

**TRANSYLVANIA COUNTY
NORTH CAROLINA**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2020

**TRANSYLVANIA COUNTY
NORTH CAROLINA**

Comprehensive Annual Financial Report

For the Year Ended June 30, 2020

Prepared by the Finance Department

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**TRANSYLVANIA COUNTY
NORTH CAROLINA**

JUNE 30, 2020

BOARD OF COUNTY COMMISSIONERS

JASON CHAPPELL, CHAIR

JAKE DALTON, VICE CHAIR

DAVID GUICE

LARRY CHAPMAN

TERESA MCCALL

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, 2020

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**INTRODUCTORY
SECTION**

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BOARD OF COMMISSIONERS

Jason R. Chappell, Chair
Jake Dalton, Vice-Chair
Larry Chapman
W. David Guice
Teresa McCall



COUNTY MANAGER

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

101 South Broad Street
Brevard, NC 28712

February 24, 2021

The Board of Commissioners
Transylvania County
North Carolina

The Comprehensive Annual Financial Report of Transylvania County for the fiscal year ended June 30, 2020, is hereby submitted. Laws of the State of North Carolina along with policies and procedures of the North Carolina Local Government Commission require that all local governments in the state publish a complete set of financial statements annually. The financial statements must be presented in conformity with generally accepted accounting principles (GAAP) and audited by licensed certified public accountants in accordance with auditing standards generally accepted in the United States of America.

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

The County is also required to undergo an annual single audit in conformity with generally accepted auditing standards; the standards applicable to financial audits contained in **Government Auditing Standards**, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the State Single Audit Implementation Act. 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, 2020 was 35,286. There are two municipalities within the county: the City of Brevard, which lies near the center of the county and serves as its seat, and the Town of Rosman. The county has a commissioner/manager form of government. The five members of the Board of Commissioners are elected from the county at large on a partisan basis for four-year staggered terms. Commissioners hold policy-making and legislative authority and are responsible for adopting the annual budget ordinance. In addition to electing the Chairman each year, the Commissioners appoint the County Manager, Tax Administrator, County Attorney, and Clerk to the Board. The County Manager is responsible for preparing and presenting the annual budget, implementing policies, managing daily operations, and hiring and supervising department heads. The voters of Transylvania County also separately elect the offices of Sheriff and Register of Deeds who fulfill certain constitutional duties.

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

ECONOMIC OUTLOOK

Transylvania County has a diversified economy based primarily on five sectors: (1) travel and tourism, (2) human services including health care, education, and government, (3) retail, (4) construction and real estate development, and (5) manufacturing. Other contributors include agriculture, financial services, and utilities. The County's economy appears to be significantly more resilient than in prior recessions, even with a wave of shutdowns and closures related to the COVID-19 pandemic. The County's unemployment rate in June 2020 was only 6.5%, compared to 4.9% the prior year in Transylvania County and below the State unemployment rate of 7.5%.

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. The 2021 property tax revaluation is currently underway, and the County expects that the value of the County's real and personal property will grow significantly, based on an 83.76% sales assessment ratio in the most recent North Carolina Department of Revenue Sales Assessment Ratio Study, that the value of the County's real and personal property will continue to grow. In addition to this, the County continues to see measurable growth in some industries and growth in the County's median income and average weekly wage.

MAJOR INITIATIVES

Strategic Plan

In August 2019, the Board of Commissioners amended the Transylvania County Strategic Plan and renewed their commitment to furthering the goals outlined in that plan. Initiated by the Board, the process began with a review of the goals and strategies outlined in the plan. Based on that review, the Board considered

there was a consensus to keep those goals in place and that it could be clarified further by consolidating some goals and strategies together. This led to the finalization of a renewed five point plan.

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

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

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

Major Capital Planning

Since fiscal 2017, the Board of County Commissioners has implemented a property tax rate designed in part to offset the major capital planning needs for County facilities. Initially, this rate was \$.02 per \$100 in value, but was increased to \$.04 per \$100 effective with the 2020 budget ordinance.

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

Additionally, in FY 2020 the County implemented a \$.105 cent increase in the ad valorem tax rate County-wide to enter the beginning stages of major planned overhauls of Brevard High School and Rosman High/Middle School. The approval to issue \$68,000,000 of general obligation bonds was won through a public information campaign at the November 2018 elections. While the County has not reached the stages where it could issue the bonds, the design of these new state of the art facilities has begun under the leadership of Transylvania County Schools and the County anticipates a notice to proceed with construction during the summer of 2021.

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

OTHER INFORMATION

CERTIFICATE OF ACHIEVEMENT: The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Transylvania County for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2019. This was the 33rd 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.

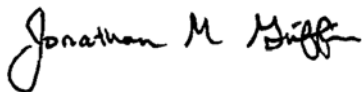
A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

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, Barbara, Brian, Christy, Kate, Jennifer and Teresa have earned my most sincere gratitude. I also appreciate the cooperation of fellow County department leaders in carrying out the financial transactions in their functions reasonably and responsibly.

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

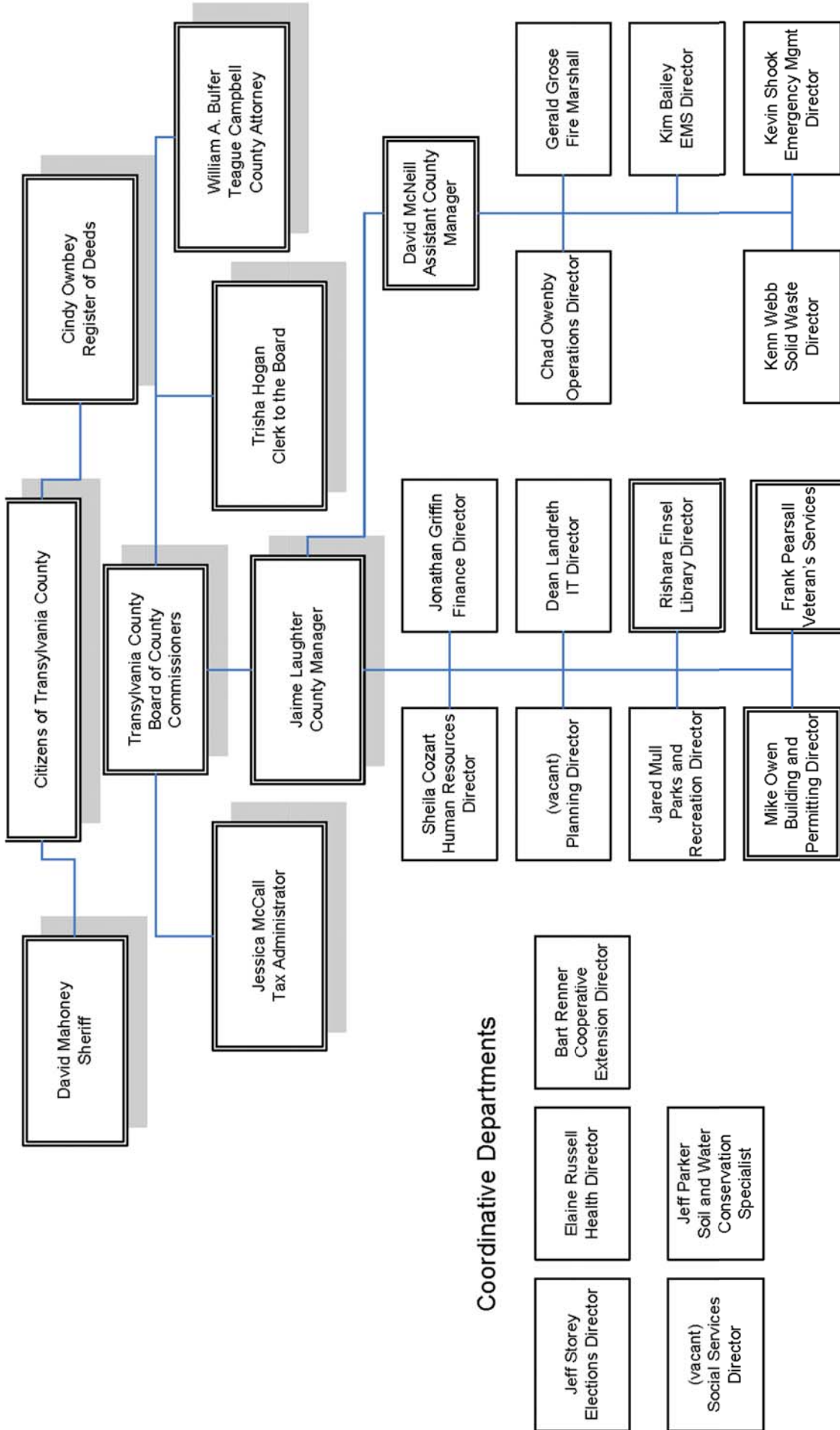
**Transylvania County
North Carolina**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

Christopher P. Morill

Executive Director/CEO



Coordinative Departments

- Jeff Storey
Elections Director
- (vacant)
Social Services Director
- Elaine Russell
Health Director
- Jeff Parker
Soil and Water Conservation Specialist
- Bart Renner
Cooperative Extension Director

**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, 2020, 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, 2020, 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.

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 February 24, 2021, 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
February 24, 2021

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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, 2020. We encourage readers to consider the information presented here in conjunction with the information provided in our letter of transmittal and in the financial statements that follow this narrative.

Financial Highlights

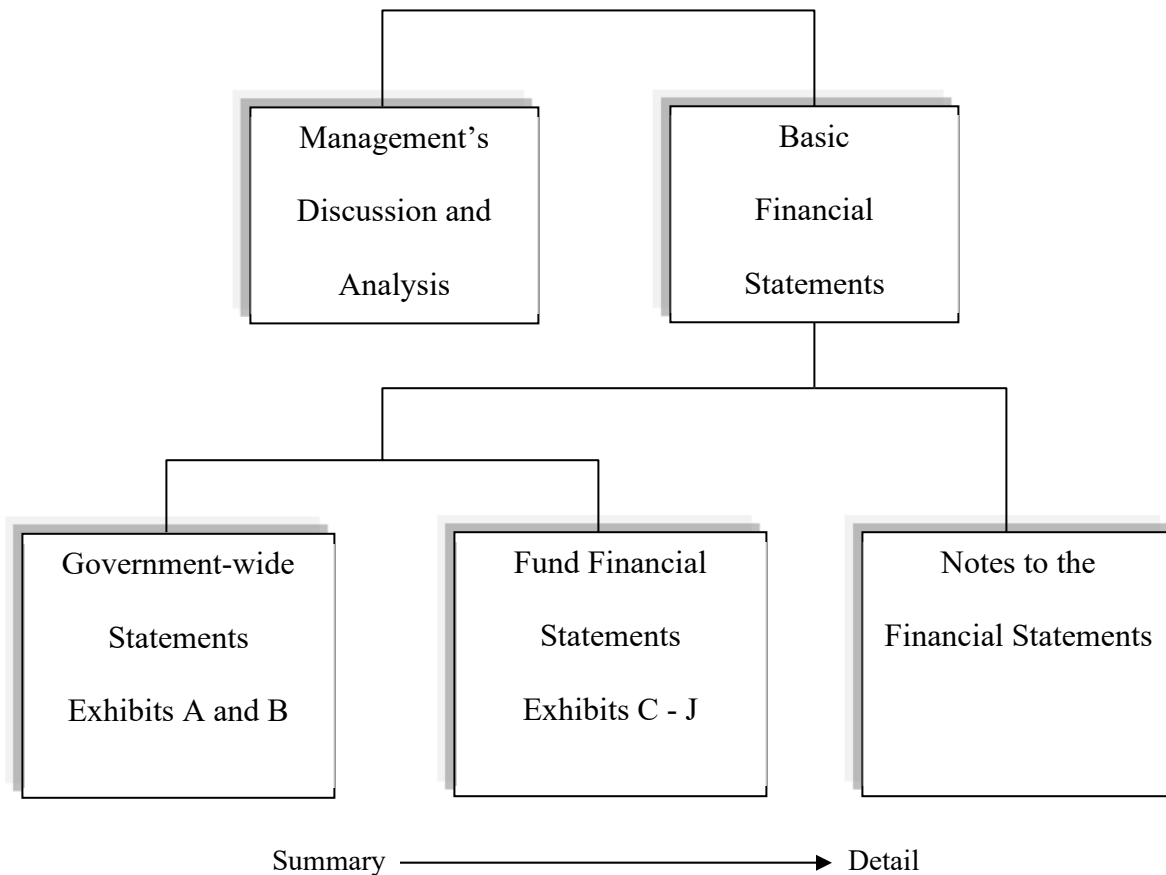
- Transylvania County's assets and deferred outflows exceeded its liabilities and deferred inflows of resources by \$72,976,370. The net position of the County increased over the prior fiscal year by \$490,667 (.68%).
- The County's General Fund Balance fell by \$264,086 to \$33,513,795, or by .78%. Of this total, \$5,019,685 (15%) was non-spendable and \$4,513,568 (13.47%) was restricted. \$18,494,654 was assigned or committed representing 55.19% of the County General Fund's balance. \$5,485,888 was unassigned (16.4%).
- At the close of the fiscal year, the County's governmental funds reported combined fund balances of \$38,704,466 reflecting an increase of \$2,940,134 over the prior year or 8.22%. Approximately 28.54% of the balance is restricted or non-spendable, totaling \$11,047,666. Another 58%, or \$22,477,689, is either committed or assigned for specific purposes, leaving the remaining \$5,179,111 (13.38%) unassigned.
- As of June 30, 2020, the County had long-term outstanding debt of \$2,071,277, down \$421,978, or 16.92%, from the previous year. The County did not assume any new debt during fiscal year 2020 but plans to do so in fiscal years 2021 or 2022, depending on the progress of initial stages of the voter-approved high school renovations.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Transylvania County's basic financial statements. These statements consist of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements (see Figure 1). The basic financial statements present two different views of the County using government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of Transylvania County.

Required Components of Annual Financial Report

Figure 1



Government-wide Financial Statements

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

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

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

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

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

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

Fund Financial Statements

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

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

Please refer to pages 38 - 42 in the Notes for further explanation of these classifications.

Budgetary Comparison Statement – As required by North Carolina General Statutes, Transylvania County adopts an annual budget for its governmental funds, except for those capital project funds covered by project ordinances. The budget is a legally adopted document that incorporates input from the citizens of the county, requests from the management of County government, and the decisions of the Board of Commissioners about which services to provide and how to pay for them. It also authorizes the County to obtain funds from identified sources to finance these current period activities. The *Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual* (Exhibit F) for the General Fund demonstrates how well the County complied with the budget ordinance and whether it succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement presents four columns: (1) the original budget as adopted by the Board, (2) the final budget as amended by the Board, (3) the actual resources, charges against appropriations, and ending balances in the General Fund, and (4) the variance between the final budget and the actual resources and charges.

Proprietary Fund - Transylvania County has 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 30 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 74 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, 2020, Transylvania County's government-wide assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$72,976,370 – reflecting an increase of \$490,667 resulting from financial transactions that occurred during fiscal year 2020 (see Figure 2, below).

Transylvania County Summary of Net Position
Figure 2

	Governmental Activities		Business-Type Activities		Government-Wide Total	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 41,872,374	\$ 37,806,920	\$ 9,135,154	\$ 8,977,393	\$ 51,007,528	\$ 46,784,313
Net pension asset	78,522	60,685	-	-	78,522	60,685
Capital assets	40,681,146	41,156,753	2,917,459	3,181,547	43,598,605	44,338,300
Total Assets	82,632,042	79,024,358	12,052,613	12,158,940	94,684,655	91,183,298
Deferred Outflows of Resources	4,159,667	4,449,522	205,001	218,796	4,364,668	4,668,318
Long-term liabilities outstanding	13,081,434	12,535,100	7,082,793	6,793,820	20,164,227	19,328,920
Other liabilities	5,504,009	3,448,286	163,661	189,734	5,667,670	3,638,020
Total Liabilities	18,585,443	15,983,386	7,246,454	6,983,554	25,831,897	22,966,940
Deferred Inflows of Resources	236,684	386,774	4,372	12,199	241,056	398,973
Net Position:						
Net investment in capital asset	38,826,167	38,987,944	2,917,459	3,181,547	41,743,626	42,169,491
Restricted	6,107,015	5,758,161	-	-	6,107,015	5,758,161
Unrestricted	23,036,400	22,357,615	2,089,329	2,200,436	25,125,729	24,558,051
Total Net Position	\$ 67,969,582	\$ 67,103,720	\$ 5,006,788	\$ 5,381,983	\$ 72,976,370	\$ 72,485,703

Overall, the County's net position increased by \$490,667 (.68%). This is an aggregate of two changes in net position for the county overall. The net position of governmental activities increased by \$865,862, and the net position of business-type activities decreased by \$375,195.

Of the government's net position:

- ❖ Investment in capital assets represented \$41,743,626 (57.20%) 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.
- ❖ \$6,107,015 (8.37%) 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 \$4,128,718 of that classification, which also includes smaller amounts restricted to fire district taxes, court fees, the Emergency Telephone system, the Register of Deeds automation enhancement fund and pension plan, and other various grants and donations.
- ❖ The government wide unrestricted net position rose \$676,045 (2.75%) driven by governmental activities. Unrestricted net position fell 5.05% in business-type activities.

Transylvania County Summary of Changes in Net Position

Figure 3

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues:						
<i>Program Revenues</i>						
Charges for services	\$ 3,811,015	\$ 4,808,383	\$ 1,874,376	\$ 1,959,273	\$ 5,685,391	\$ 6,767,656
Operating grants	7,497,278	7,494,155	37,199	11,417	7,534,477	7,505,572
<i>General Revenues</i>						
Property taxes	40,556,105	33,780,721	-	-	40,556,105	33,780,721
Other taxes	11,698,986	10,161,736	-	-	11,698,986	10,161,736
Grants and contributions unrestrict.	545,280	396,150	-	-	545,280	396,150
Miscellaneous unrestricted	-	4,359,469	-	-	-	4,359,469
Interest	388,301	633,733	130,698	171,990	518,999	805,723
Total Revenues	64,496,965	61,634,347	2,042,273	2,142,680	66,539,238	63,777,027
Expenses						
General Government	11,187,376	6,539,571	-	-	11,187,376	6,539,571
Public Safety	20,353,781	18,080,312	-	-	20,353,781	18,080,312
Transportation	425,220	473,479	-	-	425,220	473,479
Economic and Physical Development	2,281,527	3,909,273	-	-	2,281,527	3,909,273
Human Services	9,901,274	9,275,906	-	-	9,901,274	9,275,906
Culture and Recreation	2,738,556	2,429,616	-	-	2,738,556	2,429,616
Education	16,122,166	14,811,808	-	-	16,122,166	14,811,808
Interest on long-term debt	69,953	84,009	-	-	69,953	84,009
Landfill	-	-	2,968,718	2,648,519	2,968,718	2,648,519
Total Expenses	63,079,853	55,603,974	2,968,718	2,648,519	66,048,571	58,252,493
Change in Net Position Before Transfers	1,417,112	6,030,373	(926,445)	(505,839)	490,667	5,524,534
Transfers	(551,250)	(506,901)	551,250	506,901	-	-
Net Position, July 1	67,103,720	61,580,248	5,381,983	5,380,921	72,485,703	66,961,169
Change in Net Position	865,862	5,523,472	(375,195)	1,062	490,667	5,524,534
Net Position, June 30	\$ 67,969,582	\$ 67,103,720	\$ 5,006,788	\$ 5,381,983	\$ 72,976,370	\$ 72,485,703

Governmental activities – Transylvania County’s governmental activities closed the year with a net position of \$67,969,582, an increase of \$865,862.

The primary factors attributable to this increase were as follows:

- Increases in assessments of real and personal property.
- Increased distributions of state collected sales and use taxes.
- Lower outflows related to economic and physical development.
- Higher transfers to business-type activities.
- The change in governmental net position in FY 2019 was highly unusual.

Business-type activities – Transylvania County’s business-type activities closed the year with a net position of \$5,006,788, a decrease of \$375,195.

The primary factors driving this change were as follows:

- Less activity generating charges for services.
- Higher outlays on capital improvements and equipment.
- Increasing post closure costs.

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. For 2020, the County’s two major funds were the General Fund and the Disaster Response 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 \$33,513,795, with \$5,019,685 non-spendable and \$3,982,071 restricted for stabilization by state statute.

- ❖ \$531,497 was restricted by general statutes for court facilities and Register of Deed’s Office technology enhancements and by restrictions imposed by state agencies on proceeds for the Department of Social Services and Department of Public Health.
- ❖ \$4,727,240 was committed by the Board of Commissioners for post-employment health benefits for employees (\$2,667,300) and pension payments for retired law enforcement officers (\$2,059,940).
- ❖ \$13,767,414 was assigned for specific uses including:
 - \$2,274,103 for employee health insurance
 - \$2,690,357 for economic and physical development investments in public utility infrastructure, incentive grants, and general projects
 - \$2,152,788 for ongoing Emergency Management communications upgrades and a future EMS station
 - \$1,054,933 for Parks and Recreation facility improvements
 - \$2,203,719 for accrued vacation liabilities
- ❖ \$5,485,888, or 16.4 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. Unassigned fund balance represents 10 percent of total General Fund outlays. Total General Fund balance represented more than 61 percent of the County government's total actual expenditures for fiscal year 2020.

The General Fund balance fell by \$264,086 overall, less than one percent, which is roughly stable compared to the prior year where it rose by \$7.1 million to account for the addition of the long-term note receivable.

