee benefits		208,914		201,591
Operating		3,023		9,797
Total		<u>211,937</u>		<u>211,388</u>
Detention:				
Salaries and employee benefits		1,624,063		1,682,876
Operating		438,515		416,404
Total		<u>2,062,578</u>		<u>2,099,280</u>
Fire control:				
Salaries and employee benefits		-		141,851
Operating		-		13,607
Total		<u>-</u>		<u>155,458</u>

(continued)

**HAYWOOD COUNTY, NORTH CAROLINA**

## General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance--Budget and Actual, Continued  
(with Comparative Totals for 2009)

For the Fiscal Year Ended June 30, 2010

	2010		Variance Favorable (Unfavorable)	2009
	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
Expenditures, continued:				
Public safety, continued:				
NC forest service:				
Operating		<u>\$ 74,084</u>		<u>\$ 82,148</u>
Building inspections:				
Salaries and employee benefits		430,505		362,883
Operating		30,673		24,349
Capital outlay		21,636		-
Total		<u>482,814</u>		<u>387,232</u>
Medical examiner		<u>30,000</u>		<u>33,100</u>
Emergency medical service:				
Salaries and employee benefits		3,208,609		3,172,447
Operating		397,984		351,160
Capital outlay		99,362		39,771
Total		<u>3,705,955</u>		<u>3,563,378</u>
Rescue squad:				
Operating		<u>73,260</u>		<u>74,936</u>
Emergency management:				
Salaries and employee benefits		93,901		91,779
Operating		30,987		100,658
Total		<u>124,888</u>		<u>192,437</u>
Animal control:				
Salaries and employee benefits		274,327		264,167
Operating		104,781		112,690
Total		<u>379,108</u>		<u>376,857</u>
Total public safety	<u>12,276,092</u>	<u>11,968,970</u>	<u>307,122</u>	<u>12,009,717</u>

(continued)

**HAYWOOD COUNTY, NORTH CAROLINA**

## General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance--Budget and Actual, Continued  
(with Comparative Totals for 2009)

For the Fiscal Year Ended June 30, 2010

	<u>2010</u>		<u>Variance Favorable (Unfavorable)</u>	<u>2009</u>
	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
Expenditures, continued:				
Transportation:				
Mass transit	\$ 305,462	\$ 292,770	\$ 12,692	\$ 284,233
Environmental protection:				
Erosion control program:				
Salaries and employee benefits		167,097		176,703
Operating		5,421		5,323
Total	185,876	172,518	13,358	182,026
Economic and physical development:				
Planning:				
Salaries and employee benefits		314,622		226,675
Operating		13,876		10,603
Total		328,498		237,278
Economic development:				
Salaries and employee benefits		156,789		156,563
Operating		75,827		129,232
Total		232,616		285,795
Haywood County Agricultural and Activities Board		-		50,000
Tourism development		883,173		955,651
Community development:				
Operating		-		19,000
Special employment programs		-		3,000

(continued)

**HAYWOOD COUNTY, NORTH CAROLINA**

General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance--Budget and Actual, Continued  
(with Comparative Totals for 2009)

For the Fiscal Year Ended June 30, 2010

	<u>2010</u>		<u>Variance Favorable (Unfavorable)</u>	<u>2009</u>
	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
Expenditures, continued:				
Economic and physical development, continued:				
Extension:				
Operating		\$ 234,635		\$ 291,183
Capital outlay		-		1,619
Total		<u>234,635</u>		<u>292,802</u>
Soil conservation:				
Salaries and employee benefits		160,001		160,689
Operating		<u>22,554</u>		<u>22,135</u>
Total		<u>182,555</u>		<u>182,824</u>
Soil and water conservation agricultural engineer:				
Salaries and employee benefits		<u>72,337</u>		<u>73,363</u>
Soil and water conservation agricultural technician:				
Salaries and employee benefits		57,366		55,845
Operating		<u>7,803</u>		<u>6,199</u>
Total		<u>65,169</u>		<u>62,044</u>
Total economic and physical development	<u>2,134,630</u>	<u>1,998,983</u>	<u>135,647</u>	<u>2,161,757</u>
Human services:				
Health:				
Salaries and employee benefits		2,034,440		2,127,754
Operating		240,648		309,140
Capital outlay		<u>40,183</u>		<u>4,810</u>
Total		<u>2,315,271</u>		<u>2,441,704</u>

(continued)

**HAYWOOD COUNTY, NORTH CAROLINA**

## General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance--Budget and Actual, Continued  
(with Comparative Totals for 2009)

For the Fiscal Year Ended June 30, 2010

	2010		Variance Favorable (Unfavorable)	2009
	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
Expenditures, continued:				
Human services, continued:				
Medicaid:				
Salaries and employee benefits		\$ 529,216		\$ 531,523
Operating		104,497		107,453
Capital outlay		21,655		4,400
Total		<u>655,368</u>		<u>643,376</u>
Immunization:				
Operating		1,816		500
Capital outlay		5,675		-
Total		<u>7,491</u>		<u>500</u>
Dental clinic:				
Salaries and employee benefits		315,545		383,450
Operating		188,747		105,012
Total		<u>504,292</u>		<u>488,462</u>
Child health		<u>15,250</u>		<u>4,134</u>
Family planning:				
Operating		<u>48,015</u>		<u>65,109</u>
Adult health services:				
Operating		<u>33,999</u>		<u>30,034</u>
Health check:				
Salaries and employee benefits		16,747		-
Operating		115		-
Total		<u>16,862</u>		<u>-</u>
Cancer data base		<u>9,378</u>		<u>9,600</u>

(continued)

**HAYWOOD COUNTY, NORTH CAROLINA**

General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance--Budget and Actual, Continued  
(with Comparative Totals for 2009)

For the Fiscal Year Ended June 30, 2010

	<u>2010</u>		<u>Variance Favorable (Unfavorable)</u>	<u>2009</u>
	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
Expenditures, continued:				
Human services, continued:				
American Cancer Society--Project Assist:				
Salaries and employee benefits		\$ 100,480		\$ 103,993
Operating		186,175		196,848
Total		<u>286,655</u>		<u>300,841</u>
WIC program:				
Operating		27,862		11,708
Capital outlay		1,257		-
Total		<u>29,119</u>		<u>11,708</u>
Kate B. Reynolds Public School Health Program:				
Operating		<u>17,324</u>		<u>2,666</u>
Smart & Healthy Start:				
Operating		<u>6,175</u>		<u>7,181</u>
Maternal Health:				
Operating		<u>82,831</u>		<u>104,459</u>
Environmental health:				
Salaries and employee benefits		950,025		1,042,457
Operating		<u>45,245</u>		<u>72,619</u>
Total		<u>995,270</u>		<u>1,115,076</u>
T.B. control		<u>3,228</u>		<u>3,228</u>
Mental health		<u>166,596</u>		<u>177,663</u>
Programs for family and sexual abuse		<u>-</u>		<u>25,000</u>

(continued)

**HAYWOOD COUNTY, NORTH CAROLINA**

General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance--Budget and Actual, Continued  
(with Comparative Totals for 2009)

For the Fiscal Year Ended June 30, 2010

	<u>2010</u>		<u>Variance</u>	<u>2009</u>
	<u>Budget</u>	<u>Actual</u>	<u>Favorable</u>	<u>Actual</u>
			<u>(Unfavorable)</u>	
Expenditures, continued:				
Human services, continued:				
Social Services:				
Salaries and employee benefits		\$ 6,285,050		\$ 6,601,385
Operating		664,088		472,833
Capital outlay		5,898		18,251
Total		<u>6,955,036</u>		<u>7,092,469</u>
Work First--NCDOT Trans		<u>11,952</u>		<u>7,526</u>
Public Assistance:				
General assistance		2,473		2,119
Medicaid		(23,180)		1,481,042
Aid to the aged and disabled		500,446		597,143
Crisis intervention		293,204		389,948
Aid to blind		10,435		12,307
Adoption assistance		90,193		78,765
Medicaid transportation		306,565		332,234
Electrical assistance expenditures		66,993		99,589
Foster Care		1,116,909		1,195,118
Public assistance		69,763		67,802
Total		<u>2,433,801</u>		<u>4,256,067</u>
Meals on Wheels:				
Salaries and employee benefits		169,363		179,287
Operating		73,619		88,638
Total		<u>242,982</u>		<u>267,925</u>
Meals on Wheels-bequests		<u>8,543</u>		<u>-</u>
JOBS Work First:				
Operating		<u>300,926</u>		<u>346,910</u>

(continued)

**HAYWOOD COUNTY, NORTH CAROLINA**

General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance--Budget and Actual, Continued  
(with Comparative Totals for 2009)

For the Fiscal Year Ended June 30, 2010

	<u>2010</u>		<u>Variance Favorable (Unfavorable)</u>	<u>2009</u>
	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
Expenditures, continued:				
Human services, continued:				
Food assistance		\$ 1,588		\$ 6,775
Adoption awareness		117		6,346
Adult Day Care				
Salaries and employee benefits		103,385		110,093
Operating		68,427		68,568
Total		171,812		178,661
Cap-Community Alternative Program				
Salaries and employee benefits		312,124		358,689
Operating		95,407		91,744
Total		407,531		450,433
Robert Wood Johnson Grant		36,250		36,250
Community Crisis Management		8,118		11,988
Adoption payments		217,423		188,015
Title III Grants		377,940		370,467
Senior citizens programs		-		16,000
Volunteer program		-		250
Good Samaritan Clinic		-		8,750

(continued)

**HAYWOOD COUNTY, NORTH CAROLINA**

General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance--Budget and Actual, Continued  
(with Comparative Totals for 2009)

For the Fiscal Year Ended June 30, 2010

	<u>2010</u>		<u>Variance Favorable (Unfavorable)</u>	<u>2009</u>
	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
Expenditures, continued:				
Human services, continued:				
Veteran's service:				
Salaries and employee benefits		\$ 94,663		\$ 89,254
Operating		7,021		6,216
Capital outlay		1,259		-
Total		<u>102,943</u>		<u>95,470</u>
Youth Services:				
Operating		<u>187,188</u>		<u>181,951</u>
Haywood Mountain Home:				
Operating		<u>-</u>		<u>106,456</u>
Total human services	<u>18,037,809</u>	<u>16,657,274</u>	<u>1,380,535</u>	<u>19,059,450</u>
Culture and recreation:				
Library:				
Salaries and employee benefits		959,754		1,040,308
Operating		426,651		366,315
Capital outlay		12,244		23,342
Total		<u>1,398,649</u>		<u>1,429,965</u>
LSCA Title VI Literacy Grant:				
Salaries and employee benefits		<u>-</u>		<u>3,260</u>
Recreation:				
Salaries and employee benefits		152,217		156,072
Operating		58,744		142,421
Capital outlay		-		1,518
Total		<u>210,961</u>		<u>300,011</u>

(continued)

**HAYWOOD COUNTY, NORTH CAROLINA**

## General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance--Budget and Actual, Continued  
(with Comparative Totals for 2009)

For the Fiscal Year Ended June 30, 2010

	2010		Variance Favorable (Unfavorable)	2009
	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
Expenditures, continued:				
Culture and Recreation, continued:				
Arts		\$ -		\$ 27,500
Total culture and recreation	1,648,371	1,609,610	38,761	1,760,736
Education:				
Public schools--current		14,430,019		13,467,918
Public schools--capital outlay		199,980		687,108
Community college--current		2,118,456		2,015,255
Community college--capital outlay		665,631		400,000
Total education	19,560,171	17,414,086	2,146,085	16,570,281
Debt service:				
Principal		4,423,360		4,457,487
Interest		2,533,156		2,566,715
Other charges		2,580		1,030
Total debt service	7,106,090	6,959,096	146,994	7,025,232
Total expenditures	68,786,743	64,322,704	4,464,039	66,592,540
Revenues over (under) expenditures	(2,094,933)	1,191,041	3,285,974	(908,045)
Other financing sources (uses):				
Transfers from other funds	3,380	1,047,181	1,043,801	447,396
Transfers to other funds	(225,197)	(178,297)	46,900	(183,502)
Proceeds from long term debt	-	-	-	1,119,635
Sale of capital assets	25,000	6,654	(18,346)	30,577
Total other financing sources (uses)	(196,817)	875,538	1,072,355	1,414,106

(continued)

**HAYWOOD COUNTY, NORTH CAROLINA**

General Fund  
Schedule of Revenues, Expenditures, and Changes in Fund Balance--Budget and Actual, Continued  
(with Comparative Totals for 2009)

For the Fiscal Year Ended June 30, 2010

	<u>2010</u>		<u>Variance Favorable (Unfavorable)</u>	<u>2009</u>
	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
Revenues and other financing sources over (under) expenditures and other financing uses	\$ (2,291,750)	\$ 2,066,579	\$ 4,358,329	\$ 506,061
Appropriated fund balance	<u>2,291,750</u>	<u>-</u>	<u>(2,291,750)</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>2,066,579</u>	<u>\$ 2,066,579</u>	<u>506,061</u>
Fund balance, July 1		<u>13,064,942</u>		<u>12,558,881</u>
Fund balance, June 30		<u>\$ 15,131,521</u>		<u>\$ 13,064,942</u>

The seal of Wayne County, North Carolina, is a circular emblem. It features a central figure of a Native American man in traditional dress, holding a bow and arrow. The text "WAYNE COUNTY NC" is arched across the top. Below the central figure, the words "LIFE RIDGE" and "1808 GREAT SMOKE" are visible, along with a decorative border.

## **SOLID WASTE MANAGEMENT FUND**

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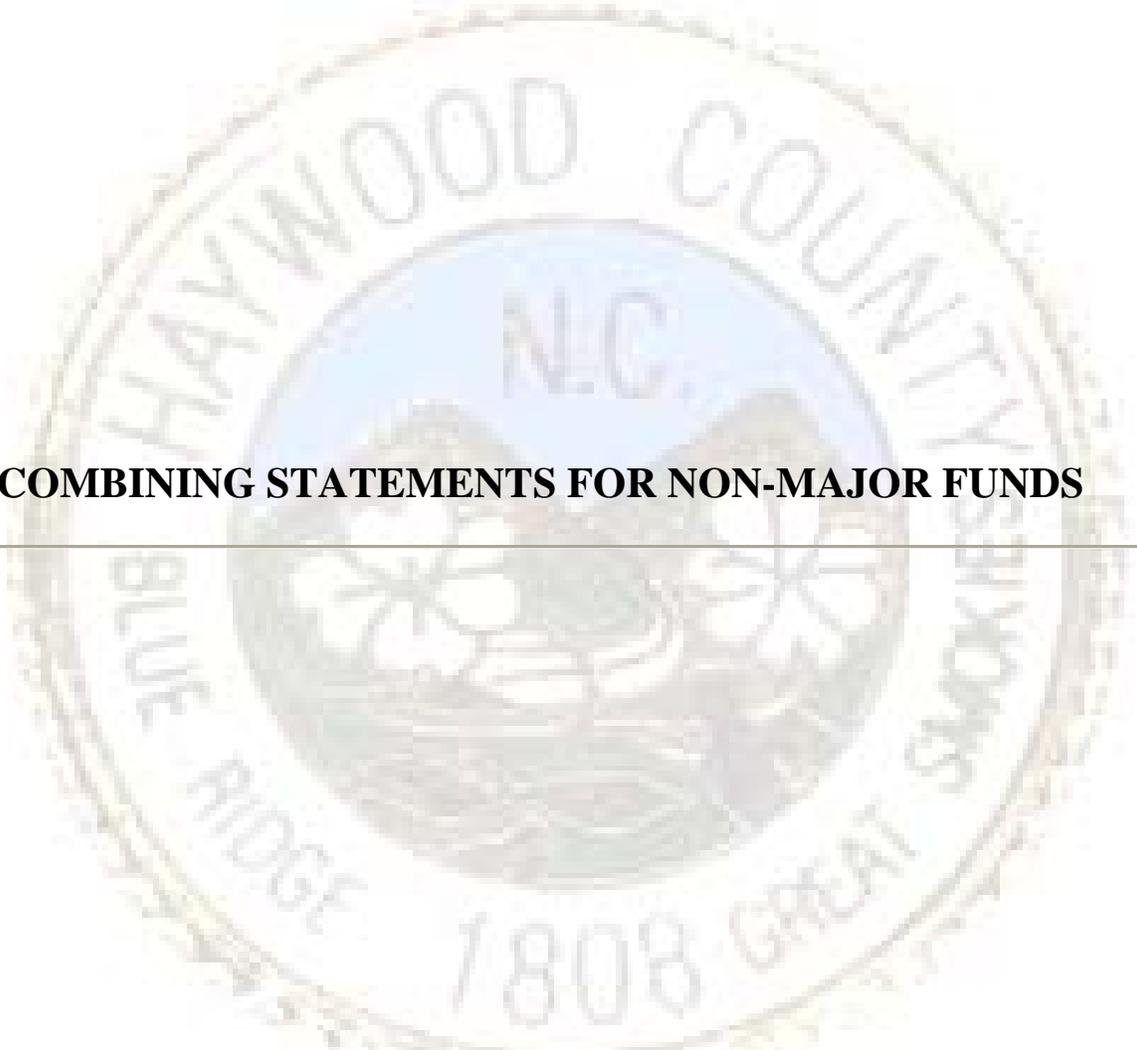
The Solid Waste Management Fund is used to account for all operational and capital activities for the landfill, the 10 convenience centers throughout the County, the materials recovery facility, and the recycling programs.

**HAYWOOD COUNTY, NORTH CAROLINA**

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

For the Fiscal Year Ended June 30, 2010

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:			
Permits and fees:			
Solid waste fees	\$ 2,328,719	\$ 2,576,014	\$ 247,295
Other taxes and licenses	87,975	133,668	45,693
Intergovernmental revenue:			
DENR Grants	15,000	46,105	31,105
Sales and services	1,686,500	1,963,905	277,405
Total revenues	<u>4,118,194</u>	<u>4,719,692</u>	<u>601,498</u>
Expenditures:			
Salaries and employee benefits	2,016,180	1,856,940	159,240
Operating	2,609,111	2,236,586	372,525
Solid waste disposal tax	107,425	92,657	14,768
Capital outlay	94,877	94,875	2
Total expenditures	<u>4,827,593</u>	<u>4,281,058</u>	<u>546,535</u>
Revenues over (under) expenditures	(709,399)	438,634	1,148,033
Other financing sources (uses):			
Transfer to other funds:			
Capital Project Fund-Solid Waste/Landfill	(130,080)	(130,080)	-
Appropriated fund balance	<u>839,479</u>	<u>-</u>	<u>(839,479)</u>
Net change in fund balance	<u>\$ -</u>	<u>308,554</u>	<u>\$ 308,554</u>
Fund balance:			
Beginning of year, July 1		<u>2,631,510</u>	
End of year, June 30		<u>\$ 2,940,064</u>	

The seal of Haywood County, North Carolina, is a circular emblem. The outer ring contains the text "HAYWOOD COUNTY" at the top, "N.C." in the center, "1808" at the bottom, and "BLUE RIDGE" on the left and "GREAT SMOKES" on the right. The inner circle features a landscape with mountains, a river, and a sun. A horizontal line is drawn across the center of the seal.

