

**TRANSYLVANIA COUNTY
NORTH CAROLINA**

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2021

**TRANSYLVANIA COUNTY
NORTH CAROLINA**

Annual Comprehensive Financial Report

For the Year Ended June 30, 2021

Prepared by the Finance Department

This page left blank intentionally.

**TRANSYLVANIA COUNTY
NORTH CAROLINA**

JUNE 30, 2021

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

This page left blank intentionally.

TRANSYLVANIA COUNTY, NORTH CAROLINA

ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2021

TABLE OF CONTENTS

<u>Exhibit</u>		<u>Page(s)</u>
	Introductory Section	
	Letter of Transmittal	i-v
	Certificate of Achievement for Excellence in Financial Reporting	vi
	Organizational Chart	vii
	Independent Auditor's Report	1-3
	Management's Discussion and Analysis	4-14
	Basic Financial Statements:	
	Government-Wide Financial Statements:	
A	Statement of Net Position	15-16
B	Statement of Activities	17-18
	Fund Financial Statements:	
C	Balance Sheet - Governmental Funds	19-20
D	Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	21
E	Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds to the Statement of Activities	22
F	General Fund - Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	23
G	Statement of Net Position - Proprietary Funds	24
H	Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds	25
I	Statement of Cash Flows - Proprietary Funds	26
J	Statement of Fiduciary Net Position - Fiduciary Funds	27
K	Statement of Changes in Fiduciary Net Position - Fiduciary Funds	28
	Notes to the Financial Statements	29-77

TRANSYLVANIA COUNTY, NORTH CAROLINA

ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2021

TABLE OF CONTENTS

<u>Schedule</u>		<u>Page(s)</u>
	Required Supplemental Financial Data:	
A-1	Law Enforcement Officers' - Schedule of Changes in Total Pension Liability (LEO)	78
A-2	Law Enforcement Officers' - Schedule of Total Pension Liability as a Percentage of Covered-Employee Payroll	79
A-3	Other Post-Employment Benefits - Schedule of Changes in the Total OPEB Liability and Related Ratios	80
A-4	Local Government Employees' Retirement System - Proportionate Share of Net Pension Liability (Asset) Last Eight Fiscal Years	81-82
A-5	Local Government Employees' Retirement System - Contributions Last Eight Fiscal Years	83-84
A-6	Register of Deeds' Supplemental Pension Fund - Proportionate Share of Net Pension Liability (Asset) Last Eight Fiscal Years	85-86
A-7	Register of Deeds' Supplemental Pension Fund - Contributions Last Eight Fiscal Years	87-88
	Supplementary Information:	
	Major Funds:	
	General Fund:	
1	Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	89-96
	Education Capital Project Fund:	
2	Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	97
	Disaster Response Fund:	
3	Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	98

TRANSYLVANIA COUNTY, NORTH CAROLINA

ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2021

TABLE OF CONTENTS

<u>Schedule</u>		<u>Page(s)</u>
	Nonmajor Governmental Funds:	
4	Combining Balance Sheet	99
5	Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	100
	Nonmajor Special Revenue Funds:	
6	Combining Balance Sheet	101-102
7	Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	103-104
	Fire Districts Fund:	
8	Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	105
	Emergency Telephone System Fund:	
9	Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	106
	Narcotics Task Force Fund:	
10	Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	107
	Representative Payee Fund:	
11	Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	108
	Fines and Forfeitures Fund:	
12	Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	109
	State Deed Fee Fund:	
13	Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	110
	Permanent Fund:	
	Silvermont Reserve:	
14	Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	111

TRANSYLVANIA COUNTY, NORTH CAROLINA

ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2021

TABLE OF CONTENTS

<u>Schedule</u>		<u>Page(s)</u>
	Major Enterprise Fund:	
	Solid Waste Fund:	
15	Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)	112
	Water and Sewer Development Fund:	
16	Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	113
	Custodial Funds:	
17	Combining Statement of Fiduciary Net Position - Fiduciary Funds	114
18	Combining Statement of Changes in Fiduciary Net Position - Fiduciary Funds	115
	Other Supplemental Schedules:	
19	Schedule of Ad Valorem Taxes Receivable - General Fund	116
20	Analysis of Current Tax Levy - County-Wide Levy	117
	Table	
	Statistical Section (unaudited):	
1	Net Position by Component	118
2	Changes in Net Position	119-120
3	Governmental Activities, Tax Revenues by Source	121
4	Fund Balances of Governmental Funds	122
5	Changes in Fund Balances of Governmental Funds	123
6	Assessed Value and Estimated Actual Value of Taxable Property	124
7	Property Tax Rates - Direct and Overlapping Governments	125
8	Principal Property Taxpayers	126
9	Property Tax Levies and Collections	127
10	Ratios of Outstanding Debt by Type	128