The major factors in the performance of the General Fund for the year ended June 30, 2020 were as follows:

- ❖ Total actual revenues exceeded budgeted figures by \$92,326 and the prior year by \$3,102,795 primarily driven by the significant increase in the ad valorem property tax rate in the adopted 2020 budget with a new County general rate of 63.6 cents per \$100 of valuation.
- ❖ Local option sales taxes overperformed the conservative budget estimate by \$466,680 even after COVID-19 pandemic factors slowed sales tax eligible transactions. Sales tax receipts were \$566,820 higher than fiscal 2019.
- ❖ Alcohol related tax distributions were \$16,539 below budgeted figures for 2020, but this was still \$146,280 higher than the prior fiscal year.
- ❖ Actual expenditures were \$6,665,187 higher than fiscal 2019, driven by three primary factors:
 - Significantly higher than anticipated expenditures in the County's self-insured health plan (claims in 2020 were \$772,620 higher than 2019, and administrative costs were \$76,547 higher than in 2019)
 - the governing board's decision to partially fund fire and rescue services out of the General Fund that had previously been funded solely from the County's special revenue funds (an additional \$1.2 million cost with no equivalent in fiscal 2019)
 - General increases across all functions of County government in employee compensation caused by a classification and compensation study implemented in September 2020.
- ❖ There were significantly higher transfers to other funds from the General Fund as the County made initial outlays to a capital project fund for education construction projects. (\$5,283,182 in 2020 compared to \$450,000 in fiscal 2019)

The combined fund balances of all non-major governmental funds increased to \$5,405,519 from \$1,986,451 in FY 2019. These primary changes are the result of activity in the Fire District Special Revenue Fund and the Education Capital Project Fund.

- ❖ Total revenues across all non-major funds were down from \$4,997,809 in fiscal 2019 to \$3,485,698 in fiscal 2020. The largest single cause of this variance was the governing board adjusting tax rates to be equal across all service districts contained in the Fire District Special Revenue Fund.
- ❖ Total expenditures across all nonmajor funds were \$4,501,484, lower than prior fiscal year at \$6,932,641, again caused by a decision to equalize tax rates and shift expenditures from the Fire District Special Revenue Fund to the General Fund.
- ❖ Transfers in to non-major funds from the General Fund were significantly higher, as the County made initial outlays to the Education Capital Project Fund to begin projects that are expected to be financed with general obligation bonds to be issued in 2021 or 2022. This represented a total increase in other financing of \$4,434,854 compared to \$524,948 in fiscal 2019.
- ❖ 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 \$2,884 in its fund balance due to increased revenue from investments and a lack of expenditures.

As of June 30, 2020, Transylvania County's governmental funds reported a total ending balance of \$38,704,466, an increase of \$2,940,134 or 8.22%.

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 discussed, the net position of the Solid Waste Fund fell by \$375,195 in 2020, where it grew by \$1,062 in fiscal 2019.

Actual operating revenues of \$1,874,376 were \$84,897 lower than the 2019 actual totals of \$1,959,273. Similarly, non-operating revenues for the Transylvania County landfill were lower, totaling \$190,108 in comparison to the 2019 total of \$199,606. The operating loss of the Transylvania County Solid Waste Fund totaled \$1,094,342, compared to \$689,246 in prior years. The two primary factors in this shift were a \$349,635 increase in employee benefits and salaries implemented by a new compensation plan for employees and an increase in post closure care costs from \$133,425 in fiscal 2019 to \$249,624 in fiscal 2020.

A transfer of \$147,000 from the General Fund, a decrease from \$504,658 in the prior year, was intended to partially mitigate these costs. Management and the governing board viewed fiscal 2020 as a transition period for the proprietary fund as the board undertook a process to determine whether to continue landfill operations or transition to a transfer station model where collected waste is transferred and disposed of out of County. At their October 26th meeting, the governing board reached a consensus to continue landfill operations and will address the long-term fiscal planning of the proprietary funds in the following 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 2019. The amendments approved during fiscal year 2020 increased the General Fund's original budget by \$4,996,673 or 7.8%, excluding appropriations carried forward to FY21. The following are a summary of adjustments and their purpose:

- \$1,919,206 to account for projects undertaken in 2019 that were carried forward and completed in fiscal 2020.
- \$840,613 in appropriations of assigned fund balance to offset capital projects not originally budgeted in the County's 2020 budget ordinance.
- \$382,000 to implement the unbudgeted costs of the County's recently completed compensation and classification study.
- \$443,326 to recognize a PARTF grant and provide the County's local share of the acquisition of fifty-five acres of park land in the City of Brevard.
- \$174,637 to recognize revenue and appropriate expenditures related to several restricted intergovernmental grants that were unplanned for in the 2020 budget.
- \$387,220 appropriated from unassigned fund balance and transferred to the Solid Waste Fund to replace heavy equipment and improve regulatory compliance efforts.
- \$183,520 in appropriations to implement early stages of the County's response to the COVID-19 pandemic prior to the County being notified of the state's allocations of U.S. Treasury Coronavirus Relief Funds to the County.

Capital Asset and Debt Administration

Capital assets: Transylvania County’s capital assets for its governmental and business-type activities as of June 30, 2020, totaled \$43,598,605 (net of accumulated depreciation). These assets consisted of buildings, land, machinery and equipment, furniture and fixtures, park facilities, and vehicles (see Figure 4). Additional information regarding Transylvania County’s capital assets can be found in note 3. A. of the Notes, beginning on page 47 of this report.

Transylvania County's Capital Assets (net of depreciation)

	Governmental Activities		Business-type Activities		Totals	
	2020	2019	2020	2019	2020	2019
Land	\$ 3,735,732	\$ 3,379,666	\$ 1,130,910	\$ 1,130,910	\$ 4,866,642	\$ 4,510,576
Landfill cells	-	-	652,373	800,709	652,373	800,709
Buildings	31,590,936	31,973,964	50,518	14,189	31,641,454	31,988,153
Improvements	273,585	1,088,042	237,747	264,674	511,332	1,352,716
FF&E	1,806,937	1,941,046	670,573	763,645	2,477,510	2,704,691
Vehicles	2,462,806	2,697,309	175,338	207,420	2,638,144	2,904,729
Construction in progress	811,150	76,726	-	-	811,150	76,726
Total	\$ 40,681,146	\$ 41,156,753	\$ 2,917,459	\$ 3,181,547	\$ 43,598,605	\$ 44,338,300

During fiscal year 2020 the County invested \$2,397,512 in governmental assets, which included the following major items:

- \$559,535 in improvements to the Transylvania County Community Services Building and Transylvania County Public Safety Facility, primarily in the form of HVAC system and electricity generator replacements.
- \$447,109 in vehicle replacements primarily in law enforcement patrol vehicles and public facility maintenance trucks.
- \$443,526 to acquire 55 acres for a future community park in the City of Brevard.
- \$156,650 to expand the Transylvania County Activity Center adding additional shower stalls and cleaning areas.
- \$147,968 to completely replace the voting machines and related systems used by the Transylvania County Board of Elections.

The construction or acquisition of the following assets was still in progress as of June 30th, 2020:

- A planned \$1,117,249 extensive upgrade and refurbishment of the County’s VHF radio system used for emergency response.
- Adding \$75,000 of concrete pickleball courts adjacent to the Transylvania Activity Center
- Adding an adult fitness course adjacent to the Transylvania County Activity Center in partnership with the Jameson’s Joy Foundation.

The County also invested \$38,079 in renovations at the main landfill office facility to extend the useful life of that building.

Long-term Debt: The County’s outstanding debt totaled \$2,071,277 at year end with the outstanding balance totaling only 2.8% of the government-wide net position or, comparatively, only 3.7% of total General Fund expenditures.

The County anticipates issuing general obligation bonds to offset the cost of two major projects overseen by Transylvania County Schools to renovate and expand the County’s high schools. The voters rendered a verdict in favor of these bonds at the November 2018 election, but these projects have not yet begun due to delays in design work.

Transylvania County's Outstanding Debt
Figure 5

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Qualified School Construction Bonds	\$ 216,298	\$ 324,446	\$ -	\$ -	\$ 216,298	\$ 324,446
Installment financings	1,854,979	2,168,809	-	-	1,854,979	2,168,809
Total	\$ 2,071,277	\$ 2,493,255	\$ -	\$ -	\$ 2,071,277	\$ 2,493,255

On June 30, 2020, the County had a legal debt margin of \$474,031,940.

Additional information regarding Transylvania County’s long-term debt can be found in note 3. B. of the Notes, beginning on page 68 of this report.

Budget Highlights for the Fiscal Year Ending June 30, 2021

The COVID-19 pandemic cast a long shadow over the planning, recommendation, and adoption of a budget ordinance for Transylvania County for the year ending June 30, 2021. Significant uncertainty around revenues and expenditures created a different framework different from prior years. It goes without saying that governments have needed to react quickly to sharp and sudden changes in public health standards to protect the lives of their citizens and residents. Extraordinary and unpredictable economic variations were what naturally followed to those changes and these fluctuations in turn compound the pressure on a county government to deliver services. These challenges required a strategic approach to ensure that adequate resources were available to address the statutory requirements and mandates unique to North Carolina county governments.

It was with this in mind that management recommended, and the Board of County Commissioners adopted, a three-step process to pursue a budget that met the needs of Transylvania County:

1: **ADAPT** to changing circumstances with actions to ensure that management and the Board understood the nature and depth of the COVID-19 crisis.

- i. A hiring freeze to keep positions unfilled unless they were essential to addressing public health crisis.
- ii. A nine-month delay on any non-emergency capital projects not currently underway.
- iii. A six-month delay on capital projects being requested in the FY 2021 budget process.
- iv. A suspension of employee compensation increases during FY 2021 budget process.
- v. Emergency General Fund appropriations to begin acquisition of PP&E and supplies.

2: **ACTION** after the initial crisis had passed in January 2021 to adjust the General Fund budget for improved and revised revenue projections.

- i. Revisiting adjustments to employee compensation.
- ii. Funding seven critical capital project needs.

3. **ACCOUNTABILITY** by returning to a regular budget process for Fiscal 2022 with a longer schedule to give the Board more time to revisit its strategic plan in a community changed by the COVID-19 pandemic.

- i. Revisiting capital needs in more detail.
- ii. An earlier recommended budget and longer deliberative period prior to adoption.

With this process in mind, please consider these factors and the results of the 2021 budget process, which delivered a budget that continued to implement 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.

This step shifted resources significantly as the County positioned itself in a wait and see approach to determine what impacts there would be to the County's major sources of revenue and its commitments to deliver high quality public services.

Governmental Activities:

Total appropriations for governmental activities fell in 2021, after a sharp increase in 2020 to reflect the special high school projects. Governmental fund budgets totaled \$70,258,166, a significant decrease from the 2020 totals of \$72,128,673 across all governmental funds. The sharpest decreases occurred, as one would expect, in the County's General Fund.

Whereas the 2020 General Fund original budget totaled \$63,919,039, the 2021 budget totaled only \$61,689,065, a 3.6% decrease resulting from capital project delays and shifting resources approved in the General Fund. The 2020 original budget adopted by the Board of County Commissioners in June 2019 totaled \$66,087,171 overall with \$63,919,039 of activity approved in the General Fund.

The addition of the Transylvania Regional Hospital to the County's tax base, both in real and personal property, was fully realized in the assessed value of the County, driving an approximately 2 percent growth in the tax base of the County. This was the final budget year using the assessed values originally set during the 2016 county-wide revaluation. There continues to be a widening gap in the sales assessment ratio as noted by the North Carolina Department of Revenue's annual surveys, and management relatedly expects that the 2021 revaluation will demonstrate significant growth in the Transylvania County tax base, even though an increasing share of the County's real property is entering conservation.

The County anticipated, much like many other counties and municipalities, a significant change in sales tax receipts brought on by the pandemic. For this reason, anticipated sales tax receipts were sharply revised down in the face of a period of prolonged economic closure. Overall, operating revenues for the County in the 2021 budget were anticipated to be only marginally higher (\$58,417,392 for '21 compared to \$58,290,258 for '20) and adjustments were made accordingly.

The operating budget for the County in 2021 was \$1,053,516 higher than in FY 2020, controlling for timing issues related to the Education Capital Fund and associated general obligation debt service. In 2020, the operating expenditures for the County totaled \$54,245,172, and adjusting for anticipated debt service on not-yet issued general obligation bonds, the operating expenditures were anticipated at \$55,298,688 for fiscal 2021.

Much of this increase is explained by the incremental cost of the classification and compensation study implemented in September 2020 for the remainder of fiscal 2021. The County's compensation for positions across the board had frequently lagged behind comparable agencies and competitors in the private sector, so these increases were necessary to keep track with rising wages.

The Board opted to continue fire service district tax rate equalization for a second year by continuing to fund each service district at a 6 cents per \$100 valuation rate, with the remainder coming from the General Fund. In this case, this was an additional \$1.2 million in recurring expenditures.

The County also demonstrated its ongoing commitment to funding public education at the highest level even in the face of significant economic uncertainty. Appropriations to education agencies rose to \$15,112,615 from \$14,740,778 (2.5%), even as expenditures and projects were reduced or delayed elsewhere.

Amendments

By January 2021, the governing board revisited several months of better than anticipated sales tax revenue and adopted recommendations on specific projects to proceed and compensation changes for full and part-time county employees who continued to deliver services during the pandemic. This increased the County's General Fund and Solid Waste Fund budgets by \$952,150 and \$360,150, respectively.

Business-type Activities

The Board also approved a budget for landfill activities and the Solid Waste department at \$2,614,444 while it sought public comment and a course of action on the future of landfilling activities. This represented an almost 11 percent decrease achieved through delaying capital projects. The 2020 budget ordinance approved \$2,899,923 for a similar period in the prior year.

Overall, anticipated operating revenues are anticipated to be somewhat lower in 2020, balanced by an appropriation of fund balance in the Enterprise Fund, due to changing consumer habits by major construction firms that use the landfill for debris disposal. Recycling revenues were kept stable to prior year, but the changing recycling market has left the actual revenues unpredictable. The governing board intends to solve the question of how to adequately plan for the long-term costs of landfill operations now that it has decided to continue operating a landfill.

Requests for Information

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

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**BASIC
FINANCIAL
STATEMENTS**

TRANSYLVANIA COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION
JUNE 30, 2020

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Transylvania County Tourism Development Authority
Assets:				
Current assets:				
Cash and investments	\$ 32,266,417	\$ 5,529,151	\$ 37,795,568	\$ 259,115
Taxes receivable, net	115,052	-	115,052	-
Accounts receivable, net	27,481	78,185	105,666	-
Due from primary government	-	-	-	164,224
Due from other governments	4,137,193	68,662	4,205,855	-
Long-term receivable	4,513,176	-	4,513,176	-
Inventories	16,042	-	16,042	-
Prepaid items	490,467	-	490,467	560
Cash and investments, restricted	306,546	3,459,156	3,765,702	-
Total current assets	41,872,374	9,135,154	51,007,528	423,899
Non-current assets:				
Net pension asset (ROD)	78,522	-	78,522	-
Capital assets:				
Land and other non-depreciable assets	4,546,882	1,130,910	5,677,792	-
Depreciable assets, net	36,134,264	1,786,549	37,920,813	-
Total capital assets	40,681,146	2,917,459	43,598,605	-
Non-current assets, net	40,759,668	2,917,459	43,677,127	-
Total assets	82,632,042	12,052,613	94,684,655	423,899
Deferred Outflows of Resources:				
Pension deferrals	3,889,108	190,761	4,079,869	-
OPEB deferrals	270,559	14,240	284,799	-
Total deferred outflows of resources	4,159,667	205,001	4,364,668	-
Liabilities:				
Current liabilities:				
Accounts payable and accrued liabilities	2,137,097	136,115	2,273,212	24,642
Prepaid fees	254,932	-	254,932	-
Due to component unit	164,224	-	164,224	-
Due to other governments	105,518	-	105,518	-
Advances from grantors	198,179	-	198,179	-
Accrued interest payable	14,443	-	14,443	-
Current portion of long-term liabilities	2,629,616	27,546	2,657,162	-
Total current liabilities	5,504,009	163,661	5,667,670	24,642

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

TRANSYLVANIA COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION
JUNE 30, 2020

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Transylvania County Tourism Development Authority
Non-current liabilities:				
Net pension liability (LGERS)	5,612,414	295,390	5,907,804	-
Total pension liability (LEOSSA)	2,019,715	-	2,019,715	-
Total OPEB liability	3,410,423	179,496	3,589,919	-
Due in more than one year	2,038,882	6,607,907	8,646,789	-
Total non-current liabilities	13,081,434	7,082,793	20,164,227	-
Total liabilities	18,585,443	7,246,454	25,831,897	24,642
Deferred Inflows of Resources:				
Prepaid taxes	14,354	-	14,354	-
Pension deferrals	193,464	2,853	196,317	-
OPEB deferrals	28,866	1,519	30,385	-
Total deferred inflows of resources	236,684	4,372	241,056	-
Net Position:				
Net investment in capital assets	38,826,167	2,917,459	41,743,626	-
Restricted for:				
Stabilization by state statute	4,128,718	-	4,128,718	164,224
Perpetual maintenance	108,367	-	108,367	-
Register of Deeds	75,986	-	75,986	-
Register of Deeds Pension Plan	79,034	-	79,034	-
Public safety	380,440	-	380,440	-
Fire departments	667,206	-	667,206	-
Emergency telephone system	203,899	-	203,899	-
Health department programs	204,422	-	204,422	-
Social services	24,972	-	24,972	-
Recreation programs and facilities	233,971	-	233,971	-
Tourism promotion	-	-	-	235,033
Unrestricted	23,036,400	2,089,329	25,125,729	-
Total net position	\$ 67,969,582	\$ 5,006,788	\$ 72,976,370	\$ 399,257

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

TRANSYLVANIA COUNTY, NORTH CAROLINA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

	<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	\$ 11,187,376	\$ 197,979	\$ 82,570	\$ -
Public safety	20,353,781	2,923,983	1,748,036	-
Transportation	425,220	10,152	395,517	-
Economic and physical development	2,281,527	4,370	24,908	-
Human services	9,901,274	593,746	4,797,017	-
Cultural and recreational	2,738,556	80,785	317,131	-
Education	16,122,166	-	132,099	-
Interest and fees	69,953	-	-	-
Total governmental activities	<u>63,079,853</u>	<u>3,811,015</u>	<u>7,497,278</u>	<u>-</u>
Business-Type Activities:				
Solid waste	<u>2,968,718</u>	<u>1,874,376</u>	<u>37,199</u>	<u>-</u>
Total primary government	<u>\$ 66,048,571</u>	<u>\$ 5,685,391</u>	<u>\$ 7,534,477</u>	<u>\$ -</u>
Component Unit:				
Tourism Development Authority	<u>\$ 1,010,018</u>	<u>\$ 1,771</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, 2020

	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	\$ (10,906,827)	\$ -	\$ (10,906,827)	\$ -
Public safety	(15,681,762)	-	(15,681,762)	-
Transportation	(19,551)	-	(19,551)	-
Economic and physical development	(2,252,249)	-	(2,252,249)	-
Human services	(4,510,511)	-	(4,510,511)	-
Cultural and recreational	(2,340,640)	-	(2,340,640)	-
Education	(15,990,067)	-	(15,990,067)	-
Interest and fees	(69,953)	-	(69,953)	-
Total governmental activities	<u>(51,771,560)</u>	<u>-</u>	<u>(51,771,560)</u>	<u>-</u>
Business-Type Activities:				
Solid waste	-	(1,057,143)	(1,057,143)	-
Total primary government	<u>(51,771,560)</u>	<u>(1,057,143)</u>	<u>(52,828,703)</u>	<u>-</u>
Component Unit:				
Tourism Development Authority				<u>(1,008,247)</u>
General Revenues:				
Taxes:				
Ad valorem taxes	40,556,105	-	40,556,105	-
Local option sales taxes	9,841,680	-	9,841,680	-
Deed stamp excise tax	143,392	-	143,392	-
Real estate transfer tax	722,718	-	722,718	-
Occupancy tax	991,196	-	991,196	971,481
Unrestricted intergovernmental revenues	545,280	-	545,280	-
Investment earnings, unrestricted	<u>388,301</u>	<u>130,698</u>	<u>518,999</u>	<u>4,544</u>
Total general revenues excluding transfers	53,188,672	130,698	53,319,370	976,025
Transfers	<u>(551,250)</u>	<u>551,250</u>	<u>-</u>	<u>-</u>
Total general revenues and transfers	<u>52,637,422</u>	<u>681,948</u>	<u>53,319,370</u>	<u>976,025</u>
Change in net position	865,862	(375,195)	490,667	(32,222)
Net Position:				
Beginning of year - July 1	<u>67,103,720</u>	<u>5,381,983</u>	<u>72,485,703</u>	<u>431,479</u>
End of year - June 30	<u>\$ 67,969,582</u>	<u>\$ 5,006,788</u>	<u>\$ 72,976,370</u>	<u>\$ 399,257</u>

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

TRANSYLVANIA COUNTY, NORTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2020

