

**TRANSYLVANIA COUNTY
NORTH CAROLINA**

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2022

**TRANSYLVANIA COUNTY
NORTH CAROLINA**

Annual Comprehensive Financial Report

For the Year Ended June 30, 2022

Prepared by the Finance Department

This page left blank intentionally.

**TRANSYLVANIA COUNTY
NORTH CAROLINA**

JUNE 30, 2022

BOARD OF COUNTY COMMISSIONERS

JASON CHAPPELL, CHAIR

JAKE DALTON, VICE CHAIR

EMMETT CASCIATO

LARRY CHAPMAN

TERESA MCCALL

PRINCIPAL OFFICIALS

COUNTY MANAGER

Jaime Laughter

FINANCE DIRECTOR

Jonathan Griffin

This page left blank intentionally.

TRANSYLVANIA COUNTY, NORTH CAROLINA

ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2022

TABLE OF CONTENTS

<u>Exhibit</u>		<u>Page(s)</u>
	Introductory Section	
	Letter of Transmittal	i-iv
	Certificate of Achievement for Excellence in Financial Reporting	v
	Organizational Chart	vi
	Independent Auditor's Report	1-4
	Management's Discussion and Analysis	5-16
	Basic Financial Statements:	
	Government-Wide Financial Statements:	
A	Statement of Net Position	17-18
B	Statement of Activities	19-20
	Fund Financial Statements:	
C	Balance Sheet - Governmental Funds	21-22
D	Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	23
E	Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds to the Statement of Activities	24
F	General Fund - Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	25
G	Statement of Net Position - Proprietary Funds	26-27
H	Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds	28
I	Statement of Cash Flows - Proprietary Funds	29
J	Statement of Fiduciary Net Position - Fiduciary Funds	30
K	Statement of Changes in Fiduciary Net Position - Fiduciary Funds	31
	Notes to the Financial Statements	32-85

TRANSYLVANIA COUNTY, NORTH CAROLINA

ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2022

TABLE OF CONTENTS

<u>Schedule</u>		<u>Page(s)</u>
	Required Supplemental Financial Data:	
A-1	Law Enforcement Officers' Special Separation Allowance - Schedule of Changes in Total Pension Liability (LEO)	86-87
A-2	Law Enforcement Officers' Special Separation Allowance - Schedule of Total Pension Liability as a Percentage of Covered-Employee Payroll	88-89
A-3	Other Post-Employment Benefits - Schedule of Changes in the Total OPEB Liability and Related Ratios	90
A-4	Local Governmental Employees' Retirement System - Proportionate Share of Net Pension Liability (Asset) Last Nine Fiscal Years	91-92
A-5	Local Governmental Employees' Retirement System - Contributions - Last Nine Fiscal Years	93-94
A-6	Register of Deeds' Supplemental Pension Fund - Proportionate Share of Net Pension Liability (Asset) Last Nine Fiscal Years	95-96
A-7	Register of Deeds' Supplemental Pension Fund - Contributions - Last Nine Fiscal Years	97-98
	Supplementary Information:	
	Major Funds:	
	General Fund:	
1	Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	99-106
	Education Capital Project Fund:	
2	Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	107
	General Capital Project Fund:	
3	Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	108
4	Multi-Year Grant Ordinance Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	109

TRANSYLVANIA COUNTY, NORTH CAROLINA

ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2022

TABLE OF CONTENTS

<u>Schedule</u>		<u>Page(s)</u>
	Nonmajor Governmental Funds:	
5	Combining Balance Sheet	110
6	Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	111
	Nonmajor Special Revenue Funds:	
7	Combining Balance Sheet	112-113
8	Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	114-115
	Fire Districts Fund:	
9	Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	116
	Emergency Telephone System Fund:	
10	Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	117
	Disaster Response Fund:	
11	Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	118
	Narcotics Task Force Fund:	
12	Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	119
	Representative Payee Fund:	
13	Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	120
	Fines and Forfeitures Fund:	
14	Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	121
	State Deed Fee Fund:	
15	Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	122
	Permanent Fund:	
	Silvermont Reserve:	
16	Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	123

TRANSYLVANIA COUNTY, NORTH CAROLINA

ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2022

TABLE OF CONTENTS

<u>Schedule</u>		<u>Page(s)</u>
	Major Enterprise Fund:	
	Solid Waste Fund:	
17	Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)	124-125
	Water and Sewer Development Fund:	
18	Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	126
	Internal Service Fund:	
19	Self-Insurance Internal Service Fund - Schedule of Revenues, Expenses, and Changes in Fund Net Position - Financial Plan and Actual	127
	Custodial Funds:	
20	Combining Statement of Fiduciary Net Position - Fiduciary Funds	128
21	Combining Statement of Changes in Fiduciary Net Position - Fiduciary Funds	129
	Other Supplemental Schedules:	
22	Schedule of Ad Valorem Taxes Receivable - General Fund	130
23	Analysis of Current Tax Levy - County-Wide Levy	131
	Table	
	Statistical Section (unaudited):	
1	Net Position by Component	132
2	Changes in Net Position	133-134
3	Governmental Activities, Tax Revenues by Source	135
4	Fund Balances of Governmental Funds	136
5	Changes in Fund Balances of Governmental Funds	137
6	Assessed Value and Estimated Actual Value of Taxable Property	138
7	Property Tax Rates - Direct and Overlapping Governments	139
8	Principal Property Taxpayers	140
9	Property Tax Levies and Collections	141

TRANSYLVANIA COUNTY, NORTH CAROLINA

ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2022

TABLE OF CONTENTS

<u>Table</u>		<u>Page(s)</u>
	Statistical Section (unaudited) (continued):	
10	Ratios of Outstanding Debt by Type	142
11	Ratios of General Bonded Debt Outstanding	143
12	Legal Debt Margin Information	144
13	Demographic and Economic Statistics	145
14	Principal Employers	146
15	Full-Time Equivalent County Government Employees by Function	147
16	Operating Indicators by Function/Program	148
17	Capital Asset Statistics by Function/Program	149
	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 <i>Government Auditing Standards</i>	150-151
	Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance and the State Single Audit State Single Audit Implementation Act	152-154
	Report on Compliance for Each Major State Program and Report on Internal Control Over Compliance Required by the Uniform Guidance and the State Single Audit State Single Audit Implementation Act	155-157
	Schedule of Findings, Responses, and Questioned Costs	158-162
	Corrective Action Plan	163
	Schedule of Prior Year Audit Findings	164
	Schedule of Expenditures of Federal and State Awards	165-170

This page left blank intentionally.

**INTRODUCTORY
SECTION**

This page left blank intentionally.

BOARD OF COMMISSIONERS

Jason R. Chappell, Chair
Jake Dalton, Vice-Chair
Emmett Casciato
Larry Chapman
Teresa McCall



COUNTY MANAGER

Jaime Laughter
828-884-3100
Fax 828-884-3119

101 South Broad Street
Brevard, NC 28712

April 28th, 2023

The Board of Commissioners
Transylvania County
North Carolina

The Annual Comprehensive Financial Report of Transylvania County for the fiscal year ended June 30, 2022, is hereby submitted. 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 generally accepted accounting principles (GAAP) and audited by licensed certified public accountants in accordance with auditing standards generally accepted in the United States of America.

The financial statements and supplemental schedules contained herein have been audited by the independent, certified public accounting firm of Martin Starnes & Associates, CPAs, and P.A. The firm has rendered an unmodified opinion, which appears at the beginning of the financial section of this report. The responsibility, however, for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with Transylvania County. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner to present fairly the financial position and results of operation of the various activities and funds of the government. All disclosures necessary to enable the reader to gain an understanding of the government's financial transactions have been included.

The County is also required to undergo an annual single audit in conformity with generally accepted auditing standards; the standards applicable to financial audits contained in **Government Auditing Standards**, issued by the Comptroller General of the United States; and OMB Uniform Guidance, **Audits of States, Local Governments, and Non-Profit Organizations**, and the State Single Audit Implementation Act. Single audits focus not only on the fair presentation of financial statements but also on the County's internal controls and compliance with legal requirements, particularly in the administration of federal and State grants. Information related to this single audit, including the schedule of expenditures of federal and State awards, findings and questioned costs, and the auditor's reports on internal control and compliance with laws and regulations, is submitted in a separate document. It should be noted that there are, however, inherent limitations in internal controls. Because the cost of a control should not exceed the benefits to be derived, the objective is to provide reasonable rather than absolute assurance that the financial statements are free of any material misstatements.

The Annual Comprehensive Financial Report covers all of the activities and funds of Transylvania County government. None of the other organizations with whom the County is affiliated meet the established criteria for inclusion in the reporting entity and, accordingly, are excluded from this report.

Management's Discussion and Analysis (MD&A) immediately follows the Independent Auditor's Report and provides an introduction, overview, and analysis of the basic financial statements. The discussion and analysis complements this letter of transmittal and should be read in conjunction with it.

PROFILE OF TRANSYLVANIA COUNTY

Transylvania County was established in 1861 under North Carolina General Statute 153A-10. Located in the southwestern portion of North Carolina, the county is 35 miles southwest of Asheville, North Carolina; 136 miles southeast of Knoxville, Tennessee; 60 miles north of Greenville, South Carolina; and 170 miles northeast of Atlanta, Georgia. Seventy-five percent of the United States' population lives within a day's drive of Transylvania County. The county has a land mass of 379.7 square miles, 46% of which is held in two state parks and two national forests. Elevations in the county range from 1,265 feet in the Horsepasture River Valley to 6,045 feet near the Blue Ridge Parkway.

According to the NC Office of State Budget and Management, the certified population estimate for Transylvania County as of June 30, 2022 was 33,936. There are two municipalities within the county: the City of Brevard, which lies near the center of the county and serves as its seat, and the Town of Rosman. 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 for four-year staggered terms. Commissioners hold policy-making and legislative authority and are responsible for adopting the annual budget ordinance. In addition to electing the Chairman each year, the Commissioners appoint the County Manager, Tax Administrator, County Attorney, and Clerk to the Board. The County Manager is responsible for preparing and presenting the annual budget, implementing policies, managing daily operations, and hiring and supervising department heads. The voters of Transylvania County also separately elect the offices of Sheriff and Register of Deeds who fulfill certain constitutional duties.

Transylvania County government offers its citizens a wide range of services including health and social programs, public safety, environmental protection, economic and physical development support, cultural and recreational opportunities, and general administration services.

ECONOMIC OUTLOOK

Transylvania County has a diversified economy based primarily on five sectors: (1) travel and tourism, (2) human services including health care, education, and government, (3) retail, (4) construction and real estate development, and (5) manufacturing. Other contributors include agriculture, financial services, and utilities.

The most recent property tax revaluation occurred in 2021 and resulted in an 15% overall increase in the tax base, which reflected the nationwide growth in the market values of real property. In addition to this, the County continues to see measurable growth in some industries and growth in the County's median income and average weekly wage.

MAJOR INITIATIVES

Strategic Plan

In August 2019, the Board of Commissioners amended the Transylvania County Strategic Plan and renewed their commitment to furthering the goals outlined in that plan. Initiated by the Board, the process began with a review of the goals and strategies outlined in the plan. Based on that review, the Board considered there was a consensus to keep those goals in place and that it could be clarified further by consolidating some goals and strategies together. This led to the finalization of a renewed five point plan.

1. Economic Development: Diversify the local economic tax base, increase jobs for citizens that pay a living wage, and create a stable local economy that capitalizes on the unique quality of life and environment found in our community.

2. Education: Ensure that the education environment facilitates learning and students are being prepared for a successful future. Increase the resources available for enhancing education for all ages.
3. Visitation: Create vibrant nodes of economic and civic activity that create a draw for visitors as well as a platform for community engagement.
4. Quality of Life: Enhance the community's quality of life by providing resources that promote health, transportation connectivity, sense of place, cultural heritage, and public safety and manage and maintain the wealth of natural resources in Transylvania County.
5. Value of County Government: Maintain a service-driven, transparent, and performance-based county government with more active and engaged citizens.

Since the strategic plan's adoption, the Board has referred to it as a guide for policy and budgetary decisions to assure that governmental activities and annual funding appropriations move the County forward to the realization of the five goals.

While the adoption of the Strategic Plan underscored the Board's recognition of the importance of long-term planning and commitment to expanding the process, the County has for many years prepared a multi-year capital plan for significant equipment acquisitions, building and land improvements, and new facilities. Using the strategic plan as a framework going forward, the County may analyze and plan for other critical long-range needs such as infrastructure for economic development and protection of the county's potable water supply.

Major Capital Planning

Since fiscal 2017, the Board of County Commissioners has implemented a property tax rate designed in part to offset the major capital planning needs for County facilities. Initially, this rate increase was designed to generate \$1,200,000 annually in property tax revenue specifically for an informal list of capital projects. In FY 2020, the rate was increased further to generate a total of \$2,400,000 annually in revenue.

Since this program was implemented, the County has been able to directly finance or financed several major capital projects across its many functions to improve the quality of life for residents. From these funds, several major additions have been made at the County's parks and recreation facilities including the acquisition of a new 55 acre parcel in the City of Brevard, a significant local match was provided towards the construction of a \$5.3 million industrial shell building to improve County's light manufacturing facility offerings and a project began to overhaul the County's emergency radio system to provide for enhanced coverage county-wide and across the multiple national and state forests.

Additionally, in FY 2020 the County implemented a property tax increase in the ad valorem tax rate County-wide to enter the beginning stages of major planned overhauls of Brevard High School and Rosman High/Middle School. The estimated revenue from this increase has been \$6.2 million annually, the estimate of the annual payment for general obligation school bonds. The approval to issue \$68,000,000 of general obligation bonds was won through a public information campaign at the November 2018 elections. Unfortunately, escalating costs of construction have pushed the project into uncertainty and a County and Board of Education workgroup has been tasked with establishing a path forward.

Plans to construct a new County courthouse or renovate the existing facilities, originally constructed in the mid-1800s', continue to be on hold because of significant uncertainty regarding the COVID-19 pandemic. Changes in legal proceedings, use of electronic hearing appear poised to shift the need for space originally planned for in the County's continuous research of how best to address this issue.

OTHER INFORMATION

CERTIFICATE OF ACHIEVEMENT: The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Transylvania County for its annual comprehensive financial report (ACFR) for the fiscal year ended June 30, 2021. This was the 35th year that the County has achieved this distinction. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized ACFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

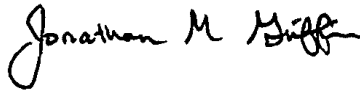
A Certificate of Achievement is valid for a period of one year only. We believe that our current ACFR continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

ACKNOWLEDGMENTS:

The preparation of this report could not have been accomplished without the contributions of the Finance Office staff, whose knowledge, diligence, and dedication lay a reliable foundation for all the County's financial records. Anita, Barbara, Christy, Jennifer and Teresa have earned my most sincere gratitude. It has been the honor of a lifetime to serve the last several years as Finance Officer for the County.

In closing, I thank the Transylvania County Board of County Commissioners for their interest and support in planning and conducting the financial activities of the County in a fiscally sound manner.

Respectfully submitted,

A handwritten signature in black ink that reads "Jonathan M. Griffin". The signature is written in a cursive style with a large initial 'J' and 'G'.

Jonathan M. Griffin
Finance Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

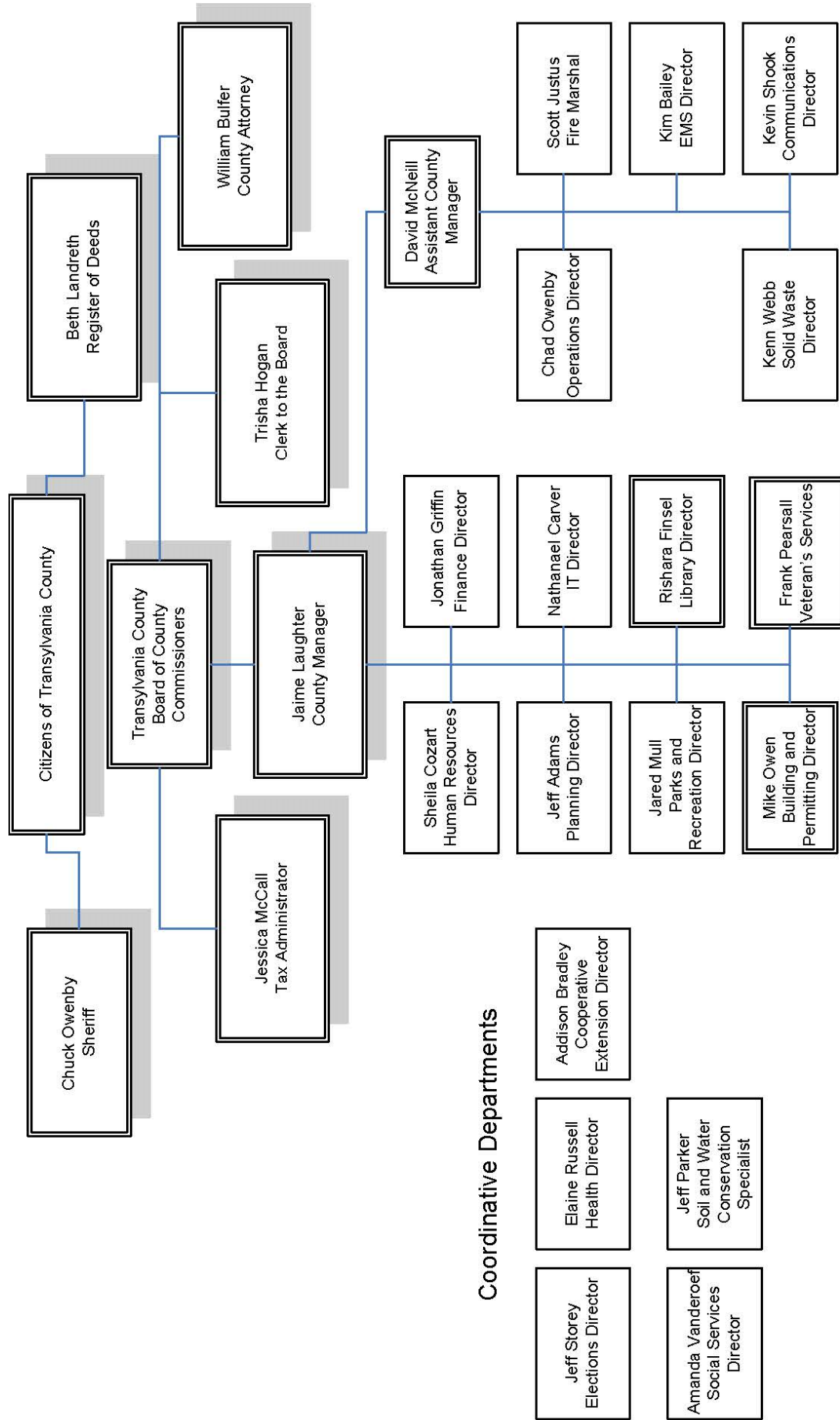
**Transylvania County
North Carolina**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2021

Christopher P. Morill

Executive Director/CEO



Coordinative Departments

- Jeff Storey
Electons Director
- Elaine Russell
Health Director
- Jeff Parker
Soil and Water
Conservation
Specialist
- Addison Bradley
Cooperative
Extension Director
- Amanda Vanderoef
Social Services
Director

**FINANCIAL
SECTION**

This page left blank intentionally.

MARTIN STARNES

& ASSOCIATES, CPAs, P.A.

"A Professional Association of Certified Public Accountants and Management Consultants"

Independent Auditor's Report

To the Board of Commissioners
Transylvania County, North Carolina

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Transylvania County, North Carolina, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Transylvania County, North Carolina, as of June 30, 2022, and the respective changes in financial position, and cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the County, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions. The financial statements of the Transylvania County Tourism Development Authority were not audited in accordance with *Government Auditing Standards*.

Change in Accounting Principle

As discussed in Note 9 to the financial statements, in 2022 the County adopted new accounting guidance, GASB Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

Responsibilities of Management's for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise a substantial doubt about the County's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Transylvania County's basic financial statements. The combining and individual fund financial statements, budgetary schedules, and supplemental ad valorem tax schedules, as well as the accompanying Schedule of Expenditures of Federal and State Awards, as required by Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the State Single Audit Implementation Act, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied to the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements, budgetary schedules, supplemental ad valorem tax schedules, and the Schedule of Expenditures of Federal and State Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory information and the statistical section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 28, 2023 on our consideration of Transylvania 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 solely to describe the scope of our testing of internal control over financial reporting and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of Transylvania County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Transylvania County's internal control over financial reporting and compliance.

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, North Carolina
April 28, 2023

Management's Discussion and Analysis

As management of Transylvania County, we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of Transylvania County for the fiscal year ended June 30, 2022. We encourage readers to consider the information presented here in conjunction with the information provided in our letter of transmittal and in the financial statements that follow this narrative.

Financial Highlights

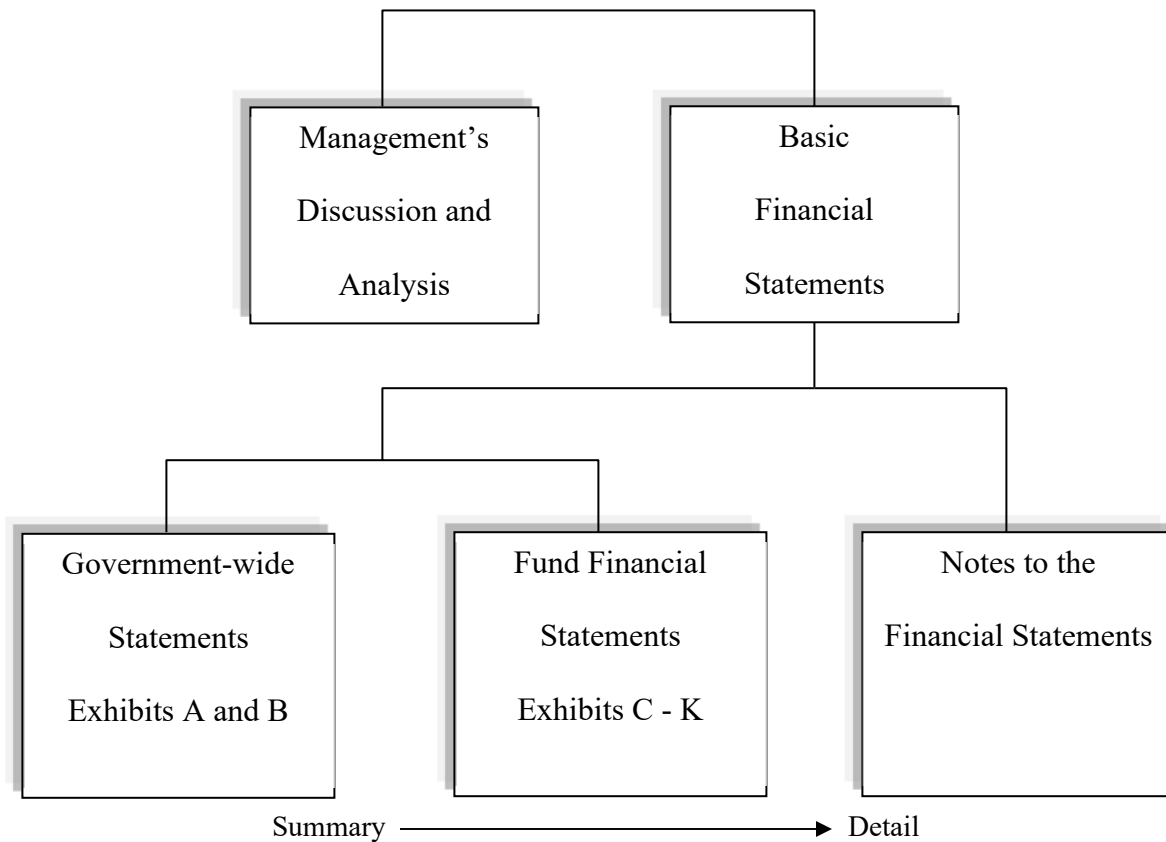
- Transylvania County's assets and deferred outflows exceeded its liabilities and deferred inflows of resources by \$97,723,585. The net position of the County increased over the prior fiscal year by \$17,415,435 (21.7%).
- The County's General Fund balance rose by \$1,010,894 to \$37,241,831, or by 2.8%. Of this total, \$4,232,299 (11%) was non-spendable and \$9,028,907 (24%) was restricted. \$18,835,132 was assigned or committed representing 51% of the County General Fund's balance. \$5,145,493 was unassigned (13.8%).
- At the close of the fiscal year, the County's governmental funds reported combined fund balances of \$56,722,183 reflecting an increase of \$10,745,168 over the prior year or 23%. Approximately 27% of the balance is restricted or non-spendable, totaling \$15,342,135. Another 64%, or \$36,358,016, is either committed or assigned for specific purposes, leaving the remaining \$5,022,032 (9%) unassigned.
- As of June 30, 2022, the County had long-term outstanding debt of \$1,947,730, an increase of \$298,431 or 18%. This increase in long-term obligations is related to the implementation of GASB 87. More significant debt issuances have been delayed until the long-planned renovations of the County's two high schools are underway.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Transylvania County's basic financial statements. These 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 using 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 Transylvania County.

Required Components of Annual Financial Report

Figure 1



Government-wide Financial Statements

The government-wide financial statements (Exhibits A and B) are designed to provide the reader with a broad overview of Transylvania County's finances in a manner like private-sector financial statements. The focus of these statements is the measurement of *economic resources* of the County. Prepared using the full accrual basis of accounting, the government-wide financial statements record the impact of all transactions when the transaction occurs. This approach recognizes that the financial implications of certain transactions initiated in the current period can extend into future periods. Consequently, these statements provide both short and long-term information about the County's financial status.

The two government-wide statements present the County's net position at the end of the year and how it has changed during the year. The *Statement of Net Position* (Exhibit A) shows the County's total assets and deferred outflows of resources and total liabilities and deferred inflows of resources, with the difference between the two reported as net position. Net position is divided into three categories based on availability for funding ongoing obligations: (1) net investment in capital assets, (2) restricted, and (3) unrestricted.

The *Statement of Activities* (Exhibit B) shows what caused the County's net position to increase or decrease over the most recent fiscal year. Since all changes are reported as soon as the event giving rise to them occurs, revenues and expenses are included in this statement even though the related cash flow may not occur until later. The *Statement of Activities* also compares the costs of the County's various functions with the sources of funding for those activities, highlighting the balance that must be subsidized through property taxes and other general revenues. By examining the government-wide statements, the reader may assess whether Transylvania County's overall financial position has improved or deteriorated because of current year transactions and evaluate the adequacy of the County's existing economic resources to support future years' ongoing needs, special projects, and long-term financial obligations.

Transylvania County's government-wide statements are prepared for three categories of activities:

- **Governmental activities** – These activities include the County's basic services such as public safety, human services, culture and recreation, general administration, and education. These services are financed predominantly through property taxes, sales taxes, and state and federal grant monies.
- **Business-type activity** – The only business-type activity that Transylvania County engages in is the operation of a landfill, which is financed primarily through user fees, with supplemental revenues from property taxes and other intergovernmental sources.
- **Component Units** - The County has one component unit: the Transylvania County Tourism Development Authority. The tourism development authority is a legally separate entity and is treated as a discretely presented component unit with its financial activity reported separately on the government-wide financial statements. For more detailed information, please refer to the Comprehensive Annual Financial Report prepared for the Transylvania County Tourism Development Authority.

The government-wide financial statements appear on pages 17 to 20 of this report.

Fund Financial Statements

There are four components of the fund financial statements (Exhibits C through K): (1) the governmental funds statements, (2) the budgetary comparison statement, (3) the proprietary fund statements, and (4) the fiduciary fund statements. These 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. Transylvania County's funds may be divided into three categories - governmental, proprietary, and fiduciary. Like all other governmental entities in North Carolina, Transylvania County uses fund accounting to ensure and demonstrate compliance with federal, state, and local financial and legal requirements.

Governmental Funds – Most of the County's basic services are accounted for in the governmental funds. These functions are the same ones that are reported as governmental activities in the government-wide financial statements. There are two governmental fund financial statements, the *Balance Sheet* and the *Statement of Revenues, Expenditures, and Changes in Fund Balance* (Exhibits C through E). In contrast to

the government-wide statements, the fund financial statements report only those transactions that will impact cash in the near-term. The modified accrual basis of accounting is used in their preparation, and the focus is on current *financial resources* – monies remaining at year-end and assets that may readily be converted into cash. Through the detailed, short-term view presented in the governmental fund financial statements, the reader may assess the adequacy of financial resources available to fund the County’s services in the coming year. The relationship between governmental activities (reported in the *Statement of Net Position* and the *Statement of Activities*) and governmental funds is explained in a reconciliation that is a part of the fund financial statements.

In compliance with GASB Statement No. 54, the County’s balance sheet for the governmental funds classifies components of fund balance according to the constraints placed on how resources within the fund balance may be spent and the sources of those constraints. In descending order of limitations on use, the five categories of fund balance are:

- Non-spendable because the amounts are not in cash (such as inventories) or are legally required to be maintained intact.
- Restricted by external sources such as debt covenants, grant agreements, and statutes, including Stabilization funds which are stated separately on the balance sheet.
- Committed by formal action of the government’s highest level of decision-making authority.
- Assigned by the government’s intent for a specific purpose.
- Unassigned, which is available for general use.

Please refer to pages 41-45 in the Notes for further explanation of these classifications.

Budgetary Comparison Statement – As required by North Carolina General Statutes, Transylvania County adopts an annual budget for its governmental funds, except for those capital project funds covered by project ordinances. The budget is a legally adopted document that incorporates input from the citizens of the County, requests from the management of County government, and the decisions of the Board of Commissioners 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 *Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual* (Exhibit F) for the General Fund demonstrates how well the County complied with the budget ordinance and whether it 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 presents 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 against appropriations, and ending balances in the General Fund, and (4) the variance between the final budget and the actual resources and charges.

Proprietary Fund - Transylvania County has two different kinds of proprietary funds. *Enterprise Funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. Transylvania County uses an enterprise fund to account for the County’s landfill operations. This fund is the same as the function shown in the business-type activities in the Statement of Net Position and the Statement of Activities. *Internal Service Funds* are an accounting device used to accumulate and allocate costs internally among the functions of Transylvania County. The County uses one internal service fund to account for the self-insurance plan. Because this operation benefits predominantly governmental rather than business-type activities, the internal service fund has been included within the governmental activities in the government-wide financial statements.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Transylvania County has three fiduciary funds, all of which are custodial funds: The Municipal Tax Fund, the Jail Inmate Fund, and the Cooperative Extension Fund (Exhibit J and K).

Notes to the Financial Statements

The notes explain in detail some of the data contained in the statements and are essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements start on page 32 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report includes certain required supplemental information beginning on page 86 about funding of Transylvania County's pension and other post-employment benefit obligations. The next section provides more detailed information about the major and non-major governmental, proprietary, and custodial funds, as well as an analysis of the current tax levy and schedule of ad valorem taxes receivable. The final section of the report contains statistical tables which present trends for financial performance and resources and other key economic, demographic, and operating indicators.

Government-Wide Financial Analysis

Total net position, and particularly changes in net position over time, may serve as an indicator of a government's financial condition. As of June 30, 2022, Transylvania County's government-wide assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$97,723,585 – reflecting an increase of \$17,353,942, including prior period adjustment of \$(61,493), resulting from financial transactions that occurred during fiscal year 2022 (see Figure 2, below).

Transylvania County Summary of Net Position
Figure 2

	Governmental Activities		Business-Type Activities		Government-Wide Total	
	2022	2021	2022	2021	2022	2021
Current and other assets	\$ 66,663,381	\$ 52,983,130	\$ 13,038,692	\$ 9,588,220	\$ 79,702,073	\$ 62,571,350
Net pension asset	78,458	88,617	-	-	78,458	88,617
Right-to-use assets, net	519,310		157,343			
Capital assets	38,687,769	40,638,192	3,238,298	2,864,627	41,926,067	43,502,819
Total Assets	105,948,918	93,709,939	16,434,333	12,452,847	122,383,251	106,162,786
Deferred Outflows of Resources	6,327,294	5,371,727	309,160	253,653	6,636,454	5,625,380
Long-term liabilities outstanding	10,227,704	14,941,884	7,757,224	7,555,120	17,984,928	22,497,004
Other liabilities	7,424,910	8,430,024	380,359	328,466	7,805,269	8,758,490
Total Liabilities	17,652,614	23,371,908	8,137,583	7,883,586	25,790,197	31,255,494
Deferred Inflows of Resources	5,241,093	161,127	264,830	1,902	5,505,923	163,029
Net Position:						
Net investment in capital assets	37,460,724	38,739,070	3,194,266	2,715,354	40,654,990	41,454,424
Restricted	11,194,536	8,619,146	-	-	11,194,536	8,619,146
Unrestricted	40,727,245	28,190,415	5,146,814	2,105,658	45,874,059	30,296,073
Total Net Position	\$ 89,382,505	\$ 75,548,631	\$ 8,341,080	\$ 4,821,012	\$ 97,723,585	\$ 80,369,643

Overall, the County's net position increased by 21.7%. This is an aggregate of two changes in net position for the County overall. The net position of governmental activities increased by \$13,898,128 and the net position of business-type activities increased by \$3,517,307.

Of the government's net position:

- ❖ Investment in capital assets represented \$40,654,990 (42%) of the government wide total net position and represented the County's extensive investment in land, buildings, furniture and fixtures, vehicles, and other equipment.
- ❖ \$11,194,536 (11.5%) represents resources that are subject to external restrictions on how the funds may be used. These restrictions are legally binding and are imposed by general statutes, grants or contracts.
- ❖ Stabilization funds required by the state government make up \$6,199,494 of that classification, which also includes smaller amounts restricted to fire district taxes, court fees, the Emergency Telephone system, the Register of Deeds Automation Enhancement Fund and pension plan, and other various grants and donations.

Transylvania County Summary of Changes in Net Position
Figure 3

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Revenues:						
<i>Program Revenues</i>						
Charges for services	\$ 5,638,481	\$ 4,155,188	\$ 2,886,550	\$ 2,207,317	\$ 8,525,031	\$ 6,362,505
Operating grants	12,126,900	8,615,068	(364,172)	76,165	11,762,728	8,691,233
Capital Grants	125,000	-	2,338,641	-	2,463,641	-
<i>General Revenues</i>						
Property taxes	45,017,239	41,617,678	-	-	45,017,239	41,617,678
Other taxes	16,839,271	15,722,759	-	-	16,839,271	15,722,759
Grants and contributions unrestrict.	523,366	545,696	-	-	523,366	545,696
Miscellaneous unrestricted	-	-	-	-	-	-
Interest	116,600	9,361	12,960	18,552	129,560	27,913
Total Revenues	80,386,857	70,665,750	4,873,979	2,302,034	85,260,836	72,967,784
Expenses						
General Government	10,707,793	8,667,861	-	-	10,707,793	8,667,861
Public Safety	21,532,655	21,026,946	-	-	21,532,655	21,026,946
Transportation	578,573	513,884	-	-	578,573	513,884
Economic and Physical Development	3,246,525	2,821,683	-	-	3,246,525	2,821,683
Human Services	10,468,611	10,453,187	-	-	10,468,611	10,453,187
Culture and Recreation	2,506,844	2,402,400	-	-	2,506,844	2,402,400
Education	14,940,995	16,623,947	-	-	14,940,995	16,623,947
Interest on long-term debt	53,240	56,828	-	-	53,240	56,828
Landfill	-	-	3,810,165	3,057,960	3,810,165	3,057,960
Total Expenses	64,035,236	62,566,736	3,810,165	3,057,960	67,845,401	65,624,696
Change in Net Position Before Transfers	16,351,621	8,099,014	1,063,814	(755,926)	17,415,435	7,343,088
Transfers	(2,453,493)	(570,150)	2,453,493	570,150	-	-
Net Position, July 1	75,548,631	67,969,582	4,821,012	5,006,788	80,369,643	72,976,370
Restatement	(64,254)	50,185	2,761	-	(61,493)	50,185
Restated Net Position, July 1	75,484,377	68,019,767	4,823,773	5,006,788	80,308,150	73,026,555
Change in Net Position	13,898,128	7,528,864	3,517,307	(185,776)	17,415,435	7,343,088
Net Position, June 30	\$ 89,382,505	\$ 75,548,631	\$ 8,341,080	\$ 4,821,012	\$ 97,723,585	\$ 80,369,643

Governmental activities – Transylvania County’s governmental activities closed the year with a net position of \$89,382,505, an increase of \$13,833,874, including prior period adjustment of \$(64,254).