TRANSYLVANIA COUNTY, NORTH CAROLINA

ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2021

TABLE OF CONTENTS

<u>Table</u>		<u>Page(s)</u>
	Statistical Section (unaudited) (continued):	
11	Ratios of General Bonded Debt Outstanding	129
12	Legal Debt Margin Information	130
13	Demographic and Economic Statistics	131
14	Principal Employers	132
15	Full-Time Equivalent County Government Employees by Function	133
16	Operating Indicators by Function/Program	134
17	Capital Asset Statistics by Function/Program	135
	Compliance Section:	
	Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	136-137
	Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; Required by the Uniform Guidance and the State Single Audit State Single Audit Implementation Act	138-139
	Report on Compliance for Each Major State Program; Report on Internal Control Over Compliance; Required by the Uniform Guidance and the State Single Audit State Single Audit Implementation Act	140-141
	Schedule of Findings and Questioned Costs	142-144
	Schedule of Prior Year Audit Findings	145
	Schedule of Expenditures of Federal and State Awards	146-151

This page left blank intentionally.

**INTRODUCTORY
SECTION**

This page left blank intentionally.

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

April 6, 2022

The Board of Commissioners
Transylvania County
North Carolina

The Annual Comprehensive Financial Report of Transylvania County for the fiscal year ended June 30, 2021, is hereby submitted. Laws of the State of North Carolina along with policies and procedures of the North Carolina Local Government Commission require that all local governments in the state publish a complete set of financial statements annually. The financial statements must be presented in conformity with generally accepted accounting principles (GAAP) and audited by licensed certified public accountants in accordance with auditing standards generally accepted in the United States of America.

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

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

The Annual Comprehensive Financial Report covers all 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 complement 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 thirty-five miles southwest of Asheville, North Carolina; 136 miles southeast of Knoxville, Tennessee; sixty 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 in three state parks and two national forests. Elevations in the county range from 1,265 feet in the Horse pasture 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, 2021, was 32,785. 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 4.4%, the lowest in a decade and below both the State unemployment rate of 4.6% and national rate of 5.9%.

The most recent property tax revaluation occurred effective January 2021 and resulted in an 15% overall increase in the County's tax base of real and personal property. In addition to this, the County continues to see measurable growth in some industries and growth in the County's median income and average weekly wage. The North Carolina Department of Commerce designated Transylvania County as a "tier 3" County by the North Carolina Department of Commerce, as of its November 30th, 2021, designation, based on four factors evaluated annually by that department, indicating that it is amongst the least economically distressed communities in North Carolina:

- Adjusted property tax base per capita (\$191,697) – 92nd highest of the one hundred counties – above state average
- Population growth (-.14%) – 48th highest of the one hundred counties – below state average
- Median household income – (\$55,268) – 75th highest of one hundred counties – below the state average
- Unemployment rate (4.37% in Sept. 2021) – 88th lowest of the one hundred counties and below the state average.

Due to the presence of Pisgah National Forest, as well as the Dupont, Gorges and Headwaters State Parks, the County remains a major tourism destination for outdoor enthusiasts. Based on a calendar 2021 study by Visit NC, a division of the Economic Development Partnership of North Carolina, Transylvania County saw \$32.2 million in spending on lodging, \$42.2 million on food and beverage, \$18.2 million on recreation spending and \$13.09 in retail spending from tourists during 2020. This represented an only 3.6 percent decline during the height of the COVID pandemic and closures. Ranked against the other ninety-nine counties of North Carolina, Transylvania placed 27th amongst the one hundred counties of North Carolina in growth in tourism spending over the prior year.

The County continues to see an increasing amount of commercial and residential development, as summarized by the table below. During fiscal 2021, the County saw its highest number of new housing units constructed over the last five years, a 51.4% increase over the prior year's total unit construction.