	Major		Nonmajor	Total Governmental Funds
	General Fund	Disaster Response Fund	Other Governmental Funds	
Assets:				
Cash and investments	\$ 27,008,493	\$ -	\$ 5,257,924	\$ 32,266,417
Taxes receivable, net	105,210	-	9,842	115,052
Accounts receivable, net	27,481	-	-	27,481
Long-term receivable	4,513,176	-	-	4,513,176
Due from other funds	142,596	-	-	142,596
Due from other governments	3,811,994	270,481	54,718	4,137,193
Inventories	16,042	-	-	16,042
Prepaid items	490,467	-	-	490,467
Cash and investments, restricted	-	198,179	108,367	306,546
Total assets	<u>\$ 36,115,459</u>	<u>\$ 468,660</u>	<u>\$ 5,430,851</u>	<u>\$ 42,014,970</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable and accrued liabilities	\$ 2,064,194	\$ 58,663	\$ 14,240	\$ 2,137,097
Due to other funds	-	142,596	-	142,596
Due to component unit	164,224	-	-	164,224
Due to other governments	-	105,518	-	105,518
Advances from grantors	-	198,179	-	198,179
Prepaid fees	254,932	-	-	254,932
Total liabilities	<u>2,483,350</u>	<u>504,956</u>	<u>14,240</u>	<u>3,002,546</u>
Deferred Inflows of Resources:				
Unavailable revenues	-	178,552	-	178,552
Property taxes receivable	105,210	-	9,842	115,052
Prepaid taxes	13,104	-	1,250	14,354
Total deferred inflows of resources	<u>118,314</u>	<u>178,552</u>	<u>11,092</u>	<u>307,958</u>
Fund Balances:				
Non-spendable:				
Inventories	16,042	-	-	16,042
Prepaid items	490,467	-	-	490,467
Long-term receivable	4,513,176	-	-	4,513,176
Perpetual maintenance	-	-	108,367	108,367
Restricted:				
Stabilization by state statute	3,982,071	91,929	54,718	4,128,718
Restricted, all other	531,497	-	1,259,399	1,790,896
Committed	4,727,240	-	3,983,035	8,710,275
Assigned	13,767,414	-	-	13,767,414
Unassigned	5,485,888	(306,777)	-	5,179,111
Total fund balances	<u>33,513,795</u>	<u>(214,848)</u>	<u>5,405,519</u>	<u>38,704,466</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 36,115,459</u>	<u>\$ 468,660</u>	<u>\$ 5,430,851</u>	<u>\$ 42,014,970</u>

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

TRANSYLVANIA COUNTY, NORTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2020

	Total Governmental Funds
Total fund balances	\$ 38,704,466
Amounts reported for governmental activities in the Statement of Net Position (Exhibit A) are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	40,681,146
Net pension asset	78,522
Net pension liability - LGERS	(5,612,414)
Total pension liability - LEOSSA	(2,019,715)
Total OPEB liability	(3,410,423)
Deferred outflows of resources related to pensions are not reported in the funds.	3,889,108
Deferred inflows of resources related to pensions are not reported in the funds.	(193,464)
Deferred outflows of resources related to OPEB are not reported in the funds.	270,559
Deferred inflows of resources related to OPEB are not reported in the funds.	(28,866)
Liabilities for earned, but deferred, inflows of resources in fund statements	293,604
Some liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:	
Bonds and installment financing	(2,071,277)
Compensated absences	(2,597,221)
Interest payable	(14,443)
Net position of governmental activities	\$ 67,969,582

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, 2020

	Major		Nonmajor	Total Governmental Funds
	General Fund	Disaster Response Fund	Other Governmental Funds	
Revenues:				
Ad valorem taxes	\$ 37,801,206	\$ -	\$ 2,726,141	\$ 40,527,347
Local option sales taxes	9,841,680	-	-	9,841,680
Other taxes and licenses	1,857,306	-	-	1,857,306
Unrestricted intergovernmental revenues	545,280	-	-	545,280
Restricted intergovernmental revenues	5,799,268	701,831	404,855	6,905,954
Permits and fees	542,123	-	-	542,123
Sales and services	2,971,175	-	-	2,971,175
Donations and grants	78,761	-	334,011	412,772
Interest earned on investments	366,894	716	20,691	388,301
Miscellaneous	297,717	-	-	297,717
Total revenues	<u>60,101,410</u>	<u>702,547</u>	<u>3,485,698</u>	<u>64,289,655</u>
Expenditures:				
Current:				
General government	9,562,382	-	-	9,562,382
Public safety	15,976,617	957,395	3,124,423	20,058,435
Transportation	367,467	-	-	367,467
Economic and physical development	2,195,545	-	76,914	2,272,459
Human services	9,521,054	-	-	9,521,054
Cultural and recreational	2,424,586	-	-	2,424,586
Intergovernmental:				
Education	14,795,992	-	1,300,147	16,096,139
Debt service:				
Principal repayments	421,978	-	-	421,978
Interest	73,771	-	-	73,771
Total expenditures	<u>55,339,392</u>	<u>957,395</u>	<u>4,501,484</u>	<u>60,798,271</u>
Revenues over (under) expenditures	<u>4,762,018</u>	<u>(254,848)</u>	<u>(1,015,786)</u>	<u>3,491,384</u>
Other Financing Sources (Uses):				
Transfers in	865,937	40,000	5,300,791	6,206,728
Transfers out	<u>(5,892,041)</u>	<u>-</u>	<u>(865,937)</u>	<u>(6,757,978)</u>
Total other financing sources (uses)	<u>(5,026,104)</u>	<u>40,000</u>	<u>4,434,854</u>	<u>(551,250)</u>
Net change in fund balances	(264,086)	(214,848)	3,419,068	2,940,134
Fund Balances:				
Beginning of year - July 1	<u>33,777,881</u>	<u>-</u>	<u>1,986,451</u>	<u>35,764,332</u>
End of year - June 30	<u>\$ 33,513,795</u>	<u>\$ (214,848)</u>	<u>\$ 5,405,519</u>	<u>\$ 38,704,466</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, 2020**

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)	\$ 2,940,134
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues/expenditures in the funds.	207,310
Expenses related to interest expense that do not require current financial resources are not reported as expenditures in the governmental funds statement.	3,818
Pension expense - LEOSSA	(55,596)
Pension expense - LGERS	(1,032,369)
Pension expense - ROD	(3,449)
OPEB plan expense	195,295
Compensated absences expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds statement.	(1,335,652)
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.	2,397,512
Depreciation expense allocates the costs of capital assets over their useful lives. It is not reported as an expenditure in the governmental funds statement.	(2,845,782)
Cost of capital asset disposed of during the year, not recognized on modified accrual basis	(27,337)
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>421,978</u>
Change in net position of governmental activities (Exhibit B)	<u>\$ 865,862</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, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Over/Under
	Original	Final		
Revenues:				
Ad valorem taxes	\$ 37,343,636	\$ 37,343,636	\$ 37,801,206	\$ 457,570
Local option sales taxes	9,375,000	9,375,000	9,841,680	466,680
Other taxes and licenses	893,500	1,899,522	1,857,306	(42,216)
Unrestricted intergovernmental revenues	592,000	592,000	545,280	(46,720)
Restricted intergovernmental revenues	5,473,725	5,959,372	5,799,268	(160,104)
Permits and fees	614,550	529,550	542,123	12,573
Sales and services	3,605,542	3,650,710	2,971,175	(679,535)
Investment earnings	535,000	560,000	366,894	(193,106)
Donations	8,500	8,500	78,761	70,261
Miscellaneous	79,520	90,794	297,717	206,923
Total revenues	<u>58,520,973</u>	<u>60,009,084</u>	<u>60,101,410</u>	<u>92,326</u>
Expenditures:				
Current:				
General government	10,450,501	10,723,829	9,562,382	1,161,447
Public safety	15,589,221	18,243,472	15,976,617	2,266,855
Transportation	542,680	560,155	367,467	192,688
Economic and physical development	1,044,421	2,306,639	2,195,545	111,094
Human services	9,299,612	10,280,420	9,521,054	759,366
Cultural and recreational	2,469,733	2,784,747	2,424,586	360,161
Intergovernmental:				
Education	14,740,778	15,051,477	14,795,992	255,485
Debt service:				
Principal retirement	421,980	421,980	421,978	2
Interest and fees	76,065	76,065	73,771	2,294
Total expenditures	<u>54,634,991</u>	<u>60,448,784</u>	<u>55,339,392</u>	<u>5,109,392</u>
Revenues over (under) expenditures	<u>3,885,982</u>	<u>(439,700)</u>	<u>4,762,018</u>	<u>5,201,718</u>
Other Financing Sources (Uses):				
Transfers in	1,044,595	1,044,595	865,937	(178,658)
Transfers out	(9,472,196)	(9,620,356)	(5,892,041)	3,728,315
Appropriated fund balance	4,541,619	9,015,461	-	(9,015,461)
Total other financing sources (uses)	<u>(3,885,982)</u>	<u>439,700</u>	<u>(5,026,104)</u>	<u>(5,465,804)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>(264,086)</u>	<u>\$ (264,086)</u>
Fund Balance:				
Beginning of year - July 1			<u>33,777,881</u>	
End of year - June 30			<u>\$ 33,513,795</u>	

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

TRANSYLVANIA COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION PROPRIETARY FUNDS JUNE 30, 2020

	<u>Enterprise Fund</u>
	<u>Solid Waste Fund</u>
Assets:	
Current assets:	
Cash and investments	\$ 5,529,151
Accounts receivable, net	78,185
Due from other governments	68,662
Cash and investments, restricted	<u>3,459,156</u>
Total current assets	<u>9,135,154</u>
Non-current assets:	
Land and other non-depreciable assets	1,130,910
Depreciable assets, net of depreciation	<u>1,786,549</u>
Total non-current assets	<u>2,917,459</u>
Total assets	<u>12,052,613</u>
Deferred Outflows of Resources:	
Pension deferrals	190,761
OPEB deferrals	<u>14,240</u>
Total deferred outflows of resources	<u>205,001</u>
Liabilities, Deferred Inflows of Resources, and Net Position:	
Liabilities:	
Current liabilities:	
Accounts payable and accrued liabilities	136,115
Current portion of compensated absences	<u>27,546</u>
Total current liabilities	<u>163,661</u>
Non-current liabilities:	
Accrued landfill closure and post-closure care costs	6,603,046
Total OPEB liability	179,496
Compensated absences	4,861
Net pension liability	<u>295,390</u>
Total non-current liabilities	<u>7,082,793</u>
Total liabilities	<u>7,246,454</u>
Deferred Inflows of Resources:	
Pension deferrals	2,853
OPEB deferrals	<u>1,519</u>
Total deferred inflows of resources	<u>4,372</u>
Net Position:	
Net investment in capital assets	2,917,459
Unrestricted	<u>2,089,329</u>
Total net position	<u>\$ 5,006,788</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, 2020**

	Enterprise Fund
	Solid Waste Fund
Operating Revenues:	
Charges for services	\$ 1,874,376
Operating Expenses:	
Landfill operations:	
Salaries and employee benefits	1,391,891
Landfill closure and post-closure care costs	249,624
Other operating expenses	1,025,036
Depreciation	302,167
Total operating expenses	<u>2,968,718</u>
Operating income (loss)	<u>(1,094,342)</u>
Non-Operating Revenues (Expenses):	
Investment earnings	130,698
Other non-operating revenues	59,410
Interest and other charge	<u>(22,211)</u>
Total non-operating revenues (expenses)	<u>167,897</u>
Income (loss) before transfers	(926,445)
Transfers In (Out):	
Transfers in	<u>551,250</u>
Change in net position	(375,195)
Net Position:	
Beginning of year - July 1	<u>5,381,983</u>
End of year - June 30	<u>\$ 5,006,788</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, 2020

	<u>Enterprise Fund</u>
	<u>Solid Waste Fund</u>
Cash Flows from Operating Activities:	
Cash received from customers	\$ 1,858,863
Cash paid for goods and services	(1,115,770)
Cash paid to employees for services	(1,281,913)
Net cash provided (used) by operating activities	<u>(538,820)</u>
Cash Flows from Non-Capital Financing Activities:	
Solid waste disposal tax	59,410
Interfund transfer in (out)	551,250
Net cash provided (used) by non-capital financing activities	<u>610,660</u>
Cash Flows from Capital and Related Financing Activities:	
Acquisition and construction of capital assets	(38,079)
Net cash provided (used) by capital and related financing activities	<u>(38,079)</u>
Cash Flows from Investing Activities:	
Interest on investments	108,487
Net increase (decrease) in cash and cash equivalents	142,248
Cash and Cash Equivalents:	
Beginning of year - July 1	<u>8,846,059</u>
End of year - June 30	<u>\$ 8,988,307</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating income (loss)	\$ (1,094,342)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation	302,167
Landfill closure and post-closure care costs	249,624
(Increase) decrease in accounts receivable	53,149
(Increase) decrease in due from other governments	(68,662)
Increase (decrease) in accounts payable and accrued liabilities	(33,217)
(Increase) decrease in deferred outflows of resources for pensions	14,991
(Increase) decrease in deferred outflows of resources for OPEB	(1,196)
Increase (decrease) in total pension liability	41,609
Increase (decrease) in OPEB	(3,521)
Increase (decrease) in deferred inflows of resources for pensions	(2,265)
Increase (decrease) in deferred inflows of resources for OPEB	(5,562)
Increase (decrease) in accrued compensated absences	8,405
Net cash provided (used) by operating activities	<u>\$ (538,820)</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, 2020**

	Agency Funds
	<u> </u>
Assets:	
Cash and investments	\$ 92,726
Total assets	<u>\$ 92,726</u>
 Liabilities:	
Intergovernmental payables	\$ 11,387
Miscellaneous liabilities	<u>81,339</u>
Total liabilities	<u>\$ 92,726</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, 2020

1. Summary of Significant Accounting Policies

The accounting policies of Transylvania County (the “County”) conform to generally accepted accounting principles as they apply to governments. The following is a summary of the more significant accounting policies:

A. Reporting Entity

The County, which is governed by a five-member Board of Commissioners, is one of the 100 counties established in North Carolina under North Carolina General Statute 153A-10. As required by generally accepted accounting principles, these financial statements present the County. The discretely presented component unit, the Transylvania County Tourism Development Authority, presented below is reported in a separate column in the County’s financial statements in order to emphasize that it is legally separate from the County.

Component Unit

Discretely Presented Component Unit

Transylvania County Tourism Development Authority

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

B. Basis of Presentation

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

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

business-type activities of the County. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The Statement of Activities presents a comparison between direct expenses and program revenues for the different business-type activities of the County and for each function of the County's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the Statement of Activities. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements. The fund financial statements provide information about the County's funds, including its fiduciary funds. Separate statements for each fund category – *governmental, proprietary, and fiduciary* – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

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

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

The County reports the following major governmental funds:

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

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

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

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

through user charges or (b) where the governing body has decided that the periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The County has the following major Enterprise Fund: Solid Waste Fund – for the operation, maintenance, and development of various landfills and disposal sites. For reporting purposes, the Water and Sewer Development Fund has been consolidated with the Solid Waste Fund.

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 Camp Fund, which account for donations received to fund the camps and are conducted by Sheriff Office employees.

The County reports the following nonmajor governmental funds:

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

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

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

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

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.

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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

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

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

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

C. Measurement Focus and Basis of Accounting

In accordance with North Carolina General Statutes, all funds of the County are maintained during the year using the modified accrual basis of accounting.

Government-Wide, Proprietary, and Fiduciary Fund Financial Statements. The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus, except for the agency funds which have no measurement focus. The government-wide, proprietary, and fiduciary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services, or privileges provided; 2) operating grants and contributions; and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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, 2020

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 Fund, the Emergency Telephone Systems Fund, the Schools Qualified Zone Academy Bonds Fund, the Silvermont Reserve Fund and the Solid Waste Fund. All annual appropriations lapse at the fiscal year-end. Project ordinances are adopted for the General Capital Projects Fund, the HOME Fund, the Golden Leaf Capital Projects Fund, the Disaster Response Fund, the Joint Law Enforcement Investigation Fund, the Education Capital Project Fund, and the Water and Sewer Development Fund.

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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

E. Estimates

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant areas where estimates are made are allowance for doubtful accounts and depreciation lives.

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

Deposits and Investments

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

State law [G.S. 159-30(c)] authorizes the County to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States, obligations of the State of North Carolina, bonds and notes of any North Carolina local government or public authority, obligations of certain non-guaranteed federal agencies, certain high quality issues of commercial paper and bankers' acceptances, and the North Carolina Capital Management Trust (NCCMT). The County's investments are reported at fair value. The NCCMT Government Portfolio, an SEC-registered (2a-7) money market mutual fund, is measured at fair value. Because the NCCMT Government Portfolio has a weighted average maturity of less than 90 days, it is presented as an investment with a maturity of less than 6 months.

Cash and Cash Equivalents

The County pools money from several funds to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents.

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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, 2020, \$3,459,156 was restricted.

Governmental Activities. The advance from grantors of \$198,179 in the Disaster Response Fund represent funds restricted by the grantor for specified expenditures that have not been spent. The restricted cash of \$108,367 in the Silvermont Reserve Fund represent funds restricted by donors.

Ad Valorem Taxes Receivable

In accordance with state law [G.S. 105-347 and G.S. 159-13(a)], the County levies ad valorem taxes on property other than motor vehicles on July 1st, the beginning of the fiscal year. The taxes are due on September 1st (lien date); however, penalties and interest do not accrue until the following January 6th. These taxes are based on the assessed values as of January 1, 2019.

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, 2020

The County holds title to certain Transylvania County Board of Education properties, which has been included in capital assets. The properties have been deeded to the County to permit installment purchase financing of acquisition and construction costs and to permit the County to receive refunds of sales tax paid for construction costs. Agreements between the County and the Board of Education give the Board of Education full use of the facilities, full responsibility for maintenance of the facilities, and provide that the County will convey title to the property back to the Board of Education once all restrictions of the financing agreements and all sales tax reimbursement requirements have been met.

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

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

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, unavailable revenues, 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, 2020

Net Position/Fund Balance

Net Position

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

Fund Balances

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

The governmental fund types classify fund balances as follows:

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

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

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

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

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

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

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

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

legislation”. RSS is reduced by inventories and prepaids as they are classified as non-spendable. Outstanding encumbrances are included within RSS. RSS is included as a component of restricted net position and restricted fund balance on the face of the balance sheet.

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

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

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

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

Restricted fund balance per Exhibit C differs from Restricted Net Position per Exhibit A by Register of Deeds pension plan of \$79,034.

Restricted fund balance at June 30, 2020 is as follows:

<u>Purpose</u>	<u>General Fund</u>	<u>Nonmajor Special Revenue Funds</u>	<u>Permanent Funds</u>	<u>Total</u>
Restricted, All Other:				
Register of Deeds	\$ 75,986	\$ -	\$ -	\$ 75,986
Public safety	226,117	154,323	-	380,440
Fire departments	-	667,206	-	667,206
Emergency telephone system	-	203,899	-	203,899
Health department programs	204,422	-	-	204,422
Social services	24,972	-	-	24,972
Recreation endowment	-	-	233,971	233,971
Total	<u>\$ 531,497</u>	<u>\$ 1,025,428</u>	<u>\$ 233,971</u>	<u>\$ 1,790,896</u>

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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	Nonmajor Capital Project Funds	Total
Committed:			
Retiree health insurance	\$ 2,667,300	\$ -	\$ 2,667,300
General capital projects	-	3,983,035	3,983,035
Law Enforcement Officers' Special Separation Allowance	2,059,940	-	2,059,940
Total	\$ 4,727,240	\$ 3,983,035	\$ 8,710,275

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.

Assigned for General Government Projects – portion of fund balance that has been budgeted by the Board for general government projects.

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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

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

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

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

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

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

Assigned fund balance at June 30, 2020 is as follows:

<u>Purpose</u>	<u>General Fund</u>
Assigned:	
Subsequent year's expenditures	\$ 1,456,900
Employee health insurance	2,274,103
Accrued vacation	2,203,719
General government projects	1,200,000
Special projects	446,614
Education projects	288,000
Public safety projects	2,152,788
Economic and physical development	2,652,236
Environmental protection	38,121
Recreation programs and facilities	<u>1,054,933</u>
Total	<u>\$ 13,767,414</u>

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

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

balance first, followed in order by committed fund balance, assigned fund balance and, lastly, unassigned fund balance. The Finance Officer has the authority to deviate from this policy if it is in the best interest of the County or when required by grant or other contractual agreements.

The County has not officially adopted a fund balance policy.

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

Total fund balance - General Fund	\$ 33,513,795
Less:	
Prepays	(490,467)
Inventories	(16,042)
Long-term note receivable	(4,513,176)
Stabilization by state statute	<u>(3,982,071)</u>
Total available fund balance	<u>\$ 24,512,039</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, 2020

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

Claims

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

2. Stewardship, Compliance, and Accountability

Significant Violations of Finance-Related Legal and Contractual Provisions

Deficit Fund Balance

At June 30, 2020, the Disaster Response Fund had a deficit fund balance of \$214,848. The deficit in the fund represents a portion of funds expended in response to the coronavirus pandemic for which the County is seeking reimbursement through Federal Emergency Management Assistance (FEMA) and Coronavirus Relief Funds (CRF). The deficit will be eliminated as the proceeds are obtained.

Excess of Expenditures over Appropriations

For the fiscal year ended June 30, 2020, the expenditures and transfers made in the following funds exceeded the authorized appropriations made by the governing board. These over expenditures occurred because of unplanned expenditures at year end. Management and the Board will more closely review the budget reports to ensure compliance in future years.

General Fund:	
Register of Deeds	\$ (78)
Self insurance	(170,360)
Employee Wellness Center	(904)
General Capital Project Fund:	
Transfers	(70,869)

3. Detail Notes on All Funds

A. Assets

Deposits

All of the County's deposits are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits exceeding the federal depository insurance coverage level are collateralized with securities held by the County's agent in its name. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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, 2020, the County's deposits had a carrying amount of \$2,052,005 and a bank balance of \$2,010,515. Of the bank balance, \$160,202 was covered by federal depository insurance and \$1,850,313 by collateral held under the Pooling Method. Cash on hand was \$3,339 at June 30, 2020.

