

**TRANSYLVANIA COUNTY
NORTH CAROLINA**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2018

**TRANSYLVANIA COUNTY
NORTH CAROLINA**

Comprehensive Annual Financial Report

For the Year Ended June 30, 2018

Prepared by the Finance Department

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**TRANSYLVANIA COUNTY
NORTH CAROLINA**

JUNE 30, 2018

BOARD OF COUNTY COMMISSIONERS

LARRY CHAPMAN, CHAIR

PAGE LEMEL, VICE CHAIR

JASON CHAPPELL

MIKE HAWKINS

KELVIN PHILLIPS

PRINCIPAL OFFICIALS

COUNTY MANAGER

Jaime Laughter

FINANCE DIRECTOR

Jonathan Griffin

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TRANSYLVANIA COUNTY, NORTH CAROLINA

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2018

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**INTRODUCTORY
SECTION**

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BOARD OF COMMISSIONERS

Mike Hawkins, Chair
W. David Guice, Vice-Chair
Will Cathey
Jason Chappell
Page Lemel



COUNTY MANAGER

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

101 South Broad Street
Brevard, NC 28712

January 25, 2019

The Board of Commissioners
Transylvania County
North Carolina

The Comprehensive Annual Financial Report of Transylvania County for the fiscal year ended June 30, 2018, 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, 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, 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 Comprehensive Annual 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, 2018 was 34,575. 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. These sectors were impacted to varying degrees by the Great Recession of 2008, but all are now showing signs of recovery. As of June 30, 2018, the county's unemployment rate was 4.0%, well below the prior year-end rate of 4.2% and less than the 4.2% June 2018 rate for the State of North Carolina.

Because of the recreational and cultural opportunities available in the area, travel and tourism has long been a major component of the local economy. Within the county's boundaries lie DuPont State Forest, Gorges State Park, and portions of Pisgah and Nantahala national forests. These areas draw visitors who enjoy sightseeing, hiking, rock-climbing, paddling, fishing, and other outdoor activities. Local occupancy tax receipts have grown by double digits in the last several fiscal years, an indicator that travel and tourism to Transylvania County continues on an upward trend.

RESPONSE TO ECONOMIC CONDITIONS

The Board of Commissioners has endeavored to balance citizens' needs and expectations for services with taxpayers' ability to fund them. Since FY 02, County government in Transylvania County has sought to be as lean and efficient as possible to balance the needs of a community experiencing significant economic distress and the needs of a county government dedicated to delivering effective services to its citizens. Beginning in the early 2000's, the manufacturing sector in Transylvania County ended a period of significant

decline with several of the County's largest employers ceasing operations. At this time, unemployment increased rapidly to a peak of 11.6 percent, amongst the highest in North Carolina and the highest level ever seen in the county.

The County's economic conditions had not yet recovered to pre-2000 levels when the United States economy entered a nationwide recession in 2008. This period of deteriorating economic conditions led to County Commissions again needing to make significant and thoughtful choices about how best to balance the needs of its citizens and the needs of effective government services. In January 2010, the unemployment rate again peaked at a higher level than it did in the aftermath of the major industry closures reaching a rate of 11.9 percent. High periods of unemployment led the Board of County Commissioners to endeavor to keep the ad valorem tax rate as low as was possible and to avoid seeking financing referenda to levy any additional local option sales taxes.

By FY 14 however, the Board of Commissioners determined that the County could no longer delay investing in services and amenities that would benefit the citizens and contribute to economic growth in the community. Consequently, all future budgets since FY 14 have included increased funding for Transylvania County Schools, Blue Ridge Community College and the county's economic development. In FY 18, the County's approved general fund budget was \$51,243,973 and represented nearly a 12% increase over the FY 14 baseline.

The most recent property tax revaluation occurred in 2016 and resulted in an 8% overall reduction in the tax base, which reflected the nationwide decline in the housing market that began shortly before the County's January 1, 2009 property revaluation. To maintain existing service levels and generate additional funds for major capital projects, the Board of Commissioners raised the tax rate for FY 17 above the revenue-neutral level of \$.4910/\$100 to \$.5110/\$100 where it has remained since that point.

In recognition of the County's strong borrowing potential, both Moody's Investors Service and Standard & Poor's have upgraded the County's bond rating in recent years to Aa2 and AA, respectively. The primary factor for this change is the sharp decrease in the County's revenue to debt ratio strongly improved by the final maturity of the County's prior general obligation bonds.

Operating County government more efficiently and economically continues to be a goal that is actively and consistently promoted throughout all levels of the organization.

MAJOR INITIATIVES

Economic Development

In April of 2016, the County was awarded a Golden LEAF Foundation grant in the amount of \$1.1 million. One hundred thousand dollars was earmarked for Science, Technology, Engineering and Mathematics (STEM) education in the local school system, and the remainder was designated for the creation of advanced manufacturing jobs in the community. Since then Transylvania County has been working diligently with the City of Brevard and the Transylvania Economic Alliance (TEA) to construct a speculative industrial shell building, named the Sylvan Valley Industrial Center with construction primarily financed by the County government and the economic alliance acting as the owner/operator of the facility. The total estimated cost of the project was estimated to be approximately \$5.0 million, and is anticipated to be completed in the fall of 2018.

The total estimated cost of the project is approximately \$5.0 million. Net income from lease payments will be prorated between the County and TEA with a portion of the funds slated to be reinvested in future economic development projects and a portion to restore amounts allocated from the County's general fund balance.

Parks and Recreation

In another collaborative effort, the Brevard City Council and Transylvania County Board of Commissioners appointed a joint Parks and Recreation Task Force in FY 16 to develop a Master Plan for a coordinated and comprehensive approach to the expansion of recreational facilities and resources in the community. The Task Force presented the plan in September 2016. It proposed improvements to existing parks, the construction of a new community sports complex and a multi-generational recreation center, and the development of additional parks, greenway trails, and blueways on the French Broad River. While the City of Brevard did not ultimately adopt the Master Plan document, the Transylvania County Board of County Commissioners has sought implementation and aligned its capital planning with those principles.

Recently, the Board of County Commissioners has approved the following projects in accordance with the adopted master plan:

1. The upfitting of the electrical and HVAC system at the Transylvania Activity Center to provide air conditioning for the center's gymnasium
2. Appropriations to both the City of Brevard and Town of Rosman to assist with the creation of and upkeep of recreation amenities
3. A master planning process for Silvermont Mansion and Park with other facilities to be planned in future years
4. Over \$150,000 in ADA improvements across the entire Parks and Recreation System

The Board of County Commissioners has also been deliberately building an assigned fund balance to fund future projects with anticipated further expenditures in FY 19 and beyond.

Public Safety

The Board of County Commissioners also plans after June 30th to move forward with an extensive project to install and upgrade the entire radio system for use by emergency services in Transylvania County. The existing analog VHF repeater system has been determined to no longer meet the needs of law enforcement, fire and rescue and emergency medical services to communicate while out in the field, particularly in the remote areas of Transylvania County.

At the end of FY 18, the Board of County Commissioners had set aside upward of \$1.1 million in their fund balance to execute this much needed project, and staff have issued a request for proposals that they believe will identify an adequate vendor to provide these necessary upgrades during Fiscal Years 2019 and 2020.

For The Future:

Transylvania County plans to address several major capital needs over the course of the next several fiscal years.

Transylvania County Courthouse

In FY 17, the County Commissioners determined that a full scale relocation of court facilities in Transylvania County was the most viable way of addressing the space, safety and service constraints

imposed by the historic Courthouse facility. The current County Courthouse's core structure was constructed in the late 1870's which imposes several significant hurdles on the logistical

However prior to formal adoption of their FY 19 budget ordinance, they chose to cease work on the project indefinitely due to concern regarding cost and the pending general obligation school bond referendum. At this time, future Boards of County Commissioners will need to determine the scope of future work to address this need for the citizens of Transylvania County. No matter what decision is made, it is likely that this will be the largest capital project undertaken by the County government and that the financial mechanism used to undertake this project will be a limited obligation installment financing arrangement if available.

Transylvania County Schools

The Transylvania County Board of Education and the Board of Commissioners held a joint meeting in April 2017 to discuss major capital improvement projects for the school system and various financing alternatives. The Board of Education has identified a number of extensive renovations and repairs needed for its eight existing campuses and facilities, ranging in age from four years to 72 years, to update aging infrastructure, replace square footage at the end of its useful life, and bring educational spaces up to recommended state standards. In November 2018, they successfully sought and achieved passage of a \$68,000,000 general obligation school bond which will benefit the campuses of Brevard High and Rosman Middle/High. Capital needs at other facilities remain unaddressed by the passage of this bond, and it is likely that those facilities will need to be addressed through additional limited obligation installment financings which would necessitate further ad valorem tax increases.

STRATEGIC PLAN

In January of 2016, the Board of Commissioners adopted the Transylvania County Strategic Plan for 2016-2021.

Initiated by the Board approximately a year earlier, the process started with an analysis of the County's strengths and weaknesses and an assessment of the opportunities and threats facing the County. Based on that study and the input from community stakeholders as well as staff, the Board set the following six long-term goals:

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. **Environmental:** Provide sound management of and maintain the wealth of natural resources in Transylvania County to support the local economy and quality of life with plans in place to assure long-term viability.
5. **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.
6. **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 six 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.

OTHER INFORMATION

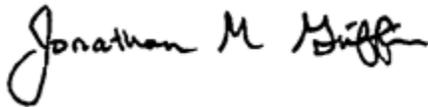
CERTIFICATE OF ACHIEVEMENT: The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Transylvania County for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2017. (This was the 31st 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 CAFR. 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 CAFR 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, Christy, Jennifer, Deanna and Teresa have earned my most sincere gratitude. I also appreciate the cooperation of my fellow department heads in carrying out the financial transactions in their functions responsibly and in compliance with generally accepted accounting principles and regulatory requirements.

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 and progressive manner and remain ever thankful for the bold leadership of County Manager Jaime Laughter.

Respectfully submitted,



Jonathan M. Griffin
Finance Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

Transylvania County
North Carolina

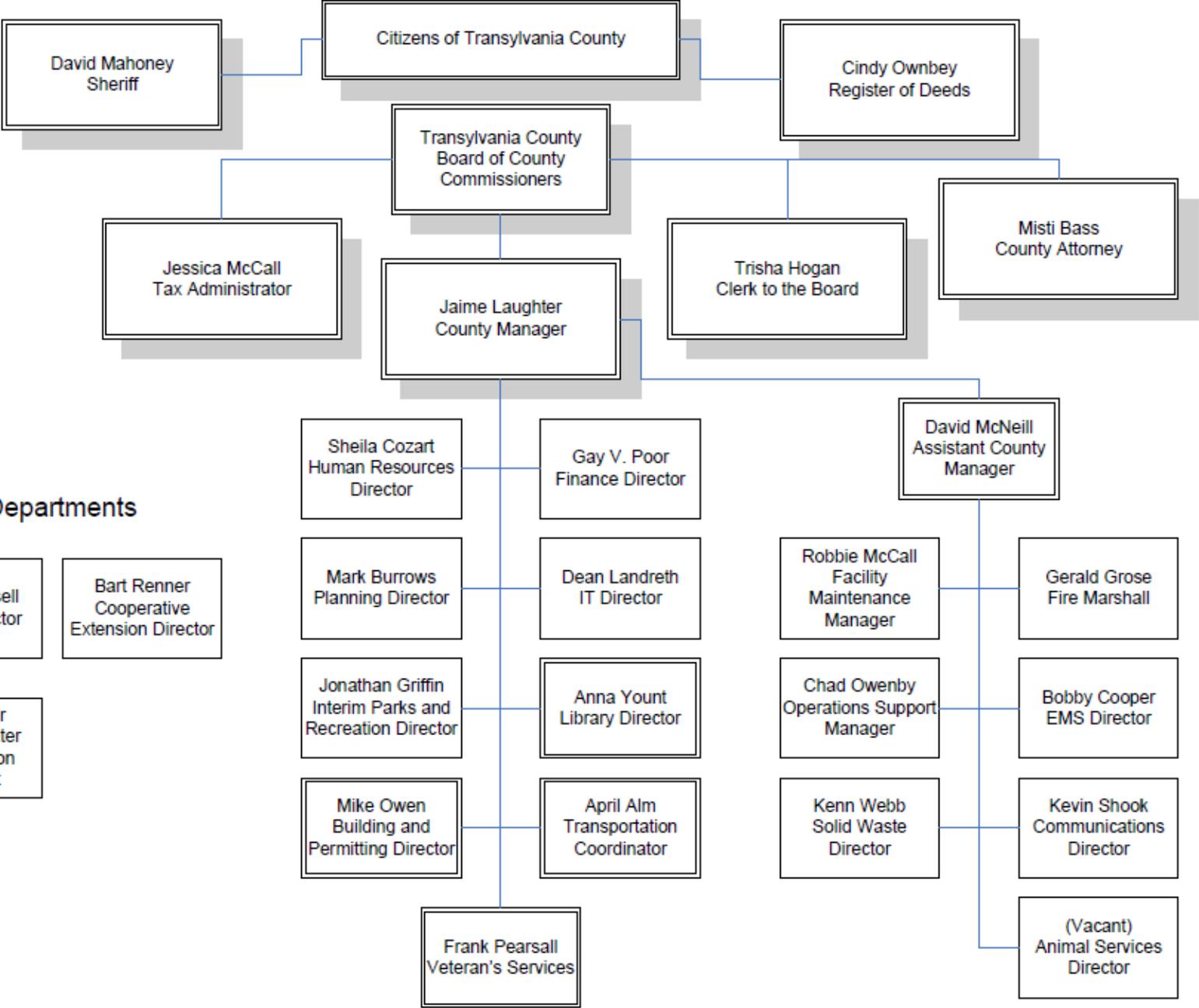
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

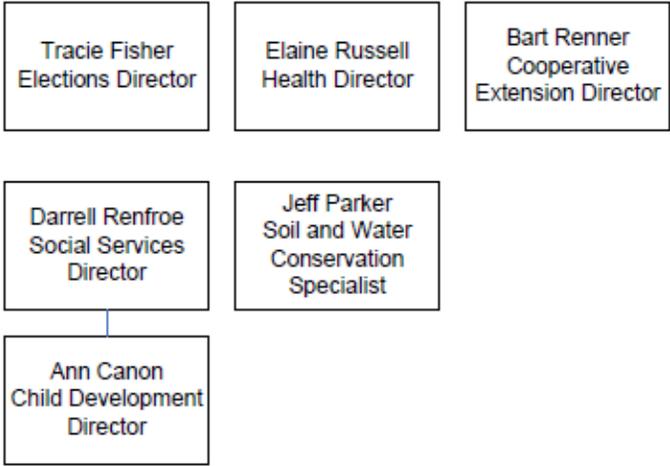
Christopher P. Morill

Executive Director/CEO

Transylvania County Organizational Chart



Coordinative Departments



**FINANCIAL
SECTION**

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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 Financial Statements

We have audited the accompanying 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, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Transylvania County Tourism Development Authority were not audited in accordance with *Government Auditing Standards*.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the 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, 2018, and the respective changes in financial position and, cash flows, where applicable, 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.

Change in Accounting Principle

As discussed in Note 7 to the financial statements, for the fiscal year ended June 30, 2018, the County adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

Other Matters

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 Schedules of the Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered 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 Asset (Liability) and County Contributions, and the Register of Deeds' Supplemental Pension Fund Schedule of the County's Proportionate Share of the Net Pension Asset (Liability) and Schedule of County Contributions be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economical, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Transylvania County's basic financial statements. The introductory information, combining and individual fund financial statements, budgetary schedules, supplemental ad valorem tax schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 25, 2019, on our consideration of Transylvania County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of 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
January 25, 2019

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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, 2018. 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

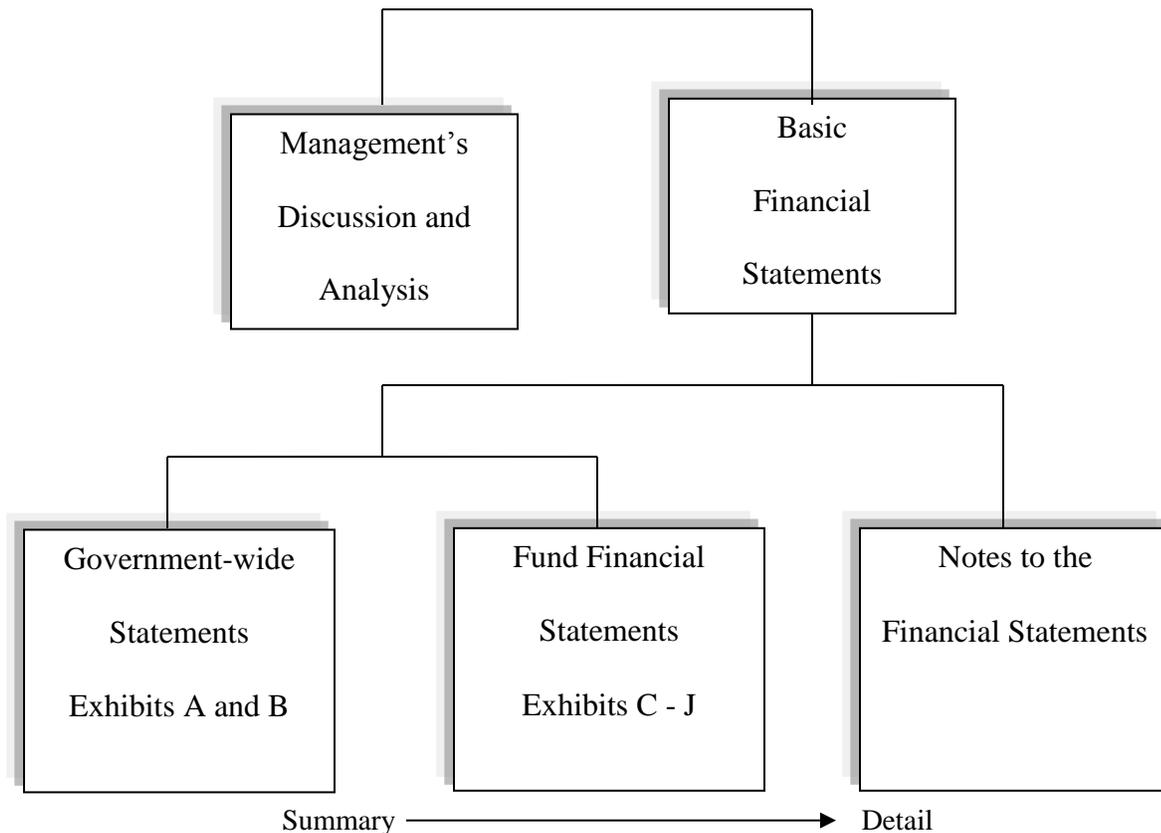
- The County's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at the end of fiscal year 2018 by \$66,961,169 (*net position*). Of this amount, \$19,138,563 (28.58 percent) is unrestricted and, therefore, may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net position was reduced by \$556,620 (.83 percent).
- At the close of the fiscal year, the County's governmental funds reported combined fund balances of \$29,988,559, reflecting an increase of \$1,137,972 over the prior year or approximately 4%. Approximately 18.5 percent of the balance, or \$5,516,914, is restricted or non-spendable. Another 63.4 percent, or \$19,022,040, is either committed or assigned for specific purposes, leaving the remaining \$5,412,367 (18.0 percent) unassigned.
- The County's General Fund balance fell to \$26,592,224. The unassigned amount of this balance is \$5,415,837, which represents 10.6 percent of total actual General Fund expenditures in the fiscal year.
- The County achieved an ad valorem tax collection rate of 99.87 percent in fiscal year 2018, slightly above than the 99.83 percent realized the prior year.
- As of June 30, 2018, the County had long-term outstanding debt of \$3,002,140, down \$949,746, or 24.03 percent, from the previous year. The County did not assume any new debt during fiscal year 2018.
- The current bond ratings for Transylvania County are Aa2 as rated by Moody's Investors Services and AA as rated by Standard and Poor's. Both credit-rating agencies based their upgrades on an evaluation of the County's overall economic health.

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 through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of 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 similar to 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 as a whole.

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 as a result 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 three component units: the Joint Historic Properties Commission, the Transylvania County Parks and Recreation Commission, and the Transylvania County Tourism Development Authority. The first two of these, which are considered blended component units, are advisory organizations appointed by the Board of Commissioners and have no financial transactions to report. 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 19 to 22 of this report.

Fund Financial Statements

There are four components of the fund financial statements (Exhibits C through J): (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:

- nonspendable 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, and
- unassigned, which is available for general use

Please refer to pages 40 - 44 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, with the exception of those capital projects 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 or not 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 one kind of proprietary fund, an Enterprise Fund that is used to account for the County’s landfill operations. The activity shown in this fund is the same as that shown in the business-type activity in the government-wide financial statements. There are three proprietary fund financial statements: (1) the *Statement of Net Position*, (2) the *Statement of Revenues, Expenses, and Changes in Fund Net Position*, and (3) the *Statement of Cash Flows* (Exhibits G through I). Like the business-type activities statements, these statements are prepared using the full accrual accounting method and have an economic resources measurement focus.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Transylvania County has two fiduciary funds, both of which are agency funds: the Social Services Fund and a Miscellaneous Agency Fund (Exhibit J).

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 75 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 agency 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, 2018, Transylvania County’s government-wide assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$66,961,169 – reflecting a reduction of \$556,620 resulting from financial transactions that occurred during fiscal year 2018 (see Figure 2, below.)