The primary factors attributable to this increase were as follows:

- Increased inflows from property taxation
- Increases in operating grants provided by federal and state governmental agencies
- Lower outflows related to education

Business-type activities – Transylvania County’s business-type activities closed the year with a net position of \$8,341,080, an increase of \$3,520,068, including prior period adjustment of \$2,761.

The primary factors driving this change were as follows:

- Capital contributions and grants in the amount of \$2,338,641
- Transfers from governmental funds totaling \$2,453,493.

Financial Analysis of the County’s Funds

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

Governmental Funds – The goal of governmental fund statements is to provide information on near-term inflows, outflows, and balances of useable resources. Such information is helpful in assessing the County’s financing requirements. Specifically, unassigned fund balance can be a meaningful measure of a government’s net resources available for spending during the next fiscal year.

The County’s governmental fund types are divided into two categories, major and non-major. For 2022, the County had four major funds: the General Fund, Education Capital Project Fund, the General Capital Projects Fund and the Multi-Year Grant Ordinance Fund. The non-major governmental funds consist of Special Revenue Funds and the Permanent Fund.

The General Fund is the chief operating fund of Transylvania County. At the end of the current fiscal year, the total fund balance equaled \$37,241,831, with \$4,232,299 non-spendable and \$9,028,907 restricted.

- ❖ \$6,129,179 was restricted for stabilization by state statute.
- ❖ \$2,899,728 was restricted by General Statutes for court facilities and Register of Deed’s Office technology enhancements and by restrictions imposed by state agencies on proceeds for the Department of Social Services and Department of Public Health.
- ❖ \$1,938,667 was committed by the Board of Commissioners for pension payments for retired law enforcement officers.
- ❖ \$16,896,465 was assigned for specific uses including:
 - \$9,414,500 for the County’s informal capital improvement plan
 - \$2,313,719 for accrued vacation liabilities
 - \$1,680,995 for expenditures authorized in the following fiscal year
 - \$1,029,628 for other economic and physical development
- ❖ \$5,145,493, or 14 percent of the total, was unassigned and therefore available for spending at the government’s discretion.

As a measure of the General Fund’s liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 8.6% percent of total General Fund outlays. Total General Fund balance represented more than 62% percent of the County government’s total actual expenditures for fiscal year 2022.

The General Fund balance rose by 8%, or \$1,010,894.

The major factors in the performance of the General Fund for the year ended June 30, 2022 were as follows:

- ❖ Actual revenues exceeded the prior year by 8.7%, or \$5,713,962, driven by higher ad valorem taxes, increased local option sales tax distributions and higher collected permit fees. All categories of revenues save donations/grants and interest earned on idle funds were increased over the prior year.
 - The largest increase of all categories was collections of property taxes, which rose by \$3,564,633, or 9.23% due to an increase above the revenue neutral property tax rate implemented July 1, 2021.
- ❖ Actual expenditures were \$3,097,878 higher than fiscal 2021, driven by two primary factors:
 - \$1,450,598 higher expenditures on public safety functions, or 3.09% caused by a reduction in expenditures covered by CARES Act resources in the Disaster Response Fund
 - Higher expenditures on human services related to the Public Health department's COVID-19 programming.
- ❖ The General Fund's support for other governmental and proprietary funds increased over FY 2021, with total transfers totaling \$15,322,187, an increase of \$8,552,037 (126%).
 - The largest transfer out of the General Fund was \$6,200,000 to support continued outlays in the Education Capital Project Fund.
 - The second largest transfer out was the transfer of approximately \$4,000,000 to support the creation of an internal service fund for the County's group health insurance plan. Claims and administrative expenditures for the County's employee plan were previously reported as a department of its General Fund.

The combined fund balances of all other governmental funds increased to \$19,480,352 from \$9,746,078 in FY 2021. This increase of 50% is primarily related to the Education Capital Fund, presented as a major fund, having a fund balance increase from \$8,313,873 to \$14,423,326.

- ❖ Total revenues across all other governmental funds were increased by \$4,017,824 or 83.2%. This was primarily driven by the activity in the Fire Service District funds related to a change in the ad valorem property tax rate and secondly by increased restricted intergovernmental revenues in the Disaster Response Fund.
- ❖ Total expenditures across all other governmental funds were higher than the prior year by \$2,662,021. Decreases in education expenditures due to a hold on capital projects (-\$1,682,952) were offset by expenditure increases in public safety (\$422,652) and economic and physical development (\$435,895).

As of June 30, 2022, Transylvania County's governmental funds reported a total ending balance of \$56,722,183, an increase of 10,745,168 or 23%.

The Education Capital Project Fund's fund balance increased by \$6,109,453, or 73%, due to transfers in from the General Fund and general delays in project expenditures due to budget constraints.

The General Capital Projects Fund's fund balance rose by \$3,098,712 due to transfers in from the General Fund and little activity in the related projects.

The Multi-Year Grant Fund Project Ordinance's fund balance rose by \$1,008 due to restricted investment returns on unspent grant resources.

Proprietary Fund –

Transylvania County's proprietary fund statements provide the same type of information found in the government-wide financial statements, but in more detail.

It is important for readers to note that there is a significant change in the types of reporting activity in the County's proprietary funds this year; first, that the County has an enterprise capital project fund for Water and Sewer development presented as a sub-unit of the Solid Waste Fund. The County does not operate a Water and Sewer system, but in the event it needs to do so, it has chosen to present a current capital project fund in enterprise accounting to maintain consistency over time.

Solid Waste Fund

The net position of the County's enterprise activity, the Solid Waste Fund increased by \$3,523,769.

Operating revenues for the Solid Waste Fund rose by \$685,695 in FY 2022, to a total of \$2,893,012. This was driven primarily by changes in policies around fee-setting implemented effective July 1, 2021.

Solid Waste activities generated an operating loss of \$917,153. This was \$66,150 higher than the prior year, or 8%. The largest single increase in operating expenditures was an increase in landfill closure and post closure costs, which increased by \$212,595, or 44% over prior year. This is due to the current Woodruff Landfill Cell nearing capacity.

A transfer from the General Fund of \$1,134,314 was intended to supplement and mitigate the operating loss in the Solid Waste Fund.

The County is reporting a Water & Sewer Enterprise Capital Project Fund as a sub-fund of the Solid Waste Fund. A significant portion of the improvement in the Solid Waste Fund's improvement in net position is attributable to activities in the Water and Sewer ECPF. An additional transfer of \$1,319,179 from the General Fund for water and sewer projects in addition to capital grants and contributions of \$2,338,641 generate a \$3,523,769 of the improvement in the Fund's net position, or 73%.

Governmental Activities

Internal Service Fund

In 2022, in the interest of clarifying and improving financial reporting, the County established a governmental internal service fund for the operation of the County's group insurance plan. This plan represents inflows and outflows related to the collection of premiums from employees and the employer, and vendor payments of health claims and administrative fees paid on behalf of employees.

In the County's internal service fund, charges for services, representing employee and employer premiums paid totaled \$4,874,348. Operating expenditures, representing health claims and administrative fees paid to Blue Cross Blue Shield totaled \$5,015,569.

The County previously reported activity in as a sub-fund of its General Fund, and accordingly, the balance of these activities in prior years were transferred from the General Fund to the Internal Service Fund. This transfer in totaled \$4,140,303.

General Fund Budgetary Highlights:

The County’s financial performance in the General Fund played a significant role in the stronger financial position of the County at fiscal year-end. Most notable were positive variances of over \$1 million against the final budget in three functional areas: general government, public safety and human services, which can be attributed to the diligence of management in monitoring operational budgets. When comparing revenues, the strongest factors in this performance were the positive variance in ad valorem tax collections (\$808,073 over budget) and the local option sales tax (\$608,319 over budget estimates).

Additionally, Transylvania County found it necessary to revise the County’s General Fund budget ordinance for several reasons throughout the fiscal year, most notably to: (1) recognize new funding from external sources and other funds, (2) withdraw funds from reserves for designated uses and needs that arose during the year, and (3) roll forward appropriations made in fiscal year 2021 that were not completed within that fiscal year. The original budget ordinance totaled approximately \$67.3 million and increased to \$71.1 million, approximately 5.2% or \$3.6 million:

- \$1,398,681 to account for projects undertaken in 2021 that were carried forward and completed in fiscal 2022.
- \$505,384 in additional appropriations necessary to cover a cost of living adjustment for all County employees
- \$966,631 to recognize additional revenues from the Register of Deeds and Occupancy Tax collections to be passed on to partner agencies.

Capital Asset and Debt Administration

Capital assets: Transylvania County’s capital assets for its governmental and business-type activities as of June 30, 2022, totaled \$41,926,067 (net of accumulated depreciation). These assets consisted of buildings, land, machinery and equipment, furniture and fixtures, park facilities, and vehicles (see Figure 4). Additional information regarding Transylvania County’s capital assets can be found in note 3.A. of the Notes, beginning on page 52 of this report.

Transylvania County's Capital Assets

(net of depreciation)

	Governmental Activities		Business-type Activities		Totals	
	2022	2021	2022	2021	2022	2021
Land	\$ 3,976,648	\$ 3,976,648	\$ 1,130,910	\$ 1,130,910	\$ 5,107,558	\$ 5,107,558
Landfill cells			399,185	525,592	399,185	525,592
Buildings	30,917,368	30,926,677	438,359	47,614	31,355,727	30,974,291
Improvements	301,057	434,031	232,632	261,333	533,689	695,364
FF&E	1,470,888	1,593,768	393,928	475,946	1,864,816	2,069,714
Vehicles	1,789,924	2,157,412	546,389	204,662	2,336,313	2,362,074
Construction in progress	231,884	1,127,429	96,895	72,058	328,779	1,199,487
Total	\$ 38,687,769	\$ 40,215,965	\$ 3,238,298	\$ 2,718,115	\$ 41,926,067	\$ 42,934,080

Long-term Debt: The County’s outstanding debt totaled \$1,947,730 at year end with the outstanding balance totaling only 2% of the government-wide net position. The increase in outstanding debt is related primarily to the implementation of GASB 87.

The County anticipates issuing general obligation bonds to offset the cost of two major projects overseen by Transylvania County Schools to renovate and expand the County’s high schools. The voters rendered a verdict in favor of these bonds at the November 2018 election, but these projects have not yet begun due to delays in design work. It also intends to issue an additional installment financing to complete construction of an ambulance base in FY 2024.

Transylvania County's Outstanding Debt
Figure 5

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Qualified School Construction Bonds	\$ -	\$ 108,150	\$ -	\$ -	\$ -	\$ 108,150
Installment financings	1,227,319	1,541,149	-	-	1,227,319	1,541,149
Capital leases	519,036	-	201,375	-	720,411	-
Total	\$ 1,746,355	\$ 1,649,299	\$ 201,375	\$ -	\$ 1,947,730	\$ 1,649,299

On June 30, 2022, the County had a legal debt margin of \$557,126,285.

Additional information regarding Transylvania County’s long-term debt can be found in note 3.B. of the Notes, beginning on page 75 of this report.

Budget Highlights for the Fiscal Year Ending June 30, 2023

Long-term needs were the dominating factor in the planning, recommendation, and adoption of a budget ordinance for Transylvania County for the year ending June 30, 2023. Public safety and the long-term needs of the Transylvania County Landfill, which has current permitted cell capacity through 2026 were the primary factors. These challenges required a strategic approach to ensure that adequate resources were available to address the statutory requirements and mandates unique to North Carolina County governments.

Governmental Activities:

General Fund appropriations rose by \$1,555,672 from FY 2022’s revised budget to FY 2023’s final adopted budget, or approximately 2%. This was driven by two primary factors: (1) planned increases in support for local education agencies (Transylvania County Schools and Blue Ridge Community College) and 2) funds set aside for future cost of living increases that would renew the County’s high level of investment in its human capital.

Additionally, spending on development was estimated to be \$1,574,891 higher in FY 2022 than in FY 2021, primarily related to a more realistic estimate of occupancy taxes to be collected and remitted to the Transylvania County Tourism Development Authority.

The County continued in FY 2023 financial steps it had taken in FY 2022 to increase financial support for volunteer fire departments and rescue agencies and the County’s enterprise fund landfill operations.

Generally, the County anticipated that these increases in budget would be offset by increased revenues from property tax and sales tax. Most other revenue classifications for the County were not expected to increase.

Other appropriations totaling \$714,228 established activity in the County's various special revenue funds for the year, a significant increase from FY 2021's original budget due to implementation of GASB 84, which changed the accounting format for several activities that had not previously needed to be budgeted – particularly fines and forfeitures passed through the Court System, Representative Payee activity for DSS and the Deed Stamp Fund.

Business-type Activities

The Board also approved a budget for landfill activities and the Solid Waste department at \$4,481,405, an increase of approximately 7%. As in prior years, the Board and Management were aware that it would not be possible to generate sufficient revenues to cover the cost of landfill operations, given the rural and geographically isolated nature of its landfill operation. Accordingly, the FY 2023 budget ordinance planned a transfer of \$1,162,672 from the General Fund to the Solid Waste Fund.

Overall, future expansion needs of the Transylvania County drove the significant increase in the County's enterprise fund budget. The operating budget for landfill operations and capital outlay increased by \$302,765, or 8.8% which explains all of the increase in

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 submitted to the Finance Director of Transylvania County, 101 South Broad Street, Brevard, NC 28712.

**BASIC
FINANCIAL
STATEMENTS**

TRANSYLVANIA COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION
JUNE 30, 2022

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Transylvania County Tourism Development Authority
Assets:				
Current assets:				
Cash and investments	\$ 53,431,719	\$ 5,679,212	\$ 59,110,931	\$ 1,762,225
Taxes receivable, net	112,753	-	112,753	-
Accounts receivable, net	497,272	183,549	680,821	7,410
Lease receivable	102,714	-	102,714	-
Due from primary government	-	-	-	213,542
Internal balances	6,462	(6,462)	-	-
Due from other governments	5,586,984	430,602	6,017,586	-
Long-term receivable	4,140,208	-	4,140,208	-
Inventories	90,406	-	90,406	-
Prepaid items	1,398	-	1,398	-
Cash and investments, restricted	2,693,465	6,751,791	9,445,256	-
Total current assets	66,663,381	13,038,692	79,702,073	1,983,177
Non-current assets:				
Net pension asset (ROD)	78,458	-	78,458	-
Right to use assets, net of amortization	519,310	157,343	676,653	-
Capital assets:				
Land and other non-depreciable assets	4,208,532	1,227,805	5,436,337	-
Depreciable assets, net	34,479,237	2,010,493	36,489,730	-
Total capital assets	38,687,769	3,238,298	41,926,067	-
Non-current assets, net	39,285,537	3,395,641	42,681,178	-
Total assets	105,948,918	16,434,333	122,383,251	1,983,177
Deferred Outflows of Resources:				
Pension deferrals	6,262,190	305,733	6,567,923	-
OPEB deferrals	65,104	3,427	68,531	-
Total deferred outflows of resources	6,327,294	309,160	6,636,454	-
Liabilities:				
Current liabilities:				
Accounts payable and accrued liabilities	2,386,219	214,162	2,600,381	13,845
Payable from restricted assets	7,556	-	7,556	-
Prepaid fees	468,183	-	468,183	-
Due to component unit	213,542	-	213,542	-
Due to other governments	11,379	-	11,379	-
Advances from grantors	2,454,423	-	2,454,423	-
Unearned revenue	123,119	-	123,119	-
Accrued interest payable	7,927	-	7,927	-
Current portion of long-term liabilities	1,752,562	166,197	1,918,759	-
Total current liabilities	7,424,910	380,359	7,805,269	13,845

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

TRANSYLVANIA COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION
JUNE 30, 2022

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Transylvania County Tourism Development Authority
Non-current liabilities:				
Net pension liability (LGRS)	3,509,275	184,698	3,693,973	-
Total pension liability (LEOSSA)	2,457,496	-	2,457,496	-
Total OPEB liability	2,782,957	146,471	2,929,428	-
Due in more than one year	1,477,976	7,426,055	8,904,031	-
Total non-current liabilities	10,227,704	7,757,224	17,984,928	-
Total liabilities	17,652,614	8,137,583	25,790,197	13,845
Deferred Inflows of Resources:				
Prepaid taxes	44,069	-	44,069	-
Lease deferrals	102,427	-	102,427	-
Pension deferrals	5,094,597	264,830	5,359,427	-
Total deferred inflows of resources	5,241,093	264,830	5,505,923	-
Net Position:				
Net investment in capital assets	37,460,724	3,194,266	40,654,990	-
Restricted for:				
Stabilization by state statute	6,199,494	-	6,199,494	220,952
Permanently restricted for perpetual maintenance - non-expendable	108,367	-	108,367	-
Register of Deeds Pension Plan	84,700	-	84,700	-
Court facilities	43,177	-	43,177	-
Public safety	566,756	-	566,756	-
Fire departments	1,026,224	-	1,026,224	-
Emergency telephone system	472,208	-	472,208	-
Health department programs	198,001	-	198,001	-
Social services	27,820	-	27,820	-
Health services	15,338	-	15,338	-
Recreation programs and facilities	235,860	-	235,860	-
Donor intent	316,248	-	316,248	-
Education	1,900,343	-	1,900,343	-
Tourism promotion	-	-	-	1,748,380
Unrestricted	40,727,245	5,146,814	45,874,059	-
Total net position	\$ 89,382,505	\$ 8,341,080	\$ 97,723,585	\$ 1,969,332

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

TRANSYLVANIA COUNTY, NORTH CAROLINA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

	<u>Program Revenues</u>			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Functions/Programs:				
Primary Government:				
Governmental Activities:				
General government	\$ 10,707,793	\$ 1,567,413	\$ 4,627,292	\$ -
Public safety	21,532,655	3,299,437	979,707	125,000
Transportation	578,573	2,190	371,008	-
Economic and physical development	3,246,525	2,500	1,105	-
Human services	10,468,611	629,423	6,024,413	-
Cultural and recreational	2,506,844	137,518	123,375	-
Education	14,940,995	-	-	-
Interest and fees	53,240	-	-	-
Total governmental activities	<u>64,035,236</u>	<u>5,638,481</u>	<u>12,126,900</u>	<u>125,000</u>
Business-Type Activities:				
Solid waste	<u>4,253,930</u>	<u>2,886,550</u>	<u>79,593</u>	<u>2,338,641</u>
Total primary government	<u>\$ 68,289,166</u>	<u>\$ 8,525,031</u>	<u>\$ 12,206,493</u>	<u>\$ 2,463,641</u>
Component Unit:				
Tourism Development Authority	<u>\$ 1,379,789</u>	<u>\$ 25,300</u>	<u>\$ 7,909</u>	<u>\$ -</u>

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

TRANSYLVANIA COUNTY, NORTH CAROLINA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

	Net (Expense) Revenue and Changes in Net Position			Component Unit
	Primary Government			Transylvania County Tourism Development Authority
	Governmental Activities	Business-Type Activities	Total	
Functions/Programs:				
Primary Government:				
Governmental Activities:				
General government	\$ (4,513,088)	\$ -	\$ (4,513,088)	
Public safety	(17,128,511)	-	(17,128,511)	
Transportation	(205,375)	-	(205,375)	
Economic and physical development	(3,242,920)	-	(3,242,920)	
Human services	(3,814,775)	-	(3,814,775)	
Cultural and recreational	(2,245,951)	-	(2,245,951)	
Education	(14,940,995)	-	(14,940,995)	
Interest and fees	(53,240)	-	(53,240)	
Total governmental activities	(46,144,855)	-	(46,144,855)	
Business-Type Activities:				
Solid waste	-	1,050,854	1,050,854	
Total primary government	(46,144,855)	1,050,854	(45,094,001)	
Component Unit:				
Tourism Development Authority				\$ (1,346,580)
General Revenues:				
Taxes:				
Ad valorem taxes	45,017,239	-	45,017,239	-
Local option sales taxes	13,296,729	-	13,296,729	-
Deed stamp excise tax	177,904	-	177,904	-
Real estate transfer tax	1,286,947	-	1,286,947	-
Occupancy tax	2,077,691	-	2,077,691	2,046,816
Unrestricted intergovernmental revenues	523,366	-	523,366	-
Investment earnings, unrestricted	116,600	12,960	129,560	443
Total general revenues excluding transfers	62,496,476	12,960	62,509,436	2,047,259
Transfers	(2,453,493)	2,453,493	-	-
Total general revenues and transfers	60,042,983	2,466,453	62,509,436	2,047,259
Change in net position	13,898,128	3,517,307	17,415,435	700,679
Net Position:				
Beginning of year - July 1	75,548,631	4,821,012	80,369,643	1,268,653
Restatement	(64,254)	2,761	(61,493)	-
Beginning of year - July 1, restated	75,484,377	4,823,773	80,308,150	1,268,653
End of year - June 30	\$ 89,382,505	\$ 8,341,080	\$ 97,723,585	\$ 1,969,332

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

TRANSYLVANIA COUNTY, NORTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2022

	Major				Nonmajor	Total Governmental Funds
	General Fund	Education Capital Project Fund	General Capital Projects Fund	Multi-Year Grant Ordinance Fund	Other Governmental Funds	
Assets:						
Cash and investments	\$ 29,491,265	\$ 14,425,343	\$ 3,125,055	\$ 846	\$ 1,907,090	\$ 48,949,599
Taxes receivable, net	103,737	-	-	-	9,016	112,753
Accounts receivable, net	482,445	-	-	-	14,827	497,272
Lease receivable	102,714	-	-	-	-	102,714
Long-term receivable	4,140,208	-	-	-	-	4,140,208
Due from other funds	115,238	-	-	-	-	115,238
Due from other governments	5,531,496	-	-	162	55,326	5,586,984
Inventories	90,406	-	-	-	-	90,406
Prepaid items	1,398	-	-	-	-	1,398
Cash and investments, restricted	65,565	-	-	2,396,414	231,486	2,693,465
Total assets	<u>\$ 40,124,472</u>	<u>\$ 14,425,343</u>	<u>\$ 3,125,055</u>	<u>\$ 2,397,422</u>	<u>\$ 2,217,745</u>	<u>\$ 62,290,037</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:						
Liabilities:						
Accounts payable and accrued liabilities	\$ 1,886,805	\$ 2,017	\$ 26,343	\$ -	\$ -	\$ 1,915,165
Payable from restricted assets	-	-	-	7,556	-	7,556
Due to other funds	-	-	-	-	115,238	115,238
Due to component unit	213,542	-	-	-	-	213,542
Due to other governments	-	-	-	-	11,379	11,379
Unearned revenue	-	-	-	-	123,119	123,119
Advances from grantors	65,565	-	-	2,388,858	-	2,454,423
Prepaid fees	468,183	-	-	-	-	468,183
Total liabilities	<u>2,634,095</u>	<u>2,017</u>	<u>26,343</u>	<u>2,396,414</u>	<u>249,736</u>	<u>5,308,605</u>
Deferred Inflows of Resources:						
Leases	102,427	-	-	-	-	102,427
Property taxes receivable	103,737	-	-	-	9,016	112,753
Prepaid taxes	42,382	-	-	-	1,687	44,069
Total deferred inflows of resources	<u>248,546</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,703</u>	<u>259,249</u>
Fund Balances:						
Non-spendable, not in spendable form:						
Inventories	90,406	-	-	-	-	90,406
Prepaid items	1,398	-	-	-	-	1,398
Lease receivable	287	-	-	-	-	287
Long-term receivable	4,140,208	-	-	-	-	4,140,208
Perpetual maintenance	-	-	-	-	108,367	108,367
Restricted:						
Stabilization by state statute	6,129,179	-	-	162	70,153	6,199,494
Restricted, all other	2,899,728	-	-	-	1,902,247	4,801,975
Committed	1,938,667	14,423,326	3,098,712	846	-	19,461,551
Assigned	16,896,465	-	-	-	-	16,896,465
Unassigned	5,145,493	-	-	-	(123,461)	5,022,032
Total fund balances	<u>37,241,831</u>	<u>14,423,326</u>	<u>3,098,712</u>	<u>1,008</u>	<u>1,957,306</u>	<u>56,722,183</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 40,124,472</u>	<u>\$ 14,425,343</u>	<u>\$ 3,125,055</u>	<u>\$ 2,397,422</u>	<u>\$ 2,217,745</u>	<u>\$ 62,290,037</u>

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

TRANSYLVANIA COUNTY, NORTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2022

	Total Governmental Funds
Total fund balances	\$ 56,722,183
Amounts reported for governmental activities in the Statement of Net Position (Exhibit A) are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	38,687,769
Right to use leased assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	519,310
Net pension asset	78,458
Net pension liability - LGERS	(3,509,275)
Total pension liability - LEOSSA	(2,457,496)
Total OPEB liability	(2,782,957)
Assets and liabilities of the Internal Service Fund used by management to account for insurance costs are included in governmental activities in the Statement of Net Position	4,017,528
Deferred outflows of resources related to pensions are not reported in the funds.	6,262,190
Deferred inflows of resources related to pensions are not reported in the funds.	(5,094,597)
Deferred outflows of resources related to OPEB are not reported in the funds.	65,104
Liabilities for earned, but deferred, inflows of resources in fund statements	112,753
Some liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:	
Bonds and installment financing	(1,227,319)
Lease liabilities	(519,036)
Compensated absences	(1,484,183)
Interest payable	(7,927)
Net position of governmental activities	<u>\$ 89,382,505</u>

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

TRANSYLVANIA COUNTY, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	Major			Nonmajor		Total Governmental Funds
	General Fund	Education Capital Project Fund	General Capital Projects Fund	Multi-Year Grant Ordinance Fund	Other Governmental Funds	
Revenues:						
Ad valorem taxes	\$ 42,177,883	\$ -	\$ -	\$ -	\$ 2,847,124	\$ 45,025,007
Local option sales taxes	13,296,729	-	-	-	-	13,296,729
Other taxes and licenses	3,542,542	-	-	-	-	3,542,542
Unrestricted intergovernmental revenues	523,366	-	-	-	-	523,366
Restricted intergovernmental revenues	7,022,965	-	125,000	4,297,419	673,702	12,119,086
Permits and fees	822,322	-	-	-	-	822,322
Sales and services	3,498,143	-	-	-	238,893	3,737,036
Donations and grants	70,082	-	-	-	35,923	106,005
Interest earned on investments	74,116	23,721	1,721	1,008	4,050	104,616
Miscellaneous	480,698	-	600,595	-	-	1,081,293
Total revenues	<u>71,508,846</u>	<u>23,721</u>	<u>727,316</u>	<u>4,298,427</u>	<u>3,799,692</u>	<u>80,358,002</u>
Expenditures:						
Current:						
General government	9,081,731	-	-	310,841	144,107	9,536,679
Public safety	18,142,085	-	128,604	-	2,992,194	21,262,883
Transportation	510,708	-	-	-	57,566	568,274
Economic and physical development	3,252,077	-	-	-	-	3,252,077
Human services	10,369,408	-	-	7,394	109,115	10,485,917
Cultural and recreational	2,367,281	-	-	-	-	2,367,281
Intergovernmental:						
Education	14,800,771	114,268	-	-	-	14,915,039
Capital outlay	696,510	-	-	-	-	696,510
Debt service:						
Principal repayments	599,454	-	-	-	-	599,454
Interest	56,472	-	-	-	-	56,472
Total expenditures	<u>59,876,497</u>	<u>114,268</u>	<u>128,604</u>	<u>318,235</u>	<u>3,302,982</u>	<u>63,740,586</u>
Revenues over (under) expenditures	<u>11,632,349</u>	<u>(90,547)</u>	<u>598,712</u>	<u>3,980,192</u>	<u>496,710</u>	<u>16,617,416</u>
Other Financing Sources (Uses):						
Transfers in	3,979,184	6,200,000	2,500,000	-	28,391	12,707,575
Transfers out	(15,322,187)	-	-	(3,979,184)	-	(19,301,371)
Lease liability issued	696,510	-	-	-	-	696,510
Sale of surplus assets	25,038	-	-	-	-	25,038
Total other financing sources (uses)	<u>(10,621,455)</u>	<u>6,200,000</u>	<u>2,500,000</u>	<u>(3,979,184)</u>	<u>28,391</u>	<u>(5,872,248)</u>
Net change in fund balances	1,010,894	6,109,453	3,098,712	1,008	525,101	10,745,168
Fund Balances:						
Beginning of year - July 1	<u>36,230,937</u>	<u>8,313,873</u>	<u>-</u>	<u>-</u>	<u>1,432,205</u>	<u>45,977,015</u>
End of year - June 30	<u>\$ 37,241,831</u>	<u>\$ 14,423,326</u>	<u>\$ 3,098,712</u>	<u>\$ 1,008</u>	<u>\$ 1,957,306</u>	<u>\$ 56,722,183</u>

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

TRANSYLVANIA COUNTY, NORTH CAROLINA

**RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022**

Amounts reported for governmental activities in the Statement of Activities (Exhibit B) are different due to the following items:

Net change in fund balances - total governmental funds (Exhibit D)	\$ 10,745,168
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues/expenditures in the funds.	(220,385)
Expenses related to interest expense that do not require current financial resources are not reported as expenditures in the governmental funds statement.	3,232
Pension expense - LEOSSA	(88,704)
Pension expense - LGERS	335,395
Pension expense - ROD	2,206
OPEB plan expense	219,764
Compensated absences expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds statement.	(10,134)
Capital outlays are reported as expenditures in the governmental funds statement. However, in the Statement of Activities, capital outlay is not an expense, rather it is an increase in capital assets.	1,615,475
Capital outlays for right to use assets are reported as expenditures in the governmental funds statement. However, in the Statement of Activities, capital outlay is not an expense, rather it is an increase in right to use assets.	696,510
Depreciation expense allocates the costs of capital assets over their useful lives. It is not reported as an expenditure in the governmental funds statement.	(2,076,382)
Amortization of right to use leased assets is not reported as an expenditure in the governmental funds statement	(177,200)
The sale/disposal of capital assets is reported as a revenue in the governmental funds statement without subtracting the net book value of the capital assets sold.	(1,067,289)
Debt principal repayments are reported as expenditures in the governmental funds statement. However, in the Statement of Activities, these transactions are not an expense, rather they are a decrease in liabilities.	599,454
Proceeds from issuance of debt are reported as revenues in the governmental funds statement. However, in the Statement of Activities, it is not a revenue, rather it is an increase in liabilities.	(696,510)
Net revenue (loss) of internal service funds determined to be governmental type	<u>4,017,528</u>
Change in net position of governmental activities (Exhibit B)	<u>\$ 13,898,128</u>

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

TRANSYLVANIA COUNTY, NORTH CAROLINA

GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2022

	Budgeted Amounts		Actual	Variance with Final Budget Over/Under
	Original	Final		
Revenues:				
Ad valorem taxes	\$ 41,369,810	\$ 41,369,810	\$ 42,177,883	\$ 808,073
Local option sales taxes	12,268,410	12,688,410	13,296,729	608,319
Other taxes and licenses	2,804,740	3,932,434	3,542,542	(389,892)
Unrestricted intergovernmental revenues	576,000	576,000	523,366	(52,634)
Restricted intergovernmental revenues	5,910,706	7,722,878	7,022,965	(699,913)
Permits and fees	682,554	713,546	822,322	108,776
Sales and services	3,608,360	3,857,860	3,498,143	(359,717)
Investment earnings	120,000	100,000	74,116	(25,884)
Donations	32,246	44,596	70,082	25,486
Miscellaneous	11,700	59,164	480,698	421,534
Total revenues	<u>67,384,526</u>	<u>71,064,698</u>	<u>71,508,846</u>	<u>444,148</u>
Expenditures:				
Current:				
General government	10,036,203	9,704,452	9,081,731	622,721
Public safety	18,136,805	19,706,413	18,142,085	1,564,328
Transportation	625,949	718,733	510,708	208,025
Economic and physical development	2,482,791	3,660,923	3,252,077	408,846
Human services	10,163,344	12,393,731	10,369,408	2,024,323
Cultural and recreational	2,585,424	2,725,800	2,367,281	358,519
Intergovernmental:				
Education	15,275,693	15,275,693	14,800,771	474,922
Debt service:				
Principal retirement	516,978	563,617	599,454	(35,837)
Interest and fees	46,454	46,454	56,472	(10,018)
Total expenditures	<u>59,869,641</u>	<u>64,795,816</u>	<u>59,179,987</u>	<u>5,615,829</u>
Revenues over (under) expenditures	<u>7,514,885</u>	<u>6,268,882</u>	<u>12,328,859</u>	<u>6,059,977</u>
Other Financing Sources (Uses):				
Proceeds from lease buyout	-	440,970	-	(440,970)
Transfers in	182,335	4,161,519	3,979,184	(182,335)
Transfers out	(7,764,917)	(16,643,931)	(15,322,187)	1,321,744
Assigned and committed funds	(1,700,009)	(2,214,500)	-	2,214,500
Sale of capital assets	20,000	20,000	25,038	5,038
Appropriated fund balance	1,747,706	7,967,060	-	(7,967,060)
Total other financing sources (uses)	<u>(7,514,885)</u>	<u>(6,268,882)</u>	<u>(11,317,965)</u>	<u>(5,049,083)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	1,010,894	<u>\$ 1,010,894</u>
Fund Balance:				
Beginning of year - July 1			<u>36,230,937</u>	
End of year - June 30			<u>\$ 37,241,831</u>	

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

TRANSYLVANIA COUNTY, NORTH CAROLINA

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2022**

	Business-Type Activities	Governmental Activities
	Enterprise Fund	Internal Service Fund
	Solid Waste Fund	Self-Insurance Fund
Assets:		
Current assets:		
Cash and investments	\$ 5,679,212	\$ 4,482,120
Accounts receivable, net	183,549	-
Due from other governments	430,602	-
Cash and investments, restricted	6,751,791	-
Total current assets	13,045,154	4,482,120
Non-current assets:		
Right to use assets, net of amortization	157,343	-
Capital assets:		
Land and other non-depreciable assets	1,227,805	-
Depreciable assets, net of depreciation	2,010,493	-
Capital assets, net	3,238,298	-
Total non-current assets	3,395,641	-
Total assets	16,440,795	4,482,120
Deferred Outflows of Resources:		
Pension deferrals	305,733	-
OPEB deferrals	3,427	-
Total deferred outflows of resources	309,160	-
Liabilities:		
Current liabilities:		
Accounts payable and accrued liabilities	214,162	471,054
Current portion of compensated absences	35,157	-
Current portion of long-term liabilities	131,040	-
Total current liabilities	380,359	471,054
Non-current liabilities:		
Accrued landfill closure and post-closure care costs	7,349,515	-
Total OPEB liability	146,471	-
Compensated absences	6,205	-
Due in more than one year	70,335	-
Net pension liability	184,698	-
Total non-current liabilities	7,757,224	-
Total liabilities	8,137,583	471,054