Investments

At June 30, 2020, the County had the following investments and maturities:

<u>Investment Type</u>	<u>Valuation Measurement Method</u>	<u>Fair Value</u>	<u>Less Than 1 Year</u>	<u>1-3 Years</u>
NC Capital Management				
Trust Government Portfolio	Fair Value - Level 1	\$ 37,043,131	\$ 37,043,131	N/A
U.S. Treasuries	Fair Value - Level 1	<u>2,555,521</u>	<u>67,624</u>	<u>2,487,897</u>
Total		<u>\$ 39,598,652</u>	<u>\$ 37,110,755</u>	<u>\$ 2,487,897</u>

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

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.

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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

Credit Risk. The County limits investments to the provisions of G.S. 159-30 and restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated. To best mitigate against credit risk, the County requires a diversification of investments. The County’s investments carried the following credit ratings as of June 30, 2020.

<u>Investment</u>	<u>S & P</u>	<u>Moody's</u>	<u>Investment Type</u>
NC Capital Management			NC Capital Management
Trust Government Portfolio	AAAm	N/A	Trust Government Portfolio
US Treasury Note	AA+	Aaa	Government agencies

Concentration of Credit Risk. The County’s Board 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 U.S. Treasury Notes. This investment is 6% 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	
2017	\$ 1,305,007	\$ 338,926	\$ 1,643,933	
2018	1,291,168	214,850	1,506,018	
2019	1,219,087	97,527	1,316,614	
2020	1,528,051	-	1,528,051	
Total	<u>\$ 5,343,313</u>	<u>\$ 651,303</u>	<u>\$ 5,994,616</u>	

TRANSYLVANIA COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

Receivables

Receivables at the government-wide level at June 30, 2020 were as follows:

	<u>Accounts Receivable</u>	<u>Taxes Receivable</u>	<u>Due from Other Governments</u>	<u>Total</u>
Governmental Activities:				
General	\$ 27,481	\$ 185,193	\$ 3,811,994	\$ 4,024,668
Other governmental	-	19,677	325,199	344,876
Total receivables	27,481	204,870	4,137,193	4,369,544
Allowance for doubtful accounts	-	(89,818)	-	(89,818)
Total governmental activities	<u>\$ 27,481</u>	<u>\$ 115,052</u>	<u>\$ 4,137,193</u>	<u>\$ 4,279,726</u>
Business-Type Activities:				
Solid waste	\$ 84,567	\$ -	\$ 68,662	\$ 153,229
Allowance for doubtful accounts	(6,382)	-	-	(6,382)
Total business-type activities	<u>\$ 78,185</u>	<u>\$ -</u>	<u>\$ 68,662</u>	<u>\$ 146,847</u>

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

Governmental Activities:

Local option sales tax	\$ 2,530,820
Occupancy taxes	158,698
Sales taxes receivable	209,104
State and federal funding	958,699
Due from municipalities	9,710
Due from educational institutions	8,126
General government motor vehicle taxes	214,347
Fire department motor vehicle taxes	13,979
NC 911 PSAP funds	33,710
Total governmental activities	<u>\$ 4,137,193</u>

Business-Type Activities:

Scale sales	\$ 35,287
Sales taxes receivable	16,736
Tire recycling	10,670
Solid waste disposal tax	5,969
Total business-type activities	<u>\$ 68,662</u>

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

Notes Receivable

The County issued a note receivable on November 14, 2017 in the amount of \$4,700,000 at 0% interest, pursuant to an agreement entered into by the County, the City of Brevard and the Transylvania Economic Alliance for the expansion of economic development opportunities within the City of Brevard and Transylvania County. Total principal of the note receivable, if not paid sooner, is due on November 14, 2037, unless building is sold by the Alliance at which time total principal is due upon sale. The amount outstanding at June 30, 2020 is \$4,513,176.

Capital Assets

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

	<u>July 1, 2019</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>June 30, 2020</u>
Non-Depreciable Assets:					
Land	\$ 3,379,666	\$ 356,066	\$ -	\$ -	\$ 3,735,732
Construction in progress	76,726	918,469	(27,337)	(156,708)	811,150
Total non-depreciable assets	<u>3,456,392</u>	<u>1,274,535</u>	<u>(27,337)</u>	<u>(156,708)</u>	<u>4,546,882</u>
Depreciable Assets:					
Buildings	45,105,735	490,087	-	156,708	45,752,530
Improvements	2,070,677	-	-	-	2,070,677
Equipment	8,171,339	185,781	-	-	8,357,120
Vehicles	6,511,006	447,109	(294,900)	-	6,663,215
Total depreciable assets	<u>61,858,757</u>	<u>1,122,977</u>	<u>(294,900)</u>	<u>156,708</u>	<u>62,843,542</u>
Less Accumulated Depreciation:					
Buildings	13,131,771	1,029,823	-	-	14,161,594
Improvements	982,635	814,457	-	-	1,797,092
Equipment	6,230,293	319,890	-	-	6,550,183
Vehicles	3,813,697	681,612	(294,900)	-	4,200,409
Total accumulated depreciation	<u>24,158,396</u>	<u>2,845,782</u>	<u>(294,900)</u>	<u>-</u>	<u>26,709,278</u>
Depreciable assets, net	<u>37,700,361</u>	<u>(1,722,805)</u>	<u>-</u>	<u>156,708</u>	<u>36,134,264</u>
Capital assets, net	<u>\$ 41,156,753</u>	<u>\$ (448,270)</u>	<u>\$ (27,337)</u>	<u>\$ -</u>	<u>\$ 40,681,146</u>

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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

General government	\$	366,332
Public safety		1,282,251
Transportation		32,641
Education		26,027
Economic & physical development		697
Human services		152,798
Cultural and recreational		985,036
Total depreciation expense	\$	<u>2,845,782</u>

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

	<u>July 1, 2019</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>June 30, 2020</u>
Solid Waste:					
Non-Depreciable Assets:					
Land	\$ 1,130,910	\$ -	\$ -	\$ -	\$ 1,130,910
Total non-depreciable assets	<u>1,130,910</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,130,910</u>
Depreciable Assets:					
Buildings	283,247	38,079	-	-	321,326
Land improvements	814,460	-	-	-	814,460
Equipment	2,788,982	-	(6,497)	-	2,782,485
Vehicles	690,270	-	-	-	690,270
Landfill cells - Woodruff	<u>8,205,437</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,205,437</u>
Total depreciable assets	<u>12,782,396</u>	<u>38,079</u>	<u>(6,497)</u>	<u>-</u>	<u>12,813,978</u>
Less Accumulated Depreciation:					
Buildings	269,058	1,750	-	-	270,808
Land improvements	549,786	26,927	-	-	576,713
Equipment	2,025,337	93,072	(6,497)	-	2,111,912
Vehicles	482,850	32,082	-	-	514,932
Landfill cells - Woodruff	<u>7,404,728</u>	<u>148,336</u>	<u>-</u>	<u>-</u>	<u>7,553,064</u>
Total accumulated depreciation	<u>10,731,759</u>	<u>\$ 302,167</u>	<u>\$ (6,497)</u>	<u>\$ -</u>	<u>11,027,429</u>
Total depreciable assets, net	<u>2,050,637</u>				<u>1,786,549</u>
Capital assets, net	<u>\$ 3,181,547</u>				<u>\$ 2,917,459</u>

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

Construction Commitments

The government has active construction projects as of June 30, 2020. At year-end, the government's commitments with contractors are as follows:

Project:	
Brevard and Rosman School Renovation Projects	<u>\$ 794,889</u>

B. Liabilities

Payables

Payables at Exhibit A at June 30, 2020 were as follows:

	<u>Vendors</u>	<u>Salaries and Benefits</u>	<u>Due to Other Governments</u>	<u>Accrued Insurance Claims Incurred, But Not Reported</u>	<u>Total</u>
Governmental Activities:					
General	\$ 1,176,176	\$ 517,225	\$ -	\$ 370,793	\$ 2,064,194
Other governmental	72,903	-	105,518	-	178,421
Total governmental activities	<u>\$ 1,249,079</u>	<u>\$ 517,225</u>	<u>\$ 105,518</u>	<u>\$ 370,793</u>	<u>\$ 2,242,615</u>
Business-Type Activities:					
Solid waste	<u>\$ 109,714</u>	<u>\$ 26,401</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 136,115</u>

Pension Plan and Other Post-Employment Obligations

Local Governmental Employees' Retirement System

Plan Description. The County is a participating employer in the state-wide Local Governmental Employees' Retirement System (LGERS), a cost-sharing, multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS membership is comprised of general employees and local law enforcement officers (LEOs) of participating local governmental entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the State Senate, one appointed by the state House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Local Governmental Employees' Retirement System is included in the 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.

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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

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

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. County employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The County's contractually required contribution rate for the year ended June 30, 2020, was 9.70% of compensation for law enforcement officers and 8.95% 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 \$1,595,317 for the year ended June 30, 2020.

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.

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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

At June 30, 2020, the County reported a liability of \$5,907,804 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018. The total pension liability was then rolled forward to the measurement date of June 30, 2019 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension liability was based on a projection of the County's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2020, the County's proportion was 0.21633% (measured as of June 30, 2019), which was an increase of 0.00238% from its proportion as of June 30, 2019 (measured as of June 30, 2018).

For the year ended June 30, 2020, the County recognized pension expense of \$2,682,022. At June 30, 2020, 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	\$ 1,011,566	\$ -
Changes of assumptions	962,874	-
Net difference between projected and actual earnings on pension plan investments	144,100	-
Changes in proportion and differences between County contributions and proportionate share of contributions	101,351	57,063
County contributions subsequent to the measurement date	1,595,317	-
Total	\$ 3,815,208	\$ 57,063

\$1,595,317 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, 2021. 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
2021	\$ 1,076,485
2022	342,419
2023	566,967
2024	176,957
Total	\$ 2,162,828

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

Actuarial Assumptions. The total pension liability in the December 31, 2018 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 8.10 percent, including inflation and productivity factor
Investment rate of return	7.00 percent, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the December 31, 2018 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, 2019 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, 2020

The information above is based on 30-year expectations developed with the consulting actuary for the 2019 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 7.00%. 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 7.00 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 (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
County's proportionate share of the net pension liability (asset)	\$ 13,512,227	\$ 5,907,804	\$ (413,013)

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, 2020

All full-time County law enforcement officers are covered by the Separation Allowance. At December 31, 2018, the Separation Allowance's membership consisted of 57 active plan members and seven retired and terminated members. A separate report was not issued for the plan.

Retirees receiving benefits	7
Active plan members	<u>57</u>
Total	<u><u>64</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, 2018 valuation. The total pension liability in the December 31, 2018 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	3.26 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, 2018 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.

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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

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 \$119,520 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, 2020, the County reported a total pension liability of \$2,019,715. The total pension liability was measured as of December 31, 2019 based on a December 31, 2018 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2019 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2020, the County recognized pension expense of \$166,626.

At June 30, 2020, 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	\$ 92,237	\$ 73,984
Changes of assumptions	98,524	56,929
County benefit payments and plan administrative expense made subsequent to the measurement date	65,047	-
Total	\$ 255,808	\$ 130,913

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

The County paid \$65,047 in benefit payments made and administrative expenses subsequent to the measurement date that are reported as deferred outflows of resources related to pensions which will be recognized as a decrease of the total pension liability in the year ending June 30, 2021. Other amounts reported as deferred inflows and deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending	Amount
<u>June 30</u>	<u>Amount</u>
2021	\$ 24,998
2022	24,998
2023	19,749
2024	(11,621)
2025	1,724
Thereafter	-
Total	<u>\$ 59,848</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 3.26 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 (2.26 percent) or 1-percentage-point higher (4.26 percent) than the current rate:

	1% Decrease (2.26%)	Discount Rate (3.26%)	1% Increase (4.26%)
Total pension liability	<u>\$ 2,166,338</u>	<u>\$ 2,019,715</u>	<u>\$ 1,885,475</u>

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

	2020
Beginning balance	\$ 1,975,412
Service cost	78,197
Interest on the total pension liability	69,997
Difference between expected and actual experience in the measurement of the total pension liability	(36,800)
Changes of assumptions or other inputs	52,429
Benefit payments	(119,520)
Ending balance of the total pension liability	<u>\$ 2,019,715</u>

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

Changes of Assumptions. Changes of assumption and other inputs reflect a change in the Municipal Bond Index Rate from 3.64% at December 31, 2018 to 3.26% at December 31, 2019.

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, 2018 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 \$166,876 for the reporting year. No amounts were forfeited.

Register of Deeds’ Supplemental Pension Fund

Plan Description. Transylvania County also contributes to the Registers of Deeds’ Supplemental Pension Fund (RODSPF), a non-contributory, 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 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

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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 \$3,702 for the year ended June 30, 2020.

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

At June 30, 2020, the County reported an asset of \$78,522 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2019. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2018. The total pension liability was then rolled forward to the measurement date of June 30, 2019 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, 2019, the County's proportion was 0.39774%, which was an increase of 0.03135% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the County recognized pension expense of \$7,150. At June 30, 2020, 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	\$ -	\$ 3,786
Net difference between projected and actual earnings on pension plan investments	803	-
Changes in proportion and differences between County contributions and proportionate share of contributions	4,348	4,555
County contributions subsequent to the measurement date	3,702	-
Total	\$ 8,853	\$ 8,341

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

\$3,702 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, 2021. Other amounts reported as deferred inflows and deferred outflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending</u> <u>June 30</u>	<u>Amount</u>
2021	\$ 1,303
2022	(743)
2023	(2,198)
2024	(1,552)
Total	<u>\$ (3,190)</u>

Actuarial Assumptions. The total pension liability in the December 31, 2018 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, 2018 valuation were based on the results of an actuarial experience study as of 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, 2019 is 1.4%.

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

The information above is based on 30-year expectations developed with the consulting actuary for the 2019 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 3.75%. The projection of cash flows used to determine the discount rate assumed that contributions from employers will be made at statutorily required rates. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	1% Decrease (2.75%)	Discount Rate (3.75%)	1% Increase (4.75%)
County's proportionate share of the net pension liability (asset)	\$ (64,907)	\$ (78,522)	\$ (90,032)

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, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018. The total pension liability for LEOSSA was measured as of June 30, 2019, with an actuarial valuation date of December 31, 2018. The

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

actuarial valuation as of December 31, 2018. The total pension liability for LEOSSA was measured as of June 30, 2019, with an actuarial valuation date of December 31, 2018. 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:

	<u>LGERS</u>	<u>LEOSSA</u>	<u>ROD</u>	<u>Total</u>
Proportionate share of net pension liability (asset)	\$ 5,907,804	N/A	\$ (78,522)	\$ 5,829,282
Proportion of the net pension liability (asset)	0.21633%	N/A	0.39774%	-
Total pension liability	-	2,019,715	-	2,019,715
Pension expense	2,682,022	166,626	7,150	2,855,798

At June 30, 2020, 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	\$ 1,011,566	\$ 92,237	\$ -	\$ 1,103,803
Changes of assumptions	962,874	98,524	-	1,061,398
Net difference between projected and actual earnings on pension plan investments	144,100	-	803	144,903
Changes in proportion and differences between County contributions and proportionate share of contributions	101,351	-	4,348	105,699
County contributions (LGERS, ROD) and benefit payments and administration costs (LEOSSA) subsequent to the measurement date	<u>1,595,317</u>	<u>65,047</u>	<u>3,702</u>	<u>1,664,066</u>
Total	<u>\$ 3,815,208</u>	<u>\$ 255,808</u>	<u>\$ 8,853</u>	<u>\$ 4,079,869</u>

Deferred Inflows of Resources:				
Differences between expected and actual experience	\$ -	\$ 73,984	\$ 3,786	\$ 77,770
Changes of assumptions	-	56,929	-	56,929
Changes in proportion and differences between County contributions and proportionate share of contributions	<u>57,063</u>	<u>-</u>	<u>4,555</u>	<u>61,618</u>
Total	<u>\$ 57,063</u>	<u>\$ 130,913</u>	<u>\$ 8,341</u>	<u>\$ 196,317</u>

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

Other Post-Employment Benefits

Healthcare Benefits

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

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

Membership of the Retiree Health Benefit Plan consisted of the following at June 30, 2018, the date of the latest actuarial valuation:

Retirees and dependents receiving benefits	27
Active plan members	<u>20</u>
Total	<u><u>47</u></u>

Funding Policy. The County pays a portion of the cost of coverage for the healthcare benefits paid to qualified retirees under a County resolution that may be amended by the Board of Commissioners. The County's members pay a monthly fee for dependent coverage. The County has chosen to fund the healthcare benefits on a pay-as-you-go basis. As of June 30, 2020, the County has committed \$2,667,300 for the payment of future retiree health benefits.

Total OPEB Liability

The County's total OPEB liability of \$3,589,919 was measured as of June 30, 2019 and was determined by an actuarial valuation as of June 30, 2018.

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

Actuarial assumptions and other inputs. The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Inflation	2.50 percent
Real wage growth	1.00 percent
Wage inflation	3.50 percent
Salary increases, including wage inflation	
General employees	3.50 - 7.75 percent
Firefighters	3.50 - 7.75 percent
Law enforcement officers	3.50 - 7.35 percent
Municipal bond index rate	
Prior measurement date	3.89 percent
Measurement date	3.50 percent
Healthcare cost trend rates	
Pre-medicare medical and prescription drug	7.25 percent for 2018 decreasing to an ultimate rate of 4.75 percent by 2028
Dental	4.00 percent

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

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Balance at July 1, 2019	\$ 3,660,348
Changes for the year:	
Service cost	34,050
Interest	138,155
Differences between expected and actual experience	(91,156)
Changes of assumptions or other inputs	68,231
Benefit payments	<u>(219,709)</u>
Net changes	<u>(70,429)</u>
Balance at June 30, 2020	<u>\$ 3,589,919</u>

Changes in assumptions and other inputs reflect a change in the Municipal Bond Index Rate from 3.89% to 3.50%.

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

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increases used in the June 30, 2018 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, 2018 valuation were based on a review of recent plan experience done concurrently with the June 30, 2018 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 (2.50 percent) or 1-percentage-point higher (4.50 percent) than the current discount rate:

	1% Decrease (2.50%)	Discount Rate (3.50%)	1% Increase (4.50%)
Total OPEB liability	\$ 3,773,268	\$ 3,589,919	\$ 3,418,511

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

	1% Decrease	Current	1% Increase
Total OPEB liability	\$ 3,389,814	\$ 3,589,919	\$ 3,804,673

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

For the year ended June 30, 2020, the County recognized OPEB expense of \$59,471. At June 30, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 30,385
Changes of assumptions	22,744	-
Benefit payments and plan administrative expense made subsequent to the measurement date	262,055	-
Total	\$ 284,799	\$ 30,385

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

\$262,055 reported as deferred outflows of resources related to OPEB resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total OPEB liability in the year ending June 30, 2021. Other amounts reported as deferred inflows and deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending	
June 30	Total
2021	\$ <u>(7,641)</u>

Other Employment Benefits

The County has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (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 \$6,603,046 reported as landfill closure and post-closure care and PACA liability at June 30, 2020, \$4,823,529 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 88 percent of the total estimated capacity of the landfill. These amounts are based on what it would cost

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

to perform all closure and post-closure care and PACA in 2020. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. The County expects the portion of the Woodruff Road Landfill Facility currently being used to reach its permitted capacity in approximately 7 years.

The County has met the requirements of a local government financial test that is one option under federal and state laws and regulations that help determine if a unit is financially able to meet closure and post-closure care and PACA requirements. In addition, the County has elected to establish a reserve fund to accumulate resources for the payment of the closure and post-closure care costs. As of June 30, 2020, the County had funds of \$3,459,156 in a local bank restricted for this purpose. The County expects that future inflation costs will be paid from the interest earnings in this account. However, if interest earnings are inadequate or additional post-closure care requirements are determined (due to changes in technology or applicable laws or regulations, for example), these costs may need to be covered by charges to future landfill users or by future tax revenues.

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	\$ 4,079,869
OPEB deferrals	284,799
Total	<u>\$ 4,364,668</u>

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

<u>Source</u>	<u>Amount</u>
Prepaid taxes (General Fund)	\$ 13,104
Prepaid taxes (Special Revenue Fund)	1,250
Taxes receivable, net (General Fund)	105,210
Taxes receivable, net (Special Revenue Fund)	9,842
Unavailable revenues (Special Revenue Fund)	178,552
Pension deferrals	196,317
OPEB deferrals	30,385
Total	<u>\$ 534,660</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

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

employment practices liability coverage of \$2 million per occurrence; cyber liability coverage of \$1,000,000 per occurrence; auto physical damage coverage for owned autos at actual cash value; crime coverage of \$250,000 per occurrence; and workers' compensation coverage up to the statutory limits. The pools are audited annually by certified public accountants, and the audited financial statements are available to the County upon request. Both of the pools are reinsured through a multi-state public entity captive for single occurrence losses in excess of \$500,000 retention up to a \$2 million limit for liability coverage, and \$499,750,000 of each loss in excess of \$250,000 per occurrence retention for property and auto physical damage. For workers' compensation, there is a per occurrence retention of \$750,000. For health insurance, the County provides coverage through Blue Cross and Blue Shield of North Carolina and is reinsured for individual losses in excess of \$75,000 and aggregate annual losses in excess of 125 percent of expected claims.