Net Position Summary
Figure 2

	Governmental Activities		Business-type Activities		Government-wide Total	
	2018	2017	2018	2017	2018	2017
Current and other assets	\$ 33,085,197	\$ 31,333,855	\$ 8,513,548	\$ 7,998,541	\$ 41,598,745	\$ 39,332,396
Net pension asset	\$ 72,827	\$ 78,658	\$ -	\$ -	\$ 72,827	\$ 78,658
Capital assets	41,400,385	41,635,492	3,402,883	3,601,564	44,803,268	45,237,056
Total assets	\$ 74,558,409	\$ 73,048,005	\$ 11,916,431	\$ 11,600,105	\$ 86,474,840	\$ 84,648,110
Deferred outflows of resources	\$ 3,399,562	\$ 3,986,131	\$ 160,791	\$ 206,694	\$ 3,560,353	\$ 4,192,825
Long-term liabilities outstanding	\$ 11,713,768	\$ 12,221,719	\$ 6,586,426	\$ 6,345,895	\$ 18,300,194	\$ 18,567,614
Other liabilities	4,360,314	2,443,645	97,429	87,272	4,457,743	2,530,917
Total liabilities	\$ 16,074,082	\$ 14,665,364	\$ 6,683,855	\$ 6,433,167	\$ 22,757,937	\$ 21,098,531
Deferred inflows of resources	\$ 303,641	\$ 216,519	\$ 12,446	\$ 8,096	\$ 316,087	\$ 224,615
Net position:						
Net investment in capital assets	\$ 38,830,835	\$ 38,746,154	\$ 3,402,883	\$ 3,601,564	\$ 42,233,718	\$ 42,347,718
Restricted	5,588,888	5,249,302	-	-	5,588,888	5,249,302
Unrestricted	17,160,525	18,156,797	1,978,038	1,763,972	19,138,563	19,920,769
Total net position	\$ 61,580,248	\$ 62,152,253	\$ 5,380,921	\$ 5,365,536	\$ 66,961,169	\$ 67,517,789

Overall, the County's net position declined by .82% (\$556,620). This is an aggregate of two changes in net position for the county overall. The net position of governmental activities declined by \$572,005 while the net position of business-type activities increased by \$15,385. Investment in capital assets represented \$44,803,268 (67%) of the government wide total net position and represented the County's extensive investment in land, buildings, furniture and fixtures, vehicles and other equipment. For the County as a whole, capital assets fell due to the investments in capital and decreases in related debt being exceeded by depreciation and retirements.

Of the government's net position, \$5,588,888 (8.3 percent) 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 \$3,949,267 of that classification, which also includes smaller amounts restricted to fire district taxes, court fees, the Emergency Telephone system, the Register of Deeds pension plan and pension plan and other various grants and donations. The government wide unrestricted net position fell by \$782,206 (3.9 percent) driven by governmental activities. Unrestricted net position rose by 12.3 percent in business-type activities.

Governmental activities – At the end of fiscal year 2018, the County's governmental activities reported a net position of \$61,580,248 which was \$572,005 (.92) lower than previous fiscal year.

Revenues: Compared to fiscal year 2017, revenues were \$1,255,371 higher than the previous year. This increase was driven by several factors. Principally a \$947,568 increase over prior year caused by slight growth in the County's overall assessed value and the continued high property tax collection rate. Revenues from operating grants and contributions fell significantly, representing continued changes in human services benefit delivery. However, in fiscal year 2018, the County logged its payment on the long delayed Golden Leaf grant in the amount of \$212,000. Charges for services were roughly consistent with the prior year government-wide, only increasing by \$67,845. Growth in other forms of taxation was primarily driven by permits and fees collected by Building and Permitting and the Register of Deeds, overall local option sales taxes were lower and showed growth only through the state's Medicaid Hold Harmless distributions. Interest earned on investments increased sharply over the prior year driven by changes in cash management strategies leaving more idle funds for investment, this increase was \$271,189 (204%).

Expenses: Expenses and transfers in fiscal year 2018 were also significantly higher than the prior year's - by a total of \$2,206,295. The largest increase in expenditures was the result of the beginning of construction on the Sylvan Valley Light Industrial Center which led to a serious increase in the classification of Economic and Physical Development. The other large increase was in Education.

Summary of Changes in Net Position

Figure 3

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program revenues:						
Charges for services	\$ 4,289,719	\$ 4,410,320	\$1,978,795	\$1,790,349	\$ 6,268,514	\$ 6,200,669
Operating grants and contributions	6,747,182	7,542,506	32,209	46,596	6,779,391	7,589,102
Capital grants and contributions	212,000	-	-	-	212,000	-
General revenues:						
Property taxes	33,311,358	32,363,790	-	-	33,311,358	32,363,790
Other taxes	9,191,970	8,615,945	-	-	9,191,970	8,615,945
Grants and contributions unrestricted to specific programs	390,616	398,562	-	-	390,616	398,562
Miscellaneous unrestricted	-	-	-	-	-	-
Interest	403,904	132,715	17	1,616	403,921	134,331
Total revenues	\$54,546,749	\$53,463,838	\$2,011,021	\$1,838,561	\$56,557,770	\$55,302,399
Expenses:						
General government	\$ 5,337,831	\$ 5,591,288	\$ -	\$ -	\$ 5,337,831	\$ 5,591,288
Public safety	16,549,027	16,364,189	-	-	16,549,027	16,364,189
Transportation	438,101	472,854	-	-	438,101	472,854
Economic and physical development	3,689,164	1,250,752	-	-	3,689,164	1,250,752
Human services	8,750,207	9,591,901	-	-	8,750,207	9,591,901
Cultural and recreation	2,451,013	2,529,905	-	-	2,451,013	2,529,905
Education	14,630,014	13,797,948	-	-	14,630,014	13,797,948
Interest on long-term debt	111,948	153,568	-	-	111,948	153,568
Landfill	-	-	2,480,832	2,371,592	2,480,832	2,371,592
Total expenses	\$51,957,305	\$49,752,405	\$2,480,832	\$2,371,592	\$54,438,137	\$52,123,997
Change in net position before transfers	\$ 2,589,444	\$ 3,711,433	\$ (469,811)	\$ (533,031)	\$ 2,119,633	\$ 3,178,402
Transfers	\$ (624,722)	\$ (626,117)	\$ 624,722	\$ 626,117	\$ -	\$ -
Change in net position	\$ 1,964,722	\$ 3,085,316	\$ 154,911	\$ 93,086	\$ 2,119,633	\$ 3,178,402
Net position, July 1	\$62,152,253	\$59,893,107	\$5,365,536	\$5,272,450	\$67,517,789	\$65,165,557
Prior period adjustment	\$ (2,536,727)	\$ (826,170)	\$ (139,526)	\$ -	\$ (2,676,253)	\$ (826,170)
Net position, July 1, restated	\$59,615,526	\$59,066,937	\$5,226,010	\$5,272,450	\$64,841,536	\$64,339,387
Net position, June 30	\$61,580,248	\$62,152,253	\$5,380,921	\$5,365,536	\$66,961,169	\$67,517,789

The largest contributors to the changes in Transylvania County's net position for the time period ending June 30th, 2018 were as follows:

- Overall governmental revenues were approximately \$1,082,911 higher than prior year, driven predominantly by \$947,568 in growth in ad valorem tax collected across all governmental funds and \$576,025 increases in sales tax revenue
- Overall governmental expenditures rose \$2,204,900, driven largely by \$832,066 growth in Education expenses which built on several strong years of increased appropriations for K-12 and community college programs and by \$2,438,412 of increased expenditures in economic and physical development related to the construction of a shell facility for light industry.

- A 27.10 percent decrease in interest paid on debt due to the final maturity of the County's 1997 approved general obligation school bonds
- A similarly large transfer to the Solid Waste Enterprise fund compared to the prior year to continue a capital program designed to ensure compliance with environmental regulations.

In fiscal year 2018, charges for services, grants, and contributions covered 21.6 percent of the expenses of governmental activities and comprised 20.6 percent of total revenues. In fiscal year 2017, charges for services, grants, and contributions covered 24.0 percent of the expenses of governmental activities and comprised 22.4 percent of total revenues.

Business-type activities – Transylvania County's business-type activities closed the year with a net position of \$5,380,921, reflecting growth of \$154,911.

Revenues from Solid Waste operations in fiscal year 2018 exceeded the prior year's by \$188,446. This increase was mostly driven by scale and sticker sales, with recycling revenues beginning to decline sharply throughout the year due to changes in the macroeconomic factors of recycling. Major projects undertaken to properly staff the Solid Waste Division and maintain compliance with environmental regulations drove another year of increases in Solid Waste fund expenditures. The continuance of similar level of general fund revenue appropriations in the Solid Waste Fund were the sole factor in the increase in the Solid Waste Fund's net position.

Through tipping and recycling fees, users of the solid waste facility paid 93.5 percent of operating expenses (excluding potential assessment and corrective action (PACA) costs and closure and post-closure care costs) in fiscal year 2018, versus 87.9 percent in fiscal year 2017 and contributed 98.4 percent to the landfill's total operating revenues roughly stable to the prior year. Transfers from governmental activities supplemented these revenues. Please refer to the analysis of the proprietary fund on page 14 for more information.

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 funds types are divided into two categories, major and non-major. The General Fund is always considered a major fund; one other fund met the criteria for this classification in fiscal year 2018 which was the Golden Leaf Light Industrial Building Fund. The non-major governmental funds consist of Special Revenue Funds, Capital Projects 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 \$26,592,224, with \$37,238 non-spendable and \$3,809,638 restricted for stabilization by state statute.

- \$779,875 was restricted by general statutes for court facilities and Register of Deed's Office technology enhancements and by grant requirements and other external restrictions, most notably for Public Safety activities.

- \$4,601,399 was committed by the Board of Commissioners for post-employment health benefits for employees (\$2,534,637) and pension payments for retired law enforcement officers (\$2,066,762).
- \$11,948,237 was assigned for specific uses including \$1,785,535 for employee health insurance, \$1,071,370 for accrued vacation, \$885,950 for Parks and Recreation facility improvements, and \$1,117,250 for Emergency Management communications upgrades.
- \$5,415,837 or 20.4 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 and transfers. Unassigned fund balance represents 10.6 percent and total fund balance represented more than fifty seven percent of the County government's total actual expenditures for fiscal year 2018.

The General Fund balance fell during fiscal year 2018 by \$848,056 (approximately 3.1 percent); a change from the prior fiscal year where it grew by \$2,663,980 (10.8 percent). Expenditures less than originally budgeted generated a surplus of \$3,969,469. Actual revenues exceeded final budget projections by \$622,239. The major factors in this variance were:

- Approximately \$3,500,000 in transfers from the General Fund to the Golden Leaf Industrial Building to begin construction of the Sylvan Valley Light Industrial Center.
- Approximately \$800,000 in transfers from the General Fund to the Solid Waste Enterprise to address immediate regulatory compliance issues.
- Slower growth in sales and use tax receipts disbursed by the State of North Carolina only \$51,940 higher than budgeted driven by Medicaid Hold Harmless funds received.
- \$333,856 for capital projects that were either initiated but not fully completed by year-end and were postponed to the coming year.
- \$101,761 in increased investment earnings over budget related to changes in interest rates and increased levels of idle cash due to increasing reserve funds not expended.

The combined fund balances of all non-major governmental funds grew by \$126,460:

- The General Capital Projects Fund grew by \$3,691 representing investment returns on the remaining funds on various capital project ordinances that have been expended but not closed out.
- The Fire Districts Fund grew by \$93,122 driven by higher than anticipated ad valorem tax revenue collections.
- The Emergency Telephone System Fund grew by \$18,168 driven by significantly lower than expected expenditures on equipment and software.
- The Permanent Fund, which was established for the maintenance of an historic mansion and grounds bequeathed to the County for use as a recreation facility, had a slight increase of \$11,479 in its fund balance. Of the \$347,399 ending balance in the Permanent Fund, \$108,367 was restricted; the remainder was assigned.
- All of the funds in the Special Revenue Funds were restricted either for the purposes for which they were collected or for stabilization by state statute.

As of June 30, 2018, Transylvania County's governmental funds reported a total ending balance of \$29,988,559 which was an increase of \$1,137,972 over the prior year.

General Fund Budgetary Highlights: During the fiscal year, Transylvania County found it necessary to revise the General Fund budget for several reasons, 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 2017. The amendments approved during the course of fiscal year 2018 increased the General Fund's original budget by \$4,402,275, or 8.59 percent, and included adjustments made for the following:

- \$3,000,000 appropriated from the general fund balance reserve for Economic Development and transferred to the Golden Leaf Project Fund.
- \$302,017 in increases of lottery funds passed through the State of North Carolina to the Board of Education.
- \$183,172 appropriated from the Parks and Recreation reserve to install air conditioning at the County's primary recreation facility.
- \$387,220 appropriated from unassigned fund balance and transferred to the Solid Waste Fund to replace heavy equipment and improve regulatory compliance efforts.
- \$165,175 withdrawn from fund balance assigned for compensated absences for vacations cashed out in lieu of leave taken or paid out to terminated employees.
- \$67,708 carried forward from the prior year for maintenance and repair projects.
- \$708,114 in reduction in Federal and State funding representing transition of direct benefit payments no longer made by Counties but rather by the state.

When compared to the final budget, the following factors can be discerned concerning the County's revenue performance for the year ended June 30th, 2018:

- Ad Valorem Tax revenues exceeded budgeted projections by \$675,442.
- Local Option Sale Tax revenues actually came in below projected levels by \$39,906 indicating that previously assumed growth in local option sales tax may have been overly optimistic.
- Other taxes and licenses fell below budgeted levels, mostly driven by a shortfall in deed stamp excise taxes.
- Restricted intergovernmental revenues came in below budgeted projections by \$375,603 but represented return to more normal variances given the prior year's \$1,523,501 shortfall.
- Sales of goods and services to other governmental units and the public came in higher than anticipated by \$35,134 driven predominantly by growth in the County's Parks and Recreation Department under transitional leadership.

As noted above, the General Fund's actual expenditures finished the year 7.8 percent (\$4,591,708) below the final budget. Favorable variances of \$2,277,414 in General Government, \$963,500 in Public safety, and \$350,630 in Human Services contributed the most to the positive results. The major factors behind the reduced spending county-wide were presented in the explanation of the fund balance change, but their impact on each function is presented below:

- Lower employee health insurance claims were amongst the most significant driver of the general government reduction, given that budgeted claims cost came in \$753,626 under projections due to a dispute between Mission Health care and Blue Cross Blue Shield that led to changes in county employees' usage of medical services.
- The favorable variance in Economic and Physical Development was due to a timing issue that delayed payments to the County's economic development nonprofit to outside of the measurement window contained in these financial statements.
- Fifty seven percent of the variance in Human Services was driven by lapsed salaries and employee turnover.

- Of the \$963,500 variance for Public Safety, \$614,142 was the result of lapsed salaries and employee turnover across various positions in the Building and Permitting, Emergency Communications, Emergency Medical Departments and Sheriff's Department.
- A restructuring of the roles and responsibilities overseeing the County's maintenance and housekeeping program and delayed filling of some positions and delaying of some capital projects into fiscal year 2019 created a variance of \$332,655.
- Spending for Transportation came in \$53,346 under budget the product of a continuing reorganization and turnover in frontline positions.
- Culture and Recreation ended the year \$173,280 under budget, with 41 percent of that driven by lapsed salaries and employee turnover. Delayed capital outlay and operational savings in the Parks and Recreation Department contributed another 38 percent of that variance.
- For the first time in many years, there was no variance in the appropriated levels for Education due to steady and predictable drawdowns from the Public School Building Capital Fund.

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. As previously mentioned, the net position of the Solid Waste Fund increased by \$154,911 in fiscal year 2018. Actual operating revenues of \$1,674,630 exceeded 2018 projections by \$131,985 as usage of the landfill grew more quickly than anticipated. Nevertheless, there was an operating loss of \$581,243 due to operating expenses totaling \$2,114,140 necessary to address immediate and pressing regulatory compliance issues. As intended, a transfer of \$624,722 was made from the General Fund to supplement revenues generated by Solid Waste transactions. This transfer plus the non-operating revenues of \$32,449 more than offset the operating loss.

Capital Asset and Debt Administration

Capital assets: Transylvania County’s capital assets for its governmental and business – type activities as of June 30, 2018, totaled \$44,803,268 (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 2. A. of the Notes, beginning on page 49 of this report.

Transylvania County’s Capital Assets
(Net of Depreciation)
Figure 4

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land	\$ 3,379,666	\$ 3,379,666	\$ 1,130,910	\$ 1,130,910	\$ 4,510,576	\$ 4,510,576
Landfill Cells		-	979,067	1,157,425	979,067	1,157,425
Buildings	32,418,057	32,998,635	15,302	12,491	32,433,359	33,011,126
Improvements to buildings and land	1,154,486	1,196,205	235,844	153,421	1,390,330	1,349,626
Machinery and equipment	1,939,595	2,108,240	774,919	831,572	2,714,514	2,939,812
Vehicles and motor equipment	2,155,511	1,813,793	266,841	315,745	2,422,352	2,129,538
Construction in progress	353,070	138,953		-	353,070	138,953
Total	\$ 41,400,385	\$ 41,635,492	\$ 3,402,883	\$ 3,601,564	\$ 44,803,268	\$ 45,237,056

During fiscal year 2018 the County invested \$1,605,948 in capital assets, which included the following major items:

- \$564,306 on new vehicles primarily for the Sheriff’s Department
- \$239,725 on a project to upgrade the HVAC system at the Transylvania Activity Center
- \$106,575 on a project to repave the entry roads at the Solid Waste facility
- \$95,889 on a project to replace the windows in the County’s Department of Social Services to increase energy efficiency and employee comfort
- \$61,482 on a new immersive fire arms training simulator for the Sheriff’s Department
- \$25,850 on a remodel of the Department of Social Services to increase the number of available offices

Long-term Debt: As of June 30, 2018, Transylvania County had total bonded debt outstanding of \$432,594 all of which is backed by the full faith and credit of the County.

Transylvania County’s total debt decreased by 24 percent (\$1,220,099) by year end during the year. The County retired the remainder of the general obligation school bonds which were issued to finance major school capital projects in connection with a 1997 referendum. In addition, the County made its appropriate payments on installment financing contracts for the renovation of its Board of Elections incurred in 2016 and the construction of its Public Safety Facility incurred in 2008. The County did not incur any new debt during fiscal year 2018.

**Transylvania County’s Outstanding Debt
General Obligation and Qualified Zone Academy Bonds
Figure 5**

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
General Obligation Bonds	\$ -	\$ 520,000	\$ -	\$ -	\$ -	\$ 520,000
General Obligation Bonds-Premium	-	1,806	-	-	-	1,806
Qualified Zone Academy Bonds	-	-	-	-	-	-
Qualified School Construction Bonds	432,594	540,742	-	-	432,594	540,742
Total Bonded Debt Outstanding	432,594	1,062,548	-	-	432,594	1,062,548
Installment Financing	2,569,550	2,883,380	-	-	2,569,550	2,883,380
Capital Lease	-	5,958	-	-	-	5,958
Total	\$ 3,002,144	\$ 3,951,886	\$ -	\$ -	\$ 3,002,144	\$ 3,951,886

As mentioned in the financial highlights section of this document, Standard and Poor’s rates the County AA and Moody’s Investors Service rates the County Aa2. Both cited the County’s economic growth, exceptionally low debt, high liquidity and available fund balance, and sound financial management as driving factors for the upgrades.

The State of North Carolina limits the amount of general obligation debt that a unit of government can issue to 8% of the total assessed value of taxable property located within that government’s boundaries. The legal debt margin for Transylvania County is \$462,646,080, versus the County’s current outstanding debt of \$3,002,144.

Additional information regarding Transylvania County’s long-term debt can be found in note 2. B. of the Notes, beginning on page 70 of this report.

Economic Factors and Next Year's Budgets and Rates

- March 2018's unemployment rate for Transylvania County was 4.2 percent, down a full percent from March 2017's rate of 4.4 percent and just under the state's rate of 4.3 percent.
- Through April 2018, the County had received seven months of sales and use taxes from the State of North Carolina relating to transactions that occurred in 2018. Those sales taxes exceeded prior year by approximately 5%.
- Core Price Inflation as determined by the Bureau of Labor statistics stood at 2.4% in March 2018, the same as in March 2017.
- The County's projected tax base for fiscal year 2018 was only marginally higher than the previous years, reflecting a trend that both predated and following the 2016 property reappraisal that lowered overall assessed values by 8%.

These factors were taken into consideration in the development of Transylvania County's fiscal year 2019 budget, along with the need to provide funds to continue implementation of the County's strategic plan to meet the long-term goals of promoting economic development, education, visitor and community engagement, environmental stewardship, enhancements to the community's quality of life, and the value of County government.

Governmental Activities: The Board of Commissioners adopted a General Fund budget for fiscal year 2019 of \$51,653,685, versus fiscal year 2017's original budget of \$51,243,973.

Revenues: Total revenues from operations and other financing sources for fiscal year 2019 were projected to be \$409,712, less than one percent higher than fiscal year 2018's original budget. The Board held the tax rate steady at the prior year level of \$.5110/\$100. With no change in the rate and very little growth in the tax base, ad valorem taxes were budgeted to be only \$357,336 more than the prior year's. Sales taxes, however, were expected to continue their upward trend and exceed the fiscal year 2018 budgeted level by approximately \$100,000 representing slower growth year to year than in prior years. Restricted and unrestricted intergovernmental revenues were expected to be stable to actual figures from prior years given that the large Golden Leaf grant had already flowed through the County's budget in FY2018 and FY2017 and the State of North Carolina has slowed the rate of transitioning benefit payment transactions from the County's financial records to the state's. The fiscal year 2019 budget also assumed \$235,000 more for investment earnings due to rising interest rates and more stability in the County's investment pools. Other revenue sources, including sales and services, were expected to remain relatively constant.

Excluding appropriations from fund balance and transfers from other funds, fiscal year 2019's revenues in the general fund are estimated to be 1.4 percent lower than fiscal year 2018's budgeted revenues.

Expenditures – Budgeted expenditures approved for fiscal year 2019, including transfers to other funds, were \$409,712, less than one percent more than fiscal year 2018's original budget. The majority of this increase provided several position reclassifications; more part-time help; and a cost-of-living adjustment to go in effect in February 2019. The County demonstrated its ongoing commitment to education by raising fiscal year 2018 funding for the local school system and community college by \$705,711. Of this total, \$587,170 was appropriated for current spending for Transylvania County schools and was expected to maintain the County's high ranking for per pupil spending. Because of these factors plus relatively minor increases for other operational expenditures such as outside services, supplies, utilities, employee training, and computer software and hardware, the budgets for all governmental functions except debt service were more than the prior year's. With the general obligation school bonds having reached maturity and general debt service declining slightly, total debt service dropped by \$554,457. Transfers to the Solid Waste

Enterprise fund increased by \$570,050 over the prior year's initial budget representing the County's increased commitment to stabilizing Solid Waste operations and maintaining regulatory compliance.

While the Commissioners made appropriations from restricted and assigned fund balance in the General Fund for specific purposes, the largest appropriation was unassigned fund balance (\$827,236) necessary to balance slower revenue growth and the increase in expenditures to keep up with the County's many needs.

Business – type Activities. The fiscal year 2019 budget for the Solid Waste Fund was \$881,175, or 43 percent, than higher fiscal year 2018's original budget due to expanded investment in capital assets and operational expenditures. Operating revenues, which included further streamlining in sales, were estimated to increase \$277,960. A transfer of \$767,364 from the General Fund was budgeted to supplement funds available for capital equipment and to provide funds to set aside for the construction of the next cell, PACA assurance, and landfill closure and post-closure care costs.