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

TRANSYLVANIA COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2022

	<u>Business-Type Activities</u>	<u>Governmental Activities</u>
	<u>Enterprise Fund</u>	<u>Internal Service Fund</u>
	<u>Solid Waste Fund</u>	<u>Self-Insurance Fund</u>
Deferred Inflows of Resources:		
Pension deferrals	264,830	-
Net Position:		
Net investment in capital assets	3,194,266	-
Unrestricted	<u>5,153,276</u>	<u>4,011,066</u>
Total net position	8,347,542	<u>\$ 4,011,066</u>
Adjustment to reflect the consolidation of Internal Service Fund activities related to enterprise funds change	<u>(6,462)</u>	
Ending net position of business-type activities	<u>\$ 8,341,080</u>	

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

TRANSYLVANIA COUNTY, NORTH CAROLINA

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN FUND NET POSITION - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2022**

	<u>Business-Type Activities</u>	<u>Governmental Activities</u>
	<u>Enterprise Fund</u>	<u>Internal Service Fund</u>
	<u>Solid Waste Fund</u>	<u>Self-Insurance Fund</u>
Operating Revenues:		
Charges for services	\$ 2,893,012	\$ 4,874,348
Operating Expenses:		
Landfill operations:		
Salaries and employee benefits	1,244,078	-
Landfill closure and post-closure care costs	479,532	-
Other operating expenses	1,517,536	5,015,569
Depreciation and amortization	569,019	-
Total operating expenses	<u>3,810,165</u>	<u>5,015,569</u>
Operating income (loss)	<u>(917,153)</u>	<u>(141,221)</u>
Non-Operating Revenues (Expenses):		
Investment earnings	12,960	11,984
Other non-operating expenses	(435,023)	-
Other non-operating revenues	79,593	-
Interest and other charge	(8,742)	-
Total non-operating revenues (expenses)	<u>(351,212)</u>	<u>11,984</u>
Income (loss) before capital contributions and transfers	<u>(1,268,365)</u>	<u>(129,237)</u>
Capital Contributions and Transfers In (Out):		
Transfers in	2,453,493	4,140,303
Capital contributions	2,338,641	-
Total transfers in (out)	<u>4,792,134</u>	<u>4,140,303</u>
Change in net position	<u>3,523,769</u>	<u>4,011,066</u>
Net Position:		
Beginning of year - July 1	4,821,012	-
Restatement	2,761	-
Beginning of year - July 1, restated	<u>4,823,773</u>	<u>-</u>
End of year - June 30	8,347,542	<u>\$ 4,011,066</u>
Adjustment to reflect the consolidation of Internal Service Fund activities related to enterprise funds change	<u>(6,462)</u>	
Ending net position of business-type activities	<u>\$ 8,341,080</u>	

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

TRANSYLVANIA COUNTY, NORTH CAROLINA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	<u>Business-Type Activities</u>	<u>Governmental Activities</u>
	<u>Enterprise Fund</u>	<u>Internal Service Fund</u>
	<u>Solid Waste Fund</u>	<u>Self-Insurance Fund</u>
Cash Flows from Operating Activities:		
Cash received from customers	\$ 2,749,915	\$ -
Cash received from interfund services provided	-	4,874,348
Cash paid for goods and services	(1,583,515)	(4,544,515)
Cash paid to employees for services	(1,259,133)	-
Net cash provided (used) by operating activities	<u>(92,733)</u>	<u>329,833</u>
Cash Flows from Non-Capital Financing Activities:		
Solid waste disposal tax	79,593	-
Project expenditures not pursuant to construction of County assets	(711,914)	-
Interfund transfer in (out)	2,453,493	4,140,303
Net cash provided (used) by non-capital financing activities	<u>1,821,172</u>	<u>4,140,303</u>
Cash Flows from Capital and Related Financing Activities:		
Acquisition and construction of capital assets	(947,934)	-
Capital contributions	2,338,641	-
Principal paid on capital lease	(97,236)	-
Net cash provided (used) by capital and related financing activities	<u>1,293,471</u>	<u>-</u>
Cash Flows from Investing Activities:		
Interest on investments	4,218	11,984
Net increase (decrease) in cash and cash equivalents	3,026,128	4,482,120
Cash and Cash Equivalents:		
Beginning of year - July 1	9,404,875	-
End of year - June 30	<u>\$ 12,431,003</u>	<u>\$ 4,482,120</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Operating income (loss)	\$ (917,153)	\$ (141,221)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation and amortization	569,019	-
Landfill closure and post-closure care costs	479,532	-
(Increase) decrease in accounts receivable	198,901	-
(Increase) decrease in due from other governments	(341,998)	-
Increase (decrease) in accounts payable and accrued liabilities	(57,379)	471,054
(Increase) decrease in deferred outflows of resources for pensions	(54,263)	-
(Increase) decrease in deferred outflows of resources for OPEB	(1,244)	-
Increase (decrease) in total pension liability	(226,317)	-
Increase (decrease) in OPEB	(10,323)	-
Increase (decrease) in deferred inflows of resources for pensions	262,928	-
Increase (decrease) in accrued compensated absences	5,564	-
Net cash provided (used) by operating activities	<u>\$ (92,733)</u>	<u>\$ 329,833</u>

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

TRANSYLVANIA COUNTY, NORTH CAROLINA

**STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2022**

	Custodial Funds
	<hr/>
Assets:	
Cash and investments	\$ 48,953
Taxes receivable from other governments, net	545
Accounts receivable and accrued revenues	<hr/> 27,141
Total assets	<hr/> 76,639
 Net Position:	
Restricted for:	
Individuals, organizations, and other governments	<hr/> \$ 76,639

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

TRANSYLVANIA COUNTY, NORTH CAROLINA

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2022**

	Custodial Funds
Additions:	
Ad valorem taxes for other governments	\$ 438,189
Collections on behalf of others	<u>137,870</u>
Total additions	<u>576,059</u>
Deductions:	
Tax distributions to other governments	438,859
Payments on behalf of others	<u>141,005</u>
Total deductions	<u>579,864</u>
Net increase (decrease) in fiduciary net position	(3,805)
Net Position:	
Beginning of year - July 1	<u>80,444</u>
End of year - June 30	<u>\$ 76,639</u>

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

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

1. Summary of Significant Accounting Policies

The accounting policies of Transylvania County (the “County”) 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. The discretely presented component unit, the Transylvania County Tourism Development Authority, presented below is reported in a separate column in the County’s financial statements in order to emphasize that it is legally separate from the County.

Component Unit

Discretely Presented Component Unit

Transylvania County Tourism Development Authority

Transylvania County is authorized by General Statute 153A-10 to collect an occupancy tax of 5 percent, on behalf of the Transylvania County Tourism Development Authority (the “TDA”), on gross revenues from the rental of any room, lodging, or accommodation furnished by a hotel, motel, inn, tourist camp, or similar place within the County that is subject to sales tax imposed by the state under G.S. 105-164.4(a)(3) and from the rental of private residences and cottages within the County except those that are exempt from the sales tax imposed under G.S. 105-164.4(a)(3) solely because they are rented for less than 15 days or for 90 or more continuous days to the same person. Gross proceeds of the tax are collected by Transylvania County and are remitted to the TDA. The TDA, which has a June 30 year-end, is presented as if it were a governmental fund type. The County is financially accountable for the TDA, which is reported as a discrete component unit separate from the financial information of the primary government. The Transylvania County Commissioners, City Council, and Brevard Chamber of Commerce appoint the governing board of the TDA, and the TDA operates within the County’s boundaries for the benefit of the County’s residents. The County Commissioners appoint the majority of the Board. Complete financial statements for the TDA may be obtained from the Director of Finance, Transylvania County, 101 South Broad Street, Brevard, North Carolina 28712.

B. Basis of Presentation

Government-Wide Statements. The Statement of Net Position and the Statement of Activities display information about the primary government (the County) and its component unit. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities except for interfund services provided and used, which are not eliminated in

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

the process of consolidation. 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 nonmajor funds.

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

Governmental Funds. Governmental funds are used to account for the County's general governmental activities.

The County reports the following major governmental funds:

General Fund. The General Fund is the primary operating fund of the County. It is used to account for all financial resources except those that are required to be accounted for in another fund. The General Fund also accounts for funds designated for the Law Enforcement Officers' Separation Allowance, the post-employment health benefits, and the 457 deferred compensation plan.

Education Capital Project Fund. This fund accounts for funds that were established for managing the financial affairs of capital projects that renovate or construct educational facilities pursuant to NC G.S. 159-18.

General Capital Projects Fund. This fund accounts for funds that were established for managing the financial affairs of capital projects that renovate or construct government facilities pursuant to NC G.S. 159-18.

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

Multi-Year Grant Ordinance Fund. This special revenue fund accounts for funds received from the Local Fiscal Recovery Funds appropriated to the County by the American Rescue Plan Act (U.S. Public Law 117-2).

Proprietary Funds

Enterprise Funds. The enterprise funds are used to account for those operations that (a) are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis, be financed or recovered primarily through user charges or (b) where the governing body has decided that the periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The County has the following major Enterprise Fund: Solid Waste Fund – for the operation, maintenance, and development of various landfills and disposal sites. For reporting purposes, the Water and Sewer Development Fund has been consolidated with the Solid Waste Fund.

Internal Service Fund – Internal service funds are used to account for the financing of goods or services provided by one department to other departments of the government and to other governmental units on a cost reimbursement basis. The measurement focus is upon determination of net income, financial position, and changes in financial position. The generally accepted accounting principles here are those applicable to similar businesses in the private sector and, thus, these funds are maintained on the accrual basis. The County maintains one internal service fund, the Self-Insurance Internal Service Fund, which is self-insured.

The County reports the following additional fund types:

Custodial Funds. Custodial funds are used to report fiduciary activities that are not required to be reported in pension (and other employee benefits) trust funds, investment trust funds, or private purpose trust funds. Custodial funds are used to account for assets the County holds on behalf of others that meet certain criteria. The County maintains the following custodial funds: the Municipal Tax Fund, which accounts for monies levied by the County's municipalities and collected or received on their behalf by the County, the Jail Inmate Pay Fund, which holds cash deposits made to inmates as payment for work performed while incarcerated as well as cash collection for the benefit of inmates from their friends and families, and the Cooperative Extension Fund which accounts for funds held in trust by the County for employees of North Carolina State University's Cooperative Extension Division.

The County reports the following nonmajor governmental funds:

Fire Districts Fund. This special revenue fund accounts for the ad valorem tax levies of the eight fire districts in Transylvania County.

Emergency Telephone System Fund. This special revenue fund accounts for the 911 revenues collected by the North Carolina 911 Board to fund the 911 emergency system.

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

Disaster Response Fund. This special revenue fund accounts for funds received from federal government sources authorized by the CARES Act or the American Rescue Plan Act.

Narcotics Task Force Fund. This special revenue fund accounts for the revenues received that are restricted for use by law enforcement.

Representative Payee Fund. This special revenue fund accounts for the monies or disbursements received pursuant to that program.

Fines and Forfeitures Fund. This special revenue fund accounts for the monies or disbursements received as court-ordered fines and forfeitures.

State Deed Fee Fund. This special revenue fund accounts for the monies or disbursements received that are collected by the Register of Deeds and due to the State of North Carolina.

Opioid Settlement Fund. This special revenue fund accounts for the monies received from the Opioid Settlement.

Permanent Fund – Silvermont Reserve Fund. Pursuant to the authority granted by the North Carolina Session Law of 1981, Chapter 403, the County adopted an ordinance creating a perpetual recreation trust fund. The fund is authorized to receive undesignated gifts, grants, and bequests of tangible and intangible properties. The principal of the fund shall constitute a perpetual trust fund, and no part of the original principal shall be expended for any purpose.

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 for the agency funds which have no measurement focus. The government-wide, proprietary, and fiduciary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. 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.

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

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. The principal operating revenues of the County's enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

The County considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem property taxes are not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable for property other than motor vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of September 1, 2013, state law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, the State of North Carolina is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts. Property taxes are due when vehicles are registered. The billed taxes are applicable to the fiscal year in which they are received. Uncollected taxes that were billed in periods prior to September 1, 2013, and for limited registration plates are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

Sales taxes and certain intergovernmental revenues, such as the utilities franchise tax, collected and held by the state at year-end on behalf of the County are recognized as revenue. Intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. All taxes, including those dedicated for specific purposes are reported as general revenues rather than program revenues. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been satisfied.

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

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

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, the Fire Districts Fund, the Emergency Telephone Systems Fund, the Narcotics Task Force Fund, the Representative Payee Fund, the Fines and Forfeitures Fund, the Opioid Settlement Fund, the State Deed Fee Fund, the Silvermont Reserve Fund and the Solid Waste Fund. All annual appropriations lapse at the fiscal year-end. Project ordinances are adopted for the Disaster Response Fund, the Education Capital Project Fund, the General Capital Projects Fund, the Multi-Year Grant Ordinance Fund, and the Water and Sewer Development Fund. The County's Self Insurance Plan operates under a financial plan that was adopted by the governing board at the time the County's budget ordinance was approved, as is required by the General Statutes.

All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the departmental level for all annually budgeted funds and at the functional level for the multi-year funds. Amendments are required for any revisions that alter total expenditures of any fund or that change departmental appropriations. The governing board must approve all amendments that add additional revenues and expenditures to the ordinance and all transfers between functional departments of the County that exceed \$5,000. During the year, several amendments to the original budget were necessary. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

E. 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. Significant areas where estimates are made are allowance for doubtful accounts and depreciation lives.

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

Deposits and Investments

All deposits of the County are made in Board-designated official depositories and are secured as required by G.S. 159-31. The County may designate, as an official depository, any bank or savings association whose principal office is located in North Carolina. Also, the County 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)(8)] authorizes the County to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States, obligations of the State of North Carolina, bonds and notes of any North Carolina local government or public authority, obligations of certain non-guaranteed federal agencies, certain high-quality issues of commercial paper and bankers' acceptances, and the North Carolina Capital Management Trust (NCCMT). The County's investments are reported at fair

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

value. The NCCMT Government Portfolio, an SEC-registered (2a-7) money market mutual fund, is measured at fair value. Because the NCCMT Government Portfolio has a weighted average maturity of less than 90 days, it is presented as an investment with a maturity of less than 6 months.

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.

Restricted Assets

Business-type activities report amounts set aside for the future estimated costs of closure and post-closure of the County's two landfills as restricted assets in the Enterprise Fund. As of June 30, 2022, \$6,751,791 was restricted.

Governmental Activities. The advance from grantors of \$65,565 in the General Fund and \$2,396,414 in the Multi-Year Grant Ordinance Fund represents funds restricted by the grantor for specified expenditures that have not been spent and \$123,119 in the Opioid Settlement Fund are unexpended settlement proceeds. The restricted cash of \$108,367 in the Silvermont Reserve Fund represent funds restricted by donors.

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 1st, the beginning of the fiscal year. The taxes are due on September 1st (lien date); however, penalties and interest do not accrue until the following January 6th. These taxes are based on the assessed values as of January 1, 2021.

Lease Receivable

The County's lease receivable is measured at the present value of lease payments expected to be received during the lease term. There are no variable components under the lease agreement. A deferred inflow of resources is recorded for the lease. The deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable. The deferred inflow of resources is amortized on a straight-line basis over the term of the lease.

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.

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

Inventories and Prepaid Items

The inventories of the County are valued at cost (first-in, first-out), which approximates market. The County's General Fund inventory consists of expendable supplies that are recorded as inventory when purchased and expensed as consumed, as well as real property that has been acquired through foreclosure and is in the process of being re-sold.

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. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Capital Assets

Purchased or constructed capital assets are recorded at cost or estimated historical cost. Donated capital assets received prior to June 30, 2015, are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 30, 2015, are recorded at acquisition value. Minimum capitalization costs are \$5,000 for all land, buildings, improvements, furniture, equipment, and vehicles. 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 Transylvania County Board of Education properties, which has 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.

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

<u>Assets</u>	<u>Estimated Useful Lives</u>
Buildings	50 years
Improvements	10-50 years
Furniture and equipment	5-15 years
Landfill cells	5-15 years
Vehicles	6 years
Computer equipment	5 years

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

Right to Use Assets

The County has recorded right to use lease assets as a result of implementing GASB 87. The right to use assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right to use assets are amortized on a straight-line basis over the life of the related lease.

Deferred Outflows and Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflow of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net assets that applies to a future period and so will not be recognized as an expense or expenditure until then. The County has two items that meet this criteria – pension and OPEB related deferrals.

In addition to liabilities, the Statement of Net Position can also report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net assets that applies to a future period and so will not be recognized as revenue until then. The County has several items that meet the criteria for this category – prepaid taxes, property taxes receivable, unavailable revenues, lease deferrals, and pension related deferrals.

Opioid Settlement Funds

In April 2022, drug manufacturer Johnson & Johnson, and three drug distributors, McKesson, AmerisourceBergen, and Cardinal Health, finalized a \$26 billion-dollar nationwide settlement related to multiple opioid lawsuits. These funds will be disbursed to each participating state over an 18-year period according to an allocation agreement reached with all participating states. The majority of these funds are intended for opioid abatement and the distribution of the funds will be front loaded.

North Carolina’s Memorandum of Agreement (MOA) between the state and local governments for the settlement funds allocates the funds as follows:

- 15% directly to the State (“State Abatement Fund”)
- 80% to abatement funds established by Local Governments (“Local Abatement Funds”)
- 5% to a County Incentive Fund.

The County received \$123,119 as part of this settlement in Fiscal Year 2022. Per the terms of the MOA, the County created a special revenue fund, the Opioid Settlement Fund, to account for these funds. All funds are to be used for opioid abatement and remediation activities. Funds are restricted until expended. No funds have been expended as of June 30, 2022. The MOA offered the County two options of expending the funds. The County opted for Option A, which allows the County to fund one or more high-impact strategies from a list of evidence-based strategies to combat the opioid epidemic.

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

Reimbursements for Pandemic-related Expenditures

In FY 2020/21, the American Rescue Plan Act (ARPA) established the Coronavirus State and Local Fiscal Recovery Funds to support urgent COVID-19 response efforts and replace lost revenue for eligible state, local, territorial, and tribal governments. The County was allocated \$6,678,883 of fiscal recovery funds to be paid in two equal installments. The first installment of \$3,339,442 was received in May 2021. The second installment was received in May 2022. County staff and the Board of Commissioners have elected to use \$310,841 of the ARPA funds for cover health insurance costs directly related to COVID-19 and \$3,979,184 as standard allowance revenue replacement in FY 2022- a total of \$4,290,025. The County plans on using the remainder of its ARPA allowance for revenue replacement in Fiscal Year 2023, including restricted interest earnings. Revenue replacement funds were and will be transferred into the General Fund.

Long-Term Obligations

In the government-wide financial statements and in the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or business-type activities on the Statement of Net Position.

In the fund financial statements for governmental fund types, the face amount of debt issued is reported as other financing sources.

Net Position/Fund Balance

Net Position

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

Fund Balances

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

The governmental fund types classify fund balances as follows:

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

Inventories – portion of fund balance that is not an available resource because it represents the year-end balance of ending inventories, which are not spendable resources.

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

Prepaid Items – portion of fund balance that is not an available resource because it represents prepaid amounts, which are not spendable resources.

Leases – portion of fund balance that is not an available resource because it represents the year-end balance of the lease receivable in excess of the deferred inflow of resources for the lease receivable, which is not a spendable resource.

Long-Term Note Receivable – portion of fund balance that is not an available resource because it represents amount not expected to be converted to cash during the subsequent fiscal year.

Perpetual Maintenance – cash donations held in the Silvermont Reserve Permanent Fund.

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

Stabilization by State Statute – North Carolina G.S. 159-8 prohibits units of government from budgeting or spending a portion of their fund balance. This is one of several statutes enacted by the North Carolina State Legislature in the 1930's that were designed to improve and maintain the fiscal health of local government units. Restricted by State Statute (RSS), is calculated at the end of each fiscal year for all annually budgeted funds. The calculation in G.S. 159-8(a) provides a formula for determining what portion of fund balance is available for appropriation. The amount of fund balance not available for appropriation is what is known as "Restricted by State Statute". Appropriated fund balance in any fund shall not exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts, as those figures stand at the close of the fiscal year next preceding the budget. Per GASB guidance, RSS is considered a resource upon which a restriction is "imposed by law through constitutional provisions or enabling legislation". RSS is reduced by inventories and prepaids as they are classified as non-spendable. Outstanding encumbrances are included within RSS. RSS is included as a component of restricted net position and restricted fund balance on the face of the balance sheet.

Restricted for Donor Intent – portion of fund balance restricted by revenue source for donor intent purposes.

Restricted for Court Facilities – portion of fund balance restricted by revenue source for operational expenditures of the court.

Restricted for Public Safety – portion of fund balance restricted by revenue source for public safety related activities such as law enforcement and EMS.

Restricted for Fire Departments – portion of fund balance restricted by revenue source for fire protection.

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

Restricted for Emergency Telephone System – portion of fund balance restricted by revenue source for E-911 communications.

Restricted for Health Department Programs – portion of fund balance restricted by revenue source for public health programs.

Restricted for Social Services – portion of fund balance restricted by revenue source for social services programs.

Restricted for Health Services – portion of fund balance that can only be used to benefit beneficiaries under the Social Security’s Representative Payee Program.

Restricted for Education– portion of fund balance that is restricted for the Transylvania County Board of Education.

Restricted for Recreation Endowment – portion of fund balance restricted by revenue source for use for parks, libraries, arts, and other related activities.

Restricted fund balance per Exhibit C differs from Restricted Net Position per Exhibit A by Register of Deeds pension plan of \$84,700 and permanently restricted for perpetual maintenance – non – expendable of \$108,367, for a total difference of \$193,067.

Restricted fund balance at June 30, 2022 is as follows:

<u>Purpose</u>	<u>General Fund</u>	<u>Nonmajor Special Revenue Funds</u>	<u>Permanent Funds</u>	<u>Total</u>
Restricted, All Other:				
Court facilities	\$ 43,177	\$ -	\$ -	\$ 43,177
Donor intent	316,248	-	-	316,248
Public safety	414,139	152,617	-	566,756
Fire departments	-	1,026,224	-	1,026,224
Emergency telephone system	-	472,208	-	472,208
Health department programs	198,001	-	-	198,001
Social services	27,820	-	-	27,820
Health services	-	15,338	-	15,338
Education	1,900,343	-	-	1,900,343
Recreation endowment	-	-	235,860	235,860
Total	<u>\$ 2,899,728</u>	<u>\$ 1,666,387</u>	<u>\$ 235,860</u>	<u>\$ 4,801,975</u>

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

Committed Fund Balance. This classification includes amounts that can be used only for the specific purposes determined by a formal action of the government’s highest level of decision-making authority. The Board of Commissioners is the highest level of decision-making authority for the government that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Committed for General Government – portion of fund balance committed by the governing body for general government expenditures.

Committed for Economic and Physical Development– portion of fund balance committed by the governing body for economic and physical development expenditures.

Committed for Public Safety – portion of fund balance committed by the governing body for public safety expenditures.

Committed for Public School Capital Projects – portion of fund balance committed by the governing body for general capital projects.

Committed for Law Enforcement Officers’ Separation Allowance – portion of fund balance committed by the governing body for the Law Enforcement Officers’ Separation Allowance obligations.

<u>Purpose</u>	<u>General Fund</u>	<u>Multi-Year Grant Ordinance Fund</u>	<u>Education Capital Project Fund</u>	<u>General Capital Projects Fund</u>	<u>Total</u>
Committed:					
Public school capital projects	\$ -	\$ -	\$ 14,423,326	\$ -	\$ 14,423,326
General government	-	846	-	-	846
Economic and physical development	-	-	-	2,750,000	2,750,000
Public safety	-	-	-	348,712	348,712
Law Enforcement Officers'					
Special Separation Allowance	<u>1,938,667</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,938,667</u>
Total	<u>\$ 1,938,667</u>	<u>\$ 846</u>	<u>\$ 14,423,326</u>	<u>\$ 3,098,712</u>	<u>\$ 19,461,551</u>

Assigned Fund Balance. Assigned fund balance is the portion of fund balance that Transylvania County intends to use for specific purposes. The County’s governing body has the authority to assign fund balance. The Manager, as granted in the officially adopted budget ordinance, has been granted limited authority to assign fund balance.

Subsequent Year's Expenditures – portion of fund balance that is appropriated in the next year’s budget that is not already classified in restricted or committed. The governing body approves the appropriation; however, the budget ordinance authorizes the Manager and the Finance Officer to make certain modifications without requiring Board approval.

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

Assigned for Employee Health Insurance – portion of fund balance that has been budgeted by the Board for self-insurance.

Assigned for Accrued Vacation – portion of fund balance that has been budgeted by the Board for compensated absences.

Assigned for Capital Improvement Plan – portion of fund balance that has been budgeted by the Board for capital improvement projects.

Assigned for Special Projects – portion of fund balance that has been budgeted by the Board for special projects.

Assigned for Public Safety Projects – portion of fund balance that has been budgeted by the Board for public safety projects.

Assigned for Economic and Physical Development – portion of fund balance budgeted by the Board for economic development incentives and projects.

Assigned for Environmental Protection – portion of fund balance budgeted by the Board for river clean-up.

Assigned for Recreation Programs and Facilities – portion of fund balance budgeted by the Board for use for parks, libraries, arts, and other related activities.

Assigned fund balance at June 30, 2022 is as follows:

Purpose	General Fund
Assigned:	
Subsequent year's expenditures	\$ 1,680,995
Employee health insurance	1,000,000
Accrued vacation	2,323,719
Capital improvement plan	9,414,500
Special projects	1,257,764
Public safety projects	118,859
Economic and physical development	1,029,628
Environmental protection	35,000
Recreation programs and facilities	36,000
Total	\$ 16,896,465

Unassigned Fund Balance. Unassigned fund balance represents the portion of fund balance that has not been assigned to another fund or is not restricted, committed, or assigned to specific purposes within the General Fund. The General Fund is the only fund that reports a positive unassigned fund balance amount.

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

Transylvania County has a revenue spending policy that provides guidance for programs with multiple revenue sources. The Finance Officer will use resources in the following order: bond/debt proceeds, federal funds, state funds, local non-County funds, and County funds. For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in order by committed fund balance, assigned fund balance and, lastly, unassigned fund balance. The Finance Officer has the authority to deviate from this policy if it is in the best interest of the County or when required by grant or other contractual agreements.

The County has not officially adopted a fund balance policy.

The following schedule provides management and citizens with information on the portion of General Fund balance that is available for appropriation.

Total fund balance - General Fund	\$ 37,241,831
Less:	
Prepays	(1,398)
Inventories	(90,406)
Lease receivable	(287)
Long-term note receivable	(4,140,208)
Stabilization by state statute	<u>(6,129,179)</u>
Total available fund balance	<u>\$ 26,880,353</u>

Defined Benefit Cost-Sharing Plans

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

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

G. Revenues, Expenditures, and Expenses

Compensated Absences

The vacation policy of the County provides for the accumulation of up to 30 days earned vacation leave with such leave being fully vested when earned. For the County's government-wide and proprietary funds, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned.

The sick leave policies of the County provide for an unlimited accumulation of earned sick leave. Sick leave does not vest, but unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Since the County does not have any obligation for accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

Claims

The County is self-insured for health coverage for its employees. These claims are paid weekly by the County through its agent. The County's policy is to record claims incurred, but not yet reported, if material.

2. Stewardship, Compliance, and Accountability

Significant Violations of Finance-Related Legal and Contractual Provisions

Deficit Fund Balance

At June 30, 2022, the Disaster Response Fund had a deficit fund balance of \$115,238. The deficit in the fund represents a portion of funds expended in response to the coronavirus pandemic for which the County is seeking reimbursement through Federal Emergency Management Assistance (FEMA) and Coronavirus Relief Funds (CRF). The deficit will be eliminated as the proceeds are obtained.

Excess of Expenditures over Appropriations

Excess of expenditures over appropriations are in violation of state law [GS159-28(b)]. Violations for the year ended June 30, 2022 are as follows:

General Fund:	
Debt service	\$ (45,855)
Nonmajor Funds:	
Disaster Response Fund	(46,784)

Non-Compliance with North Carolina General Statutes

N.C. General Statute 159-34 requires the County to have an audit as soon as possible after the close of each fiscal year. The 2022 audit was significantly delayed due to a delay in actuarial reports and implementation of GASB 87. See corrective action plan at finding #2022-01.

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

3. Detail Notes on All Funds

A. Assets

Deposits

All of the County'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 agent in its name. 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, these deposits are considered to be held by the County's agent in the County's name. 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 with the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the County under the Pooling Method, the potential exists for undercollateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The County has 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 complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured. The County does not have a policy regarding custodial credit risk for deposits.

At June 30, 2022, the County's deposits had a carrying amount of \$7,518,568 and a bank balance of \$9,445,933. Of the bank balance, \$250,000 was covered by federal depository insurance and \$9,195,933 by collateral held under the Pooling Method. Cash on hand was \$3,906 at June 30, 2022.

Investments

At June 30, 2022, the County had the following investments and maturities:

<u>Investment Type</u>	<u>Valuation Measurement Method</u>	<u>Fair Value</u>	<u>Less Than 1 Year</u>	<u>1-3 Years</u>
NC Capital Management				
Trust Government Portfolio	Fair Value - Level 1	\$ 25,795,643	\$ 25,795,643	N/A
U.S. Treasuries	Fair Value - Level 1	6,751,790	741,140	\$ 6,010,650
North Carolina Investment Pool	Fair Value - Level 1	28,535,233	28,535,233	N/A
Total		<u>\$ 61,082,666</u>	<u>\$ 55,072,016</u>	<u>\$ 6,010,650</u>

Because the NCCMT Government Portfolio has a weighted average maturity of less than 90 days, it is presented as an investment with a maturity of less than 6 months. The NCCMT

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

Government Portfolio has an AAAM rating from S&P and AAA-mf by Moody's Investor Service.

All investments are measured using the market approach: using prices and other relevant information generated by market transactions involving identical or comparable assets or a group of assets.

Level of Fair Value Hierarchy: Level 1: Debt securities valued using directly observable, quoted prices (unadjusted) inactive markets for identical assets.

Interest Rate Risk. As a means of limiting its exposure to fair value losses arising from rising interest rates, the County's investment policy limits at least half of the County's investment portfolio to maturities of less than 12 months. Also, the County's investment policy requires purchases of securities to be laddered with staggered maturity dates and limits all securities to a final maturity of no more than three years.

Credit Risk. The County limits investments to the provisions of G.S. 159-30 and restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated. To best mitigate against credit risk, the County requires a diversification of investments. The County's investments carried the following credit ratings as of June 30, 2022.

<u>Investment</u>	<u>S & P</u>	<u>Moody's</u>	<u>Investment Type</u>
NC Capital Management			NC Capital Management
Trust Government Portfolio	AAAm	AAA-mf	Trust Government Portfolio
US Treasury Note	AA+	Aaa	Government agencies
North Carolina Investment Pool	AAAm	AAA-mf	Government agencies

Property Tax – Use-Value Assessment on Certain Lands

In accordance with the General Statutes, agriculture, horticulture, and forestland may be taxed by the County at the present-use value as opposed to market value. When the property loses its eligibility for use-value taxation, the property tax is recomputed at market value for the current year and the three preceding fiscal years, along with the accrued interest from the original due date. Interest accrues at the rate of 8 percent per year. This tax is immediately due and payable. The following are property taxes that could become due if present use-value eligibility is lost. These amounts have not been recorded in the financial statements.

<u>Year Ended</u> <u>June 30</u>	<u>Tax</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 1,219,087	\$ 292,581	\$ 1,511,668
2020	1,528,051	244,488	1,772,539
2021	1,542,665	123,413	1,666,078
2022	1,352,988	-	1,352,988
Total	<u>\$ 5,642,791</u>	<u>\$ 660,482</u>	<u>\$ 6,303,273</u>

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

Receivables

Receivables at the government-wide level at June 30, 2022 were as follows:

	Accounts Receivable	Taxes Receivable	Lease Receivable	Due from Other Governments	Total
Governmental Activities:					
General	\$ 482,445	\$ 184,609	\$ 102,714	\$ 5,531,496	\$ 9,875,713
Other governmental	14,827	16,864	-	55,488	87,179
Total receivables	497,272	201,473	102,714	5,586,984	9,962,892
Allowance for doubtful accounts	-	(88,720)	-	-	(88,720)
Total governmental activities	\$ 497,272	\$ 112,753	\$ 102,714	\$ 5,586,984	\$ 9,874,172
Custodial funds	\$ -	\$ 1,779	\$ -	\$ 27,141	\$ 28,920
Allowance for doubtful accounts	-	(1,234)	-	-	(1,234)
Total custodial funds	\$ -	\$ 545	\$ -	\$ 27,141	\$ 27,686
Business-Type Activities:					
Solid waste	\$ 185,300	\$ -	\$ -	\$ 430,602	\$ 615,902
Allowance for doubtful accounts	(1,751)	-	-	-	(1,751)
Total business-type activities	\$ 183,549	\$ -	\$ -	\$ 430,602	\$ 614,151

Lease Receivable

On July 1, 2021, the County entered into a 60-month lease as lessor for the use of the County's communications towers by Verizon, Inc.. An initial lease receivable was recorded in the amount of \$87,089. As of June 30, 2022, the value of the lease receivable is \$49,758. The lessee is required to make monthly fixed payments of \$3,264 during the year ended June 30, 2022, with an escalation of 3% for each future fiscal year. The lease has an interest rate of 2.94%. The value of the deferred inflow as of June 30, 2022 of \$48,239 and the County recognized lease revenue of \$39,294 during the fiscal year. The lessee has an extension option for 60 months.

On July 1, 2021, the County entered into a 60-month lease as lessor for the use of the County's communication towers by US Cellular, Co.. An initial lease receivable was recorded in the amount of \$86,089. As of June 30, 2022, the value of the lease receivable is \$52,956. The lessee is required to make monthly fixed payments of \$2,851 with a 3% escalation at the beginning of each calendar year. The lease has an implied interest rate of 2.49%. The value of the deferred inflow as of June 30, 2022 of \$54,188 and the County recognized lease revenue of \$34,735 during the fiscal year. The lessee has one extension option for 60 months.

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

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

Governmental Activities:

Local option sales tax	\$ 3,392,386
Sales taxes receivable	705,761
NCDHHS	981,127
NCDOT	52,446
NCDMV Motor vehicle taxes	246,916
NC 911	28,671
Municipalities	14,336
Other agencies	165,341
Total governmental activities	<u>\$ 5,586,984</u>

Custodial Funds:

Other intergovernmental receivable	<u>\$ 27,141</u>
------------------------------------	------------------

Business-Type Activities:

Use charges	\$ 40,734
Sales taxes receivable	68,189
NC Commerce grant	301,141
NCDOR	20,538
Total business-type activities	<u>\$ 430,602</u>

Notes Receivable

The County issued a note receivable on November 14, 2017 in the amount of \$4,700,000 at 0% interest, pursuant to an agreement entered into by the County, the City of Brevard and the Transylvania Economic Alliance for the expansion of economic development opportunities within the City of Brevard and Transylvania County. Total principal of the note receivable, if not paid sooner, is due on November 14, 2037, unless building is sold by the Alliance at which time total principal is due upon sale. The amount outstanding at June 30, 2022 is \$4,140,208.