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

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

	<u>2020</u>	<u>2019</u>
Unpaid claims, beginning	\$ 368,367	\$ 371,540
Incurred claims	3,461,849	2,683,629
Claim payments	<u>(3,459,423)</u>	<u>(2,686,802)</u>
Unpaid claims, ending	<u>\$ 370,793</u>	<u>\$ 368,367</u>

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

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

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

The County carries commercial coverage for all other risks of loss. There have been no significant reductions in insurance coverage from the previous year, and settled claims have not exceeded coverage in any of the past three fiscal years.

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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, 2020, totaled \$216,298.

The County's outstanding notes from direct placements related to governmental activities of \$216,298 are secured with mortgaged property. The County's outstanding notes from direct placements related to governmental activities of \$216,298 contain provisions that an event of default would result in (a) declare the unpaid principal components of the Installment Payments immediately due and payable; (b) proceed by appropriate court action to enforce the County's performance of the applicable covenants of the financing agreement or to recover for the breach thereof; (c) as provided in the Project Fund Agreement, pay over any balance remaining in the Project Fund to be applied against outstanding Required Payments in any manner the bank may reasonably deem appropriate; and (d) avail itself of all available remedies under the financing agreement, including execution and foreclosure as provided in Sections 8.03 and 8.04 of the financing agreement, and recovery of attorneys' fees and other expenses.

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

Year Ending				
June 30	Principal	Interest	Total	
2021	\$ 108,148	\$ 4,521	\$ 112,669	
2022	108,150	2,260	110,410	
Total	<u>\$ 216,298</u>	<u>\$ 6,781</u>	<u>\$ 223,079</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, 2020 totaled \$676,667.

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, 2020 totaled \$1,178,312.

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

The County's outstanding notes from direct placements related to governmental activities of \$676,667 contain provisions that an event of default would result in (a) declare the entire principal amount of the Installment Payments and all accrued interest and other charged immediately due and payable without notice or demand to the County; (b) proceed by appropriate court action to enforce performance by the County of the applicable covenants of this Contract or to recover for the breach thereof; (c) exercise all the rights and remedies of a secured party or creditor under the Uniform Commercial Code of the State of North Carolina and the general laws of the State of North Carolina with respect to the enforcement of the security interest granted or reserved hereunder, including, without limitation, to the extent permitted by law, take possession of any collateral without any court order or other process of law and without liability for entering the Property and sell, lease, sublease or make other disposition of the same in a commercially reasonable manner for the account of the County, and apply the proceeds of any such sale, lease, sublease or other disposition, after deducting all costs and expenses, including court costs and attorneys' fees, incurred with the recovery, repair, storage and other sale, lease, sublease or other disposition costs, toward the balance due under this Contract and, thereafter, shall pay any remaining proceeds to the County; (d) take possession of any proceeds of the Property, including Net Proceeds; or (e) pursue any other remedy available at law or equity to the Bank.

The County's outstanding notes from direct placements related to governmental activities of \$1,178,312 are secured with mortgaged property. The County's outstanding notes from direct placements related to governmental activities of \$1,178,312 contain provisions that an event of default would result in (a) declare the unpaid principal components of the Installment Payments immediately due and payable; (b) proceed by appropriate court action to enforce the County's performance of the applicable covenants of the financing agreement or to recover for the breach thereof; (c) as provided in the Project Fund Agreement, pay over any balance remaining in the Project Fund to be applied against outstanding Required Payments in any manner the bank may reasonably deem appropriate; and (d) avail itself of all available remedies under the financing agreement, including execution and foreclosure as provided in Sections 8.03 and 8.04 of the financing agreement, and recovery of attorneys' fees and other expenses.

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

Year Ending June 30	Principal	Interest	Total
2021	\$ 313,830	\$ 55,592	\$ 369,422
2022	313,830	44,194	358,024
2023	313,830	32,796	346,626
2024	217,164	21,911	239,075
2025	120,497	17,190	137,687
2026-2030	<u>575,828</u>	<u>38,233</u>	<u>614,061</u>
Total	<u>\$ 1,854,979</u>	<u>\$ 209,916</u>	<u>\$ 2,064,895</u>

At June 30, 2020, the County had a legal debt margin of \$474,031,940.

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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, 2020:

	<u>July 1, 2019</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2020</u>	<u>Current Portion</u>
Governmental Activities:					
Qualified School Construction debt	\$ 324,446	\$ -	\$ 108,148	\$ 216,298	\$ 108,148
Installment financing	2,168,809	-	313,830	1,854,979	313,830
Net pension liability - LGERS	4,821,845	790,569	-	5,612,414	-
Total pension liability - LEO	1,975,412	44,303	-	2,019,715	-
Total OPEB liability	3,477,331	-	66,908	3,410,423	-
Compensated absences	1,261,569	2,634,737	1,299,085	2,597,221	2,207,638
Total	<u>\$ 14,029,412</u>	<u>\$ 3,469,609</u>	<u>\$ 1,787,971</u>	<u>\$ 15,711,050</u>	<u>\$ 2,629,616</u>
Business-Type Activities:					
Total OPEB liability	\$ 183,017	\$ -	\$ 3,521	\$ 179,496	\$ -
Net pension liability - LGERS	253,781	41,609	-	295,390	-
Accrued landfill closure and post-closure care costs	6,353,422	249,624	-	6,603,046	-
Compensated absences	24,002	45,687	37,282	32,407	27,546
Total	<u>\$ 6,814,222</u>	<u>\$ 336,920</u>	<u>\$ 40,803</u>	<u>\$ 7,110,339</u>	<u>\$ 27,546</u>

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

C. Net Investment in Capital Assets

The total net investment in capital assets as of June 30, 2020, is composed of the following elements:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Capital assets, net of accumulated depreciation	\$ 40,681,146	\$ 2,917,459
Less: capital debt		
Gross debt	2,071,277	-
Less:		
School debt related to assets to which the County does not hold title	(216,298)	-
Net capital debt	<u>1,854,979</u>	<u>-</u>
Net investment in capital assets	<u>\$ 38,826,167</u>	<u>\$ 2,917,459</u>

TRANSYLVANIA COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

D. Interfund Balances and Activity

Transfers from/to other funds for the year ended June 30, 2020 consist of the following:

From the General Fund to the Education Capital Project Fund to provide initial funding levels for projects prior to debt issuance	\$ 5,283,182
From the General Fund to the HOME Fund to provide initial funds for project expenditures	17,609
From the General Fund to the Disaster Response Fund for compensate for timing of reimbursement of funds	40,000
From the General Fund to the Water and Sewer Development Fund to provide initial funding for project activity	404,250
From the General Fund to the Solid Waste Fund to supplement other funding sources	<u>147,000</u>
Total transfers from General Fund to other funds	<u>\$ 5,892,041</u>
To the General Fund from the Golden Leaf Capital Projects Fund to close project	\$ 459,222
To the General Fund from the Schools QZAB Fund to close project	22,125
To the General Fund from the General Capital Project Funds to close project	<u>384,590</u>
Total transfers from other funds to General Fund	<u>\$ 865,937</u>

The due to/from other funds at June 30, 2020 consist of the following:

Receivable Fund	Payable Fund	Amount
General Fund	Disaster Response Fund	<u>\$ 142,596</u>

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

4. Related Organization

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

5. Joint Ventures

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

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

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

The County, in conjunction with 21 other counties, is a member of the Vaya Health Local Management Entity (LME), which provides mental health, development disability, and substance abuse services to residents of the twenty-two County area. Each participating government appoints members to the governing board of the LME. The County has ongoing financial responsibility to provide maintenance of effort funding to assist in providing mental health services primarily within the County. The County contributed \$99,261 towards this maintenance of effort in the form of grants to service providers during the fiscal year ended June 30, 2020. None of the 22 participating governments has any equity interest in the LME, so no equity has been reflected in the financial statements at June 30, 2020. Complete financial statements for the LME may be obtained from the LME's administrative office at 200 Ridgefield Court, Asheville, North Carolina.

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

The County has entered into a contract with Mountain BizCapital, d/b/a Mountain BizWorks, a U.S. Treasury certified non-profit community development financial institution, to oversee a small business loan portfolio. The County has provided an initial outlay of \$150,000 for BizWorks to make loans to qualifying small businesses impacted by the Covid-19 pandemic and economic closures and will receive funds back as they are repaid. Given the terms of the loan, the County expects this partnership to last between three to five years as the loans are paid back by recipient business institutions.

6. 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.

7. Claims and Judgments

At June 30, 2020, 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.

8. Subsequent Events

In March 2020, the World Health Organization declared the outbreak of a coronavirus (COVID-19), a pandemic. As a result, economic uncertainties have arisen which are likely to negatively impact County revenues. At the current time, we are unable to quantify the potential effects of this pandemic.

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 Four Fiscal Years**
- **Schedule of Total Pension Liability as a Percentage of Covered Payroll for Law Enforcement Officers' Special Separation Allowance – Last Four 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 Seven Fiscal Years**
- **Schedule of Contributions to Local Government Employees' Retirement System – Last Seven Fiscal Years**
- **Schedule of Proportionate Share of Net Pension Liability (Asset) for Register of Deed's Supplemental Pension Fund – Last Seven Fiscal Years**
- **Schedule of Contributions to Register of Deed's Supplemental Pension Fund – Last Seven Fiscal Years**

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TRANSYLVANIA COUNTY, NORTH CAROLINA

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

Law Enforcement Officers' Special Separation Allowance				
	2020	2019	2018	2017
Beginning balance	\$ 1,975,412	\$ 2,066,762	\$ 1,694,384	\$ 1,655,418
Service cost	78,197	82,840	75,265	72,405
Interest on the total pension liability	69,997	63,707	64,010	58,119
Differences between expected and actual experience				
in the measurement of the total pension liability	(36,800)	(68,096)	190,712	-
Changes of assumptions or other inputs	52,429	(68,389)	114,593	(36,692)
Benefit payments	(119,520)	(101,412)	(72,202)	(54,866)
Ending balance of the total pension liability	<u>\$ 2,019,715</u>	<u>\$ 1,975,412</u>	<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 FOUR FISCAL YEARS**

	Law Enforcement Officers' Special Separation Allowance			
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total pension liability	\$ 2,019,715	\$ 1,975,412	\$ 2,066,762	\$ 1,694,384
Covered payroll	2,804,103	2,979,305	3,025,120	2,838,700
Total pension liability as a percentage of covered payroll	72.03%	66.30%	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
 LAST THREE FISCAL YEARS**

Other Post-Employment Benefits			
	2020	2019	2018
Service cost	\$ 34,050	\$ 59,784	\$ 64,873
Interest	138,155	132,075	117,703
Differences between expected and actual experience	(91,156)	(285,138)	(138,367)
Changes of assumptions or other inputs	68,231	112,290	(115,172)
Benefit payments	(219,709)	(136,057)	(123,160)
Net change in total OPEB liability	(70,429)	(117,046)	(194,123)
Total OPEB liability - beginning	3,660,348	3,777,394	3,971,517
Total OPEB liability - ending	<u>\$ 3,589,919</u>	<u>\$ 3,660,348</u>	<u>\$ 3,777,394</u>
Covered payroll	\$ 1,153,125	\$ 1,153,125	\$ 2,033,757
Total OPEB liability as a percentage of covered payroll	311.32%	317.43%	185.73%

Notes to the Required Schedules:

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

Fiscal Year	Rate
2018	3.56%
2019	3.89%
2020	3.50%

TRANSYLVANIA COUNTY, NORTH CAROLINA

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

	Local Governmental Employees' Retirement System						
	2020	2019	2018	2017	2016	2015	2014
County's proportion of the net pension liability (asset) (%)	0.21633%	0.21395%	0.22859%	0.21772%	0.21686%	0.21288%	0.21400%
County's proportion of the net pension liability (asset) (\$)	\$ 5,907,804	\$ 5,075,626	\$ 3,492,222	\$ 4,620,747	\$ 973,254	\$ (1,255,453)	\$ 2,579,522
County's covered payroll	\$15,202,874	\$14,316,146	\$14,615,583	\$13,754,619	\$13,295,491	\$12,789,506	\$11,643,680
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	38.86%	35.45%	23.89%	33.59%	7.32%	-9.82%	22.15%
Plan fiduciary net position as a percentage of the total pension liability**	90.86%	91.63%	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 SEVEN FISCAL YEARS

	Local Governmental Employees' Retirement System						
	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 1,595,317	\$ 1,197,774	\$ 1,095,723	\$ 1,082,984	\$ 932,593	\$ 939,521	\$ 903,438
Contributions in relation to the contractually required contribution	<u>1,595,317</u>	<u>1,197,774</u>	<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>	<u>\$ -</u>	<u>\$ -</u>
County's covered payroll	\$ 17,525,902	\$ 15,202,874	\$ 14,316,146	\$ 14,615,583	\$ 13,754,619	\$ 13,295,491	\$ 12,789,506
Contributions as a percentage of covered payroll	9.10%	7.88%	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 SEVEN FISCAL YEARS***

	Register of Deeds' Supplemental Pension Fund						
	2020	2019	2018	2017	2016	2015	2014
County's proportion of the net pension liability (asset) (%)	0.39774%	0.36639%	0.42666%	0.42072%	0.41405%	0.40700%	0.40500%
County's proportion of the net pension liability (asset) (\$)	\$ (78,522)	\$ (60,685)	\$ (72,827)	\$ (78,658)	\$ (95,952)	\$ (92,215)	\$ (86,472)
County's covered payroll	\$ 70,056	\$ 68,692	\$ 69,825	\$ 67,880	\$ 64,593	\$ 62,675	\$ 61,449
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	-112.08%	-88.34%	-104.30%	-115.88%	-148.55%	-147.13%	-140.72%
Plan fiduciary net position as a percentage of the total pension liability**	164.11%	153.31%	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 SEVEN FISCAL YEARS

	Register of Deeds' Supplemental Pension Fund						
	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 3,702	\$ 3,452	\$ 3,463	\$ 3,707	\$ 3,437	\$ 3,313	\$ 3,322
Contributions in relation to the contractually required contribution	3,702	3,452	3,463	3,707	3,437	3,313	3,322
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
County's covered payroll	\$ 79,811	\$ 70,056	\$ 68,692	\$ 69,825	\$ 67,880	\$ 64,593	\$ 62,675
Contributions as a percentage of covered payroll	4.64%	4.93%	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.

MAJOR SPECIAL REVENUE FUND

DISASTER RESPONSE FUND

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

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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, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Ad Valorem Taxes:			
Taxes	\$ 37,262,236	\$ 37,704,183	\$ 441,947
Penalties and interest	81,400	97,023	15,623
Total	<u>37,343,636</u>	<u>37,801,206</u>	<u>457,570</u>
Local Option Sales Taxes:			
Article 39 and 44	3,750,000	4,141,763	391,763
Article 40, one-half of one percent	2,775,000	2,667,695	(107,305)
Article 42, one-half of one percent	2,100,000	2,169,439	69,439
Medicaid hold harmless	750,000	862,783	112,783
Total	<u>9,375,000</u>	<u>9,841,680</u>	<u>466,680</u>
Other Taxes and Licenses:			
Deed stamp excise tax	150,000	143,392	(6,608)
Real estate transfer tax	725,000	722,718	(2,282)
Occupancy tax	1,024,522	991,196	(33,326)
Total	<u>1,899,522</u>	<u>1,857,306</u>	<u>(42,216)</u>
Unrestricted Intergovernmental Revenues:			
Payments in lieu of taxes - outside sources	265,000	246,602	(18,398)
ABC profit distribution & 5 cent bottle liquor	216,000	199,461	(16,539)
Video programming services tax	111,000	99,217	(11,783)
Total	<u>592,000</u>	<u>545,280</u>	<u>(46,720)</u>
Restricted Intergovernmental Revenues:			
State grants	1,049,610	1,175,960	126,350
Federal grants	4,555,630	4,422,716	(132,914)
Court facility fees	30,750	25,362	(5,388)
Other restricted funds	323,382	175,230	(148,152)
Total	<u>5,959,372</u>	<u>5,799,268</u>	<u>(160,104)</u>
Permits and Fees:			
Register of Deeds	69,550	74,067	4,517
Other	-	1,943	1,943
Building permits	460,000	466,113	6,113
Total	<u>529,550</u>	<u>542,123</u>	<u>12,573</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, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Sales and Services:			
Rents, concessions, and fees	1,927,537	1,920,110	(7,427)
Ambulance fees	1,529,578	1,121,149	(408,429)
Recreation department	40,000	50,189	10,189
Town of Rosman	6,371	5,951	(420)
City of Brevard	147,224	13,471	(133,753)
Total	<u>3,650,710</u>	<u>3,110,870</u>	<u>(539,840)</u>
Investment Earnings	<u>560,000</u>	<u>366,894</u>	<u>(193,106)</u>
Miscellaneous:			
Joint Historical Preservation	-	260	260
Donations	8,500	78,761	70,261
County Recovery Fund	300	934	634
Other	90,494	296,523	206,029
Total	<u>99,294</u>	<u>376,478</u>	<u>277,184</u>
Total revenues	<u>60,009,084</u>	<u>60,241,105</u>	<u>232,021</u>
Expenditures:			
General Government:			
Governing Board:			
Salaries and employee benefits	101,077	99,312	1,765
Other operating expenditures	258,885	260,345	(1,460)
Capital outlay	443,326	443,327	(1)
Total	<u>803,288</u>	<u>802,984</u>	<u>304</u>
Administration:			
Salaries and employee benefits	793,338	586,107	207,231
Other operating expenditures	1,363,637	1,200,015	163,622
Capital outlay	173,520	23,053	150,467
Total	<u>2,330,495</u>	<u>1,809,175</u>	<u>521,320</u>
Elections:			
Salaries and employee benefits	257,025	255,858	1,167
Other operating expenditures	182,575	130,096	52,479
Capital outlay	140,000	166,134	(26,134)
Total	<u>579,600</u>	<u>552,088</u>	<u>27,512</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, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Finance:			
Salaries and employee benefits	474,820	477,103	(2,283)
Other operating expenditures	751,921	590,947	160,974
Total	<u>1,226,741</u>	<u>1,068,050</u>	<u>158,691</u>
Taxes:			
Salaries and employee benefits	951,842	965,817	(13,975)
Other operating expenditures	350,772	303,730	47,042
Total	<u>1,302,614</u>	<u>1,269,547</u>	<u>33,067</u>
Legal:			
Contracted services	87,395	87,480	(85)
Other operating expenditures	7,140	6,623	517
Total	<u>94,535</u>	<u>94,103</u>	<u>432</u>
Register of Deeds:			
Salaries and employee benefits	342,712	339,103	3,609
Other operating expenditures	452,132	455,819	(3,687)
Capital outlay	37,814	37,814	-
Total	<u>832,658</u>	<u>832,736</u>	<u>(78)</u>
Public Buildings:			
Salaries and employee benefits	670,545	693,780	(23,235)
Other operating expenditures	525,566	366,906	158,660
Capital outlay	1,280,750	831,653	449,097
Total	<u>2,476,861</u>	<u>1,892,339</u>	<u>584,522</u>
Court Facilities:			
Other operating expenditures	18,100	18,022	78
Information Technology:			
Salaries and employee benefits	343,340	366,483	(23,143)
Other operating expenditures	321,228	292,788	28,440
Capital outlay	-	-	-
Total	<u>664,568</u>	<u>659,271</u>	<u>5,297</u>
Project Management:			
Salaries and employee benefits	106,853	105,666	1,187
Other operating expenditures	400	21	379
Total	<u>107,253</u>	<u>105,687</u>	<u>1,566</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, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Self Insurance:			
Claims cost	3,352,579	3,459,423	(106,844)
Employee premiums/cobra payments	(616,094)	(462,756)	(153,338)
Administrative costs	1,159,764	1,056,998	102,766
County portion of premiums charged	(3,870,000)	(3,859,840)	(10,160)
Retiree insurance	104,797	107,581	(2,784)
Total	<u>131,046</u>	<u>301,406</u>	<u>(170,360)</u>
Employee Wellness Center:			
Other operating expenditures	<u>156,070</u>	<u>156,974</u>	<u>(904)</u>
Total general government	<u>10,723,829</u>	<u>9,562,382</u>	<u>1,161,447</u>
Public Safety:			
Sheriff and Jail:			
Salaries and employee benefits	7,280,963	6,657,214	623,749
Other operating expenditures	1,421,205	1,335,852	85,353
Capital outlay	353,000	277,251	75,749
Total	<u>9,055,168</u>	<u>8,270,317</u>	<u>784,851</u>
Emergency Management:			
Salaries and employee benefits	451,072	457,622	(6,550)
Other operating expenditures	90,535	67,284	23,251
Capital outlay	140,700	23,630	117,070
Total	<u>682,307</u>	<u>548,536</u>	<u>133,771</u>
Fire:			
Contracted services	<u>1,363,608</u>	<u>1,325,044</u>	<u>38,564</u>
Rescue Units:			
Contracted services	<u>436,450</u>	<u>436,450</u>	<u>-</u>
Emergency Medical Services:			
Salaries and employee benefits	2,259,819	1,977,632	282,187
Other operating expenditures	364,173	258,909	105,264
Capital outlay	214,542	192,168	22,374
Total	<u>2,838,534</u>	<u>2,428,709</u>	<u>409,825</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, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Medical Examiner:			
Contracted services	29,000	18,100	10,900
Emergency Communications:			
Salaries and employee benefits	1,011,699	1,019,282	(7,583)
Other operating expenditures	343,769	103,819	239,950
Capital outlay	1,335,649	710,760	624,889
Total	<u>2,691,117</u>	<u>1,833,861</u>	<u>857,256</u>
Animal Control:			
Salaries and employee benefits	387,274	395,010	(7,736)
Other operating expenditures	124,436	96,114	28,322
Capital outlay	42,500	42,834	(334)
Total	<u>554,210</u>	<u>533,958</u>	<u>20,252</u>
Inspections:			
Salaries and employee benefits	526,979	529,911	(2,932)
Other operating expenditures	42,919	28,581	14,338
Capital outlay	23,180	23,150	30
Total	<u>593,078</u>	<u>581,642</u>	<u>11,436</u>
Total public safety	<u>18,243,472</u>	<u>15,976,617</u>	<u>2,266,855</u>
Transportation:			
Salaries and employee benefits	359,908	267,176	92,732
Other operating expenditures	137,427	98,552	38,875
Capital outlay	62,820	1,739	61,081
Total transportation	<u>560,155</u>	<u>367,467</u>	<u>192,688</u>
Economic and Physical Development:			
Planning:			
Salaries and employee benefits	261,547	205,142	56,405
Other operating expenditures	109,995	112,056	(2,061)
Total	<u>371,542</u>	<u>317,198</u>	<u>54,344</u>
Economic Development:			
Operating expenditures	483,655	483,655	-
Total	<u>483,655</u>	<u>483,655</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, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Cooperative Extension:			
Salaries and employee benefits	207,194	210,494	(3,300)
Other operating expenditures	32,739	24,228	8,511
Total	<u>239,933</u>	<u>234,722</u>	<u>5,211</u>
Soil and Water Conservation:			
Salaries and employee benefits	161,334	161,710	(376)
Other operating expenditures	44,153	26,779	17,374
Total	<u>205,487</u>	<u>188,489</u>	<u>16,998</u>
TDA Remittances:			
Other operating expenditures	1,006,022	971,481	34,541
Total economic and physical development	<u>2,306,639</u>	<u>2,195,545</u>	<u>111,094</u>
Human Services:			
Health:			
Administration:			
Salaries and employee benefits	2,522,317	2,408,313	114,004
Other operating expenditures	536,422	469,300	67,122
Total	<u>3,058,739</u>	<u>2,877,613</u>	<u>181,126</u>
Social Services:			
Administration:			
Salaries and employee benefits	4,037,504	3,794,281	243,223
Other operating expenditures	384,007	317,461	66,546
Total	<u>4,421,511</u>	<u>4,111,742</u>	<u>309,769</u>
Public Assistance:			
Special assistance to adults:			
County participation only	182,431	186,106	(3,675)
Medicaid program:			
Medicaid transportation	71,760	57,985	13,775
Workfirst recipient benefits:			
Other operating expenditures	-	1,125	(1,125)
Other assistance:			
Other program expenditures	1,245,762	1,042,793	202,969
Total	<u>1,499,953</u>	<u>1,288,009</u>	<u>211,944</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, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Child Development:			
Salaries and employee benefits	767,869	770,611	(2,742)
Other operating expenditures	105,490	85,887	19,603
Total	<u>873,359</u>	<u>856,498</u>	<u>16,861</u>
Total social services	<u>6,794,823</u>	<u>6,256,249</u>	<u>538,574</u>
Veteran's Service Officer:			
Salaries and employee benefits	33,856	31,482	2,374
Other operating expenditures	8,180	7,382	798
Total	<u>42,036</u>	<u>38,864</u>	<u>3,172</u>
Other Services:			
Juvenile crime prevention	119,821	118,940	881
Children's Center	80,000	65,997	14,003
HCCBG	23,740	2,130	21,610
Other services	161,261	161,261	-
Total	<u>384,822</u>	<u>348,328</u>	<u>36,494</u>
Total human services	<u>10,280,420</u>	<u>9,521,054</u>	<u>759,366</u>
Cultural and Recreational:			
Parks and Recreation:			
Salaries and employee benefits	560,870	533,540	27,330
Other operating expenditures	215,669	201,871	13,798
Capital outlay	534,900	230,702	304,198
Total	<u>1,311,439</u>	<u>966,113</u>	<u>345,326</u>
Library:			
Salaries and employee benefits	1,134,933	1,107,890	27,043
Other operating expenditures	289,075	303,003	(13,928)
Capital outlay	20,000	18,690	1,310
Total	<u>1,444,008</u>	<u>1,429,583</u>	<u>14,425</u>
Other:			
Other	<u>29,300</u>	<u>28,890</u>	<u>410</u>
Total cultural and recreational	<u>2,784,747</u>	<u>2,424,586</u>	<u>360,161</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, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Education:			
Public schools - current	12,740,312	12,740,313	(1)
Public schools - capital outlay	1,561,886	1,306,400	255,486
Blue Ridge Community College	<u>749,279</u>	<u>749,279</u>	<u>-</u>
Total education	<u>15,051,477</u>	<u>14,795,992</u>	<u>255,485</u>
Debt Service:			
Principal retirement	421,980	421,978	2
Interest and fees	<u>76,065</u>	<u>73,771</u>	<u>2,294</u>
Total	<u>498,045</u>	<u>495,749</u>	<u>2,296</u>
Total expenditures	<u>60,448,784</u>	<u>55,339,392</u>	<u>5,109,392</u>
Revenues over (under) expenditures	<u>(439,700)</u>	<u>4,901,713</u>	<u>5,341,413</u>
Other Financing Sources (Uses):			
Transfers in:			
Capital project funds	964,595	865,937	(98,658)
Permanent Fund	80,000	-	(80,000)
Transfers out:			
Special revenue funds	(57,609)	(57,609)	-
Enterprise funds	(551,250)	(551,250)	-
Capital project funds	(9,011,497)	(5,283,182)	3,728,315
Appropriated fund balance	<u>9,015,461</u>	<u>-</u>	<u>(9,015,461)</u>
Total other financing sources (uses)	<u>439,700</u>	<u>(5,026,104)</u>	<u>(5,465,804)</u>
Net change in fund balance	<u>\$ -</u>	<u>(124,391)</u>	<u>\$ (124,391)</u>
Fund Balance:			
Beginning of year - July 1		<u>33,777,881</u>	
Reconciliation from Budgetary Basis to Modified Accrual Basis:			
Current year loan receivable		4,652,871	
Current year loan receivable repayments		<u>(139,695)</u>	
End of year - June 30		<u>\$ 33,513,795</u>	