**COMBINING STATEMENTS FOR NON-MAJOR FUNDS**

**HAYWOOD COUNTY, NORTH CAROLINA**Combining Balance Sheet  
Non-major Governmental Funds

June 30, 2010

	<b>Total Non- major Special Revenue Funds</b>	<b>Total Non- major Capital Projects Funds</b>	<b>Total Non- major Governmental Funds</b>
<u>Assets</u>	<u></u>	<u></u>	<u></u>
Cash and cash equivalents	\$ 590,936	\$ 867,956	\$ 1,458,892
Restricted cash	-	523,948	523,948
Taxes receivable, net	330,935	-	330,935
Due from other governments	70,025	-	70,025
	<u>          </u>	<u>          </u>	<u>          </u>
Total assets	<u>\$ 991,896</u>	<u>\$ 1,391,904</u>	<u>\$ 2,383,800</u>
 <b><u>Liabilities and Fund Balances</u></b>			
Liabilities:			
Accounts payable and accrued liabilities	\$ 209,883	\$ 138,220	\$ 348,103
Deferred revenue	330,935	-	330,935
Total liabilities	<u>540,818</u>	<u>138,220</u>	<u>679,038</u>
Fund balances:			
Reserved by state statute	46,304	-	46,304
Unreserved:			
Designated for subsequent year expenditures	29,897	1,197,015	1,226,912
Undesignated	374,877	56,669	431,546
Total fund balances	<u>451,078</u>	<u>1,253,684</u>	<u>1,704,762</u>
	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities and fund balances	<u>\$ 991,896</u>	<u>\$ 1,391,904</u>	<u>\$ 2,383,800</u>

**HAYWOOD COUNTY, NORTH CAROLINA**

Combining Balance Sheet  
Non-major Special Revenue Funds

June 30, 2010

	<u>Fire Districts Fund</u>	<u>Sanitary District Fund</u>	<u>Capital Reserve Fund</u>
<b><u>Assets</u></b>			
Cash and cash equivalents	\$ 162,453	\$ 4,912	\$ 11,860
Taxes receivable, net	311,057	14,497	-
Due from other governments	-	-	-
	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 473,510</u>	<u>\$ 19,409</u>	<u>\$ 11,860</u>
 <b><u>Liabilities and Fund Balances</u></b>			
Liabilities:			
Accounts payable and accrued liabilities	\$ 162,453	\$ 4,912	\$ -
Deferred revenue	311,057	14,497	-
Total liabilities	<hr/> <u>473,510</u>	<hr/> <u>19,409</u>	<hr/> <u>-</u>
Fund balances:			
Reserved by state statute	-	-	-
Unreserved:			
Designated for subsequent year expenditures	-	-	11,860
Undesignated	-	-	-
Total fund balances	<hr/> <u>-</u>	<hr/> <u>-</u>	<hr/> <u>11,860</u>
Total liabilities and fund balances	<u>\$ 473,510</u>	<u>\$ 19,409</u>	<u>\$ 11,860</u>

**Special Revenue Funds**

<b>Emergency Telephone Fund</b>	<b>Road Service Fund</b>	<b>CDBG Scattered Site Project Fund</b>	<b>Crisis Assistance Housing Fund</b>	<b>Total Non-major Special Revenue Funds</b>
\$ 384,526	\$ 3,962	\$ 14,851	\$ 8,372	\$ 590,936
-	5,381	-	-	330,935
46,304	-	1,086	22,635	70,025
<u>\$ 430,830</u>	<u>\$ 9,343</u>	<u>\$ 15,937</u>	<u>\$ 31,007</u>	<u>\$ 991,896</u>
\$ 9,649	\$ 3,962	\$ -	\$ 28,907	\$ 209,883
-	5,381	-	-	330,935
<u>9,649</u>	<u>9,343</u>	<u>-</u>	<u>28,907</u>	<u>540,818</u>
46,304	-	-	-	46,304
-	-	15,937	2,100	29,897
374,877	-	-	-	374,877
<u>421,181</u>	<u>-</u>	<u>15,937</u>	<u>2,100</u>	<u>451,078</u>
<u>\$ 430,830</u>	<u>\$ 9,343</u>	<u>\$ 15,937</u>	<u>\$ 31,007</u>	<u>\$ 991,896</u>

**HAYWOOD COUNTY, NORTH CAROLINA**

Combining Balance Sheet  
Non-major Capital Project Funds

June 30, 2010

	<b>Public Schools GO Bond Building Fund</b>	<b>Master Facilities</b>	<b>Water and Sewer Lines</b>
<b><u>Assets</u></b>			
Cash and cash equivalents	\$ 107,982	\$ 259,090	\$ 56,669
Restricted cash	-	-	-
<b>Total assets</b>	<b>\$ 107,982</b>	<b>\$ 259,090</b>	<b>\$ 56,669</b>
<b><u>Liabilities and Fund Balances</u></b>			
Liabilities:			
Accounts payable and accrued liabilities	\$ 107,982	\$ 13,206	\$ -
Fund balances:			
Unreserved:			
Designated for subsequent year expenditures	-	245,884	-
Undesignated	-	-	56,669
<b>Total fund balances</b>	<b>-</b>	<b>245,884</b>	<b>56,669</b>
<b>Total liabilities and fund balances</b>	<b>\$ 107,982</b>	<b>\$ 259,090</b>	<b>\$ 56,669</b>

**Capital Projects Funds**

<b>Solid Waste/Landfill</b>	<b>Public Schools ADM/Lottery</b>	<b>County Building Renovations</b>	<b>Total Non- major Capital Projects Funds</b>
\$ 284,030	\$ 153,079	\$ 7,106	\$ 867,956
523,948	-	-	523,948
<u>\$ 807,978</u>	<u>\$ 153,079</u>	<u>\$ 7,106</u>	<u>\$ 1,391,904</u>
\$ 2,000	\$ 14,284	\$ 748	\$ 138,220
805,978	138,795	6,358	1,197,015
-	-	-	56,669
<u>805,978</u>	<u>138,795</u>	<u>6,358</u>	<u>1,253,684</u>
<u>\$ 807,978</u>	<u>\$ 153,079</u>	<u>\$ 7,106</u>	<u>\$ 1,391,904</u>

**HAYWOOD COUNTY, NORTH CAROLINA**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Non-major Governmental Funds

For the Fiscal Year Ended June 30, 2010

	<b>Non-major Special Revenue Funds</b>	<b>Non-major Capital Projects Funds</b>	<b>Total Non-major Governmental Funds</b>
<b>Revenues:</b>			
Ad valorem taxes	\$ 3,849,107	\$ -	\$ 3,849,107
Other taxes	555,653	-	555,653
Restricted intergovernmental	214,213	(44,588)	169,625
Sales and services	(337)	-	(337)
Investment earnings (loss)	1,135	(88,095)	(86,960)
<b>Total revenues</b>	<b><u>4,619,771</u></b>	<b><u>(132,683)</u></b>	<b><u>4,487,088</u></b>
<b>Expenditures:</b>			
<b>Current:</b>			
General government	-	454,659	454,659
Public safety	3,976,425	-	3,976,425
Environmental Protection	198,998	3,995,660	4,194,658
Economic and physical development	406,993	14,950	421,943
Education	-	148,791	148,791
<b>Total expenditures</b>	<b><u>4,582,416</u></b>	<b><u>4,614,060</u></b>	<b><u>9,196,476</u></b>
Revenues over (under) expenditures	<u>37,355</u>	<u>(4,746,743)</u>	<u>(4,709,388)</u>
<b>Other financing sources (uses):</b>			
Transfers from other funds	-	313,685	313,685
Transfers to other funds	(5,308)	(1,047,181)	(1,052,489)
Note payable issued	-	4,500,000	4,500,000
<b>Total other financing sources (uses)</b>	<b><u>(5,308)</u></b>	<b><u>3,766,504</u></b>	<b><u>3,761,196</u></b>
Net change in fund balances	32,047	(980,239)	(948,192)
<b>Fund balances:</b>			
Beginning of year, July 1	<u>419,031</u>	<u>2,233,923</u>	<u>2,652,954</u>
End of year, June 30	<b><u>\$ 451,078</u></b>	<b><u>\$ 1,253,684</u></b>	<b><u>\$ 1,704,762</u></b>

## HAYWOOD COUNTY, NORTH CAROLINA

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

For the Fiscal Year Ended June 30, 2010

	<b>Capital Reserve Fund</b>	<b>Emergency Telephone System Fund</b>	<b>Fire District Fund</b>
Revenues:			
Ad valorem taxes	\$ -	\$ -	\$ 3,457,729
Other taxes	-	555,653	-
Restricted intergovernmental	-	-	-
Sales and services	-	(337)	-
Investment earnings	-	1,135	-
Total revenues	-	556,451	3,457,729
Expenditures:			
Current:			
General government	-	-	-
Public safety	-	518,696	3,457,729
Environmental protection	-	-	-
Economic and physical development	-	-	-
Education	-	-	-
Total expenditures	-	518,696	3,457,729
Revenues over (under) expenditures	-	37,755	-
Other financing sources (uses):			
Transfers from other funds	-	-	-
Transfers to other funds	(5,308)	-	-
Installment purchase obligations issued	-	-	-
Total other financing sources and uses	(5,308)	-	-
Net change in fund balances	(5,308)	37,755	-
Fund balances, beginning	17,168	383,426	-
Fund balances, ending	\$ 11,860	\$ 421,181	\$ -

**Special Revenue Funds**

<b>Crisis Assistance Housing Fund</b>	<b>Sanitary District Fund</b>	<b>Road Service Fund</b>	<b>CDBG Scattered Site Project Fund</b>	<b>Total Non-major Special Revenue Funds</b>
\$ -	\$ 198,998	\$ 192,380	\$ -	\$ 3,849,107
-	-	-	-	555,653
176,184	-	-	38,029	214,213
-	-	-	-	(337)
-	-	-	-	1,135
<u>176,184</u>	<u>198,998</u>	<u>192,380</u>	<u>38,029</u>	<u>4,619,771</u>
-	-	-	-	-
-	-	-	-	3,976,425
-	198,998	-	-	198,998
176,584	-	192,380	38,029	406,993
-	-	-	-	-
<u>176,584</u>	<u>198,998</u>	<u>192,380</u>	<u>38,029</u>	<u>4,582,416</u>
(400)	-	-	-	37,355
-	-	-	-	-
-	-	-	-	(5,308)
-	-	-	-	-
-	-	-	-	<u>(5,308)</u>
(400)	-	-	-	32,047
2,500	-	-	15,937	419,031
<u>\$ 2,100</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,937</u>	<u>\$ 451,078</u>

## HAYWOOD COUNTY, NORTH CAROLINA

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

For the Fiscal Year Ended June 30, 2010

	<b>Economic Development Fund</b>	<b>Public Schools GO Bond Fund</b>	<b>Water and Sewer Lines Fund</b>
Revenues:			
Ad valorem taxes	\$ -	\$ -	\$ -
Other taxes	-	-	-
Restricted intergovernmental	-	-	-
Sales and services	-	-	-
Investment earnings (loss)	-	(107,703)	-
Total revenues	-	(107,703)	-
Expenditures:			
Current:			
General government	-	-	-
Public safety	-	-	-
Environmental protection	-	-	-
Economic and physical development	-	-	-
Education	-	-	-
Total expenditures	-	-	-
Revenues under expenditures	-	(107,703)	-
Other financing sources (uses):			
Transfers from other funds	-	-	-
Transfers to other funds	(79)	(1,043,546)	-
Note payable issued	-	-	-
Total other financing sources (uses)	(79)	(1,043,546)	-
Net change in fund balances	(79)	(1,151,249)	-
Fund balances, beginning	79	1,151,249	56,669
Fund balances, ending	\$ -	\$ -	\$ 56,669

**Capital Projects Funds**

<b>Solid Waste/ Landfill Fund</b>	<b>Master Facilities Fund</b>	<b>Public Schools ADM/Lottery Fund</b>	<b>Building Renovations Fund</b>	<b>Total Non-major Capital Project Funds</b>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	(54,588)	10,000	(44,588)
-	-	-	-	-
19,608	-	-	-	(88,095)
<u>19,608</u>	<u>-</u>	<u>(54,588)</u>	<u>10,000</u>	<u>(132,683)</u>
-	454,659	-	-	454,659
-	-	-	-	-
3,995,660	-	-	-	3,995,660
-	-	-	14,950	14,950
-	-	148,791	-	148,791
<u>3,995,660</u>	<u>454,659</u>	<u>148,791</u>	<u>14,950</u>	<u>4,614,060</u>
<u>(3,976,052)</u>	<u>(454,659)</u>	<u>(203,379)</u>	<u>(4,950)</u>	<u>(4,746,743)</u>
130,080	-	172,297	11,308	313,685
-	-	(3,380)	(176)	(1,047,181)
4,500,000	-	-	-	4,500,000
<u>4,630,080</u>	<u>-</u>	<u>168,917</u>	<u>11,132</u>	<u>3,766,504</u>
654,028	(454,659)	(34,462)	6,182	(980,239)
151,950	700,543	173,257	176	2,233,923
<u>\$ 805,978</u>	<u>\$ 245,884</u>	<u>\$ 138,795</u>	<u>\$ 6,358</u>	<u>\$ 1,253,684</u>

## **SPECIAL REVENUE FUNDS**

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

### Individual Fund Descriptions

**The Capital Reserve Fund** accounts for the accumulation of funds to be used for economic development.

**The Emergency Telephone Fund** accounts for 911 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 911 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 911 system.

**The Fire Districts Fund** accounts for the ad valorem tax levies of the fifteen fire districts in Haywood County.

**The Crisis Assistance Housing Fund** accounts for the administration of federal and state grants for relocation and rehabilitation assistance related to damage from recent hurricanes.

**The Sanitary District Fund** accounts for the ad valorem tax levy for a sanitary district in Haywood County.

**The Road Service Fund** accounts for the ad valorem tax levy of a road service district.

**The CDBG Scattered Site Project Fund** accounts for Federal grants received and expended for community development.

**HAYWOOD COUNTY, NORTH CAROLINA**

## Capital Reserve Fund

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

For the Fiscal Year Ended June 30, 2010

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Other financing uses:			
Transfers to other funds:			
Capital Project Fund--County projects	\$ (5,308)	\$ (5,308)	\$ -
Appropriated fund balance	<u>5,308</u>	<u>-</u>	<u>(5,308)</u>
Net change in fund balance	<u>\$ -</u>	<u>(5,308)</u>	<u>\$ (5,308)</u>
Fund balance:			
Beginning of year, July 1		<u>17,168</u>	
End of year, June 30		<u>\$ 11,860</u>	

**HAYWOOD COUNTY, NORTH CAROLINA**

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

For the Fiscal Year Ended June 30, 2010

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Other taxes:			
911 system subscriber fees	\$ 555,648	\$ 555,653	\$ 5
Investment earnings	-	1,135	1,135
Departmental sales	-	(337)	(337)
Total revenues	<u>555,648</u>	<u>556,451</u>	<u>803</u>
Expenditures:			
Public safety:			
Salaries and employee benefits	78,217	78,139	78
Operating expenses	206,181	151,683	54,498
Capital outlay	310,820	288,874	21,946
Total expenditures	<u>595,218</u>	<u>518,696</u>	<u>76,522</u>
Revenues over (under) expenditures	(39,570)	37,755	77,325
Appropriated fund balance	<u>39,570</u>	-	<u>(39,570)</u>
Net change in fund balance	<u>\$ -</u>	37,755	<u>\$ 37,755</u>
Fund balance:			
Beginning of year, July 1		<u>383,426</u>	
End of year, June 30		<u>\$ 421,181</u>	

**HAYWOOD COUNTY, NORTH CAROLINA**

## Fire Districts Fund

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

For the Fiscal Year Ended June 30, 2010

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Ad valorem taxes:			
Current year and prior	\$ 3,423,756	\$ 3,429,525	\$ 5,769
Penalties and interest	34,325	28,204	(6,121)
Total	<u>3,458,081</u>	<u>3,457,729</u>	<u>(352)</u>
Expenditures:			
Public safety:			
Fire district:			
West Canton	65,974	65,957	17
North Canton	224,700	224,674	26
Center Pigeon	318,841	318,787	54
Lake Junaluska	338,972	338,963	9
Crabtree-Ironduff	264,626	264,626	-
Cruso	200,944	200,944	-
Camp Branch (Waynesville)	1,109	1,109	-
Saunook	160,044	160,043	1
Maggie Valley	577,050	577,050	-
Clyde	384,683	384,683	-
Jonathan Creek	424,068	424,068	-
South Waynesville	1,877	1,877	-
Big Cove (Waynesville)	1,027	792	235
Fines Creek	171,200	171,190	10
Lake Logan-Cecil	140,403	140,403	-
Waynesville (combined)	182,563	182,563	-
Total expenditures	<u>3,458,081</u>	<u>3,457,729</u>	<u>352</u>
Net change in fund balance	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balance:			
Beginning of year, July 1		<u>-</u>	
End of year, June 30		<u>\$ -</u>	

**HAYWOOD COUNTY, NORTH CAROLINA**

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

From Inception and for the Fiscal Year Ended June 30, 2010

	<u>Project Authorization</u>	<u>Actual</u>			<u>Variance Positive (Negative)</u>
		<u>Prior Year</u>	<u>Current Year</u>	<u>Total to Date</u>	
Revenues:					
Restricted intergovernmental:					
NC Department of Crime Control and Public Safety--CHAF	\$ 5,405,402	\$ 3,652,651	\$ 79,065	\$ 3,731,716	\$ (1,673,686)
NC Department of Environment and Natural Resources	154,300	150,049	-	150,049	(4,251)
Clean Water Management Trust Easement	1,000,000	23,182	97,119	120,301	(879,699)
Total revenues	<u>6,559,702</u>	<u>3,825,882</u>	<u>176,184</u>	<u>4,002,066</u>	<u>(2,557,636)</u>
Expenditures:					
Crises Housing Assistance Fund (CHAF):					
Housing rehab/construction	530,000	300,533	-	300,533	229,467
Renters' assistance	328,900	8,166	-	8,166	320,734
Homeowners' relocation assistance	1,020,000	580,060	-	580,060	439,940
Operating expenditures	254,120	253,164	-	253,164	956
Housing counselors	123,392	118,433	154	118,587	4,805
Replacement assistance	3,146,000	2,389,306	76,810	2,466,116	679,884
C/O data processing equipment	2,990	2,990	-	2,990	-
Total	<u>5,405,402</u>	<u>3,652,652</u>	<u>76,964</u>	<u>3,729,616</u>	<u>1,675,786</u>
Bethel Floodplains project:					
Professional services--legal/other soft costs	13,373	10,860	2,500	13,360	13
Land/ easement acquisition	140,927	136,689	-	136,689	4,238
Total	<u>154,300</u>	<u>147,549</u>	<u>2,500</u>	<u>150,049</u>	<u>4,251</u>
Clean Water Trust easement:					
Professional services	243,450	14,250	47,173	61,423	182,027
Property management	98,000	8,931	21,068	29,999	68,001
C/O land easement	658,550	-	28,879	28,879	629,671
Total	<u>1,000,000</u>	<u>23,181</u>	<u>97,120</u>	<u>120,301</u>	<u>879,699</u>
Total expenditures	<u>6,559,702</u>	<u>3,823,382</u>	<u>176,584</u>	<u>3,999,966</u>	<u>2,559,736</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 2,500</u>	<u>(400)</u>	<u>\$ 2,100</u>	<u>\$ 2,100</u>
Fund balance:					
Beginning of year, July 1			<u>2,500</u>		
End of year, June 30			<u>\$ 2,100</u>		

**HAYWOOD COUNTY, NORTH CAROLINA**

Sanitary District Fund

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

For the Fiscal Year Ended June 30, 2010

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Ad valorem taxes:			
Current year and prior	\$ 194,000	\$ 197,791	\$ 3,791
Penalties and interest	9,000	1,207	(7,793)
Total revenues	<u>203,000</u>	<u>198,998</u>	<u>(4,002)</u>
Expenditures:			
Environmental protection:			
Water and sewer	<u>203,000</u>	<u>198,998</u>	<u>4,002</u>
Net change in fund balance	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balance:			
Beginning of year, July 1		<u>-</u>	
End of year, June 30		<u>\$ -</u>	

**HAYWOOD COUNTY, NORTH CAROLINA**

## Road Service Fund

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

For the Fiscal Year Ended June 30, 2010

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Ad valorem taxes:			
Current year and prior year	\$ 189,296	\$ 181,139	\$ (8,157)
Penalties and interest	12,190	11,241	(949)
Total revenues	<u>201,486</u>	<u>192,380</u>	<u>(9,106)</u>
Expenditures:			
Economic and physical development	<u>201,486</u>	<u>192,380</u>	<u>9,106</u>
Net change in fund balance	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balance:			
Beginning of year, July 1		<u>-</u>	
End of year, June 30		<u>\$ -</u>	

**HAYWOOD COUNTY, NORTH CAROLINA**

**CDBG Scattered Site Project Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance--Budget and Actual**

From Inception and for the Fiscal Year Ended June 30, 2010

	<b>Project Authorization</b>	<b>Actual</b>			<b>Variance Positive (Negative)</b>
		<b>Prior Year</b>	<b>Current Year</b>	<b>Total to Date</b>	
Revenues:					
Restricted intergovernmental:					
Federal Grant: CDBG	\$ 400,000	\$ 9,682	\$ 38,029	\$ 47,711	\$ (352,289)
Miscellaneous revenue CDBG	-	15,937	-	15,937	15,937
Total revenues	<u>400,000</u>	<u>25,619</u>	<u>38,029</u>	<u>63,648</u>	<u>(336,352)</u>
Expenditures:					
Economic and physical development:					
Administration	40,000	2,982	5,643	8,625	31,375
Rehabilitation	128,000	-	32,136	32,136	95,864
Planning	7,000	6,700	-	6,700	300
Relocation assistance	190,000	-	-	-	190,000
Clearance activity	35,000	-	250	250	34,750
Total expenditures	<u>400,000</u>	<u>9,682</u>	<u>38,029</u>	<u>47,711</u>	<u>352,289</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 15,937</u>	<u>-</u>	<u>\$ 15,937</u>	<u>\$ 15,937</u>
Fund balance:					
Beginning of year, July 1			<u>15,937</u>		
End of year, June 30			<u>\$ 15,937</u>		

## CAPITAL PROJECT FUNDS

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

### Individual Fund Descriptions

**The Economic Development Fund** accounts for projects related to bringing industry into Haywood County.

**The Public Schools G.O. Bond Building Fund** accounts for the school building projects paid by the general obligation bonds issued. A new elementary school was built and various building renovations projects were funded by a \$25 million bond approved in May 2005.