BUILDING PERMIT ACTIVITY FY 2017 - 2021

30-Jun	COMMERCIAL Construction		RESIDENTIAL Construction	
	Units	Value	Units	Value
2017	21	19,926,812	109	40,660,934
2018	12	11,539,866	124	48,661,178
2019	14	17,223,978	117	50,404,270
2020	18	10,862,005	105	47,416,379
2021	12	13,169,253	159	67,377,607

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 to clarify by consolidating some strategic goals. 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.

LONG TERM FINANCIAL PLANNING

Beginning in Fiscal Year 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. In 2020, the Board adjusted the rate further to \$.04 per \$100 effective with the 2020 budget ordinance. The Board adjusted the tax based on growth in the tax base to preserve \$2.4 million in annual capital capacity.

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

Additionally, in fiscal 2020, the County implemented a \$.105 per \$100 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 question of issuing \$68,000,000 of general obligation bonds was won through a public information campaign at the November 2018 elections. As of June 30th, 2021, the design professionals selected by the Transylvania County Board of Education have not delivered a finalized set of plans for the renovation of those schools. Transylvania County Schools and the County anticipates a notice to proceed with construction during late calendar 2022.

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 the construction market and temporary alleviation of needs by relocation of some court functions to other County facilities, including a plan to relocate some functions to the recently renovated building occupied currently by the Transylvania County Board of Elections as a stop gap measure pending future facility need studies.

Additionally, in FY 2021, the County Board of Commissioners completed a significant long-term study on the future of the Transylvania County Landfill, which included an evaluation of the possibility of permanently closing the landfill facility and transitioning solid waste operations to transferring waste out of the County. Evaluating options and projected costs over a timeframe of up to fifty years, the County Board of Commissioners chose an option to continue landfill operations. The County will begin planning for the construction of an additional cell in future years to hold the next ten years of waste for the County. In their FY 2022 budget, the Board decided on a mixed approach of fee increases and general fund transfers to bet he

OTHER INFORMATION

CERTIFICATE OF ACHIEVEMENT: The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Transylvania County for its annual comprehensive financial report for the fiscal year ended June 30, 2020. This was the 34th 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 Annual Comprehensive Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

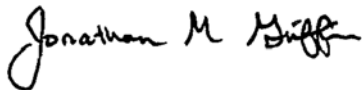
A Certificate of Achievement is valid for a period of one year only. We believe that our current Annual Comprehensive Financial Report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

ACKNOWLEDGMENTS:

The commitment of each department, office, and agency of the County to participate in the Board of Commissioners shared vision for the community made the preparation of this report possible. The cooperation of all County departments in carrying out the financial activities encompassed in this report is appreciated. Each has my sincere appreciation for their contributions made towards the completion of this report. Additionally, the staff of the Finance Office made a significant commitment above and beyond to assist in the preparation of this report, for which they have my sincere gratitude.

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

This page left blank intentionally.