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

Capital Assets

A summary of changes in the County's governmental capital assets is as follows:

	<u>July 1, 2021</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>June 30, 2022</u>
Non-Depreciable Assets:					
Land	\$ 3,976,648	\$ -	\$ -	\$ -	\$ 3,976,648
Construction in progress	1,127,429	648,315	-	(1,543,860)	231,884
Total non-depreciable assets	<u>5,104,077</u>	<u>648,315</u>	<u>-</u>	<u>(1,543,860)</u>	<u>4,208,532</u>
Depreciable Assets:					
Buildings	46,067,511	429,069	(1,432,490)	1,543,860	46,607,950
Improvements	2,336,924	-	(28,450)	-	2,308,474
Equipment	8,400,519	140,255	(20,322)	-	8,520,452
Vehicles	6,598,632	397,836	(126,819)	-	6,869,649
Total depreciable assets	<u>63,403,586</u>	<u>967,160</u>	<u>(1,608,081)</u>	<u>1,543,860</u>	<u>64,306,525</u>
Less Accumulated Depreciation:					
Buildings	15,140,834	936,175	(386,427)	-	15,690,582
Improvements	1,902,893	119,407	(14,883)	-	2,007,417
Equipment	6,806,751	262,118	(19,305)	-	7,049,564
Vehicles	4,441,220	758,682	(120,177)	-	5,079,725
Total accumulated depreciation	<u>28,291,698</u>	<u>2,076,382</u>	<u>(540,792)</u>	<u>-</u>	<u>29,827,288</u>
Depreciable assets, net	<u>35,111,888</u>	<u>(1,109,222)</u>	<u>(1,067,289)</u>	<u>1,543,860</u>	<u>34,479,237</u>
Capital assets, net	<u>\$ 40,215,965</u>	<u>\$ (460,907)</u>	<u>\$ (1,067,289)</u>	<u>\$ -</u>	<u>\$ 38,687,769</u>

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

General government	\$ 358,973
Public safety	1,212,198
Transportation	48,167
Education	25,956
Human services	168,179
Cultural and recreational	262,909
Total depreciation expense	<u>\$ 2,076,382</u>

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

A summary of changes in the County's business-type capital assets is as follows:

	<u>July 1, 2021</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>June 30, 2022</u>
Solid Waste:					
Non-Depreciable Assets:					
Land	\$ 1,130,910	\$ -	\$ -	\$ -	\$ 1,130,910
Construction in progress	72,058	414,704	-	(389,867)	96,895
Total non-depreciable assets	1,202,968	414,704	-	(389,867)	1,227,805
Depreciable Assets:					
Buildings	321,326	24,191	-	389,867	735,384
Land improvements	869,575	-	-	-	869,575
Equipment	2,712,192	-	-	-	2,712,192
Vehicles	778,421	509,039	(8,468)	-	1,278,992
Landfill cells - Woodruff	8,205,437	-	-	-	8,205,437
Total depreciable assets	12,886,951	533,230	(8,468)	389,867	13,801,580
Less Accumulated Depreciation:					
Buildings	273,712	23,313	-	-	297,025
Land improvements	608,242	28,701	-	-	636,943
Equipment	2,236,246	82,018	-	-	2,318,264
Vehicles	573,759	167,312	(8,468)	-	732,603
Landfill cells - Woodruff	7,679,845	126,407	-	-	7,806,252
Total accumulated depreciation	11,371,804	\$ 427,751	\$ (8,468)	\$ -	11,791,087
Total depreciable assets, net	1,515,147				2,010,493
Capital assets, net	\$ 2,718,115				\$ 3,238,298

Right-to-Use Leased Assets

The County has recorded fourteen right to use leased assets. The assets are right-to-use assets for leased land, building, and equipment. The related leases are discussed in the *Leases* subsection of the long-term obligations section of this note. The right-to-use lease assets are amortized on a straight-line basis over the terms of the related leases.

TRANSYLVANIA COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

Right to use asset activity for the Primary Government for the year ended June 30, 2022, was as follows:

	<u>July 1, 2021</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2022</u>
Governmental Activities:				
Right-to-use assets:				
Land	\$ -	\$ 61,634	\$ -	\$ 61,634
Buildings	-	55,064	-	55,064
Equipment	-	579,812	-	579,812
Total	<u>-</u>	<u>696,510</u>	<u>-</u>	<u>696,510</u>
Less Accumulated Amortization:				
Land	-	4,051	-	4,051
Buildings	-	27,532	-	27,532
Equipment	-	145,617	-	145,617
Total accumulated amortization	<u>-</u>	<u>\$ 177,200</u>	<u>\$ -</u>	<u>177,200</u>
Governmental activities right-to-use assets, net	<u>\$ -</u>			<u>\$ 519,310</u>
	<u>July 1, 2021</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2022</u>
Business-Type Activities:				
Right-to-use assets:				
Equipment	\$ -	\$ 298,611	\$ -	\$ 298,611
Less Accumulated Amortization:				
Equipment	-	\$ 141,268	-	141,268
Business-type activities right-to-use assets, net	<u>\$ -</u>			<u>\$ 157,343</u>

B. Liabilities

Payables

Payables at Exhibit A at June 30, 2022 were as follows:

	<u>Vendors</u>	<u>Salaries and Benefits</u>	<u>Due to Other Governments</u>	<u>Accrued Insurance Claims Incurred, But Not Reported</u>	<u>Total</u>
Governmental Activities:					
General	\$ 733,614	\$ 687,973	\$ -	\$ 465,218	\$ 1,886,805
Other governmental	506,970	-	11,379	-	518,349
Total governmental activities	<u>\$ 1,240,584</u>	<u>\$ 687,973</u>	<u>\$ 11,379</u>	<u>\$ 465,218</u>	<u>\$ 2,405,154</u>
Business-Type Activities:					
Solid waste	<u>\$ 175,777</u>	<u>\$ 38,385</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 214,162</u>

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

Pension Plan and Other Post-Employment Obligations

Local Governmental Employees' Retirement System

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

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

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

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. County employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The County's contractually required contribution rate for the year ended June 30, 2022, was 12.10% of compensation for law enforcement officers and 11.35% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the County were \$2,156,669 for the year ended June 30, 2022.

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

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

At June 30, 2022, the County reported a liability of \$3,693,973 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020. The total pension liability was then rolled forward to the measurement date of June 30, 2021 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension liability was based on a projection of the County's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2022, the County's proportion was 0.24087% (measured as of June 30, 2021), which was an increase of 0.01083% from its proportion as of June 30, 2021 (measured as of June 30, 2020).

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

For the year ended June 30, 2022, the County recognized pension expense of \$1,803,622. At June 30, 2022, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,175,185	\$ -
Changes of assumptions	2,320,758	-
Net difference between projected and actual earnings on pension plan investments	-	5,277,577
Changes in proportion and differences between County contributions and proportionate share of contributions	462,048	19,021
County contributions subsequent to the measurement date	2,156,669	-
Total	\$ 6,114,660	\$ 5,296,598

\$2,156,669 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ending June 30, 2023. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2023	\$ 515,731
2024	79,318
2025	(318,684)
2026	(1,614,972)
Total	\$ (1,338,607)

Actuarial Assumptions. The total pension liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increase	3.25 to 8.25 percent, including inflation and productivity factor
Investment rate of return	6.50 percent, net of pension plan investment expense, including inflation

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

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

The actuarial assumptions used in the December 31, 2020 valuation, with the exception of the discount rate, were based on the results of an actuarial experience study for the period January 1, 2015 through December 31, 2019.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2021 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed income	29.0%	1.4%
Global equity	42.0%	5.3%
Real estate	8.0%	4.3%
Alternatives	8.0%	8.9%
Opportunistic fixed income	7.0%	6.0%
Sensitive	<u>6.0%</u>	4.0%
Total	<u>100.00%</u>	

The information above is based on 30-year expectations developed with the consulting actuary as part of a study conducted in 2016, and is part of the asset, liability and investment policy of the North Carolina Retirement Systems. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.05%. Return projections do not include any excess return expectations over benchmark averages. All rates of return and inflation are annualized.

TRANSYLVANIA COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

Discount Rate. The discount rate used to measure the total pension liability was 6.50%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the County’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the County’s proportionate share of the net pension liability calculated using the discount rate of 6.50 percent, as well as what the County’s proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.50 percent) or 1-percentage-point higher (7.50 percent) than the current rate:

	1% Decrease (5.50%)	Discount Rate (6.50%)	1% Increase (7.50%)
County's proportionate share of the net pension liability (asset)	\$ 14,339,694	\$ 3,693,973	\$ 5,066,838

Pension Plan Fiduciary Net Position. Detailed information about the pension plan’s fiduciary net position is available in the separately issued Annual Comprehensive Financial Report (ACFR) for the State of North Carolina.

Law Enforcement Officers’ Special Separation Allowance

Plan Description. The County administers a public employee retirement system (the “Separation Allowance”), a single-employer defined benefit pension plan that provides retirement benefits to the County’s qualified sworn law enforcement officers under the age of 62 who have completed at least 30 years of creditable service or have attained 55 years of age and have completed five or more years of creditable service. The Separation Allowance is equal to 0.85 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.

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

All full-time County law enforcement officers are covered by the Separation Allowance. At June 30, 2021, the Separation Allowance's membership consisted of 56 active plan members and 9 retired members. A separate report was not issued for the plan.

Retirees receiving benefits	9
Active plan members	<u>56</u>
Total	<u><u>65</u></u>

Summary of Significant Accounting Policies

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

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

Actuarial Assumptions

The entry age normal, level percent of payroll actuarial cost method was used in the June 30, 2021 valuation. The total pension liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increases	3.50 to 7.40 percent, including inflation and productivity factor
Discount rate	2.06 percent

Discount Rate – 2.06%. Pursuant to GASB 73, the discount rate should be a yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale). The Bond Buyer 20-Bond GO index is often cited as an appropriate benchmark. That index was 2.06% on December 31, 2021. A discount rate of 2.12% was used at the prior measurement date.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an experience study completed by the Actuary for the Local Government Employees' Retirement System for the five-year period ending December 31, 2014.

Deaths Before Retirement: RP-2014 Total Data Set Employee Mortality Table projected generationally using MP-2015.

Deaths After Retirement (Healthy): RP-2014 Total Data Set for Healthy Annuitant Mortality Table projected generationally using MP-2015. Rates are adjusted by 104% for both males

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

and females for ages 50 and older. The RP-2014 Total Data Set Employee Mortality Table is used for ages less than 50 (with no adjustments).

Deaths After Retirement (Disabled): RP-2014 Total Data Set for Disabled Annuitants Mortality Table projected generationally using MP-2015. Rates are adjusted by 103% for males and 99% for females for all ages.

Contributions. The County is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned on a pay-as-you-go basis through appropriations made in the General Fund operating budget. There were no contributions made by employees. The County’s obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings. The County paid \$169,979 as benefits came due for the reporting period.

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

At June 30, 2022, the County reported a total pension liability of \$2,457,496. The total pension liability was measured as of December 31, 2021 based on a June 30, 2021 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2021 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2022, the County recognized pension expense of \$276,681.

At June 30, 2022, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 179,454	\$ 36,524
Changes of assumptions	156,481	20,631
County benefit payments and plan administrative expense made subsequent to the measurement date	105,412	-
Total	\$ 441,347	\$ 57,155

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

The County paid \$105,412 in benefit payments made and administrative expenses subsequent to the measurement date that are reported as deferred outflows of resources related to pensions which will be recognized as a decrease of the total pension liability in the year ending June 30, 2023. Other amounts reported as deferred inflows and deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending	
June 30	Amount
2023	\$ 100,068
2024	68,698
2025	82,043
2026	26,807
2027	1,164
Thereafter	<u>-</u>
Total	<u>\$ 278,780</u>

Sensitivity of the County's Total Pension Liability to Changes in the Discount Rate. The following presents the County's total pension liability calculated using the discount rate of 2.06 percent, as well as what the County's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.06 percent) or 1-percentage-point higher (3.06 percent) than the current rate:

	1% Decrease (1.06%)	Discount Rate (2.06%)	1% Increase (3.06%)
Total pension liability	<u>\$ 2,628,914</u>	<u>\$ 2,457,496</u>	<u>\$ 2,298,098</u>

Schedule of Changes in Total Pension Liability Law Enforcement Officers' Special Separation Allowance

	2022
Beginning balance	\$ 2,436,592
Service cost	120,367
Interest on the total pension liability	49,997
Difference between expected and actual experience in the measurement of the total pension liability	13,521
Changes of assumptions or other inputs	6,998
Benefit payments	<u>(169,979)</u>
Ending balance of the total pension liability	<u>\$ 2,457,496</u>

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

Changes of Assumptions. Changes of assumption and other inputs reflect a change in the Municipal Bond Index Rate from 2.12% at December 31, 2020 to 2.06% at December 31, 2021.

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

Supplemental Retirement Income Plan for Law Enforcement Officers

Plan Description. The County contributes to the Supplemental Retirement Income Plan (the “Plan”), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcement officers employed by the County. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Supplemental Retirement Income Plan for Law Enforcement Officers is included in the Annual Comprehensive Financial Report (ACFR) for the State of North Carolina. The State’s ACFR includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan for Law Enforcement Officers. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Funding Policy. Article 12E of G.S. Chapter 143 requires the County to contribute each month an amount equal to 5 percent of each officer’s salary, and all amounts contributed are vested immediately. The law enforcement officers may make voluntary contributions to the Plan.

The County made contributions of \$185,939 for the reporting year. No amounts were forfeited.

Register of Deeds’ Supplemental Pension Fund

Plan Description. Transylvania County also contributes to the Registers of Deeds’ Supplemental Pension Fund (RODSPF), a non-contributory, cost-sharing multiple-employer defined benefit plan administered by the North Carolina Department of State Treasurer. RODSPF provides supplemental pension benefits to any eligible county register of deeds who is retired under the Local Governmental 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. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor one appointed by the State Senate, one appointed by the state House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Registers of Deeds’ Supplemental Pension Fund is included in the Annual Comprehensive Financial Report (ACFR) for the State of North Carolina. The

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

State's ACFR includes financial statements and required supplementary information for the Registers of Deeds' Supplemental Pension Fund. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at www.osc.nc.gov.

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

Contributions. Benefits and administrative expenses are funded by investment income and 1.5% of the receipts collected by each County Commission under Article 1 of Chapter 161 of the North Carolina General Statutes. The statutory contribution currently has no relationship to the actuary's required contribution. The actuarially determined contribution this year and for the foreseeable future is zero. Registers of Deeds do not contribute. Contribution provisions are established by General Statute 161-50 and may be amended only by the North Carolina General Assembly. Contributions to the pension plan from the County were \$4,657 for the year ended June 30, 2022.

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

At June 30, 2022, the County reported an asset of \$78,458 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2021. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2020. The total pension liability was then rolled forward to the measurement date of June 30, 2021 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension asset was based on the County's share of contributions to the pension plan, relative to contributions to the pension plan of all participating RODSPF employers. At June 30, 2021, the County's proportion was 0.40836%, which was an increase of 0.02169% from its proportion measured as of June 30, 2020.

TRANSYLVANIA COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

For the year ended June 30, 2022, the County recognized pension expense of \$2,450. At June 30, 2022, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 837	\$ 951
Changes of assumptions	5,721	-
Net difference between projected and actual earnings on pension plan investments	-	241
Changes in proportion and differences between County contributions and proportionate share of contributions	701	4,482
County contributions subsequent to the measurement date	4,657	-
Total	\$ 11,916	\$ 5,674

\$4,657 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ending June 30, 2023. Other amounts reported as deferred inflows and deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2023	\$ (78)
2024	19
2025	(184)
2026	1,828
Total	\$ 1,585

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

Actuarial Assumptions. The total pension liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increase	3.25 to 8.25 percent, including inflation and productivity factor
Investment rate of return	3.00 percent, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the December 31, 2020 valuation were based on the results of an actuarial experience study as of December 31, 2019.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple-year horizons. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The adopted asset allocation policy for the RODSPF is 100% in the fixed income asset class. The best estimate of arithmetic real rate of return for the fixed income asset class as of June 30, 2021 is 1.4%.

The information above is based on 30-year expectations developed with the consulting actuary as part of a study conducted in 2016, and is part of the asset, liability and investment policy of the North Carolina Retirement Systems. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.05%. Return projections do not include any excess return expectations over benchmark averages. All rates of return and inflation are annualized.

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

Discount Rate. The discount rate used to measure the total pension liability was 3.00%. The projection of cash flows used to determine the discount rate assumed that contributions from employers will be made at statutorily required rates. Based on these assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the County’s Proportionate Share of the Net Pension Asset to Changes in the Discount Rate. The following presents the County’s proportionate share of the net pension asset calculated using the discount rate of 3.00 percent, as well as what the County’s proportionate share of the net pension asset would be if it were calculated using a discount rate that is 1-percentage-point lower (2.00 percent) or 1-percentage-point higher (4.00 percent) than the current rate:

	1% Decrease (2.00%)	Discount Rate (3.00%)	1% Increase (4.00%)
County's proportionate share of the net pension liability (asset)	\$ (62,320)	\$ (78,458)	\$ (92,020)

Pension Plan Fiduciary Net Position. Detailed information about the pension plan’s fiduciary net position is available in the separately issued Annual Comprehensive Financial Report (ACFR) for the State of North Carolina.

Deferred Compensation Plan

The County offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, which is available to all County employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

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

The net pension liability (asset) for LGERS and ROD was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2020. The total pension liability for LEOSSA was measured as of December 30, 2021, with an actuarial valuation date of June 30, 2020. The County’s proportion of the net pension liability was based on the County’s share of contributions to the pension plan relative to the contribution of all participating entities.

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

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

	LGERS	LEOSSA	ROD	Total
Proportionate share of net pension liability (asset)	\$ 3,693,973	N/A	\$ (78,458)	\$ 3,615,515
Proportion of the net pension liability (asset)	0.24087%	N/A	0.40836%	-
Total pension liability	-	2,457,496	-	2,457,496
Pension expense	1,803,622	276,681	2,450	2,082,753

At June 30, 2022, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	LGERS	LEOSSA	ROD	Total
Deferred Outflows of Resources:				
Differences between expected and actual experience	\$ 1,175,185	\$ 179,454	\$ 837	\$ 1,355,476
Changes of assumptions	2,320,758	156,481	5,721	2,482,960
Changes in proportion and differences between County contributions and proportionate share of contributions	462,048	-	701	462,749
County contributions (LGERS, ROD) and benefit payments and administration costs (LEOSSA) subsequent to the measurement date	2,156,669	105,412	4,657	2,266,738
Total	<u>\$ 6,114,660</u>	<u>\$ 441,347</u>	<u>\$ 11,916</u>	<u>\$ 6,567,923</u>

Deferred Inflows of Resources:				
Differences between expected and actual experience	\$ -	\$ 36,524	\$ 951	\$ 37,475
Net difference between projected and actual earnings on pension plan investments	5,277,577	-	241	5,277,818
Changes of assumptions	-	20,631	-	20,631
Changes in proportion and differences between County contributions and proportionate share of contributions	19,021	-	4,482	23,503
Total	<u>\$ 5,296,598</u>	<u>\$ 57,155</u>	<u>\$ 5,674</u>	<u>\$ 5,359,427</u>

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

Other Post-Employment Benefits

Healthcare Benefits

Plan Description. According to a County resolution, at retirement, all employees have the option to purchase COBRA basic medical/dental insurance at the County's group rate. The entire cost of this insurance is borne by the employees. They are eligible for COBRA for the lesser of 18 months or until they reach age 65.

Also, under the terms of a County resolution, the County provided employees with at least ten years of service to the County, at the time the plan was implemented, July 1, 2006, the option of retiree health insurance or County funded contributions to the deferred compensation plan. Based on the County's resolution, retirees are eligible to participate in the Retiree Health Benefit Plan until they become eligible for Medicare, currently at age 65. Depending on years of service, retirees qualify for lower contributions under the terms of the plan. This was a one-time irrevocable election. All other employees are eligible only for the County funded contributions to the deferred compensation plan. A separate audited GAAP-basis post-employment benefit plan report is not available for the Retiree Health Benefit Plan. The plan is a single-employer defined benefit plan. A separate report was not issued for the plan. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

Membership of the Retiree Health Benefit Plan consisted of the following at June 30, 2020, the date of the latest actuarial valuation:

Retirees and dependents receiving benefits	25
Active plan members	<u>17</u>
Total	<u><u>42</u></u>

Funding Policy. The County pays a portion of the cost of coverage for the healthcare benefits paid to qualified retirees under a County resolution that may be amended by the Board of Commissioners. The County's members pay a monthly fee for dependent coverage. The County has chosen to fund the healthcare benefits on a pay-as-you-go basis. As of June 30, 2022, the County has committed \$0 for the payment of future retiree health benefits.

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

Total OPEB Liability

The County's total OPEB liability of \$2,929,428 was measured as of June 30, 2020 and was determined by an actuarial valuation as of that date.

Actuarial assumptions and other inputs. The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Inflation	2.50 percent
Real wage growth	1.00 percent
Wage inflation	3.50 percent
Salary increases, including wage inflation	
General employees	3.50 - 7.8 percent
Law enforcement officers	3.50 - 7.4 percent
Municipal bond index rate	
Prior measurement date	2.21 percent
Measurement date	2.16 percent
Healthcare cost trend rates	
Pre-medicare medical and prescription drug	7.00 percent for 2020 decreasing to an ultimate rate of 4.50 percent by 2027+
Dental	4.00 percent

The County selected a Municipal Bond Index Rate equal to the June average of the Bond Buyer 20-year General Obligation Bond Index published weekly by The Bond Buyer, and the discount rate used to measure the TOL is the Municipal Bond Index Rate as of the measurement date.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at July 1, 2021	\$ 3,135,886
Changes for the year:	
Service cost	31,517
Interest	65,875
Differences between expected and actual experience	(241,312)
Changes of assumptions or other inputs	6,380
Benefit payments	(68,918)
Net changes	(206,458)
Balance at June 30, 2022	\$ 2,929,428

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

Changes in assumptions and other inputs reflect a change in the Municipal Bond Index Rate from 2.21% to 2.16%.

Law Enforcement Officers - Deaths Before Retirement: RP-2014 Total Data Set Employee Mortality Table projected generationally using MP-2015.

Law Enforcement Officers - Deaths After Retirement (Healthy): RP-2014 Total Data Set for Healthy Annuitant Mortality Table projected generationally using MP-2015. Rates are adjusted by 104% for both males and females for ages 50 and older. The RP-2014 Total Data Set Employee Mortality Table is used for ages less than 50 (with no adjustments).

Law Enforcement Officers - Deaths After Retirement (Disabled): RP-2014 Total Data Set for Disabled Annuitants Mortality Table projected generationally using MP-2015. Rates are adjusted by 103% for males and 99% for females for all ages.

General Employees - Deaths Before Retirement: RP-2014 Total Data Set Employee Mortality Table projected generationally using MP-2015.

General Employees - Deaths After Retirement (Healthy): RP-2014 Total Data Set for Healthy Annuitant Mortality Table projected generationally using MP-2015. Rates are adjusted by 115% for males and 79% for females for ages 50-78 and by 135% for males and 116% for females for ages 78 and older. The RP-2014 Total Data Set Employee Mortality Table is used for ages less than 50 (with no adjustments).

General Employees - Deaths After Retirement (Disabled): RP-2014 Total Data Set for Disabled Annuitants Mortality Table projected generationally using MP-2015. Rates are adjusted by 103% for males and 99% for females for all ages.

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increases used in the December 31, 2020 valuation were based on the results of an actuarial experience study for the period January 1, 2010 – December 31, 2014, adopted by LGERS.

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2020 valuation were based on a review of recent plan experience done concurrently with the June 30, 2020 valuation.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate. The following presents the total OPEB liability of the County, as well as what the County’s total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.16 percent) or 1-percentage-point higher (3.16 percent) than the current discount rate:

	1% Decrease (1.16%)	Discount Rate (2.16%)	1% Increase (3.16%)
Total OPEB liability	\$ 3,049,994	\$ 2,929,428	\$ 2,814,176

TRANSYLVANIA COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates. The following presents the total OPEB liability of the County, as well as what the County’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Current	1% Increase
Total OPEB liability	\$ 2,811,223	\$ 2,929,428	\$ 3,054,315

OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2022, the County recognized OPEB expense of (\$134,040). At June 30, 2022, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Benefit payments and plan administrative expense made subsequent to the measurement date	\$ 68,531	\$ -

\$68,531 reported as deferred outflows of resources related to OPEB resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total OPEB liability in the year ending June 30, 2023. Other amounts reported as deferred inflows and deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30	Total
2023	\$ -

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 (the “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

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

than \$50,000. Because all death benefit payments are made from the Death Benefit Plan and not by the County, the County does not determine the number of eligible participants. The County has no liability beyond the payment of monthly contributions. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount. Contributions are determined as a percentage of monthly payroll based upon rates established annually by the state. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. The County considers these contributions to be immaterial.

Closure and Post-Closure Care Costs – Woodruff Road Landfill Facility

Federal and state laws and regulations require the County to place a final cover on its Woodruff Road Landfill Facility when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. In addition, North Carolina General Statutes recently began requiring counties to provide financial assurance sufficient to cover a minimum of \$2,000,000 in costs for potential assessment and corrective action (PACA) at the facility. Although closure and post-closure care costs will be paid only near or after the date that the landfill stops accepting waste, the County appropriates funds annually for a portion of these costs, based on landfill capacity used as of each balance sheet date. In FY 2014, the County also included a portion of the PACA costs. Of the \$7,349,515 reported as landfill closure and post-closure care and PACA liability at June 30, 2022, \$5,649,515 is for closure and post-closure care costs and \$2,000,000 is for PACA costs. Both are a cumulative amount reported to date based on the use of 94 percent of the total estimated capacity of the landfill.

These amounts are based on what it would cost to perform all closure and post-closure care and PACA in 2022. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. The County expects the portion of the Woodruff Road Landfill Facility currently being used to reach its permitted capacity in approximately 7 years.

The County has met the requirements of a local government financial test that is one option under federal and state laws and regulations that help determine if a unit is financially able to meet closure and post-closure care and PACA requirements. In addition, the County has elected to establish a reserve fund to accumulate resources for the payment of the closure and post-closure care costs. As of June 30, 2022, the County had funds of \$6,751,791 in a local bank restricted for this purpose. The County expects that future inflation costs will be paid from the interest earnings in this account. However, if interest earnings are inadequate or additional post-closure care requirements are determined (due to changes in technology or applicable laws or regulations, for example), these costs may need to be covered by charges to future landfill users or by future tax revenues.

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

Deferred Outflows and Inflows of Resources

Deferred outflows of resources at year-end are comprised of the following:

<u>Source</u>	<u>Amount</u>
Pension deferrals	\$ 6,567,923
OPEB deferrals	68,531
Total	<u>\$ 6,636,454</u>

Deferred inflows of resources at year-end are comprised of the following:

<u>Source</u>	<u>Amount</u>
Prepaid taxes (General Fund)	\$ 42,382
Prepaid taxes (Special Revenue Fund)	1,687
Taxes receivable, net (General Fund)	103,737
Taxes receivable, net (Special Revenue Fund)	9,016
Unavailable revenues- leases (General Fund)	102,427
Pension deferrals	5,359,427
Total	<u>\$ 5,618,676</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. The County participates in two self-funded risk financing pools, administered by the North Carolina Association of County Commissioners. Through these pools, the County obtains property coverage equal to replacement cost values of owned property subject to a limit of \$57.2 million for any one occurrence; general, auto, public officials, law enforcement and employment practices liability coverage of \$2 million per occurrence; cyber liability coverage of \$1,000,000 per occurrence; auto physical damage coverage for owned autos at actual cash value; crime coverage of \$250,000 per occurrence; and workers' compensation coverage up to the statutory limits. The pools are audited annually by certified public accountants, and the audited financial statements are available to the County upon request. Both of the pools are reinsured through a multi-state public entity captive for single occurrence losses in excess of \$500,000 retention up to a \$2 million limit for liability coverage, and \$499,750,000 of each loss in excess of \$250,000 per occurrence retention for property and auto physical damage. For workers' compensation, there is a per occurrence retention of \$750,000. For health insurance, the County provides coverage through Blue Cross and Blue Shield of North Carolina and is reinsured for individual losses in excess of \$75,000 and aggregate annual losses in excess of 125 percent of expected claims.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred, but not reported (IBNRs).

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

Changes in the balances of claims liabilities for health insurance during the past fiscal year are as follows:

	<u>2022</u>	<u>2021</u>
Unpaid claims, beginning	\$ 448,549	\$ 370,793
Incurred claims	3,192,440	3,288,129
Claim payments	<u>(3,175,771)</u>	<u>(3,210,373)</u>
Unpaid claims, ending	<u>\$ 465,218</u>	<u>\$ 448,549</u>

The County has not obtained separate flood insurance due to the limited likelihood of County property sustaining flood damage. The County's property insurance provides what is deemed to be adequate coverage for the County's exposure.

In accordance with G.S. 159-29, the Finance Director, the County Manager, and the Tax Collector are individually bonded for \$200,000 each. In addition, the Register of Deeds is bonded for \$50,000, and the Sheriff is bonded for \$25,000. All other County employees who are not required to be bonded individually have fidelity coverage through the Crime Section of the County's liability insurance policy referenced above.

In accordance with G.S. 159-29, Transylvania County's employees that administer and have access to \$100 or more of the Transylvania County Tourism Development Authority's funds at any given time are performance bonded through a commercial surety bond. Transylvania County's Finance Officer, who is responsible for accounting of the Authority's funds, is bonded separately under a surety bond for the Authority for \$50,000.

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 settled claims have not exceeded coverage in any of the past three fiscal years.

Long-Term Obligations

Leases

The County has entered into agreements to lease certain equipment. The lease agreements qualify as other than short-term leases under GASB 87 and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception.

On August 1, 2020, the County entered into a 60-month lease as lessee for the use of Stryker PowerPro XT ambulance cots. An initial lease liability was recorded in the amount of \$347,331. As of June 30, 2022, the value of the lease liability is \$258,429. The County is required to make annual fixed payments of \$89,493. The lease has an implied interest rate of 2%. The value of the right to use asset as of June 30, 2022 of \$347,332 with an accumulated amortization of \$85,285 is included on the Lease Class activities table found below. The net book value is \$262,046. The County has no extension option(s) and will dispose of this equipment at termination of the lease.

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

On December 1, 2021, the County entered into a 60-month lease as lessee for the use of Kyocera Copiers. An initial lease liability was recorded in the amount of \$11,506. As of June 30, 2022, the value of the lease liability is \$10,357. The County is required to make monthly fixed payments of \$199. The lease has an interest rate of .810%. The value of the right to use asset as of June 30, 2022 of \$111,999 with an accumulated amortization of \$38,974 is included with easements on the Lease Class activities table found below. The net book value is \$73,025. The County has no extension options.

On May 5, 2019, the County entered into a 60-month lease as lessee for the use of Kyocera Copiers. An initial lease liability was recorded in the amount of \$108,703. As of June 30, 2022, the value of the lease liability is \$74,234. The County is required to make monthly fixed payments of \$660. The lease has an implied interest rate of 2.8%. The value of the right to use asset as of June 30, 2022 of \$11,705 with an accumulated amortization of \$1,372 is included with equipment on the Lease Class activities table found below. The net book value is \$10,333. The County has no extension options.

On April 1, 2022, the County entered into a 60-month lease as lessee for the use of a Pitney Bowes SendPro Postage Meter. An initial lease liability was recorded in the amount of \$12,713. As of June 30, 2022, the value of the lease liability is \$12,270. The County is required to make quarterly fixed payments of \$659. The lease has an implied interest rate of 2.078%. The value of the right to use asset as of June 30, 2022 of \$12,929 with an accumulated amortization of \$646 is included with equipment on the Lease Class activities table found below. The net book value is \$12,283. The County has no extension options.

On April 1, 2022, the County entered into a 60-month lease as lessee for the use of a Pitney Bowes SendPro Probation Office. An initial lease liability was recorded in the amount of \$12,931. As of June 30, 2022, the value of the lease liability is \$12,272. The County is required to make quarterly fixed payments of \$660. The lease has an implied interest rate of 2.078%. The value of the right to use asset as of June 30, 2022 of \$12,931 with an accumulated amortization of \$646 is included with equipment on the Lease Class activities table found below. The net book value is \$12,285. The County has no extension options.

On January 1, 2022, the County entered into a 60-month lease as lessee for the use of a Pitney Bowes SendPro Postage Meter. An initial lease liability was recorded in the amount of \$3,677. As of June 30, 2022, the value of the lease liability is \$3,340. The County is required to make quarterly fixed payments of \$659. The lease has an implied interest rate of 1.37%. The value of the right to use asset as of June 30, 2022 of \$3,711 with an accumulated amortization of \$345 is included with equipment on the Lease Class activities table found below. The net book value is \$3,366. The County has no extension options.

On April 5, 2018, the County entered into a 60-month lease as lessee for the use of a postage machine at the County Administration Facility. An initial lease liability was recorded in the amount of \$8,396. As of June 30, 2022, the value of the lease liability is \$4,435. The County is required to make monthly fixed payments of \$375. The lease has an implied interest rate of 2.69%. The value of the right to use asset as of June 30, 2022 of \$8,771 with an accumulated amortization of \$4,441 is included with equipment on the Lease Class activities table found below. The net book value is \$4,330. The County has no extension options.

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

On July 1, 2021, the County entered into a 60-month lease as lessee for the use of laundry equipment at its detention center. An initial lease liability was recorded in the amount of \$56,410. As of June 30, 2022, the value of the lease liability is \$47,592. The County is required to make annual fixed payments of \$9,775. The lease has an implied interest rate of .89%. The value of the right to use asset as of June 30, 2022 of \$57,367 with an accumulated amortization of \$11,473 is included with equipment on the Lease Class activities table found below. The net book value is \$45,894. The County has no extension options.

On July 1, 2021, the County entered into a 60-month lease as lessee for the use of laundry equipment at its detention center. An initial lease liability was recorded in the amount of \$12,846. As of June 30, 2022, the value of the lease liability is \$10,405. The County is required to make annual fixed payments of \$2,659. The lease has an implied interest rate of .89%. The value of the right to use asset as of June 30, 2022 of \$13,064 with an accumulated amortization of \$2,612 is included with equipment on the Lease Class activities table found below. The net book value is \$10,451. The County has no extension options.

On September 1, 2008, the County entered into a 30-year lease as lessee for the use of land as a community park. An initial lease liability was recorded in the amount of \$52,908. As of June 30, 2022, the value of the lease liability is \$50,278. The County is required to make annual payments that escalate each year. For the year ended June 30, 2022 the annual payment was \$2,863. The lease has an interest rate of 2.60%. The value of the right to use asset as of June 30, 2022 of \$52,908 with an accumulated amortization of \$3,081 is included with land on the Lease Class activities table found below. The net book value is \$49,827. The County has no extension options.