**The Water and Sewer Lines Fund** accounts for the County water and sewer projects.

**The Solid Waste/Landfill Fund** accounts for projects related to the White Oak Landfill construction and cell expansion.

**The Master Facilities Fund** accounts for the recent major building projects the Board of County Commissioners has designated to be paid with sales taxes collected. The projects include a new Justice Center and parking deck, a new Law Enforcement Center and the renovation of the historic Haywood County courthouse for office buildings.

**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.

**HAYWOOD COUNTY, NORTH CAROLINA**

Capital Project Fund--Economic Development  
 Schedule of Revenues, Expenditures and Changes in Fund Balance--Budget and Actual

From Inception and for the Fiscal Year Ended June 30, 2010

	<u>Actual</u>			Variance Positive (Negative)	
	<u>Project Authorization</u>	<u>Prior Year</u>	<u>Current Year</u>		<u>Total to Date</u>
Revenues:					
Contributions and donations	\$ 133,901	\$ 133,901	\$ -	\$ 133,901	\$ -
Expenditures:					
Site development	702,615	701,857	-	701,857	758
Revenues under expenditures	(568,714)	(567,956)	-	(567,956)	758
Other financing sources (uses):					
Proceeds from note payable	146,858	146,100	-	146,100	(758)
Transfers from (to) other funds:					
General Fund	(79)	-	(79)	(79)	-
Capital reserve	421,935	421,935	-	421,935	-
Total other financing sources (uses)	568,714	568,035	(79)	567,956	(758)
Net change in fund balance	<u>\$ -</u>	<u>\$ 79</u>	(79)	<u>\$ -</u>	<u>\$ -</u>
Fund balance:					
Beginning of year, July 1			<u>79</u>		
End of year, June 30			<u>\$ -</u>		

**HAYWOOD COUNTY, NORTH CAROLINA**

Capital Project Fund--Public Schools G.O. Bond Fund  
 Schedule of Revenues, Expenditures and Changes in Fund Balance--Budget and Actual

From Inception and for the Fiscal Year Ended June 30, 2010

	<b>Project Authorization</b>	<b>Actual</b>			<b>Variance Positive (Negative)</b>
		<b>Prior Year</b>	<b>Current Year</b>	<b>Total to Date</b>	
<b>Revenues:</b>					
Restricted intergovernmental	\$ 439,498	\$ 439,498	\$ -	\$ 439,498	\$ -
Investment earnings (loss)	605,690	713,393	(107,703)	605,690	-
Total revenues	<u>1,045,188</u>	<u>1,152,891</u>	<u>(107,703)</u>	<u>1,045,188</u>	<u>-</u>
<b>Expenditures:</b>					
Bethel Elementary School:					
Professional services:					
Architectural and engineering	293,257	293,257	-	293,257	-
Other	7,262	7,262	-	7,262	-
Financing costs	177,461	177,461	-	177,461	-
Miscellaneous	5,297	5,297	-	5,297	-
Equipment	128,214	128,214	-	128,214	-
Buildings, structures and improvements	14,812,059	14,812,059	-	14,812,059	-
Landscaping /site development	1,439,447	1,439,447	-	1,439,447	-
Total	<u>16,862,997</u>	<u>16,862,997</u>	<u>-</u>	<u>16,862,997</u>	<u>-</u>
Phase 2 school bond building projects:					
Professional services	6,146	6,146	-	6,146	-
Financing costs	153,085	153,085	-	153,085	-
Furniture	215,174	215,174	-	215,174	-
Clyde Elementary renovations	1,249,675	1,249,675	-	1,249,675	-
N. Canton Elementary renovations	1,199,803	1,199,803	-	1,199,803	-
Riverbend Elementary renovations	760,971	760,971	-	760,971	-
Pisgah High School Gym	1,215,699	1,215,699	-	1,215,699	-
Tuscola High School Gym	1,154,815	1,154,815	-	1,154,815	-
Pisgah/Canton Middle ball fields	269,588	269,588	-	269,588	-
Preliminary/moving expenditures	81,941	81,941	-	81,941	-
Other structures	27,500	27,500	-	27,500	-
Total	<u>6,334,397</u>	<u>6,334,397</u>	<u>-</u>	<u>6,334,397</u>	<u>-</u>
Total expenditures	<u>23,197,394</u>	<u>23,197,394</u>	<u>-</u>	<u>23,197,394</u>	<u>-</u>
Revenues under expenditures	<u>(22,152,206)</u>	<u>(22,044,503)</u>	<u>(107,703)</u>	<u>(22,152,206)</u>	<u>-</u>

(continued)

**HAYWOOD COUNTY, NORTH CAROLINA**

Capital Project Fund--Public Schools G.O. Bond Fund  
 Schedule of Revenues, Expenditures and Changes in Fund Balance--Budget and Actual, Continued

From Inception and for the Fiscal Year Ended June 30, 2010

	<b>Project Authorization</b>	<b>Actual</b>			<b>Variance Positive (Negative)</b>
		<b>Prior Year</b>	<b>Current Year</b>	<b>Total to Date</b>	
Other financing sources (uses):					
Transfers to General Fund	\$ (1,986,909)	\$ (943,363)	\$ (1,043,546)	\$ (1,986,909)	\$ -
Transfers to Capital Project Fund	(440,000)	(440,000)	-	(440,000)	-
Proceeds from G.O. Bonds	17,115,884	17,115,884	-	17,115,884	-
Proceeds from G.O. Bonds	7,000,000	7,000,000	-	7,000,000	-
Premium on G.O. Bonds	463,231	463,231	-	463,231	-
Total other financing sources (uses)	<u>22,152,206</u>	<u>23,195,752</u>	<u>(1,043,546)</u>	<u>22,152,206</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 1,151,249</u>	<u>(1,151,249)</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balance:					
Beginning of year, July 1			<u>1,151,249</u>		
End of year, June 30			<u>\$ -</u>		

**HAYWOOD COUNTY, NORTH CAROLINA**

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

From Inception and for the Fiscal Year Ended June 30, 2010

	<b>Actual</b>			
<b>Project Authorization</b>	<b>Prior Year</b>	<b>Current Year</b>	<b>Total to Date</b>	<b>Variance Positive (Negative)</b>
Revenues:				
Sales and services	\$ -	\$ 56,669	\$ -	\$ 56,669
Net change in fund balance	\$ -	\$ 56,669	-	\$ 56,669
Fund balance:				
Beginning of year, July 1		56,669		
End of year, June 30		\$ 56,669		

**HAYWOOD COUNTY, NORTH CAROLINA**

Capital Project Fund--Solid Waste/Landfill  
 Schedule of Revenues, Expenditures and Changes in Fund Balance--Budget and Actual

From Inception and for the Fiscal Year Ended June 30, 2010

	<u>Actual</u>			<b>Variance Positive (Negative)</b>	
	<b>Project Authorization</b>	<b>Prior Year</b>	<b>Current Year</b>		<b>Total to Date</b>
Revenues:					
Investment earnings	\$ -	\$ -	\$ 19,608	\$ 19,608	\$ 19,608
Expenditures:					
Professional services--legal/financing	41,000	-	26,474	26,474	14,526
Professional services--engineering	362,928	-	331,495	331,495	31,433
Professional services--monitoring wells	14,400	-	3,708	3,708	10,692
Equipment-truck wash	152,000	-	-	-	152,000
Equipment-electrical	37,571	-	30,800	30,800	6,771
Other structures	3,695,573	-	3,603,183	3,603,183	92,390
Construction contingency	185,000	-	-	-	185,000
Contingency	11,528	-	-	-	11,528
Total	<u>4,500,000</u>	<u>-</u>	<u>3,995,660</u>	<u>3,995,660</u>	<u>504,340</u>
Landfill gas collection project:					
Professional services	96,950	-	-	-	96,950
Land clearing	27,130	-	-	-	27,130
Easement acquisition	6,000	-	-	-	6,000
Total	<u>130,080</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>130,080</u>
Total expenditures	<u>4,630,080</u>	<u>-</u>	<u>3,995,660</u>	<u>3,995,660</u>	<u>634,420</u>
Revenues under expenditures	<u>(4,630,080)</u>	<u>-</u>	<u>(3,976,052)</u>	<u>(3,976,052)</u>	<u>654,028</u>
Other financing sources:					
Proceeds from note payable	4,500,000	-	4,500,000	4,500,000	-
Transfer from other funds	130,080	-	130,080	130,080	-
Excess from completed projects	-	151,950	-	151,950	151,950
Total other financing sources	<u>4,630,080</u>	<u>151,950</u>	<u>4,630,080</u>	<u>4,782,030</u>	<u>151,950</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 151,950</u>	654,028	<u>\$ 805,978</u>	<u>\$ 805,978</u>
Fund balance:					
Beginning of year, July 1			<u>151,950</u>		
End of year, June 30			<u>\$ 805,978</u>		

**HAYWOOD COUNTY, NORTH CAROLINA**

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

From Inception and for the Fiscal Year Ended June 30, 2010

	<b>Project Authorization</b>	<b>Actual</b>			<b>Variance Positive (Negative)</b>
		<b>Prior Year</b>	<b>Current Year</b>	<b>Total to Date</b>	
<b>Revenues:</b>					
Investment earnings	\$ 443,912	\$ 444,676	\$ -	\$ 444,676	\$ 764
Sales tax refunds	18,323	18,323	-	18,323	-
Total revenues	<u>462,235</u>	<u>462,999</u>	<u>-</u>	<u>462,999</u>	<u>764</u>
<b>Expenditures:</b>					
Historic Courthouse Renovation:					
Professional services--architectural	347,536	313,094	(210)	312,884	34,652
Professional services--other	278,110	216,875	52,771	269,646	8,464
Miscellaneous charges	58,863	38,940	19,803	58,743	120
Bank charges and fees	38,646	38,646	-	38,646	-
Capital outlay--Furniture and equipment	391,200	344,332	43,441	387,773	3,427
Capital outlay--Buildings--reconstruction	7,130,209	6,592,898	338,854	6,931,752	198,457
Total	<u>8,244,564</u>	<u>7,544,785</u>	<u>454,659</u>	<u>7,999,444</u>	<u>245,120</u>
<b>Other project:</b>					
Contribution to Haywood Community					
College	<u>1,821,500</u>	<u>1,821,500</u>	<u>-</u>	<u>1,821,500</u>	<u>-</u>
Total expenditures	<u>10,066,064</u>	<u>9,366,285</u>	<u>454,659</u>	<u>9,820,944</u>	<u>245,120</u>
Revenues under expenditures	<u>(9,603,829)</u>	<u>(8,903,286)</u>	<u>(454,659)</u>	<u>(9,357,945)</u>	<u>245,884</u>
<b>Other financing sources (uses):</b>					
Proceeds from installment loan	9,900,000	9,900,000	-	9,900,000	-
Transfers to other funds	(296,171)	(296,171)	-	(296,171)	-
Total other financing sources (uses)	<u>9,603,829</u>	<u>9,603,829</u>	<u>-</u>	<u>9,603,829</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 700,543</u>	<u>(454,659)</u>	<u>\$ 245,884</u>	<u>\$ 245,884</u>
<b>Fund balance:</b>					
Beginning of year, July 1			<u>700,543</u>		
End of year, June 30			<u>\$ 245,884</u>		

**HAYWOOD COUNTY, NORTH CAROLINA**

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

From Inception and for the Fiscal Year Ended June 30, 2010

	<b>Project Authorization</b>	<b>Actual</b>			<b>Variance Positive (Negative)</b>
		<b>Prior Year</b>	<b>Current Year</b>	<b>Total to Date</b>	
Revenues:					
Restricted intergovernmental	\$ 1,449,705	\$ 1,197,791	\$ (67,586)	\$ 1,130,205	\$ (319,500)
Investment earnings	3,380	3,380	-	3,380	-
Other	12,998	-	12,998	12,998	-
Total revenues	<u>1,466,083</u>	<u>1,201,171</u>	<u>(54,588)</u>	<u>1,146,583</u>	<u>(319,500)</u>
Expenditures:					
Building projects:					
Canton Middle School Band Building:					
Professional services--architectural and engineering	32,400	32,400	-	32,400	-
Buildings, structures and improvements	451,828	451,828	-	451,828	-
Landscaping and site development	29,158	29,158	-	29,158	-
Total	<u>513,386</u>	<u>513,386</u>	<u>-</u>	<u>513,386</u>	<u>-</u>
North Canton Elementary School roof:					
Professional services	9,450	-	-	-	9,450
Repair and maintenance	116,550	-	-	-	116,550
Total	<u>126,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>126,000</u>
Public Schools building projects:					
Building costs	238,327	57,241	148,791	206,032	32,295
Central Haywood High School:					
Professional services	30,000	-	-	-	30,000
Capital outlay--buildings	270,000	-	-	-	270,000
Total	<u>300,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>300,000</u>
Junaluska School roofing project:					
Building costs	862,582	862,582	-	862,582	-
Astroturf ballfields projects:					
Financing	17,724	17,724	-	17,724	-
Structures and improvements	1,395,274	1,395,274	-	1,395,274	-
Total	<u>1,412,998</u>	<u>1,412,998</u>	<u>-</u>	<u>1,412,998</u>	<u>-</u>
Total expenditures	<u>3,453,293</u>	<u>2,846,207</u>	<u>148,791</u>	<u>2,994,998</u>	<u>458,295</u>

(continued)

**HAYWOOD COUNTY, NORTH CAROLINA**

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

From Inception and for the Fiscal Year Ended June 30, 2010

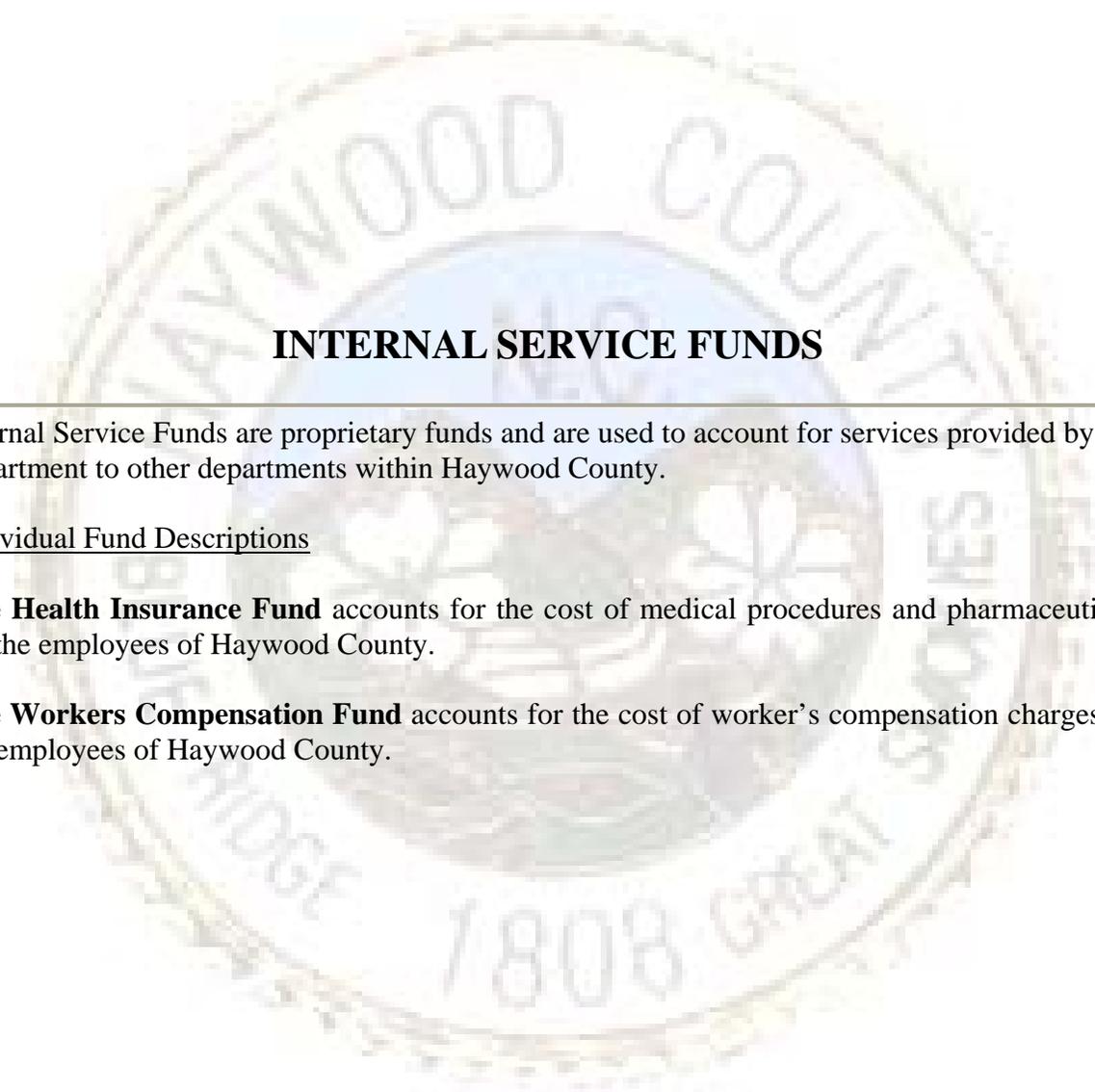
	<u>Actual</u>			<b>Variance Positive (Negative)</b>	
	<b>Project Authorization</b>	<b>Prior Year</b>	<b>Current Year</b>		<b>Total to Date</b>
Revenues under expenditures	\$ (1,987,210)	\$ (1,645,036)	\$ (203,379)	\$ (1,848,415)	\$ 138,795
Other financing sources (uses):					
Proceeds from L/P agreements	1,400,000	1,400,000	-	1,400,000	-
Transfer from other funds	590,590	418,293	172,297	590,590	-
Transfer to other funds	(3,380)	-	(3,380)	(3,380)	-
Total other financing sources (uses)	<u>1,987,210</u>	<u>1,818,293</u>	<u>168,917</u>	<u>1,987,210</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 173,257</u>	<u>(34,462)</u>	<u>\$ 138,795</u>	<u>\$ 138,795</u>
Fund balance:					
Beginning of year, July 1			<u>173,257</u>		
End of year, June 30			<u>\$ 138,795</u>		

**HAYWOOD COUNTY, NORTH CAROLINA**

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

From Inception and for the Fiscal Year Ended June 30, 2010

	<b>Project Authorization</b>	<b>Actual</b>			<b>Variance Positive (Negative)</b>
		<b>Prior Year</b>	<b>Current Year</b>	<b>Total to Date</b>	
Revenues:					
Restricted intergovernmental	\$ 10,000	\$ -	\$ 10,000	\$ 10,000	\$ -
Expenditures:					
County buildings:					
Repairs and maintenance	4,865	4,865	-	4,865	-
Grading and drainage	17,459	17,459	-	17,459	-
Total	<u>22,324</u>	<u>22,324</u>	<u>-</u>	<u>22,324</u>	<u>-</u>
Recreation Park project:					
Professional services--architectural and engineering	15,308	-	14,950	14,950	358
Total expenditures	<u>37,632</u>	<u>22,324</u>	<u>14,950</u>	<u>37,274</u>	<u>358</u>
Revenues under expenditures	<u>(27,632)</u>	<u>(22,324)</u>	<u>(4,950)</u>	<u>(27,274)</u>	<u>(358)</u>
Other financing sources (uses):					
Transfers from other funds:					
General	22,500	22,500	6,000	28,500	6,000
Capital reserve	5,308	-	5,308	5,308	-
Transfer to other funds	<u>(176)</u>	<u>-</u>	<u>(176)</u>	<u>(176)</u>	<u>-</u>
Total other financing sources (uses)	<u>27,632</u>	<u>22,500</u>	<u>11,132</u>	<u>33,632</u>	<u>6,000</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 176</u>	6,182	<u>\$ 6,358</u>	<u>\$ 6,358</u>
Fund balance:					
Beginning of year, July 1			<u>176</u>		
End of year, June 30			<u>\$ 6,358</u>		

The seal of Haywood County, Oregon, is a circular emblem. It features a central figure of a Native American man in traditional dress, holding a bow and arrow. The seal is surrounded by the text "HAYWOOD COUNTY" at the top and "1808 GREAT SMOKE" at the bottom. The seal is rendered in a light, faded color in the background of the page.