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

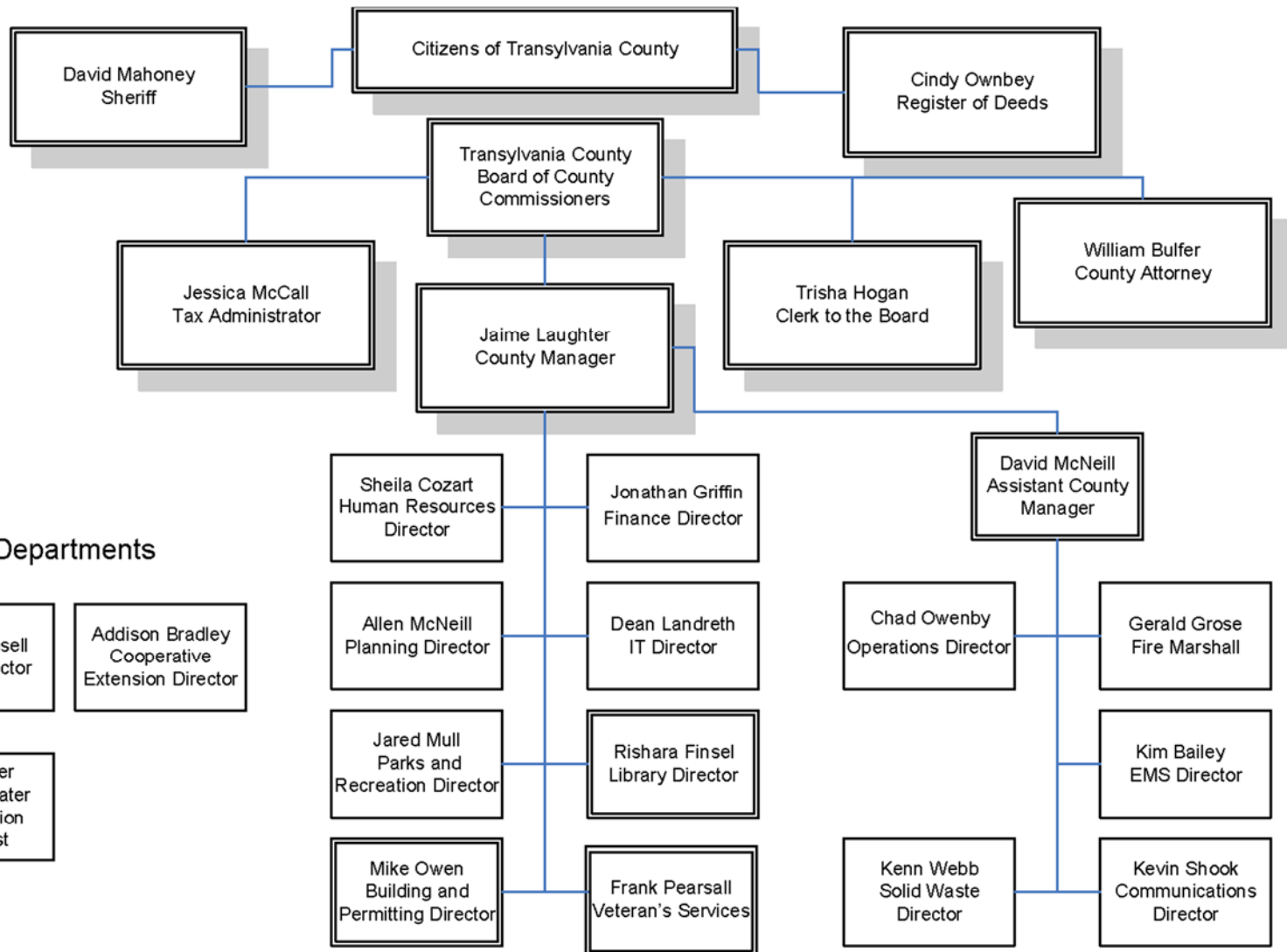
**Transylvania County
North Carolina**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2020

Christopher P. Morill

Executive Director/CEO



Coordinative Departments



**FINANCIAL
SECTION**

This page left blank intentionally.

MARTIN STARNES

& ASSOCIATES, CPAs, P.A.

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

Independent Auditor's Report

To the Board of Commissioners
Transylvania County, North Carolina

Report on the 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, 2021, 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, 2021, and the respective changes in financial position and, cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note 10 to the financial statements, for the fiscal year ended June 30, 2021, Transylvania County adopted new accounting guidance, Governmental Accounting Standards Board (GASB) No. 84, *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Law Enforcement Officers' Special Separation Allowance Schedules of the Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Employee Payroll, the Other Post-Employment Benefits' Schedules of Changes in the Total OPEB Liability and Related Ratios, the Local Governmental Employees' Retirement System Schedules of the County's Proportionate Share of Net Pension 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, as well as the accompanying Schedule of Expenditures of Federal and State Awards as required by Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the State Single Audit Implementation Act, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements, budgetary schedules, supplemental ad valorem tax schedules, and the Schedule of Expenditures of Federal and State Awards are 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 supplemental ad valorem tax schedules, and the Schedule of Expenditures of Federal and State Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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 April 6, 2022, 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
April 6, 2022

This page left blank intentionally.