TRANSYLVANIA COUNTY, NORTH CAROLINA

DISASTER RESPONSE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2020

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual</u>		<u>Variance Over/Under</u>
			<u>Current Year</u>	<u>Total to Date</u>	
Revenues:					
CARES Relief Fund	\$ 611,757	\$ -	\$ 611,276	\$ 611,276	\$ (481)
FEMA	250,000	-	-	-	(250,000)
CARES Act NCDOT	85,686	-	90,555	90,555	4,869
Investment earnings	-	-	716	716	716
Total revenues	<u>947,443</u>	<u>-</u>	<u>702,547</u>	<u>702,547</u>	<u>(244,896)</u>
Expenditures:					
Public safety:					
Salaries and benefits	580,914	-	586,461	586,461	(5,547)
Operating expenses	286,729	-	251,564	251,564	35,165
Capital outlay	<u>119,800</u>	<u>-</u>	<u>119,370</u>	<u>119,370</u>	<u>430</u>
Total expenditures	<u>987,443</u>	<u>-</u>	<u>957,395</u>	<u>957,395</u>	<u>30,048</u>
Revenues over (under) expenditures	(40,000)	-	(254,848)	(254,848)	(214,848)
Other Financing Sources (Uses):					
Transfer in	<u>40,000</u>	<u>-</u>	<u>40,000</u>	<u>40,000</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>(214,848)</u>	<u>\$ (214,848)</u>	<u>\$ (214,848)</u>
Fund Balance:					
Beginning of year - July 1			<u>-</u>		
End of year - June 30			<u>\$ (214,848)</u>		

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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.

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

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

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

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

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TRANSYLVANIA COUNTY, NORTH CAROLINA

NONMAJOR GOVERNMENTAL FUNDS
 COMBINING BALANCE SHEET
 JUNE 30, 2020

	Nonmajor Special Revenue Funds	Nonmajor Capital Project Funds	Permanent Fund	Total
Assets:				
Cash and investments	\$ 1,040,918	\$ 3,983,035	\$ 233,971	\$ 5,257,924
Taxes receivable, net	9,842	-	-	9,842
Due from other governments	54,718	-	-	54,718
Cash and investments, restricted	-	-	108,367	108,367
Total assets	<u>\$ 1,105,478</u>	<u>\$ 3,983,035</u>	<u>\$ 342,338</u>	<u>\$ 5,430,851</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable and accrued liabilities	\$ 14,240	\$ -	\$ -	\$ 14,240
Total liabilities	<u>14,240</u>	<u>-</u>	<u>-</u>	<u>14,240</u>
Deferred Inflows of Resources:				
Property taxes receivable	9,842	-	-	9,842
Prepaid taxes	1,250	-	-	1,250
Total deferred inflows of resources	<u>11,092</u>	<u>-</u>	<u>-</u>	<u>11,092</u>
Fund Balances:				
Non-spendable, not in spendable form:				
Perpetual maintenance - non-expendable	-	-	108,367	108,367
Stabilization by state statute	54,718	-	-	54,718
Restricted, all other	1,025,428	-	233,971	1,259,399
Committed	-	3,983,035	-	3,983,035
Total fund balances	<u>1,080,146</u>	<u>3,983,035</u>	<u>342,338</u>	<u>5,405,519</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,105,478</u>	<u>\$ 3,983,035</u>	<u>\$ 342,338</u>	<u>\$ 5,430,851</u>

TRANSYLVANIA COUNTY, NORTH CAROLINA

**NONMAJOR GOVERNMENTAL FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 FOR THE YEAR ENDED JUNE 30, 2020**

	Nonmajor Special Revenue Funds	Nonmajor Capital Project Funds	Permanent Fund	Total
Revenues:				
Ad valorem taxes	\$ 2,726,141	\$ -	\$ -	\$ 2,726,141
Restricted intergovernmental revenues	404,855	-	-	404,855
Donations and grants	-	179,688	-	179,688
Interest earned on investments	10,622	7,185	2,884	20,691
Local appropriations	154,323	-	-	154,323
Total revenues	<u>3,295,941</u>	<u>186,873</u>	<u>2,884</u>	<u>3,485,698</u>
Expenditures:				
Current:				
Public safety	3,124,423	-	-	3,124,423
Economic and physical development	76,914	-	-	76,914
Education	-	1,300,147	-	1,300,147
Total expenditures	<u>3,201,337</u>	<u>1,300,147</u>	<u>-</u>	<u>4,501,484</u>
Revenues over (under) expenditures	<u>94,604</u>	<u>(1,113,274)</u>	<u>2,884</u>	<u>(1,015,786)</u>
Other Financing Sources (Uses):				
Transfers in	17,609	5,283,182	-	5,300,791
Transfers out	-	(865,937)	-	(865,937)
Total other financing sources (uses)	<u>17,609</u>	<u>4,417,245</u>	<u>-</u>	<u>4,434,854</u>
Net change in fund balances	112,213	3,303,971	2,884	3,419,068
Fund Balances:				
Beginning of year - July 1	<u>967,933</u>	<u>679,064</u>	<u>339,454</u>	<u>1,986,451</u>
End of year - June 30	<u>\$ 1,080,146</u>	<u>\$ 3,983,035</u>	<u>\$ 342,338</u>	<u>\$ 5,405,519</u>

TRANSYLVANIA COUNTY, NORTH CAROLINA

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2020

	Fire Districts Fund	Emergency Telephone System Fund	HOME Fund	Narcotics Task Force Fund	Total
Assets:					
Cash and investments	\$ 668,456	\$ 218,139	\$ -	\$ 154,323	\$ 1,040,918
Taxes receivable, net	9,842	-	-	-	9,842
Due from other governments	13,980	40,738	-	-	54,718
Total assets	<u>\$ 692,278</u>	<u>\$ 258,877</u>	<u>\$ -</u>	<u>\$ 154,323</u>	<u>\$ 1,105,478</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:					
Liabilities:					
Accounts payable	\$ -	\$ 14,240	\$ -	\$ -	\$ 14,240
Total liabilities	<u>-</u>	<u>14,240</u>	<u>-</u>	<u>-</u>	<u>14,240</u>
Deferred Inflows of Resources:					
Property taxes receivable	9,842	-	-	-	9,842
Prepaid taxes	1,250	-	-	-	1,250
Total deferred inflows of resources	<u>11,092</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,092</u>
Fund Balances:					
Restricted:					
Stabilization by state statute	13,980	40,738	-	-	54,718
Restricted, all other	667,206	203,899	-	154,323	1,025,428
Total fund balances	<u>681,186</u>	<u>244,637</u>	<u>-</u>	<u>154,323</u>	<u>1,080,146</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 692,278</u>	<u>\$ 258,877</u>	<u>\$ -</u>	<u>\$ 154,323</u>	<u>\$ 1,105,478</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, 2020**

	Fire Districts Fund	Emergency Telephone System Fund	HOME Fund	Narcotics Task Force Fund	Total
Revenues:					
Ad valorem taxes	\$ 2,726,141	\$ -	\$ -	\$ -	\$ 2,726,141
Restricted intergovernmental	-	404,855	-	-	404,855
Investment earnings	7,499	2,927	196	-	10,622
Local appropriations	-	-	-	154,323	154,323
Total revenues	<u>2,733,640</u>	<u>407,782</u>	<u>196</u>	<u>154,323</u>	<u>3,295,941</u>
Expenditures:					
Public safety	2,624,362	500,061	-	-	3,124,423
Economic and physical development	-	-	76,914	-	76,914
Total expenditures	<u>2,624,362</u>	<u>500,061</u>	<u>76,914</u>	<u>-</u>	<u>3,201,337</u>
Revenues over (under) expenditures	<u>109,278</u>	<u>(92,279)</u>	<u>(76,718)</u>	<u>154,323</u>	<u>94,604</u>
Other Financing Sources (Uses):					
Transfers in	-	-	17,609	-	17,609
Net change in fund balances	109,278	(92,279)	(59,109)	154,323	112,213
Fund Balances:					
Beginning of year - July 1	<u>571,908</u>	<u>336,916</u>	<u>59,109</u>	<u>-</u>	<u>967,933</u>
End of year - June 30	<u>\$ 681,186</u>	<u>\$ 244,637</u>	<u>\$ -</u>	<u>\$ 154,323</u>	<u>\$ 1,080,146</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, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Ad valorem taxes:			
Current year	\$ 2,642,401	\$ 2,718,670	\$ 76,269
Prior year	-	5,359	5,359
Penalties and interest	-	2,112	2,112
Investment earnings	-	7,499	7,499
Total revenues	<u>2,642,401</u>	<u>2,733,640</u>	<u>91,239</u>
Expenditures:			
Public safety:			
Sylvan Valley Fire District	410,692	410,692	-
Rosman Fire District	315,566	315,566	-
Little River Fire District	282,666	282,666	-
Connestee Falls Fire District	526,181	526,181	-
Cedar Mountain Fire District	77,381	77,381	-
Lake Toxaway Fire District	892,609	892,609	-
Balsam Grove Fire District	49,554	49,553	1
North Transylvania Fire District	69,714	69,714	-
Total expenditures	<u>2,624,363</u>	<u>2,624,362</u>	<u>1</u>
Revenues over (under) expenditures	<u>18,038</u>	<u>109,278</u>	<u>91,240</u>
Other Financing Sources (Uses):			
Transfer out	(78,038)	-	78,038
Appropriated fund balance	<u>60,000</u>	-	<u>(60,000)</u>
Total other financing sources (uses)	<u>(18,038)</u>	-	<u>18,038</u>
Net change in fund balance	<u>\$ -</u>	<u>109,278</u>	<u>\$ 109,278</u>
Fund Balance:			
Beginning of year - July 1		<u>571,908</u>	
End of year - June 30		<u>\$ 681,186</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, 2020**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Restricted intergovernmental	\$ 404,855	\$ 404,855	\$ -
Investment earnings	<u>1,000</u>	<u>2,927</u>	<u>1,927</u>
Total revenues	<u>405,855</u>	<u>407,782</u>	<u>1,927</u>
Expenditures:			
Public safety:			
Phone and furniture	24,000	21,649	2,351
Software and hardware	209,756	120,784	88,972
Hardware	160,644	160,644	-
Training	10,225	6,476	3,749
Implemental functions	38,474	133,546	(95,072)
City distribution	<u>56,962</u>	<u>56,962</u>	<u>-</u>
Total expenditures	<u>500,061</u>	<u>500,061</u>	<u>-</u>
Revenues over (under) expenditures	(94,206)	(92,279)	1,927
Other Financing Sources (Uses):			
Appropriated fund balance	<u>94,206</u>	<u>-</u>	<u>(94,206)</u>
Net change in fund balance	<u>\$ -</u>	<u>(92,279)</u>	<u>\$ (92,279)</u>
Fund Balance:			
Beginning of year - July 1		<u>336,916</u>	
End of year - June 30		<u>\$ 244,637</u>	
PSAP RECONCILIATION FOR THE YEAR ENDED JUNE 30, 2020			
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		\$ 244,637	
Ineligible prior-year expenditures reported in Emergency Telephone System Fund		<u>26,567</u>	
Ending balance, PSAP Revenue - Expenditure Report		<u>\$ 271,204</u>	

TRANSYLVANIA COUNTY, NORTH CAROLINA

HOME FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2020

	<u>Project Authorization</u>	<u>Actual</u>			<u>Variance Over/Under</u>
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	
Revenues:					
Restricted intergovernmental	\$ 87,391	\$ 3,470	\$ -	\$ 3,470	\$ (83,921)
Investment earnings	-	-	196	196	196
Total revenues	<u>87,391</u>	<u>3,470</u>	<u>196</u>	<u>3,666</u>	<u>(83,725)</u>
Expenditures:					
Economic and physical development:					
Housing rehabilitation	<u>165,000</u>	<u>4,361</u>	<u>76,914</u>	<u>81,275</u>	<u>83,725</u>
Revenues over (under) expenditures	(77,609)	(891)	(76,718)	(77,609)	-
Other Financing Sources (Uses):					
Transfer in	<u>77,609</u>	<u>60,000</u>	<u>17,609</u>	<u>77,609</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 59,109</u>	<u>(59,109)</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balance:					
Beginning of year - July 1			<u>59,109</u>		
End of year - June 30			<u>\$ -</u>		

TRANSYLVANIA COUNTY, NORTH CAROLINA

**NARCOTICS TASK FORCE FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2020**

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual</u>		<u>Variance Over/Under</u>
			<u>Current Year</u>	<u>Total to Date</u>	
Revenues:					
City of Brevard appropriation	\$ 154,000	\$ -	\$ 154,323	\$ 154,323	\$ 323
Expenditures:					
Public safety:					
Operating expenses	<u>154,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>154,000</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	154,323	<u>\$ 154,323</u>	<u>\$ 154,323</u>
Fund Balance:					
Beginning of year - July 1			<u>-</u>		
End of year - June 30			<u>\$ 154,323</u>		

TRANSYLVANIA COUNTY, NORTH CAROLINA

NONMAJOR CAPITAL PROJECT FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2020

	<u>Schools QZAB Fund</u>	<u>Golden Leaf Fund</u>	<u>General Capital Projects Fund</u>	<u>Education Capital Project Fund</u>	<u>Total</u>
Assets:					
Cash and investments	\$ -	\$ -	\$ -	\$ 3,983,035	\$ 3,983,035
Fund Balances:					
Committed	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,983,035</u>	<u>\$ 3,983,035</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, 2020**

	Schools QZAB Fund	Golden Leaf Fund	General Capital Projects Fund	Education Capital Project Fund	Total
Revenues:					
Donations and grants	\$ -	\$ 179,688	\$ -	\$ -	\$ 179,688
Interest earned on investments	-	3,480	3,705	-	7,185
Total revenues	<u>-</u>	<u>183,168</u>	<u>3,705</u>	<u>-</u>	<u>186,873</u>
Expenditures:					
Current:					
Education	-	-	-	1,300,147	1,300,147
Revenues over (under) expenditures	<u>-</u>	<u>183,168</u>	<u>3,705</u>	<u>(1,300,147)</u>	<u>(1,113,274)</u>
Other Financing Sources (Uses):					
Transfers in	-	-	-	5,283,182	5,283,182
Transfers out	<u>(22,125)</u>	<u>(459,222)</u>	<u>(384,590)</u>	<u>-</u>	<u>(865,937)</u>
Total other financing sources (uses)	<u>(22,125)</u>	<u>(459,222)</u>	<u>(384,590)</u>	<u>5,283,182</u>	<u>4,417,245</u>
Net change in fund balances	(22,125)	(276,054)	(380,885)	3,983,035	3,303,971
Fund Balances:					
Beginning of year - July 1	<u>22,125</u>	<u>276,054</u>	<u>380,885</u>	<u>-</u>	<u>679,064</u>
End of year - June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,983,035</u>	<u>\$ 3,983,035</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, 2020**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Other Financing Sources (Uses):			
Transfers to General Fund	\$ (22,125)	\$ (22,125)	\$ -
Appropriated fund balance	<u>22,125</u>	<u>-</u>	<u>(22,125)</u>
Total other financing sources (uses)	<u>-</u>	<u>(22,125)</u>	<u>(22,125)</u>
Net change in fund balance	<u>\$ -</u>	<u>(22,125)</u>	<u>\$ (22,125)</u>
Fund Balance:			
Beginning of year - July 1		<u>22,125</u>	
End of year - June 30		<u>\$ -</u>	