Requests for Information

This report is designed to provide an overview of the County's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be submitted to the Director of Finance, Transylvania County, 101 South Broad Street, Brevard, NC 28712.

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**BASIC
FINANCIAL
STATEMENTS**

TRANSYLVANIA COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION
JUNE 30, 2018

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Transylvania County Tourism Development Authority
Assets:				
Current assets:				
Cash and investments	\$ 28,921,590	\$ 5,028,439	\$ 33,950,029	\$ 394,817
Taxes receivable, net	50,080	-	50,080	-
Accounts receivable, net	3,945,797	164,125	4,109,922	106,393
Inventories	28,667	-	28,667	-
Prepaid items	8,571	-	8,571	-
Cash and investments, restricted	130,492	3,320,984	3,451,476	-
Total current assets	<u>33,085,197</u>	<u>8,513,548</u>	<u>41,598,745</u>	<u>501,210</u>
Non-current assets:				
Net pension asset (ROD)	<u>72,827</u>	<u>-</u>	<u>72,827</u>	<u>-</u>
Capital assets:				
Land and other non-depreciable assets	3,732,736	1,130,910	4,863,646	-
Depreciable assets, net	<u>37,667,649</u>	<u>2,271,973</u>	<u>39,939,622</u>	<u>-</u>
Total capital assets	<u>41,400,385</u>	<u>3,402,883</u>	<u>44,803,268</u>	<u>-</u>
Non-current assets, net	<u>41,473,212</u>	<u>3,402,883</u>	<u>44,876,095</u>	<u>-</u>
Total assets	<u>74,558,409</u>	<u>11,916,431</u>	<u>86,474,840</u>	<u>501,210</u>
Deferred Outflows of Resources:				
Pension deferrals	2,994,687	139,482	3,134,169	-
OPEB deferrals	<u>404,875</u>	<u>21,309</u>	<u>426,184</u>	<u>-</u>
Total deferred outflows of resources	<u>3,399,562</u>	<u>160,791</u>	<u>3,560,353</u>	<u>-</u>
Liabilities:				
Current liabilities:				
Accounts payable and accrued liabilities	2,661,041	80,723	2,741,764	69,138
Prepaid fees	345,114	-	345,114	-
Accrued interest payable	21,516	-	21,516	-
Current portion of long-term liabilities	<u>1,332,643</u>	<u>16,706</u>	<u>1,349,349</u>	<u>-</u>
Total current liabilities	<u>4,360,314</u>	<u>97,429</u>	<u>4,457,743</u>	<u>69,138</u>
Non-current liabilities:				
Net pension liability (LGERS)	3,317,611	174,611	3,492,222	-
Total pension liability (LEOSSA)	2,066,762	-	2,066,762	-
Total OPEB liability	3,588,524	188,870	3,777,394	-
Due in more than one year	<u>2,740,871</u>	<u>6,222,945</u>	<u>8,963,816</u>	<u>-</u>
Total non-current liabilities	<u>11,713,768</u>	<u>6,586,426</u>	<u>18,300,194</u>	<u>-</u>
Total liabilities	<u>16,074,082</u>	<u>6,683,855</u>	<u>22,757,937</u>	<u>69,138</u>

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

TRANSYLVANIA COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION
JUNE 30, 2018

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Transylvania County Tourism Development Authority
Deferred Inflows of Resources:				
Prepaid taxes	40,403	-	40,403	-
Pension deferrals	120,687	4,943	125,630	-
OPEB deferrals	142,551	7,503	150,054	-
Total deferred inflows of resources	303,641	12,446	316,087	-
Net Position:				
Net investment in capital assets	38,830,835	3,402,883	42,233,718	-
Restricted for:				
Stabilization by state statute	3,949,267	-	3,949,267	106,393
Register of Deeds	96,378	-	96,378	-
Register of Deeds Pension Plan	94,099	-	94,099	-
Court facilities	40,417	-	40,417	-
Public safety	493,240	-	493,240	-
Fire departments	400,106	-	400,106	-
Emergency telephone system	257,174	-	257,174	-
Economic and tourism development	12,874	-	12,874	-
Health department programs	40,242	-	40,242	-
Social services	70,745	-	70,745	-
Recreation programs and facilities	127,548	-	127,548	-
Historical preservation	6,798	-	6,798	-
Tourism promotion	-	-	-	325,679
Unrestricted	17,160,525	1,978,038	19,138,563	-
Total net position	\$ 61,580,248	\$ 5,380,921	\$ 66,961,169	\$ 432,072

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

TRANSYLVANIA COUNTY, NORTH CAROLINA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

	<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	\$ 5,337,831	\$ 460,006	\$ 29,734	\$ -
Public safety	16,549,027	3,123,749	508,296	-
Transportation	438,101	7,186	322,609	-
Economic and physical development	3,689,164	63,448	49,852	-
Human services	8,750,207	524,480	4,979,877	-
Cultural and recreational	2,451,013	110,850	117,451	-
Education	14,630,014	-	739,363	-
Interest and fees	111,948	-	-	-
Total governmental activities	<u>51,957,305</u>	<u>4,289,719</u>	<u>6,747,182</u>	<u>-</u>
Business-Type Activities:				
Solid waste	<u>2,480,832</u>	<u>1,978,795</u>	<u>32,209</u>	<u>-</u>
Total primary government	<u>\$ 54,438,137</u>	<u>\$ 6,268,514</u>	<u>\$ 6,779,391</u>	<u>\$ -</u>
Component Unit:				
Tourism Development Authority	<u>\$ 846,186</u>	<u>\$ 25,220</u>	<u>\$ -</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, 2018

	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	\$ (4,848,091)	\$ -	\$ (4,848,091)	\$ -
Public safety	(12,916,982)	-	(12,916,982)	-
Transportation	(108,306)	-	(108,306)	-
Economic and physical development	(3,575,864)	-	(3,575,864)	-
Human services	(3,245,850)	-	(3,245,850)	-
Cultural and recreational	(2,222,712)	-	(2,222,712)	-
Education	(13,890,651)	-	(13,890,651)	-
Interest and fees	(111,948)	-	(111,948)	-
Total governmental activities	<u>(40,920,404)</u>	<u>-</u>	<u>(40,920,404)</u>	<u>-</u>
Business-Type Activities:				
Solid waste	<u>-</u>	<u>(469,828)</u>	<u>(469,828)</u>	<u>-</u>
Total primary government	<u>(40,920,404)</u>	<u>(469,828)</u>	<u>(41,390,232)</u>	<u>-</u>
Component Unit:				
Tourism Development Authority				<u>(820,966)</u>
General Revenues:				
Taxes:				
Ad valorem taxes	33,311,358	-	33,311,358	-
Local option sales taxes	8,409,583	-	8,409,583	-
Deed stamp excise tax	128,286	-	128,286	-
Real estate transfer tax	654,101	-	654,101	-
Occupancy tax	-	-	-	846,535
Unrestricted intergovernmental revenues	390,616	-	390,616	-
Investment earnings, unrestricted	403,904	17	403,921	4,921
Miscellaneous, unrestricted	<u>212,000</u>	<u>-</u>	<u>212,000</u>	<u>-</u>
Total general revenues excluding transfers	43,509,848	17	43,509,865	851,456
Transfers	<u>(624,722)</u>	<u>624,722</u>	<u>-</u>	<u>-</u>
Total general revenues and transfers	<u>42,885,126</u>	<u>624,739</u>	<u>43,509,865</u>	<u>851,456</u>
Change in net position	<u>1,964,722</u>	<u>154,911</u>	<u>2,119,633</u>	<u>30,490</u>
Net Position:				
Beginning of year - July 1	62,152,253	5,365,536	67,517,789	401,582
Restatement	<u>(2,536,727)</u>	<u>(139,526)</u>	<u>(2,676,253)</u>	<u>-</u>
Beginning of year - July 1, restated	<u>59,615,526</u>	<u>5,226,010</u>	<u>64,841,536</u>	<u>401,582</u>
End of year - June 30	<u>\$ 61,580,248</u>	<u>\$ 5,380,921</u>	<u>\$ 66,961,169</u>	<u>\$ 432,072</u>

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

TRANSYLVANIA COUNTY, NORTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2018

	Major		Nonmajor	Total
	General Fund	Golden Leaf Fund	Other Governmental Funds	Governmental Funds
Assets:				
Cash and investments	\$ 24,982,402	\$ 2,636,136	\$ 1,303,052	\$ 28,921,590
Taxes receivable, net	43,572	-	6,508	50,080
Accounts receivable, net	3,806,168	-	139,629	3,945,797
Due from other funds	3,470	-	-	3,470
Inventories	28,667	-	-	28,667
Prepaid items	8,571	-	-	8,571
Cash and investments, restricted	-	-	130,492	130,492
	<u>\$ 28,872,850</u>	<u>\$ 2,636,136</u>	<u>\$ 1,579,681</u>	<u>\$ 33,088,667</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable and accrued liabilities	\$ 1,855,478	\$ 776,568	\$ 28,995	\$ 2,661,041
Due to other funds	-	-	3,470	3,470
Prepaid fees	345,114	-	-	345,114
Total liabilities	<u>2,200,592</u>	<u>776,568</u>	<u>32,465</u>	<u>3,009,625</u>
Deferred Inflows of Resources:				
Property taxes receivable	43,572	-	6,508	50,080
Prepaid taxes	36,462	-	3,941	40,403
Total deferred inflows of resources	<u>80,034</u>	<u>-</u>	<u>10,449</u>	<u>90,483</u>
Fund Balances:				
Non-spendable:				
Inventories	28,667	-	-	28,667
Prepaid items	8,571	-	-	8,571
Restricted:				
Stabilization for state statute	3,809,638	-	139,629	3,949,267
Restricted, all other	779,875	-	787,772	1,567,647
Committed	4,601,399	1,859,568	373,804	6,834,771
Assigned	11,948,237	-	239,032	12,187,269
Unassigned	5,415,837	-	(3,470)	5,412,367
Total fund balances	<u>26,592,224</u>	<u>1,859,568</u>	<u>1,536,767</u>	<u>29,988,559</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 28,872,850</u>	<u>\$ 2,636,136</u>	<u>\$ 1,579,681</u>	<u>\$ 33,088,667</u>

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

TRANSYLVANIA COUNTY, NORTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2018

	Total Governmental Funds
Total fund balances	\$ 29,988,559
<p>Amounts reported for governmental activities in the Statement of Net Position (Exhibit A) are different because:</p>	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	41,400,385
Net pension asset	72,827
Net pension liability - LGERS	(3,317,611)
Total pension liability - LEOSSA	(2,066,762)
Total OPEB liability	(3,588,524)
Deferred outflows of resources related to pensions are not reported in the funds.	2,994,687
Deferred inflows of resources related to pensions are not reported in the funds.	(120,687)
Deferred outflows of resources related to OPEB are not reported in the funds.	404,875
Deferred inflows of resources related to OPEB are not reported in the funds.	(142,551)
Liabilities for earned, but deferred, inflows of resources in fund statements	50,080
<p>Some liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:</p>	
Bonds and installment financing	(3,002,144)
Compensated absences	(1,071,370)
Interest payable	(21,516)
Net position of governmental activities	<u>\$ 61,580,248</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, 2018

	Major		Nonmajor	Total Governmental Funds
	General Fund	Golden Leaf Fund	Other Governmental Funds	
Revenues:				
Ad valorem taxes	\$ 29,814,261	\$ -	\$ 3,491,252	\$ 33,305,513
Local option sales taxes	8,409,583	-	-	8,409,583
Other taxes and licenses	782,387	-	-	782,387
Unrestricted intergovernmental revenues	390,616	-	-	390,616
Restricted intergovernmental revenues	6,280,422	-	363,315	6,643,737
Permits and fees	549,317	-	-	549,317
Sales and services	3,413,806	-	-	3,413,806
Donations and grants	93,445	212,000	10,000	315,445
Interest earned on investments	386,761	-	15,337	402,098
Miscellaneous	326,596	-	-	326,596
Total revenues	<u>50,447,194</u>	<u>212,000</u>	<u>3,879,904</u>	<u>54,539,098</u>
Expenditures:				
Current:				
General government	5,225,762	-	-	5,225,762
Public safety	12,661,185	-	3,750,998	16,412,183
Transportation	466,635	-	-	466,635
Economic and physical development	1,210,369	2,476,477	3,470	3,690,316
Human services	8,816,382	-	-	8,816,382
Cultural and recreational	2,487,623	-	1,328	2,488,951
Intergovernmental:				
Education	14,604,058	-	-	14,604,058
Debt service:				
Principal repayments	947,936	-	-	947,936
Interest	124,181	-	-	124,181
Total expenditures	<u>46,544,131</u>	<u>2,476,477</u>	<u>3,755,796</u>	<u>52,776,404</u>
Revenues over (under) expenditures	<u>3,903,063</u>	<u>(2,264,477)</u>	<u>124,108</u>	<u>1,762,694</u>
Other Financing Sources (Uses):				
Transfers in	-	4,124,045	2,352	4,126,397
Transfers out	(4,751,119)	-	-	(4,751,119)
Total other financing sources (uses)	<u>(4,751,119)</u>	<u>4,124,045</u>	<u>2,352</u>	<u>(624,722)</u>
Net change in fund balances	(848,056)	1,859,568	126,460	1,137,972
Fund Balances:				
Beginning of year - July 1	<u>27,440,280</u>	<u>-</u>	<u>1,410,307</u>	<u>28,850,587</u>
End of year - June 30	<u>\$ 26,592,224</u>	<u>\$ 1,859,568</u>	<u>\$ 1,536,767</u>	<u>\$ 29,988,559</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, 2018**

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)	\$ 1,137,972
Property tax revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds statement.	5,845
Expenses related to interest expense that do not require current financial resources are not reported as expenditures in the governmental funds statement.	14,039
Pension expense - LEOSSA	(79,180)
Pension expense - LGERS	(145,027)
Pension expense - ROD	(6,652)
OPEB plan expense	329,739
Compensated absences expense are 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.	(4,843)
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.	1,667,611
Depreciation expense allocates the costs of capital assets over their useful lives. It is not reported as an expenditure in the governmental funds statement.	(1,881,382)
Gain/(loss) on disposal of capital assets is reported in the Statement of Activities; however, proceeds from the sale of assets are not affected by gain/(loss) in the governmental funds statements.	(21,336)
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.	<u>947,936</u>
Change in net position of governmental activities (Exhibit B)	<u>\$ 1,964,722</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, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Over/Under</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Ad valorem taxes	\$ 29,138,819	\$ 29,138,819	\$ 29,814,261	\$ 675,442
Local option sales taxes	8,357,643	8,357,643	8,409,583	51,940
Other taxes and licenses	712,000	818,829	782,387	(36,442)
Unrestricted intergovernmental revenues	389,700	389,700	390,616	916
Restricted intergovernmental revenues	8,039,782	6,656,025	6,280,422	(375,603)
Permits and fees	482,033	484,535	549,317	64,782
Sales and services	3,277,806	3,378,672	3,413,806	35,134
Investment earnings	285,000	285,000	386,761	101,761
Donations	-	84,515	93,445	8,930
Miscellaneous	141,035	231,217	326,596	95,379
Total revenues	<u>50,823,818</u>	<u>49,824,955</u>	<u>50,447,194</u>	<u>622,239</u>
Expenditures:				
Current:				
General government	7,515,081	7,503,176	5,225,762	2,277,414
Public safety	13,103,715	13,624,685	12,661,185	963,500
Transportation	515,330	520,071	466,635	53,436
Economic and physical development	2,234,057	1,361,606	1,210,369	151,237
Human services	9,555,758	9,167,012	8,816,382	350,630
Cultural and recreational	2,372,387	2,660,903	2,487,623	173,280
Intergovernmental:				
Education	14,302,041	14,604,058	14,604,058	-
Debt service:				
Principal retirement	941,978	947,907	947,936	(29)
Interest and fees	124,182	124,182	124,181	1
Total expenditures	<u>50,664,529</u>	<u>50,513,600</u>	<u>46,544,131</u>	<u>3,969,469</u>
Revenues over (under) expenditures	<u>159,289</u>	<u>(688,645)</u>	<u>3,903,063</u>	<u>4,591,708</u>
Other Financing Sources (Uses):				
Transfers in	20,000	20,000	-	(20,000)
Transfers out	(197,314)	(4,752,451)	(4,751,119)	1,332
Assigned and committed funds	(151,359)	(151,359)	-	151,359
Appropriated fund balance	169,384	5,572,455	-	(5,572,455)
Total other financing sources (uses)	<u>(159,289)</u>	<u>688,645</u>	<u>(4,751,119)</u>	<u>(5,439,764)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>(848,056)</u>	<u>\$ (848,056)</u>
Fund Balance:				
Beginning of year - July 1			<u>27,440,280</u>	
End of year - June 30			<u>\$ 26,592,224</u>	

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

TRANSYLVANIA COUNTY, NORTH CAROLINA

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2018**

	Enterprise Fund
	Solid Waste Fund
Assets:	
Current assets:	
Cash and investments	\$ 5,028,439
Accounts receivable, net	164,125
Cash and investments, restricted	3,320,984
Total current assets	<u>8,513,548</u>
Non-current assets:	
Land and other non-depreciable assets	1,130,910
Depreciable assets, net of depreciation	2,271,973
Total non-current assets	<u>3,402,883</u>
Total assets	<u>11,916,431</u>
Deferred Outflows of Resources:	
Pension deferrals	139,482
OPEB deferrals	21,309
Total deferred outflows of resources	<u>160,791</u>
Liabilities, Deferred Inflows of Resources, and Net Position:	
Liabilities:	
Current liabilities:	
Accounts payable and accrued liabilities	80,723
Current portion of compensated absences	16,706
Total current liabilities	<u>97,429</u>
Non-current liabilities:	
Accrued landfill closure and post-closure care costs	6,219,997
Total OPEB liability	188,870
Compensated absences	2,948
Net pension liability	174,611
Total non-current liabilities	<u>6,586,426</u>
Total liabilities	<u>6,683,855</u>
Deferred Inflows of Resources:	
Pension deferrals	4,943
OPEB deferrals	7,503
Total deferred inflows of resources	<u>12,446</u>
Net Position:	
Net investment in capital assets	3,402,883
Unrestricted	1,978,038
Total net position	<u>\$ 5,380,921</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, 2018**

	<u>Enterprise Fund</u>
	<u>Solid Waste Fund</u>
Operating Revenues:	
Charges for services	\$ 1,978,795
Operating Expenses:	
Landfill operations:	
Salaries and employee benefits	890,186
Landfill closure and post-closure care costs	185,867
Other operating expenses	1,052,643
Depreciation	352,136
Total operating expenses	<u>2,480,832</u>
Operating income (loss)	<u>(502,037)</u>
Non-Operating Revenues (Expenses):	
Investment earnings	17
Other non-operating revenues	<u>32,209</u>
Total non-operating revenues (expenses)	<u>32,226</u>
Income (loss) before transfers	(469,811)
Transfers In (Out):	
Transfers in	<u>624,722</u>
Change in net position	<u>154,911</u>
Net Position:	
Beginning of year - July 1	5,365,536
Restatement	<u>(139,526)</u>
Beginning of year - July 1, restated	<u>5,226,010</u>
End of year - June 30	<u>\$ 5,380,921</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, 2018

	Enterprise Fund
	Solid Waste Fund
Cash Flows from Operating Activities:	
Cash received from customers	\$ 1,947,490
Cash paid for goods and services	(901,174)
Cash paid to employees for services	(1,066,107)
Net cash provided (used) by operating activities	<u>(19,791)</u>
Cash Flows from Non-Capital Financing Activities:	
Solid waste disposal tax	32,209
Interfund transfer in (out)	624,722
Net cash provided (used) by non-capital financing activities	<u>656,931</u>
Cash Flows from Capital and Related Financing Activities:	
Acquisition and construction of capital assets	<u>(153,455)</u>
Cash Flows from Investing Activities:	
Interest on investments	<u>17</u>
Net increase (decrease) in cash and cash equivalents	483,702
Cash and Cash Equivalents:	
Beginning of year - July 1	<u>7,865,721</u>
End of year - June 30	<u>\$ 8,349,423</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating income (loss)	\$ (502,037)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation	352,136
Landfill closure and post-closure care costs	185,867
(Increase) decrease in accounts receivable	(31,305)
Increase (decrease) in accounts payable and accrued liabilities	(6,549)
(Increase) decrease in deferred outflows of resources for pensions	67,212
(Increase) decrease in deferred outflows of resources for OPEB	(21,309)
Increase (decrease) in net pension liability	(56,426)
Increase (decrease) in OPEB	(3,548)
Increase (decrease) in deferred inflows of resources for pensions	(3,153)
Increase (decrease) in deferred inflows of resources for OPEB	7,503
Increase (decrease) in accrued compensated absences	<u>(8,182)</u>
Net cash provided (used) by operating activities	<u>\$ (19,791)</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, 2018**

	<u>Agency Funds</u>
Assets:	
Cash and investments	\$ 74,902
Accounts receivable and accrued revenues	<u>7,192</u>
Total assets	<u>\$ 82,094</u>
Liabilities:	
Intergovernmental payables	\$ 12,193
Miscellaneous liabilities	<u>69,901</u>
Total liabilities	<u>\$ 82,094</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, 2018

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 County has two blended component units: the Joint Historic Properties Commission and the Transylvania County Parks and Recreation Commission, but neither has financial transactions or account balances; therefore, they are not presented in the basic financial statements. 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 Units

Blended Component Units

Both the Joint Historic Properties Commission and the Transylvania County Parks and Recreation Commission are advisory organizations appointed by the Transylvania County Board of Commissioners. The Joint Historic Properties Commission is charged with the preservation of some of the County’s historic landmarks. The Transylvania County Parks and Recreation Commission works closely with the County’s development of parks and the Recreation Department.

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

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

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). 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 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 general operating fund of the County. It is used to account for all financial resources except those that are required to be accounted for in another fund. The County maintains a separate Self Insurance Fund for accounting purposes.

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

This fund has been consolidated into the General Fund for reporting purposes. 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.

Golden Leaf Capital Projects Fund – This fund accounts for funds from the Golden Leaf Foundation to be used for the Light Industrial building.

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.

The County reports the following additional fund types:

Fiduciary Funds. Fiduciary funds account for the assets held by the County in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds.