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, 2021. 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

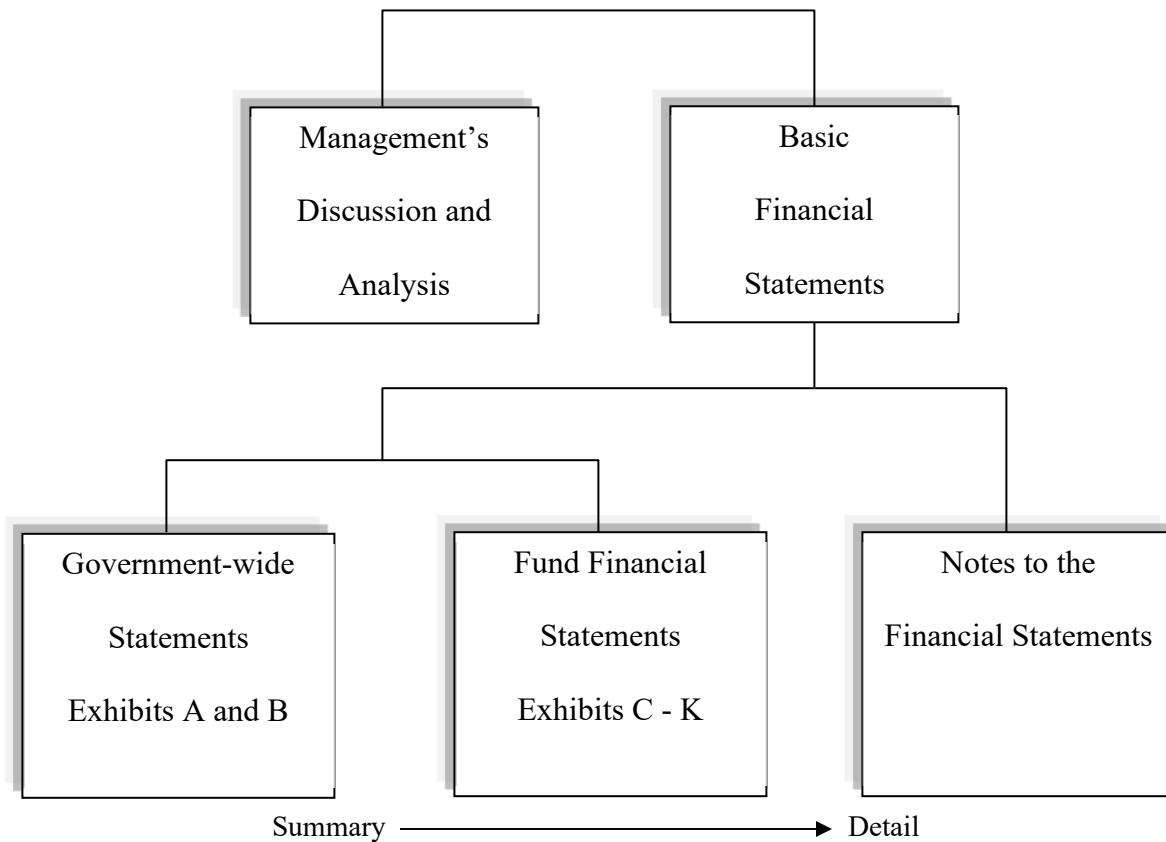
- Transylvania County's assets and deferred outflows exceeded its liabilities and deferred inflows of resources by \$80,369,643. The net position of the County increased over the prior fiscal year by \$7,343,088 (10.06%).
- The County's General Fund balance rose by \$2,717,142 to \$36,230,937, or by 8.11%. Of this total, \$4,484,389 (12.4%) was non-spendable and \$6,840,997 (18.9%) was restricted. \$19,121,592 was assigned or committed representing 52.8% of the County General Fund's balance. \$5,783,959 was unassigned (16.0%).
- At the close of the fiscal year, the County's governmental funds reported combined fund balances of \$45,977,015 reflecting an increase of \$7,272,549, including prior period adjustment of \$50,185, over the prior year or 18.64%. Approximately 28.3% of the balance is restricted or non-spendable, totaling \$13,021,041. Another 59.67%, or \$27,435,465, is either committed or assigned for specific purposes, leaving the remaining \$5,520,509 (12%) unassigned.
- As of June 30, 2021, the County had long-term outstanding debt of \$2,156,545, an increase of \$85,268 or a 4% increase from the prior year due to the execution of multiple long-term capital leases. More significant debt issuances have been delayed until the long-planned renovations of the County's two high schools are underway.

Overview of the Financial Statements

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

Required Components of Annual Financial Report

Figure 1



Government-wide Financial Statements

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

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

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

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

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

The government-wide financial statements appear on pages 15 to 18 of this report.