TRANSYLVANIA COUNTY, NORTH CAROLINA

GOLDEN LEAF CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2020

	<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	\$ 1,000,000	\$ 1,040,217	\$ 179,688	\$ 1,219,905	\$ 219,905
Investment earnings	-	-	3,480	3,480	3,480
Total revenues	<u>1,000,000</u>	<u>1,040,217</u>	<u>183,168</u>	<u>1,223,385</u>	<u>223,385</u>
Expenditures:					
Capital outlay		5,315,208	-	5,315,208	
Land improvements - non-capital		23,000	-	23,000	
Total expenditures	<u>5,339,708</u>	<u>5,338,208</u>	<u>-</u>	<u>5,338,208</u>	<u>1,500</u>
Revenues over (under) expenditures	<u>(4,339,708)</u>	<u>(4,297,991)</u>	<u>183,168</u>	<u>(4,114,823)</u>	<u>224,885</u>
Other Financing Sources (Uses):					
Transfers in from General Fund	4,574,045	4,574,045	-	4,574,045	-
Transfers to General Fund	(474,320)	-	(459,222)	(459,222)	15,098
Long-term debt issued	<u>239,983</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(239,983)</u>
Total other financing sources (uses)	<u>4,339,708</u>	<u>4,574,045</u>	<u>(459,222)</u>	<u>4,114,823</u>	<u>(224,885)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 276,054</u>	<u>(276,054)</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balance:					
Beginning of year - July 1			<u>276,054</u>		
End of year - June 30			<u>\$ -</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, 2020

	<u>Project Authorization</u>	<u>Actual</u>			<u>Variance Over/Under</u>
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	
Revenues:					
Donations and grants	\$ 453,757	\$ 393,811	\$ -	\$ 393,811	\$ (59,946)
Investment earnings	514,581	547,273	3,705	550,978	36,397
Total revenues	<u>968,338</u>	<u>941,084</u>	<u>3,705</u>	<u>944,789</u>	<u>(23,549)</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>(6,580,361)</u>	<u>3,705</u>	<u>(6,576,656)</u>	<u>451,754</u>
Other Financing Sources (Uses):					
Transfers in from General Fund	4,535,408	4,535,408	-	4,535,408	-
Transfers to General Fund	(895,314)	(581,593)	(384,590)	(966,183)	(70,869)
Long-term debt issued	1,807,457	1,807,457	-	1,807,457	-
Total other financing sources (uses)	<u>5,447,551</u>	<u>5,761,272</u>	<u>(384,590)</u>	<u>5,376,682</u>	<u>(70,869)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>(1,580,859)</u>	<u>(819,089)</u>	<u>(380,885)</u>	<u>(1,199,974)</u>	<u>380,885</u>
Appropriated fund balance	<u>1,580,859</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,580,859)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (819,089)</u>	<u>(380,885)</u>	<u>\$ (1,199,974)</u>	<u>\$ (1,199,974)</u>
Fund Balance:					
Beginning of year - July 1			<u>380,885</u>		
End of year - June 30			<u>\$ -</u>		

TRANSYLVANIA COUNTY, NORTH CAROLINA

**EDUCATION CAPITAL PROJECT FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2020**

	<u>Project Authorization</u>	<u>Actual</u>			<u>Variance Over/Under</u>
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	
Expenditures:					
Brevard High School 2019-2021 Renovation Project	\$ 4,100,000	\$ -	\$ 829,161	\$ 829,161	\$ 3,270,839
Rosman Middle and High School 2019-2021 Renovation Project	2,100,000	-	470,986	470,986	1,629,014
Total expenditures	<u>6,200,000</u>	-	<u>1,300,147</u>	<u>1,300,147</u>	<u>4,899,853</u>
Revenues over (under) expenditures	(6,200,000)	-	(1,300,147)	(1,300,147)	4,899,853
Other Financing Sources (Uses):					
Transfers in from General Fund	<u>6,200,000</u>	-	<u>5,283,182</u>	<u>5,283,182</u>	<u>(916,818)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>3,983,035</u>	<u>\$ 3,983,035</u>	<u>\$ 3,983,035</u>
Fund Balance:					
Beginning of year - July 1			-		
End of year - June 30			<u>\$ 3,983,035</u>		

PERMANENT FUND

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

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

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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, 2020**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Investment earnings	\$ -	\$ 2,884	\$ 2,884
Other Financing Sources (Uses):			
Transfer out	(80,000)	-	80,000
Appropriated fund balance	<u>80,000</u>	<u>-</u>	<u>(80,000)</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	2,884	<u>\$ 2,884</u>
Fund Balance:			
Beginning of year - July 1		<u>339,454</u>	
End of year - June 30		<u>\$ 342,338</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, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Operating revenues:			
Charges for services			
Solid waste charges	\$ 2,122,840	\$ 1,827,345	\$ (295,495)
Recycling	2,700	46,640	43,940
Other operating revenues	3,260	391	(2,869)
Total operating revenues	<u>2,128,800</u>	<u>1,874,376</u>	<u>(254,424)</u>
Non-operating revenues:			
Investment earnings	75,000	130,698	55,698
Miscellaneous revenue	46,200	59,410	13,210
Total non-operating revenues	<u>121,200</u>	<u>190,108</u>	<u>68,908</u>
Total revenues	<u>2,250,000</u>	<u>2,064,484</u>	<u>(185,516)</u>
Expenditures:			
Landfill administration and operations:			
Salaries and employee benefits	1,358,844	1,339,430	19,414
Other operating expenditures	1,285,207	840,939	444,268
Interest and fees paid	-	22,211	(22,211)
Capital outlay	440,057	222,176	217,881
Total expenditures	<u>3,084,108</u>	<u>2,424,756</u>	<u>659,352</u>
Revenues over (under) expenditures	<u>(834,108)</u>	<u>(360,272)</u>	<u>473,836</u>
Other Financing Sources (Uses):			
Transfer in	147,000	147,000	-
Appropriated fund balance	687,108	-	687,108
Total other financing sources (uses)	<u>834,108</u>	<u>147,000</u>	<u>(687,108)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ (213,272)</u>	<u>\$ (213,272)</u>
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:			
Revenues and other financing sources over (under) expenditures and other financing uses		\$ (213,272)	
Reconciling items:			
Capital outlay		38,079	
Change in net pension liability LGERS		(41,609)	
Change in deferred outflows of resources - pension LGERS		(14,991)	
Change in deferred inflows of resources - pension LGERS		2,265	
Change in OPEB liability		3,521	
Change in deferred outflows of resources - OPEB		1,196	
Change in deferred inflows of resources - OPEB		5,562	
Change in compensated absences payable		(8,405)	
Change in closure and post-closure care costs		(249,624)	
Transfer from General Fund to project fund		404,250	
Depreciation		<u>(302,167)</u>	
Change in net position		<u>\$ (375,195)</u>	

TRANSYLVANIA COUNTY, NORTH CAROLINA

WATER AND SEWER DEVELOPMENT FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2020

	Project Authorization	Actual			Variance Over/Under
		Prior Years	Current Year	Total to Date	
Revenues:					
NC Industrial Development Funds	\$ 880,750	\$ -	\$ -	\$ -	\$ (880,750)
Appalachian Regional Commission	300,000	-	-	-	(300,000)
Total revenues	<u>1,180,750</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,180,750)</u>
Expenditures:					
Town of Rosman Sanitary Sewer Expansion Project	<u>1,585,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,585,000</u>
Revenues over (under) expenditures	(404,250)	-	-	-	404,250
Other Financing Sources (Uses):					
Transfers in from General Fund	<u>404,250</u>	<u>-</u>	<u>404,250</u>	<u>404,250</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>404,250</u>	<u>\$ 404,250</u>	<u>\$ 404,250</u>
Fund Balance:					
Beginning of year - July 1			<u>-</u>		
End of year - June 30			<u>\$ 404,250</u>		

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, 2020

	<u>Balance July 1, 2019</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2020</u>
Social Services:				
Assets:				
Cash and cash equivalents	\$ 47,269	\$ 130,420	\$ 130,951	\$ 46,738
Liabilities:				
Miscellaneous liabilities	\$ 47,269	\$ 130,420	\$ 130,951	\$ 46,738
Miscellaneous Education Agencies:				
Assets:				
Cash and accounts receivable	\$ 5,126	\$ 81,602	\$ 78,788	\$ 7,940
Liabilities:				
Intergovernmental payables -				
North Carolina State University	\$ -	\$ 7,940	\$ -	\$ 7,940
Transylvania County Board of Education	5,126	84,716	89,842	-
Total liabilities	\$ 5,126	\$ 92,656	\$ 89,842	\$ 7,940
Dare Camp:				
Assets:				
Cash and investments	\$ 2,439	\$ 2,993	\$ 1,760	\$ 3,672
Liabilities:				
Miscellaneous liabilities	\$ 2,439	\$ 2,993	\$ 1,760	\$ 3,672
Cops 4 Kids:				
Assets:				
Cash and investments	\$ 27,177	\$ 29,409	\$ 25,657	\$ 30,929
Liabilities:				
Miscellaneous liabilities	\$ 27,177	\$ 29,409	\$ 25,657	\$ 30,929
Register of Deeds:				
Assets:				
Cash and accounts receivable	\$ 180	\$ 37,888	\$ 34,621	\$ 3,447
Liabilities:				
Intergovernmental payables -				
State Treasurer	\$ 180	\$ 37,888	\$ 34,621	\$ 3,447

TRANSYLVANIA COUNTY, NORTH CAROLINA

AGENCY FUNDS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Balance</u> <u>July 1, 2019</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2020</u>
Total - All Agency Funds:				
Assets:				
Cash and accounts receivable	\$ 82,191	\$ 282,312	\$ 271,777	\$ 92,726
Liabilities:				
Intergovernmental payables	\$ 5,306	\$ 130,544	\$ 124,463	\$ 11,387
Miscellaneous liabilities	<u>76,885</u>	<u>162,822</u>	<u>158,368</u>	<u>81,339</u>
Total liabilities	<u>\$ 82,191</u>	<u>\$ 293,366</u>	<u>\$ 282,831</u>	<u>\$ 92,726</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, 2020

<u>Year Ended June 30</u>	<u>Uncollected Balance July 1, 2019</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Uncollected Balance June 30, 2020</u>
2020	\$ -	\$ 37,762,428	\$ 37,679,542	\$ 82,886
2019	53,891	-	25,538	28,353
2018	19,245	-	4,378	14,867
2017	13,554	-	1,691	11,863
2016	10,741	-	986	9,755
2015	6,847	-	895	5,952
2014	9,420	-	1,702	7,718
2013	8,815	-	1,160	7,655
2012	6,933	-	-	6,933
2011	9,416	-	205	9,211
2010	4,891	-	4,891	-
Total	<u>\$ 143,753</u>	<u>\$ 37,762,428</u>	<u>\$ 37,720,988</u>	<u>185,193</u>

Less allowance for uncollectible ad valorem taxes receivable:
General Fund

79,983

Ad Valorem Taxes Receivable, Net:

General Fund

\$ 105,210

Reconciliation of Collections and Credits with Revenues:

Ad valorem taxes - General Fund

\$ 37,801,206

Reconciling items:

Interest

(95,617)

Tax refunds

11,118

Abatements - prior years

796

Advertising

(1,406)

Taxes written off

4,891

Total collections and credits

\$ 37,720,988

TRANSYLVANIA COUNTY, NORTH CAROLINA

ANALYSIS OF CURRENT TAX LEVY
COUNTY-WIDE LEVY
FOR THE YEAR ENDED JUNE 30, 2020

	County-Wide			Total Levy	
	Property Valuation	Rate	Amount of Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original Levy:					
County-wide:					
Property tax	\$ 5,862,486,103	\$ 0.6360	\$ 37,286,940	\$ 35,616,557	\$ 1,670,383
Motor vehicles taxed at prior year's rate	77,258,978	0.6360	394,793	-	394,793
Late list penalties	-		10,913	10,913	-
Total original levy	<u>5,939,745,081</u>		<u>37,692,646</u>	<u>35,627,470</u>	<u>2,065,176</u>
Discoveries:					
Current year taxes	<u>14,629,002</u>	0.6360	<u>93,040</u>	<u>93,040</u>	<u>-</u>
Abatements and Discounts	<u>(3,083,871)</u>		<u>(23,258)</u>	<u>(19,613)</u>	<u>(3,645)</u>
Total property valuation	<u>\$ 5,951,290,212</u>				
Net Levy			37,762,428	35,700,897	2,061,531
Uncollected taxes at June 30, 2020			<u>82,886</u>	<u>82,886</u>	<u>-</u>
Current Year's Taxes Collected			<u>\$ 37,679,542</u>	<u>\$ 35,618,011</u>	<u>\$ 2,061,531</u>
Current Levy Collection Percentage			<u>99.78%</u>	<u>99.77%</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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental Activities										
Net Investment in Capital Assets	\$ 37,965,115	\$ 37,350,168	\$ 37,837,719	\$ 37,861,994	\$ 38,390,675	\$ 38,026,155	\$ 38,746,154	\$ 38,830,835	\$ 38,987,944	\$ 38,826,167
Restricted	4,337,434	4,211,048	4,318,916	4,304,835	4,549,498	5,629,711	5,249,302	5,588,888	5,758,161	6,107,015
Unrestricted	<u>7,097,748</u>	<u>7,979,935</u>	<u>9,887,115</u>	<u>12,931,706</u>	<u>13,915,036</u>	<u>16,237,241</u>	<u>18,156,797</u>	<u>17,160,525</u>	<u>22,357,615</u>	<u>23,036,400</u>
Total Governmental Activities Net Position	<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>	<u>\$ 67,103,720</u>	<u>\$ 67,969,582</u>
Business-Type Activities										
Net Investment in Capital Assets	\$ 4,085,921	\$ 3,859,314	\$ 3,603,550	\$ 3,498,127	\$ 3,851,511	\$ 3,625,348	\$ 3,601,564	\$ 3,402,883	\$ 3,181,547	\$ 2,917,459
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	<u>1,808,089</u>	<u>2,166,778</u>	<u>2,466,038</u>	<u>818,626</u>	<u>1,399,206</u>	<u>1,647,102</u>	<u>1,763,972</u>	<u>1,978,038</u>	<u>2,200,436</u>	<u>2,089,329</u>
Total Business-Type Activities Net Position	<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>	<u>\$ 5,381,983</u>	<u>\$ 5,006,788</u>
Primary Government										
Net Investment in Capital Assets	\$ 42,051,036	\$ 41,209,482	\$ 41,441,269	\$ 41,360,121	\$ 42,242,186	\$ 41,651,503	\$ 42,347,718	\$ 42,233,718	\$ 42,169,491	\$ 41,743,626
Restricted	4,337,434	4,211,048	4,318,916	4,304,835	4,549,498	5,629,711	5,249,302	5,588,888	5,758,161	6,107,015
Unrestricted	<u>8,905,837</u>	<u>10,146,713</u>	<u>12,353,153</u>	<u>13,750,332</u>	<u>15,314,242</u>	<u>17,884,343</u>	<u>19,920,769</u>	<u>19,138,563</u>	<u>24,558,051</u>	<u>25,125,729</u>
Total Primary Government Net Position	<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>	<u>\$ 72,485,703</u>	<u>\$ 72,976,370</u>

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

TABLE 2
PAGE 1 OF 2

UNAUDITED

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Expenses										
Governmental Activities:										
General Government	\$ 5,155,747	\$ 5,083,686	\$ 4,427,635	\$ 4,670,679	\$ 5,195,765	\$ 5,617,567	\$ 5,591,288	\$ 5,337,831	\$ 6,539,571	\$ 11,187,376
Public Safety	12,386,788	12,979,401	13,441,859	14,233,023	14,908,286	15,700,514	16,364,189	16,549,027	18,080,312	20,353,781
Transportation	396,460	450,591	448,838	481,390	426,860	436,509	472,854	438,101	473,479	425,220
Economic and Physical Development	1,096,501	959,314	974,391	772,724	1,330,900	1,178,119	1,250,752	3,689,164	3,909,273	2,281,527
Human Services	8,069,619	8,169,147	8,316,088	8,598,738	8,795,596	9,037,670	9,591,901	8,750,207	9,275,906	9,901,274
Cultural and Recreational	1,904,003	1,847,675	1,965,938	2,072,839	2,113,365	2,435,648	2,529,905	2,451,013	2,429,616	2,738,556
Education	10,822,954	12,201,671	10,971,497	12,714,735	13,046,493	12,649,134	13,797,948	14,630,014	14,811,808	16,122,166
Interest on Long-Term Obligations	609,131	551,526	456,240	358,285	276,292	222,024	153,568	111,948	84,009	69,953
Total Governmental Activities Expenses	40,441,203	42,243,011	41,002,486	43,902,413	46,093,557	47,277,185	49,752,405	51,957,305	55,603,974	63,079,853
Business-Type Activities:										
Solid Waste Department	1,624,898	1,708,329	1,673,967	3,755,492	1,452,623	2,085,608	2,371,592	2,480,832	2,648,519	2,968,718
Total Governmental Activities Expenses	1,624,898	1,708,329	1,673,967	3,755,492	1,452,623	2,085,608	2,371,592	2,480,832	2,648,519	2,968,718
Total Primary Government Expenses	\$ 42,066,101	\$ 43,951,340	\$ 42,676,453	\$ 47,657,905	\$ 47,546,180	\$ 49,362,793	\$ 52,123,997	\$ 54,438,137	\$ 58,252,493	\$ 66,048,571
Program Revenues										
Governmental Activities:										
Charges for Services:										
General Government	\$ 767,315	\$ 334,456	275,477	335,719	243,347	377,649	383,751	460,006	461,517	197,979
Public Safety	2,461,457	2,174,330	2,528,476	2,713,820	3,117,738	3,321,413	3,438,424	3,123,749	3,613,503	2,923,983
Transportation	-	-	7,202	4,739	4,592	4,458	7,584	7,186	4,610	10,152
Economic and Physical Development	31,791	22,638	21,240	12,926	10,442	11,843	14,636	63,448	59,850	4,370
Human Services	527,094	455,869	422,732	475,871	413,551	452,565	470,649	524,480	562,131	593,746
Cultural and Recreational	94,967	103,822	121,961	130,999	75,250	91,236	95,276	110,850	106,772	80,785
Education	-	-	-	-	-	-	-	-	-	-
Operating Grants and Contributions:										
General Government	40,283	52,247	98,555	36,599	35,954	37,754	34,713	29,734	45,851	82,570
Public Safety	438,525	414,376	422,546	745,266	602,807	526,811	511,487	508,296	1,394,008	1,748,036
Transportation	278,738	272,129	269,173	274,445	259,300	222,422	400,036	322,609	371,524	395,517
Economic and Physical Development	65,711	70,882	65,063	57,374	70,006	50,128	101,782	49,852	155,233	24,908
Human Services	4,973,824	5,331,406	5,480,830	5,331,666	5,874,581	5,910,356	6,049,701	4,979,877	5,272,651	4,797,017
Cultural and Recreational	171,688	91,846	95,126	97,787	166,849	120,076	156,178	117,451	112,549	317,131
Education	161,664	363,784	544,124	811,018	667,751	205,430	288,609	739,363	142,339	132,099
Capital Grants and Contributions:										
General Government	-	-	-	-	-	-	-	-	-	-
Economic and Physical Development	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	10,055,306	9,767,948	10,449,971	11,133,817	11,831,583	11,513,491	11,952,826	11,248,901	12,302,538	11,308,293