Agency Funds. Agency funds are custodial in nature and do not involve the measurement of operating results. Agency funds are used to account for assets the County holds on behalf of others. The County maintains the following agency funds: the Social Services Fund, which accounts for monies deposited with the Department of Social Services for the benefit of certain individuals, the Miscellaneous Agency Fund, which accounts for various legal fines and forfeitures that the County is required to remit to the Transylvania County Board of Education, the Register of Deeds fund which accounts for the \$6.20 of each fee collected by the Register of Deeds for registering or filing a deed of trust mortgage that the County is required to remit to the State Treasurer on a monthly basis, the COPs 4 Kids Fund which accounts for donations received by the Sheriff's Office for the COPs 4 Kids program, a program co-sponsored with the City of Brevard Police Department, and the DARE and SHIELD Camp Funds, which account for donations received to fund the camps and are conducted by Sheriff Office employees.

The County reports the following non-major 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, 2018

HOME Fund – This special revenue fund accounts for the HOME – Housing Rehabilitation grant for housing rehabilitation.

Schools Qualified Zone Academy Bond Fund. This capital project fund accounts for funds from the Qualified Zone Academy Bond to be used for specific construction and renovation in the Transylvania County Public Schools. This fund was started during the June 30, 2002 fiscal year.

General Capital Projects Fund. This capital project fund accounts for funds set aside to be utilized in various capital projects of the County.

Permanent Fund – Silvermont Reserve Fund. This fund accounts for the investment earnings on the restricted principal of a bequest to the County for maintenance of a County recreation building and County appropriations and private donations for the development and preservation of the historic property.

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.

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.

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

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.

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, the Emergency Telephone Systems Fund, the Schools Qualified Zone Academy Bond, the Silvermont Reserve Fund, and the Solid Waste Fund. All annual appropriations lapse at the fiscal year-end. Project ordinances are adopted for the General Capital Projects Fund, the HOME Fund, and the Golden Leaf Capital Projects Fund.

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and at the department 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 exceed \$50,000 or that reflect the receipt of funds of \$5,000 or more from a source not previously approved by the board unless the funds are pass-through funds with no local money required. 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)] 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 carried at fair value. Non-participating interest earning contracts are accounted for at cost. The NC Capital Management Trust Government Portfolio, a SEC-registered (2a-7) government money market fund, is measured at amortized cost, which is the NCCMT's share price. The NCCMT Term Portfolio's securities are valued at fair value.

Cash and Cash Equivalents

The County pools money from several funds, except the Social Services Agency Fund, 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.

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

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, 2018, \$3,320,984 was restricted.

Governmental Activities. The restricted cash of \$108,367 in the Silvermont Reserve Fund represent funds restricted by donors. The restricted assets of \$22,125 in the Schools QZAB Fund represent the balance of proceeds available from Qualified Zone Academy Bonds to finance construction and renovations to schools.

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, 2017.

Allowances for Doubtful Accounts

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

Inventories and Prepaid Items

The inventories of the County are valued at cost (first-in, first-out), 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.

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

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
Vehicles	6 years
Computer equipment	5 years

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 position 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 position that applies to a future period and so will not be recognized as revenue until then. The County has several items that meet the criteria for this category – prepaid taxes, property taxes receivable, and pension and OPEB related deferrals.

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.

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

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.

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

The governmental fund types classify fund balances as follows:

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.

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

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 – portion of fund balance that is not an available resource for appropriation in accordance with state law [G.S. 159-8(a)].

Restricted for Register of Deeds – portion of fund balance that is restricted by revenue source for Register of Deeds.

Restricted for Court Facilities – portion of fund balance that is restricted by revenue source for court facilities.

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

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

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

Restricted for Economic Development – portion of fund balance restricted by revenue source for economic development.

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

Restricted for Historical Preservation – portion of fund balance restricted by revenue source for use for historical preservation activities.

Restricted for Qualified Zone Academy Bonds – portion of fund balance restricted by revenue source to support public education.

Restricted fund balance per Exhibit C differs from Restricted Net Position per Exhibit A by unspent debt proceeds of \$22,125 and Register of Deeds pension plan of \$94,099, for a net difference of \$71,974.

Restricted fund balance at June 30, 2018 is as follows:

<u>Purpose</u>	<u>General Fund</u>	<u>Nonmajor Special Revenue Funds</u>	<u>Nonmajor Capital Project Funds</u>	<u>Permanent Funds</u>	<u>Total</u>
Restricted, All Other:					
Register of Deeds	\$ 96,378	\$ -	\$ -	\$ -	\$ 96,378
Court facilities	40,417	-	-	-	40,417
Public safety	493,240	-	-	-	493,240
Fire departments	-	400,106	-	-	400,106
Economic development	12,874	-	-	-	12,874
Emergency telephone system	-	257,174	-	-	257,174
Health department programs	40,242	-	-	-	40,242
Social services	70,745	-	-	-	70,745
Recreation programs and facilities	19,181	-	-	108,367	127,548
Historical preservation	6,798	-	-	-	6,798
Qualified Zone Academy Bonds	-	-	22,125	-	22,125
Total	<u>\$ 779,875</u>	<u>\$ 657,280</u>	<u>\$ 22,125</u>	<u>\$ 108,367</u>	<u>\$ 1,567,647</u>

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

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 Retiree Health Insurance – portion of fund balance committed by the governing body for retiree health insurance.

Committed for General 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.

Purpose	General Fund	Golden Leaf Fund	Nonmajor Capital Project Funds	Total
Committed:				
Retiree health insurance	\$ 2,534,637	\$ -	\$ -	\$ 2,534,637
General capital projects	-	1,859,568	373,804	2,233,372
Law Enforcement Officers'				
Special Separation Allowance	2,066,762	-	-	2,066,762
Total	\$ 4,601,399	\$ 1,859,568	\$ 373,804	\$ 6,834,771

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.

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.

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

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 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 Human Services Programs – portion of fund balance budgeted by the Board for social services and public health programs.

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, 2018 is as follows:

Purpose	General Fund	Permanent Funds	Total
Assigned:			
Subsequent year's expenditures	\$ 827,236	\$ -	\$ 827,236
Employee health insurance	1,785,535	-	1,785,535
Accrued vacation	1,071,370	-	1,071,370
Special projects	1,539,784	-	1,539,784
Public safety projects	1,341,654	-	1,341,654
Economic development	4,364,477	-	4,364,477
Environmental protection	60,631	-	60,631
Human services programs	71,600	-	71,600
Recreation programs and facilities	885,950	239,032	1,124,982
Total	\$ 11,948,237	\$ 239,032	\$12,187,269

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 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,

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

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	\$ 26,592,224
Less:	
Prepays	(8,571)
Inventories	(28,667)
Stabilization for state statute	<u>(3,809,638)</u>
Total available fund balance	<u>\$ 22,745,348</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.

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.

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

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. 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, 2018, the County's deposits had a carrying amount of \$3,384,985 and a bank balance of \$3,745,316. Of the bank balance, \$165,166 was covered by federal depository insurance and \$3,580,150 by collateral held under the Pooling Method. Cash on hand was \$3,689 at June 30, 2018.

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

Investments

At June 30, 2018, 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	Amortized cost	\$ 30,768,172	N/A	N/A
NC Capital Management				
Trust Term Portfolio*	Fair Value - Level 1	6,290	\$ 6,290	N/A
Government agencies	Fair Value - Level 2	<u>3,313,271</u>	<u>747,497</u>	<u>\$ 2,565,774</u>
Total		<u>\$ 34,087,733</u>	<u>\$ 753,787</u>	<u>\$ 2,565,774</u>

*Because the NC Capital Management Trust Term Portfolio has a weighted average maturity of less than 90 days, it was presented as an investment with a maturity of less than 6 months.

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. Level Two debt securities are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities relationship to benchmark quoted prices.

Interest Rate Risk. As a means of limiting its exposure to fair value losses arising from 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. State law limits investments in commercial paper to the top rating issued by nationally recognized statistical rating organizations (NRSROs). To best mitigate against credit risk, the County requires a diversification of investments. The County's investment in the NC Capital Management Trust Term Portfolio is unrated. The Term Portfolio is authorized to invest in obligations of the U.S. government and agencies, and in high grade money market instruments, as permitted under North Carolina General Statutes 159-30 as amended. The County's investments carried the following credit ratings as of June 30, 2018.

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

<u>Investment</u>	<u>S & P</u>	<u>Moody's</u>	<u>Investment Type</u>
NC Capital Management			NC Capital Management
Trust Government Portfolio	AAA	N/A	Trust Government Portfolio
US Treasury Note	AA+	Aaa	Government agencies
Federal Home Loan Bank	AA+	Aaa	Government agencies
Federal National Mortgage Association	AA+	Aaa	Government agencies
Federal Home Loan Mortgage Corporation	AA+	Aaa	Government agencies

Concentration of Credit Risk. The County places no limit on the amount that the County may invest in any one issuer. More than 5 percent of the County's investments are in a portfolio investment including Federal Home Loan Bank securities, Federal National Mortgage Association Securities, Federal Home Loan Mortgage Corporation Securities, and US Treasury Notes. This investment is 10% of the County's total investments.

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.

Year Ended				
June 30	Tax	Interest	Total	
2015	\$ 1,095,983	\$ 284,640	\$ 1,380,623	
2016	1,095,017	182,211	1,277,228	
2017	1,305,007	104,401	1,409,408	
2018	1,219,087	-	1,219,087	
Total	<u>\$ 4,715,094</u>	<u>\$ 571,252</u>	<u>\$ 5,286,346</u>	

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

Receivables

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

	<u>Accounts Receivable</u>	<u>Taxes Receivable</u>	<u>Due from Other Governments</u>	<u>Total</u>
Governmental Activities:				
General	\$ 319,132	\$ 132,706	\$ 3,487,036	\$ 3,938,874
Other governmental	<u>87,164</u>	<u>15,863</u>	<u>52,465</u>	<u>155,492</u>
Total receivables	406,296	148,569	3,539,501	4,094,366
Allowance for doubtful accounts	<u>-</u>	<u>(98,489)</u>	<u>-</u>	<u>(98,489)</u>
Total governmental activities	<u>\$ 406,296</u>	<u>\$ 50,080</u>	<u>\$ 3,539,501</u>	<u>\$ 3,995,877</u>
Business-Type Activities:				
Solid waste	<u>\$ 138,444</u>	<u>\$ -</u>	<u>\$ 25,681</u>	<u>\$ 164,125</u>

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

Governmental Activities:

Local option sales tax	\$ 2,141,376
Sales taxes receivable	245,772
State and federal funding	904,193
Due from municipalities	30,633
General government motor vehicle taxes	171,848
Fire department motor vehicle taxes	18,692
NC 911 PSAP funds	<u>26,987</u>
Total governmental activities	<u>\$ 3,539,501</u>

Business-Type Activities:

Scale sales	\$ 5,389
Tire recycling	12,011
White goods	3,251
Solid waste disposal tax	<u>5,030</u>
Total business-type activities	<u>\$ 25,681</u>

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

Capital Assets

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

	<u>July 1, 2017</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2018</u>
Non-Depreciable Assets:				
Land	\$ 3,379,666	\$ -	\$ -	\$ 3,379,666
Construction in progress	<u>138,953</u>	<u>214,117</u>	<u>-</u>	<u>353,070</u>
Total non-depreciable assets	<u>3,518,619</u>	<u>214,117</u>	<u>-</u>	<u>3,732,736</u>
Depreciable Assets:				
Buildings	44,198,477	379,845	-	44,578,322
Improvements	1,993,138	50,853	-	2,043,991
Equipment	7,780,099	231,143	-	8,011,242
Vehicles	<u>5,061,347</u>	<u>791,653</u>	<u>(213,370)</u>	<u>5,639,630</u>
Total depreciable assets	<u>59,033,061</u>	<u>1,453,494</u>	<u>(213,370)</u>	<u>60,273,185</u>
Less Accumulated Depreciation:				
Buildings	11,199,842	960,423	-	12,160,265
Improvements	796,933	92,572	-	889,505
Equipment	5,671,859	399,788	-	6,071,647
Vehicles	<u>3,247,554</u>	<u>428,599</u>	<u>(192,034)</u>	<u>3,484,119</u>
Total accumulated depreciation	<u>20,916,188</u>	<u>1,881,382</u>	<u>(192,034)</u>	<u>22,605,536</u>
Depreciable assets, net	<u>38,116,873</u>	<u>(427,888)</u>	<u>(21,336)</u>	<u>37,667,649</u>
Capital assets, net	<u>\$ 41,635,492</u>	<u>\$ (213,771)</u>	<u>\$ (21,336)</u>	<u>\$ 41,400,385</u>

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

General government	\$ 313,912
Public safety	1,112,961
Transportation	28,341
Education	25,956
Economic & physical development	695
Human services	154,922
Cultural and recreational	<u>244,595</u>
Total depreciation expense	<u>\$ 1,881,382</u>

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

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

	<u>July 1, 2017</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2018</u>
Solid Waste:				
Non-Depreciable Assets:				
Land	\$ 1,130,910	\$ -	\$ -	\$ 1,130,910
 Depreciable Assets:				
Buildings	277,497	5,750	-	283,247
Land improvements	642,703	108,444	-	751,147
Equipment	2,677,186	39,261	-	2,716,447
Vehicles	1,154,897	-	(386,162)	768,735
Landfill cells - Woodruff	8,205,437	-	-	8,205,437
Total depreciable assets	<u>12,957,720</u>	<u>153,455</u>	<u>(386,162)</u>	<u>12,725,013</u>
 Less Accumulated Depreciation:				
Buildings	265,006	2,939	-	267,945
Land improvements	489,282	26,021	-	515,303
Equipment	1,845,614	95,914	-	1,941,528
Vehicles	839,152	48,904	(386,162)	501,894
Landfill cells - Woodruff	7,048,012	178,358	-	7,226,370
Total accumulated depreciation	<u>10,487,066</u>	<u>\$ 352,136</u>	<u>\$ (386,162)</u>	<u>10,453,040</u>
 Total depreciable assets, net	<u>2,470,654</u>			<u>2,271,973</u>
 Capital assets, net	<u>\$ 3,601,564</u>			<u>\$ 3,402,883</u>

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

B. Liabilities

Payables

Payables at Exhibit A at June 30, 2018 were as follows:

	Vendors	Salaries and Benefits	Accrued Insurance Claims Incurred, But Not Reported	Total
Governmental Activities:				
General	\$ 1,086,636	\$ 397,302	\$ 371,540	\$ 1,855,478
Other governmental	805,563	-	-	805,563
Total governmental activities	\$ 1,892,199	\$ 397,302	\$ 371,540	\$ 2,661,041
Business-Type Activities:				
Solid waste	\$ 64,261	\$ 16,462	-	\$ 80,723

Pension Plan and Other Postemployment 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 Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, 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.

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service (age 55 for firefighters). Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age (15 years of creditable service for firefighters and rescue squad members who are killed in the line of duty) or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

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

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. County employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The County's contractually required contribution rate for the year ended June 30, 2018, was 8.25% of compensation for law enforcement officers and 7.57% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the County were \$1,095,723 for the year ended June 30, 2018.

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

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

At June 30, 2018, the County reported a liability of \$3,492,222 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016. The total pension liability was then rolled forward to the measurement date of June 30, 2017 utilizing update procedures incorporating

TRANSYLVANIA COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

the actuarial assumptions. The County’s proportion of the net pension liability was based on a projection of the County’s long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2017, the County’s proportion was 0.22859%, which was an increase of 0.01087% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the County recognized pension expense of \$1,248,382. At June 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 201,184	\$ 98,854
Changes of assumptions	498,738	-
Net difference between projected and actual earnings on pension plan investments	847,916	-
Changes in proportion and differences between County contributions and proportionate share of contributions	146,068	-
County contributions subsequent to the measurement date	1,095,723	-
Total	\$ 2,789,629	\$ 98,854

\$1,095,723 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, 2019. 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
2019	\$ 241,254
2020	1,055,401
2021	536,898
2022	(238,501)
2023	-
Thereafter	-
Total	\$ 1,595,052

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

Actuarial Assumptions. The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increase	3.50 to 7.75 percent, including inflation and productivity factor
Investment rate of return	7.20 percent, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the December 31, 2016 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term 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%
Credit	7.0%	6.0%
Inflation protection	<u>6.0%</u>	4.0%
Total	<u>100.00%</u>	

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

The information above is based on 30-year expectations developed with the consulting actuary for the 2017 asset, liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

Discount Rate. The discount rate used to measure the total pension liability was 7.20%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the County’s Proportionate Share of the Net Pension 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 7.20 percent, as well as what the County’s proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.20 percent) or 1-percentage-point higher (8.20 percent) than the current rate:

	1% Decrease (6.20%)	Discount Rate (7.20%)	1% Increase (8.20%)
County's proportionate share of the net pension liability (asset)	\$ 10,483,729	\$ 3,492,222	\$ (2,343,480)

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

Law Enforcement Officers’ Special Separation Allowance

Plan Description. The County administers a public employee retirement system (the “Separation Allowance”), a single-employer defined benefit pension plan that provides retirement benefits to the County’s qualified sworn law enforcement officers under the age of 62 who have completed at least 30 years of creditable service or have attained 55 years of age and have completed five or more years of creditable service. The Separation Allowance is equal to 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, 2018

All full-time County law enforcement officers are covered by the Separation Allowance. At December 31, 2016, the Separation Allowance's membership consisted of 60 active plan members and five retired and terminated members. A separate report was not issued for the plan.

Retirees receiving benefits	5
Active plan members	<u>60</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 actuarial cost method was used in the December 31, 2016 valuation. The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

The discount rate used to measure the TPL is the S&P Municipal Bond 20-Year High Grade Rate Index.

The actuarial assumptions used in the December 31, 2016 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 After Retirement (Healthy): RP-2014 Healthy Annuitant base rates projected to 2015 using MP-2015, projected forward generationally from 2015 using MP-2015. Rates are adjusted by 104% for males and 100% for females.

Deaths Before Retirement: RP-2014 Employee base rates projected to 2015 using MP-2015, projected forward generationally from 2015 using MP-2015.

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

Deaths After Retirement (Beneficiary): RP-2014 Healthy Annuitant base rates projected to 2015 using MP-2015, projected forward generationally from 2015 using MP- 2015. Rates are adjusted by 123% for males and females.

Deaths After Retirement (Disabled): RP-2014 Disabled Retiree base rates projected to 2015 using MP-2015, projected forward generationally from 2015 using MP-2015. Rates are adjusted by 103% for males and 99% for females.

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 \$72,202 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, 2018, the County reported a total pension liability of \$2,066,762. The total pension liability was measured as of December 31, 2017 based on a December 31, 2016 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2017 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2018, the County recognized pension expense of \$186,626.

At June 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 157,887	\$ -
Changes of assumptions	94,870	24,856
County benefit payments and plan administrative expense made subsequent to the measurement date	68,591	-
Total	\$ 321,348	\$ 24,856

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

The County paid \$68,591 in benefit payments 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, 2019. 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
2019	\$ 46,630
2020	46,630
2021	46,630
2022	46,630
2023	41,381
Thereafter	-
Total	<u>\$ 227,901</u>

Sensitivity of the County's Total Pension Liability to Changes in the Discount Rate. The following presents the County's total pension liability calculated using the discount rate of 3.16 percent, as well as what the County's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.16 percent) or 1-percentage-point higher (4.16 percent) than the current rate:

	1% Decrease (2.16%)	Discount Rate (3.16%)	1% Increase (4.16%)
Total pension liability	<u>\$ 2,228,861</u>	<u>\$ 2,066,762</u>	<u>\$ 1,917,963</u>

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

	2018
Beginning balance	\$ 1,694,384
Service cost	75,265
Interest on the total pension liability	64,010
Difference between expected and actual experience in the measurement of the total pension liability	190,712
Changes of assumptions or other inputs	114,593
Benefit payments	(72,202)
Ending balance of the total pension liability	<u>\$ 2,066,762</u>

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

Changes of Assumptions. Changes of assumption and other inputs reflect a change in the Municipal Bond Index Rate from 3.86% at December 31, 2016 to 3.16% at December 31, 2017.

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

The actuarial assumptions used in the December 31, 2016 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

Supplemental Retirement Income Plan for Law Enforcement Officers

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

Funding Policy. Article 12E of G.S. Chapter 143 requires the County to contribute each month an amount equal to 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 \$142,296 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 noncontributory, defined benefit plan administered by the North Carolina Department of State Treasurer. RODSPF provides supplemental pension benefits to any eligible county register of deeds who is retired under the Local Government Employees’ Retirement System (LGERS) or an equivalent locally sponsored plan. Article 3 of G.S. Chapter 161 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor,

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

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 Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for the Registers of Deeds' Supplemental Pension Fund. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, 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 \$3,463 for the year ended June 30, 2018.

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

At June 30, 2018, the County reported an asset of \$72,827 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2017. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2016. The total pension liability was then rolled forward to the measurement date of June 30, 2017 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension asset was based on the County's share of contributions to the pension plan, relative to contributions to the pension plan of all participating RODSPF employers. At June 30, 2017, the County's proportion was 0.42666%, which was an increase of 0.00594% from its proportion measured as of June 30, 2016.

TRANSYLVANIA COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

For the year ended June 30, 2018, the County recognized pension expense of \$10,116. At June 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,250	\$ 235
Changes of assumptions	12,288	-
Net difference between projected and actual earnings on pension plan investments	6,191	-
Changes in proportion and differences between County contributions and proportionate share of contributions	-	1,685
County contributions subsequent to the measurement date	3,463	-
Total	\$ 23,192	\$ 1,920

\$3,463 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, 2019. 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
2019	\$ 10,237
2020	5,285
2021	708
2022	1,579
2023	-
Thereafter	-
Total	\$ 17,809

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

Actuarial Assumptions. The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increase	3.50 to 7.75 percent, including inflation and productivity factor
Investment rate of return	3.75 percent, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the December 31, 2016 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple-year horizons. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The adopted asset allocation policy for the RODSPF is 100% in the fixed income asset class. The best estimate of arithmetic real rate of return for the fixed income asset class as of June 30, 2017 is 1.4%.

The information above is based on 30-year expectations developed with the consulting actuary for the 2017 asset liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.05%. All rates of return and inflation are annualized.