Fund Financial Statements

There are four components of the fund financial statements (Exhibits C through K): (1) the governmental funds statements, (2) the budgetary comparison statement, (3) the proprietary fund statements, and (4) the fiduciary fund statements. These statements provide a more detailed look at the County's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Transylvania County's funds may be divided into three categories - governmental, proprietary, and fiduciary. Like all other governmental entities in North Carolina, Transylvania County uses fund accounting to ensure and demonstrate compliance with federal, state, and local financial and legal requirements.

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

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

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

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

Please refer to pages 37 - 41 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 three fiduciary funds, all of which are custodial funds: The Municipal Tax Fund, the Jail Inmate Fund, and the Cooperative Extension Fund (Exhibit J and K).

Notes to the Financial Statements

The notes explain in detail some of the data contained in the statements and are essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements start on page 29 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 78 about funding of Transylvania County's pension and other post-employment benefit obligations. The next section provides more detailed information about the major and non-major governmental, proprietary, and custodial funds, as well as an analysis of the current tax levy and schedule of ad valorem taxes receivable. The final section of the report contains statistical tables which present trends for financial performance and resources and other key economic, demographic, and operating indicators.

Government-Wide Financial Analysis

Total net position, and particularly changes in net position over time, may serve as an indicator of a government's financial condition. As of June 30, 2021, Transylvania County's government-wide assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$80,369,643 – reflecting an increase of \$7,393,273, including prior period adjustment of \$50,185, resulting from financial transactions that occurred during fiscal year 2021 (see Figure 2, below).

Transylvania County Summary of Net Position
Figure 2

	Governmental Activities		Business-Type Activities		Government-Wide Total	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$52,983,130	\$41,872,374	\$ 9,588,220	\$ 9,135,154	\$62,571,350	\$51,007,528
Net pension asset	88,617	78,522	-	-	88,617	78,522
Capital assets	40,638,192	40,681,146	2,864,627	2,917,459	43,502,819	43,598,605
Total Assets	93,709,939	82,632,042	12,452,847	12,052,613	106,162,786	94,684,655
Deferred Outflows of Resources	5,371,727	4,159,667	253,653	205,001	5,625,380	4,364,668
Long-term liabilities outstanding	14,941,884	13,081,434	7,555,120	7,082,793	22,497,004	20,164,227
Other liabilities	8,430,024	5,504,009	328,466	163,661	8,758,490	5,667,670
Total Liabilities	23,371,908	18,585,443	7,883,586	7,246,454	31,255,494	25,831,897
Deferred Inflows of Resources	161,127	236,684	1,902	4,372	163,029	241,056
Net Position:						
Net investment in capital assets	38,739,070	38,826,167	2,715,354	2,917,459	41,454,424	41,743,626
Restricted	8,619,146	6,107,015	-	-	8,619,146	6,107,015
Unrestricted	28,190,415	23,036,400	2,105,658	2,089,329	30,296,073	25,125,729
Total Net Position	\$75,548,631	\$67,969,582	\$ 4,821,012	\$ 5,006,788	\$80,369,643	\$72,976,370

Overall, the County's net position increased by 10.06% This is an aggregate of two changes in net position for the County overall. The net position of governmental activities increased by \$7,579,049, and the net position of business-type activities decreased by \$185,776.

Of the government's net position:

- ❖ Investment in capital assets represented \$41,454,424 (51.6%) of the government wide total net position and represented the County's extensive investment in land, buildings, furniture and fixtures, vehicles, and other equipment.
- ❖ \$8,619,146 (10.7%) 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 \$5,712,724 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 \$5,170,344 (20.6%) driven by governmental activities. Unrestricted net position increased by .78% in business-type activities.