## **INTERNAL SERVICE FUNDS**

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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 worker's compensation charges for the employees of Haywood County.

**HAYWOOD COUNTY, NORTH CAROLINA**Combining Statement of Net Assets  
Internal Service Funds

June 30, 2010

	<b>Internal Service Fund-- Health Insurance</b>	<b>Internal Service Fund-- Workers' Comp</b>	<b>Total Internal Service Funds</b>
Assets:			
Current assets:			
Cash and cash equivalents	\$ 9,785	\$ 889,087	\$ 898,872
Prepays	54,802	1,000	55,802
Total assets	<u>64,587</u>	<u>890,087</u>	<u>954,674</u>
Liabilities:			
Current liabilities:			
Accrued expenses	<u>-</u>	<u>15,067</u>	<u>15,067</u>
Net assets:			
Unrestricted	<u>\$ 64,587</u>	<u>\$ 875,020</u>	<u>\$ 939,607</u>

**HAYWOOD COUNTY, NORTH CAROLINA**Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets  
Internal Service Funds

For the Fiscal Year Ended June 30, 2010

	<b>Internal Service Fund-- Health Insurance</b>	<b>Internal Service Fund-- Workers' Comp</b>	<b>Total Internal Service Funds</b>
Revenues:			
Internal charges for services	\$ 4,256,792	\$ 603,568	\$ 4,860,360
External charges for services	556,748	-	556,748
Cobra subsidy	1,268	-	1,268
Total revenues	<u>4,814,808</u>	<u>603,568</u>	<u>5,418,376</u>
Expenses:			
Claims and administration	<u>4,752,840</u>	<u>503,554</u>	<u>5,256,394</u>
Operating income/change in net assets	61,968	100,014	161,982
Net assets:			
Beginning of year, July 1	<u>2,619</u>	<u>775,006</u>	<u>777,625</u>
End of year, June 30	<u>\$ 64,587</u>	<u>\$ 875,020</u>	<u>\$ 939,607</u>

**HAYWOOD COUNTY, NORTH CAROLINA**Combining Statement of Cash Flows  
Internal Service Funds

For The Fiscal Year Ended June 30, 2010

	<b>Internal Service Fund-- Health Insurance</b>	<b>Internal Service Fund-- Workers' Comp</b>	<b>Total Internal Service Funds</b>
Cash flows from operating activities:			
Receipts from third-party payors and patients	\$ 4,760,005	\$ 603,568	\$ 5,363,573
Payments to providers	(4,509,112)	(405,172)	(4,914,284)
Payments to administrator	(701,571)	(87,221)	(788,792)
Net cash provided (used) by operating activities	<u>(450,678)</u>	<u>111,175</u>	<u>(339,503)</u>
Net increase (decrease) in cash and cash equivalents	(450,678)	111,175	(339,503)
Cash and cash equivalents, July 1	<u>460,463</u>	<u>777,912</u>	<u>1,238,375</u>
Cash and cash equivalents, June 30	<u>\$ 9,785</u>	<u>\$ 889,087</u>	<u>\$ 898,872</u>
Reconciliation of operating income to net cash provided (used) by operating activities:			
Operating income	\$ 61,968	\$ 100,014	\$ 161,982
Changes in assets and liabilities:			
Increase in prepaids	(54,802)	-	(54,802)
Increase (decrease) in accrued expenses	<u>(457,844)</u>	<u>11,161</u>	<u>(446,683)</u>
Net cash provided (used) by operating activities	<u>\$ (450,678)</u>	<u>\$ 111,175</u>	<u>\$ (339,503)</u>

**HAYWOOD COUNTY, NORTH CAROLINA**

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

For the Fiscal Year Ended June 30, 2010

	<u>Financial Plan</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Operating revenues:			
Charges for services	<u>\$ 4,799,700</u>	<u>\$ 4,814,808</u>	<u>\$ 15,108</u>
Operating expenses:			
Claims and administration	<u>4,799,700</u>	<u>4,752,840</u>	<u>46,860</u>
Operating income	<u><u>\$ -</u></u>	<u><u>\$ 61,968</u></u>	<u><u>\$ 61,968</u></u>

**HAYWOOD COUNTY, NORTH CAROLINA**Self Insurance Fund--Workers' Compensation  
Schedule of Revenues and Expenses Financial Plan and Actual (Non-GAAP)

For the Fiscal Year Ended June 30, 2010

	<u>Financial Plan</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Operating revenues:			
Charges for services	\$ 530,000	\$ 603,568	\$ 73,568
Operating expenses:			
Claims and administration	530,000	503,554	26,446
Operating income	\$ -	\$ 100,014	\$ 100,014

## **AGENCY FUNDS**

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

### Individual Fund Descriptions

**The Social Services Fund** accounts for assets held by the County as agent for individuals served by this department

**The Fines and Forfeitures Fund** accounts for various legal fines and forfeitures that the County is required to remit to the Haywood County Board of Education.

**The Motor Vehicle Tax Fund** accounts for the proceeds of the motor vehicle taxes that are collected by the County on behalf of the municipalities within the County.

**The NC DMV Interest Fund** accounts for fees and interest for the Department of Motor Vehicles.

**The NC Deed of Trust Fee Fund** accounts for the five dollars of each fee collected by the Register of Deeds for registering or filing a deed of trust or mortgage and remitted to the State treasurer on a monthly basis.

**HAYWOOD COUNTY, NORTH CAROLINA**

Agency Funds  
 Combining Statement of Changes in Assets and Liabilities

For the Fiscal Year Ended June 30, 2010

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
<b>Social Services:</b>				
Assets:				
Cash and cash equivalents	\$ 136,024	\$ 67,015	\$ 15,886	\$ 187,153
Liabilities:				
Amounts held for others	\$ 136,024	\$ 67,015	\$ 15,886	\$ 187,153
<b>Fines and Forfeitures:</b>				
Assets:				
Cash and cash equivalents	\$ -	\$ 374,593	\$ 374,593	\$ -
Liabilities:				
Due to other governments	\$ -	\$ 374,593	\$ 374,593	\$ -
<b>Motor Vehicle Tax:</b>				
Assets:				
Cash and cash equivalents	\$ 74,803	\$ 473,822	\$ 472,254	\$ 76,371
Liabilities:				
Due to other governments	\$ 74,803	\$ 473,822	\$ 472,254	\$ 76,371
<b>NC DMV Interest:</b>				
Assets:				
Cash and cash equivalents	\$ 2,895	\$ 28,419	\$ 28,407	\$ 2,907
Liabilities:				
Due to other governments	\$ 2,895	\$ 28,419	\$ 28,407	\$ 2,907

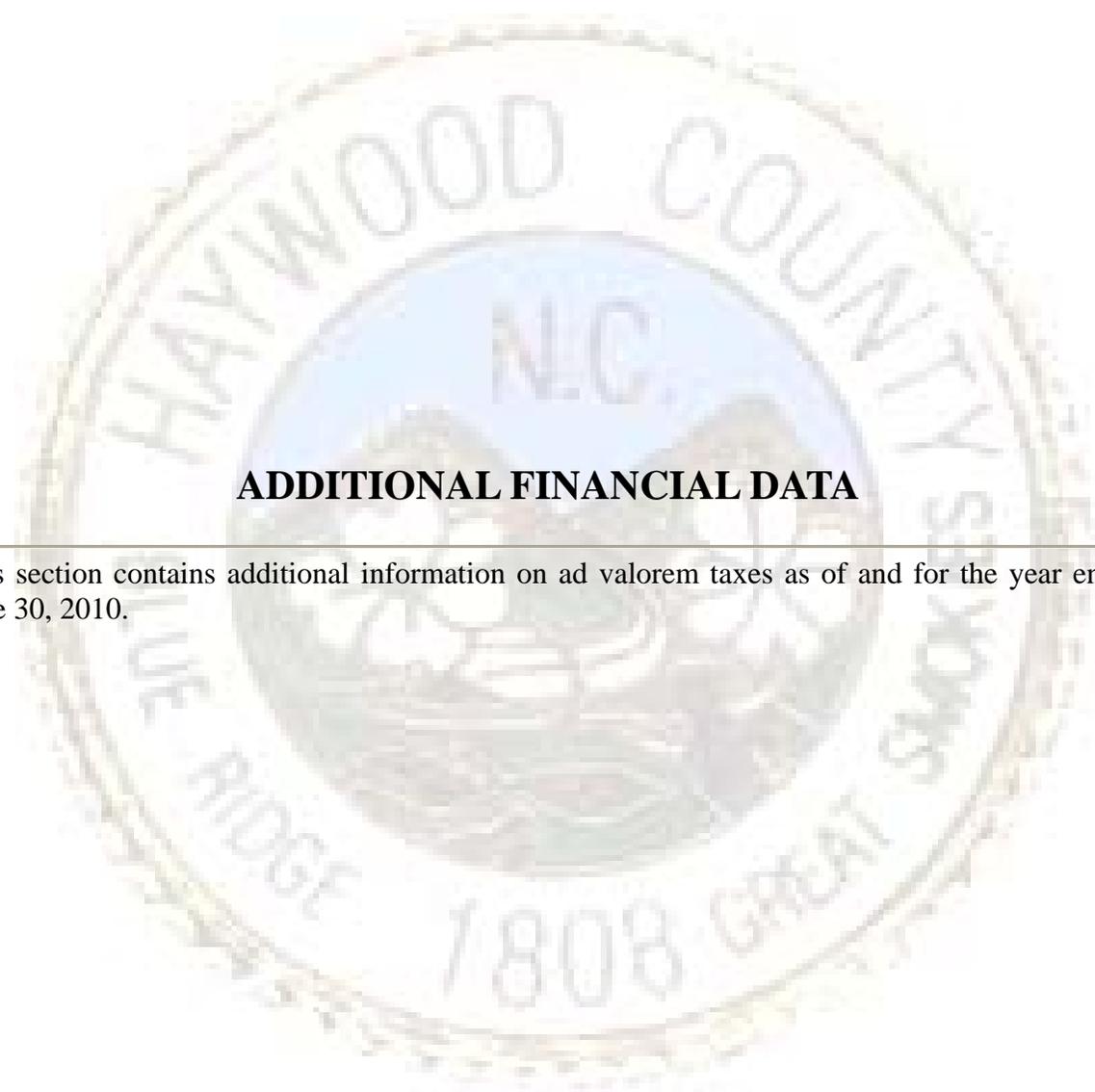
(continued)

**HAYWOOD COUNTY, NORTH CAROLINA**

Agency Funds  
 Combining Statement of Changes in Assets and Liabilities, Continued

For the Fiscal Year Ended June 30, 2010

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
NC Deed of Trust Fee Fund:				
Assets:				
Cash and cash equivalents	\$ -	\$ 8,745	\$ 8,745	\$ -
Liabilities:				
Due to other governments	\$ -	\$ 8,745	\$ 8,745	\$ -
Totals--All Agency Funds:				
Assets:				
Cash and cash equivalents	\$ 213,722	\$ 952,594	\$ 899,885	\$ 266,431
Liabilities:				
Amounts held for others	\$ 136,024	\$ 67,015	\$ 15,886	\$ 187,153
Due to other governments	77,698	885,579	883,999	79,278
Total liabilities	\$ 213,722	\$ 952,594	\$ 899,885	\$ 266,431

The seal of Haywood County, North Carolina, is a circular emblem. The outer ring contains the text "HAYWOOD COUNTY" at the top and "1808 GREAT SMOKES MOUNTAIN" at the bottom. The inner circle features a landscape with mountains, a river, and a sun. The letters "N.C." are positioned above the landscape.

## **ADDITIONAL FINANCIAL DATA**

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This section contains additional information on ad valorem taxes as of and for the year ended June 30, 2010.

**HAYWOOD COUNTY, NORTH CAROLINA**Analysis of Current Tax Levy  
County-wide Levy

For the Fiscal Year Ended June 30, 2010

	<b>County-wide</b>			<b>Total Levy</b>	
	<b>Property Valuation</b>	<b>Rate</b>	<b>Amount of Levy</b>	<b>Property Excluding Registered Motor Vehicles</b>	<b>Registered Motor Vehicles</b>
Original levy:					
Property taxed at current year's rate	\$ 7,168,817,510	0.514%	\$ 36,807,090	\$ 34,533,386	\$ 2,273,704
Penalties	-		31,476	31,476	-
Total	<u>7,168,817,510</u>		<u>36,838,566</u>	<u>34,564,862</u>	<u>2,273,704</u>
Discoveries:					
Current year taxes	9,386,278	0.514%	24,753	24,753	-
Prior year taxes	29,702,374		73,339	73,339	-
Penalties	-		25,908	25,908	-
Total	<u>39,088,652</u>		<u>124,000</u>	<u>124,000</u>	<u>-</u>
Abatements	<u>(11,477,043)</u>	0.514%	<u>(60,782)</u>	<u>(34,621)</u>	<u>(26,161)</u>
Total property valuation	<u>\$ 7,196,429,119</u>				
Net levy			36,901,784	34,654,241	2,247,543
Uncollected taxes at June 30, 2010			<u>1,542,834</u>	<u>1,235,759</u>	<u>307,075</u>
Current year's taxes collected			<u>\$ 35,358,950</u>	<u>\$ 33,418,482</u>	<u>\$ 1,940,468</u>
Current levy collection percentage			<u>95.82%</u>	<u>96.43%</u>	<u>86.34%</u>

**HAYWOOD COUNTY, NORTH CAROLINA**

General Fund  
Schedule of Ad Valorem Taxes Receivable

June 30, 2010

<u>Fiscal Year</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Collections And Credits</u>	<u>Ending Balance</u>
2009-2010	\$ -	\$ 36,901,784	\$ 35,358,950	\$ 1,542,834
2008-2009	1,517,663	-	1,012,303	505,360
2007-2008	368,344	-	155,134	213,210
2006-2007	233,603	-	71,192	162,411
2005-2006	179,282	-	34,924	144,358
2004-2005	137,928	-	17,186	120,742
2003-2004	121,816	-	13,391	108,425
2002-2003	121,771	-	8,280	113,491
2001-2002	100,250	-	4,715	95,535
2000-2001	125,069	-	2,158	122,911
1999-2000	132,300	-	132,300	-
	<u>\$ 3,038,026</u>	<u>\$ 36,901,784</u>	<u>\$ 36,810,533</u>	3,129,277
Less: allowance for uncollectible accounts				
General Fund				<u>(600,000)</u>
Ad valorem taxes receivable - net				
General Fund				<u>\$ 2,529,277</u>
<u>Reconciliation with revenues</u>				
Ad valorem taxes--General Fund				\$ 36,986,735
Reconciling items				
Releases of prior year taxes				76,219
Refunds payable				(128,668)
Interest collected				(271,401)
1999 - 2000 write-off per statute of limitations				132,300
Other				15,348
Total reconciling items				<u>(176,202)</u>
Total collections and credits				<u>\$ 36,810,533</u>

**HAYWOOD COUNTY, NORTH CAROLINA**

## Secondary Market Disclosures

For the Fiscal Year ended June 30, 2010

**Secondary Market Disclosures:**

Assessed valuation:		
Assessment ratio <sup>1</sup>		100 %
Real property	\$ 6,165,577,637	
Personal property	880,864,853	
Public service companies <sup>2</sup>	149,986,629	
Total assessed valuation	7,196,429,119	
Tax rate per \$100		0.514
Levy (includes discoveries, releases and abatements) <sup>3</sup>	\$ 36,901,784	

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	1.06
Road service districts	1.12
Sanitary district	0.06
Total	2.24

<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

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This part of the 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. The County implemented GASB Statement 34 in 2003; schedules presenting government-wide information include information beginning in that year.