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

TABLE 2
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UNAUDITED

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Business-Type Activities:										
Charge for Services - Landfill	1,224,466	1,368,697	1,260,906	1,303,374	1,440,395	1,706,101	1,790,349	1,790,349	1,959,273	1,874,376
Operating Grants and Contributions - Landfill	19,389	21,043	19,967	19,863	57,327	19,982	46,596	46,596	11,417	37,199
Capital Grants and Contributions - Landfill	-	-	-	-	-	-	-	-	-	-
Total Business-Type Activities Program Revenues	\$ 1,243,855	1,389,740	1,280,873	1,323,237	1,497,722	1,726,083	1,836,945	1,836,945	1,970,690	1,911,575
Total Primary Government Program Revenues	\$ 11,299,161	\$ 11,157,688	\$ 11,730,844	\$ 12,457,054	\$ 13,329,305	\$ 13,239,574	\$ 13,789,771	\$ 13,085,846	\$ 14,273,228	\$ 13,219,868
Net (Expense)/Revenue										
Governmental Activities	\$ (30,385,897)	\$ (32,475,063)	\$ (30,552,515)	\$ (32,768,596)	\$ (34,261,974)	\$ (35,763,694)	\$ (37,799,579)	\$ (40,708,404)	\$ (43,301,436)	\$ (51,771,560)
Business-Type Activities	(381,043)	(318,589)	(393,094)	(2,432,255)	45,099	(359,525)	(534,647)	(643,887)	(677,829)	(1,057,143)
Total Primary Government Net (Expense)/Revenue	\$ (30,766,940)	\$ (32,793,652)	\$ (30,945,609)	\$ (35,200,851)	\$ (34,216,875)	\$ (36,123,219)	\$ (38,334,226)	\$ (41,352,291)	\$ (43,979,265)	\$ (52,828,703)
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes	\$ 25,709,393	\$ 25,964,830	\$ 26,009,209	\$ 29,529,739	\$ 30,292,321	\$ 30,710,092	\$ 32,363,790	\$ 33,311,358	\$ 33,780,721	\$ 40,556,105
Local Option Sales Tax	5,540,551	5,820,469	6,122,549	6,560,048	7,011,688	7,380,626	7,896,435	8,409,583	9,274,860	9,841,680
Other Taxes and Licenses	774,223	848,735	994,340	484,691	610,459	637,714	719,510	782,387	1,811,145	1,857,306
Grants and Contributions Not Restricted	365,566	382,922	359,204	386,657	437,463	383,029	398,562	390,616	396,150	545,280
Investment Earnings	75,710	47,970	55,827	12,720	11,812	65,131	132,715	403,904	633,733	388,301
Miscellaneous	30,570	-	-	-	129,530	-	-	-	-	-
Transfers	(888,077)	(449,009)	(435,237)	(679,117)	(972,139)	(375,000)	(626,117)	(626,117)	(506,901)	(551,250)
Total Governmental Activities:	31,607,936	32,615,917	33,105,892	36,294,738	37,521,134	38,801,592	40,884,895	42,671,731	45,389,708	52,637,422
Business-Type Activities:										
Investment Earnings	3,589	1,662	1,353	303	530	6,258	1,616	17	171,990	130,698
Miscellaneous	-	-	-	-	-	-	-	-	-	-
Transfers	888,077	449,009	435,237	679,117	972,139	375,000	626,117	624,722	506,901	551,250
Total Business-Type Activities	891,666	450,671	436,590	679,420	972,669	381,258	627,733	624,739	678,891	681,948
Total Primary Government	\$ 32,499,602	\$ 33,066,588	\$ 33,542,482	\$ 36,974,158	\$ 38,493,803	\$ 39,182,850	\$ 41,512,628	\$ 43,296,470	\$ 46,068,599	\$ 53,319,370
Change in Net Position										
Governmental Activities	\$ 1,222,039	\$ 140,854	\$ 2,553,377	\$ 3,526,142	\$ 3,259,160	\$ 3,037,898	\$ 3,085,316	\$ 1,964,722	\$ 5,523,472	\$ 865,862
Business-Type Activities	510,623	132,082	43,496	(1,752,835)	1,017,768	21,733	93,086	154,911	1,062	(375,195)
Total Primary Government	\$ 1,732,662	\$ 272,936	\$ 2,596,873	\$ 1,773,307	\$ 4,276,928	\$ 3,059,631	\$ 3,178,402	\$ 2,119,633	\$ 5,524,534	\$ 490,667

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

TABLE 3

UNAUDITED

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Property Tax	\$ 25,709,393	\$ 25,964,830	\$ 26,009,209	\$ 29,529,739	\$ 30,292,321	\$ 30,710,092	\$ 32,363,790	\$ 33,311,358	\$ 33,780,721	\$ 40,556,105
Local Option Sales Tax	5,540,551	5,820,469	6,122,549	6,560,048	7,011,688	7,380,626	7,896,435	8,409,583	9,274,860	9,841,680
Other Taxes and Licenses	<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>719,510</u>	<u>886,876</u>	<u>1,857,306</u>
Total	<u>\$ 32,024,167</u>	<u>\$ 32,634,034</u>	<u>\$ 33,126,098</u>	<u>\$ 36,574,478</u>	<u>\$ 37,914,468</u>	<u>\$ 38,728,432</u>	<u>\$ 40,979,735</u>	<u>\$ 42,440,451</u>	<u>\$ 43,942,457</u>	<u>\$ 52,255,091</u>

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

TABLE 4

UNAUDITED

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
General Fund										
Non Spendable	\$ 13,007	\$ 16,215	\$ 40,893	\$ 40,733	\$ 41,292	\$ 49,334	\$ 58,479	\$ 37,238	\$ 4,890,501	\$ 5,019,685
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	4,599,378	4,513,568
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	4,847,861	4,727,240
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	15,239,620	13,767,414
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	4,200,521	5,485,888
Total General Fund	<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>	<u>\$ 33,777,881</u>	<u>\$ 33,513,795</u>
All other governmental funds										
Non Spendable	\$ 108,367	\$ 108,367	\$ 108,367	\$ 108,367	\$ 108,367	\$ 108,367	\$ 108,367	\$ 108,367	\$ 108,367	\$ 108,367
Restricted	1,986,030	819,984	922,967	727,226	632,458	1,802,928	864,994	819,034	967,933	1,406,046
Committed:	2,494,240	2,005,876	1,121,482	1,066,628	339,702	-	-	2,233,372	656,939	3,983,035
Assigned:	291,042	289,852	267,993	160,344	235,388	226,283	436,946	239,032	253,212	-
Unassigned:	(3,170)	(10,173)	-	(100,663)	-	(14,531)	-	(3,470)	-	(306,777)
Total All Other Governmental Funds	<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>	<u>\$ 1,986,451</u>	<u>\$ 5,190,671</u>

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

TABLE 5

UNAUDITED

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues										
Taxes:										
Property	\$ 25,788,102	\$ 25,942,280	\$ 26,058,814	\$ 29,550,609	\$ 30,306,310	\$ 30,716,913	\$ 32,357,674	\$ 33,305,513	\$ 33,744,507	\$ 40,527,347
Sales	5,540,551	5,820,469	6,122,549	6,560,048	7,011,688	7,380,626	7,896,435	8,409,583	9,274,860	9,841,680
Other	774,223	848,735	994,340	484,691	610,459	637,714	719,510	782,387	886,876	1,857,306
Intergovernmental	6,536,112	7,024,402	7,375,926	7,530,798	8,192,073	7,551,642	7,877,236	7,034,353	6,982,355	7,451,234
Permits and Fees	340,518	327,956	386,593	386,854	431,325	491,974	649,025	549,317	646,068	542,123
Sales and Services	3,463,380	2,663,364	2,934,017	3,131,303	3,362,263	3,576,239	3,607,609	3,413,806	8,278,402	2,971,175
Donations and Grants	23,320	23,676	20,882	315,652	134,878	45,584	36,582	315,445	903,663	412,772
Investment Earnings	72,598	44,858	52,715	9,608	8,700	62,019	129,603	402,098	633,733	388,301
Miscellaneous	69,559	111,472	91,757	155,867	278,037	231,081	180,936	326,596	536,813	297,717
Total Revenues	<u>42,608,363</u>	<u>42,807,212</u>	<u>44,037,593</u>	<u>48,125,430</u>	<u>50,335,733</u>	<u>50,693,792</u>	<u>53,454,610</u>	<u>54,539,098</u>	<u>61,887,277</u>	<u>64,289,655</u>
Expenditures										
General Government	4,869,425	4,807,780	4,391,102	4,473,554	5,182,733	5,745,339	6,183,268	5,225,762	6,483,744	9,562,382
Public Safety	11,910,027	12,132,089	12,817,385	13,423,846	14,583,400	15,192,363	15,922,422	16,412,183	17,941,200	20,058,435
Economic Development	1,094,476	958,080	973,545	771,572	1,342,574	1,178,868	1,246,243	3,690,316	3,905,716	2,272,459
Human Services	8,284,399	8,435,813	8,639,033	8,870,369	9,315,804	9,382,935	9,936,867	9,283,017	9,675,950	9,888,521
Culture and Recreation	1,846,950	1,741,432	1,800,266	1,840,635	2,257,226	2,291,634	2,429,755	2,488,951	2,218,231	2,424,586
Education	10,822,954	12,201,671	10,971,497	12,714,735	13,046,493	13,191,706	13,771,992	14,604,058	14,785,852	16,096,139
Capital Outlay	270,781	238,416	1,184,769	1,122,909	1,012,106	1,263,390	-	-	-	-
Debt Service:										
Principal	2,287,496	2,270,976	2,240,026	2,240,026	2,346,832	2,225,219	1,216,987	947,936	508,889	421,978
Interest	638,937	565,657	498,010	393,358	307,469	250,913	169,710	124,181	87,264	73,771
Bond Issuance Cost	-	-	-	-	-	-	-	-	-	-
Total Expenditures	<u>42,025,445</u>	<u>43,351,914</u>	<u>43,515,633</u>	<u>45,851,004</u>	<u>49,394,637</u>	<u>50,722,367</u>	<u>50,877,244</u>	<u>52,776,404</u>	<u>55,606,846</u>	<u>60,798,271</u>
Excess of Revenues Over (Under) Expenditures	582,918	(544,702)	521,960	2,274,426	941,096	(28,575)	2,577,366	1,762,694	6,280,431	3,491,384
Other Financing Sources (Uses)										
Capital Lease Obligations Issued	-	42,400	45,248	-	-	17,878	-	-	-	-
Transfers In	811,804	160,828	341,814	703,233	353,894	120,810	2,086	4,126,397	699,276	6,206,728
Transfers Out	(1,699,881)	(609,837)	(777,051)	(1,382,350)	(1,326,033)	(495,810)	(628,203)	(4,751,119)	(1,203,934)	(6,757,978)
Bond Proceeds	-	-	-	-	-	-	-	-	-	-
Proceeds from Financing	-	-	-	-	-	1,807,457	-	-	-	-
Payment to Refunded Bond Escrow Agent	-	-	-	-	-	-	-	-	-	-
Proceeds from Sale of Assets	18,553	-	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>(869,524)</u>	<u>(406,609)</u>	<u>(389,989)</u>	<u>(679,117)</u>	<u>(972,139)</u>	<u>1,450,335</u>	<u>(626,117)</u>	<u>(624,722)</u>	<u>(504,658)</u>	<u>(551,250)</u>
Net Change in Fund Balances	<u>\$ (286,606)</u>	<u>\$ (951,311)</u>	<u>\$ 131,971</u>	<u>\$ 1,595,309</u>	<u>\$ (31,043)</u>	<u>\$ 1,421,760</u>	<u>\$ 1,951,249</u>	<u>\$ 1,137,972</u>	<u>\$ 5,775,773</u>	<u>\$ 2,940,134</u>
Capital Asset Expenditures	<u>\$ 906,651</u>	<u>\$ 862,657</u>	<u>\$ 1,959,372</u>	<u>\$ 1,499,926</u>	<u>\$ 2,071,081</u>	<u>\$ 3,745,876</u>	<u>\$ 2,196,973</u>	<u>\$ 1,667,611</u>	<u>\$ 2,045,773</u>	<u>\$ 2,397,512</u>
Debt Service as a Percentage of Noncapital Expenditures	<u>7.1%</u>	<u>6.7%</u>	<u>6.6%</u>	<u>5.9%</u>	<u>5.6%</u>	<u>5.3%</u>	<u>2.8%</u>	<u>2.1%</u>	<u>1.1%</u>	<u>0.8%</u>

**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							
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	99%
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	100%
2013	4,812,488,501	646,077,963	19,543,080	36,920,380	121,121,343	252,868,748	113,441,884	6,002,461,899	0.3949	5,846,363,981	103%
2014	4,850,300,603	651,579,476	19,543,080	38,076,950	122,470,128	220,099,982	116,053,034	6,018,123,253	0.4369	5,803,397,544	104%
2015	4,872,870,761	654,896,272	19,543,080	34,227,630	123,069,054	271,843,835	122,471,320	6,098,921,952	0.4499	5,802,970,459	105%
2016	4,902,001,241	655,795,543	22,718,280	34,309,780	113,984,029	275,754,915	119,489,707	6,124,053,495	0.4499	6,130,797,372	100%
2017	4,520,762,730	615,324,830	11,262,850	35,949,970	110,981,742	291,637,199	125,228,705	5,711,148,026	0.5110	5,883,535,620	97%
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	95%
2019	4,566,681,255	618,619,646	14,042,640	33,288,040	125,778,314	314,061,107	122,520,319	5,794,991,321	0.5110	6,277,750,321	92%
2020	4,993,096,350	633,976,329	14,042,640	34,454,380	129,162,868	349,174,893	124,308,132	6,278,215,592	0.6360	7,495,481,843	84%

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Transylvania County Direct Rate*	\$ 0.3949	\$ 0.3949	\$ 0.4369	\$ 0.4499	\$ 0.4499	\$ 0.5110	\$ 0.5110	\$ 0.5110	\$ 0.5110	\$ 0.6360
Municipality Rates:										
City of Brevard	0.4325	0.4325	0.4525	0.4525	0.4725	0.4725	0.4725	0.5100	0.5100	0.5100
Town of Rosman	0.4100	0.4100	0.4100	0.4100	0.4100	0.4400	0.4800	0.4800	0.4400	0.4400
Fire Districts:										
Brevard	0.0269	0.0316	0.0338	0.0339	0.0443	0.0393	0.0393	0.0550	0.0550	0.0550
Rosman	0.0649	0.0685	0.0756	0.0901	0.0980	0.1091	0.1091	0.1159	0.1209	0.0550
Little River	0.0577	0.0577	0.0675	0.0715	0.0849	0.0877	0.0877	0.0911	0.0906	0.0550
Connestee Falls	0.0512	0.0512	0.0551	0.0610	0.0656	0.0673	0.0673	0.0767	0.0833	0.0550
Cedar Mountain	0.0756	0.0756	0.0957	0.1098	0.1115	0.1331	0.1331	0.1378	0.1376	0.0550
Lake Toxaway	0.0287	0.0302	0.0328	0.0350	0.0359	0.0459	0.0459	0.0479	0.0544	0.0550
Balsam Grove	0.0968	0.0968	0.1248	0.1056	0.1056	0.1089	0.1098	0.1098	0.1118	0.0550
North Transylvania	0.0911	0.0911	0.1116	0.1279	0.1279	0.1279	0.1279	0.1279	0.1400	0.0550

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.

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

TABLE 8

UNAUDITED

Taxpayer	Type of Business	Fiscal Year 2020			Fiscal Year 2011		
		Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Duke Energy Corp	Electric utility	133,623,587	1	2.33%	\$ 48,011,611	1	0.81%
Haywood Electric Member Corp	Electric utility	46,404,390	2	0.81%	17,509,618	8	0.29%
MH Transylvania Regional	Hospital / Medical	38,996,460	3	0.68%			0.00%
Comporium Telephone	Communications utility	35,013,118	4	0.61%	34,983,711	2	0.59%
Brevard Retirement Investors	Retirement home facilities	21,487,330	5	0.38%	19,256,370	5	0.32%
Gaia Herbs Inc	Manufacturing	19,671,149	6	0.34%			
Lake Toxaway Company	Real estate development	15,685,020	7	0.27%	14,824,860	10	0.25%
Ingles Markets, Inc.	Retail grocery store	16,759,833	8	0.29%	19,980,907	4	0.34%
Davidson River Village	Real estate development	15,510,430	9	0.27%	15,184,980	9	0.26%
Duke Ventures, LLC	Real estate development	11,873,790	10	0.21%			0.00%
Haraka Haraka, LLC	Real estate development			0.00%			
New Excelsior, Inc.	Flexible packaging manufacturing			0.00%	23,440,303	3	0.39%
Sapphire Lake Inc	Real estate development			0.00%	17,519,480	7	0.29%
159 Babcock Company, LLC				0.00%	17,870,570	6	0.30%
Totals		<u>\$ 355,025,107</u>		<u>6.19%</u>	<u>\$ 229,649,385</u>		<u>3.84%</u>

Source: Transylvania County Tax Assessor

**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
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	29,830,035	29,690,738	99.53%	39,297	29,730,035	99.66%
2019	29,973,389	29,919,498	99.82%	36,505	29,956,003	99.94%
2020	37,762,428	37,679,542	99.78%	41,446	37,720,988	99.89%

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				
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	
2019	-	-	324,446	2,168,809	-	-	2,493,255	0.17%	70	
2020	-	-	216,298	1,854,979	-	-	2,071,277	0.14%	58	

(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			
2011	\$ 10,695,000	\$ 20,478	\$ -	\$ 10,715,478	1.23%	0.17%	324
2012	8,770,000	17,366	-	8,787,366	1.05%	0.14%	264
2013	6,685,000	14,254	-	6,699,254	0.87%	0.11%	202
2014	5,000,000	11,142	-	5,011,142	0.62%	0.08%	151
2015	3,140,000	8,030	-	3,148,030	0.47%	0.05%	94
2016	1,300,000	4,918	-	1,304,918	0.29%	0.02%	39
2017	520,000	1,806	-	521,806	0.11%	0.01%	15
2018	-	-	-	-	0.00%	0.00%	0
2019	-	-	-	-	0.00%	0.00%	0
2020	-	-	-	-	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.

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

TABLE 12

UNAUDITED

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Debt Limit	\$ 477,794	\$ 479,109	\$ 480,073	\$ 492,518	\$ 487,871	\$ 490,429	\$ 458,280	\$ 465,648	\$ 459,307	\$ 476,103
Total Net Debt Applicable to Debt Limit	12,366	10,168	7,925	5,575	5,575	5,172	3,009	3,002	2,493	2,071
Legal Debt Margin	\$ 465,428	\$ 468,941	\$ 472,148	\$ 486,943	\$ 482,296	\$ 485,257	\$ 455,271	\$ 462,646	\$ 456,813	\$ 474,032
Total Net Debt Applicable to Debt Limit as a Percentage of Debt Limit	2.6%	2.1%	1.7%	1.1%	1.1%	1.1%	0.7%	0.6%	0.5%	0.4%

Legal Debt Margin Calculation for Fiscal Year 2020

Total Assessed Value	\$ 5,951,290,212
Debt Limit (8% of Total Assessed Value)	\$ 476,103,217
Amount of Debt Applicable to Debt Limit:	
Bonds	\$ 216,298
Installment Contracts	1,854,979
Capital Leases	-
Total Amount of Debt Applicable to Debt Limit	\$ 2,071,277
Legal Debt Margin	\$ 474,031,940

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)
2011	33,090	\$ 1,023,272,000	\$ 30,937	3,554	8.80%
2012	33,275	1,007,674,000	30,703	3,531	9.60%
2013	33,188	1,073,785,000	32,689	3,567	8.80%
2014	33,220	1,072,817,000	32,605	3,517	6.20%
2015	33,428	1,094,188,000	33,112	3,523	6.00%
2016	33,745	1,178,560,000	35,487	3,462	4.80%
2017	34,139	1,331,011,332	38,988	3,402	4.20%
2018	34,575	1,392,127,800	40,264	3,397	4.00%
2019	35,777	1,505,138,390	42,070	3,329	4.30%
2020	35,806	1,522,292,090	42,515	3,326	5.90%

Data Sources:

- (1) Population projections from the N.C. Planning Office, using the 2018 certified number for 2019, 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.

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

TABLE 14

UNAUDITED

Employer	2020		2011	
	Employees	Rank	Employees	Rank
Transylvania County Board of Education	500-999	1	490	1
Transylvania County Government	250-499	2	323	3
Healthcare Corporation of America, Inc	250-499	3	420	2
Gaia Herbs*	100-249	4	134	8
Brevard College	250-499	5	166	4
Ingles Markets, Inc.	100-249	6	159	5
Transylvania Vocational Services	100-249	7	102	9
Lowes Home Centers, Inc.	100-249	8		
City of Brevard	100-249	9		
Wal-Mart Associates Inc.	100-249	10	125	10

Information from the North Carolina Department of Commerce

Note: Historical data used to calculate largest employers as a percentage of total employment is no longer available.

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

TABLE 15

UNAUDITED

Function	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental Activities										
General Government	46	49	48	48	48	48	50	51	53	53
Public Safety	130	137	139	137	138	139	139	141	139	140
Economic and Physical Development	2	2	2	3	3	3	3	3	3	3
Environmental Protection	2	2	2	2	2	2	2	2	2	2
Human Services	99	99	99	101	104	106	106	107	105	107
Cultural and Recreation	27	29	29	29	29	30	30	31	31	31
Total Governmental Activities	306	318	319	320	324	327	330	335	333	336
Business-Type Activities										
Solid Waste	17	16	16	16	16	16	16	17	18	18
Total Business-Type Activities	17	16	16	16	16	16	16	17	18	18
Total All	323	334	335	336	340	343	346	352	351	354

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	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General government										
Registered Voters	23,224	24,070	24,028	24,017	23,643	24,376	25,003	25,763	24,573	25,540
Number of Tax Bills (excl motor vehicles)	30,207	30,159	30,159	30,136	30,073	29,999	29,934	29,930	26,874	25,118
Public Safety										
911 Calls	47,944	49,045	48,094	47,001	48,286	50,444	50,247	51,981	55,763	54,180
Building Permits Issued*	1,160	1,034	1,070	1,100	1,346	1,529	1,868	1,934	2,041	2,000
Planning										
Subdivisions approved	3	0	3	9	18	11	14	13	9	25
Cell towers permitted	0	0	2	0	0	2	2	1	1	-
Solid Waste										
Total Collection Use (rounded)	352,000	362,000	353,000	349,000	333,000	371,000	379,000	380,000	385,000	285,000
Tons disposed	19,495	21,578	19,935	21,302	24,068	27,270	26,951	58,048	56,096	23,160

* 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	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Government										
Public Facilities	4	4	4	5	6	6	6	6	6	6
Public Safety:										
Sheriff Department										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol vehicles	66	66	66	66	69	71	79	80	80	80
EMS Stations	2	2	2	2	2	2	2	2	2	2
Culture and Recreation:										
Libraries	1	1	1	1	1	1	1	1	1	1
Parks	6	6	6	6	6	5	5	5	5	6
Acreage	74	74	74	74	74	74	74	74	74	129
Athletic fields	7	9	9	9	9	9	8	8	8	8
Recreation centers	1	1	1	1	1	1	1	1	1	1