On July 1, 2021, the County entered into a 9-year lease as a lessee for the use of land as for a community park. An initial lease liability was recorded in the amount of \$8,726. As of June 30, 2022, the value of the lease liability is \$7,791. The County is required to make annual payments that escalate each year. For the year ended June 30, 2022, the annual payment was \$1,096. The lease has an interest rate of 2.05%. The value of the right to use asset as of June 30, 2022 of \$8,726 with an accumulated amortization of \$970 is included with land on the Lease Class activities table found below. The net book value is \$7,756. The County has no extension options.

On July 1, 2021, the County entered into a 60-month lease as lessee for the use of office space for Community Probation and Parole. An initial lease liability was recorded in the amount of \$52,750. As of June 30, 2022, the value of the lease liability is \$27,634. The County is required to make fixed monthly payments of \$2,314. The lease has an interest rate of .89%. The value of the right to use asset as of June 30, 2022 of \$55,064 with an accumulated amortization of \$27,532 is included with buildings on the Lease Class activities table found below. The net book value is \$27,532. The County has no extension options.

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

On January 5, 2018 the County entered into a 60-month lease as lessee for the use of a track type tractor. An initial lease liability was recorded in the amount of \$319,108. As of June 30, 2022, the value of the lease liability is \$92,463. The County is required to make fixed monthly payments of \$2,314. The lease has an interest rate of 3.27%. The value of the right to use asset as of June 30, 2022 of \$146,297 with an accumulated amortization of \$93,670 is included with equipment on the Lease Class activities table found below. The net book value is \$52,627. The County will assume ownership of the equipment at the end of the lease period.

On April 1, 2021 the County entered into a 50-month lease as lessee for the use of a excavator An initial lease liability was recorded in the amount of \$152,313 As of June 30, 2022, the value of the lease liability is \$108,912. The County is required to make fixed monthly payments of \$3,441. The lease has an interest rate of 3.27%. The value of the right to use asset as of June 30, 2022 of 152,314 with an accumulated amortization of \$47,598 is included with equipment on the Lease Class activities table found below. The net book value is \$104,716. The County will assume ownership of the equipment at the end of the lease period.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2022, were as follows:

Governmental Activities

Year Ending <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 177,176	\$ 7,363	\$ 184,539
2024	144,320	4,336	148,656
2025	110,633	1,898	112,531
2026	23,389	1,542	24,931
2027	19,433	1,209	20,642
2028-2032	16,758	4,487	21,245
2033-2037	18,355	2,289	20,644
2038	8,972	163	9,135
Total	<u>\$ 519,036</u>	<u>\$ 23,287</u>	<u>\$ 542,323</u>

Business-Type Activities

Year Ending <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 131,040	\$ 3,948	\$ 134,988
2024	39,740	1,513	41,253
2025	30,595	345	30,940
Total	<u>\$ 201,375</u>	<u>\$ 5,806</u>	<u>\$ 207,181</u>

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

Installment Financing Contracts

The County entered into an installment financing contract on November 6, 2008, with RBC Bank in the amount of \$2,900,000. The proceeds from this installment financing contract were used to complete the Public Safety Facility. The contract requires 60 quarterly payments of \$48,333 by the County and concurrent interest payments at an interest rate of 4.25 percent. The balance outstanding at June 30, 2022 totaled \$290,000.

The County entered into an installment financing contract on September 30, 2015, with Branch Banking & Trust Company in the amount of \$1,807,457. The proceeds from this installment financing contract were used to complete the County building. The contract requires four annual payments of \$30,124 by the County and concurrent interest payments at an interest rate of 2.64 percent. The balance outstanding at June 30, 2022 totaled \$937,319.

The County's outstanding notes from direct placements related to governmental activities of \$290,000 contain provisions that an event of default would result in (a) declare the entire principal amount of the Installment Payments and all accrued interest and other charged immediately due and payable without notice or demand to the County; (b) proceed by appropriate court action to enforce performance by the County of the applicable covenants of this Contract or to recover for the breach thereof; (c) exercise all the rights and remedies of a secured party or creditor under the Uniform Commercial Code of the State of North Carolina and the general laws of the State of North Carolina with respect to the enforcement of the security interest granted or reserved hereunder, including, without limitation, to the extent permitted by law, take possession of any collateral without any court order or other process of law and without liability for entering the Property and sell, lease, sublease or make other disposition of the same in a commercially reasonable manner for the account of the County, and apply the proceeds of any such sale, lease, sublease or other disposition, after deducting all costs and expenses, including court costs and attorneys' fees, incurred with the recovery, repair, storage and other sale, lease, sublease or other disposition costs, toward the balance due under this Contract and, thereafter, shall pay any remaining proceeds to the County; (d) take possession of any proceeds of the Property, including Net Proceeds; or (e) pursue any other remedy available at law or equity to the Bank.

The County's outstanding notes from direct placements related to governmental activities of \$937,319 are secured with mortgaged property. The County's outstanding notes from direct placements related to governmental activities of \$937,319 contain provisions that an event of default would result in (a) declare the unpaid principal components of the Installment Payments immediately due and payable; (b) proceed by appropriate court action to enforce the County's performance of the applicable covenants of the financing agreement or to recover for the breach thereof; (c) as provided in the Project Fund Agreement, pay over any balance remaining in the Project Fund to be applied against outstanding Required Payments in any manner the bank may reasonably deem appropriate; and (d) avail itself of all available remedies under the financing agreement, including execution and foreclosure as provided in Sections 8.03 and 8.04 of the financing agreement, and recovery of attorneys' fees and other expenses.

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

The debt service requirements to maturity for the County's installment financing contracts are as follows:

Year Ending			
June 30	Principal	Interest	Total
2023	\$ 313,830	\$ 32,796	\$ 346,626
2024	217,164	21,911	239,075
2025	120,497	17,190	137,687
2026	120,497	14,009	134,506
2027	120,497	10,828	131,325
2028-2030	334,834	13,396	348,230
Total	<u>\$ 1,227,319</u>	<u>\$ 110,130</u>	<u>\$ 1,337,449</u>

At June 30, 2022, the County had a legal debt margin of \$557,126,285.

Long-Term Obligation Activity

The following is a summary of changes in the County's long-term obligations for the fiscal year ended June 30, 2022:

	July 1, 2021	Additions	Retirements	June 30, 2022	Current Portion
Governmental Activities:					
Qualified School Construction debt	\$ 108,150	\$ -	\$ 108,150	\$ -	\$ -
Direct placement - Installment financing	1,541,149	-	313,830	1,227,319	313,830
Leases	-	696,510	177,474	519,036	177,176
Net pension liability - LGERS	7,809,294	-	4,300,019	3,509,275	-
Total pension liability - LEO	2,436,592	20,904	-	2,457,496	-
Total OPEB liability	2,979,092	-	196,135	2,782,957	-
Compensated absences	1,474,049	535,450	525,316	1,484,183	1,261,556
Total	<u>\$ 16,348,326</u>	<u>\$ 1,252,864</u>	<u>\$ 5,620,924</u>	<u>\$ 11,980,266</u>	<u>\$ 1,752,562</u>
Business-Type Activities:					
Total OPEB liability	\$ 156,794	\$ -	\$ 10,323	\$ 146,471	\$ -
Net pension liability - LGERS	411,015	-	226,317	184,698	-
Accrued landfill closure and post-closure care costs	6,869,983	479,532	-	7,349,515	-
Leases	-	298,611	97,236	201,375	131,040
Compensated absences	35,798	19,517	13,953	41,362	35,157
Total	<u>\$ 7,473,590</u>	<u>\$ 797,660</u>	<u>\$ 347,829</u>	<u>\$ 7,923,421</u>	<u>\$ 166,197</u>

Compensated absences, net pension liabilities, and other post-employment benefits have typically been liquidated in the General Fund. Compensated absences are accounted for on an LIFO basis, assuming that employees are taking leave time as it is earned.

TRANSYLVANIA COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

C. Net Investment in Capital Assets

The total net investment in capital assets as of June 30, 2022, is composed of the following elements:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Capital assets and right to use assets, net of accumulated depreciation and amortization	\$ 39,207,079	\$ 3,395,641
Less: capital debt		
Gross debt	<u>1,746,355</u>	<u>201,375</u>
Net capital debt	<u>1,746,355</u>	<u>201,375</u>
Net investment in capital assets	<u>\$ 37,460,724</u>	<u>\$ 3,194,266</u>

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

D. Interfund Balances and Activity

Transfers from/to other funds for the year ended June 30, 2022 consist of the following:

From the Multi-year Grant Ordinance Fund to the General Fund to provide reimbursement of grant-related expenditures	\$ 3,979,184
From the General Fund to the Education Capital Project Fund to provide resources in advance of debt issuance	6,200,000
From the General Fund to the General Capital Project Fund, to provide resources for planned expansion of the Sylvan Valley Industrial Facility	2,500,000
From the General Fund to the Water and Sewer Development Fund to provide future resources for matching federal and state grants	1,319,179
From the General Fund to the Solid Waste Fund to supplement other funding sources	1,134,314
From the General Fund to the Group Insurance Service Fund, to re-allocate existing resources to establish and Internal Service Fund	4,140,303
From the General Fund to the Emergency Telephone System Fund to reimburse ineligible expenditures	<u>28,391</u>
Total transfers from General Fund to other funds	<u>\$ 19,301,371</u>

The due to/from other funds at June 30, 2022 consist of the following:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Disaster Response Fund	<u>\$ 115,238</u>

The interfund balances resulted from the time lag between dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

The balance above represents advances from the General Fund. Grant funds have been requested to repay the General Fund.

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

4. Related Organization

The Chairman of the County's governing board is also responsible for appointing the members of the Board of the Transylvania County Industrial Facility and Pollution Control Authority, but the County's accountability for this organization does not extend beyond making these appointments. The Authority was established in past years, and appointments were made by previous chairmen of the County's governing board. The Authority was formed so that the organization would be in place if it were ever needed but has not been active since its inception.

5. Joint Ventures

Transylvania County and the Transylvania County Board of Education entered into an agreement dated March 1, 2010. Under this agreement, the Board of Education transferred title to a portion of the Rosman High School property to the County to use as collateral for the Qualified School Construction Bond obtained for the construction of a career and technical education building. The County will lease the property back to the school until the loan is paid, at which time the property will revert to the school. Based on the current amortization schedule, this venture terminated in December 2021.

Transylvania County and the Transylvania County Board of Education entered into an interlocal agreement dated February 25, 2019 to govern the development of \$68,000,000 in new construction and renovation projects at the County's two high schools to be financed by general obligation bonds approved by voters at the November 2018 election.

Transylvania County, the City of Brevard and the Transylvania Economic Alliance entered into an agreement dated November 14, 2017 concerning the expansion of economic development opportunities within the City of Brevard and Transylvania County. Under the terms of the agreement, the City of Brevard conveyed a parcel of land to the Alliance and the County agreed to finance the construction of a manufacturing facility. In return, the Alliance entered into promissory notes with both entities with the value of the City's note being forgiven after five years or the sale of the facility and the County's portion being paid down by proceeds from lease of facility or through the sale of the facility by the Alliance to a private entity. The facility opened formally to private use under the management of the Alliance in January 2019.

The County, in conjunction with 21 other counties, is a member of the Vaya Health Local Management Entity (LME), which provides mental health, development disability, and substance abuse services to residents of the twenty-two County area. Each participating government appoints members to the governing board of the LME. The County has ongoing financial responsibility to provide maintenance of effort funding to assist in providing mental health services primarily within the County. The County contributed \$99,261 towards this maintenance of effort in the form of grants to service providers during the fiscal year ended June 30, 2022. None of the 22 participating governments has any equity interest in the LME, so no equity has been reflected in the financial statements at June 30, 2022. Complete financial statements for the LME may be obtained from the LME's administrative office at 200 Ridgefield Court, Asheville, North Carolina.

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

The County has entered into a contract with Mountain BizCapital, d/b/a Mountain BizWorks, a U.S. Treasury certified non-profit community development financial institution, to oversee a small business loan portfolio. The County has provided an initial outlay of \$150,000 for BizWorks to make loans to qualifying small businesses impacted by the Covid-19 pandemic and economic closures and will receive funds back as they are repaid. In FY 2021, the County closed the contract with Mountain BizWorks and received back most of the initial outlay to the loan fund. At June 30, 2022, only one loan was outstanding in an amount of less than \$5,000.

6. Related Party Transactions

The County and its discretely presented component unit engaged in the following transaction during the year ended June 30, 2022:

Transylvania County Tourism Development Authority:

Payments of occupancy tax due to the Authority from the County	<u>\$ 213,542</u>
---	-------------------

Payments of occupancy tax paid to the Authority from the County	<u>\$ 2,046,816</u>
--	---------------------

7. Summary Disclosure of Significant Commitments and Contingencies

Federal and State-Assisted Programs

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

8. Claims and Judgments

At June 30, 2022, 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.

9. Change in Accounting Principle

For the year ended June 30, 2022, the financial statements include the adoption of GASB Statement No. 87, *Leases*. The primary objective of this statement is to enhance the relevance and consistency of information about governments' leasing activities. This statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

10. Prior Period Adjustment

During the fiscal year ended June 30, 2022, the County implemented GASB 87, *Leases*. As a result, the County restated the beginning net position related to prior year capital leases. An adjustment to beginning net position has been recorded to take the related debt and capital asset balances off the books, the net effect of which decreased governmental net position by \$64,254 and increased business-type net position by \$2,761.

11. Significant Effects of Subsequent Events

On November 18, 2021, the Governor of North Carolina executed the 2021 Appropriations Act (S.L. 2021-180). This act of the State of North Carolina contained several key appropriations to the Transylvania County Government, including \$7,000,000 in resources from the State Water and Sewer Infrastructure Fund. As of June 30, 2022, nothing has been spent to date, and \$3,828,169 has been appropriated to offset costs related to the construction of water and sewer capital assets for the Town of Rosman.

REQUIRED SUPPLEMENTARY FINANCIAL DATA

This section contains additional information required by generally accepted accounting principles.

- **Schedule of Changes in Total Pension Liability for Law Enforcement Officers' Special Separation Allowance – Last Six Fiscal Years**
- **Schedule of Total Pension Liability as a Percentage of Covered-Employee Payroll for Law Enforcement Officers' Special Separation Allowance – Last Six Fiscal Years**
- **Schedule of Changes in the Total OPEB Liability and Related Ratios – Retiree Health Plan – Last Five Fiscal Years**
- **Notes to Required Schedules of Other Post-Employment Benefits - Retiree Health Plan**
- **Schedule of Proportionate Share of Net Pension Liability (Asset) for Local Governmental Employees' Retirement System – Last Nine Fiscal Years**
- **Schedule of Contributions to Local Governmental Employees' Retirement System – Last Nine Fiscal Years**
- **Schedule of Proportionate Share of Net Pension Liability (Asset) for Register of Deed's Supplemental Pension Fund – Last Nine Fiscal Years**
- **Schedule of Contributions to Register of Deed's Supplemental Pension Fund – Last Nine Fiscal Years**

TRANSYLVANIA COUNTY, NORTH CAROLINA

SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
LAST SIX FISCAL YEARS

Law Enforcement Officers' Special Separation Allowance			
	2022	2021	2020
Beginning balance	\$ 2,436,592	\$ 2,019,715	\$ 1,975,412
Service cost	120,367	73,338	78,197
Interest on the total pension liability	49,997	63,798	69,997
Differences between expected and actual experience in the measurement of the total pension liability	13,521	227,895	(36,800)
Changes of assumptions or other inputs	6,998	177,281	52,429
Benefit payments	(169,979)	(125,435)	(119,520)
Ending balance of the total pension liability	<u>\$ 2,457,496</u>	<u>\$ 2,436,592</u>	<u>\$ 2,019,715</u>

The amounts presented for each fiscal year were determined as of the prior fiscal year ending December 31.

This schedule is intended to show information for ten years.

Additional years' information will be displayed as it becomes available.

TRANSYLVANIA COUNTY, NORTH CAROLINA

SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
LAST SIX FISCAL YEARS

Law Enforcement Officers' Special Separation Allowance			
	2019	2018	2017
Beginning balance	\$ 2,066,762	\$ 1,694,384	\$ 1,655,418
Service cost	82,840	75,265	72,405
Interest on the total pension liability	63,707	64,010	58,119
Differences between expected and actual experience in the measurement of the total pension liability	(68,096)	190,712	-
Changes of assumptions or other inputs	(68,389)	114,593	(36,692)
Benefit payments	(101,412)	(72,202)	(54,866)
Ending balance of the total pension liability	<u>\$ 1,975,412</u>	<u>\$ 2,066,762</u>	<u>\$ 1,694,384</u>

TRANSYLVANIA COUNTY, NORTH CAROLINA

SCHEDULE OF TOTAL PENSION LIABILITY AS A
PERCENTAGE OF COVERED-EMPLOYEE PAYROLL
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
LAST SIX FISCAL YEARS

Law Enforcement Officers' Special Separation Allowance			
	2022	2021	2020
Total pension liability	\$ 2,457,496	\$ 2,436,592	\$ 2,019,715
Covered-employee payroll	3,153,924	3,153,924	2,804,103
Total pension liability as a percentage of covered-employee payroll	77.92%	77.26%	72.03%

Notes to the Schedules:

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

This schedule is intended to show information for ten years.
Additional years' information will be displayed as it becomes available.

TRANSYLVANIA COUNTY, NORTH CAROLINA

**SCHEDULE OF TOTAL PENSION LIABILITY AS A
PERCENTAGE OF COVERED-EMPLOYEE PAYROLL
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
LAST SIX FISCAL YEARS**

Law Enforcement Officers' Special Separation Allowance			
	2019	2018	2017
Total pension liability	\$ 1,975,412	\$ 2,066,762	\$ 1,694,384
Covered-employee payroll	2,979,305	3,025,120	2,838,700
Total pension liability as a percentage of covered-employee payroll	66.30%	68.32%	59.69%

TRANSYLVANIA COUNTY, NORTH CAROLINA

**OTHER POST-EMPLOYMENT BENEFITS
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS
 LAST FIVE FISCAL YEARS**

	Other Post-Employment Benefits				
	2022	2021	2020	2019	2018
Service cost	\$ 31,517	\$ 36,475	\$ 34,050	\$ 59,784	\$ 64,873
Interest	65,875	121,331	138,155	132,075	117,703
Differences between expected and actual experience	(241,312)	(542,388)	(91,156)	(285,138)	(138,367)
Changes of assumptions or other inputs	6,380	177,169	68,231	112,290	(115,172)
Benefit payments	(68,918)	(246,620)	(219,709)	(136,057)	(123,160)
Net change in total OPEB liability	(206,458)	(454,033)	(70,429)	(117,046)	(194,123)
Total OPEB liability - beginning	3,135,886	3,589,919	3,660,348	3,777,394	3,971,517
Total OPEB liability - ending	<u>\$ 2,929,428</u>	<u>\$ 3,135,886</u>	<u>\$ 3,589,919</u>	<u>\$ 3,660,348</u>	<u>\$ 3,777,394</u>
Covered-employee payroll	\$ 1,248,555	\$ 1,248,555	\$ 1,153,125	\$ 1,153,125	\$ 2,033,757
Total OPEB liability as a percentage of covered-employee payroll	234.63%	251.16%	311.32%	317.43%	185.73%

Notes to the Required Schedules:

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

Fiscal Year	Rate
2018	3.56%
2019	3.89%
2020	3.50%
2021	2.21%
2022	2.16%

Transylvania County has no assets accumulated in a trust that meet the criteria of GASB codification P22.101 or P52.101 to pay related benefits.

This page left blank intentionally.

TRANSYLVANIA COUNTY, NORTH CAROLINA

**TRANSYLVANIA COUNTY'S PROPORTIONATE SHARE
OF NET PENSION LIABILITY (ASSET)
REQUIRED SUPPLEMENTARY INFORMATION
LAST NINE FISCAL YEARS***

	Local Governmental Employees' Retirement System				
	2022	2021	2020	2019	2018
County's proportion of the net pension liability (asset) (%)	0.24087%	0.23004%	0.21633%	0.21395%	0.22859%
County's proportion of the net pension liability (asset) (\$)	\$ 3,693,973	\$ 8,220,309	\$ 5,907,804	\$ 5,075,626	\$ 3,492,222
County's covered payroll	\$ 18,306,434	\$ 17,525,902	\$ 15,202,874	\$ 14,316,146	\$ 14,615,583
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	20.18%	46.90%	38.86%	35.45%	23.89%
Plan fiduciary net position as a percentage of the total pension liability**	95.51%	88.61%	90.86%	91.63%	94.18%

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

**This will be the same percentage for all participant employers in the LGERS plan.

This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

TRANSYLVANIA COUNTY, NORTH CAROLINA

TRANSYLVANIA COUNTY'S PROPORTIONATE SHARE
OF NET PENSION LIABILITY (ASSET)
REQUIRED SUPPLEMENTARY INFORMATION
LAST NINE FISCAL YEARS*

	<u>Local Governmental Employees' Retirement System</u>			
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
County's proportion of the net pension liability (asset) (%)	0.21772%	0.21686%	0.21288%	0.21400%
County's proportion of the net pension liability (asset) (\$)	\$ 4,620,747	\$ 973,254	\$ (1,255,453)	\$ 2,579,522
County's covered payroll	\$ 13,754,619	\$ 13,295,491	\$ 12,789,506	\$ 11,643,680
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	33.59%	7.32%	-9.82%	22.15%
Plan fiduciary net position as a percentage of the total pension liability**	91.47%	98.09%	102.64%	94.35%

TRANSYLVANIA COUNTY, NORTH CAROLINA

**TRANSYLVANIA COUNTY'S CONTRIBUTIONS
REQUIRED SUPPLEMENTARY INFORMATION
LAST NINE FISCAL YEARS**

Local Governmental Employees' Retirement System					
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 2,156,669	\$ 1,875,300	\$ 1,595,317	\$ 1,197,774	\$ 1,095,723
Contributions in relation to the contractually required contribution	<u>2,156,669</u>	<u>1,875,300</u>	<u>1,595,317</u>	<u>1,197,774</u>	<u>1,095,723</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered payroll	\$ 18,704,586	\$ 18,306,434	\$ 17,525,902	\$ 15,202,874	\$ 14,316,146
Contributions as a percentage of covered payroll	11.53%	10.24%	9.10%	7.88%	7.65%

This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

TRANSYLVANIA COUNTY, NORTH CAROLINA

**TRANSYLVANIA COUNTY'S CONTRIBUTIONS
REQUIRED SUPPLEMENTARY INFORMATION
LAST NINE FISCAL YEARS**

Local Governmental Employees' Retirement System				
	2017	2016	2015	2014
Contractually required contribution	\$ 1,082,984	\$ 932,593	\$ 939,521	\$ 903,438
Contributions in relation to the contractually required contribution	<u>1,082,984</u>	<u>932,593</u>	<u>939,521</u>	<u>903,438</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered payroll	\$ 14,615,583	\$ 13,754,619	\$ 13,295,491	\$ 12,789,506
Contributions as a percentage of covered payroll	7.41%	6.78%	7.07%	7.06%

TRANSYLVANIA COUNTY, NORTH CAROLINA

**TRANSYLVANIA COUNTY'S PROPORTIONATE SHARE
OF NET PENSION LIABILITY (ASSET)
REQUIRED SUPPLEMENTARY INFORMATION
LAST NINE FISCAL YEARS***

	Register of Deeds' Supplemental Pension Fund				
	2022	2021	2020	2019	2018
County's proportion of the net pension liability (asset) (%)	0.40836%	0.38667%	0.39774%	0.36639%	0.42666%
County's proportion of the net pension liability (asset) (\$)	\$ (78,458)	\$ (88,617)	\$ (78,522)	\$ (60,685)	\$ (72,827)
County's covered payroll	\$ 83,533	\$ 79,811	\$ 70,056	\$ 68,692	\$ 69,825
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	-93.92%	-111.03%	-112.08%	-88.34%	-104.30%
Plan fiduciary net position as a percentage of the total pension liability**	156.53%	173.62%	164.11%	153.31%	153.77%

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

** This will be the same percentage for all participant employers in the ROD plan.

This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

TRANSYLVANIA COUNTY, NORTH CAROLINA

TRANSYLVANIA COUNTY'S PROPORTIONATE SHARE
OF NET PENSION LIABILITY (ASSET)
REQUIRED SUPPLEMENTARY INFORMATION
LAST NINE FISCAL YEARS*

	Register of Deeds' Supplemental Pension Fund			
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
County's proportion of the net pension liability (asset) (%)	0.42072%	0.41405%	0.40700%	0.40500%
County's proportion of the net pension liability (asset) (\$)	\$ (78,658)	\$ (95,952)	\$ (92,215)	\$ (86,472)
County's covered payroll	\$ 67,880	\$ 64,593	\$ 62,675	\$ 61,449
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	-115.88%	-148.55%	-147.13%	-140.72%
Plan fiduciary net position as a percentage of the total pension liability**	160.17%	197.29%	193.88%	190.50%

TRANSYLVANIA COUNTY, NORTH CAROLINA

**TRANSYLVANIA COUNTY'S CONTRIBUTIONS
REQUIRED SUPPLEMENTARY INFORMATION
LAST NINE FISCAL YEARS**

Register of Deeds' Supplemental Pension Fund					
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 4,657	\$ 4,901	\$ 3,702	\$ 3,452	\$ 3,463
Contributions in relation to the contractually required contribution	<u>4,657</u>	<u>4,901</u>	<u>3,702</u>	<u>3,452</u>	<u>3,463</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered payroll	\$ 85,033	\$ 83,533	\$ 79,811	\$ 70,056	\$ 68,692
Contributions as a percentage of covered payroll	5.48%	5.87%	4.64%	4.93%	5.04%

This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

TRANSYLVANIA COUNTY, NORTH CAROLINA

**TRANSYLVANIA COUNTY'S CONTRIBUTIONS
REQUIRED SUPPLEMENTARY INFORMATION
LAST NINE FISCAL YEARS**

Register of Deeds' Supplemental Pension Fund				
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 3,707	\$ 3,437	\$ 3,313	\$ 3,322
Contributions in relation to the contractually required contribution	<u>3,707</u>	<u>3,437</u>	<u>3,313</u>	<u>3,322</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered payroll	\$ 69,825	\$ 67,880	\$ 64,593	\$ 62,675
Contributions as a percentage of covered payroll	5.31%	5.06%	5.13%	5.30%

This page left blank intentionally.

MAJOR GOVERNMENTAL FUNDS

GENERAL FUND

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

MAJOR CAPITAL PROJECT FUNDS

EDUCATION CAPITAL PROJECT FUND

GENERAL CAPITAL PROJECT FUND

The Education Capital Project Reserve Fund – This fund accounts for funds that were established for managing the financial affairs of capital projects that renovate or construct educational facilities pursuant to NC G.S. 159-18.

The General Capital Project Reserve Fund – This fund accounts for funds that were established for managing the financial affairs of capital projects that renovate or construct government facilities pursuant to NC G.S. 159-18.

MAJOR SPECIAL REVENUE FUND

MULTI-YEAR GRANT ORDINANCE FUND

The Multi-year Grant Ordinance Fund accounts for funds received from the Local Fiscal Recovery Funds appropriated to the County by the American Rescue Plan Act (U.S. Public Law 117-2).

This page left blank intentionally.

TRANSYLVANIA COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Ad Valorem Taxes:			
Taxes	\$ 41,280,310	\$ 42,073,941	\$ 793,631
Penalties and interest	89,500	103,942	14,442
Total	<u>41,369,810</u>	<u>42,177,883</u>	<u>808,073</u>
Local Option Sales Taxes:			
Article 39 and 44	5,537,107	5,832,614	295,507
Article 40, one-half of one percent	3,254,588	3,361,834	107,246
Article 42, one-half of one percent	2,646,715	2,987,052	340,337
Medicaid hold harmless	1,250,000	1,115,229	(134,771)
Total	<u>12,688,410</u>	<u>13,296,729</u>	<u>608,319</u>
Other Taxes and Licenses:			
Deed stamp excise tax	252,297	177,904	(74,393)
Real estate transfer tax	1,341,999	1,286,947	(55,052)
Occupancy tax	2,338,138	2,077,691	(260,447)
Total	<u>3,932,434</u>	<u>3,542,542</u>	<u>(389,892)</u>
Unrestricted Intergovernmental Revenues:			
Payments in lieu of taxes - outside sources	265,000	255,421	(9,579)
ABC profit distribution & 5 cent bottle liquor	201,000	178,633	(22,367)
Video programming services tax	110,000	89,312	(20,688)
Total	<u>576,000</u>	<u>523,366</u>	<u>(52,634)</u>
Restricted Intergovernmental Revenues:			
State grants	1,167,957	1,005,785	(162,172)
Federal grants	6,137,777	5,309,200	(828,577)
Court facility fees	25,000	28,710	3,710
State aid to public libraries	86,139	86,139	-
Other restricted funds	306,005	593,131	287,126
Total	<u>7,722,878</u>	<u>7,022,965</u>	<u>(699,913)</u>
Permits and Fees:			
Register of Deeds	107,166	95,170	(11,996)
Other	32,922	39,832	6,910
Building permits	573,458	687,320	113,862
Total	<u>713,546</u>	<u>822,322</u>	<u>108,776</u>

TRANSYLVANIA COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Sales and Services:			
Rents, concessions, and fees	1,997,110	1,763,380	(233,730)
Ambulance fees	1,255,000	1,304,057	49,057
Recreation department	103,000	111,101	8,101
Town of Rosman	5,700	7,412	1,712
City of Brevard	255,550	257,234	1,684
Lease revenues	-	71,265	71,265
Inmate services	241,500	192,704	(48,796)
Total	<u>3,857,860</u>	<u>3,707,153</u>	<u>(150,707)</u>
Investment Earnings	<u>100,000</u>	<u>74,116</u>	<u>(25,884)</u>
Miscellaneous:			
Joint Historical Preservation	-	200	200
Donations	44,596	70,082	25,486
County Recovery Fund	4,000	19,840	15,840
Other	55,164	460,658	405,494
Total	<u>103,760</u>	<u>550,780</u>	<u>447,020</u>
Total revenues	<u>71,064,698</u>	<u>71,717,856</u>	<u>653,158</u>
Expenditures:			
General Government:			
Administration:			
Salaries and employee benefits	742,010	724,734	17,276
Other operating expenditures	2,363,386	2,162,805	200,581
Capital outlay	29,000	24,224	4,776
Total	<u>3,134,396</u>	<u>2,911,763</u>	<u>222,633</u>
Elections:			
Salaries and employee benefits	286,512	290,018	(3,506)
Other operating expenditures	157,324	106,541	50,783
Total	<u>443,836</u>	<u>396,559</u>	<u>47,277</u>
Finance:			
Salaries and employee benefits	518,364	524,354	(5,990)
Other operating expenditures	157,800	118,957	38,843
Total	<u>676,164</u>	<u>643,311</u>	<u>32,853</u>

TRANSYLVANIA COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Taxes:			
Salaries and employee benefits	1,064,709	1,082,666	(17,957)
Other operating expenditures	224,675	168,976	55,699
Total	<u>1,289,384</u>	<u>1,251,642</u>	<u>37,742</u>
Register of Deeds:			
Salaries and employee benefits	392,481	397,460	(4,979)
Other operating expenditures	760,265	744,331	15,934
Total	<u>1,152,746</u>	<u>1,141,791</u>	<u>10,955</u>
Public Buildings:			
Salaries and employee benefits	993,134	979,846	13,288
Other operating expenditures	543,305	434,500	108,805
Capital outlay	810,726	688,753	121,973
Total	<u>2,347,165</u>	<u>2,103,099</u>	<u>244,066</u>
Information Technology:			
Salaries and employee benefits	426,344	401,465	24,879
Other operating expenditures	232,768	232,101	667
Total	<u>659,112</u>	<u>633,566</u>	<u>25,546</u>
Self Insurance:			
County portion of premiums charged	1,649	-	1,649
Total general government	<u>9,704,452</u>	<u>9,081,731</u>	<u>622,721</u>
Public Safety:			
Sheriff and Jail:			
Salaries and employee benefits	7,505,065	7,598,046	(92,981)
Other operating expenditures	1,430,960	1,594,112	(163,152)
Capital outlay	738,731	350,776	387,955
Total	<u>9,674,756</u>	<u>9,542,934</u>	<u>131,822</u>
Emergency Management:			
Salaries and employee benefits	572,763	579,680	(6,917)
Other operating expenditures	84,461	76,407	8,054
Capital outlay	57,000	1,000	56,000
Total	<u>714,224</u>	<u>657,087</u>	<u>57,137</u>

TRANSYLVANIA COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Fire and Rescue Units:			
Contracted services	1,932,999	1,848,127	84,872
Emergency Medical Services:			
Salaries and employee benefits	2,484,664	2,428,170	56,494
Other operating expenditures	379,241	351,358	27,883
Capital outlay	701,817	56,444	645,373
Total	<u>3,565,722</u>	<u>2,835,972</u>	<u>729,750</u>
Medical Examiner:			
Contracted services	30,000	18,850	11,150
Emergency Communications:			
Salaries and employee benefits	1,385,186	1,233,949	151,237
Other operating expenditures	854,164	652,603	201,561
Capital outlay	311,864	235,018	76,846
Total	<u>2,551,214</u>	<u>2,121,570</u>	<u>429,644</u>
Animal Control:			
Salaries and employee benefits	417,346	385,480	31,866
Other operating expenditures	110,075	93,107	16,968
Capital outlay	95,861	47,724	48,137
Total	<u>623,282</u>	<u>526,311</u>	<u>96,971</u>
Inspections:			
Salaries and employee benefits	580,524	568,147	12,377
Other operating expenditures	33,317	22,831	10,486
Capital outlay	375	256	119
Total	<u>614,216</u>	<u>591,234</u>	<u>22,982</u>
Total public safety	<u>19,706,413</u>	<u>18,142,085</u>	<u>1,564,328</u>
Transportation:			
Salaries and employee benefits	487,466	340,872	146,594
Other operating expenditures	193,912	131,663	62,249
Capital outlay	37,355	38,173	(818)
Total transportation	<u>718,733</u>	<u>510,708</u>	<u>208,025</u>

TRANSYLVANIA COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Economic and Physical Development:			
Planning:			
Salaries and employee benefits	238,649	192,236	46,413
Other operating expenditures	100,855	65,909	34,946
Total	<u>339,504</u>	<u>258,145</u>	<u>81,359</u>
Economic Development:			
Operating expenditures	<u>315,005</u>	<u>315,000</u>	<u>5</u>
Cooperative Extension:			
Salaries and employee benefits	207,194	166,446	40,748
Other operating expenditures	10,896	10,236	660
Total	<u>218,090</u>	<u>176,682</u>	<u>41,408</u>
Soil and Water Conservation:			
Salaries and employee benefits	186,901	190,478	(3,577)
Other operating expenditures	308,025	264,955	43,070
Total	<u>494,926</u>	<u>455,433</u>	<u>39,493</u>
TDA Remittances:			
Salaries and employee benefits			
Other operating expenditures	<u>2,293,398</u>	<u>2,046,817</u>	<u>246,581</u>
Total economic and physical development	<u>3,660,923</u>	<u>3,252,077</u>	<u>408,846</u>
Human Services:			
Health:			
Administration:			
Salaries and employee benefits	2,938,809	2,415,596	523,213
Other operating expenditures	1,277,159	591,536	685,623
Capital outlay	26,000	-	26,000
Total	<u>4,241,968</u>	<u>3,007,132</u>	<u>1,234,836</u>
Social Services:			
Administration:			
Salaries and employee benefits	4,409,375	3,976,645	432,730
Other operating expenditures	254,376	380,250	(125,874)
Capital outlay	24,336	-	24,336
Total	<u>4,688,087</u>	<u>4,356,895</u>	<u>331,192</u>