## HAYWOOD COUNTY, NORTH CAROLINA

### Changes in Net Assets Last Eight Fiscal Years (accrual basis of accounting)

	2010	2009	2008
Expenses:			
Governmental activities:			
General government	\$ 8,182,194	\$ 8,768,120	\$ 11,708,960
Public safety	17,126,202	16,776,152	16,168,220
Transportation	292,770	284,233	259,896
Environmental protection	5,739,294	5,152,439	4,631,896
Economic and physical development	2,736,807	2,770,701	5,339,247
Human services	17,479,276	19,842,232	19,965,753
Cultural and recreation	1,773,656	1,899,287	1,013,051
Education	17,562,877	19,139,292	24,520,469
Interest on long-term debt	2,630,297	2,439,611	2,361,453
Total governmental activities expenses	73,523,373	77,072,067	85,968,945
Program revenues:			
Governmental activities:			
Charges for services:			
General government	181,331	184,733	216,227
Public safety	2,190,012	2,946,596	2,032,758
Environmental protection	4,585,211	4,265,110	2,224,986
Economic and physical development	229,303	244,421	348,236
Human services	574,082	777,162	731,429
Cultural and recreation	72,958	72,042	67,806
Operating grants:			
General government	203,704	490,415	1,022,891
Public safety	963,921	819,708	577,031
Transportation	182,845	174,105	163,855
Environmental protection	46,105	65,128	-
Economic and physical development	389,337	455,797	947,857
Human services	9,751,605	9,618,243	8,702,862
Cultural and recreation	184,269	185,723	186,984
Education	158,925	200,145	98,355

<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>
\$ 7,189,107	\$ 6,797,823	\$ 5,899,868	\$ 5,542,126	\$ 4,489,622
14,757,960	13,820,383	11,393,440	10,412,999	9,199,382
223,334	142,609	151,208	213,441	218,802
4,506,090	7,558,422	4,286,107	3,109,881	3,295,029
10,158,504	2,947,975	2,824,937	2,656,375	2,788,097
19,491,770	18,184,042	16,803,064	15,676,474	14,761,560
2,085,582	2,027,052	1,863,920	1,764,400	1,646,722
27,993,801	21,222,128	15,562,420	14,193,940	13,650,156
2,005,587	1,597,889	1,404,216	1,237,979	1,382,240
<b>88,411,735</b>	<b>74,298,323</b>	<b>60,189,180</b>	<b>54,807,615</b>	<b>51,431,610</b>
177,952	595,955	610,109	223,404	256,793
1,847,392	1,891,570	2,159,261	1,248,398	1,733,019
1,752,966	1,326,883	1,202,507	1,175,051	184,106
439,972	383,790	324,394	368,186	371,948
758,957	719,390	542,614	444,286	393,559
70,965	24,182	25,138	13,569	12,524
424,308	511,874	119,756	69,882	68,644
572,433	791,088	1,318,692	825,836	237,873
141,666	105,817	122,467	162,256	168,287
-	3,226,371	1,831,549	-	-
4,139,240	4,179,959	3,510,776	1,182,361	126,088
8,841,511	8,125,771	7,756,284	7,282,638	6,309,468
254,065	344,704	259,029	265,514	81,410
89,968	885,299	573,070	485,740	174,142

(continued)

## HAYWOOD COUNTY, NORTH CAROLINA

### Changes in Net Assets Last Eight Fiscal Years, Continued (accrual basis of accounting)

	<b>2010</b>	<b>2009</b>	<b>2008</b>
Program revenues, continued:			
Governmental activities, continued:			
Capital grants:			
General government	\$ -	\$ 5,372	\$ -
Public safety	29,872	-	4,194
Economic development	28,879	136,689	1,136,322
Human services	40,183	-	-
Culture and recreation	10,000	-	-
Education	254,568	1,332,378	267,421
Total governmental activities	20,077,110	21,973,767	18,729,214
program revenues	20,077,110	21,973,767	18,729,214
Net (expense) revenue:			
Governmental activities	(53,446,263)	(55,098,300)	(67,239,731)
General revenues and other changes in net assets:			
Governmental activities:			
Taxes:			
Property taxes, levied for general purpose	40,653,369	38,837,841	37,536,263
Local option sales tax	10,471,553	12,125,586	13,862,533
Other taxes	2,803,761	2,292,752	4,828,076
Grants and contributions not restricted to			
specific programs	296,970	420,508	186,409
Investment earnings, unrestricted	76,439	305,960	1,053,916
Miscellaneous, unrestricted	77,256	33,278	19,326
Total governmental activities	54,379,348	54,015,925	57,486,523
Change in net assets:			
Governmental activities	\$ 933,085	\$ (1,082,375)	\$ (9,753,208)

Note: Haywood County implemented GASB 34 for the fiscal year ended June 30, 2003.

<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
\$ -	\$ -	\$ -	\$ -	\$ 2,500,000
31,576	-	-	-	-
5,202,570	-	-	-	-
22,470	-	-	-	-
-	-	-	-	-
849,710	-	-	-	-
<u>25,617,721</u>	<u>23,112,653</u>	<u>20,355,646</u>	<u>13,747,121</u>	<u>12,617,861</u>
(62,794,014)	(51,185,670)	(39,833,534)	(41,060,494)	(38,813,749)
35,997,662	33,038,674	32,085,262	30,990,635	30,513,052
13,332,882	12,597,709	11,678,096	11,714,322	9,316,612
4,556,551	4,719,286	3,908,701	3,714,225	3,496,286
188,063	194,812	191,725	187,441	2,957,101
1,486,052	976,863	599,171	370,191	296,692
87	127,022	212,730	256,761	2,174,932
<u>55,561,297</u>	<u>51,654,366</u>	<u>48,675,685</u>	<u>47,233,575</u>	<u>48,754,675</u>
<u>\$ (7,232,717)</u>	<u>\$ 468,696</u>	<u>\$ 8,842,151</u>	<u>\$ 6,173,081</u>	<u>\$ 9,940,926</u>

## HAYWOOD COUNTY, NORTH CAROLINA

### Net Assets by Component Last Eight Fiscal Years (accrual basis of accounting)

	<u>2010</u>	<u>2009</u>	<u>2008</u>
Governmental activities:			
Invested in capital assets, net of related debt	\$ 31,810,284	\$ 30,453,109	\$ 31,578,244
Restricted	4,121,683	3,166,520	5,562,616
Unrestricted	<u>(13,164,199)</u>	<u>(11,784,946)</u>	<u>(14,223,802)</u>
 Total governmental activities net assets	 <u>\$ 22,767,768</u>	 <u>\$ 21,834,683</u>	 <u>\$ 22,917,058</u>

Note: The County began to report accrual information when it implemented GASB Statement 34 in fiscal year 2003

<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
\$ 34,381,766	\$ 30,081,323	\$ 25,572,842	\$ 19,005,791	\$ 14,318,583
4,125,665	15,463,218	4,798,607	1,238,995	3,040,704
<u>(5,837,165)</u>	<u>(5,642,321)</u>	<u>9,062,838</u>	<u>10,347,350</u>	<u>5,560,324</u>
<u><u>\$ 32,670,266</u></u>	<u><u>\$ 39,902,220</u></u>	<u><u>\$ 39,434,287</u></u>	<u><u>\$ 30,592,136</u></u>	<u><u>\$ 22,919,611</u></u>

**HAYWOOD COUNTY, NORTH CAROLINA**

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

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
General fund:				
Reserved	\$ 5,644,447	\$ 5,278,316	\$ 5,897,339	\$ 6,943,868
Unreserved	9,487,074	7,786,626	6,661,542	7,583,734
Total general fund	<u>15,131,521</u>	<u>13,064,942</u>	<u>12,558,881</u>	<u>14,527,602</u>
All other governmental funds:				
Reserved	234,078	86,859	51,353	105,143
Unreserved, reported in:				
Special revenue funds	3,157,064	2,963,682	2,490,529	2,737,998
Capital projects funds	1,253,684	2,233,923	7,163,041	9,255,646
Total all other governmental funds	<u>4,644,826</u>	<u>5,284,464</u>	<u>9,704,923</u>	<u>12,098,787</u>
Total fund balance	<u>\$ 19,776,347</u>	<u>\$ 18,349,406</u>	<u>\$ 22,263,804</u>	<u>\$ 26,626,389</u>

<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
\$ 5,826,628	\$ 5,078,065	\$ 4,775,562	\$ 4,536,713	\$ 3,763,325	\$ 3,787,173
7,774,943	9,143,256	9,549,209	7,173,438	5,534,767	8,053,310
<u>13,601,571</u>	<u>14,221,321</u>	<u>14,324,771</u>	<u>11,710,151</u>	<u>9,298,092</u>	<u>11,840,483</u>
87,537	207,375	311,320	45,659	71,898	52,249
2,857,757	3,927,936	4,279,446	4,691,704	4,244,047	3,484,796
<u>13,536,711</u>	<u>5,852,864</u>	<u>19,249,450</u>	<u>18,385,464</u>	<u>1,123,952</u>	<u>2,941,056</u>
<u>16,482,005</u>	<u>9,988,175</u>	<u>23,840,216</u>	<u>23,122,827</u>	<u>5,439,897</u>	<u>6,478,101</u>
<u>\$ 30,083,576</u>	<u>\$ 24,209,496</u>	<u>\$ 38,164,987</u>	<u>\$ 34,832,978</u>	<u>\$ 14,737,989</u>	<u>\$ 18,318,584</u>

## HAYWOOD COUNTY, NORTH CAROLINA

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

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
<b>Revenues:</b>				
Ad valorem taxes	\$ 40,835,842	\$ 38,246,641	\$ 37,341,541	\$ 35,790,491
Local option sales taxes	10,471,553	12,125,586	13,862,533	13,332,882
Other taxes and licenses	2,803,761	2,292,752	4,828,076	4,556,551
Unrestricted intergovernmental	296,970	420,508	186,409	188,063
Restricted intergovernmental	12,217,455	13,023,512	12,297,790	20,260,573
Permits and fees	2,841,608	3,345,578	522,945	756,169
Sales and services	4,964,417	5,115,187	5,050,041	4,239,314
Investment earnings	76,439	305,960	1,053,916	1,486,052
Miscellaneous	212,480	641,333	1,004,000	498,061
Total revenues	<u>74,720,525</u>	<u>75,517,057</u>	<u>76,147,251</u>	<u>81,108,156</u>
<b>Expenditures:</b>				
Current:				
General government	4,559,550	5,086,869	5,043,803	4,940,879
Central services	2,499,061	2,457,239	2,207,882	2,161,489
Public safety	15,412,448	15,453,865	16,093,365	14,915,045
Transportation	292,770	284,233	259,896	223,334
Environmental protection	4,584,173	4,134,677	3,780,092	3,935,902
Economic and physical development	2,387,145	3,261,031	5,336,668	10,991,960
Human services	16,568,534	19,059,450	20,018,424	19,526,132
Culture and recreation	1,597,366	1,760,736	2,054,950	2,049,515
Sewer	-	-	-	-
Intergovernmental:				
Education	17,562,877	19,139,292	24,520,469	27,993,801
Capital outlay	5,377,218	3,068,508	3,222,436	4,502,525
Debt service:				
Principal	4,423,360	4,457,487	3,955,964	2,503,127
Interest	2,535,736	2,567,745	2,384,555	2,222,189
Bond issuance costs	-	-	153,085	-
Total expenditures	<u>77,800,238</u>	<u>80,731,132</u>	<u>89,031,589</u>	<u>95,965,898</u>
Excess (deficiency) of revenues over expenditures	<u>(3,079,713)</u>	<u>(5,214,075)</u>	<u>(12,884,338)</u>	<u>(14,857,742)</u>

<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>	<b>2001</b>
\$ 33,182,820	\$ 31,735,034	\$ 31,095,860	\$ 29,940,776	\$ 22,179,519	\$ 21,836,297
12,597,709	11,678,096	11,714,322	9,316,612	8,395,679	8,390,623
4,321,866	3,908,701	3,714,225	3,496,286	3,609,355	2,866,900
194,812	191,725	187,441	183,149	1,171,569	1,385,793
18,185,311	15,330,861	10,321,297	9,763,395	12,355,394	10,841,565
471,015	351,454	410,600	406,516	427,886	249,433
4,076,009	4,110,317	3,062,294	3,545,485	2,642,029	2,594,855
976,863	599,171	370,191	296,692	355,316	1,052,187
610,897	588,309	378,993	1,289,459	779,544	268,918
<u>74,617,302</u>	<u>68,493,668</u>	<u>61,255,223</u>	<u>58,238,370</u>	<u>51,916,291</u>	<u>49,486,571</u>
6,287,379	4,340,879	3,860,351	3,369,226	3,349,414	3,138,131
1,821,907	1,544,304	1,555,196	1,573,307	1,296,847	1,185,567
17,954,460	11,481,528	10,496,987	9,080,932	8,059,220	7,528,175
142,609	151,208	213,441	218,802	133,586	93,361
7,325,961	3,912,831	2,796,232	2,739,585	2,444,159	2,344,969
3,094,990	4,386,500	2,574,217	2,754,974	1,888,494	1,890,804
18,066,863	16,736,432	15,597,711	14,923,790	14,272,574	13,638,429
1,981,642	1,797,609	1,675,083	1,668,061	1,672,065	1,515,731
-	-	-	-	-	53,115
21,222,128	15,403,890	14,815,441	13,189,694	12,306,941	11,507,636
1,931,451	15,854,311	12,188,773	6,695,327	5,090,521	4,615,157
5,824,825	5,660,959	3,632,883	3,769,107	3,358,980	3,036,081
1,454,371	1,651,984	1,382,164	900,965	798,516	778,298
177,462	2,580	218,081	-	-	-
<u>87,286,048</u>	<u>82,925,015</u>	<u>71,006,560</u>	<u>60,883,770</u>	<u>54,671,317</u>	<u>51,325,454</u>
<u>(12,668,746)</u>	<u>(14,431,347)</u>	<u>(9,751,337)</u>	<u>(2,645,400)</u>	<u>(2,755,026)</u>	<u>(1,838,883)</u>

(continued)

## HAYWOOD COUNTY, NORTH CAROLINA

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

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Other financing sources (uses):				
Transfers from other funds	\$ 1,360,866	\$ 538,542	\$ 5,124,492	\$ 3,182,847
Transfers to other funds	(1,360,866)	(538,542)	(5,124,492)	(3,182,847)
General obligation bonds issued	-	-	7,000,000	-
Premium on general obligation bonds issued	-	-	99,872	-
Refunding certificates of participation issued	-	-	-	-
Premium on certificates of participation issued	-	-	-	-
Certificates of participation issued				
Notes payable issued	4,500,000	1,269,100	1,400,000	11,400,000
Current refunding of certificates of participation issued	-	-	-	-
Sale of capital assets	6,654	30,577	21,881	555
Total other financing sources and uses	<u>4,506,654</u>	<u>1,299,677</u>	<u>8,521,753</u>	<u>11,400,555</u>
Net change in fund balance	1,426,941	(3,914,398)	(4,362,585)	(3,457,187)
Fund balances-beginning	<u>18,349,406</u>	<u>22,263,804</u>	<u>26,626,389</u>	<u>30,083,576</u>
Fund balances-ending	<u>\$ 19,776,347</u>	<u>\$ 18,349,406</u>	<u>\$ 22,263,804</u>	<u>\$ 26,626,389</u>
Debt service as a percentage of non-capital expenditures	9.61%	9.42%	7.65%	5.39%

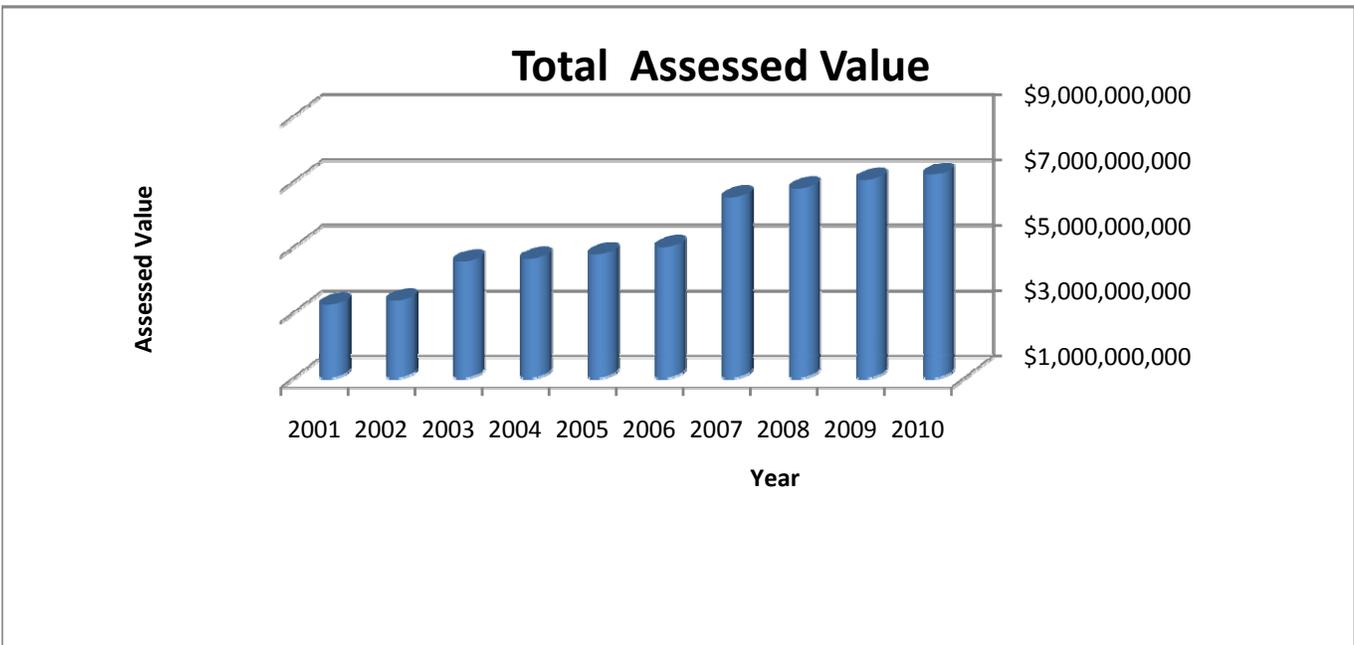
For years 2002 and prior, debt service as percentage of non-capital expenditures is not reduced by functional capital outlay as this was before GASB 34 and not available.

<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>	<b>2001</b>
\$ 3,299,004	\$ 2,232,682	\$ 2,294,839	\$ 1,973,559	\$ 920,203	\$ 817,215
(3,299,004)	(2,274,682)	(2,294,839)	(1,973,559)	(1,510,203)	(817,215)
18,000,000	-	12,000,000	-	-	-
363,359	-	148,482	-	-	-
-	-	-	22,705,000	-	-
-	-	-	956,485	-	-
-	-	-	22,000,000	-	-
-	263,500	924,160	300,000	236,516	5,000,000
-	-	-	(23,250,465)	-	-
179,467	254,356	10,704	29,369	-	18,854
<u>18,542,826</u>	<u>475,856</u>	<u>13,083,346</u>	<u>22,740,389</u>	<u>(353,484)</u>	<u>5,018,854</u>
5,874,080	(13,955,491)	3,332,009	20,094,989	(3,108,510)	3,179,971
<u>24,209,496</u>	<u>38,164,987</u>	<u>34,832,978</u>	<u>14,737,989</u>	<u>17,846,499</u>	<u>15,138,613</u>
<u>\$ 30,083,576</u>	<u>\$ 24,209,496</u>	<u>\$ 38,164,987</u>	<u>\$ 34,832,978</u>	<u>\$ 14,737,989</u>	<u>\$ 18,318,584</u>
9.40%	11.45%	8.85%	8.62%	8.39%	8.17%

## 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)
2010	\$6,165,577,637	\$ 880,864,853	\$ 149,986,629	\$7,196,429,119	0.514
2009	6,023,547,541	876,803,849	139,166,644	7,039,518,034	0.497
2008	5,752,818,363	887,033,884	131,645,395	6,771,497,642	0.497
2007	5,479,463,273	889,422,387	130,444,521	6,499,330,181	0.497
2006	4,026,322,277	838,585,620	117,949,317	4,982,857,214	0.610
2005	3,886,891,055	756,171,829	114,829,257	4,757,892,141	0.610
2004	3,766,999,899	753,011,266	113,470,278	4,633,481,443	0.610
2003	3,612,925,041	827,717,472	110,468,374	4,551,110,887	0.610
2002	2,491,902,646	790,836,385	77,840,262	3,360,579,293	0.610
2001	2,424,794,426	728,403,607	73,494,918	3,226,692,951	0.610



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, 2006, for the 2007 fiscal year.