Discount Rate. The discount rate used to measure the total pension liability was 3.75%. The projection of cash flows used to determine the discount rate assumed that contributions from employers will be made at statutorily required rates. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

Sensitivity of the County's Proportionate Share of the Net Pension Asset to Changes in the Discount Rate. The following presents the County's proportionate share of the net pension asset calculated using the discount rate of 3.75 percent, as well as what the County's proportionate share of the net pension asset would be if it were calculated using a discount rate that is 1-percentage-point lower (2.75 percent) or 1-percentage-point higher (4.75 percent) than the current rate:

	1% Decrease (2.75%)	Discount Rate (3.75%)	1% Increase (4.75%)
County's proportionate share of the net pension liability (asset)	\$ (57,241)	\$ (72,827)	\$ (85,934)

Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in the separately issued Comprehensive Annual Financial Report (CAFR) 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, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The net pension liability for LGERS and ROD was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liability for LEOSSA was measured as of December 31, 2017, with an actuarial valuation date of December 31, 2016. 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. Following is information related to the proportionate share and pension expense:

	LGERS	LEOSSA	ROD	Total
Proportionate share of net pension liability (asset)	\$ 3,492,222	\$ -	\$ (72,827)	\$ 3,419,395
Proportion of the net pension liability (asset)	0.22859%	N/A	-0.42666%	-
Total pension liability	-	2,066,762	-	2,066,762
Pension expense	1,248,382	186,626	10,116	1,445,124

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

At June 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>LGERS</u>	<u>LEOSSA</u>	<u>ROD</u>	<u>Total</u>
Deferred Outflows of Resources:				
Differences between expected and actual experience	\$ 201,184	\$ 157,887	\$ 1,250	\$ 360,321
Changes of assumptions	498,738	94,870	12,288	605,896
Net difference between projected and actual earnings on pension plan investments	847,916	-	6,191	854,107
Changes in proportion and differences between County contributions and proportionate share of contributions	146,068	-	-	146,068
County contributions (LGERS, ROD) and benefit payments and administration costs (LEOSSA) subsequent to the measurement date	<u>1,095,723</u>	<u>68,591</u>	<u>3,463</u>	<u>1,167,777</u>
Total	<u><u>\$ 2,789,629</u></u>	<u><u>\$ 321,348</u></u>	<u><u>\$ 23,192</u></u>	<u><u>\$ 3,134,169</u></u>
 Deferred Inflows of Resources:				
Differences between expected and actual experience	\$ 98,854	\$ -	\$ 235	\$ 99,089
Changes of assumptions	-	24,856	-	24,856
Changes in proportion and differences between County contributions and proportionate share of contributions	<u>-</u>	<u>-</u>	<u>1,685</u>	<u>1,685</u>
Total	<u><u>\$ 98,854</u></u>	<u><u>\$ 24,856</u></u>	<u><u>\$ 1,920</u></u>	<u><u>\$ 125,630</u></u>

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 ten years of service to the County, at the time the plan was implemented, 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. 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

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

report is not available for the Retiree Health Benefit Plan. The plan is a single-employer defined benefit 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, 2016, the date of the latest actuarial valuation:

Retirees and dependents receiving benefits	21
Active plan members	<u>36</u>
Total	<u><u>57</u></u>

Funding Policy. The County pays the full 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, 2018, the County has committed \$2,534,637 for the payment of future retiree health benefits.

Total OPEB Liability

The County's total OPEB liability of \$3,777,394 was measured as of June 30, 2017 and was determined by an actuarial valuation as of that date.

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

Inflation	2.50 percent
Salary increases	3.50%-7.75%, including wage inflation
Discount rate	3.56 percent
Healthcare cost trend rates	Pre-Medicare - 7.75% for 2016 decreasing to an ultimate rate of 5.00% by 2022

The discount rate is based on the June average of the Bond Buyer General Obligation 20-Year Municipal Bond Index published weekly by the Bond Buyer.

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at July 1, 2017	\$ 3,971,517
Changes for the year:	
Service cost	64,873
Interest	117,703
Differences between expected and actual experience	(138,367)
Changes of assumptions or other inputs	(115,172)
Benefit payments	(123,160)
Net changes	(194,123)
Balance at June 30, 2018	\$ 3,777,394

Changes in assumptions and other inputs reflect a change in the Municipal Bond Index Rate from 3.01% to 3.56%.

The discount rate used to measure the total OPEB liability was based on the June average of the Bond Buyer General Obligation 20-Year Municipal Bond Index published weekly by the Bond Buyer.

Mortality rates were based on the RP-2014 mortality tables, with adjustments for LGERS experience and generational mortality improvements using Scale MP-2015.

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increases used in the June 30, 2016 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, 2016 valuation were based on a review of recent plan experience done concurrently with the June 30, 2016 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 (2.56 percent) or 1-percentage-point higher (4.56 percent) than the current discount rate:

	1% Decrease (2.56%)	Discount Rate (3.56%)	1% Increase (4.56%)
Total OPEB liability	\$ 3,989,755	\$ 3,777,394	\$ 3,578,009

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

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:

	<u>1% Decrease</u>	<u>Current</u>	<u>1% Increase</u>
Total OPEB liability	\$ 3,530,382	\$ 3,777,394	\$ 4,045,160

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

For the year ended June 30, 2018, the County recognized OPEB expense of \$79,091. At June 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 81,891
Changes of assumptions	-	68,163
Benefit payments and plan administrative expense made subsequent to the measurement date	426,184	-
Total	<u>\$ 426,184</u>	<u>\$ 150,054</u>

\$426,184 reported as deferred outflows of resources related to OPEB resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total OPEB liability in the year ended June 30, 2019. Other amounts reported as deferred inflows and deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ending June 30</u>	<u>Total</u>
2019	\$ (103,485)
2020	(46,569)
2021	-
2022	-
2023	-
Thereafter	-
Total	<u>\$ (150,054)</u>

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

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 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 \$6,219,997 reported as landfill closure and post-closure care and PACA liability at June 30, 2018, \$4,440,480 is for closure and post-closure care costs and \$1,779,517 is for PACA costs. Both are a cumulative amount reported to date based on the use of 84 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 2018. 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 8.9 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, 2018, the County had funds of \$3,320,984 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

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

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.

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	\$ 3,134,169
OPEB deferrals	426,184
Total	<u>\$ 3,560,353</u>

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

<u>Source</u>	<u>Amount</u>
Prepaid taxes (General Fund)	\$ 36,462
Prepaid taxes (Special Revenue Fund)	3,941
Taxes receivable, net (General Fund)	43,572
Taxes receivable, net (Special Revenue Fund)	6,508
Pension deferrals	125,630
OPEB deferrals	150,054
Total	<u>\$ 366,167</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.

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

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).

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

	<u>2018</u>	<u>2017</u>
Unpaid claims, beginning	\$ 369,021	\$ 58,317
Incurred claims	2,952,038	2,946,401
Claim payments	<u>(2,949,519)</u>	<u>(2,635,697)</u>
Unpaid claims, ending	<u>\$ 371,540</u>	<u>\$ 369,021</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 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

School Construction Bonds

In March 2010, the County issued \$1,297,778 of Qualified School Construction Bonds at 2.09 percent interest to finance the construction of a career and technical education building at a local high school for the Transylvania County Board of Education. The balance outstanding at June 30, 2018, totaled \$432,594.

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

The debt service requirements to maturity for the County's Qualified School Construction Bonds are as follows:

Year Ending June 30	Principal	Interest	Total
2019	\$ 108,148	\$ 9,041	\$ 117,189
2020	108,148	6,781	114,929
2021	108,148	4,521	112,669
2022	108,150	2,260	110,410
Total	<u>\$ 432,594</u>	<u>\$ 22,603</u>	<u>\$ 455,197</u>

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, 2018 totaled \$1,063,335.

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, 2018 totaled \$1,506,215.

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

Year Ending June 30	Principal	Interest	Total
2019	\$ 313,830	\$ 80,682	\$ 394,512
2020	313,830	69,284	383,114
2021	313,830	57,886	371,716
2022	313,830	46,488	360,318
2023	313,830	35,090	348,920
2024-2028	699,153	83,057	782,210
2029-2031	301,247	10,935	312,182
Total	<u>\$ 2,569,550</u>	<u>\$ 383,422</u>	<u>\$ 2,952,972</u>

At June 30, 2018, the County had a legal debt margin of \$462,646,080.

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

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, 2018:

	<u>July 1, 2017</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2018</u>	<u>Current Portion</u>
Governmental Activities:					
General obligation debt	\$ 520,000	\$ -	\$ 520,000	\$ -	\$ -
Premium - general obligation debt	1,806	-	1,806	-	-
Qualified School Construction debt	540,742	-	108,148	432,594	108,148
Installment financing	2,883,380	-	313,830	2,569,550	313,830
Capital lease	5,958	-	5,958	-	-
Net pension obligation - LGERS	4,389,710	-	1,072,099	3,317,611	-
Total pension obligation - LEO	1,694,384	372,378	-	2,066,762	-
Total OPEB liability	3,655,939	-	67,415	3,588,524	-
Compensated absences	1,066,527	1,022,806	1,017,963	1,071,370	910,665
Total	<u>\$ 14,758,446</u>	<u>\$ 1,395,184</u>	<u>\$ 3,107,219</u>	<u>\$ 13,046,411</u>	<u>\$ 1,332,643</u>
Business-Type Activities:					
Total OPEB liability	\$ 192,418	\$ -	\$ 3,548	\$ 188,870	\$ -
Net pension obligation - LGERS	231,037	-	56,426	174,611	-
Accrued landfill closure and post-closure care costs	6,034,130	185,867	-	6,219,997	-
Compensated absences	27,836	24,548	32,730	19,654	16,706
Total	<u>\$ 6,485,421</u>	<u>\$ 210,415</u>	<u>\$ 92,704</u>	<u>\$ 6,603,132</u>	<u>\$ 16,706</u>

Compensated absences, pension obligations, 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, 2018**

C. Net Investment in Capital Assets

The total net investment in capital assets as of June 30, 2018, is composed of the following elements:

	Governmental Activities	Business-Type Activities
Capital assets, net of accumulated depreciation	\$ 41,400,385	\$ 3,402,883
Less: capital debt		
Gross debt	3,002,144	-
Less:		
School debt related to assets to which the County does not hold title	(432,594)	-
Net capital debt	2,569,550	-
 Net investment in capital assets	 \$ 38,830,835	 \$ 3,402,883

Unspent debt proceeds related to the school are not included in net investments in capital assets calculation.

D. Interfund Balances and Activity

Transfers from/to other funds at June 30, 2018 consist of the following:

From the General Fund to the Golden Leaf Capital Projects Fund for construction on the Light Industrial Building	\$ 4,124,045
From the General Fund to the Solid Waste Fund to supplement other funding sources	624,722
From the General Fund to the Emergency Telephone System Fund for increases in implemental functions	2,352
Total transfers from General Fund to other funds	\$ 4,751,119

The due to/from other funds at June 30, 2018 consist of the following:

Receivable Fund	Payable Fund	Amount
General Fund	Home Fund	\$ 3,470

The due to/due from other funds above are advances until grant revenues are received.

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

3. 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.

4. 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.

5. 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.

6. Claims and Judgments

At June 30, 2018, the County was a defendant to various lawsuits. In the opinion of the County's Management and the County Attorney, the ultimate effect of these legal matters will not have a material adverse effect on the County's financial position.

7. Change in Accounting Principles/Restatement

The County implemented Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, in the fiscal year ending June 30, 2018. The implementation of the statement required the County to record beginning total OPEB liability and the effects on net position of benefit payments and administrative expenses paid by the County related to OPEB during the measurement period (fiscal year ending June 30, 2017). Beginning deferred outflows and inflows of resources associated with the implementation were excluded from the restatement. As a result, net position for governmental activities decreased \$2,536,727 and \$139,526 for the business-type activities.

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

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TRANSYLVANIA COUNTY, NORTH CAROLINA

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

Law Enforcement Officers' Special Separation Allowance		
	2018	2017
Beginning balance	\$ 1,694,384	\$ 1,655,418
Service cost	75,265	72,405
Interest on the total pension liability	64,010	58,119
Differences between expected and actual experience in the measurement of the total pension liability	190,712	-
Changes of assumptions or other inputs	114,593	(36,692)
Benefit payments	(72,202)	(54,866)
Ending balance of the total pension liability	<u>\$ 2,066,762</u>	<u>\$ 1,694,384</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 TOTAL PENSION LIABILITY AS A PERCENTAGE OF COVERED PAYROLL
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
LAST TWO FISCAL YEARS**

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

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

**OTHER POST-EMPLOYMENT BENEFITS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED JUNE 30, 2018**

Other Post-Employment Benefits	
	2018
Service cost	\$ 64,873
Interest	117,703
Differences between expected and actual experience	(138,367)
Changes of assumptions or other inputs	(115,172)
Benefit payments	(123,160)
Net change in total OPEB liability	(194,123)
Total OPEB liability - beginning	3,971,517
Total OPEB liability - ending	<u>\$ 3,777,394</u>
Covered payroll	\$ 2,033,757
Total OPEB liability as a percentage of covered payroll	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:

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

TRANSYLVANIA COUNTY, NORTH CAROLINA

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

	Local Governmental Employees' Retirement System				
	2018	2017	2016	2015	2014
Transylvania County's proportion of the net pension liability (asset) (%)	0.22859%	0.21772%	0.21686%	0.21288%	0.21400%
Transylvania County's proportion of the net pension liability (asset) (\$)	\$ 3,492,222	\$ 4,620,747	\$ 973,254	\$ (1,255,453)	\$ 2,579,522
Transylvania County's covered payroll	\$ 14,615,583	\$ 13,754,619	\$ 13,295,491	\$ 12,789,506	\$ 11,643,680
Transylvania County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	23.89%	33.59%	7.32%	-9.82%	22.15%
Plan fiduciary net position as a percentage of the total pension liability**	94.18%	91.47%	98.09%	102.64%	94.35%

*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 CONTRIBUTIONS
REQUIRED SUPPLEMENTARY INFORMATION
LAST FIVE FISCAL YEARS

	Local Governmental Employees' Retirement System				
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 1,095,723	\$ 1,082,984	\$ 932,593	\$ 939,521	\$ 903,438
Contributions in relation to the contractually required contribution	<u>1,095,723</u>	<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>	<u>\$ -</u>
Transylvania County's covered payroll	\$ 14,316,146	\$ 14,615,583	\$ 13,754,619	\$ 13,295,491	\$ 12,789,506
Contributions as a percentage of covered payroll	7.65%	7.41%	6.78%	7.07%	7.06%

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 FIVE FISCAL YEARS***

	Register of Deeds' Supplemental Pension Fund				
	2018	2017	2016	2015	2014
Transylvania County's proportion of the net pension liability (asset) (%)	0.42666%	0.42072%	0.41405%	0.40700%	0.40500%
Transylvania County's proportion of the net pension liability (asset) (\$)	\$ (72,827)	\$ (78,658)	\$ (95,952)	\$ (92,215)	\$ (86,472)
Transylvania County's covered payroll	\$ 69,825	\$ 67,880	\$ 64,593	\$ 62,675	\$ 61,449
Transylvania County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	-104.30%	-115.88%	-148.55%	-147.13%	-140.72%
Plan fiduciary net position as a percentage of the total pension liability**	153.77%	160.17%	197.29%	193.88%	190.50%

*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 CONTRIBUTIONS
REQUIRED SUPPLEMENTARY INFORMATION
LAST FIVE FISCAL YEARS**

Register of Deeds' Supplemental Pension Fund					
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 3,463	\$ 3,707	\$ 3,437	\$ 3,313	\$ 3,322
Contributions in relation to the contractually required contribution	<u>3,463</u>	<u>3,707</u>	<u>3,437</u>	<u>3,313</u>	<u>3,322</u>
Contribution deficiency (excess)	<u>\$ -</u>				
Transylvania County's covered payroll	\$ 68,692	\$ 69,825	\$ 67,880	\$ 64,593	\$ 62,675
Contributions as a percentage of covered payroll	5.04%	5.31%	5.06%	5.13%	5.30%

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

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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.

GOLDEN LEAF CAPITAL PROJECTS FUND

The Golden Leaf Capital Projects Fund accounts for funds from the Golden Leaf Foundation to be used for the Light Industrial building.

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TRANSYLVANIA COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Ad Valorem Taxes:			
Taxes	\$ 29,063,719	\$ 29,714,191	\$ 650,472
Penalties and interest	75,100	100,070	24,970
Total	<u>29,138,819</u>	<u>29,814,261</u>	<u>675,442</u>
Local Option Sales Taxes:			
Article 39 and 44	3,469,621	3,456,459	(13,162)
Article 40, one-half of one percent	2,412,488	2,394,988	(17,500)
Article 42, one-half of one percent	1,835,534	1,826,290	(9,244)
Medicaid hold harmless	640,000	731,846	91,846
Total	<u>8,357,643</u>	<u>8,409,583</u>	<u>51,940</u>
Other Taxes and Licenses:			
Deed stamp excise tax	170,393	128,286	(42,107)
Real estate transfer tax	648,436	654,101	5,665
Total	<u>818,829</u>	<u>782,387</u>	<u>(36,442)</u>
Unrestricted Intergovernmental Revenues:			
Payments in lieu of taxes - outside sources	215,000	219,813	4,813
ABC profit distribution & 5 cent bottle liquor	64,500	63,308	(1,192)
Video programming services tax	110,200	107,495	(2,705)
Total	<u>389,700</u>	<u>390,616</u>	<u>916</u>
Restricted Intergovernmental Revenues:			
State grants	1,720,453	1,540,711	(179,742)
Federal grants	4,642,928	4,463,007	(179,921)
Court facility fees	36,500	29,734	(6,766)
Other restricted funds	256,144	246,970	(9,174)
Total	<u>6,656,025</u>	<u>6,280,422</u>	<u>(375,603)</u>
Permits and Fees:			
Register of Deeds	79,495	74,062	(5,433)
Other	40	4,867	4,827
Building permits	405,000	470,388	65,388
Total	<u>484,535</u>	<u>549,317</u>	<u>64,782</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, 2018**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Sales and Services:			
Rents, concessions, and fees	1,762,292	1,887,909	125,617
Ambulance fees	1,407,975	1,310,717	(97,258)
Recreation department	50,580	54,503	3,923
Town of Rosman	6,025	6,288	263
City of Brevard	151,800	154,389	2,589
Total	<u>3,378,672</u>	<u>3,413,806</u>	<u>35,134</u>
Investment Earnings	<u>285,000</u>	<u>386,761</u>	<u>101,761</u>
Miscellaneous:			
Joint Historical Preservation	500	400	(100)
Donations	84,515	93,445	8,930
County Recovery Fund	235	278	43
Other	230,482	325,918	95,436
Total	<u>315,732</u>	<u>420,041</u>	<u>104,309</u>
Total revenues	<u>49,824,955</u>	<u>50,447,194</u>	<u>622,239</u>
Expenditures:			
General Government:			
Governing Board:			
Salaries and employee benefits	85,349	84,412	937
Other operating expenditures	117,949	63,810	54,139
Total	<u>203,298</u>	<u>148,222</u>	<u>55,076</u>
Administration:			
Salaries and employee benefits	491,847	396,046	95,801
Other operating expenditures	902,333	736,446	165,887
Total	<u>1,394,180</u>	<u>1,132,492</u>	<u>261,688</u>
Elections:			
Salaries and employee benefits	248,430	238,463	9,967
Other operating expenditures	148,924	117,440	31,484
Capital outlay	392,657	-	392,657
Total	<u>790,011</u>	<u>355,903</u>	<u>434,108</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, 2018**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Finance:			
Salaries and employee benefits	425,553	424,441	1,112
Other operating expenditures	108,267	101,257	7,010
Total	<u>533,820</u>	<u>525,698</u>	<u>8,122</u>
Taxes:			
Salaries and employee benefits	887,941	847,992	39,949
Other operating expenditures	349,781	302,096	47,685
Capital outlay	20,438	20,438	-
Total	<u>1,258,160</u>	<u>1,170,526</u>	<u>87,634</u>
Legal:			
Contracted services	26,710	28,408	(1,698)
Other operating expenditures	24,001	23,186	815
Total	<u>50,711</u>	<u>51,594</u>	<u>(883)</u>
Register of Deeds:			
Salaries and employee benefits	309,022	303,209	5,813
Other operating expenditures	411,930	413,244	(1,314)
Total	<u>720,952</u>	<u>716,453</u>	<u>4,499</u>
Public Buildings:			
Salaries and employee benefits	570,731	552,077	18,654
Other operating expenditures	534,913	481,201	53,712
Capital outlay	674,164	413,875	260,289
Total	<u>1,779,808</u>	<u>1,447,153</u>	<u>332,655</u>
Housekeeping:			
Other operating expenditures	1,076	983	93
Court Facilities:			
Other operating expenditures	52,200	47,925	4,275
Information Technology:			
Salaries and employee benefits	315,339	314,187	1,152
Other operating expenditures	154,125	150,698	3,427
Total	<u>469,464</u>	<u>464,885</u>	<u>4,579</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, 2018