Transylvania County Summary of Changes in Net Position
Figure 3

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues:						
<i>Program Revenues</i>						
Charges for services	\$ 4,155,188	\$ 3,811,015	\$ 2,207,317	\$ 1,874,376	\$ 6,362,505	\$ 5,685,391
Operating grants	8,615,068	7,497,278	76,165	37,199	8,691,233	7,534,477
<i>General Revenues</i>						
Property taxes	41,617,678	40,556,105	-	-	41,617,678	40,556,105
Other taxes	15,722,759	11,698,986	-	-	15,722,759	11,698,986
Grants and contributions unrestrict.	545,696	545,280	-	-	545,696	545,280
Miscellaneous unrestricted	-	-	-	-	-	-
Interest	9,361	388,301	18,552	130,698	27,913	518,999
Total Revenues	70,665,750	64,496,965	2,302,034	2,042,273	72,967,784	66,539,238
Expenses						
General Government	8,667,861	11,187,376	-	-	8,667,861	11,187,376
Public Safety	21,026,946	20,353,781	-	-	21,026,946	20,353,781
Transportation	513,884	425,220	-	-	513,884	425,220
Economic and Physical Development	2,821,683	2,281,527	-	-	2,821,683	2,281,527
Human Services	10,453,187	9,901,274	-	-	10,453,187	9,901,274
Culture and Recreation	2,402,400	2,738,556	-	-	2,402,400	2,738,556
Education	16,623,947	16,122,166	-	-	16,623,947	16,122,166
Interest on long-term debt	56,828	69,953	-	-	56,828	69,953
Landfill	-	-	3,057,960	2,968,718	3,057,960	2,968,718
Total Expenses	62,566,736	63,079,853	3,057,960	2,968,718	65,624,696	66,048,571
Change in Net Position Before Transfers	8,099,014	1,417,112	(755,926)	(926,445)	7,343,088	490,667
Transfers	(570,150)	(551,250)	570,150	551,250	-	-
Net Position, July 1	67,969,582	67,103,720	5,006,788	5,381,983	72,976,370	72,485,703
Restatement	50,185	-	-	-	50,185	-
Restated Net Position, July 1	68,019,767	67,103,720	5,006,788	5,381,983	73,026,555	72,485,703
Change in Net Position	7,528,864	865,862	(185,776)	(375,195)	7,343,088	490,667
Net Position, June 30	\$75,548,631	\$67,969,582	\$ 4,821,012	\$ 5,006,788	\$80,369,643	\$72,976,370

Governmental activities – Transylvania County’s governmental activities closed the year with a net position of \$75,548,631, an increase of \$7,579,049, including prior period adjustment of \$50,185.

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 general government, education and culture

Business-type activities – Transylvania County’s business-type activities closed the year with a net position of \$4,821,012, a decrease of \$185,776.

The primary factors driving this change were as follows:

- 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 fund types are divided into two categories, major and non-major. For 2021, the County had three major funds: the General Fund, Education Capital Project Fund and the Disaster Response Fund. The non-major governmental funds consist of Special Revenue Funds and the Permanent Fund.

The General Fund is the chief operating fund of Transylvania County. At the end of the current fiscal year, the total fund balance equaled \$36,230,937, with \$4,484,389 non-spendable and \$6,840,997 restricted.

- ❖ \$1,237,110 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.
- ❖ \$4,756,927 was committed by the Board of Commissioners for post-employment health benefits for employees (\$2,741,780) and pension payments for retired law enforcement officers (\$2,015,138).
- ❖ \$14,364,665 was assigned for specific uses including:
 - \$2,289,663 for employee health insurance
 - \$820,619 for economic and physical development investments in public utility infrastructure, incentive grants, and general projects
 - \$2,203,719 for accrued vacation liabilities
- ❖ \$5,783,959, or 16.0 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 63 percent of the County government’s total actual expenditures for fiscal year 2021.

The General Fund balance rose by 8.1%, or \$2,717,142.

The major factors in the performance of the General Fund for the year ended June 30, 2021 were as follows:

- ❖ Actual revenues exceeded the prior year by 9.5%, or \$5,693,474, driven by higher ad valorem taxes, increased local option sales tax distributions and higher collected permit fees. All categories of revenues save donations/grants and interest earned on idle funds were increased over the prior year.
 - The largest increase of all categories was distributions of local option sales taxes, which rose by \$2,431,372, or 24.7%.
- ❖ Actual expenditures were \$1,439,207 higher than fiscal 2020, driven by two primary factors:
 - Higher costs on public safety related to increased appropriations to volunteer fire and rescue departments out of the County's General Fund
 - Higher expenditures on human services related to the Public Health department's COVID-19 programming.
- ❖ The General Fund's support for other governmental and proprietary funds increased over FY 2020, with total transfers totaling \$6,770,150, an increase of \$878,109 (14.9%).
 - The largest of these was the transfer to the Education Capital Fund.