Source: Haywood County Tax Assessor

## HAYWOOD COUNTY, NORTH CAROLINA

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

<u>Fiscal Year Ended June 30,</u>	<u>Town of Waynesville</u>	<u>Town of Canton</u>	<u>Town of Clyde</u>	<u>Town of Maggie Valley</u>
2010	0.40	0.58	0.43	0.42
2009	0.40	0.58	0.43	0.42
2008	0.40	0.58	0.43	0.42
2007	0.40	0.53	0.43	0.42
2006	0.43	0.61	0.45	0.42
2005	0.43	0.61	0.45	0.39
2004	0.43	0.61	0.45	0.39
2003	0.43	0.61	0.48	0.39
2002	0.45	0.61	0.45	0.45
2001	0.45	0.61	0.45	0.40

Source: Haywood County Tax Assessor

\* Did not begin collecting until FY2008

<b>Municipal Service District (T.O.W)</b>	<b>Junaluska Sanitary District</b>	<b>Fire Districts 1 - 16</b>	<b>Road Districts 1-9</b>	<b>Haywood County</b>	<b>Total</b>
0.23	0.06	0.960	1.115	0.514	4.709
0.23	0.06	1.080	1.175	0.497	4.872
0.23	0.06	1.065	1.095	0.497	4.777
*	0.06	1.060	1.075	0.497	4.472
*	0.06	1.090	1.120	0.610	4.790
*	0.06	1.065	1.070	0.610	4.685
*	0.06	1.065	1.050	0.610	4.665
*	0.06	1.055	1.050	0.610	4.685
*	0.06	1.090	1.190	0.610	4.910
*	0.06	1.120	1.080	0.610	4.780

## HAYWOOD COUNTY, NORTH CAROLINA

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

<b>Fiscal Year Ended June 30,</b>	<b>Fire District No. 1</b>	<b>Fire District No. 2</b>	<b>Fire District No. 3</b>	<b>Fire District No. 4</b>	<b>Fire District No. 5</b>	<b>Fire District No. 6</b>	<b>Fire District No. 7</b>
2010	0.100	0.060	0.065	0.070	0.065	0.100	0.000
2009	0.100	0.060	0.065	0.070	0.065	0.100	0.060
2008	0.100	0.055	0.065	0.070	0.065	0.090	0.060
2007	0.100	0.060	0.065	0.065	0.065	0.090	0.060
2006	0.100	0.060	0.065	0.080	0.065	0.100	0.060
2005	0.100	0.060	0.065	0.080	0.070	0.100	0.060
2004	0.100	0.060	0.065	0.080	0.070	0.100	0.060
2003	0.100	0.050	0.065	0.080	0.070	0.100	0.060
2002	0.100	0.065	0.065	0.080	0.070	0.100	0.060
2001	0.100	0.050	0.065	0.080	0.070	0.100	0.060

Source: Haywood County Tax Assessor

\* Did not begin collecting until FY2009-2010: No. 7, 12, and 13 combined into No. 16

<b>Fire District No. 8</b>	<b>Fire District No. 9</b>	<b>Fire District No. 10</b>	<b>Fire District No. 11</b>	<b>Fire District No. 12</b>	<b>Fire District No. 13</b>	<b>Fire District No. 14</b>	<b>Fire District No. 15</b>	<b>Fire District No. 16</b>	<b>Total</b>
0.040	0.050	0.090	0.070	0.000	0.000	0.090	0.100	0.060	0.960
0.040	0.050	0.090	0.070	0.060	0.060	0.090	0.100	*	1.080
0.040	0.050	0.090	0.070	0.060	0.060	0.090	0.100	*	1.065
0.035	0.050	0.090	0.070	0.060	0.060	0.090	0.100	*	1.060
0.040	0.050	0.090	0.070	0.060	0.060	0.090	0.100	*	1.090
0.040	0.050	0.080	0.070	0.060	0.060	0.090	0.080	*	1.065
0.040	0.050	0.080	0.070	0.060	0.060	0.090	0.080	*	1.065
0.040	0.050	0.090	0.075	0.060	0.060	0.090	0.065	*	1.055
0.050	0.050	0.090	0.075	0.060	0.060	0.100	0.065	*	1.090
0.060	0.050	0.090	0.075	0.060	0.060	0.100	0.100	*	1.120

## HAYWOOD COUNTY, NORTH CAROLINA

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

<b>Fiscal Year Ended June 30,</b>	<b>Road District No. 1</b>	<b>Road District No. 2</b>	<b>Road District No. 3</b>	<b>Road District No. 4</b>
2010	0.140	0.080	0.080	0.150
2009	0.140	0.080	0.140	0.150
2008	0.100	0.080	0.140	0.150
2007	0.100	0.100	0.140	0.150
2006	0.100	0.100	0.140	0.150
2005	0.100	0.100	0.140	0.150
2004	0.100	0.100	0.140	0.150
2003	0.100	0.100	0.140	0.150
2002	0.100	0.100	0.140	0.150
2001	0.100	0.100	0.140	0.150

Source: Haywood County Tax Assessor

<b>Road District No. 5</b>	<b>Road District No. 6</b>	<b>Road District No. 7</b>	<b>Road District No. 8</b>	<b>Road District No. 9</b>	<b>Total</b>
0.095	0.160	0.150	0.110	0.150	1.115
0.095	0.160	0.150	0.110	0.150	1.175
0.095	0.120	0.150	0.110	0.150	1.095
0.095	0.120	0.130	0.110	0.130	1.075
0.120	0.120	0.130	0.110	0.150	1.120
0.120	0.070	0.130	0.110	0.150	1.070
0.120	0.070	0.130	0.110	0.130	1.050
0.120	0.070	0.130	0.110	0.130	1.050
0.140	0.160	0.140	0.110	0.150	1.190
0.140	0.160	0.140	0.150	0.000	1.080

**HAYWOOD COUNTY, NORTH CAROLINA**

Principal Property Tax Payers  
Current Year and 9 Years Ago

<b>Taxpayer</b>	<b>Type of Business</b>	<b>2010</b>		
		<b>Valuation</b>	<b>Rank</b>	<b>% of Total Assessed Valuation</b>
Blue Ridge Paper (Evergreen Packaging)	Paper Mill	\$ 150,587,445	1	2.09%
Progress Energy	Utility	92,230,752	2	1.28%
Haywood Electric Membership	Utility	64,449,032	3	0.90%
Bell South (AT&T)	Utility	38,275,875	4	0.53%
Ingles	Super Market	23,151,304	5	0.32%
Carolina Log Homes Inc	Land Developers	20,560,990	6	0.29%
Maggie Valley Resort	Country Club	18,817,531	7	0.26%
Graves Development Corp	Land Developers	19,456,190	8	0.27%
Consolidated Metco	Manufacturing	13,428,194	9	0.19%
RCG-Waynesville LLC	Retail	12,404,590	10	0.17%
Developers Diversified Realty	Retail			
Associated Packaging	Manufacturing			
Oppenheimer HPA (HPA Partners)	Country Club			
Piedmont Country Club	Country Club			
Lea Industries and Labb Furniture	Manufacturing			
<b>Totals</b>		<b>\$ 453,361,903</b>		<b>6.30%</b>

Source: Haywood County Tax Assessor

2001

<u>Valuation</u>	<u>Rank</u>	<u>% of Total Assessed Valuation</u>
\$ 194,154,722	1	6.71%
28,690,868	2	0.99%
24,885,002	3	0.86%
14,838,383	4	0.51%
16,215,947	5	0.56%
9,288,068	6	0.32%
12,630,545	7	0.44%
5,308,309	8	0.18%
5,644,430	9	0.19%
4,689,853	10	0.16%
<u>\$ 316,346,127</u>		<u>10.92%</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>Collections In Subsequent Years</u>
		<u>Amount</u>	<u>Percentage of Levy Collected</u>	
2010	\$ 36,901,784	\$ 35,358,950	95.82%	\$ -
2009	35,207,806	33,690,143	95.69%	1,012,303
2008	33,773,929	32,768,263	97.02%	792,456
2007	32,438,583	31,468,784	97.01%	807,388
2006	30,554,021	29,623,523	96.95%	786,140
2005	29,119,470	28,225,215	96.93%	773,513
2004	28,303,373	27,368,399	96.70%	826,549
2003	27,803,680	26,682,230	96.00%	1,007,959
2002	20,540,411	19,554,722	95.20%	890,154
2001	19,816,783	18,999,909	95.88%	693,963

Source: Haywood County CAFRs.

<u>Total Collections to Date</u>			
<u>Amount</u>	<u>Percentage of Total Tax Collections to Levy</u>	<u>Outstanding Delinquent Taxes</u>	<u>Percentage of Delinquent Taxes to Tax Levy</u>
\$ 35,358,950	95.82%	\$ 1,542,834	4.2%
34,702,446	98.56%	505,360	1.4%
33,560,719	99.37%	213,210	0.6%
32,276,172	99.50%	162,411	0.5%
30,409,663	99.53%	144,358	0.5%
28,998,728	99.59%	120,742	0.4%
28,194,948	99.62%	108,425	0.4%
27,690,189	99.59%	113,491	0.4%
20,444,876	99.53%	95,535	0.5%
19,693,872	99.38%	122,911	0.6%
		<u>\$ 3,129,277</u>	

## HAYWOOD COUNTY, NORTH CAROLINA

### Property Value and Construction Last Ten Fiscal Years

<u>Fiscal Year Ended June 30,</u>	<u>Commercial Construction <sup>(1)</sup></u>		<u>Residential Construction <sup>(1, 2)</sup></u>		<u>Property Value <sup>(3)</sup></u>	
	<u>Number of Units</u>	<u>Value</u>	<u>Number of Units</u>	<u>Value</u>	<u>Commercial</u>	<u>Residential</u>
2010	34	\$ 2,670,085	346	\$ 30,044,418	\$ 847,580,729	\$ 5,322,126,385
2009	29	4,219,005	393	39,509,649	823,359,822	5,203,316,454
2008	53	17,514,488	721	81,259,490	795,117,342	4,960,694,472
2007	65	14,084,846	815	114,118,215	749,555,156	4,733,911,491
2006	47	27,760,337	836	105,075,783	722,992,583	3,280,319,019
2005	41	22,615,456	820	83,512,860	539,586,807	3,463,724,795
2004	47	16,492,185	676	74,479,565	685,904,122	3,373,338,635
2003	89	19,398,037	540	70,166,315	506,251,959	3,469,882,536
2002	51	5,322,887	666	59,571,731	946,241,974	1,677,278,736
2001	70	12,801,150	563	55,027,089	933,440,824	2,178,028,590

Source:

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

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

<sup>(3)</sup>Haywood County Tax Assessor

## HAYWOOD COUNTY, NORTH CAROLINA

### Ratio of Outstanding Debt by Type Last Ten Fiscal Years

<b>Fiscal Year Ended June 30,</b>	<b>Assessed Value<sup>(3)</sup></b>	<b>General Obligation Bonds<sup>(3)</sup></b>	<b>COPS<sup>(3)</sup></b>	<b>Special Revenue<sup>(3)</sup></b>	<b>Capital Leases<sup>(3)</sup></b>
2010	\$7,196,429,119	\$ 30,900,000	\$ 12,515,000	\$ -	\$ -
2009	7,039,518,034	32,650,000	14,155,000	-	-
2008	6,771,497,642	34,400,000	15,805,000	-	-
2007	6,499,330,181	28,800,000	17,470,000	-	-
2006	4,982,857,214	29,400,000	19,165,000	-	-
2005	4,757,892,141	12,000,000	20,890,000	546,491	-
2004	4,633,481,443	12,000,000	22,655,000	1,613,398	-
2003	4,551,110,887	-	22,705,000	2,646,457	41,375
2002	3,360,579,293	-	-	3,626,215	121,388
2001	3,226,692,951	-	-	4,542,210	23,518

Sources:

<sup>(1)</sup>North Carolina Office of State Budget & Management reflects revised numbers 2000-2009, estimate 2010

<sup>(2)</sup>Bureau of Economic Analysis - reflects revised amounts for 2001-2007

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

<sup>(4)</sup>Installment Loans show as notes payable

\* Information not yet available

<b>Installment Loans<sup>(3) (4)</sup></b>	<b>Total Primary Government</b>	<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>
\$ 15,900,082	\$ 59,315,082	0.82%	58,368	*	*	\$ 1,016
12,433,442	59,238,442	0.84%	58,043	*	*	1,021
12,221,829	62,426,829	0.92%	57,424	1,782,239	3.50%	1,087
11,712,793	57,982,793	0.89%	57,243	1,747,676	3.32%	1,013
520,452	49,085,452	0.99%	56,918	1,648,103	2.98%	862
3,473,787	36,910,278	0.78%	56,103	1,552,318	2.38%	658
6,039,339	42,307,737	0.91%	56,171	1,482,037	2.85%	753
7,623,628	33,016,460	0.73%	55,722	1,409,261	2.34%	593
11,282,931	15,030,534	0.45%	55,122	1,371,505	1.10%	273
13,524,418	18,090,146	0.56%	54,689	1,329,298	1.36%	331

## HAYWOOD COUNTY, NORTH CAROLINA

### Legal Debt Margin Information Last Ten Fiscal Years

Legal debt margin:		
Assessed value--January 1, 2010		\$ 7,196,429,119
Debt limit--8 percent of assessed value		<u>0.08</u>
		<u>575,714,330</u>
Gross debt:		
General obligation bonds		30,900,000
Certificates of participation		12,515,000
Notes payable		<u>15,900,082</u>
Total amount of debt applicable to debt limit		<u>59,315,082</u>
Legal debt margin--June 30, 2010		<u><u>\$ 516,399,248</u></u>

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Debit limit	\$ 575,714,330	\$ 563,161,443	\$ 541,719,811	\$ 519,946,414
Total net debt applicable to limit	<u>59,315,082</u>	<u>59,238,442</u>	<u>62,426,829</u>	<u>57,982,793</u>
Legal debt margin	<u><u>\$ 516,399,248</u></u>	<u><u>\$ 503,923,001</u></u>	<u><u>\$ 479,292,982</u></u>	<u><u>\$ 461,963,621</u></u>
Total net debt applicable to the limit as a percentage of debt limit	11.49%	11.76%	13.02%	12.55%

**Fiscal Years**

<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>	<b>2001</b>
\$ 398,628,577	\$ 380,631,371	\$ 370,678,515	\$ 364,088,871	\$ 268,846,343	\$ 260,313,109
49,085,452	36,910,278	42,307,737	33,016,460	15,030,534	18,090,146
<u>\$ 349,543,125</u>	<u>\$ 343,721,093</u>	<u>\$ 328,370,778</u>	<u>\$ 331,072,411</u>	<u>\$ 253,815,809</u>	<u>\$ 242,222,963</u>

14.04%

10.74%

12.88%

9.97%

5.92%

7.47%

**HAYWOOD COUNTY, NORTH CAROLINA**

Computation of Direct and Underlying Debt  
General Obligation Bonds

June 30, 2010

	<u>Debt Outstanding</u>	<u>Percentage Applicable to Government</u>	<u>Amount Applicable to Government</u>
Direct:			
Haywood County	\$ 30,900,000	100%	\$ 30,900,000
Underlying:			
Junaluska Sanitary District <sup>(1)</sup>	<u>855,500</u>	100%	<u>855,500</u>
Totals	<u><u>\$ 31,755,500</u></u>		<u><u>\$ 31,755,500</u></u>

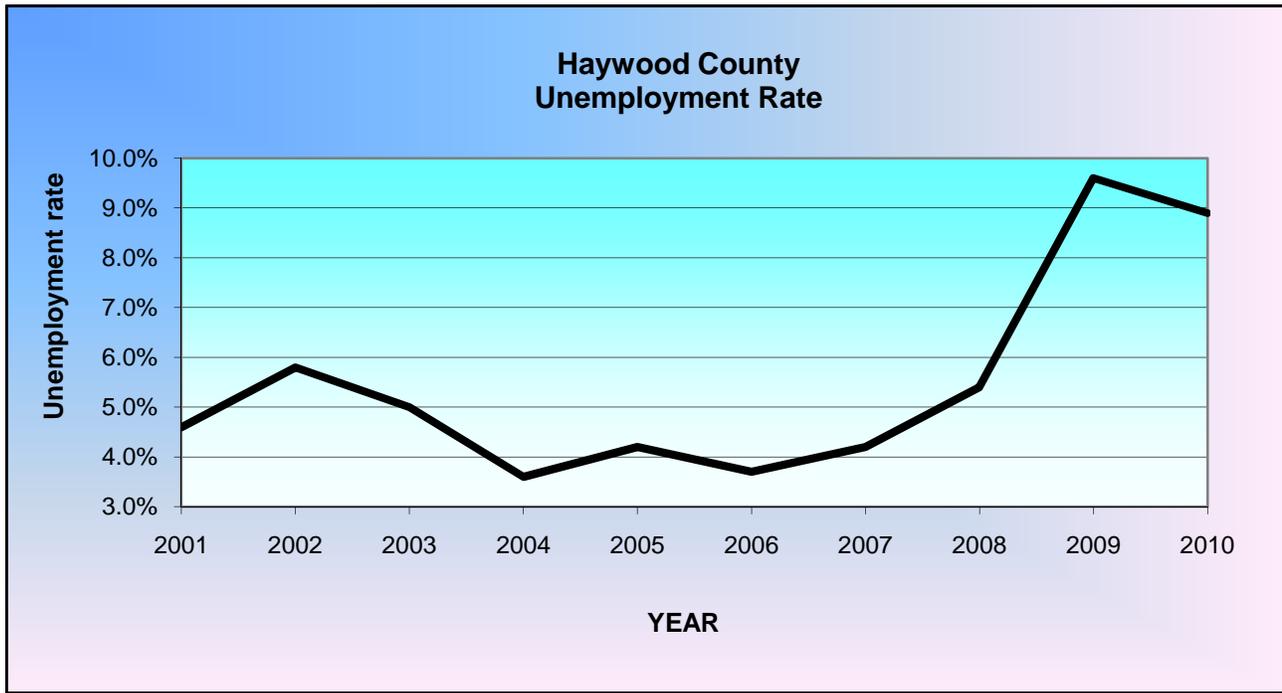
Source:

<sup>(1)</sup>Audited financial statements of the district.

## 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)</sup>	Unemployment Rate <sup>(4)</sup>
2010	58,368	*	7,588	8.9%
2009	58,043	*	7,677	9.6%
2008	57,424	\$ 31,336	7,658	5.4%
2007	57,243	30,839	7,652	4.2%
2006	56,918	29,330	7,969	3.7%
2005	56,103	27,805	7,910	4.2%
2004	56,171	26,558	7,898	3.6%
2003	55,722	25,466	7,843	5.0%
2002	55,122	24,976	7,735	5.8%
2001	54,689	24,364	7,789	4.6%



Sources:

<sup>(1)</sup>North Carolina Office of State Budget & Management reflects revised numbers 2000-2009, estimate 2010

<sup>(2)</sup>Bureau of Economic Analysis - reflects revised amounts for 2001-2007

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

<sup>(4)</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 4 Years Ago

<u>Employer<sup>(2)</sup></u>	2010			2006*		
	<u>Number of Employees<sup>(1)</sup></u>	<u>% of Total County Employment<sup>(3)</sup></u>	<u>Number of Employees<sup>(1)</sup></u>	<u>% of Total County Employment<sup>(3)</sup></u>		
Evergreen Packaging ( <i>Formerly Blue Ridge Paper Products, Inc</i> )	1,109	1	4.47%	1,383	1	5.06%
Haywood County Consolidated Schools	1,070	2	4.31%	1,280	2	4.68%
Haywood Regional Medical Centers	851	3	3.43%	976	3	3.57%
Haywood County Government	567	4	2.28%	573	4	2.09%
Ingles Markets, Inc.	433	5	1.74%	388	6	1.42%
Haywood Community College	422	6	1.70%	397	5	1.45%
Haywood Vocational Opportunities, Inc.	321	7	1.29%	263	8	0.96%
Wal-Mart Associates, Inc.	300	8	1.21%	325	7	1.19%
Town of Waynesville	229	9	0.92%	227	9	0.83%
Silver Bluff Village	215	10	0.87%			
Lowes Home Center, Inc.				220	10	0.80%
Totals	5,517		22.22%	6,032		22.05%

Sources:

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

<sup>(2)</sup>Top ten employers is from the Employment Security Commission of North Carolina

<sup>(3)</sup>Employment Security Commission of North Carolina

\* Haywood County did not start reporting top ten employers until 2006

## HAYWOOD COUNTY, NORTH CAROLINA

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

	Fiscal Years					
	2010 <sup>(1)</sup>	2009 <sup>(2)</sup>	2008	2007	2006	2005
Number of employees:						
General government	51.34	57.00	55.00	53.00	54.00	54.00
Central services	24.60	28.75	24.50	23.50	22.50	23.50
Public safety	165.80	169.65	168.50	168.50	158.50	152.50
Environmental protection	48.25	47.25	48.50	48.50	48.50	48.50
Economic and physical development	11.50	10.50	10.50	9.50	9.50	9.50
Human services	212.75	221.75	217.00	217.00	211.00	211.00
Culture and recreation	20.20	22.20	24.00	24.00	24.00	24.00
<b>Total</b>	<b>534.44</b>	<b>557.10</b>	<b>548.00</b>	<b>544.00</b>	<b>528.00</b>	<b>523.00</b>

Source:

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

<sup>(1)</sup>Reduction in workforce FY2010

<sup>(2)</sup>FY2009 Revised

Note: Full time-equivalent (FTE) employee information by function not available before 2005.