TRANSYLVANIA COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Public Assistance:			
Special assistance to adults:			
County participation only	186,356	167,059	19,297
Workfirst recipient benefits:			
Other operating expenditures	-	793	(793)
Other assistance:			
Other program expenditures	1,840,876	1,521,002	319,874
Total	<u>2,027,232</u>	<u>1,688,854</u>	<u>338,378</u>
Child Development:			
Salaries and employee benefits	774,424	746,950	27,474
Other operating expenditures	101,150	53,238	47,912
Total	<u>875,574</u>	<u>800,188</u>	<u>75,386</u>
Total social services	<u>7,590,893</u>	<u>6,845,937</u>	<u>744,956</u>
Other Services:			
Juvenile crime prevention	158,609	126,960	31,649
Children's Center	70,000	57,118	12,882
Other services	332,261	332,261	-
Total	<u>560,870</u>	<u>516,339</u>	<u>44,531</u>
Total human services	<u>12,393,731</u>	<u>10,369,408</u>	<u>2,024,323</u>
Cultural and Recreational:			
Parks and Recreation:			
Salaries and employee benefits	660,690	597,157	63,533
Other operating expenditures	272,809	235,822	36,987
Capital outlay	281,450	84,486	196,964
Total	<u>1,214,949</u>	<u>917,465</u>	<u>297,484</u>
Library:			
Salaries and employee benefits	1,244,958	1,189,480	55,478
Other operating expenditures	236,093	230,836	5,257
Total	<u>1,481,051</u>	<u>1,420,316</u>	<u>60,735</u>

TRANSYLVANIA COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Other:			
Other	29,800	29,500	300
Total cultural and recreational	<u>2,725,800</u>	<u>2,367,281</u>	<u>358,519</u>
Education:			
Public schools - current	12,956,586	12,956,586	-
Public schools - capital outlay	1,544,317	1,068,995	475,322
Blue Ridge Community College	774,790	775,190	(400)
Total education	<u>15,275,693</u>	<u>14,800,771</u>	<u>474,922</u>
Debt Service:			
Principal retirement	563,617	599,454	(35,837)
Interest and fees	46,454	56,472	(10,018)
Total	<u>610,071</u>	<u>655,926</u>	<u>(45,855)</u>
Total expenditures	<u>64,795,816</u>	<u>59,179,987</u>	<u>5,615,829</u>
Revenues over (under) expenditures	<u>6,268,882</u>	<u>12,537,869</u>	<u>6,268,987</u>
Other Financing Sources (Uses):			
Proceeds from lease buyout	440,970	-	(440,970)
Transfers in:			
Multi-Year Grant Ordinance Fund	3,979,184	3,979,184	-
Permanent Fund	45,000	-	(45,000)
Enterprise funds	137,335	-	(137,335)
Transfers out:			
Capital project funds	(8,700,000)	(8,700,000)	-
Special revenue funds	(28,392)	(28,391)	1
Enterprise funds	(2,453,493)	(2,453,493)	-
Capital project funds	(1,250,000)	-	1,250,000
Internal service fund	(4,212,046)	(4,140,303)	71,743
Sale of capital assets	20,000	25,038	5,038
Assigned and committed funds	(2,214,500)	-	2,214,500
Appropriated fund balance	7,967,060	-	(7,967,060)
Total other financing sources (uses)	<u>(6,268,882)</u>	<u>(11,317,965)</u>	<u>(5,049,083)</u>

TRANSYLVANIA COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Net change in fund balance	\$ -	1,219,904	\$ 1,219,904
Fund Balance:			
Beginning of year - July 1		<u>36,230,937</u>	
Reconciliation from Budgetary Basis to Modified Accrual Basis:			
Current year loan receivable repayments		(209,010)	
Lease liability issued		696,510	
Capital outlay		<u>(696,510)</u>	
End of year - June 30		<u>\$ 37,241,831</u>	

TRANSYLVANIA COUNTY, NORTH CAROLINA

EDUCATION CAPITAL PROJECT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2022

	<u>Project Authorization</u>	<u>Actual</u>			<u>Variance Over/Under</u>
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	
Revenues:					
Public school building capital fund proceeds	\$ 570,000	\$ -	\$ -	\$ -	\$ (570,000)
Investment earnings	-	729	23,721	24,450	24,450
Total revenues	<u>570,000</u>	<u>729</u>	<u>23,721</u>	<u>24,450</u>	<u>(545,550)</u>
Expenditures:					
Brevard High School 2019-2021 Renovation Project	41,466,976	2,006,479	71,188	2,077,667	39,389,309
Rosman Middle and High School 2019-2021 Renovation Project	24,726,877	1,163,559	41,063	1,204,622	23,522,255
Elementary School Project	1,200,000	-	2,017	2,017	1,197,983
Contingency	<u>1,806,147</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,806,147</u>
Total expenditures	<u>69,200,000</u>	<u>3,170,038</u>	<u>114,268</u>	<u>3,284,306</u>	<u>65,915,694</u>
Revenues over (under) expenditures	(68,630,000)	(3,169,309)	(90,547)	(3,259,856)	(66,461,244)
Other Financing Sources (Uses):					
Transfers in from General Fund	<u>68,630,000</u>	<u>11,483,182</u>	<u>6,200,000</u>	<u>17,683,182</u>	<u>(50,946,818)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 8,313,873</u>	6,109,453	<u>\$ 14,423,326</u>	<u>\$ 14,423,326</u>
Fund Balance:					
Beginning of year - July 1			<u>8,313,873</u>		
End of year - June 30			<u>\$ 14,423,326</u>		

TRANSYLVANIA COUNTY, NORTH CAROLINA

GENERAL CAPITAL PROJECT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2022

	Project Authorization	Actual		Total to Date	Variance Over/Under
		Prior Years	Current Year		
Revenues:					
Golden Leaf grant	\$ 1,500,000	\$ -	\$ -	\$ -	\$ (1,500,000)
TEA contributions	150,000	-	-	-	(150,000)
NC OSBM directed grant	125,000	-	125,000	125,000	-
Investment earnings	-	-	1,721	1,721	1,721
Miscellaneous revenues	600,000	-	600,595	600,595	595
Total revenues	<u>2,375,000</u>	<u>-</u>	<u>727,316</u>	<u>727,316</u>	<u>(1,647,684)</u>
Expenditures:					
EMS Base Project capital outlay	4,142,622	-	128,604	128,604	4,014,018
Sylvan Valley Industrial Center Expansion capital outlay	4,125,000	-	-	-	4,125,000
Contingency	384,315	-	-	-	384,315
Total expenditures	<u>8,651,937</u>	<u>-</u>	<u>128,604</u>	<u>128,604</u>	<u>8,523,333</u>
Revenues over (under) expenditures	<u>(6,276,937)</u>	<u>-</u>	<u>598,712</u>	<u>598,712</u>	<u>6,875,649</u>
Other Financing Sources (Uses):					
Transfer in	2,475,000	-	2,500,000	2,500,000	25,000
Proceeds from financing	3,801,937	-	-	-	(3,801,937)
Total other financing sources (uses)	<u>6,276,937</u>	<u>-</u>	<u>2,500,000</u>	<u>2,500,000</u>	<u>(3,776,937)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>3,098,712</u>	<u>\$ 3,098,712</u>	<u>\$ 3,098,712</u>
Fund Balance:					
Beginning of year - July 1			<u>-</u>		
End of year - June 30			<u>\$ 3,098,712</u>		

TRANSYLVANIA COUNTY, NORTH CAROLINA

MULTI-YEAR GRANT ORDINANCE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2022

	<u>Project Authorization</u>	<u>Actual</u>		<u>Total to Date</u>	<u>Variance Over/Under</u>
		<u>Prior Years</u>	<u>Current Year</u>		
Revenues:					
American Rescue Plan Act distributions	\$ 8,082,314	\$ -	\$ 4,290,025	\$ 4,290,025	\$ (3,792,289)
NCDHHS ARPA project distributions	-	-	7,394	7,394	7,394
Investment earnings	-	-	1,008	1,008	1,008
Total revenues	<u>8,082,314</u>	<u>-</u>	<u>4,298,427</u>	<u>4,298,427</u>	<u>(3,783,887)</u>
Expenditures:					
American Rescue Plan Act expenditures:					
Public health response: COVID-19 employee costs	375,000	-	310,841	310,841	64,159
Water and sewer infrastructure	<u>2,324,699</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,324,699</u>
Total American Rescue Plan Act expenditures	<u>2,699,699</u>	<u>-</u>	<u>310,841</u>	<u>310,841</u>	<u>2,388,858</u>
NCDHHS ARPA project expenditures:					
NCDHHS Agreement #621	1,000,000	-	-	-	1,000,000
NCDHHS Agreement #466	39,900	-	-	-	39,900
NCDHHS Agreement #620	<u>363,531</u>	<u>-</u>	<u>7,394</u>	<u>7,394</u>	<u>356,137</u>
Total NCDHHS ARPA project expenditures	<u>1,403,431</u>	<u>-</u>	<u>7,394</u>	<u>7,394</u>	<u>1,396,037</u>
Total expenditures	<u>4,103,130</u>	<u>-</u>	<u>318,235</u>	<u>318,235</u>	<u>3,784,895</u>
Revenues over (under) expenditures	3,979,184	-	3,980,192	3,980,192	(7,568,782)
Other Financing Sources (Uses):					
Transfers out	<u>(3,979,184)</u>	<u>-</u>	<u>(3,979,184)</u>	<u>(3,979,184)</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>1,008</u>	<u>\$ 1,008</u>	<u>\$ 1,008</u>
Fund Balance:					
Beginning of year - July 1			<u>-</u>		
End of year - June 30			<u>\$ 1,008</u>		

This page left blank intentionally.

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purpose.

Fire Districts Fund – This fund accounts for the ad valorem tax levies of the eight fire districts in Transylvania County.

Emergency Telephone System Fund – This fund accounts for the 911 revenues collected by the North Carolina 911 Board to fund the 911 emergency system.

Disaster Response Fund – This fund accounts for funds received from federal government sources authorized by the CARES Act.

Narcotics Task Force Fund – This fund accounts for the revenues received that are restricted for use by law enforcement.

Representative Payee Fund – This fund accounts the monies or disbursements received pursuant to that program.

Fines and Forfeitures Fund – This fund accounts for the monies or disbursements received as court-ordered fines and forfeitures.

State Deed Fee Fund – This fund accounts for monies or disbursements received that are collected by the Register of Deeds and due to the State of North Carolina.

Opioid Settlement Fund – This fund accounts for monies or disbursements received from the National Opioid Settlement Agreement with pharmaceutical and drug distribution companies due to the opioid epidemic.

This page left blank intentionally.

TRANSYLVANIA COUNTY, NORTH CAROLINA

**NONMAJOR GOVERNMENTAL FUNDS
 COMBINING BALANCE SHEET
 JUNE 30, 2022**

	Nonmajor Special Revenue Funds	Permanent Fund	Total
	<u> </u>	<u> </u>	<u> </u>
Assets:			
Cash and investments	\$ 1,671,230	\$ 235,860	\$ 1,907,090
Accounts receivable, net	14,827	-	14,827
Taxes receivable, net	9,016	-	9,016
Due from other governments	55,326	-	55,326
Cash and investments, restricted	123,119	108,367	231,486
Total assets	<u>\$ 1,873,518</u>	<u>\$ 344,227</u>	<u>\$ 2,217,745</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:			
Liabilities:			
Due to other governments	\$ 11,379	\$ -	\$ 11,379
Unearned revenues	123,119	-	123,119
Due to other funds	115,238	-	115,238
Total liabilities	<u>249,736</u>	<u>-</u>	<u>249,736</u>
Deferred Inflows of Resources:			
Property taxes receivable	9,016	-	9,016
Prepaid taxes	1,687	-	1,687
Total deferred inflows of resources	<u>10,703</u>	<u>-</u>	<u>10,703</u>
Fund Balances:			
Non-spendable, not in spendable form:			
Perpetual maintenance - non-expendable	-	108,367	108,367
Stabilization by state statute	70,153	-	70,153
Restricted, all other	1,666,387	235,860	1,902,247
Unassigned	(123,461)	-	(123,461)
Total fund balances	<u>1,613,079</u>	<u>344,227</u>	<u>1,957,306</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,873,518</u>	<u>\$ 344,227</u>	<u>\$ 2,217,745</u>

TRANSYLVANIA COUNTY, NORTH CAROLINA

**NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2022**

	Nonmajor Special Revenue Funds	Permanent Fund	Total
	<u> </u>	<u> </u>	<u> </u>
Revenues:			
Ad valorem taxes	\$ 2,847,124	\$ -	\$ 2,847,124
Sales and services	238,893	-	238,893
Restricted intergovernmental revenues	673,702	-	673,702
Interest earned on investments	3,275	775	4,050
Local appropriations	35,923	-	35,923
Total revenues	<u>3,798,917</u>	<u>775</u>	<u>3,799,692</u>
Expenditures:			
Current:			
General government	144,107	-	144,107
Public safety	2,992,194	-	2,992,194
Human services	109,115	-	109,115
Transportation	57,566	-	57,566
Total expenditures	<u>3,302,982</u>	<u>-</u>	<u>3,302,982</u>
Revenues over (under) expenditures	495,935	775	496,710
Other Financing Sources (Uses):			
Transfers in	<u>28,391</u>	<u>-</u>	<u>28,391</u>
Net change in fund balances	524,326	775	525,101
Fund Balances:			
Beginning of year - July 1	<u>1,088,753</u>	<u>343,452</u>	<u>1,432,205</u>
End of year - June 30	<u>\$ 1,613,079</u>	<u>\$ 344,227</u>	<u>\$ 1,957,306</u>

This page left blank intentionally.

TRANSYLVANIA COUNTY, NORTH CAROLINA

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2022

	Fire Districts Fund	Emergency Telephone System Fund	Disaster Response Fund	Narcotics Task Force Fund
Assets:				
Cash and investments	\$ 1,027,911	\$ 472,208	\$ -	\$ 152,617
Accounts receivable	-	-	-	6,604
Taxes receivable, net	9,016	-	-	-
Due from other governments	16,352	38,974	-	-
Cash and investments, restricted	-	-	-	-
Total assets	<u>\$ 1,053,279</u>	<u>\$ 511,182</u>	<u>\$ -</u>	<u>\$ 159,221</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Due to other governments	\$ -	\$ -	\$ -	\$ -
Unearned revenues	-	-	-	-
Due to other funds	-	-	115,238	-
Total liabilities	<u>-</u>	<u>-</u>	<u>115,238</u>	<u>-</u>
Deferred Inflows of Resources:				
Property taxes receivable	9,016	-	-	-
Prepaid taxes	1,687	-	-	-
Total deferred inflows of resources	<u>10,703</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:				
Restricted:				
Stabilization by state statute	16,352	38,974	-	6,604
Restricted, all other	1,026,224	472,208	-	152,617
Unassigned	-	-	(115,238)	-
Total fund balances	<u>1,042,576</u>	<u>511,182</u>	<u>(115,238)</u>	<u>159,221</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 1,053,279</u>	<u>\$ 511,182</u>	<u>\$ -</u>	<u>\$ 159,221</u>

TRANSYLVANIA COUNTY, NORTH CAROLINA

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2022

	<u>Representative Payee Fund</u>	<u>Fines and Forfeitures Fund</u>	<u>State Deed Fee Fund</u>	<u>Opioid Settlement Fund</u>	<u>Total</u>
Assets:					
Cash and investments	\$ 15,338	\$ -	\$ 3,156	\$ -	\$ 1,671,230
Accounts receivable	-	8,223	-	-	14,827
Taxes receivable, net	-	-	-	-	9,016
Due from other governments	-	-	-	-	55,326
Cash and investments, restricted	-	-	-	123,119	123,119
Total assets	<u>\$ 15,338</u>	<u>\$ 8,223</u>	<u>\$ 3,156</u>	<u>\$ 123,119</u>	<u>\$ 1,873,518</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:					
Liabilities:					
Due to other governments	\$ -	\$ 8,223	\$ 3,156	\$ -	\$ 11,379
Unearned revenues	-	-	-	123,119	123,119
Due to other funds	-	-	-	-	115,238
Total liabilities	<u>-</u>	<u>8,223</u>	<u>3,156</u>	<u>123,119</u>	<u>249,736</u>
Deferred Inflows of Resources:					
Property taxes receivable	-	-	-	-	9,016
Prepaid taxes	-	-	-	-	1,687
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,703</u>
Fund Balances:					
Restricted:					
Stabilization by state statute	-	8,223	-	-	70,153
Restricted, all other	15,338	-	-	-	1,666,387
Unassigned	-	(8,223)	-	-	(123,461)
Total fund balances	<u>15,338</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,613,079</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 15,338</u>	<u>\$ 8,223</u>	<u>\$ 3,156</u>	<u>\$ 123,119</u>	<u>\$ 1,873,518</u>

TRANSYLVANIA COUNTY, NORTH CAROLINA

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2022

	<u>Fire Districts Fund</u>	<u>Emergency Telephone System Fund</u>	<u>Disaster Response Fund</u>	<u>Narcotics Task Force Fund</u>
Revenues:				
Ad valorem taxes	\$ 2,847,124	\$ -	\$ -	\$ -
Sales and services	-	-	-	-
Restricted intergovernmental	-	505,128	168,574	-
Investment earnings	2,482	793	-	-
Local appropriations	-	-	-	35,923
Total revenues	<u>2,849,606</u>	<u>505,921</u>	<u>168,574</u>	<u>35,923</u>
Expenditures:				
General government	-	-	-	-
Public safety	2,748,618	233,748	-	9,828
Human services	-	-	-	-
Transportation	-	-	57,566	-
Total expenditures	<u>2,748,618</u>	<u>233,748</u>	<u>57,566</u>	<u>9,828</u>
Revenues over (under) expenditures	100,988	272,173	111,008	26,095
Other Financing Sources (Uses):				
Transfers in	-	28,391	-	-
Net change in fund balances	100,988	300,564	111,008	26,095
Fund Balances:				
Beginning of year - July 1	<u>941,588</u>	<u>210,618</u>	<u>(226,246)</u>	<u>133,126</u>
End of year - June 30	<u>\$ 1,042,576</u>	<u>\$ 511,182</u>	<u>\$ (115,238)</u>	<u>\$ 159,221</u>

TRANSYLVANIA COUNTY, NORTH CAROLINA

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2022

	Representative Payee Fund	Fines and Forfeitures Fund	State Deed Fee Fund	Opioid Settlement Fund	Total
Revenues:					
Ad valorem taxes	\$ -	\$ -	\$ -	\$ -	\$ 2,847,124
Sales and services	94,786	103,819	40,288	-	238,893
Restricted intergovernmental	-	-	-	-	673,702
Investment earnings	-	-	-	-	3,275
Local appropriations	-	-	-	-	35,923
Total revenues	<u>94,786</u>	<u>103,819</u>	<u>40,288</u>	<u>-</u>	<u>3,798,917</u>
Expenditures:					
General government	-	103,819	40,288	-	144,107
Public safety	-	-	-	-	2,992,194
Human services	109,115	-	-	-	109,115
Transportation	-	-	-	-	57,566
Total expenditures	<u>109,115</u>	<u>103,819</u>	<u>40,288</u>	<u>-</u>	<u>3,302,982</u>
Revenues over (under) expenditures	(14,329)	-	-	-	495,935
Other Financing Sources (Uses):					
Transfers in	-	-	-	-	28,391
Net change in fund balances	(14,329)	-	-	-	524,326
Fund Balances:					
Beginning of year - July 1	<u>29,667</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,088,753</u>
End of year - June 30	<u>\$ 15,338</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,613,079</u>

TRANSYLVANIA COUNTY, NORTH CAROLINA

**FIRE DISTRICTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2022**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Ad valorem taxes:			
Current year	\$ 2,824,028	\$ 2,839,314	\$ 15,286
Prior year	-	5,162	5,162
Penalties and interest	-	2,648	2,648
Investment earnings	-	2,482	2,482
Total revenues	<u>2,824,028</u>	<u>2,849,606</u>	<u>25,578</u>
Expenditures:			
Public safety:			
Sylvan Valley Fire District	548,040	482,312	65,728
Rosman Fire District	264,450	263,128	1,322
Little River Fire District	306,864	306,864	-
Connestee Falls Fire District	571,372	568,524	2,848
Cedar Mountain Fire District	92,102	91,726	376
Lake Toxaway Fire District	901,300	896,800	4,500
Balsam Grove Fire District	49,850	49,604	246
North Transylvania Fire District	90,050	89,660	390
Total expenditures	<u>2,824,028</u>	<u>2,748,618</u>	<u>75,410</u>
Net change in fund balance	<u>\$ -</u>	100,988	<u>\$ 100,988</u>
Fund Balance:			
Beginning of year - July 1		<u>941,588</u>	
End of year - June 30		<u>\$ 1,042,576</u>	

TRANSYLVANIA COUNTY, NORTH CAROLINA

**EMERGENCY TELEPHONE SYSTEM FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2022**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Restricted intergovernmental	\$ 372,086	\$ 505,128	\$ 133,042
Investment earnings	2,000	793	(1,207)
Total revenues	<u>374,086</u>	<u>505,921</u>	<u>131,835</u>
Expenditures:			
Public safety:			
Phone and furniture	24,000	5,971	18,029
Software and hardware	324,384	222,270	102,114
Training	12,000	5,507	6,493
Implemental functions	13,702	-	13,702
Total expenditures	<u>374,086</u>	<u>233,748</u>	<u>140,338</u>
Revenues over (under) expenditures	-	272,173	272,173
Other Financing Sources (Uses):			
Transfer in	-	28,391	28,391
Net change in fund balance	<u>\$ -</u>	300,564	<u>\$ 300,564</u>
Fund Balance:			
Beginning of year - July 1		<u>210,618</u>	
End of year - June 30		<u>\$ 511,182</u>	

**PSAP RECONCILIATION
FOR THE YEAR ENDED JUNE 30, 2022**

Amounts reported on the Emergency Telephone System Fund budget to actual are different from the PSAP Revenue - Expenditure Report because:

Ending fund balance, reported on Budget to Actual	\$ 511,182
Ineligible prior-year expenditures reported in Emergency Telephone System Fund	<u>155,841</u>
Ending balance, PSAP Revenue - Expenditure Report	<u>\$ 667,023</u>

TRANSYLVANIA COUNTY, NORTH CAROLINA

DISASTER RESPONSE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2022

	Project Authorization	Actual		Total to Date	Variance Over/Under
		Prior Years	Current Year		
Revenues:					
FEMA	\$ 250,000	\$ -	\$ 111,008	\$ 111,008	\$ (138,992)
CARES Act NCDOT	<u>345,325</u>	<u>350,194</u>	<u>57,566</u>	<u>407,760</u>	<u>62,435</u>
Total revenues	<u>595,325</u>	<u>350,194</u>	<u>168,574</u>	<u>518,768</u>	<u>(76,557)</u>
Expenditures:					
FEMA:					
Public safety:					
Salaries and benefits	254,000	134,213	-	134,213	119,787
Operating expenses	<u>-</u>	<u>119,370</u>	<u>-</u>	<u>119,370</u>	<u>(119,370)</u>
Total FEMA expenditures	<u>254,000</u>	<u>253,583</u>	<u>-</u>	<u>253,583</u>	<u>417</u>
CARES Act Transit:					
Transportation:					
Salaries and benefits	272,843	267,230	-	267,230	5,613
Operating expenses	<u>89,697</u>	<u>84,945</u>	<u>57,566</u>	<u>142,511</u>	<u>(52,814)</u>
Total CARES Act Transit expenditures	<u>362,540</u>	<u>352,175</u>	<u>57,566</u>	<u>409,741</u>	<u>(47,201)</u>
Total expenditures	<u>616,540</u>	<u>605,758</u>	<u>57,566</u>	<u>663,324</u>	<u>(46,784)</u>
Revenues over (under) expenditures	(21,215)	(255,564)	111,008	(144,556)	(123,341)
Other Financing Sources (Uses):					
Transfer in	<u>21,215</u>	<u>29,318</u>	<u>-</u>	<u>29,318</u>	<u>8,103</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (226,246)</u>	111,008	<u>\$ (115,238)</u>	<u>\$ (115,238)</u>
Fund Balance:					
Beginning of year - July 1			<u>(226,246)</u>		
End of year - June 30			<u>\$ (115,238)</u>		

TRANSYLVANIA COUNTY, NORTH CAROLINA

**NARCOTICS TASK FORCE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2022**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
City of Brevard appropriation	\$ 29,160	\$ 35,923	\$ 6,763
Expenditures:			
Public safety:			
Operating expenses	<u>42,279</u>	<u>9,828</u>	<u>32,451</u>
Revenues over (under) expenditures	(13,119)	26,095	39,214
Other Financing Sources (Uses):			
Appropriated fund balance	<u>13,119</u>	<u>-</u>	<u>(13,119)</u>
Net change in fund balance	<u>\$ -</u>	26,095	<u>\$ 26,095</u>
Fund Balance:			
Beginning of year - July 1		<u>133,126</u>	
End of year - June 30		<u>\$ 159,221</u>	

TRANSYLVANIA COUNTY, NORTH CAROLINA

**REPRESENTATIVE PAYEE SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2022**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Representative payee revenues	\$ 145,000	\$ 94,786	\$ (50,214)
Expenditures:			
Human services:			
Operating expenses	<u>145,000</u>	<u>109,115</u>	<u>35,885</u>
Net change in fund balance	<u>\$ -</u>	<u>(14,329)</u>	<u>\$ (14,329)</u>
Fund Balance:			
Beginning of year - July 1		<u>29,667</u>	
End of year - June 30		<u>\$ 15,338</u>	

TRANSYLVANIA COUNTY, NORTH CAROLINA

**FINES AND FORFEITURES SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2022**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Fines and forfeitures	\$ 110,000	\$ 103,819	\$ (6,181)
Expenditures:			
General government:			
Operating expenses	<u>110,000</u>	<u>103,819</u>	<u>6,181</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>	

TRANSYLVANIA COUNTY, NORTH CAROLINA

**STATE DEED FEE SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2022**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
1.5% state fees collected	\$ 47,250	\$ 40,288	\$ (6,962)
Expenditures:			
General government:			
Operating expenses	<u>47,250</u>	<u>40,288</u>	<u>6,962</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>	

PERMANENT FUND

Permanent funds are used to report resources that are legally restricted to the extent that only earning, not principal, may be used for purposes that support the reporting government's programs.

Silvermont Reserve Fund – This fund accounts for the investment earning on the restricted principal of a bequest to the County for maintenance of a County recreation building.

This page left blank intentionally.

TRANSYLVANIA COUNTY, NORTH CAROLINA

**PERMANENT FUND - SILVERMONT RESERVE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2022**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Investment earnings	\$ 2,500	\$ 775	\$ (1,725)
Revenues over (under) expenditures	<u>2,500</u>	<u>775</u>	<u>(1,725)</u>
Other Financing Sources (Uses):			
Transfer out	(45,000)	-	45,000
Appropriated fund balance	<u>42,500</u>	-	<u>(42,500)</u>
Total other financing sources (uses)	<u>(2,500)</u>	-	<u>2,500</u>
Net change in fund balance	<u>\$ -</u>	<u>775</u>	<u>\$ 775</u>
Fund Balance:			
Beginning of year - July 1		<u>343,452</u>	
End of year - June 30		<u><u>\$ 344,227</u></u>	

This page left blank intentionally.

ENTERPRISE FUND

Enterprise funds account for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the governing body has decided that periodic determination of net income is appropriate for accountability purposes.

Solid Waste Fund – This fund accounts for the operations of the County’s solid waste collection and disposal operations. This fund is financed primarily through solid waste fees and is supplemented by operating transfers from the General Fund.

This page left blank intentionally.

TRANSYLVANIA COUNTY, NORTH CAROLINA

**MAJOR ENTERPRISE FUND
SOLID WASTE FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2022**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Operating revenues:			
Charges for services			
Solid waste charges	\$ 2,435,196	\$ 2,750,269	\$ 315,073
Recycling	12,000	142,551	130,551
Other operating revenues	1,800	192	(1,608)
Total operating revenues	<u>2,448,996</u>	<u>2,893,012</u>	<u>444,016</u>
Non-operating revenues:			
Investment earnings	50,000	9,515	(40,485)
Miscellaneous revenue	84,650	79,593	(5,057)
Total non-operating revenues	<u>134,650</u>	<u>89,108</u>	<u>(45,542)</u>
Total revenues	<u>2,583,646</u>	<u>2,982,120</u>	<u>398,474</u>
Expenditures:			
Landfill administration and operations:			
Salaries and employee benefits	1,186,529	1,267,733	(81,204)
Other operating expenditures	1,980,658	1,517,536	463,122
Interest and fees paid	-	8,742	(8,742)
Debt principal	97,236	97,236	-
Capital outlay	1,162,532	947,934	214,598
Total expenditures	<u>4,426,955</u>	<u>3,839,181</u>	<u>587,774</u>
Revenues over (under) expenditures	<u>(1,843,309)</u>	<u>(857,061)</u>	<u>986,248</u>
Other Financing Sources (Uses):			
Transfer in	1,134,314	1,134,314	-
Appropriated fund balance	708,995	-	708,995
Total other financing sources (uses)	<u>1,843,309</u>	<u>1,134,314</u>	<u>(708,995)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 277,253</u>	<u>\$ 277,253</u>

TRANSYLVANIA COUNTY, NORTH CAROLINA

MAJOR ENTERPRISE FUND
SOLID WASTE FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:			
Revenues and other financing sources over (under) expenditures and other financing uses		\$ 277,253	
Reconciling items:			
Capital outlay		947,934	
Principal payments		97,236	
Items charged to capital outlay, not capitalized		(435,023)	
Right to use lease asset capitalized		298,611	
Lease liability issued		(298,611)	
Change in net pension liability LGERS		226,317	
Change in deferred outflows of resources - pension LGERS		54,263	
Change in deferred inflows of resources - pension LGERS		(262,928)	
Change in OPEB liability		10,323	
Change in deferred outflows of resources - OPEB		1,244	
Change in compensated absences payable		(5,564)	
Change in closure and post-closure care costs		(479,532)	
Transfer from General Fund to project fund		1,319,179	
Investment earnings from Water and Sewer Development Fund		3,445	
Capital contributions, revenue from:			
Water and Sewer Development Fund		2,338,641	
Depreciation and amortization		<u>(569,019)</u>	
Change in net position		<u>\$ 3,523,769</u>	

TRANSYLVANIA COUNTY, NORTH CAROLINA

WATER AND SEWER DEVELOPMENT FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2022

	Project Authorization	Actual		Total to Date	Variance Over/Under
		Prior Years	Current Year		
Revenues:					
NC Industrial Development Funds	\$ 880,750	\$ -	\$ 301,141	\$ 301,141	\$ (579,609)
NCDEQ Grant	3,902,612	-	-	-	(3,902,612)
Appalachian Regional Commission	300,000	-	-	-	(300,000)
Private grant	437,500	-	2,037,500	2,037,500	1,600,000
Investment earnings	-	63	3,445	3,508	3,508
Total revenues	<u>5,520,862</u>	<u>63</u>	<u>2,342,086</u>	<u>2,342,149</u>	<u>(3,178,713)</u>
Expenditures:					
Town of Rosman Sanitary Sewer Expansion Project	<u>5,925,112</u>	<u>54,301</u>	<u>435,023</u>	<u>489,324</u>	<u>5,435,788</u>
Revenues over (under) expenditures	(404,250)	(54,238)	1,907,063	1,852,825	2,257,075
Other Financing Sources (Uses):					
Transfers in from General Fund	<u>404,250</u>	<u>404,250</u>	<u>1,319,179</u>	<u>1,723,429</u>	<u>1,319,179</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 350,012</u>	3,226,242	<u>\$ 3,576,254</u>	<u>\$ 3,576,254</u>
Fund Balance:					
Beginning of year - July 1			<u>350,012</u>		
End of year - June 30			<u>\$ 3,576,254</u>		

TRANSYLVANIA COUNTY, NORTH CAROLINA

SELF-INSURANCE INTERNAL SERVICE FUND
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN
FUND NET POSITION - FINANCIAL PLAN AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2022

	<u>Financial Plan</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Operating revenues:			
Charges for services:			
Health plan contributions	\$ 4,824,287	\$ 4,830,417	\$ 6,130
Retiree contributions	<u>32,000</u>	<u>43,931</u>	<u>11,931</u>
Total charges for services	<u>4,856,287</u>	<u>4,874,348</u>	<u>18,061</u>
Investment earnings	<u>20,000</u>	<u>11,984</u>	<u>(8,016)</u>
Total revenues	<u>4,876,287</u>	<u>4,886,332</u>	<u>10,045</u>
Expenditures:			
Insurance premiums	3,218,175	2,727,222	490,953
Administrative costs and stop loss	1,242,603	1,183,706	58,897
Retiree/OPEB costs	200,000	458,673	(258,673)
IBNR claims	550,000	465,218	84,782
Wellness clinic	180,000	178,892	1,108
IRS fees and fines	<u>-</u>	<u>1,858</u>	<u>(1,858)</u>
Total operating expenses	<u>5,390,778</u>	<u>5,015,569</u>	<u>375,209</u>
Revenues over (under) expenditures	(514,491)	(129,237)	385,254
Other Financing Sources (Uses):			
Transfer from General Fund	<u>514,491</u>	<u>4,140,303</u>	<u>3,625,812</u>
Change in net position	<u>\$ -</u>	<u>4,011,066</u>	<u>\$ 4,011,066</u>
Net Position:			
Beginning of year - July 1		<u>-</u>	
End of year - June 30		<u>\$ 4,011,066</u>	

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

CUSTODIAL FUNDS

Custodial funds are used to report fiduciary activities that are not required to be reported in pension (and other employee benefit) trust funds, investment trust funds, or private-purpose trust funds. Custodial funds are used to account for assets the County holds on behalf of others that meet certain criteria.

Municipal Tax Fund – this fund accounts for ad valorem and vehicle property taxes that are billed collected by the County for various municipalities within the County but that are not revenues to the County.

Jail Inmate Pay Fund – this fund holds deposits made to inmates as payment for work performed while incarcerated as well as cash collections for the benefit of inmates from their friends and family.

Cooperative Extension Fund – this fund accounts for funds held in trust by the County for employees of North Carolina State University’s Cooperative Extension Division.

This page left blank intentionally.