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Project Management:			
Salaries and employee benefits	88,188	87,546	642
Other operating expenditures	600	506	94
Total	<u>88,788</u>	<u>88,052</u>	<u>736</u>
Self Insurance:			
Claims cost	3,334,483	2,580,857	753,626
Employee premiums/cobra payments	(516,425)	(499,484)	(16,941)
Administrative costs	889,600	863,791	25,809
County portion of premiums charged	(3,707,000)	(3,707,000)	-
Reserve	258,476	-	258,476
Retiree insurance	(258,476)	(304,512)	46,036
Total	<u>658</u>	<u>(1,066,348)</u>	<u>1,067,006</u>
Employee Wellness Center:			
Other operating expenditures	160,050	155,274	4,776
Total	<u>160,050</u>	<u>155,274</u>	<u>4,776</u>
457 Contributions:			
Other operating expenditures	-	(13,050)	13,050
Total general government	<u>7,503,176</u>	<u>5,225,762</u>	<u>2,277,414</u>
Public Safety:			
Sheriff and Jail:			
Salaries and employee benefits	5,937,162	5,542,169	394,993
Other operating expenditures	1,626,559	1,626,572	(13)
Capital outlay	531,623	525,393	6,230
Total	<u>8,095,344</u>	<u>7,694,134</u>	<u>401,210</u>
Emergency Management:			
Salaries and employee benefits	316,045	313,640	2,405
Other operating expenditures	69,719	63,472	6,247
Capital outlay	18,017	16,540	1,477
Total	<u>403,781</u>	<u>393,652</u>	<u>10,129</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, 2018**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Fire:			
Contracted services	95,727	79,601	16,126
Rescue Units:			
Contracted services	229,000	229,000	-
Emergency Medical Services:			
Salaries and employee benefits	1,851,035	1,787,820	63,215
Other operating expenditures	321,111	240,632	80,479
Capital outlay	200,210	197,125	3,085
Total	<u>2,372,356</u>	<u>2,225,577</u>	<u>146,779</u>
Medical Examiner:			
Contracted services	31,000	23,200	7,800
Emergency Communications:			
Salaries and employee benefits	945,288	835,023	110,265
Other operating expenditures	263,894	204,176	59,718
Capital outlay	223,041	105,883	117,158
Total	<u>1,432,223</u>	<u>1,145,082</u>	<u>287,141</u>
Animal Control:			
Salaries and employee benefits	335,364	299,757	35,607
Other operating expenditures	137,009	133,044	3,965
Capital outlay	15,119	9,174	5,945
Total	<u>487,492</u>	<u>441,975</u>	<u>45,517</u>
Inspections:			
Salaries and employee benefits	408,764	391,094	17,670
Other operating expenditures	46,738	37,870	8,868
Capital outlay	22,260	-	22,260
Total	<u>477,762</u>	<u>428,964</u>	<u>48,798</u>
Total public safety	<u>13,624,685</u>	<u>12,661,185</u>	<u>963,500</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, 2018**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Transportation:			
Salaries and employee benefits	339,671	305,211	34,460
Other operating expenditures	118,956	104,386	14,570
Capital outlay	<u>61,444</u>	<u>57,038</u>	<u>4,406</u>
Total transportation	<u>520,071</u>	<u>466,635</u>	<u>53,436</u>
Economic and Physical Development:			
Planning:			
Salaries and employee benefits	250,211	245,031	5,180
Other operating expenditures	<u>110,140</u>	<u>80,413</u>	<u>29,727</u>
Total	<u>360,351</u>	<u>325,444</u>	<u>34,907</u>
Economic Development:			
Operating expenditures	<u>597,991</u>	<u>488,260</u>	<u>109,731</u>
Cooperative Extension:			
Salaries and employee benefits	192,336	191,063	1,273
Other operating expenditures	<u>20,130</u>	<u>18,740</u>	<u>1,390</u>
Total	<u>212,466</u>	<u>209,803</u>	<u>2,663</u>
Soil and Water Conservation:			
Salaries and employee benefits	138,469	138,087	382
Other operating expenditures	<u>52,329</u>	<u>48,775</u>	<u>3,554</u>
Total	<u>190,798</u>	<u>186,862</u>	<u>3,936</u>
Total economic and physical development	<u>1,361,606</u>	<u>1,210,369</u>	<u>151,237</u>
Human Services:			
Health:			
Administration:			
Salaries and employee benefits	1,993,981	1,937,823	56,158
Other operating expenditures	505,870	409,480	96,390
Capital outlay	<u>5,576</u>	<u>5,576</u>	<u>-</u>
Total	<u>2,505,427</u>	<u>2,352,879</u>	<u>152,548</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, 2018

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Mental Health:			
Contracted services:			
Community mental health services	99,261	99,261	-
Social Services:			
Administration:			
Salaries and employee benefits	3,541,530	3,422,652	118,878
Other operating expenditures	368,458	353,638	14,820
Capital outlay	48,545	48,544	1
Total	<u>3,958,533</u>	<u>3,824,834</u>	<u>133,699</u>
Public Assistance:			
Special assistance to adults:			
County participation only	169,604	181,708	(12,104)
Medicaid program:			
Medicaid transportation	59,500	61,885	(2,385)
Workfirst recipient benefits:			
Other operating expenditures	-	3,632	(3,632)
Title III programs:			
Other operating expenditures	4,000	3,705	295
Other assistance:			
Other program expenditures	992,697	957,124	35,573
Total	<u>1,225,801</u>	<u>1,208,054</u>	<u>17,747</u>
Child Development:			
Salaries and employee benefits	704,249	682,383	21,866
Other operating expenditures	89,490	91,664	(2,174)
Total	<u>793,739</u>	<u>774,047</u>	<u>19,692</u>
Total social services	<u>5,978,073</u>	<u>5,806,935</u>	<u>171,138</u>
Veteran's Service Officer:			
Salaries and employee benefits	24,870	20,880	3,990
Other operating expenditures	9,730	7,832	1,898
Total	<u>34,600</u>	<u>28,712</u>	<u>5,888</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, 2018

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Other Services:			
Juvenile crime prevention	104,306	104,256	50
Children's Center	79,408	58,535	20,873
HCCBG	277,437	277,304	133
Other services	88,500	88,500	-
Total	<u>549,651</u>	<u>528,595</u>	<u>21,056</u>
Total human services	<u>9,167,012</u>	<u>8,816,382</u>	<u>350,630</u>
Cultural and Recreational:			
Parks and Recreation:			
Salaries and employee benefits	552,820	508,130	44,690
Other operating expenditures	341,359	306,321	35,038
Capital outlay	279,184	250,586	28,598
Total	<u>1,173,363</u>	<u>1,065,037</u>	<u>108,326</u>
Library:			
Salaries and employee benefits	1,029,897	1,001,810	28,087
Other operating expenditures	361,967	354,012	7,955
Capital outlay	5,520	5,520	-
Total	<u>1,397,384</u>	<u>1,361,342</u>	<u>36,042</u>
Other:			
Brevard College	18,500	15,000	3,500
Other	71,656	46,244	25,412
Total	<u>90,156</u>	<u>61,244</u>	<u>28,912</u>
Total cultural and recreational	<u>2,660,903</u>	<u>2,487,623</u>	<u>173,280</u>
Education:			
Public schools - current	11,842,443	11,842,443	-
Public schools - distribution of lottery proceeds	539,876	539,876	-
Public schools - capital outlay	1,800,000	1,800,000	-
Blue Ridge Community College	421,739	421,739	-
Total education	<u>14,604,058</u>	<u>14,604,058</u>	<u>-</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, 2018**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Debt Service:			
Principal retirement	947,907	947,936	(29)
Interest and fees	124,182	124,181	1
Total	<u>1,072,089</u>	<u>1,072,117</u>	<u>(28)</u>
Total expenditures	<u>50,513,600</u>	<u>46,544,131</u>	<u>3,969,469</u>
Revenues over (under) expenditures	<u>(688,645)</u>	<u>3,903,063</u>	<u>4,591,708</u>
Other Financing Sources (Uses):			
Transfers in:			
Capital project funds	20,000	-	(20,000)
Transfers out:			
Capital project funds	(4,124,045)	(4,124,045)	-
Special revenue funds	(2,352)	(2,352)	-
Enterprise funds	(624,722)	(624,722)	-
Permanent Fund	(1,332)	-	1,332
Assigned and committed funds	(151,359)	-	151,359
Appropriated fund balance	<u>5,572,455</u>	<u>-</u>	<u>(5,572,455)</u>
Total other financing sources (uses)	<u>688,645</u>	<u>(4,751,119)</u>	<u>(5,439,764)</u>
Net change in fund balance	<u>\$ -</u>	<u>(848,056)</u>	<u>\$ (848,056)</u>
Fund Balance:			
Beginning of year - July 1		<u>27,440,280</u>	
End of year - June 30		<u>\$ 26,592,224</u>	

TRANSYLVANIA COUNTY, NORTH CAROLINA

**GOLDEN LEAF CAPITAL PROJECTS FUND - MAJOR
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Over/Under</u>
Revenues:					
Donations and grants	\$ 1,000,000	\$ -	212,000	\$ 212,000	\$ (788,000)
Expenditures:					
Capital outlay		-	2,453,477	2,453,477	
Land improvements - non-capital		-	23,000	23,000	
Total expenditures	<u>5,124,045</u>	<u>-</u>	<u>2,476,477</u>	<u>2,476,477</u>	<u>2,647,568</u>
Revenues over (under) expenditures	(4,124,045)	-	(2,264,477)	(2,264,477)	1,859,568
Other Financing Sources (Uses):					
Transfers in from General Fund	<u>4,124,045</u>	<u>-</u>	<u>4,124,045</u>	<u>4,124,045</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	1,859,568	<u>\$ 1,859,568</u>	<u>\$ 1,859,568</u>
Fund Balance:					
Beginning of year - July 1			<u>-</u>		
End of year - June 30			<u>\$ 1,859,568</u>		

TRANSYLVANIA COUNTY, NORTH CAROLINA

NONMAJOR GOVERNMENTAL FUNDS
 COMBINING BALANCE SHEET
 JUNE 30, 2018

	Nonmajor Special Revenue Funds	Nonmajor Capital Project Funds	Permanent Fund	Total
Assets:				
Cash and investments	\$ 690,204	\$ 373,804	\$ 239,044	\$ 1,303,052
Accounts receivable, net	52,465	87,164	-	139,629
Taxes receivable, net	6,508	-	-	6,508
Cash and investments, restricted	-	22,125	108,367	130,492
Total assets	<u>\$ 749,177</u>	<u>\$ 483,093</u>	<u>\$ 347,411</u>	<u>\$ 1,579,681</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable and accrued liabilities	\$ 28,983	\$ -	\$ 12	\$ 28,995
Due to other funds	3,470	-	-	3,470
Total liabilities	<u>32,453</u>	<u>-</u>	<u>12</u>	<u>32,465</u>
Deferred Inflows of Resources:				
Property taxes receivable	6,508	-	-	6,508
Prepaid taxes	3,941	-	-	3,941
Total deferred inflows of resources	<u>10,449</u>	<u>-</u>	<u>-</u>	<u>10,449</u>
Fund Balances:				
Stabilization for state statute	52,465	87,164	-	139,629
Restricted, all other	657,280	22,125	108,367	787,772
Committed	-	373,804	-	373,804
Assigned	-	-	239,032	239,032
Unassigned	(3,470)	-	-	(3,470)
Total fund balances	<u>706,275</u>	<u>483,093</u>	<u>347,399</u>	<u>1,536,767</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 749,177</u>	<u>\$ 483,093</u>	<u>\$ 347,411</u>	<u>\$ 1,579,681</u>

TRANSYLVANIA COUNTY, NORTH CAROLINA

**NONMAJOR GOVERNMENTAL FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 FOR THE YEAR ENDED JUNE 30, 2018**

	Nonmajor Special Revenue Funds	Nonmajor Capital Project Funds	Permanent Fund	Total
Revenues:				
Ad valorem taxes	\$ 3,491,252	\$ -	\$ -	\$ 3,491,252
Restricted intergovernmental revenues	363,315	-	-	363,315
Donations and grants	-	-	10,000	10,000
Interest earned on investments	8,839	3,691	2,807	15,337
Total revenues	<u>3,863,406</u>	<u>3,691</u>	<u>12,807</u>	<u>3,879,904</u>
Expenditures:				
Current:				
Public safety	3,750,998	-	-	3,750,998
Economic and physical development	3,470	-	-	3,470
Cultural and recreational	-	-	1,328	1,328
Total expenditures	<u>3,754,468</u>	<u>-</u>	<u>1,328</u>	<u>3,755,796</u>
Revenues over (under) expenditures	108,938	3,691	11,479	124,108
Other Financing Sources (Uses):				
Transfers in	<u>2,352</u>	<u>-</u>	<u>-</u>	<u>2,352</u>
Net change in fund balances	111,290	3,691	11,479	126,460
Fund Balances:				
Beginning of year - July 1	<u>594,985</u>	<u>479,402</u>	<u>335,920</u>	<u>1,410,307</u>
End of year - June 30	<u>\$ 706,275</u>	<u>\$ 483,093</u>	<u>\$ 347,399</u>	<u>\$ 1,536,767</u>

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.

HOME Fund – This fund accounts for the HOME – Housing Rehabilitation grant for housing rehabilitation.

CAPITAL PROJECTS FUNDS

Capital projects funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

Schools Qualified Zone Academy Bond Fund – This fund accounts for funds from the Qualified Zone Academy Bond to be used for specific construction and renovation in the Transylvania County Public Schools. This fund was started during the June 30, 2002 fiscal year.

The General Capital Projects Fund – This fund accounts for funds set aside to be utilized in various capital projects of the County.

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TRANSYLVANIA COUNTY, NORTH CAROLINA

**NONMAJOR SPECIAL REVENUE FUNDS
 COMBINING BALANCE SHEET
 JUNE 30, 2018**

	Fire Districts Fund	Emergency Telephone System Fund	HOME Fund	Total
Assets:				
Cash and investments	\$ 404,047	\$ 286,157	\$ -	\$ 690,204
Accounts receivable	19,008	29,987	3,470	52,465
Taxes receivable, net	<u>6,508</u>	<u>-</u>	<u>-</u>	<u>6,508</u>
Total assets	<u>\$ 429,563</u>	<u>\$ 316,144</u>	<u>\$ 3,470</u>	<u>\$ 749,177</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	\$ -	\$ 28,983	\$ -	\$ 28,983
Due to other funds	<u>-</u>	<u>-</u>	<u>3,470</u>	<u>3,470</u>
Total liabilities	<u>-</u>	<u>28,983</u>	<u>3,470</u>	<u>32,453</u>
Deferred Inflows of Resources:				
Property taxes receivable	6,508	-	-	6,508
Prepaid taxes	<u>3,941</u>	<u>-</u>	<u>-</u>	<u>3,941</u>
Total deferred inflows of resources	<u>10,449</u>	<u>-</u>	<u>-</u>	<u>10,449</u>
Fund Balances:				
Restricted:				
Stabilization for state statute	19,008	29,987	3,470	52,465
Restricted, all other	400,106	257,174	-	657,280
Unassigned	<u>-</u>	<u>-</u>	<u>(3,470)</u>	<u>(3,470)</u>
Total fund balances	<u>419,114</u>	<u>287,161</u>	<u>-</u>	<u>706,275</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 429,563</u>	<u>\$ 316,144</u>	<u>\$ 3,470</u>	<u>\$ 749,177</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, 2018**

	Fire Districts Fund	Emergency Telephone System Fund	HOME Fund	Total
Revenues:				
Ad valorem taxes	\$ 3,491,252	\$ -	\$ -	\$ 3,491,252
Restricted intergovernmental	-	359,845	3,470	363,315
Investment earnings	6,558	2,281	-	8,839
Total revenues	<u>3,497,810</u>	<u>362,126</u>	<u>3,470</u>	<u>3,863,406</u>
Expenditures:				
Public safety	3,404,688	346,310	-	3,750,998
Economic and physical development	-	-	3,470	3,470
Total expenditures	<u>3,404,688</u>	<u>346,310</u>	<u>3,470</u>	<u>3,754,468</u>
Revenues over (under) expenditures	93,122	15,816	-	108,938
Other Financing Sources (Uses):				
Transfers in	-	2,352	-	2,352
Net change in fund balances	93,122	18,168	-	111,290
Fund Balances:				
Beginning of year - July 1	<u>325,992</u>	<u>268,993</u>	<u>-</u>	<u>594,985</u>
End of year - June 30	<u>\$ 419,114</u>	<u>\$ 287,161</u>	<u>\$ -</u>	<u>\$ 706,275</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, 2018

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Ad valorem taxes:			
Current year	\$ 3,395,930	\$ 3,471,787	\$ 75,857
Prior year	-	5,779	5,779
Penalties and interest	-	13,686	13,686
Investment earnings	-	6,558	6,558
Total revenues	<u>3,395,930</u>	<u>3,497,810</u>	<u>101,880</u>
Expenditures:			
Public safety:			
Brevard Fire District	396,880	396,879	1
Rosman Fire District	524,904	524,904	-
Little River Fire District	458,794	458,794	-
Connestee Falls Fire District	757,212	757,212	-
Cedar Mountain Fire District	206,500	206,500	-
Lake Toxaway Fire District	780,343	780,343	-
Balsam Grove Fire District	97,277	97,277	-
North Transylvania Fire District	182,775	182,779	(4)
Total expenditures	<u>3,404,685</u>	<u>3,404,688</u>	<u>(3)</u>
Revenues over (under) expenditures	<u>(8,755)</u>	<u>93,122</u>	<u>101,877</u>
Other Financing Sources (Uses):			
Transfer in	22,375	-	(22,375)
Transfer out	(98,697)	-	98,697
Appropriated fund balance	85,077	-	(85,077)
Total other financing sources (uses)	<u>8,755</u>	<u>-</u>	<u>(8,755)</u>
Net change in fund balance	<u>\$ -</u>	<u>93,122</u>	<u>\$ 93,122</u>
Fund Balance:			
Beginning of year - July 1		<u>325,992</u>	
End of year - June 30		<u>\$ 419,114</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, 2018**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Restricted intergovernmental	\$ 350,659	\$ 359,845	\$ 9,186
Investment earnings	1,000	2,281	1,281
Total revenues	<u>351,659</u>	<u>362,126</u>	<u>10,467</u>
Expenditures:			
Public safety:			
Phone and furniture	36,000	17,394	18,606
Software and hardware	226,054	176,345	49,709
Training	9,813	10,643	(830)
Implemental functions	106,140	105,767	373
City distribution	36,162	36,161	1
Total expenditures	<u>414,169</u>	<u>346,310</u>	<u>67,859</u>
Revenues over (under) expenditures	<u>(62,510)</u>	<u>15,816</u>	<u>78,326</u>
Other Financing Sources (Uses):			
Transfer in	2,352	2,352	-
Appropriated fund balance	60,158	-	(60,158)
Total other financing sources (uses)	<u>62,510</u>	<u>2,352</u>	<u>(60,158)</u>
Net change in fund balance	<u>\$ -</u>	<u>18,168</u>	<u>\$ 18,168</u>
Fund Balance:			
Beginning of year - July 1		<u>268,993</u>	
End of year - June 30		<u>\$ 287,161</u>	

**PSAP RECONCILIATION
FOR THE YEAR ENDED JUNE 30, 2018**

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	\$ 287,161
Transfers made in fiscal year 2017 from General Fund not included in PSAP report	(2,086)
Ineligible prior-year expenditures reported in Emergency Telephone System Fund	<u>30,161</u>
Ending balance, PSAP Revenue - Expenditure Report	<u>\$ 315,236</u>

TRANSYLVANIA COUNTY, NORTH CAROLINA

HOME FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 FOR INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2018

	<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:					
Restricted intergovernmental	\$ 165,000	\$ -	\$ 3,470	\$ 3,470	\$ (161,530)
Expenditures:					
Economic and physical development:					
Housing rehabilitation	165,000	-	3,470	3,470	161,530
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>	<u>\$ -</u>
Fund Balance:					
Beginning of year - July 1			-		
End of year - June 30			<u>\$ -</u>		

TRANSYLVANIA COUNTY, NORTH CAROLINA

NONMAJOR CAPITAL PROJECT FUNDS
 COMBINING BALANCE SHEET
 JUNE 30, 2018

	Schools QZAB Fund	General Capital Projects Fund	Total
	<u> </u>	<u> </u>	<u> </u>
Assets:			
Cash and investments	\$ -	\$ 373,804	\$ 373,804
Accounts receivable, net	-	87,164	87,164
Cash and investments, restricted	22,125	-	22,125
Total assets	<u>\$ 22,125</u>	<u>\$ 460,968</u>	<u>\$ 483,093</u>
Fund Balances:			
Stabilization for state statute	\$ -	\$ 87,164	\$ 87,164
Restricted for:			
Education	22,125	-	22,125
Committed	-	373,804	373,804
Total fund balances	<u>\$ 22,125</u>	<u>\$ 460,968</u>	<u>\$ 483,093</u>

TRANSYLVANIA COUNTY, NORTH CAROLINA

**NONMAJOR CAPITAL PROJECT FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Schools QZAB Fund</u>	<u>General Capital Projects Fund</u>	<u>Total</u>
Revenues:			
Interest earned on investments	\$ -	\$ 3,691	\$ 3,691
Net change in fund balances	-	3,691	3,691
Fund Balances:			
Beginning of year - July 1	<u>22,125</u>	<u>457,277</u>	<u>479,402</u>
End of year - June 30	<u>\$ 22,125</u>	<u>\$ 460,968</u>	<u>\$ 483,093</u>

TRANSYLVANIA COUNTY, NORTH CAROLINA

**SCHOOLS QZAB FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Net change in fund balance	\$ -	\$ -	\$ -
Fund Balance:			
Beginning of year - July 1		<u>22,125</u>	
End of year - June 30		<u>\$ 22,125</u>	

TRANSYLVANIA COUNTY, NORTH CAROLINA

GENERAL CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2018

	<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:					
Donations and grants	\$ 453,757	\$ 393,811	\$ -	\$ 393,811	\$ (59,946)
Investment earnings	514,581	536,501	3,691	540,192	25,611
Total revenues	<u>968,338</u>	<u>930,312</u>	<u>3,691</u>	<u>934,003</u>	<u>(34,335)</u>
Expenditures:					
Capital outlay		7,387,876	-	7,387,876	
Land improvements-non capital		3,282	-	3,282	
Expensed architectural fees/other miscellaneous		130,287	-	130,287	
Total expenditures	<u>7,996,748</u>	<u>7,521,445</u>	<u>-</u>	<u>7,521,445</u>	<u>475,303</u>
Revenues over (under) expenditures	<u>(7,028,410)</u>	<u>(6,591,133)</u>	<u>3,691</u>	<u>(6,587,442)</u>	<u>440,968</u>
Other Financing Sources (Uses):					
Transfers in from General Fund	4,535,408	4,535,408	-	4,535,408	-
Transfers to General Fund	(514,429)	(494,429)	-	(494,429)	20,000
Long-term debt issued	1,807,457	1,807,457	-	1,807,457	-
Total other financing sources (uses)	<u>5,828,436</u>	<u>5,848,436</u>	<u>-</u>	<u>5,848,436</u>	<u>20,000</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>(1,199,974)</u>	<u>(742,697)</u>	<u>3,691</u>	<u>(739,006)</u>	<u>460,968</u>
Appropriated fund balance	<u>1,199,974</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,199,974)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (742,697)</u>	<u>3,691</u>	<u>\$ (739,006)</u>	<u>\$ (739,006)</u>
Fund Balance:					
Beginning of year - July 1			<u>457,277</u>		
End of year - June 30			<u>\$ 460,968</u>		

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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.

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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, 2018**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Donations and grants	\$ 10,000	\$ 10,000	\$ -
Investment earnings	-	2,807	2,807
Total revenues	<u>10,000</u>	<u>12,807</u>	<u>2,807</u>
Expenditures:			
Silvermont operating expenditure	1,332	1,328	4
Capital outlay	<u>10,000</u>	<u>-</u>	<u>10,000</u>
Total expenditures	<u>11,332</u>	<u>1,328</u>	<u>10,004</u>
Revenues over (under) expenditures	(1,332)	11,479	12,811
Other Financing Sources (Uses):			
Transfer in	<u>1,332</u>	<u>-</u>	<u>(1,332)</u>
Net change in fund balance	<u>\$ -</u>	<u>11,479</u>	<u>\$ 11,479</u>
Fund Balance:			
Beginning of year - July 1		<u>335,920</u>	
End of year - June 30		<u>\$ 347,399</u>	

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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.