## HAYWOOD COUNTY, NORTH CAROLINA

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

Date of Establishment: 1808

Form of County Government: Commissioner - Manager

Area in Square Miles: 546

<b>Function/Program</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>
<u>General Government</u>				
Elections:				
Number of registered voters	41,944	41,361	41,522	38,762
Register of Deeds:				
Deeds and real estate documents indexed	11,591	12,920	15,933	18,651
<u>Public Safety</u>				
Building Inspections:				
Residential permits issued	433	478	721	818
Commercial permits issued	34	29	53	62
Fire Control:				
Inspections performed	409	480	551	763
Fire marshal and assistants	3	2	3	3
Detention:				
Booked inmates (1)(10)	n/a	4304	4357	3641
Average daily jail population (1)	n/a	88	75	75
Sheriff:				
Hand gun permits processed (1)	n/a	1255	1293	1135
EMS:				
Billable transports (2) (3)	6498	6385	6654	6619
EOC/Dispatching:				
Number of emergency calls dispatched	43,989	41,383	37,933	30,298
Number of fire related calls dispatched	1,748	1,565	2,031	2,432
Animal Control:				
Number of calls serviced (1)	n/a	2760	2,748	n/a
Number of animals received (1)	n/a	3942	4,120	n/a
Number of adoptions (1)	n/a	885	698	n/a

<b>Fiscal Year</b>					
<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>	<b>2001</b>
39,676	36,414	37,511	35,283	34,987	34,562
19,529	18,122	19,997	19,151	18,126	15,062
831	809	687	583	656	678
52	52	36	46	61	58
1,025	1,064	n/a	n/a	n/a	n/a
3	3	3	3	3	3
n/a	n/a	n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a	n/a	n/a
742	851	979	1096	949	1333
6619	8182	6299	6091	6091	6008
n/a	n/a	n/a	n/a	n/a	n/a
1,853	1,321	n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a	n/a	n/a

(continued)

## HAYWOOD COUNTY, NORTH CAROLINA

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

	2010	2009	2008	2007
<u>Environmental Protection</u>				
Solid Waste:				
Tons of solid waste buried	46,328.69	50,881.02	57,554.94	58,455.37
Tons of yard waste processed	224.30	397.59	1,187.28	1,216.39
Tons of recyclables sent out	6,903.09	5,770.90	3,483.59	3,079.32
<u>Economic and Physical Development</u>				
Planning:				
Number of major subdivision plan reviews	6	16	28	62
Economic Development:				
Tourism revenues (1) (8)	n/a	\$103,570,000	\$113,460,000	\$116,640,000
Taxable sales (9)	\$498,088,247	\$489,719,216	\$549,879,484	\$538,500,941
Gross retail sales (9)	*	*	*	*
<u>Human Services</u>				
Health Department:				
Number of health clients served	12,370	12,736	12,666	n/a
Number of food service inspections	885	896	777	n/a
Social Services:				
Average # of food stamp recipients per month (1)	n/a	8253	6542	5933
Child support collections (1)	n/a	\$3,818,785	\$4,178,218	\$4,191,812
Average # of children subject to child protection services (CPS) assessments (1)	n/a	379	374	311
Average # of children in foster care (1)	n/a	183	171	144
<u>Culture and Recreation</u>				
Library:				
Library patrons	40,491	38,346	35,429	31,771
Items of library materials cataloged	176,281	179,615	185,419	190,960
Recreation:				
Park recreation program participants	1914	1572	1456	1455

<b>Fiscal Year</b>					
<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>	<b>2001</b>
42,790.16	56,055.20	42,579.99	49,579.91	48,893.07	43,259.63
1,086.00	1,272.78	982.52	1,779.29	4,051.11	6,210.14
3,177.81	3,847.95	3,695.81	3,570.45	3,294.48	3,232.64
82	51	27	n/a	n/a	n/a
\$111,060,000	\$103,460,000	\$98,130,000	\$95,930,000	\$97,800,000	\$97,700,000
\$485,930,182	*	*	*	*	*
*	\$768,834,606	\$737,708,374	\$645,580	\$520,573,226	\$614,882,175
n/a	n/a	n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a	n/a	n/a
5775	5649	5436	4760	4335	3884
\$4,274,285	\$4,201,558	\$4,049,578	\$3,341,649	\$3,322,939	\$3,283,531
248	230	224	328	379	391
195	216	190	179	133	155
33,558	37,404	34,050	31,076	28,530	33,398
177,083	179,695	176,147	179,661	171,019	157,286
1304	1135	810	720	305	0

(continued)

## HAYWOOD COUNTY, NORTH CAROLINA

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

	2010	2009	2008	2007
<u>Education</u>				
Public Schools: (4)				
Dollars spent per pupil-ADM (Average Daily Membership) (5)	\$1,880	\$1,725	\$1,776	\$1,685
Number of teachers	547	619	568	568
Student enrollment	7588	7677	7,658	7,652
Community College: (6)				
Number of courses offered	n/a	1239	1,212	1,191
Student enrollment	n/a	4681	4,633	4,391
<u>Hospitals</u> (7)				
Number of patient beds	189	190	190	190
Fitness Centers	1	1	1	1

Sources: Various governmental departments - Fiscal year data

- (1) Calendar year data
  - (2) FY2008 - FY2010 provided by EMS Management & Consultants
  - (3) FY2007 - FY2001 provided by EMS Archived Data
  - (4) Source: Haywood County Board of Education - Academic year data
  - (5) Source: Department of Public Instruction, Academic year data, 2009 adjusted to final ADM
  - (6) Source: Haywood Community College - Academic year data
  - (7) Source: Haywood Regional Medical Center
  - (8) Source: Haywood County Economic Development -NC Dept of Commerce/Tourism Services
  - (9) Source: Haywood County Economic Development -NC Dept of Revenue Website
  - (10) Source: Detention Center revised totals for FY 2007-2009
- \* FY05-06 the *Streamline Sales Tax Agreement* was implemented by NC which changed the reporting from Gross Retail Sales to Taxable Sales

Fiscal Year					
2006	2005	2004	2003	2002	2001
\$1,599	\$1,546	\$1,436	\$1,355	\$1,293	\$1,213
551	629	611	580	580	581
7,969	7,910	7,898	7,843	7,735	7,789
1,197	n/a	n/a	n/a	n/a	n/a
4,363	n/a	n/a	n/a	n/a	n/a
190	190	190	190	200	200
1	1	1	1	1	1

## HAYWOOD COUNTY, NORTH CAROLINA

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

<b>Function/Program</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>
<u>General Government</u>				
Elections:				
Number of voting machines <sup>(1)(2)</sup>	187	187	187	177
<u>Public Safety</u>				
Fire Control:				
Volunteer fire departments	13	15	15	15
Detention:				
Number of jail beds	133	133	133	133
Sheriff:				
Offices	1	1	1	1
Patrol vehicles	57	53	60	64
<u>Environmental Protection</u>				
Solid Waste:				
Landfills	1	1	1	1
Convenience centers (5 owned, 5 leased)	10	10	10	10
Material recovery facilities	1	1	1	1
<u>Culture and Recreation</u>				
Library:				
Number of libraries	4	4	4	4
Recreation:				
Park acreage-undeveloped	22	22	22	-
Park acreage-developed (leased property)	8	8	8	8
Multi-purpose arena	1	1	1	1
Ag & activities center	1	1	1	1

<b>Fiscal Year</b>					
<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>	<b>2001</b>
177	35	35	35	35	35
15	15	15	15	13	13
133	93	93	93	93	93
1	1	1	1	1	1
65	n/a	54	50	n/a	n/a
1	1	1	1	2	2
10	10	10	10	10	10
1	1	1	1	1	1
4	4	3	3	3	3
-	-	-	-	-	-
8	8	8	-	-	-
1	1	-	-	-	-
1	1	1	-	-	-

(continued)

## HAYWOOD COUNTY, NORTH CAROLINA

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

<b>Function/Program</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>
<u>Education</u>				
Public Schools: <sup>(3)</sup>				
Number of schools	16	16	16	16
Community College: <sup>(4)</sup>				
Number of colleges	1	1	1	1
<u>Hospitals</u> <sup>(5)</sup>				
Number of hospitals	1	1	1	1

Source: Various governmental departments

<sup>(1)</sup>2010-2006 Direct Record Electronic Voting Machines

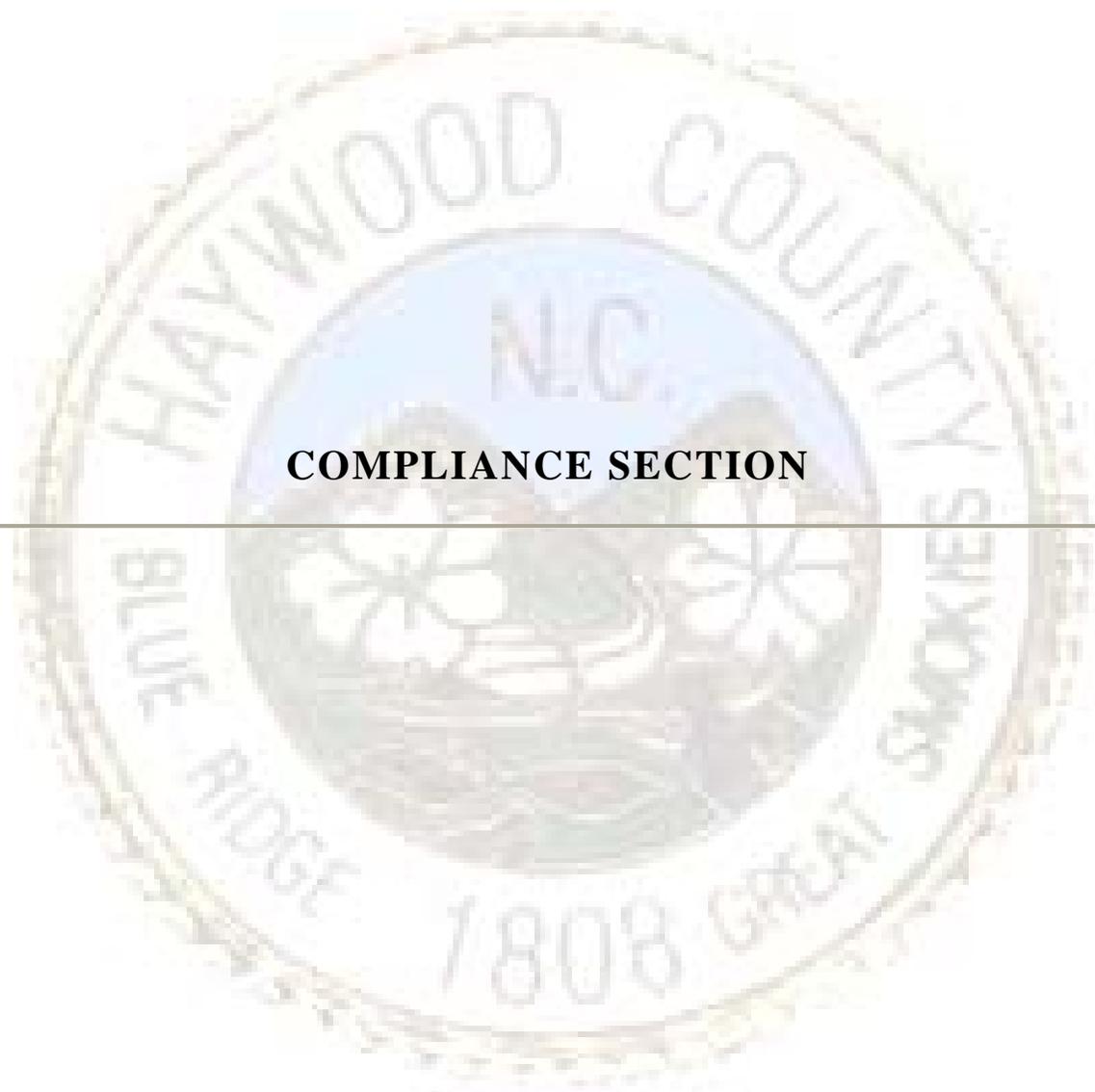
<sup>(2)</sup>2005-2000 Optical Scan Voting Machines

<sup>(3)</sup>Source: Haywood County Board of Education

<sup>(4)</sup>Source: Haywood Community College

<sup>(5)</sup>Source: Haywood Regional Medical Center

<b>Fiscal Year</b>					
<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>	<b>2001</b>
15	15	15	15	15	15
1	1	1	1	1	1
1	1	1	1	1	1



**COMPLIANCE SECTION**



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

To the Board of County Commissioners  
Haywood County, North Carolina

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, 2010, which collectively comprise Haywood County's basic financial statements, and have issued our report thereon dated October 26, 2010. 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. 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, we considered Haywood County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Haywood County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Haywood County's internal control over financial reporting.

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

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 deficiencies,

Board of County Commissioners  
Haywood County  
Page Two

significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Haywood County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards.

We noted certain matters that we reported to management of Haywood County in a separate letter dated October 26, 2010.

This report is intended solely for the information and use of the Board of County Commissioners, management, others within the organization, and federal and State awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

October 26, 2010

*Dixon Hughes PLLC*



**DIXON HUGHES** PLLC  
Certified Public Accountants and Advisors

**Report on Compliance with Requirements  
Applicable to Each Major Federal Program  
and Internal Control Over Compliance in Accordance with  
OMB Circular A-133 and the State Single Audit Implementation Act**

To the Board of County Commissioners  
Haywood County, North Carolina

Compliance

We have audited the compliance of Haywood County, North Carolina, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement and the Audit Manual for Governmental Auditors in North Carolina, issued by the Local Government Commission, that could have a direct and material effect on each major federal program for the year ended June 30, 2010. Haywood County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Haywood County's management. Our responsibility is to express an opinion on Haywood County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and the State Single Audit Implementation Act. Those standards, OMB Circular A-133, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Haywood County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Haywood County's compliance with those requirements.

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500 Ridgefield Court, PO Box 3049  
Asheville, NC 28802-3049  
Ph. 828.254.2254 Fx. 828.254.6859  
[www.dixon-hughes.com](http://www.dixon-hughes.com)



In our opinion, Haywood County complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010.

Internal Control Over Compliance

The management of Haywood County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Haywood County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Haywood County's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses, and therefore there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified a certain deficiency in internal control over compliance that we consider to be a material weakness.

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 non-compliance 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 non-compliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as Item 2010-1 to be a material weakness.

Haywood County's response to the finding identified in our audit is described in the accompanying corrective action plan. We did not audit Haywood County's response and, accordingly, we express no opinion on the response.

Board of County Commissioners  
Haywood County  
Page Three

Schedule of Expenditures of Federal and State Awards

We have audited the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Haywood County as of and for the year ended June 30, 2010, and have issued our report thereon dated October 26, 2010. Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise Haywood County's basic financial statements. The accompanying schedule of expenditures of federal and State awards is presented for purposes of additional analysis as required by OMB Circular A-133 and the State Single Audit Implementation Act and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

We noted certain matters that we reported to management of Haywood County in a separate letter dated October 26, 2010.

This report is intended solely for the information and use of the Board of County Commissioners, management, others within the organization, and federal and State awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

October 26, 2010

*Dixon Hughes PLLC*

**Report on Compliance with Requirements  
Applicable to Each Major State Program  
and Internal Control Over Compliance in Accordance with  
Applicable Sections of OMB Circular A-133  
and the State Single Audit Implementation Act**

To the Board of County Commissioners  
Haywood County, North Carolina

Compliance

We have audited the compliance of Haywood County, North Carolina, with the types of compliance requirements described in the Audit Manual for Governmental Auditors in North Carolina, issued by the Local Government Commission, that could have a direct and material effect on each major State program for the year ended June 30, 2010. Haywood County's major State programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major State programs is the responsibility of Haywood County's management. Our responsibility is to express an opinion on Haywood County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and applicable sections of OMB Circular A-133, as described in the Audit Manual for Governmental Auditors in North Carolina, and the State Single Audit Implementation Act. Those standards, applicable sections of OMB Circular A-133, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major State program occurred. An audit includes examining, on a test basis, evidence about Haywood County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Haywood County's compliance with those requirements.

In our opinion, Haywood County complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major State programs for the year ended June 30, 2010.

Internal Control Over Compliance

The management of Haywood County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to State programs. In planning and performing our audit, we considered Haywood County's internal control over compliance with requirements that could have a direct and material effect on a major State program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with applicable sections of OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Haywood County's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses, and therefore there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified a certain deficiency in internal control over compliance that we consider to be a material weakness.

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Haywood County's response to the finding identified in our audit is described in the accompanying corrective action plan. We did not audit Haywood County's response and, accordingly, we express no opinion on the response.

Schedule of Expenditures of Federal and State Awards

We have audited the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Haywood County as of and for the year ended June 30, 2010, and have issued our report thereon dated October 26, 2010. Our audit was performed for the

Board of County Commissioners  
Haywood County  
Page Three

purpose of forming an opinion on the financial statements that collectively comprise Haywood County's basic financial statements. The accompanying schedule of expenditures of federal and State awards is presented for purposes of additional analysis as required by OMB Circular A-133 and the State Single Audit Implementation Act and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

We noted certain matters that we reported to management of Haywood County in a separate letter dated October 26, 2010.