TRANSYLVANIA COUNTY, NORTH CAROLINA

COMBINING STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUNDS

JUNE 30, 2022

	<u>Municipal Tax Fund</u>	<u>Jail Inmate Pay Fund</u>	<u>Cooperative Extension Fund</u>	<u>Total Custodial Funds</u>
Assets:				
Cash and cash equivalents	\$ 7,678	\$ 32,720	\$ 8,555	\$ 48,953
Taxes receivable from other governments, net	545	-	-	545
Due from other governments	27,141	-	-	27,141
Total assets	<u>35,364</u>	<u>32,720</u>	<u>8,555</u>	<u>76,639</u>
Net Position				
Restricted for:				
Individuals, organizations, and other governments	35,364	32,720	8,555	76,639
Total fiduciary net position	<u>\$ 35,364</u>	<u>\$ 32,720</u>	<u>\$ 8,555</u>	<u>\$ 76,639</u>

TRANSYLVANIA COUNTY, NORTH CAROLINA

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 CUSTODIAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2022

	Municipal Tax Fund	Jail Inmate Pay Fund	Cooperative Extension Fund	Total Custodial Funds
Additions:				
Ad valorem taxes for other governments	\$ 438,189	\$ -	\$ -	\$ 438,189
Collections on behalf of others	<u>-</u>	<u>127,023</u>	<u>10,847</u>	<u>137,870</u>
Total additions	<u>438,189</u>	<u>127,023</u>	<u>10,847</u>	<u>576,059</u>
Deductions:				
Tax distributions to other governments	438,859	-	-	438,859
Payments on behalf of others	<u>-</u>	<u>128,810</u>	<u>12,195</u>	<u>141,005</u>
Total deductions	<u>438,859</u>	<u>128,810</u>	<u>12,195</u>	<u>579,864</u>
Change in net position	(670)	(1,787)	(1,348)	(3,805)
Net Position:				
Beginning of year - July 1	<u>36,034</u>	<u>34,507</u>	<u>9,903</u>	<u>80,444</u>
End of year - June 30	<u>\$ 35,364</u>	<u>\$ 32,720</u>	<u>\$ 8,555</u>	<u>\$ 76,639</u>

OTHER SCHEDULES

This section contains additional information on property taxes and transfers.

Schedule of Ad Valorem Taxes Receivable

Analysis of Current Tax Levy

This page left blank intentionally.

TRANSYLVANIA COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF AD VALOREM TAXES RECEIVABLE
JUNE 30, 2022

<u>Year Ended June 30</u>	<u>Uncollected Balance July 1, 2021</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Uncollected Balance June 30, 2022</u>
2022	\$ -	\$ 42,109,092	\$ 42,039,886	\$ 69,206
2021	72,104	-	34,134	37,970
2020	38,098	-	13,528	24,570
2019	19,859	-	4,853	15,006
2018	10,469	-	1,307	9,162
2017	8,751	-	2,285	6,466
2016	6,532	-	504	6,028
2015	4,592	-	198	4,394
2014	5,623	-	133	5,490
2013	6,543	-	226	6,317
2012	5,557	-	5,557	-
Total	<u>\$ 178,128</u>	<u>\$ 42,109,092</u>	<u>\$ 42,102,611</u>	<u>184,609</u>
Less allowance for uncollectible ad valorem taxes receivable:				
General Fund				<u>80,872</u>
Ad Valorem Taxes Receivable, Net:				
General Fund				<u>\$ 103,737</u>
Reconciliation of Collections and Credits with Revenues:				
Ad valorem taxes - General Fund				\$ 42,177,883
Reconciling items:				
Interest				(102,810)
Tax refunds				24,119
Abatements - prior years				3,879
Advertising				(1,132)
Adjustments				(4,885)
Taxes written off				<u>5,557</u>
Total collections and credits				<u>\$ 42,102,611</u>

TRANSYLVANIA COUNTY, NORTH CAROLINA

ANALYSIS OF CURRENT TAX LEVY
COUNTY-WIDE LEVY
FOR THE YEAR ENDED JUNE 30, 2022

	County-Wide			Total Levy	
	Property Valuation	Rate	Amount of Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original Levy:					
County-wide:					
Property tax	\$ 6,744,388,088	\$ 0.6033	\$ 40,688,894	\$ 38,780,264	\$ 1,908,630
Public utilities	138,525,611	0.6033	835,725	835,725	-
Motor vehicles taxed at prior year's rate	93,488,740	0.6033	564,018	-	564,018
Late list penalties	-		10,125	10,125	-
Total original levy	<u>6,976,402,439</u>		<u>42,098,762</u>	<u>39,626,114</u>	<u>2,472,648</u>
Discoveries:					
Current year taxes	<u>6,862,954</u>	0.6033	<u>41,404</u>	<u>41,404</u>	<u>-</u>
Abatements and Discounts	<u>(3,845,342)</u>		<u>(31,074)</u>	<u>(23,199)</u>	<u>(7,875)</u>
Total property valuation	<u>\$ 6,979,420,051</u>				
Net Levy			42,109,092	39,644,319	2,464,773
Uncollected taxes at June 30, 2022			<u>69,206</u>	<u>69,206</u>	<u>-</u>
Current Year's Taxes Collected			<u>\$ 42,039,886</u>	<u>\$ 39,575,113</u>	<u>\$ 2,464,773</u>
Current Levy Collection Percentage			<u>99.84%</u>	<u>99.83%</u>	<u>100.00%</u>

STATISTICAL SECTION

The Statistical Section includes data extracted from prior years' financial reports and various other sources.

The information presented in this section does not provide full and adequate disclosure of financial information for prior years required by generally accepted accounting principles. Such information is provided for supplementary analysis purposes and should be relied on only for the purpose specified.

Financial Trends

These schedules contain trend information to help the reader understand how the government's financial performance and well-being has changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.

Debt Capacity

These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government'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 government's financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

This page left blank intentionally.

TRANSYLVANIA COUNTY, NORTH CAROLINA
 NET POSITION BY COMPONENT
 LAST TEN FISCAL YEARS
 (Accrual Basis of Accounting)

UNAUDITED	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Governmental Activities										
Net Investment in Capital Assets	\$ 37,837,719	\$ 37,861,994	\$ 38,390,675	\$ 38,026,155	\$ 38,746,154	\$ 38,830,835	\$ 38,987,944	\$ 38,826,167	\$ 38,739,070	\$ 37,460,724
Restricted	4,318,916	4,304,835	4,549,498	5,629,711	5,249,302	5,588,888	5,758,161	6,107,015	8,619,146	11,194,536
Unrestricted	9,887,115	12,931,706	13,915,036	16,237,241	18,156,797	17,160,525	22,357,615	23,036,400	28,190,415	40,727,245
Total Governmental Activities Net Position	\$ 52,043,750	\$ 55,098,535	\$ 56,855,209	\$ 59,893,107	\$ 62,152,253	\$ 61,580,248	\$ 67,103,720	\$ 67,969,582	\$ 75,548,631	\$ 89,382,505
Business-Type Activities										
Net Investment in Capital Assets	\$ 3,603,550	\$ 3,498,127	\$ 3,851,511	\$ 3,625,348	\$ 3,601,564	\$ 3,402,883	\$ 3,181,547	\$ 2,917,459	\$ 2,715,354	\$ 3,194,266
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	2,466,038	818,626	1,399,206	1,647,102	1,763,972	1,978,038	2,200,436	2,089,329	2,105,658	5,146,814
Total Business-Type Activities Net Position	\$ 6,069,588	\$ 4,316,753	\$ 5,250,717	\$ 5,272,450	\$ 5,365,536	\$ 5,380,921	\$ 5,381,983	\$ 5,006,788	\$ 4,821,012	\$ 8,341,080
Primary Government										
Net Investment in Capital Assets	\$ 41,441,269	\$ 41,360,121	\$ 42,242,186	\$ 41,651,503	\$ 42,347,718	\$ 42,233,718	\$ 42,169,491	\$ 41,743,626	\$ 41,454,424	\$ 40,654,990
Restricted	4,318,916	4,304,835	4,549,498	5,629,711	5,249,302	5,588,888	5,758,161	6,107,015	8,619,146	11,194,536
Unrestricted	12,353,153	13,750,332	15,314,242	17,884,343	19,920,769	19,138,563	24,558,051	25,125,729	30,296,073	45,874,059
Total Primary Government Net Position	\$ 58,113,338	\$ 59,415,288	\$ 62,105,926	\$ 65,165,557	\$ 67,517,789	\$ 66,961,169	\$ 72,485,703	\$ 72,976,370	\$ 80,369,643	\$ 97,723,585

TRANSYLVANIA COUNTY, NORTH CAROLINA
 CHANGES IN NET POSITION
 LAST TEN FISCAL YEARS
 (Accrual Basis of Accounting)

UNAUDITED	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Expenses										
Governmental Activities:										
General Government	\$ 4,427,635	\$ 4,670,679	\$ 5,195,765	\$ 5,617,567	\$ 5,591,288	\$ 5,337,831	\$ 6,539,571	\$ 11,187,376	\$ 8,559,311	\$ 10,707,793
Public Safety	13,441,859	14,233,023	14,908,286	15,700,514	16,364,189	16,549,027	18,080,312	20,353,781	21,026,946	21,532,655
Transportation	448,838	481,390	426,860	436,509	472,854	438,101	473,479	425,220	513,884	578,573
Economic and Physical Development	974,391	772,724	1,330,900	1,178,119	1,250,752	3,689,164	3,909,273	2,281,527	2,821,683	3,246,525
Human Services	8,316,088	8,598,738	8,795,596	9,037,670	9,591,901	8,750,207	9,275,906	9,901,274	10,453,187	10,468,611
Cultural and Recreational	1,965,938	2,072,839	2,113,365	2,435,648	2,529,905	2,451,013	2,429,616	2,738,556	2,402,400	2,506,844
Education	10,971,497	12,714,735	13,046,493	12,649,134	13,797,948	14,630,014	14,811,808	16,122,166	16,623,947	14,940,995
Interest on Long-Term Obligations	456,240	358,285	276,292	222,024	153,568	111,948	84,009	69,953	56,828	53,240
Total Governmental Activities Expenses	\$ 41,002,486	\$ 43,902,413	\$ 46,093,557	\$ 47,277,185	\$ 49,752,405	\$ 51,957,305	\$ 55,603,974	\$ 63,079,853	\$ 62,458,186	\$ 64,035,236
Business-Type Activities:										
Solid Waste Department	\$ 1,673,967	\$ 3,755,492	\$ 1,452,623	\$ 2,085,608	\$ 2,371,592	\$ 2,480,832	\$ 2,648,519	\$ 2,968,718	\$ 3,057,960	\$ 4,253,930
Total Governmental Activities Expenses	\$ 1,673,967	\$ 3,755,492	\$ 1,452,623	\$ 2,085,608	\$ 2,371,592	\$ 2,480,832	\$ 2,648,519	\$ 2,968,718	\$ 3,057,960	\$ 4,253,930
Total Primary Government Expenses	\$ 42,676,453	\$ 47,657,905	\$ 47,546,180	\$ 49,362,793	\$ 52,123,997	\$ 54,438,137	\$ 58,252,493	\$ 66,048,571	\$ 65,516,146	\$ 68,289,166
Program Revenues										
Governmental Activities:										
Charges for Services:										
General Government	\$ 275,477	\$ 335,719	\$ 243,347	\$ 377,649	\$ 383,751	\$ 460,006	\$ 461,517	\$ 197,979	\$ 311,432	\$ 1,567,413
Public Safety	2,528,476	2,713,820	3,117,738	3,321,413	3,438,424	3,123,749	3,613,503	2,923,983	3,131,439	3,299,437
Transportation	7,202	4,739	4,592	4,458	7,584	7,186	4,610	10,152	37	2,190
Economic and Physical Development	21,240	12,926	10,442	11,843	14,636	63,448	59,850	4,370	2,575	2,500
Human Services	422,732	475,871	413,551	452,565	470,649	524,480	562,131	593,746	601,563	629,423
Cultural and Recreational	121,961	130,999	75,250	91,236	95,276	110,850	106,772	80,785	108,142	137,518
Operating Grants and Contributions:										
General Government	98,555	36,599	35,954	37,754	34,713	29,734	45,851	82,570	1,421,064	4,627,292
Public Safety	422,546	745,266	602,807	526,811	511,487	508,296	1,394,008	1,748,036	539,973	979,707
Transportation	269,173	274,445	259,300	222,422	400,036	322,609	371,524	295,517	520,115	371,008
Economic and Physical Development	65,063	57,374	70,006	50,128	101,782	49,852	155,233	24,908	-	1,105
Human Services	5,480,830	5,331,666	5,874,581	5,910,356	6,049,701	4,979,877	5,272,651	4,797,017	5,637,232	6,024,413
Cultural and Recreational	95,126	97,787	166,849	120,076	156,178	117,451	112,549	317,131	320,530	123,375
Education	544,124	811,018	667,751	205,430	288,609	739,363	142,339	132,099	176,334	-
Capital Grants and Contributions:										
Public Safety	-	-	-	-	-	-	-	-	-	125,000
Economic and Physical Development	7,686	105,588	289,415	-	-	-	-	-	-	-
Cultural and Recreational	89,780	-	-	181,350	-	212,000	-	-	-	-
Total Governmental Activities Program Revenues	\$ 10,449,971	\$ 11,133,817	\$ 11,831,583	\$ 11,513,491	\$ 11,952,826	\$ 11,248,901	\$ 12,302,538	\$ 11,208,293	\$ 12,770,436	\$ 17,890,381

TRANSYLVANIA COUNTY, NORTH CAROLINA
 CHANGES IN NET POSITION
 LAST TEN FISCAL YEARS
 (Accrual Basis of Accounting)

UNAUDITED	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Business-Type Activities:										
Charge for Services - Proprietary	\$ 1,260,906	\$ 1,303,374	\$ 1,440,395	\$ 1,706,101	\$ 1,790,349	\$ 1,790,349	\$ 1,959,273	\$ 1,874,376	\$ 2,207,317	\$ 2,886,550
Operating Grants and Contributions - Proprietary	19,967	19,863	57,327	19,982	46,596	46,596	11,417	37,199	76,165	79,593
Capital Grants and Contributions - Proprietary	-	-	-	-	-	-	-	-	-	2,338,641
Total Business-Type Activities Program Revenues	\$ 1,280,873	\$ 1,323,237	\$ 1,497,722	\$ 1,726,083	\$ 1,836,945	\$ 1,836,945	\$ 1,970,690	\$ 1,911,575	\$ 2,283,482	\$ 5,304,784
Total Primary Government Program Revenues	\$ 11,730,844	\$ 12,457,054	\$ 13,329,305	\$ 13,239,574	\$ 13,789,771	\$ 13,085,846	\$ 14,273,228	\$ 13,119,868	\$ 15,053,918	\$ 23,195,165
Net (Expense)/Revenue	\$ (30,552,515)	\$ (32,768,596)	\$ (34,261,974)	\$ (35,763,694)	\$ (37,799,579)	\$ (40,708,404)	\$ (43,301,436)	\$ (59,034,278)	\$ (49,687,930)	\$ (46,144,855)
Governmental Activities	(393,094)	(2,432,255)	45,099	(359,525)	(534,647)	(643,887)	(677,829)	(1,057,143)	(774,478)	1,050,854
Total Primary Government Net (Expense)/Revenue	\$ (30,945,609)	\$ (35,200,851)	\$ (34,216,875)	\$ (36,123,219)	\$ (38,334,226)	\$ (41,352,291)	\$ (43,979,265)	\$ (60,091,421)	\$ (50,462,408)	\$ (45,094,001)
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes	\$ 26,009,209	\$ 29,529,739	\$ 30,292,321	\$ 30,710,092	\$ 32,363,790	\$ 33,311,358	\$ 33,780,721	\$ 40,556,105	\$ 41,617,678	\$ 45,017,239
Local Option Sales Tax	6,122,549	6,560,048	7,011,688	7,380,626	7,896,435	8,409,583	9,274,860	9,841,680	12,273,052	13,296,729
Other Taxes and Licenses	994,340	484,691	610,459	637,714	719,510	782,387	1,811,145	1,857,306	3,341,157	3,542,542
Grants and Contributions Not Restricted	359,204	386,657	437,463	383,029	398,562	390,616	396,150	545,280	545,696	523,366
Investment Earnings	55,827	12,720	11,812	65,131	132,715	403,904	633,733	388,301	9,361	116,600
Miscellaneous	-	-	129,530	-	-	-	-	-	-	-
Transfers	(435,237)	(679,117)	(972,139)	(375,000)	(626,117)	(626,117)	(506,901)	(551,250)	(570,150)	(2,453,493)
Total Governmental Activities:	\$ 33,105,892	\$ 36,294,738	\$ 37,521,134	\$ 38,801,592	\$ 40,884,895	\$ 42,671,731	\$ 45,389,708	\$ 52,637,422	\$ 57,216,794	\$ 60,042,983
Business-Type Activities:										
Investment Earnings	\$ 1,353	\$ 303	\$ 530	\$ 6,258	\$ 1,616	\$ 17	\$ 17,1990	\$ 130,698	\$ 18,552	\$ 12,960
Miscellaneous	-	-	-	-	-	-	-	-	-	-
Transfers	435,237	679,117	972,139	375,000	626,117	624,722	506,901	551,250	570,150	2,453,493
Total Business-Type Activities	\$ 436,590	\$ 679,420	\$ 972,669	\$ 381,258	\$ 627,733	\$ 624,739	\$ 678,891	\$ 681,948	\$ 588,702	\$ 2,466,453
Total Primary Government	\$ 33,542,482	\$ 36,974,158	\$ 38,493,803	\$ 39,182,850	\$ 41,512,628	\$ 43,296,470	\$ 46,068,599	\$ 53,319,370	\$ 57,805,496	\$ 62,509,436
Change in Net Position										
Governmental Activities	\$ 2,553,377	\$ 3,526,142	\$ 3,259,160	\$ 3,037,898	\$ 3,085,316	\$ 1,964,722	\$ 5,523,472	\$ 865,862	\$ 7,528,864	\$ 13,898,128
Business-Type Activities	43,496	(1,752,835)	1,017,768	21,733	93,086	154,911	1,062	(375,195)	(185,776)	3,517,307
Total Primary Government	\$ 2,596,873	\$ 1,773,307	\$ 4,276,928	\$ 3,059,631	\$ 3,178,402	\$ 2,119,633	\$ 5,524,534	\$ 490,667	\$ 7,343,088	\$ 17,415,435

TRANSYLVANIA COUNTY, NORTH CAROLINA
 GOVERNMENTAL ACTIVITIES, TAX REVENUES BY SOURCE
 LAST TEN FISCAL YEARS
 (Accrual Basis of Accounting)

UNAUDITED	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Property Tax	\$ 26,009,209	\$ 29,529,739	\$ 30,292,321	\$ 32,363,790	\$ 33,311,358	\$ 33,311,358	\$ 33,780,721	\$ 40,556,105	\$ 41,617,678	\$ 45,017,239
Local Option Sales Tax	6,122,549	6,560,048	7,011,688	7,896,435	8,409,583	8,409,583	9,274,860	9,841,680	12,273,052	13,296,729
Other Taxes and Licenses	994,340	484,691	610,459	719,510	782,387	782,387	886,876	1,857,306	3,449,707	3,542,542
Total	\$ 33,126,098	\$ 36,574,478	\$ 37,914,468	\$ 40,979,735	\$ 42,503,328	\$ 42,503,328	\$ 43,942,457	\$ 52,255,091	\$ 57,340,437	\$ 61,856,510

TRANSLYVANIA COUNTY, NORTH CAROLINA
 FUND BALANCES OF GOVERNMENTAL FUNDS
 LAST TEN FISCAL YEARS
 (Modified Accrual Basis of Accounting)

UNAUDITED	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Fund										
Non Spendable	\$ 40,893	\$ 40,733	\$ 41,292	\$ 49,334	\$ 58,479	\$ 37,238	\$ 4,890,501	\$ 5,019,685	\$ 4,484,389	\$ 4,232,299
Restricted	3,287,582	3,494,721	3,830,798	3,740,541	4,197,315	4,589,513	4,599,378	4,513,568	6,840,997	9,028,907
Committed	2,012,140	2,264,227	2,577,398	2,997,152	3,458,830	4,601,399	4,847,861	4,727,240	4,756,927	1,938,667
Assigned	4,320,436	5,227,709	4,934,391	5,530,465	8,869,332	11,948,237	15,239,620	13,767,414	14,364,665	16,896,465
Unassigned	12,302,809	12,519,329	12,777,784	12,458,799	10,856,324	5,415,837	4,200,521	5,485,888	5,783,959	5,145,493
Total General Fund	\$ 21,963,860	\$ 23,546,719	\$ 24,161,663	\$ 24,776,291	\$ 27,440,280	\$ 26,592,224	\$ 33,777,881	\$ 33,513,795	\$ 36,230,937	\$ 37,241,831
All other governmental funds										
Non Spendable	\$ 108,367	\$ 108,367	\$ 108,367	\$ 108,367	\$ 108,367	\$ 108,367	\$ 108,367	\$ 108,367	\$ 108,367	\$ 108,367
Restricted	922,967	727,226	632,458	1,802,928	864,994	819,034	967,933	1,314,117	1,587,288	1,972,562
Committed:	1,121,482	1,066,628	339,702	-	-	2,233,372	656,939	3,983,035	8,313,873	17,522,884
Assigned:	267,993	160,344	235,388	226,283	436,946	239,032	253,212	-	-	-
Unassigned:	-	(100,663)	-	(14,531)	-	(3,470)	-	-	(263,450)	(123,461)
Total Other Gov't Funds	\$ 2,420,809	\$ 1,961,902	\$ 1,315,915	\$ 2,123,047	\$ 1,410,307	\$ 3,396,335	\$ 1,986,451	\$ 5,405,519	\$ 9,746,078	\$ 19,480,352

TRANSYLVANIA COUNTY, NORTH CAROLINA
 CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
 LAST TEN FISCAL YEARS
 (Modified Accrual Basis of Accounting)

UNAUDITED

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Revenues										
Taxes:										
Property	\$ 26,058,814	\$ 29,550,609	\$ 30,306,310	\$ 30,716,913	\$ 32,357,674	\$ 33,305,513	\$ 33,744,507	\$ 40,527,347	\$ 41,612,209	\$ 45,025,007
Sales	6,122,549	6,560,048	7,011,688	7,380,626	7,896,435	8,409,583	9,274,860	9,841,680	12,273,052	13,296,729
Other	994,340	484,691	610,459	637,714	719,510	782,387	886,876	1,857,306	3,449,707	3,542,542
Intergovernmental	7,375,926	7,530,798	8,192,073	7,551,642	7,877,236	7,034,353	6,982,355	7,451,234	8,659,012	12,642,452
Permits and Fees	386,593	386,854	431,325	491,974	649,025	549,317	646,068	542,123	725,464	822,322
Sales and Services	2,934,017	3,131,303	3,362,263	3,576,239	3,607,609	3,413,806	8,278,402	2,971,175	3,392,436	3,737,036
Donations and Grants	20,882	315,652	134,878	45,584	36,582	315,445	903,663	412,772	90,536	106,005
Investment Earnings	52,715	9,608	8,700	62,019	129,603	402,098	633,733	388,301	9,361	104,616
Miscellaneous	91,757	155,867	278,037	231,081	180,936	326,596	536,813	297,717	414,439	1,081,293
Total Revenues	44,037,593	48,125,430	50,335,733	50,693,792	53,454,610	54,539,098	61,887,277	64,289,655	70,626,216	80,358,002
Expenditures										
General Government	4,391,102	4,473,554	5,182,733	5,745,339	6,183,268	5,225,762	6,483,744	9,562,382	9,551,287	9,536,679
Public Safety	12,817,385	13,423,846	14,583,400	15,192,363	15,922,422	16,412,183	17,941,200	20,058,435	20,840,231	21,262,883
Economic Development	973,545	771,572	1,342,574	1,178,868	1,246,243	3,690,316	3,905,716	2,272,459	2,813,182	3,252,077
Human Services	8,639,033	8,870,369	9,315,804	9,382,935	9,936,867	9,283,017	9,675,950	9,888,521	10,688,066	11,054,191
Culture and Recreation	1,800,266	1,840,635	2,257,226	2,291,634	2,429,755	2,488,951	2,218,231	2,424,586	2,254,688	2,367,281
Education	10,971,497	12,714,735	13,046,493	13,191,706	13,771,992	14,604,058	14,785,852	16,096,139	16,597,991	15,611,549
Capital Outlay	1,184,769	1,122,909	1,012,106	1,263,390	-	-	-	-	-	-
Debt Service:										
Principal	2,240,026	2,240,026	2,346,832	2,225,219	1,216,987	947,936	508,889	421,978	519,152	599,454
Interest	498,010	393,358	307,469	250,913	169,710	124,181	87,264	73,771	60,112	56,472
Bond Issuance Cost	-	-	-	-	-	-	-	-	-	-
Total Expenditures	43,515,633	45,851,004	49,394,637	50,722,367	50,877,244	52,776,404	55,606,846	60,798,271	63,304,709	63,740,586
Excess of Revenues Over (Under) Expenditures	521,960	2,274,426	941,096	(28,575)	2,577,366	1,762,694	6,280,431	6,280,431	7,321,507	16,617,416
Other Financing Sources (Uses)										
Capital Lease Obligations Issued	45,248	-	-	17,878	-	-	-	-	455,147	696,510
Transfers In	341,814	703,233	353,894	120,810	2,086	4,126,397	699,276	6,206,728	6,200,000	12,707,575
Transfers Out	(777,051)	(1,382,350)	(1,326,033)	(495,810)	(628,203)	(4,751,119)	(1,203,934)	(6,757,978)	(6,770,150)	(19,301,371)
Bond Proceeds	-	-	-	-	-	-	-	-	-	-
Proceeds from Financing	-	-	-	1,807,457	-	-	-	-	-	-
Proceeds from Sale of Assets	-	-	-	-	-	-	-	-	15,860	25,038
Total Other Financing Sources (Uses)	(389,989)	(679,117)	(972,139)	1,450,335	(626,117)	(624,722)	(504,658)	(551,250)	(99,143)	(5,872,248)
Net Change in Fund Balances	\$ 131,971	\$ 1,595,309	\$ (31,043)	\$ 1,421,760	\$ 1,951,249	\$ 1,137,972	\$ 5,775,773	\$ 5,729,181	\$ 7,222,364	\$ 10,745,168
Capital Asset Expenditures	\$ 1,959,372	\$ 1,499,926	\$ 2,071,081	\$ 3,745,876	\$ 2,196,973	\$ 1,667,611	\$ 2,045,773	\$ 2,397,513	\$ 2,110,491	\$ 1,615,475
Debt Service as a Percentage of Noncapital Expenditures	6.6%	5.9%	5.6%	5.3%	2.8%	2.1%	1.1%	0.8%	0.9%	1.1%

TRANSYLVANIA COUNTY, NORTH CAROLINA
 ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
 LAST TEN FISCAL YEARS

UNAUDITED

Fiscal Year	Assessed Real Property				Business & Personal Property	Motor Vehicles	Public Service Companies	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Sales Assessment Ratio
	Residential Property	Commercial Property	Industrial Property	Present-Use Value Property							
2013	\$ 4,812,488,501	\$ 646,077,963	\$ 19,543,080	\$ 36,920,380	\$ 121,121,343	\$ 252,868,748	\$ 113,441,884	\$ 6,002,461,899	0.3949	\$ 5,846,363,981	103%
2014	4,850,300,603	651,579,476	19,543,080	38,076,950	122,470,128	220,099,982	116,053,034	6,018,123,253	0.4369	5,803,397,544	104%
2015	4,872,870,761	654,896,272	19,543,080	34,227,630	123,069,054	271,843,835	122,471,320	6,098,921,952	0.4499	5,802,970,459	105%
2016	4,902,001,241	655,795,543	22,718,280	34,309,780	113,984,029	275,754,915	119,489,707	6,124,053,495	0.4499	6,130,797,372	100%
2017	4,520,762,730	615,324,830	11,262,850	35,949,970	110,981,742	291,637,199	125,228,705	5,711,148,026	0.5110	5,717,437,207	100%
2018	4,587,853,789	622,994,390	12,799,140	34,733,510	120,722,469	312,685,009	125,429,145	5,817,217,452	0.5110	5,992,806,688	97%
2019	4,878,092,313	618,619,646	14,042,640	33,288,040	125,778,314	314,061,107	122,520,319	6,106,402,379	0.5110	6,442,711,942	95%
2020	4,993,096,350	633,976,329	14,042,640	34,454,380	129,162,868	349,174,893	124,308,132	6,278,215,592	0.6360	6,801,230,194	92%
2021	5,040,167,342	640,068,822	14,042,640	35,135,730	137,973,687	363,246,692	116,731,987	6,347,366,900	0.6360	7,578,040,712	84%
2022	5,807,042,311	746,064,019	15,119,670	35,299,030	137,335,592	388,635,554	138,526,032	7,268,022,208	0.6033	8,570,780,906	85%

Source: Annual County Report of Valuation and Property Tax Levies
 Transylvania County Tax Department

Note: Real property was revalued on January 1, 2009 and January 1, 2016.
 The rates are per \$100 of assessed value.

TRANSYLVANIA COUNTY, NORTH CAROLINA
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS

UNAUDITED	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Transylvania County										
Direct Rate*	\$ 0.4369	\$ 0.4499	\$ 0.4499	\$ 0.5110	\$ 0.5110	\$ 0.5110	\$ 0.5110	\$ 0.6360	\$ 0.6360	\$ 0.6033
<u>Municipality Rates:</u>										
City of Brevard	0.4525	0.4525	0.4725	0.4725	0.4725	0.5100	0.5100	0.5100	0.5100	0.4500
Town of Rosman	0.4100	0.4100	0.4100	0.4400	0.4800	0.4800	0.4400	0.4400	0.4400	0.4400
<u>Fire Districts:</u>										
Brevard	0.034	0.034	0.044	0.039	0.039	0.055	0.055	0.055	0.060	0.050
Rosman	0.076	0.090	0.098	0.109	0.109	0.116	0.121	0.055	0.060	0.050
Little River	0.068	0.072	0.085	0.088	0.088	0.091	0.091	0.055	0.060	0.050
Conestee Falls	0.055	0.061	0.066	0.067	0.067	0.077	0.083	0.055	0.060	0.050
Cedar Mountain	0.096	0.110	0.112	0.133	0.133	0.138	0.138	0.055	0.060	0.050
Lake Toxaway	0.033	0.035	0.036	0.046	0.046	0.048	0.054	0.055	0.060	0.050
Balsam Grove	0.125	0.106	0.106	0.109	0.110	0.110	0.112	0.055	0.060	0.050
North Transylvania	0.112	0.128	0.128	0.128	0.128	0.128	0.140	0.055	0.060	0.050

Source: Transylvania County Tax Department
Note: Real property was revalued for FY 2022, effective Jan 1, 2021.

* The County-wide direct property tax rate is shown above; there are no component rates.

TRANSLYVANIA COUNTY, NORTH CAROLINA
 PRINCIPAL PROPERTY TAXPAYERS
 CURRENT YEAR AND NINE YEARS AGO

TABLE 8

UNAUDITED

Taxpayer	Type of Business	Fiscal Year 2022			Fiscal Year 2013		
		Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Duke Energy Corp	Electric utility	\$ 153,268,947	1	2.11%	\$ 50,652,662	1	0.84%
MH Transylvania Regional Hospital / Medical	Hospital / Medical	36,836,880	2	0.51%			
Comportium Telephone	Communications utility	39,575,175	3	0.54%	34,984,317	2	0.58%
Haywood Electric Member Corp	Electric utility	47,298,183	4	0.65%	20,492,940	5	0.34%
Brevard Retirement Investors	Retirement home facilities	22,649,760	5	0.31%	22,498,210	4	0.37%
Gaia Herbs Inc	Manufacturing	15,757,820	6	0.22%			
Lake Toxaway Company	Real estate development	16,980,880	7	0.23%	15,112,170	8	0.25%
Ingles Markets, Inc.	Retail grocery store	14,557,498	8	0.20%	14,990,592	9	0.25%
Davidson River Village	Real estate development	12,257,300	9	0.17%	15,371,140	7	0.26%
Duke Ventures, LLC	Real estate development	11,873,790	10	0.16%			
Excelsior Packing Group	Manufacturing				22,643,129	3	0.38%
159 Babcock Company, LLC	Real estate development				17,870,570	6	0.30%
French Broad Place, LLC	Real estate development				14,110,390	10	0.24%
Totals		\$ 371,056,233		5.10%	\$ 228,726,120		3.81%

Source: Transylvania County Tax Assessor

TABLE 9

TRANSYLVANIA COUNTY, NORTH CAROLINA
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30	Adjusted Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2013	\$ 23,704,178	\$ 23,580,022	99.63%	\$ 69,352	\$ 23,661,409	99.82%
2014	26,847,544	26,791,840	99.79%	47,987	26,839,827	99.97%
2015	27,436,607	27,399,573	99.87%	31,082	27,430,655	99.98%
2016	27,575,417	27,540,474	99.87%	25,189	27,565,663	99.96%
2017	29,228,388	29,177,546	99.83%	38,979	29,216,525	99.96%
2018	29,830,035	29,690,738	99.53%	124,430	29,815,168	99.95%
2019	29,973,389	29,919,498	99.82%	15,793	29,935,291	99.87%
2020	37,762,428	37,679,542	99.78%	41,446	37,720,988	99.89%
2021	38,563,557	38,491,453	99.81%	44,659	38,536,112	99.93%
2022	42,109,092	42,039,886	99.84%	39,543	42,079,429	99.93%

UNAUDITED

TRANSYLVANIA COUNTY, NORTH CAROLINA
 RATIOS OF OUTSTANDING DEBT BY TYPE
 LAST TEN FISCAL YEARS

Fiscal Year	UNAUDITED									
	Governmental Activities					Business-type Activities				
	General Obligation Bonds	General Obligation Bonds-Premium	Qualified School Construction Bonds	Installment Financing Contract	Capital Lease	Capital Lease	Capital Lease	Total Primary Government	Percentage of Personal Income (1)	Per Capita
2013	\$ 6,885,000	\$ 14,254	\$ 1,177,170	\$ 2,030,001	\$ 61,638	\$ -	\$ 10,168,063	0.95%	306	
2014	5,000,000	11,142	1,033,007	1,836,668	44,108	-	7,924,925	0.74%	239	
2015	3,140,000	8,030	757,038	1,643,335	26,578	-	5,574,981	0.51%	167	
2016	1,300,000	4,918	648,890	3,197,210	20,967	-	5,171,985	0.44%	153	
2017	520,000	1,806	540,742	2,883,380	5,958	-	3,951,886	0.30%	116	
2018	-	-	432,592	2,569,548	-	-	3,002,140	0.22%	87	
2019	-	-	324,446	2,168,809	-	-	2,493,255	0.17%	70	
2020	-	-	223,079	1,854,979	-	-	2,078,058	0.14%	58	
2021	-	-	108,150	1,541,149	357,973	149,273	2,156,545	0.14%	60	
2022	-	-	-	1,227,319	519,036	201,375	1,947,730	0.13%	59	

**TRANSYLVANIA COUNTY, NORTH CAROLINA
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS**

TABLE 11

UNAUDITED

Fiscal Year Ended June 30	General Bonded Debt Outstanding						Percentage of Actual Taxable Value of Property	Per Capita
	General Obligation Bonds	General Obligation Bonds-Premium	Less: Amounts Available in Debt Service Funds		Total	Percentage of Personal Income		
2013	\$ 6,685,000	\$ 14,254	\$ -	\$ -	\$ 6,699,254	0.87%	202	
2014	5,000,000	11,142	-	-	5,011,142	0.62%	151	
2015	3,140,000	8,030	-	-	3,148,030	0.47%	94	
2016	520,000	4,918	-	-	524,918	0.29%	39	
2017	520,000	-	-	-	520,000	0.11%	15	
2018	-	-	-	-	-	0.00%	n/a	
2019	-	-	-	-	-	0.00%	n/a	
2020	-	-	-	-	-	0.00%	n/a	
2021	-	-	-	-	-	0.00%	n/a	
2022	-	-	-	-	-	0.00%	n/a	

Notes: Details regarding the County's outstanding debt can be found in the notes to the basic financial statements.
See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property for property value data.