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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, 2018

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Operating revenues:			
Charges for services			
Solid waste charges	\$ 1,674,630	\$ 1,806,615	\$ 131,985
Recycling	149,505	170,370	20,865
Other operating revenues	<u>2,100</u>	<u>1,810</u>	<u>(290)</u>
Total operating revenues	<u>1,826,235</u>	<u>1,978,795</u>	<u>152,560</u>
Non-operating revenues:			
Investment earnings	10,000	240	(9,760)
Miscellaneous revenue	<u>22,000</u>	<u>32,209</u>	<u>10,209</u>
Total non-operating revenues	<u>32,000</u>	<u>32,449</u>	<u>449</u>
Total revenues	<u>1,858,235</u>	<u>2,011,244</u>	<u>153,009</u>
Expenditures:			
Landfill administration and operations:			
Salaries and employee benefits	922,063	908,089	13,974
Other operating expenditures	1,062,666	1,052,866	9,800
Capital outlay	<u>158,087</u>	<u>153,455</u>	<u>4,632</u>
Total expenditures	<u>2,142,816</u>	<u>2,114,410</u>	<u>28,406</u>
Revenues over (under) expenditures	<u>(284,581)</u>	<u>(103,166)</u>	<u>181,415</u>
Other Financing Sources (Uses):			
Transfer in	624,722	624,722	-
Transfer out	<u>(340,141)</u>	<u>-</u>	<u>(340,141)</u>
Total other financing sources (uses)	<u>284,581</u>	<u>624,722</u>	<u>340,141</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 521,556</u>	<u>\$ 521,556</u>
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:			
Revenues and other financing sources over (under) expenditures and other financing uses		\$ 521,556	
Reconciling items:			
Capital outlay capitalized		153,455	
Change in net pension liability LGERS		56,426	
Change in deferred outflows of resources - pension LGERS		(67,212)	
Change in deferred inflows of resources - pension LGERS		3,153	
Change in OPEB liability		3,548	
Change in deferred outflows of resources - OPEB		21,309	
Change in deferred inflows of resources - OPEB		(7,503)	
Change in compensated absences payable		8,182	
Change in closure and post-closure care costs		(185,867)	
Depreciation		<u>(352,136)</u>	
Change in net position		<u>\$ 154,911</u>	

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AGENCY FUNDS

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

Social Services Fund – This fund accounts for moneys held by the Social Services Department for the benefit of certain individuals in the County.

Miscellaneous Agency Funds – This fund accounts for various legal fines and forfeitures that the County is required to remit to the Transylvania County Board of Education, the 3 percent interest collected on the first month of delinquent motor vehicle taxes that the County is required to remit to the North Carolina Department of Motor Vehicles, the \$6.20 of each fee collected by the Register of Deeds for registering or filing a deed of trust mortgage that the County is required to remit to the State Treasurer on a monthly basis, and the donations received by the Sheriff's Office for the COPS 4 Kids program, a program co-sponsored with the City of Brevard Police Department, and the DARE and SHIELD Camps, which are conducted by Sheriff Office employees.

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TRANSYLVANIA COUNTY, NORTH CAROLINA

AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Balance July 1, 2017</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2018</u>
Social Services:				
Assets:				
Cash and cash equivalents	\$ 52,211	\$ 235,546	\$ 237,014	\$ 50,743
Liabilities:				
Miscellaneous liabilities	\$ 52,211	\$ 235,546	\$ 237,014	\$ 50,743
Miscellaneous:				
Assets:				
Cash and investments	\$ -	\$ 102,200	\$ 102,200	\$ -
Accounts receivable and accrued revenues	7,498	7,012	7,498	7,012
Total assets	<u>\$ 7,498</u>	<u>\$ 109,212</u>	<u>\$ 109,698</u>	<u>\$ 7,012</u>
Liabilities:				
Intergovernmental payables - Transylvania County Board of Education	\$ 7,498	\$ 102,200	\$ 102,686	\$ 7,012
Dare Camp:				
Assets:				
Cash and investments	<u>\$ 4,039</u>	<u>\$ 3,678</u>	<u>\$ 4,504</u>	<u>\$ 3,213</u>
Liabilities:				
Intergovernmental payables - Transylvania County	\$ 262	\$ -	\$ 262	\$ -
Miscellaneous liabilities	3,777	3,678	4,242	3,213
Total liabilities	<u>\$ 4,039</u>	<u>\$ 3,678</u>	<u>\$ 4,504</u>	<u>\$ 3,213</u>
SHIELD Camp:				
Assets:				
Cash and investments	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1</u>
Liabilities:				
Intergovernmental payables - Transylvania County	\$ 5,001	\$ -	\$ -	\$ 5,001
Miscellaneous liabilities	(5,000)	-	-	(5,000)
Total liabilities	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1</u>

TRANSYLVANIA COUNTY, NORTH CAROLINA

AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Balance</u> <u>July 1, 2017</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2018</u>
Cops 4 Kids:				
Assets:				
Cash and investments	\$ 22,342	\$ 23,311	\$ 24,708	\$ 20,945
Liabilities:				
Miscellaneous liabilities	\$ 22,342	\$ 23,311	\$ 24,708	\$ 20,945
Register of Deeds:				
Assets:				
Accounts receivable and accrued revenues	\$ 180	\$ 30,206	\$ 30,206	\$ 180
Liabilities:				
Intergovernmental payables - State of North Carolina	\$ (2,641) 2,821	\$ 2,902 33,027	\$ 2,641 33,288	\$ (2,380) 2,560
Total liabilities	<u>\$ 180</u>	<u>\$ 33,027</u>	<u>\$ 33,288</u>	<u>\$ 180</u>
Total - All Agency Funds:				
Assets:				
Cash and cash equivalents	\$ 78,593	\$ 364,735	\$ 368,426	\$ 74,902
Accounts receivable and accrued revenues	7,678	37,218	37,704	7,192
Total assets	<u>\$ 86,271</u>	<u>\$ 401,953</u>	<u>\$ 406,130</u>	<u>\$ 82,094</u>
Liabilities:				
Intergovernmental payables	\$ 12,941	\$ 138,129	\$ 138,877	\$ 12,193
Miscellaneous liabilities	73,330	262,535	265,964	69,901
Total liabilities	<u>\$ 86,271</u>	<u>\$ 400,664</u>	<u>\$ 404,841</u>	<u>\$ 82,094</u>

OTHER SCHEDULES

This section contains additional information on property taxes and transfers.

Schedule of Ad Valorem Taxes Receivable

Analysis of Current Tax Levy

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TRANSYLVANIA COUNTY, NORTH CAROLINA

**GENERAL FUND
SCHEDULE OF AD VALOREM TAXES RECEIVABLE
JUNE 30, 2018**

<u>Year Ended June 30</u>	<u>Uncollected Balance July 1, 2017</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Uncollected Balance June 30, 2018</u>
2018	\$ -	\$ 29,730,035	\$ 29,690,738	\$ 39,297
2017	50,842	-	32,059	18,783
2016	20,118	-	6,162	13,956
2015	13,945	-	3,903	10,042
2014	14,057	-	3,184	10,873
2013	13,087	-	2,555	10,532
2012	9,116	-	1,354	7,762
2011	11,305	-	1,505	9,800
2010	5,760	-	857	4,903
2009	7,883	-	1,125	6,758
2008	8,416	-	8,416	-
Total	<u>\$ 154,529</u>	<u>\$ 29,730,035</u>	<u>\$ 29,751,858</u>	<u>132,706</u>

Less allowance for uncollectible ad valorem taxes receivable:

General Fund

89,134

Ad Valorem Taxes Receivable, Net:

General Fund

\$ 43,572

Reconciliation of Collections and Credits with Revenues:

Ad valorem taxes - General Fund

\$ 29,814,261

Reconciling items:

Interest	(98,592)
Tax refunds	31,308
Abatements - prior years	232
Advertising	(1,478)
Adjustments	129
Taxes written off	<u>5,998</u>

Total collections and credits

\$ 29,751,858

TRANSYLVANIA COUNTY, NORTH CAROLINA

ANALYSIS OF CURRENT TAX LEVY
COUNTY-WIDE LEVY
FOR THE YEAR ENDED JUNE 30, 2018

	County-Wide			Total Levy	
	Property Valuation	Rate	Amount of Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original Levy:					
County-wide:					
Property tax	\$5,697,352,740	\$ 0.5110	\$ 29,113,482	\$ 27,795,978	\$ 1,317,504
Motor vehicles taxed at prior year's rate	63,840,487	0.5110	324,742	-	324,742
Late list penalties	-		7,162	7,162	-
Total original levy	<u>5,761,193,227</u>		<u>29,445,386</u>	<u>27,803,140</u>	<u>1,642,246</u>
Discoveries:					
Current year taxes	24,794,054	0.5110	126,698	126,698	-
Prior year taxes	68,374,446		322,055	322,055	-
Total discoveries	<u>93,168,500</u>		<u>448,753</u>	<u>448,753</u>	<u>-</u>
Abatements and Discounts	<u>(33,758,931)</u>		<u>(164,104)</u>	<u>(164,104)</u>	<u>-</u>
Total property valuation	<u>\$5,820,602,796</u>				
Net Levy			29,730,035	28,087,789	1,642,246
Uncollected taxes at June 30, 2018			<u>39,297</u>	<u>39,297</u>	<u>-</u>
Current Year's Taxes Collected			<u>\$ 29,690,738</u>	<u>\$ 28,048,492</u>	<u>\$ 1,642,246</u>
Current Levy Collection Percentage			<u>99.87%</u>	<u>99.86%</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.

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

TABLE 1

UNAUDITED

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental Activities										
Net Investment in Capital Assets	\$ 35,138,758	\$ 38,280,736	\$ 37,965,115	\$ 37,350,168	\$ 37,837,719	\$ 37,861,994	\$ 38,390,675	\$ 38,026,155	\$ 38,746,154	\$ 38,830,835
Restricted	1,091,782	1,491,646	4,337,434	4,211,048	4,318,916	4,304,835	4,549,498	5,629,711	5,249,302	5,588,888
Unrestricted	8,613,469	8,759,642	7,097,748	7,979,935	9,887,115	12,931,706	13,915,036	16,237,241	18,156,797	17,160,525
Total Governmental Activities Net Position	<u>\$ 44,844,009</u>	<u>\$ 48,532,024</u>	<u>\$ 49,400,297</u>	<u>\$ 49,541,151</u>	<u>\$ 52,043,750</u>	<u>\$ 55,098,535</u>	<u>\$ 56,855,209</u>	<u>\$ 59,893,107</u>	<u>\$ 62,152,253</u>	<u>\$ 61,580,248</u>
Business-Type Activities										
Net Investment in Capital Assets	\$ 4,624,518	\$ 4,366,733	\$ 4,085,921	\$ 3,859,314	\$ 3,603,550	\$ 3,498,127	\$ 3,851,511	\$ 3,625,348	\$ 3,601,564	\$ 3,402,883
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	(92,919)	1,016,654	1,808,089	2,166,778	2,466,038	818,626	1,399,206	1,647,102	1,763,972	1,978,038
Total Business-Type Activities Net Position	<u>\$ 4,531,599</u>	<u>\$ 5,383,387</u>	<u>\$ 5,894,010</u>	<u>\$ 6,026,092</u>	<u>\$ 6,069,588</u>	<u>\$ 4,316,753</u>	<u>\$ 5,250,717</u>	<u>\$ 5,272,450</u>	<u>\$ 5,365,536</u>	<u>\$ 5,380,921</u>
Primary Government										
Net Investment in Capital Assets	\$ 39,763,276	\$ 42,647,469	\$ 42,051,036	\$ 41,209,482	\$ 41,441,269	\$ 41,360,121	\$ 42,242,186	\$ 41,651,503	\$ 42,347,718	\$ 42,233,718
Restricted	1,091,782	1,491,646	4,337,434	4,211,048	4,318,916	4,304,835	4,549,498	5,629,711	5,249,302	5,588,888
Unrestricted	8,520,550	9,776,296	8,905,837	10,146,713	12,353,153	13,750,332	15,314,242	17,884,343	19,920,769	19,138,563
Total Primary Government Net Position	<u>\$ 49,375,608</u>	<u>\$ 53,915,411</u>	<u>\$ 55,294,307</u>	<u>\$ 55,567,243</u>	<u>\$ 58,113,338</u>	<u>\$ 59,415,288</u>	<u>\$ 62,105,926</u>	<u>\$ 65,165,557</u>	<u>\$ 67,517,789</u>	<u>\$ 66,961,169</u>

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

TABLE 2

UNAUDITED

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses										
Governmental Activities:										
General Government	\$ 5,042,645	\$ 4,617,015	\$ 5,155,747	\$ 5,083,686	\$ 4,427,635	\$ 4,670,679	\$ 5,195,765	\$ 5,617,567	\$ 5,591,288	\$ 5,337,831
Public Safety	11,042,467	11,777,713	12,386,788	12,979,401	13,441,859	14,233,023	14,908,286	15,700,514	16,364,189	16,549,027
Transportation	358,399	509,565	396,460	450,591	448,838	481,390	426,860	436,509	472,854	438,101
Economic and Physical Development	1,531,068	1,663,553	1,096,501	959,314	974,391	772,724	1,330,900	1,178,119	1,250,752	3,689,164
Human Services	9,448,473	8,094,451	8,069,619	8,169,147	8,316,088	8,598,738	8,795,596	9,037,670	9,591,901	8,750,207
Cultural and Recreational	1,968,016	1,560,709	1,904,003	1,847,675	1,965,938	2,072,839	2,113,365	2,435,648	2,529,905	2,451,013
Education	10,449,456	10,400,587	10,822,954	12,201,671	10,971,497	12,714,735	13,046,493	12,649,134	13,797,948	14,630,014
Interest on Long-Term Obligations	907,694	668,751	609,131	551,526	456,240	358,285	276,292	222,024	153,568	111,948
Total Governmental Activities Expenses	\$ 40,748,218	\$ 39,292,344	\$ 40,441,203	\$ 42,243,011	\$ 41,002,486	\$ 43,902,413	\$ 46,093,557	\$ 47,277,185	\$ 49,752,405	\$ 51,957,305
Business-Type Activities:										
Solid Waste Department	\$ 1,678,773	\$ 1,418,346	\$ 1,624,898	\$ 1,708,329	\$ 1,673,967	\$ 3,755,492	\$ 1,452,623	\$ 2,085,608	\$ 2,371,592	\$ 2,480,832
Total Governmental Activities Expenses	\$ 1,678,773	\$ 1,418,346	\$ 1,624,898	\$ 1,708,329	\$ 1,673,967	\$ 3,755,492	\$ 1,452,623	\$ 2,085,608	\$ 2,371,592	\$ 2,480,832
Total Primary Government Expenses	\$ 42,426,991	\$ 40,710,690	\$ 42,066,101	\$ 43,951,340	\$ 42,676,453	\$ 47,657,905	\$ 47,546,180	\$ 49,362,793	\$ 52,123,997	\$ 54,438,137
Program Revenues										
Governmental Activities:										
Charges for Services:										
General Government	\$ 1,055,880	\$ 269,938	\$ 767,315	\$ 334,456	\$ 275,477	\$ 335,719	\$ 243,347	\$ 377,649	\$ 383,751	\$ 460,006
Public Safety	1,444,322	2,099,928	2,461,457	2,174,330	2,528,476	2,713,820	3,117,738	3,321,413	3,438,424	3,123,749
Transportation	-	-	-	-	7,202	4,739	4,592	4,458	7,584	7,186
Economic and Physical Development	11,467	6,712	31,791	22,638	21,240	12,926	10,442	11,843	14,636	63,448
Human Services	548,544	526,525	527,094	455,869	422,732	475,871	413,551	452,565	470,649	524,480
Cultural and Recreational	98,220	95,713	94,967	103,822	121,961	130,999	75,250	91,236	95,276	110,850
Education	-	-	-	-	-	-	-	-	-	-
Operating Grants and Contributions:										
General Government	39,379	56,527	40,283	52,247	98,555	36,599	35,954	37,754	34,713	29,734
Public Safety	1,089,375	416,927	438,525	414,376	422,546	745,266	602,807	526,811	511,487	508,296
Transportation	341,357	234,881	278,738	272,129	269,173	274,445	259,300	222,422	400,036	322,609
Economic and Physical Development	459,808	169,696	65,711	70,882	65,063	57,374	70,006	50,128	101,782	49,852
Human Services	5,063,846	5,293,382	4,973,824	5,331,406	5,480,830	5,331,666	5,874,581	5,910,356	6,049,701	4,979,877
Cultural and Recreational	120,228	438,486	171,688	91,846	95,126	97,787	166,849	120,076	156,178	117,451
Education	137,268	137,842	161,664	363,784	544,124	811,018	667,751	205,430	288,609	739,363
Capital Grants and Contributions:										
General Government	-	-	-	-	-	-	-	-	-	-
Economic and Physical Development	-	475,799	42,249	80,163	7,686	105,588	289,415	-	-	-
Cultural and Recreational	-	-	-	-	89,780	-	-	181,350	-	212,000
Education	-	-	-	-	-	-	-	-	-	-
Total Governmental Activities Program Revenues	\$ 10,409,694	\$ 10,222,356	\$ 10,055,306	\$ 9,767,948	\$ 10,449,971	\$ 11,133,817	\$ 11,831,583	\$ 11,513,491	\$ 11,952,826	\$ 11,248,901

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

TABLE 2

UNAUDITED

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Business-Type Activities:										
Charge for Services - Landfill	\$ 1,383,173	\$ 1,334,337	\$ 1,224,466	\$ 1,368,697	\$ 1,260,906	\$ 1,303,374	\$ 1,440,395	\$ 1,706,101	\$ 1,790,349	\$ 1,790,349
Operating Grants and Contributions - Landfill	12,728	19,469	19,389	21,043	19,967	19,863	57,327	19,982	46,596	46,596
Capital Grants and Contributions - Landfill	-	-	-	-	-	-	-	-	-	-
Total Business-Type Activities Program Revenues	\$ 1,395,901	\$ 1,353,806	\$ 1,243,855	\$ 1,389,740	\$ 1,280,873	\$ 1,323,237	\$ 1,497,722	\$ 1,726,083	\$ 1,836,945	\$ 1,836,945
Total Primary Government Program Revenues	\$ 11,805,595	\$ 11,576,162	\$ 11,299,161	\$ 11,157,688	\$ 11,730,844	\$ 12,457,054	\$ 13,329,305	\$ 13,239,574	\$ 13,789,771	\$ 13,085,846
Net (Expense)/Revenue										
Governmental Activities	\$ (30,338,524)	\$ (29,069,988)	\$ (30,385,897)	\$ (32,475,063)	\$ (30,552,515)	\$ (32,768,596)	\$ (34,261,974)	\$ (35,763,694)	\$ (37,799,579)	\$ (40,708,404)
Business-Type Activities	(282,872)	(64,540)	(381,043)	(318,589)	(393,094)	(2,432,255)	45,099	(359,525)	(534,647)	(643,887)
Total Primary Government Net (Expense)/Revenue	\$ (30,621,396)	\$ (29,134,528)	\$ (30,766,940)	\$ (32,793,652)	\$ (30,945,609)	\$ (35,200,851)	\$ (34,216,875)	\$ (36,123,219)	\$ (38,334,226)	\$ (41,352,291)
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes	\$ 24,437,262	\$ 25,974,123	\$ 25,709,393	\$ 25,964,830	\$ 26,009,209	\$ 29,529,739	\$ 30,292,321	\$ 30,710,092	\$ 32,363,790	\$ 33,311,358
Local Option Sales Tax	6,720,265	5,239,883	5,540,551	5,820,469	6,122,549	6,560,048	7,011,688	7,380,626	7,896,435	8,409,583
Other Taxes and Licenses	763,293	811,378	774,223	848,735	994,340	484,691	610,459	637,714	719,510	782,387
Grants and Contributions Not Restricted	520,299	506,354	365,566	382,922	359,204	386,657	437,463	383,029	398,562	390,616
Investment Earnings	672,317	138,015	75,710	47,970	55,827	12,720	11,812	65,131	132,715	403,904
Miscellaneous	74,920	99,025	30,570	-	-	-	129,530	-	-	-
Transfers	(902,556)	(908,570)	(888,077)	(449,009)	(435,237)	(679,117)	(972,139)	(375,000)	(626,117)	(626,117)
Total Governmental Activities:	\$ 32,285,800	\$ 31,860,208	\$ 31,607,936	\$ 32,615,917	\$ 33,105,892	\$ 36,294,738	\$ 37,521,134	\$ 38,801,592	\$ 40,884,895	\$ 42,671,731
Business-Type Activities:										
Investment Earnings	\$ 49,630	\$ 5,471	\$ 3,589	1,662	1,353	303	530	6,258	1,616	\$ 17
Miscellaneous	13,523	2,287	-	-	-	-	-	-	-	0
Transfers	902,556	908,570	888,077	449,009	435,237	679,117	972,139	375,000	626,117	624,722
Total Business-Type Activities	\$ 965,709	\$ 916,328	\$ 891,666	\$ 450,671	\$ 436,590	\$ 679,420	\$ 972,669	\$ 381,258	\$ 627,733	\$ 624,739
Total Primary Government	\$ 33,251,509	\$ 32,776,536	\$ 32,499,602	\$ 33,066,588	\$ 33,542,482	\$ 36,974,158	\$ 38,493,803	\$ 39,182,850	\$ 41,512,628	\$ 43,296,470
Change in Net Position										
Governmental Activities	\$ 1,947,276	\$ 2,790,220	\$ 1,222,039	\$ 140,854	\$ 2,553,377	\$ 3,526,142	\$ 3,259,160	\$ 3,037,898	\$ 3,085,316	\$ 1,964,722
Business-Type Activities	682,837	851,788	510,623	132,082	43,496	(1,752,835)	1,017,768	21,733	93,086	154,911
Total Primary Government	\$ 2,630,113	\$ 3,642,008	\$ 1,732,662	\$ 272,936	\$ 2,596,873	\$ 1,773,307	\$ 4,276,928	\$ 3,059,631	\$ 3,178,402	\$ 2,119,633