This report is intended solely for the information and use of the Board of County Commissioners, management, others within the organization, and federal and State awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

October 26, 2010

*Dixon Hughes PLLC*

**HAYWOOD COUNTY, NORTH CAROLINA**

Schedule of Expenditures of Federal and State Awards

For the Fiscal Year Ended June 30, 2010

<u>Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal (Direct and Pass- Through) Expenditures</u>	<u>State Expenditures</u>	<u>Local Expenditures</u>
<b>Federal Awards:</b>				
<u>U.S. Department of Agriculture</u>				
Food and Nutrition Service				
Passed through the N.C. Department of Health and Human Services:				
Division of Social Services:				
Administration:				
Supplemental Nutrition Assist. Program Cluster:				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program				
	10.561	\$ 480,944	\$ -	\$ 480,944
ARRA - State Administrative Matching Grants for the Supplemental Nutrition Assistance Program				
	10.561	<u>69,064</u>	<u>-</u>	<u>-</u>
Total Supplemental Nutrition Assist. Program Cluster				
		<u>550,008</u>	<u>-</u>	<u>480,944</u>
Division of Public Health:				
Administration:				
Special Supplemental Food Program for Women, Infants and Children				
	10.557	243,325	-	-
Direct benefit payments:				
Special Supplemental Nutrition Program for Women, Infants and Children				
	10.557	872,357	-	-
Administration:				
Child and Adult Care Food Program				
	10.558	15,017	-	-
Passed through the N.C. Department of Agriculture:				
Emergency Food Assistance Program--Food Commodities				
	10.569	13,463	-	-
Passed through the Office of State Budget and Management:				
National Forest Service receipts				
	10.665	<u>105,502</u>	<u>-</u>	<u>-</u>
Total U.S. Department of Agriculture				
		<u>1,799,672</u>	<u>-</u>	<u>480,944</u>

(continued)

**HAYWOOD COUNTY, NORTH CAROLINA**

Schedule of Expenditures of Federal and State Awards

For the Fiscal Year Ended June 30, 2010

<u>Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal (Direct and Pass-Through) Expenditures</u>	<u>State Expenditures</u>	<u>Local Expenditures</u>
<u>U.S. Department of Justice</u>				
Direct programs:				
Violence Against Women Office:				
Arrest Policies and Enforcement of Protection Orders	16.590	\$ 223,810	\$ -	\$ -
Bureau of Justice Assistance:				
ARRA - Edward Byrne Memorial Justice Assistance--Byrne JAG Program States and Territories	16.803	18,568	-	-
ARRA - Edward Byrne Memorial Justice Assistance--Byrne JAG Program Units of Local Government	16.804	43,915	-	-
Total U.S. Department of Justice		<u>286,293</u>	<u>-</u>	<u>-</u>
<u>U.S. Department of Health and Human Services</u>				
Office of Population Affairs:				
Passed through N.C. Department of Health and Human Services:				
Division of Public Health:				
Family Planning	93.217	57,183	-	-
Administration for Children and Families:				
Passed through the N.C. Department of Health and Human Services:				
Division of Social Services:				
Foster Care and Adoption Cluster (Note C):				
Administration:				
IV-E Foster Care/Off Trn	93.658	205,269	-	205,147
Adoption/Foster Care	93.658	458,849	74,406	251,865
Direct Benefit Payments:				
Foster Care at Risk		-	40,898	4,269
IV-E Foster Care	93.658	206,531	58,347	54,554
ARRA - IV-E Foster Care	93.658	8,025	-	-
IV-E Adoption	93.659	459,630	94,414	94,414
ARRA - IV-E Adoption	93.658	19,847	-	-
Total Foster Care and Adoption (Note C)		<u>1,358,151</u>	<u>268,065</u>	<u>610,249</u>

(continued)

**HAYWOOD COUNTY, NORTH CAROLINA**

Schedule of Expenditures of Federal and State Awards

For the Fiscal Year Ended June 30, 2010

<u>Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal (Direct and Pass-Through) Expenditures</u>	<u>State Expenditures</u>	<u>Local Expenditures</u>
<u>U.S. Department of Health and Human Services, Continued:</u>				
Office of Population Affairs, Continued:				
Administration for Children and Families, Continued:				
Passed through the N.C. Department of Health and Human Services, Continued:				
Division of Social Services, Continued:				
Temporary Assistance for Needy Families Cluster:				
Temporary Assistance for Needy Families (TANF)/Work First	93.558	\$ 1,046,390	\$ -	\$ 663,529
TANF/Work First--Direct Benefit Payments	93.558	835,920	(19)	331
Total TANF Cluster		<u>1,882,310</u>	<u>(19)</u>	<u>663,860</u>
N.C. Child Support Enforcement Section	93.563	376,124	(10)	193,770
ARRA - Child Support Enforcement Incentive Recovery	93.563	143,302	-	73,822
Low-Income Home Energy Assistance Block Grant:				
Administration	93.568	53,857	-	-
Energy Assistance Payments--				
Direct Benefit Payments	93.568	539,524	-	-
Crisis Intervention Program	93.568	288,518	-	-
Child Welfare Services--State Grants:				
Adoption Subsidy--Direct Benefit Payments	93.645	-	402,581	120,040
Permanency Planning--Families for Kids	93.645	14,006	4,888	717
SSBG--Other Service and Training	93.667	186,589	12,644	1,090,393
Independent Living Grant	93.674	31,158	6,444	-
Family Preservation and Support Services	93.556	3,724	-	-
AFDC Payments and Penalties	93.560	(776)	(213)	(213)
AFDC Incent/Prog. Integrity		-	113	-
TANF Incent/Prog. Integrity		-	2,510	-
County Funded Program		-	-	933,650
Division of Aging and Adult Services:				
Division of Social Services:				
SSBG--State In-Home Service Fund	93.667	31,396	-	4,485
SSBG--State Adult Day Care	93.667	37,214	31,288	9,786

(continued)

**HAYWOOD COUNTY, NORTH CAROLINA**

Schedule of Expenditures of Federal and State Awards

For the Fiscal Year Ended June 30, 2010

<u>Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal (Direct and Pass- Through) Expenditures</u>	<u>State Expenditures</u>	<u>Local Expenditures</u>
<u>U.S. Department of Health and Human Services, Continued:</u>				
Office of Population Affairs, Continued:				
Centers for Medicare and Medicaid Services:				
Passed-through the N.C. Department of Health and Human Services:				
Division of Medical Assistance:				
Direct Benefit Payments:				
Medical Assistance Program	93.778	\$ 51,371,137	\$ 18,012,494	\$ (2,162)
ARRA - Medical Assistance Program	93.778	56,980	(52,719)	(4,258)
Division of Social Services:				
Administration:				
Medical Assistance Program	93.778	849,873	33,214	816,659
State Children's Insurance Program-- N.C. Health Choice	93.767	28,951	2,588	6,807
Centers for Disease Control and Prevention:				
Division of Public Health:				
Childhood Immunizations	93.268	20,983	-	-
BCCP Chronic Diseases	93.283	56,250	-	-
Tobacco Prevention CDC Core Grant	93.283	11,250	-	-
WISEWOMEN Program	93.283	10,251	-	-
CDC Chronic Diseases	93.283	1,439	341	-
CDC Breast and Cervical Cancer Control Program	93.283	17,742	-	-
N.C. System for Public Health/Bioterrorism Grant	93.283	138,678	-	-
Preparedness and Response/Bioterrorism Grant	93.283	48,545	-	-
Women's Preventive Health--TANF	93.558	3,694	-	-
ARRA - Immunizations and Vaccines for Children Grants	93.712	13,607	-	-
Preventive Health Services Block Grant	93.991	21,853	-	-
Women's Preventive Health	93.994	28,311	21,236	-
Total Centers for Disease Control		<u>372,603</u>	<u>21,577</u>	<u>-</u>

(continued)

**HAYWOOD COUNTY, NORTH CAROLINA**

Schedule of Expenditures of Federal and State Awards

For the Fiscal Year Ended June 30, 2010

<u>Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal (Direct and Pass-Through) Expenditures</u>	<u>State Expenditures</u>	<u>Local Expenditures</u>
<u>U.S. Department of Health and Human Services, Continued:</u>				
Office of Population Affairs, Continued:				
Health Resources and Services Administration:				
Division of Public Health:				
Maternal Child Health Block Grant to the States	93.994	\$ 2,691	\$ 2,018	\$ -
Child Care Coordination	93.994	17,587	13,190	-
Child Health	93.994	48,749	36,567	-
Total Health Resources and Services Administration		<u>69,027</u>	<u>51,775</u>	<u>-</u>
Administration on Aging:				
Division of Aging and Adult Services:				
Passed through the N.C. Department of Aging:				
Passed through the Southwestern N.C. Planning and Economic Development Commission:				
Aging Cluster:				
Special Program for the Aging--Title III-B Grants for Supportive Services and Senior Centers	93.044	37,351	2,197	-
Special Program for the Aging--Title III-C Nutrition Services:				
Title III-C1 - Congregate	93.045	287,042	16,885	-
Title III-C2 - Home Delivered Meals	93.045	84,067	4,945	-
Passed through the N.C. Department of Aging:				
Passed through the Southwestern N.C. Planning and Economic Development Commission:				
ARRA - Aging Home-Delivered Nutrition Services for the State	93.705	6,880	405	-
ARRA - Aging Congregate Nutrition Services for the States	93.707	14,024	825	-
Total Administration on Aging		<u>429,364</u>	<u>25,257</u>	<u>-</u>

(continued)

**HAYWOOD COUNTY, NORTH CAROLINA**

Schedule of Expenditures of Federal and State Awards

For the Fiscal Year Ended June 30, 2010

<u>Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal (Direct and Pass-Through) Expenditures</u>	<u>State Expenditures</u>	<u>Local Expenditures</u>
Total U.S. Department of Health and Human Services		\$ 58,180,215	\$ 18,822,477	\$ 4,517,605
<u>U.S. Department of Housing and Urban Development</u>				
Passed through N.C. Department of Commerce: Community Development Block Grant State's Program	14.228	38,029	-	-
<u>U.S. Department of Homeland Security</u>				
Passed through the N.C. Department of Crime Control and Public Safety:				
Disaster Grants--Public Assistance--Winter Storm and Flooding (FEMA)	97.036	24,442	8,148	-
Emergency Management Performance Grant (EMPG)	97.042	18,884	18,884	-
Homeland Security Grant Program	97.067	3,266	-	-
Homeland Security Grant Program	97.067	262	-	-
State Homeland Security Program (SHSP)	97.073	(1,494)	-	-
Total U.S. Department of Homeland Security		45,360	27,032	-
Total Federal Awards		60,349,569	18,849,509	4,998,549
<u>State Awards</u>				
<u>N.C. Department of Correction</u>				
Criminal Justice Partnership Program		-	48,393	-
<u>N.C. Department of Crime Control and Public Safety</u>				
Crisis Housing Assistance Funds (CHAF)		-	79,065	-
Kids at Work		-	75,645	-
2005 Hurricane Recovery Act N.C. Stream Clearance		-	37,840	-
Total N.C. Department of Crime Control and Public Safety		-	192,550	-

(continued)

**HAYWOOD COUNTY, NORTH CAROLINA**  
Schedule of Expenditures of Federal and State Awards

For the Fiscal Year Ended June 30, 2010

<u>Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal (Direct and Pass- Through) Expenditures</u>	<u>State Expenditures</u>	<u>Local Expenditures</u>
<u>N.C. Department of Cultural Resources</u>				
Division of State Library:				
State Aid to Public Libraries		\$ -	\$ 107,445	\$ -
<u>N.C. Department of Environment and Natural Resources</u>				
Division of Water Resources:				
Scrap Tire Disposal Grant		-	31,105	-
Waste Reduction and Recycling Grant		-	15,000	-
Clean Water Management Fund		-	97,119	-
Total N.C. Department of Environment and Natural Resources		-	143,224	-
<u>N.C. Department of Health and Human Services</u>				
Division of Social Services:				
Energy Assistance--Private Grants		-	64,473	-
State Adult Protection		-	26,007	-
State/County Special Assistance for Adults		-	499,525	547,593
State Foster Care Benefits Program		-	255,252	255,251
CPS Expansion State Program		-	66,139	-
Total Division of Social Services		-	911,396	802,844
Division of Public Health Services:				
General		-	158,609	-
Child Health		-	100,000	-
Communicable Disease		-	11,423	-
HIV		-	500	-
Risk Reduction/Health Promotion		-	5,823	-
Smoke Free Laws		-	2,035	-
Tuberculosis		-	2,186	-
Women's Preventative Health		-	18,215	-
TB Medical		-	540	-
Total Division of Public Health		-	299,331	-

(continued)

**HAYWOOD COUNTY, NORTH CAROLINA**

Schedule of Expenditures of Federal and State Awards

For the Fiscal Year Ended June 30, 2010

<u>Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal (Direct and Pass-Through) Expenditures</u>	<u>State Expenditures</u>	<u>Local Expenditures</u>
<u>N.C. Department of Health and Human Services, Continued:</u>				
Division of Child Development:				
Passed through the N.C. Health and Wellness Trust Fund:				
N.C. Spit Tobacco Education Program		\$ -	\$ 172,936	\$ -
N.C. Smoke Tobacco Education Program		-	84,808	-
Total Division of Child Development		-	257,744	-
Total N.C. Department of Health and Human Services		-	1,468,471	802,844
<u>N.C. Office of Juvenile Justice</u>				
Department of Juvenile Justice and Delinquency Prevention:				
Juvenile Crime Prevention Program		-	143,221	-
<u>N.C. Department of Public Instruction</u>				
Public School Building Capital Fund:				
Public School Building Capital Fund--Lottery		-	309,156	-
Public School Building Capital Fund--State ADM		-	(54,589)	-
Total N.C. Department of Public Instruction		-	254,567	-
<u>N.C. Department of Transportation</u>				
Rural Operating Assistance Program:				
Elderly and Disabled Transportation Assistance Program		-	87,991	-
Rural General Public Program		-	94,854	-
Work First/Employment		-	(124)	-
Total N.C. Department of Transportation		-	182,721	-
<u>N.C. Department of Veteran Affairs</u>				
Veteran Services		-	2,000	-
Total State awards		-	2,542,592	802,844
Total Federal and State awards		\$ 60,349,569	\$ 21,392,101	\$ 5,801,393

(continued)

**HAYWOOD COUNTY, NORTH CAROLINA**

Schedule of Expenditures of Federal and State Awards

For the Fiscal Year Ended June 30, 2010

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

NOTE A--SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B--FEDERAL AND STATE AWARDS WHICH HAVE BEEN PASSED THROUGH TO SUBRECIPIENTS,

<u>Subrecipient</u>	<u>Program Name</u>	<u>Federal CFDA Number</u>	<u>Federal</u>	<u>State</u>
Haywood County Schools	National Forest Service receipts	10.665	\$ 105,502	\$ -
Southwestern NC Planning and Economic Development Commission	Mountain Projects Title III-C - Congregate	93.045	287,042	16,885
Southwestern NC Planning and Economic Development Commission	Haywood Regional Medical Center Title III-C - Home Delivered Meals	93.045	21,356	1,256
Southwestern NC Planning and Economic Development Commission	ARRA - Mountain Projects Aging Aging Congregate Nutrition Services	93.707	14,024	825
Haywood County Schools	Public School Building Capital Fund	N/A	-	254,567
Southwestern NC Planning and Economic Development Commission	Juvenile Crime Prevention Council	N/A	-	143,221

(continued)

**HAYWOOD COUNTY, NORTH CAROLINA**

Schedule of Expenditures of Federal and State Awards

For the Fiscal Year Ended June 30, 2010

<u>Subrecipient</u>	<u>Program Name</u>	<u>Federal CFDA Number</u>	<u>Federal</u>	<u>State</u>
Southwestern NC Planning and Economic Development Commission	ARRA - Juvenile Crime Prevention Council	16.803	\$ 18,568	\$ -
Mountain Projects	Rural General Public Program	N/A	-	94,854
Mountain Projects	Elderly and Disabled Transportation Service	N/A	-	87,991
Lake Junaluska Fire Department	2005 Hurricane Recovery Act N.C. Stream Clearance	N/A	-	37,840
Lake Logan Fire Department	Disaster Grants--Public Assistance Winter Storm and Flooding (FEMA)	97.036	3,398	1,133
			<u>\$ 449,890</u>	<u>\$ 638,572</u>

NOTE C--CLUSTERS

The following are clustered by the North Carolina Department of Health and Human Services and are treated separately for state audit requirement purposes: Foster Care and Adoption.

See the accompanying Independent Auditors' Report.



**HAYWOOD COUNTY, NORTH CAROLINA**

Schedule of Findings and Questioned Costs

For the Fiscal Year Ended June 30, 2010

Identification of major federal programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
	Supplemental Nutrition Assistance Program Cluster:
10.561	Administrative Matching Grants
10.561	ARRA--Administrative Matching Grants
93.568	Low-Income Home Energy Assistance Program*
	Medicaid Cluster:
93.778	Medical Assistance Programs
93.778	ARRA--Medical Assistance Program

\*Mandated for testing by the N.C. Office of State Auditor

Dollar threshold used to distinguish  
between Type A and Type B programs: \$ 1,810,487

Auditee qualified as low-risk auditee? \_\_\_\_\_ yes                        X   no

*State Awards*

Internal control over major State programs:

- Material weakness(es) identified?                        X   yes                      \_\_\_\_\_ no
- Significant deficiencies identified that are not considered to be material weaknesses?                      \_\_\_\_\_ yes                        X   none reported

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

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

(continued)

**HAYWOOD COUNTY, NORTH CAROLINA**

Schedule of Findings and Questioned Costs

For the Fiscal Year Ended June 30, 2010

Identification of major State programs:

Program Name

Medicaid Cluster

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**Section II--Financial Statement Findings**

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None reported.

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**Section III--Federal Award Findings and Questioned Costs**

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Finding 2010-1 - Segregation of Duties

U.S. Department of Health and Human Services

Program Name: Medicaid Cluster

CFDA: 93.778

NON-COMPLIANCE

MATERIAL WEAKNESS

Criteria:

A good system of internal control requires the segregation of certain incompatible duties to create a system of checks and balances to provide reasonable assurance that transactions are properly recorded. Specifically, duties related to initiating an application, data entry, and approving an application should be segregated in the administration of a federal or state program.

(continued)

**HAYWOOD COUNTY, NORTH CAROLINA**

Schedule of Findings and Questioned Costs

For the Fiscal Year Ended June 30, 2010

Condition:	Caseworkers have the ability to initiate, record, and approve Medicaid applications without the application requiring evidence of supervisory review from another person.
Effect:	Insufficient segregation of duties may allow an individual to commit illegal acts and limit the ability of management to detect those activities.
Cause:	Due to the large volume of case files, the County does not have the resources available to achieve a proper segregation of duties.
Recommendation:	We recommend management segregate duties to the extent possible so that the same person cannot record and approve the same application.
Management's Response:	See Corrective Action Plan

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**Section IV--State Award Findings and Questioned Costs**

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See Finding 2010-1 in Section III

**HAYWOOD COUNTY, NORTH CAROLINA**

Corrective Action Plan

For the Fiscal Year Ended June 30, 2010

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**Section II--Financial Statement Findings**

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None reported.

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**Section III--Federal Award Findings and Questioned Costs**

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Finding 2010-1

Segregation of Duties--Medicaid

**MATERIAL WEAKNESS**

Name of contact person: Ira Dove, Director of Social Services

Corrective action: Haywood County DSS was recently cited because caseworkers have the ability to initiate, record, and approve applications without the application requiring evidence of supervisory review.

It is recommended that the same caseworker should not be able to record and approve the same application. With current caseload sizes and limited number of income maintenance caseworkers, to achieve this recommendation.

Haywood County DSS is recommending the following to achieve compliance:

- Currently intake rotation is random and prospective applicants are assigned the next available intake income maintenance caseworker. Supervisors have given instructions that caseworkers are not to complete applications on friends and/or family members.

(continued)

## HAYWOOD COUNTY, NORTH CAROLINA

### Corrective Action Plan

For the Fiscal Year Ended June 30, 2010

- Reassignment of caseloads will occur at least annually to ensure that a different income maintenance caseworker will evaluate eligibility of the client.
- All applications and review of eligibility for employees and family members of employees are processed by lead workers and reviewed by supervisory staff. (Family members are defined under the Haywood County Personnel Policy, Section 7, and Page 42, of the Haywood County Human Resource Policies, Procedures and Forms.
- Haywood County DSS Program Integrity Investigator will be responsible for review of a random sample of cases approved to determine if the approval was appropriate and accurate.
- Supervisory staff will also review a sample of cases per caseworker to evaluate appropriateness of approvals.
- Haywood County DSS will work with the State Local Business Liaison and the Haywood County Social Services Board to establish an employee fraud policy.

Proposed completion date:

When sufficient additional personnel and technological resources become available such that segregation of duties could occur, we will implement a program to segregate the duties.

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### Section IV--State Award Findings and Questioned Costs

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See Corrective Action in Section III.

**HAYWOOD COUNTY, NORTH CAROLINA**

Summary Schedule of Prior Year Audit Findings

For the Fiscal Year Ended June 30, 2010

2008-1	Finding has been corrected.
2009-1	Finding has been corrected.
2009-2	Finding has been corrected.
2009-3	Finding has been corrected.