TRANSYLVANIA COUNTY, NORTH CAROLINA
 LEGAL DEBT MARGIN INFORMATION
 LAST TEN FISCAL YEARS

UNAUDITED	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Debt Limit	\$ 480,073	\$ 492,518	\$ 487,871	\$ 490,429	\$ 458,280	\$ 465,648	\$ 459,307	\$ 476,103	\$ 485,025	\$ 558,354
Total Net Debt Applicable to Debt Limit	7,925	5,575	5,575	5,172	3,009	3,002	2,493	2,071	1,227	1,227
Legal Debt Margin	\$ 472,148	\$ 486,943	\$ 482,296	\$ 485,257	\$ 455,271	\$ 462,646	\$ 456,814	\$ 474,032	\$ 483,798	\$ 557,126
Total Net Debt Applicable to Debt Limit as a Percentage of Debt Limit	1.7%	1.1%	1.1%	1.1%	0.7%	0.6%	0.5%	0.4%	0.3%	0.2%

Legal Debt Margin Calculation for Fiscal Year 2021

Total Assessed Value	\$ 6,979,420,051
Debt Limit (8% of Total Assessed Value)	\$ 558,353,604
Amount of Debt Applicable to Debt Limit: Installment Contracts	\$ 1,227,319
Total Amount of Debt Applicable to Debt Limit	\$ 1,227,319
Legal Debt Margin	\$ 557,126,285

Note: NC Statute GS159-55 limits the county's outstanding debt to 8% of the appraised value of property subject to taxation. The following deductions are made from gross debt to arrive at net debt applicable to the limit: money held for payment of principal. The legal debt margin is the difference between the debt limit and the County's net debt outstanding applicable to the limit and represents the County's legal borrowing authority and funding and refunding bonds not yet issued.

**TRANSYLVANIA COUNTY, NORTH CAROLINA
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS**

TABLE 13

UNAUDITED						
Fiscal Year Ended June 30	Population(1)	Personal Income (2)	Per Capita Personal Income (2)	Public School Enrollment(3)	Unemployment Rate(4)	
2013	\$ 33,188	\$ 1,073,785,000	\$ 32,689	3,567	8.80%	
2014	33,220	1,072,817,000	32,605	3,517	6.20%	
2015	33,428	1,094,188,000	33,112	3,523	6.00%	
2016	33,745	1,178,560,000	35,487	3,462	4.80%	
2017	34,139	1,331,011,332	38,988	3,402	4.20%	
2018	34,575	1,392,127,800	40,264	3,397	4.00%	
2019	35,777	1,505,138,390	42,070	3,329	4.30%	
2020	35,806	1,522,292,090	42,515	3,326	5.90%	
2021	33,165	1,484,034,255	44,747	3,145	4.40%	
2022	33,361	1,743,178,972	52,252	3,202	3.70%	

Data Sources:

- (1) Population projections from the U.S. Census survey and projection estimates
- (2) Bureau of Economic Analysis, U. S. Department of Commerce. Figures are for the prior calendar year.
- (3) N.C. Department of Public Instruction, First Month Average Daily Membership.
- (4) Unemployment rates as of the end of the fiscal year from the N.C. Department of Commerce.

TRANSYLVANIA COUNTY, NORTH CAROLINA
 PRINCIPAL EMPLOYERS
 CURRENT YEAR AND NINE YEARS AGO

TABLE 14

UNAUDITED	FY 2022		FY 2013	
	Employer	Employees	Rank	Employees
Transylvania County Board of Education	500-999	1	500-999	1
Transylvania County Government	250-499	2	250-499	3
Brevard College	250-499	3	500-999	2
Ingles Markets, Inc.	250-499	4	100-249	5
Transylvania Regional Hospital	250-499	5	250-499	4
Gaia Herbs	100-249	6	100-249	6
Transylvania Vocational Services	100-249	7	100-249	10
Lowes Home Centers, Inc.	100-249	8		
Wal-Mart Associates Inc.	100-249	9	100-249	7
City of Brevard	100-249	10	100-249	6

Information from the North Carolina Department of Commerce

Note: Rankings are based on more specific data within ranges known to the NC Department of Commerce.

TRANSYLVANIA COUNTY, NORTH CAROLINA
 FULL-TIME EQUIVALENT COUNTY GOVERNMENT EMPLOYEES BY FUNCTION
 LAST TEN FISCAL YEARS

UNAUDITED	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Governmental Activities										
General Government	48	48	48	48	50	51	53	53	53	53
Public Safety	139	137	138	139	139	141	139	140	146	146
Economic and Physical Development	2	3	3	3	3	3	3	3	3	3
Environmental Protection	2	2	2	2	2	2	2	2	2	2
Human Services	99	101	104	106	106	107	105	107	107	105
Cultural and Recreation	29	29	29	30	30	31	31	31	31	31
Total Governmental Activities	319	320	324	327	330	335	333	336	342	340
Business-Type Activities										
Solid Waste	16	16	16	16	16	17	18	18	18	18
Total Business-Type Activities	16	16	16	16	16	17	18	18	18	18
Total All	335	336	340	343	346	352	351	354	360	358

Source: County Human Resources Department

Note: This schedule represents the number of budgeted positions as of June 30 of each year.

TRANSYLVANIA COUNTY, NORTH CAROLINA
 OPERATING INDICATORS BY FUNCTION/PROGRAM
 LAST TEN FISCAL YEARS

TABLE 16

UNAUDITED	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General government										
Registered Voters	24,028	24,017	23,643	24,376	25,003	25,763	24,573	25,540	25,650	26,392
Number of Tax Bills (excl motor vehicles)	30,159	30,136	30,073	29,999	29,934	29,930	26,874	25,118	29,721	
Public Safety										
911 Calls	48,094	47,001	48,286	50,444	50,247	51,981	55,763	54,180	68,159	
Building Permits Issued*	1,070	1,100	1,346	1,529	1,868	1,934	2,041	2,000	1,950	2,341
Planning										
Subdivisions reviewed	3	9	18	11	14	13	9	34	31	43
Cell towers permitted	2	0	0	2	2	1	1	-	-	-
Solid Waste										
Total Collection Site Use (rounded)	353,000	349,000	333,000	371,000	379,000	380,000	385,000	285,000	275,000	
Tons disposed	19,935	21,302	24,068	27,270	26,951	58,048	56,096	23,160	49,791	48,822

* Includes permits for renovations, alterations, remodels, and mobile homes as well as new construction

TRANSYLVANIA COUNTY, NORTH CAROLINA
 CAPITAL ASSETS STATISTICS BY FUNCTION/PROGRAM
 LAST TEN FISCAL YEARS

TABLE 17

UNAUDITED	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Government											
Public Facilities	4	4	5	6	6	6	6	6	6	6	6
Public Safety:											
Sheriff Department											
Stations	1	1	1	1	1	1	1	1	1	1	1
Patrol vehicles	66	66	66	69	71	79	80	80	80	80	80
EMS Stations	2	2	2	2	2	2	2	2	2	2	2
Culture and Recreation:											
Libraries	1	1	1	1	1	1	1	1	1	1	1
Parks	6	6	6	6	5	5	5	5	6	6	6
Acreage	74	74	74	74	74	74	74	74	129	129	129
Athletic fields	9	9	9	9	9	8	8	8	8	8	8
Recreation centers	1	1	1	1	1	1	1	1	1	1	1

COMPLIANCE SECTION

This page left blank intentionally.

MARTIN STARNES & ASSOCIATES, CPAs, P.A.

"A Professional Association of Certified Public Accountants and Management Consultants"

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

Independent Auditor's Report

To the Board of Commissioners
Transylvania County, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Transylvania County, North Carolina, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated April 28, 2023. The financial statements of the Transylvania County Tourism Development Authority were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable non-compliance associated with the Transylvania County Tourism Development Authority.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying Schedule of Findings, Responses, and Questioned Costs as item 2022-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Transylvania County's financial statements are free from 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 financial statements. 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 an instance of non-compliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings, Responses, and Questioned Costs as item 2022-001.

Transylvania County's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the County's response to the finding identified in our audit and described in the accompanying Schedule of Findings, Responses, and Questioned Costs. The County's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

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

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, North Carolina
April 28, 2023

MARTIN STARNES

& ASSOCIATES, CPAs, P.A.

"A Professional Association of Certified Public Accountants and Management Consultants"

Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance and the State Single Audit Implementation Act

Independent Auditor's Report

To the Board of Commissioners
Transylvania County, North Carolina

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Transylvania County, North Carolina's, compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission that could have a direct and material effect on each of Transylvania County's major federal programs for the year ended June 30, 2022. Transylvania County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings, Responses, and Questioned Costs.

In our opinion, Transylvania County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the State Single Audit Implementation Act. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Transylvania County and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Transylvania County's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Transylvania County's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material non-compliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Transylvania County's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance, and the State Single Audit Implementation Act will always detect material non-compliance when it exists. The risk of not detecting material non-compliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Non-compliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Transylvania County's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance, and the State Single Audit Implementation Act, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material non-compliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Transylvania County's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of Transylvania County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and the State Single Audit Implementation Act, but not for the purpose of expressing an opinion on the effectiveness of the Transylvania County's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A *deficiency in internal control* over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, 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 a 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. A *significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over

compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, North Carolina
April 28, 2023

This page left blank intentionally.

MARTIN STARNES & ASSOCIATES, CPAs, P.A.

"A Professional Association of Certified Public Accountants and Management Consultants"

Report on Compliance for Each Major State Program and Report on Internal Control Over Compliance Required by the Uniform Guidance and the State Single Audit Implementation Act

Independent Auditor's Report

To the Board of Commissioners
Transylvania County, North Carolina

Report on Compliance for Each Major State Program

Opinion on Each Major State Program

We have audited Transylvania County, North Carolina's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of Transylvania County's major state programs for the year ended June 30, 2022. Transylvania County's major state programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings, Responses, and Questioned Costs.

In our opinion, Transylvania County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2022.

Basis for Opinion on Each Major State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the State Single Audit Implementation Act. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Transylvania County and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major state program. Our audit does not provide a legal determination of Transylvania County's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Transylvania County's state programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material non-compliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Transylvania County's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance, and the State Single Audit Implementation Act will always detect material non-compliance when it exists. The risk of not detecting material non-compliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Non-compliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Transylvania County's compliance with the requirements of each major state program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance, and the State Single Audit Implementation Act, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material non-compliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Transylvania County's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of Transylvania County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and the State Single Audit Implementation Act, but not for the purpose of expressing an opinion on the effectiveness of Transylvania County's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed instances of non-compliance, which are required to be reported in accordance with Uniform Guidance and which are described in the accompanying Schedule of Findings, Responses, and Questioned Costs as items 2022-002 and 2022-003. Our opinion on each major state program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on the County's responses to the non-compliance findings identified in our audit described in the accompanying Schedule of Findings, Responses, and Questioned Costs. The County's responses were not subjected to the other auditing procedure applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

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 state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is reasonable possibility that material non-compliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings, Responses, and Questioned Costs as items 2022-002 and 2022-003 to be significant deficiencies.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the County's responses to the internal control over compliance findings identified in our compliance audit described in the accompanying Schedule of Findings, Responses, and Questioned Costs. The County's responses were not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

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

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, North Carolina
April 28, 2023

This page left blank intentionally.

TRANSYLVANIA COUNTY, NORTH CAROLINA

**SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022**

Section I – Summary of Auditor’s Results

Financial Statements

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

Internal control over financial reporting:

- Material weakness(es) identified? Yes
- Significant deficiency(ies) identified? None reported

Non-compliance material to financial statements noted? Yes

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified? None reported

Type of auditor’s report issued on compliance for major federal programs Unmodified

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

Identification of major federal programs:

<u>Program Name</u>	<u>AL #</u>
Medicaid Cluster	93.778
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds (ARPA)	21.027

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? Yes

TRANSYLVANIA COUNTY, NORTH CAROLINA

**SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022**

Section I – Summary of Auditor’s Results (continued)

State Awards

Internal control over major state programs:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified? Yes

Type of auditor’s report issued on compliance for major state programs Unmodified

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

Identification of major state programs:

Program Name

Medicaid Cluster
Industrial Development Fund Utility Account
ROAP Cluster
State Capital and Infrastructure Funds
State Aid to Public Libraries

TRANSYLVANIA COUNTY, NORTH CAROLINA

**SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022**

Section II – Financial Statement Findings

Material Weakness

Non-Compliance

Finding 2022-001

Criteria: N.C. General Statute 159-34 requires the County to have an audit as soon as possible after the close of each fiscal year.

Condition: The annual audit was delayed due to the time involved to implement a new accounting standard, GASB Statement No. 87, *Leases*.

Effect: Delays of timely reporting and errors in financial reporting could occur.

Cause: The County was not able to completely collect and reconcile relevant agreements and data necessary to implement GASB 87 in a timely manner.

Recommendation: Management should devote sufficient training, tools, and time necessary to implement new accounting standards in a timely manner to prevent future delays in financial reporting due to new accounting standards.

Name of Contact Person: Jonathan Griffin, Finance Director

Views of Responsible Officials and Planned Corrective Actions: The County agrees with this finding and will adhere to the Corrective Action Plan in this audit report.

Section III – Federal Awards Findings and Questioned Costs

None.

TRANSYLVANIA COUNTY, NORTH CAROLINA

SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2022

Section IV – State Awards Findings and Questioned Costs

North Carolina Office of State Budget and Management

Program Name: State Capital and Infrastructure Funds

Grant Number: 20621

Finding: 2022-002

Significant Deficiency, Nonmaterial Non-Compliance Reporting

Criteria: In accordance with the State Single Audit Act and guidelines for the State Capital and Infrastructure Funds, management should have an adequate system of internal control procedures in place to ensure that any required reporting under the program is completed timely.

Condition: Quarterly reports completed and submitted during the fiscal year were submitted after the required due date.

Context: Of the 2 reports that were required to be submitted during the fiscal year, we reviewed 2 and determined reporting completed during the year was not submitted by the required due dates.

Effect: Reports submitted to the grantor were not submitted timely.

Cause: Lack of controls and review over reporting.

Questioned Costs: Reporting has been submitted by the County resulting in no questioned costs.

Recommendation: Implement stronger controls over the reporting process to ensure reporting is submitted by required due dates.

Viewed of Responsible Officials and Planned Corrective Actions: See Corrective Action Plan submitted with this report.

TRANSYLVANIA COUNTY, NORTH CAROLINA

SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2022

Section IV – State Awards Findings and Questioned Costs (continued)

North Carolina Department of Transportation

Program Name: ROAP Cluster

Finding: 2022-003

Significant Deficiency, Nonmaterial Non-Compliance Reporting

Criteria: In accordance with the State Single Audit Act and guidelines for the ROAP Cluster, management should have an adequate system of internal control procedures in place to ensure that any required reporting under the program is completed timely.

Condition: Monthly reports completed and submitted during the fiscal year were submitted after the required due date.

Context: Of the 7 monthly reports that were required to be submitted during the fiscal year, we reviewed 2 and determined reporting completed during the year was not submitted by the required due dates.

Effect: Reports submitted to the grantor were not submitted timely.

Cause: Lack of controls and review over reporting.

Questioned Costs: Reporting has been submitted by the County resulting in no questioned costs.

Recommendation: Implement stronger controls over the reporting process to ensure reporting is submitted by required due dates.

Viewed of Responsible Officials and Planned Corrective Actions: See Corrective Action Plan submitted with this report.

This page left blank intentionally.

BOARD OF COMMISSIONERS

Jason R. Chappell, Chair
Jake Dalton, Vice-Chair
Emmett Casciato
Larry Chapman
Teresa McCall



COUNTY MANAGER

Jaime Laughter
828-884-3100
Fax 828-884-3119

101 South Broad Street
Brevard, NC 28712

Corrective Action Plan

Finding 2022-001:

Name of Contact Person: Jonathan Griffin

Management Response: Beginning in September 2022, management and the Board of Commissioners implemented several policies designed to expedite the collection, recording and reporting of agreements related to both GASB 87 *Leases* and GASB 96 *Subscription-based Information Technology Arrangements*, and the important of maintaining adequate records and the accessibility of those records to the County Finance Office. These requirements have been extensively communicated to all County staff.

Proposed Completion Date: Immediately.

Finding 2022-002:

Name of Contact Person: Jonathan Griffin

Management Response: During FY 2023, management and the Board of Commissioners implemented a memorandum of understanding with the North Carolina Association of County Commissioners' division of Strategic Membership Services for additional support and resources related to the reporting of grants, including but not limited to grants received from the North Carolina Office of State Budget and Management.

Proposed Completion Date: Immediately.

Finding 2022-003:

Name of Contact Person: Jonathan Griffin

Management Response: During FY 2023, management and the Board of Commissioners implemented a contract for technical assistance with the Land of Sky Regional Council for the purposes of enhancing and making more resources available for grant reporting for the North Carolina Department of Transportation.

Proposed Completion Date: Immediately.

TRANSYLVANIA COUNTY, NORTH CAROLINA

**SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2022**

None noted.

TRANSYLVANIA COUNTY, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2022

<u>Grantor / Pass-Through Grantor / Program Title</u>	<u>Federal AL Number</u>	<u>State/ Pass-through Grantor's Number</u>	<u>Federal (Direct & Pass Through) Expenditures</u>	<u>State Expenditures</u>	<u>Passed-through to Subrecipients</u>	<u>Local Expenditures</u>
Federal Awards:						
<u>U.S. Department of Health and Human Services:</u>						
<u>Administration for Children and Families:</u>						
Passed-through the N.C. Department of Health and Human Services:						
Temporary Assistance for Needy Families:						
Division of Social Services:						
Temporary Assistance for Needy Families WorkFirst Administration	93.558	2201NCTANF	\$ 52,799	\$ -	\$ -	\$ -
Temporary Assistance for Needy Families WorkFirst Services	93.558	2201NCTANF	324,990	-	-	-
Total Temporary Assistance for Needy Families:			<u>377,789</u>	<u>-</u>	<u>-</u>	<u>-</u>
Child Support Enforcement Section:						
Child Support Enforcement - IV-D Administration	93.563	2201NCCES	129,010	-	-	-
Child Support Enforcement - IV-D Offset Fees	93.563	2201NCCES	31	-	-	-
Child Support Enforcement - Federal	93.563	2201NCCES	935	-	-	-
Total Child Support Enforcement Section:			<u>129,976</u>	<u>-</u>	<u>-</u>	<u>-</u>
Low-Income Home Energy Assistance:						
COVID-19 Low-Income Home Energy Assistance ARPA - Administration	93.568	2201NCLIEA	27,182	-	-	-
Low-Income Home Energy Assistance - Administration	93.568	2201NCLIEA	19,625	-	-	-
Low-Income Home Energy Assistance - Support	93.568	2201NCLIEA	203,205	-	-	-
COVID-19 Low-Income Home Energy Assistance ARPA	93.568	2201NCLIEA	189,036	-	-	-
Low-Income Home Energy Assistance - Crisis Intervention Program	93.568	2201NCLIEA	96,205	-	-	-
Low-Income Home Energy Assistance - LIHWAP Administration	93.568	2201NCLIEA	10,564	-	-	-
Low-Income Home Energy Assistance - LIHWAP CAA	93.568	2201NCLIEA	47,322	-	-	-
Total Low-Income Home Energy Assistance:			<u>593,139</u>	<u>-</u>	<u>-</u>	<u>-</u>
Foster Care, Adoption, and Guardianship Assistance Program Cluster (Note 3):						
Foster Care Title IV-E - TRN & OFF/TRN	93.658	2201NCFOST	187,294	-	-	187,294
Foster Care Title IV-E - Administration	93.658	2201NCFOST	186,919	16,452	-	44,510
Foster Care Title IV-E - Direct Benefit Payments	93.658	2201NCFOST	163,492	57,934	-	70,962
Adoption Assistance- Administration	93.659	2201NCADPT	2,241	-	-	2,241
Total Foster Care, Adoption, and Guardianship Assistance Program Cluster:			<u>539,946</u>	<u>74,386</u>	<u>-</u>	<u>305,007</u>
Social Services Block Grant	93.667	2201NCSOSR	106,831	12,790	-	32,854
Special Children Adoption Fund Cluster (Note 3):						
Mary Lee Allen Promoting Safe and Stable Families Program	93.556	2201NCFPSS	19,013	-	-	-
Stephanie Tubbs Jones Child Welfare Services Program	93.645	2201NCCWSS	7,595	-	-	2,532
Total Special Children Adoption Fund Cluster (Note 3):			<u>26,608</u>	<u>-</u>	<u>-</u>	<u>2,532</u>
Chafee Foster Care Independence Section:						
John H. Chafee Foster Care Program for Successful Transition to Adulthood - Administration	93.674	2201NCC1LP	12,341	3,085	-	-
John H. Chafee Foster Care Program for Successful Transition to Adulthood - Direct Benefits	93.674	2201NCC1LP	160,484	-	-	-
Total Chafee Foster Care Independence Section:			<u>172,825</u>	<u>3,085</u>	<u>-</u>	<u>-</u>
Division of Child Development:						
Subsidized Child Care Program Cluster (Note 3)						
Child Care Development Fund Cluster:						
Division of Social Services:						
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	2101NCCCDF	84,332	-	-	-
Total Subsidized Child Care Cluster/Child Care Development Fund Cluster (Note 3):			<u>84,332</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Administration for Children and Families			<u>2,031,446</u>	<u>90,261</u>	<u>-</u>	<u>340,393</u>

TRANSYLVANIA COUNTY, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2022

<u>Grantor / Pass-Through Grantor / Program Title</u>	<u>Federal AL Number</u>	<u>State/ Pass-through Grantor's Number</u>	<u>Federal (Direct & Pass Through) Expenditures</u>	<u>State Expenditures</u>	<u>Passed-through to Subrecipients</u>	<u>Local Expenditures</u>
<u>Centers for Medicare and Medicaid Services</u>						
Passed-through the N.C. Department of Health and Human Services:						
Division of Social Services:						
Division of Medical Assistance						
<u>Medicaid Cluster:</u>						
Administration:						
Medical Assistance Program (Medicaid; Tiltle XIX)	93.778	XIX-MAP 22	1,231,298	6,163	-	477,608
Total Medicaid Cluster			1,231,298	6,163	-	477,608
Division of Social Services:						
Administration:						
Children's Health Insurance Program - N.C. Health Choice	93.767	CHIP22	7,965	1,277	-	508
Total Centers for Medicare and Medicaid Services			1,239,263	7,440	-	478,116
<u>Centers for Disease Control and Prevention</u>						
Passed-through the N.C. Department of Health and Human Services:						
Division of Public Health:						
Public Health Emergency Preparedness	93.069	5363260514.000	30,562	-	-	-
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	6 NU52PS910218-01-01	50	-	-	-
COVID-19 - Immunization Cooperative Agreements	93.268	1331631EEJ	93,766	-	-	-
Immunization Cooperative Agreements	93.268	1331631EEJ	7,467	-	-	-
Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations	93.898	5 NU58DP006281-05	1,650	-	-	-
Preventive Health and Health Services Block Grant - funded solely with Prevention and Public Health Funds (PPHF)	93.991	1261550300/12615503PH	30,608	-	-	-
COVID-19 - Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	6 NU50CK000530-02-06	20,031	-	-	-
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	6 NU50CK000530-02-06	146,124	-	-	-
COVID-19 - Public Health Emergency Response: Cooperative Agreement for Emergency Reponse: Public Health Crisis Response	93.354	NU90TP922192	7,394	-	-	-
COVID-19 - Public Health Emergency Response: Cooperative Agreement for Emergency Reponse: Public Health Crisis Response	93.354	6NU90TP922104-01-01	4,027	-	-	-
Total Centers for Disease Control and Prevention			341,679	-	-	-
<u>Substance Abuse and Mental Health Services Administration</u>						
Passed-through the N.C. Department of Health and Human Services:						
CARA Act - Comprehensive Addiction and Recovery Act of 2016	93.799	18SP80395A	56,899	-	-	-
<u>CDC National Center For Chronic Disease Prevention And Health Promotion</u>						
Passed-through the N.C. Department of Health and Human Services:						
Drug-Free Communities Support Program Grants	93.276	2H79SP020377-06	75,897	-	-	-
<u>Health Resources and Service Administration</u>						
Passed-through the N.C. Department of Health and Human Services:						
Rural Health Care Services Outreach, Rural Health Network Development and Small Health Care Provider Quality Improvement	93.912	G25RH40063	69,172	-	-	-
Division of Public Health:						
Maternal and Child Health Services Block Grant to the States	93.994	536260318	25,349	-	-	-

TRANSYLVANIA COUNTY, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2022

<u>Grantor / Pass-Through Grantor / Program Title</u>	<u>Federal AL Number</u>	<u>State/ Pass-through Grantor's Number</u>	<u>Federal (Direct & Pass Through) Expenditures</u>	<u>State Expenditures</u>	<u>Passed-through to Subrecipients</u>	<u>Local Expenditures</u>
<u>Administration for Community Living</u>						
Division of Aging and Adult Services:						
Passed-through the N.C. Department of Health and Human Services						
<i>Passed-through Land-of-Sky Regional Council</i>						
Aging Cluster:						
Special Programs for the Aging Title III, Part B, Grants for Supportive Services and Senior Centers	93.044	21/22AANCT3SS	11,989	2,116	14,105	-
Special Programs for the Aging Title III, Part B, Grants for Supportive Services and Senior Centers-Legal	93.044	21/22AANCT3SS	83,149	60,620	143,769	-
Special Programs for the Aging Title III, Part C, Nutrition Services (Congregate Nutrition)	93.045	21/22AANCT3CM	53,303	11,205	64,508	-
Special Programs for the Aging Title III, Part C, Nutrition Services (Home-Delivered Meals)	93.045	21/22AANCT3HD	11,689	29,959	41,648	-
Nutrition Services Incentive Program	93.053	21/22AANCNSIP	7,907	-	7,907	-
Total Aging Cluster			168,037	103,900	271,937	-
National Family Caregiver Support, Title III Part E Senior Center General Purpose Funding	93.052 N/A	19AANCT3FC N/A	8,963 -	598 3,564	9,561 -	- -
Passed-through the N.C. Department of Insurance						
Medicare Enrollment Assistance Program (SHIIP)	93.071	RQ17318461	-	1,105	-	-
Total Administration for Community Living			177,000	109,167	281,498	-
Total U.S. Department of Health and Human Services			4,016,705	206,868	281,498	818,509
<u>U.S. Department of Agriculture:</u>						
<u>Food and Nutrition Service:</u>						
Passed-through N.C. Department of Health and Human Services:						
Division of Social Services:						
Supplemental Nutrition Assistance Program Cluster						
Administration:						
State Administrative Matching Grants for Supplemental Nutrition Assistance Program	10.561	5NC700705	249,350	-	-	241,584
State Administrative Matching Grants for Supplemental Nutrition Assistance Program	10.561	5NC700705	20,654	-	-	-
Total Supplemental Nutrition Assistance Program Cluster			270,004	-	-	241,584
Division of Public Health:						
WIC Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	536260415	134,947	-	-	-
<u>Forest Service:</u>						
Passed-through N.C. Department of Agriculture and Consumer Services						
Division of Soil and Water Conservation:						
Good Neighbor Authority	10.691	18-GN-11081117-009	158,625	-	-	-
Total U.S. Department of Agriculture			563,576	-	-	241,584
<u>U.S. Department of Homeland Security:</u>						
Direct Program:						
<u>Federal Emergency Management Agency:</u>						
COVID-19 - Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	4487DR-NC-144418	148,010	-	-	-
Passed-through N.C. Department of Public Safety						
Division of Emergency Management:						
Emergency Management Performance Grants	97.042	EMPG-2021-19087	21,056	-	-	-
Total U.S. Department of Homeland Security			169,066	-	-	-

TRANSYLVANIA COUNTY, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2022

<u>Grantor / Pass-Through Grantor / Program Title</u>	<u>Federal AL Number</u>	<u>State/ Pass-through Grantor's Number</u>	<u>Federal (Direct & Pass Through) Expenditures</u>	<u>State Expenditures</u>	<u>Passed-through to Subrecipients</u>	<u>Local Expenditures</u>
<u>U.S. Department of Justice:</u>						
Office of Justice Programs:						
Direct Program:						
Comprehensive Opioid, Stimulant, and Substance Abuse Program	16.838	15PBJA-21-GG-04496-COAP	5,184	-	-	-
Passed-through Governor's Crime Commission:						
Edward Byrne Memorial Justice Assistance Grant Program	16.738	PROJ013150	18,882	-	-	-
Passed-through N.C. Department of Crime Control and Public Safety:						
Crime Victim Assistance	16.575	2020-V2-GX-0061	39,920	-	39,920	-
Crime Victim Assistance	16.575	2018-V2-GX-0061	17,196	-	17,196	-
Total U.S. Department of Justice			81,182	-	57,116	-
<u>U.S. Department of Treasury:</u>						
<u>Direct Program</u>						
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds (ARPA)	21.027		4,290,025	-	-	-
Total U.S. Department of Treasury			4,290,025	-	-	-
<u>Appalachian Regional Commission:</u>						
Passed-through Macon County Health Department						
Appalachian Research, Technical Assistance, and Demonstration Projects	23.011	NC-19356-18	-	4,527	-	-
Total Appalachian Regional Commission			-	4,527	-	-
<u>U.S. Department of Transportation:</u>						
Federal Transit Administration:						
Passed-through N.C. Department of Transportation:						
Formula Grants for Rural Areas and Tribal Transit Program - Admin	20.509	22-CT-057	100,488	6,279	18,844	-
Formula Grants for Rural Areas and Tribal Transit Program - Combined Capital	20.509	22-AD-057	29,833	3,735	3,736	-
COVID-19 - Formula Grants for Rural Areas and Tribal Transit Program - CARES Act	20.509	22-AD-057	56,898	-	-	-
Transit Services Programs Cluster:						
Enhanced Mobility of Seniors & Individuals with Disabilities	20.513	22-ED-057	11,008	-	11,008	-
Total Transit Services Programs Cluster:			11,008	-	11,008	-
Total U.S. Department of Transportation			198,227	10,014	33,588	-
Total Assistance- Federal Programs			9,318,781	221,409	372,202	1,060,093
State Awards:						
<u>N.C. Department of Administration:</u>						
Veterans Service						
			-	2,109	-	-
Total NC Department of Administration			-	2,109	-	-
<u>N.C. Department of Public Safety:</u>						
Division of Juvenile Justice						
Juvenile Crime Prevention Council Programs		088-XXXX	-	125,947	-	-
Total NC Department of Public Safety			-	125,947	-	-
<u>N.C. Department of Commerce:</u>						
Public Infrastructure Funds						
Industrial Development Fund Utility Account		U-510	-	301,141	-	135,485
Total NC Department of Commerce			-	301,141	-	135,485

TRANSYLVANIA COUNTY, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2022

<u>Grantor / Pass-Through Grantor / Program Title</u>	<u>Federal AL Number</u>	<u>State/ Pass-through Grantor's Number</u>	<u>Federal (Direct & Pass Through) Expenditures</u>	<u>State Expenditures</u>	<u>Passed-through to Subrecipients</u>	<u>Local Expenditures</u>
<u>N.C. Department of Health and Human Services:</u>						
Division of Social Services:						
Administration:						
County Funded Programs			-	-	-	1,057,607
Non-allocating County Costs			-	-	-	148,041
Work First Non-reimbursable			-	-	-	313,424
CPS Expansion - State			-	117,265	-	-
Direct Benefit Payments:						
SFHF Maximization			-	92,518	-	-
State Foster Home			-	46,780	-	-
Total Division of Social Services			-	256,563	-	1,519,072
Division of Public Health:						
Healthy Communities		1 NB01OT009312-02-00	-	3,746	-	-
Public Health Capacity Building		-	-	75,407	-	-
Public Health Pest Management		-	-	16,000	-	-
General Communicable Disease Control		1175451000.000	-	10,656	-	-
Food and Lodging Fees		-	-	3,063	-	-
Women's Health Service Fund		-	-	2,346	-	-
HIV/STD State		-	-	500	-	-
TB Control		6 NU52PS910218-01-01	-	2,200	-	-
School Nurse Funding Initiative		-	-	50,000	-	-
Breast and Cervical Cancer Program		5 NU58DP006281-05	-	2,275	-	-
Family Planning - State		-	-	26,606	-	-
Child Health		B04MC40152	-	800	-	-
Total Division of Public Health			-	193,599	-	-
Total N.C. Department of Health and Human Services			-	450,162	-	1,519,072
<u>N.C. Department of Transportation:</u>						
Rural Operating Assistance Program (ROAP)						
Elderly and Disabled Transportation Assistance Program (E&DTAP)			-	66,588	-	-
Rural General Public Program (RGP)			-	71,282	-	-
Employment Transportation Assistance Program			-	9,849	-	-
Total ROAP Cluster			-	147,719	-	-
Total NC Department of Transportation			-	147,719	-	-
<u>N.C. Department of Agriculture and Consumer Services</u>						
Division of Soil and Water Conservation:						
Soil and Water Technical Assistance			-	27,699	27,699	-
Total N.C. Department of Agriculture and Consumer Services			-	27,699	27,699	-
<u>N.C. Office of State Budget and Management</u>						
State Directed Grant Programs:						
State Capital and Infrastructure Funds		20621	-	125,000	-	-
Passed through N.C. Department of Public Safety:						
Directed Grant (Sheriff's Offices)		SL 2022 - 159	-	84,270	-	-
Total N.C. Office of State Budget and Management			-	209,270	-	-
<u>N.C. Department of Natural and Cultural Resources</u>						
Division of State Library						
State Aid to Public Libraries			-	86,139	-	-
Total N.C. Department of Natural and Cultural Resources			-	86,139	-	-
<u>N.C. Department of Public Instruction:</u>						
Public School Building Capital Fund						
			-	2,017	-	-
Total Assistance- State Programs			-	1,352,203	27,699	1,654,557
Total Federal and State Awards			\$ 9,318,781	\$ 1,573,612	\$ 399,901	\$ 2,714,650

TRANSYLVANIA COUNTY, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2022

<u>Grantor / Pass-Through Grantor / Program Title</u>	<u>Federal AL Number</u>	<u>State/ Pass-through Grantor's Number</u>	<u>Federal (Direct & Pass Through) Expenditures</u>	<u>State Expenditures</u>	<u>Passed-through to Subrecipients</u>	<u>Local Expenditures</u>
---	----------------------------------	---	---	-------------------------------	--	-------------------------------

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

Note 1: Basis of Presentation

The accompanying Schedule of Expenditures of Federal and State Awards (SEFSA) includes the federal and State grant activity of Transylvania County under the programs of the federal government and the State of North Carolina for the year ended June 30, 2022. The information in this SEFSA is presented in accordance with the requirements of Title 2 *US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of Transylvania County, it is not intended Federal Awards (Uniform Guidance) and the State Single Audit to and does not present the financial position, changes in net position or cash flows of Transylvania County.

Note 2: Summary of Significant Accounting Policies

Expenditures reported in the SEFSA are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Transylvania County has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 3: Cluster of Programs

The following are clustered by the NC Department of Health and Human Services and are treated separately for state audit requirement purposes: Foster Care, Adoption, and Guardianship Assistance Program, Special Children Adoption Fund, and Subsidized Child Care Program.