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

TABLE 3

UNAUDITED

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Property Tax	\$ 24,437,262	\$ 25,974,123	\$ 25,709,393	\$ 25,964,830	\$ 26,009,209	\$ 29,529,739	\$ 30,292,321	\$ 30,710,092	\$ 32,363,790	\$ 33,311,358
Local Option Sales Tax	6,720,265	5,239,883	5,540,551	5,820,469	6,122,549	6,560,048	7,011,688	7,380,626	7,896,435	8,409,583
Other Taxes and Licenses	<u>763,293</u>	<u>811,378</u>	<u>774,223</u>	<u>848,735</u>	<u>994,340</u>	<u>484,691</u>	<u>610,459</u>	<u>637,714</u>	<u>719,510</u>	<u>782,387</u>
Total	\$ 31,920,820	\$ 32,025,384	\$ 32,024,167	\$ 32,634,034	\$ 33,126,098	\$ 36,574,478	\$ 37,914,468	\$ 38,728,432	\$ 40,979,735	\$ 42,503,328

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

TABLE 4

UNAUDITED

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Fund										
Reserved	\$ 4,771,176	\$ 3,851,813	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Designated	3,180,255	5,223,495	-	-	-	-	-	-	-	-
Unreserved and Undesignated	9,758,729	10,261,746	-	-	-	-	-	-	-	-
Non Spendable	-	-	13,007	16,215	40,893	40,733	41,292	49,334	58,479	37,238
Restricted	-	-	3,414,041	3,309,254	3,287,582	3,494,721	3,830,798	3,740,541	4,197,315	4,589,513
Committed	-	-	1,463,248	1,637,499	2,012,140	2,264,227	2,577,398	2,997,152	3,458,830	4,601,399
Assigned	-	-	3,547,977	4,513,591	4,320,436	5,227,709	4,934,391	5,530,465	8,869,332	11,948,237
Unassigned	-	-	11,889,227	11,562,233	12,302,809	12,519,329	12,777,784	12,458,799	10,856,324	5,415,837
Total General Fund	<u>\$ 17,710,160</u>	<u>\$ 19,337,054</u>	<u>\$ 20,327,500</u>	<u>\$ 21,038,792</u>	<u>\$ 21,963,860</u>	<u>\$ 23,546,719</u>	<u>\$ 24,161,663</u>	<u>\$ 24,776,291</u>	<u>\$ 27,440,280</u>	<u>\$ 26,592,224</u>
All other governmental funds										
Reserved	\$ 6,515,367	\$ 2,915,498	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Designated for Subsequent Years	161,944	90,700	-	-	-	-	-	-	-	-
Unreserved and Undesignated, reported in:										
Special revenue funds	557,518	852,935	-	-	-	-	-	-	-	-
Capital projects funds	26,564	2,014,826	-	-	-	-	-	-	-	-
Permanent fund	266,928	279,602	-	-	-	-	-	-	-	-
Restricted	-	-	2,094,397	928,351	1,031,334	835,593	740,825	1,911,295	973,361	927,401
Committed:	-	-	2,494,240	2,005,876	1,121,482	1,066,628	339,702	-	-	2,233,372
Assigned:	-	-	291,042	289,852	267,993	160,344	235,388	226,283	436,946	239,032
Unassigned:	-	-	(3,170)	(10,173)	-	(100,663)	-	(14,531)	-	(3,470)
Total All Other Governmental Funds	<u>\$ 7,528,321</u>	<u>\$ 6,153,561</u>	<u>\$ 4,876,509</u>	<u>\$ 3,213,906</u>	<u>\$ 2,420,809</u>	<u>\$ 1,961,902</u>	<u>\$ 1,315,915</u>	<u>\$ 2,123,047</u>	<u>\$ 1,410,307</u>	<u>\$ 3,396,335</u>

Note: The change in the classifications of fund balance amounts in 2011 is related to the implementation of GASB Statement No. 54. Prior years were not recalculated in accordance with this standard.

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

TABLE 5

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
UNAUDITED										
Revenues										
Taxes:										
Property	\$ 24,448,844	\$ 25,943,353	\$ 25,788,102	\$ 25,942,280	\$ 26,058,814	\$ 29,550,609	\$ 30,306,310	\$ 30,716,913	\$ 32,357,674	\$ 33,305,513
Sales	6,720,265	5,239,883	5,540,551	5,820,469	6,122,549	6,560,048	7,011,688	7,380,626	7,896,435	8,409,583
Other	763,293	811,378	774,223	848,735	994,340	484,691	610,459	637,714	719,510	782,387
Intergovernmental	7,727,445	7,602,085	6,536,112	7,024,402	7,375,926	7,530,798	8,192,073	7,551,642	7,877,236	7,034,353
Permits and Fees	382,955	372,047	340,518	327,956	386,593	386,854	431,325	491,974	649,025	549,317
Sales and Services	2,620,231	2,613,934	3,463,380	2,663,364	2,934,017	3,131,303	3,362,263	3,576,239	3,607,609	3,413,806
Donations and Grants	22,443	50	23,320	23,676	20,882	315,652	134,878	45,584	36,582	315,445
Investment Earnings	714,057	172,950	72,598	44,858	52,715	9,608	8,700	62,019	129,603	402,098
Miscellaneous	191,117	220,499	69,559	111,472	91,757	155,867	278,037	231,081	180,936	326,596
Total Revenues	\$ 43,590,650	\$ 42,976,179	\$ 42,608,363	\$ 42,807,212	\$ 44,037,593	\$ 48,125,430	\$ 50,335,733	\$ 50,693,792	\$ 53,454,610	\$ 54,539,098
Expenditures										
General Government	\$ 4,981,840	\$ 4,464,852	\$ 4,869,425	\$ 4,807,780	\$ 4,391,102	\$ 4,473,554	\$ 5,182,733	\$ 5,745,339	\$ 6,183,268	\$ 5,225,762
Public Safety	11,621,984	11,917,256	11,910,027	12,132,089	12,817,385	13,423,846	14,583,400	15,192,363	15,922,422	16,412,183
Economic Development	1,523,660	1,660,458	1,094,476	958,080	973,545	771,572	1,342,574	1,178,868	1,246,243	3,690,316
Human Services	9,728,524	8,653,766	8,284,399	8,435,813	8,639,033	8,870,369	9,315,804	9,382,935	9,936,867	9,283,017
Culture and Recreation	1,858,012	1,839,077	1,846,950	1,741,432	1,800,266	1,840,635	2,257,226	2,291,634	2,429,755	2,488,951
Education	10,449,456	10,400,587	10,822,954	12,201,671	10,971,497	12,714,735	13,046,493	13,191,706	13,771,992	14,604,058
Capital Outlay	13,490,731	2,553,303	270,781	238,416	1,184,769	1,122,909	1,012,106	1,263,390	-	-
Debt Service:										
Principal	2,032,681	2,144,348	2,287,496	2,270,976	2,240,026	2,240,026	2,346,832	2,225,219	1,216,987	947,936
Interest	646,781	702,038	638,937	565,657	498,010	393,358	307,469	250,913	169,710	124,181
Bond Issuance Cost	-	-	-	-	-	-	-	-	-	-
Total Expenditures	\$ 56,333,669	\$ 44,335,685	\$ 42,025,445	\$ 43,351,914	\$ 43,515,633	\$ 45,851,004	\$ 49,394,637	\$ 50,722,367	\$ 50,877,244	\$ 52,776,404
Excess of Revenues Over (Under) Expenditures	\$ (12,743,019)	\$ (1,359,506)	\$ 582,918	\$ (544,702)	\$ 521,960	\$ 2,274,426	\$ 941,096	\$ (28,575)	\$ 2,577,366	\$ 1,762,694
Other Financing Sources (Uses)										
Capital Lease Obligations Issued	\$ -	\$ -	\$ -	\$ 42,400	\$ 45,248	\$ -	\$ -	\$ 17,878	\$ -	\$ -
Transfers In	921,127	340,422	811,804	160,828	341,814	703,233	353,894	120,810	2,086	4,126,397
Transfers Out	(1,881,699)	(1,248,992)	(1,699,881)	(609,837)	(777,051)	(1,382,350)	(1,326,033)	(495,810)	(628,203)	(4,751,119)
Bond Proceeds	-	-	-	-	-	-	-	-	-	-
Proceeds from Financing	2,900,000	1,297,778	-	-	-	-	-	1,807,457	-	-
Payment to Refunded Bond Escrow Agent	-	-	-	-	-	-	-	-	-	-
Proceeds from Sale of Assets	74,920	19,120	18,553	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	\$ 2,014,348	\$ 408,328	\$ (869,524)	\$ (406,609)	\$ (389,989)	\$ (679,117)	\$ (972,139)	\$ 1,450,335	\$ (626,117)	\$ (624,722)
Net Change in Fund Balances	\$ (10,728,671)	\$ (951,178)	\$ (286,606)	\$ (951,311)	\$ 131,971	\$ 1,595,309	\$ (31,043)	\$ 1,421,760	\$ 1,951,249	\$ 1,137,972
Capital Asset Expenditures	\$ 14,891,453	\$ 4,146,581	\$ 906,651	\$ 862,657	\$ 1,959,372	\$ 1,499,926	\$ 2,071,081	\$ 3,745,876	\$ 2,196,973	\$ 1,667,611
Debt Service as a Percentage of Noncapital Expenditures	6.5%	7.1%	7.1%	6.7%	6.6%	5.9%	5.6%	5.3%	2.8%	2.1%

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

TABLE 6

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							
2009	\$ 3,170,849,787	\$ 411,709,931	\$ 22,868,640	\$ 18,362,840	\$ 134,460,424	\$ 284,380,776	\$ 104,032,339	\$ 4,146,664,737	0.5400	\$ 4,163,318,009	99.60%
2010	4,764,318,694	629,514,046	23,918,710	28,502,210	146,576,514	263,874,984	108,960,742	5,965,665,900	0.3949	5,999,865,131	99.43%
2011	4,785,474,713	634,041,204	22,610,710	30,117,670	142,339,963	242,266,720	107,930,454	5,964,781,434	0.3949	6,039,061,895	98.77%
2012	4,836,410,339	644,224,921	19,543,080	35,363,310	131,701,081	242,374,009	111,182,488	6,020,799,228	0.3949	6,023,811,134	99.95%
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	102.67%
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	103.70%
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	105.10%
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	99.89%
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	5,883,535,620	97.07%
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	6,137,600,181	94.78%

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**

TABLE 7

UNAUDITED

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Transylvania County Direct Rate*	\$ 0.5400	\$ 0.3949	\$ 0.3949	\$ 0.3949	\$ 0.3949	\$ 0.4369	\$ 0.4499	\$ 0.4499	\$ 0.5110	\$ 0.5110
Municipality Rates:										
City of Brevard	0.4950	0.3875	0.4325	0.4325	0.4325	0.4525	0.4525	0.4725	0.4800	0.3875
Town of Rosman	0.4600	0.4100	0.4100	0.4100	0.4100	0.4100	0.4100	0.4100	0.4400	0.4800
Fire Districts:										
Brevard	0.0331	0.0269	0.0269	0.0269	0.0316	0.0338	0.0339	0.0443	0.0393	0.0550
Rosman	0.0877	0.0626	0.0626	0.0649	0.0685	0.0756	0.0901	0.0980	0.1091	0.1159
Little River	0.0797	0.0577	0.0577	0.0577	0.0577	0.0675	0.0715	0.0849	0.0877	0.0911
Connestee Falls	0.0697	0.0494	0.0494	0.0512	0.0512	0.0551	0.0610	0.0656	0.0673	0.0767
Cedar Mountain	0.1150	0.0802	0.0756	0.0756	0.0756	0.0957	0.1098	0.1115	0.1331	0.1378
Lake Toxaway	0.0359	0.0275	0.0287	0.0287	0.0302	0.0328	0.0350	0.0359	0.0459	0.0479
Balsam Grove	0.1391	0.0968	0.0968	0.0968	0.0968	0.1248	0.1056	0.1056	0.1089	0.1098
North Transylvania	0.1242	0.0911	0.0911	0.0911	0.0911	0.1116	0.1279	0.1279	0.1279	0.1279

Source: Transylvania County Tax Department

Note: Real property was revalued on January 1, 2009 and January 1, 2016.

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

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

TABLE 8

UNAUDITED

Taxpayer	Type of Business	Fiscal Year 2018			Fiscal Year 2009		
		Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Duke Energy Corp	Electric utility	\$ 64,204,861	1	1.12%	\$ 45,548,546	1	1.10%
Citizens/Comporium Telephone	Communications utility	26,583,146	2	0.46%	35,984,106	2	0.87%
Champion Cattle & Tree Farm	Farming	24,576,530	3	0.43%			0.00%
Haywood Electric Member Corp	Electric utility	23,138,558	4	0.40%	16,716,231	4	0.41%
Brevard Retirement Investors	Retirement home facilities	21,487,330	5	0.38%	12,893,170	6	0.31%
Cascade Power Co	Electric utility	19,298,690	6	0.34%			
Ingles Markets, Inc.	Retail grocery store	16,258,110	7	0.28%	14,360,103	5	0.35%
Lake Toxaway Company	Real estate development	14,966,220	8	0.26%			0.00%
Davidson River Village	Real estate development	14,603,890	9	0.25%			0.00%
Gaia Herbs Inc	Manufacturing	14,350,962	10	0.25%			
Excelsior Packaging Group/New Excelsior	Flexible packaging manufacturing			0.00%	17,673,374	3	0.43%
Teton Village House FLLC	Real estate development			0.00%	8,751,730	9	0.21%
Panther Tail Mountain Properties, LLC	Real estate development			0.00%	9,045,600	8	0.22%
McKeogh Land Company, Inc.				0.00%	11,683,280	7	0.28%
Straus Park Development Co.				0.00%	8,233,800	10	0.20%
Totals		<u>\$ 239,468,297</u>		<u>4.17%</u>	<u>\$ 180,889,940</u>		<u>4.38%</u>

Source: Transylvania County Tax Department

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

TABLE 9

UNAUDITED

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
2009	22,373,595	22,248,962	99.44%	116,750	22,365,712	99.96%
2010	23,646,198	23,572,169	99.69%	68,269	23,640,438	99.98%
2011	23,615,556	23,496,491	99.50%	107,760	23,604,251	99.95%
2012	23,668,341	23,580,022	99.63%	79,203	23,659,225	99.96%
2013	23,704,178	23,627,172	99.68%	63,919	23,691,091	99.94%
2014	26,847,544	26,791,840	99.79%	41,647	26,833,487	99.95%
2015	27,436,607	27,399,573	99.87%	23,089	27,422,662	99.95%
2016	27,575,417	27,540,474	99.87%	14,826	27,555,300	99.93%
2017	29,228,388	29,177,546	99.83%	31,153	29,208,699	99.93%
2018	29,730,035	29,690,738	99.87%	39,297	29,730,035	100.00%

Source: Transylvania County Tax Department

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

TABLE 10

UNAUDITED

Fiscal Year	Governmental Activities					Business-type Activities		Total Primary Government	Percentage of Personal Income (1)	Per Capita
	General Obligation Bonds	General Obligation Bonds-Premium	Qualified School Construction Bonds	Installment Financing Contract	Capital Lease	Other Bonds				
2009	14,560,000	26,702	347,897	2,803,332	-	-	17,737,931	1.74%	572	
2010	12,645,000	23,590	1,609,659	2,610,000	-	-	16,888,249	1.63%	543	
2011	10,695,000	20,478	1,465,496	2,416,667	-	-	14,597,641	1.43%	441	
2012	8,770,000	17,366	1,321,333	2,223,334	33,920	-	12,365,953	1.23%	372	
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	

(1) Information not yet available for 2017

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 Personal Income	Percentage of Actual Taxable Value of Property	Per Capita
	General Obligation Bonds	General Obligation Bonds-Premium	Less: Amounts Available in Debt Service Funds	Total			
2009	14,560,000	26,702	-	14,586,702	1.43%	0.24%	471
2010	12,645,000	23,590	-	12,668,590	1.23%	0.21%	407
2011	10,695,000	20,478	-	10,715,478	1.05%	0.17%	324
2012	8,770,000	17,366	-	8,787,366	0.87%	0.14%	264
2013	6,685,000	14,254	-	6,699,254	0.62%	0.11%	202
2014	5,000,000	11,142	-	5,011,142	0.47%	0.08%	151
2015	3,140,000	8,030	-	3,148,030	0.29%	0.05%	94
2016	1,300,000	4,918	-	1,304,918	0.11%	0.02%	39
2017	520,000	1,806	-	521,806	0.04%	0.01%	15
2018	-	-	-	-	0.00%	0.00%	0

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.
Calendar 2018 personal income not available to calculate fiscal year 2018.

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

TABLE 12

UNAUDITED

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Debt Limit	\$ 331,061	\$ 475,559	\$ 477,794	\$ 479,109	\$ 480,073	\$ 492,518	\$ 487,871	\$ 490,429	\$ 458,280	\$ 465,648
Total Net Debt Applicable to Debt Limit	17,711	16,865	14,598	12,366	10,168	7,925	5,575	5,172	3,009	3,002
Legal Debt Margin	<u>\$ 313,350</u>	<u>\$ 458,694</u>	<u>\$ 463,196</u>	<u>\$ 466,743</u>	<u>\$ 469,905</u>	<u>\$ 484,593</u>	<u>\$ 482,296</u>	<u>\$ 485,257</u>	<u>\$ 455,271</u>	<u>\$ 462,646</u>
Total Net Debt Applicable to Debt Limit as a Percentage of Debt Limit	<u>5.3%</u>	<u>3.5%</u>	<u>3.1%</u>	<u>2.6%</u>	<u>2.1%</u>	<u>1.6%</u>	<u>1.1%</u>	<u>1.1%</u>	<u>0.7%</u>	<u>0.6%</u>

Legal Debt Margin Calculation for Fiscal Year 2018

Total Assessed Value	<u>\$ 5,820,602,796</u>
Debt Limit (8% of Total Assessed Value)	<u>\$ 465,648,224</u>
Amount of Debt Applicable to Debt Limit:	
Bonds	\$ 432,594
Installment Contracts	2,569,550
Capital Leases	-
Total Amount of Debt Applicable to Debt Limit	<u>\$ 3,002,144</u>
Legal Debt Margin	<u>\$ 462,646,080</u>

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)	Number of Building Permits Issued(5)
2009	30,991	1,018,379,000	33,771	3,759	8.60%	113
2010	31,095	1,033,164,000	34,207	3,663	8.60%	111
2011	33,090	1,023,272,000	30,937	3,554	8.80%	86
2012	33,275	1,007,674,000	30,703	3,531	9.60%	78
2013	33,188	1,073,785,000	32,689	3,567	8.80%	71
2014	33,220	1,072,817,000	32,605	3,517	6.20%	72
2015	33,428	1,094,188,000	33,112	3,523	6.00%	78
2016	33,745	1,178,560,000	35,487	3,462	4.80%	106
2017	34,139	1,331,011,332	38,988	3,402	4.20%	131
2018	34,575	1,392,127,800	40,264	3,397	4.00%	124

Data Sources:

- (1) Population projections from the N.C. Planning Office, using the 2017 certified number for 2018, which is the latest certified figure available.
- (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.
- (5) Number of permits issued from the Transylvania County Building Permitting and Enforcement Department.

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

TABLE 14

UNAUDITED

Employer	2018			2009		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Transylvania County Board of Education	483	1	3.4%	615	2	4.6%
Transylvania Health System, Inc.	415	2	2.9%	636	1	4.8%
Transylvania County Government	346	3	2.4%	329	3	2.5%
Gaia Herbs*	255	4	1.8%	110	9	0.8%
Brevard College	235	5	1.6%	223	4	1.7%
Ingles Markets, Inc.	175	6	1.2%	179	6	1.3%
M-B Industries	124	7	0.9%	180	5	1.3%
Transylvania Vocational Services	115	8	0.8%	92	10	0.7%
City of Brevard	95	9	0.7%			
Wal-Mart Associates Inc.	93	10	0.6%	150	7	1.1%
Brian Center				117	8	0.9%
Total	2,336		16.3%	2,631		19.7%

Source: Information provided directly by employers

Note: Employment figures include estimates of full-time equivalents for part-time employees.

* Excluding seasonal workers

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

TABLE 15

UNAUDITED

Function	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental Activities										
General Government	48	50	46	49	48	48	48	48	50	51
Public Safety	131	130	130	137	139	137	138	139	139	141
Transportation	9	9	9	9	9	9	9	9	9	9
Economic and Physical Development	3	3	2	2	2	3	3	3	3	3
Environmental Protection	2	2	2	2	2	2	2	2	2	2
Human Services	94	95	90	90	90	92	95	96	97	98
Cultural and Recreation	27	27	27	29	29	29	29	30	30	31
Total Governmental Activities	314	316	306	318	319	320	324	327	330	335
Business-Type Activities										
Solid Waste	19	19	17	16	16	16	16	16	16	17
Total Business-Type Activities	19	19	17	16	16	16	16	16	16	17
Total All	333	335	323	334	335	336	340	343	346	352

Source: County Human Resources Department

Note: This schedule represents the number of persons employed as of June 30 of each year. Vacant positions are not included in the above numbers.

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

TABLE 16

UNAUDITED

Function/Program	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General government										
Registered Voters	22,926	23,516	23,224	24,070	24,028	24,017	23,643	24,376	25,003	25,763
Number of Tax Bills (excl motor vehicles)	30,650	30,615	30,207	30,159	30,159	30,136	30,073	29,999	29,934	29,930
Public Safety										
Crime Rate/1000 Citizens (calendar year)	18.20	22.42	19.22	17.82	19.88	16.65	15.14	N/A	N/A	N/A
911 Calls	35,142	44,361	47,944	49,045	48,094	47,001	48,286	50,444	50,247	51,981
Building Permits Issued*	1,036	1,133	1,160	1,034	1,070	1,100	1,346	1,464	1,548	1,929
Planning										
Subdivisions approved	24	18	3	0	3	9	18	11	14	13
Cell towers permitted	0	1	0	0	2	0	0	2	2	1
Culture and Recreation										
Total Collection Use	329,208	340,378	352,980	361,519	353,015	349,162	333,422	371,175	379,552	380,640
Solid Waste										
Tons disposed	23,828	22,328	19,495	21,578	19,935	21,302	24,068	27,270	26,951	58,048

* 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

Function/Program	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Public Safety:											
Sheriff Department											
Stations	1	1	1	1	1	1	1	1	1	1	1
Patrol vehicles	64	64	66	66	66	66	66	69	71	79	80
Culture and Recreation:											
Libraries	1	1	1	1	1	1	1	1	1	1	1
Parks	4	4	4	6	6	6	6	6	5	5	5
Acreage	55	55	55	74	74	74	74	74	74	74	74
Athletic fields	7	7	7	7	9	9	9	9	9	8	8
Recreation centers	1	1	1	1	1	1	1	1	1	1	1