The combined fund balances of all other governmental funds increased to \$9,746,078 from \$5,190,671 in FY 2020. This increase of 87.7% is primarily related to the Education Capital Fund, presented as a major fund, having a fund balance increase from \$3,983,035 to \$8,313,873.

- ❖ Total revenues across all other governmental funds were increased by \$643,087, or 15.4%. This was primarily driven by the activity in the Fire Service District funds related to a change in the ad valorem property tax rate and secondly by increased restricted intergovernmental revenues in the Disaster Response Fund.
- ❖ Total expenditures across all other governmental funds were higher than the prior year by \$1,067,231 (19.6%), this was primarily driven by increased expenditures in the Education Capital Project Fund.

As of June 30, 2021, Transylvania County's governmental funds reported a total ending balance of \$45,977,015, an increase of 7,272,549 including a prior period adjustment of \$50,185, or 18.64%.

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.

The net position of the County's enterprise activity, the Solid Waste Fund, fell by only \$185,776 in FY 2021, in comparison to \$375,195 in FY 2020.

Operating revenues for the Solid Waste Fund were higher than the prior year by 17.8%, or \$332,941, primarily related to changing consumer habits and regulatory actions by the State of North Carolina. However, non-operating revenues for the Transylvania County landfill were lower by \$95,391, or 50.2%, due to a significant decrease in interest earnings. Operating expenditures were higher than the prior year by \$89,242, or 3.0%, primarily related to other operating expenditures.

The operating loss of the Transylvania County Solid Waste Fund totaled \$850,643, lower than the prior year's operating loss of \$1,094,342 by 22.3%. A transfer of \$570,150 from the General Fund was intended to partially mitigate operating losses in the Solid Waste Fund.

General Fund Budgetary Highlights:

The County's financial performance in the General Fund played a significant role in the stronger financial position of the County at fiscal year-end. Most notable were positive variances of over \$1 million against the final budget in three functional areas: general government, public safety and human services, which can be attributed to the diligence of management in monitoring operational budgets. When comparing revenues, the strongest factors in this performance were the positive variance in ad valorem tax collections (\$659,974 over budget) and the local option sales tax (\$3,379,089 over budget estimates).

Additionally, Transylvania County found it necessary to revise the County's General Fund budget ordinance for several reasons throughout the fiscal year, most notably to: (1) recognize new funding from external sources and other funds, (2) withdraw funds from reserves for designated uses and needs that arose during the year, and (3) roll forward appropriations made in fiscal year 2020 that were not completed within that fiscal year. The original budget ordinance totaled approximately \$61.9 million and increased to \$68.3 million, approximately 10.3% or \$6m. excluding appropriations carried forward to FY21. The following are a summary of adjustments and their purpose:

- \$700,361 to account for projects undertaken in 2019 that were carried forward and completed in fiscal 2020.
- \$952,150 in appropriations of increased sales taxes to fund capital projects that had been excluded from the original budget due to economic uncertainty.
- \$891,420 to recognize additional revenues from the Register of Deeds and Occupancy Tax collections to be passed on to partner agencies.

Capital Asset and Debt Administration

Capital assets: Transylvania County's capital assets for its governmental and business-type activities as of June 30, 2021, totaled \$43,502,819 (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	
	2021	2020	2021	2020	2021	2020
Land	\$ 3,976,648	\$ 3,735,732	\$ 1,130,910	\$ 1,130,910	\$ 5,107,558	\$ 4,866,642
Landfill cells		-	525,592	652,373	525,592	652,373
Buildings	30,926,677	31,590,936	47,614	50,518	30,974,291	31,641,454
Improvements	434,031	273,585	261,333	237,747	695,364	511,332
FF&E	2,015,995	1,806,937	710,609	670,573	2,726,604	2,477,510
Vehicles	2,157,412	2,462,806	116,511	175,338	2,273,923	2,638,144
Construction in progress	1,127,429	811,150	72,058	-	1,199,487	811,150
Total	\$ 40,638,192	\$ 40,681,146	\$ 2,864,627	\$ 2,917,459	\$ 43,502,819	\$ 43,598,605

Long-term Debt: The County’s outstanding debt totaled \$2,156,545 at year end with the outstanding balance totaling only 3% of the government-wide net position.

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	
	2021	2020	2021	2020	2021	2020
Qualified School Construction Bonds	\$ 108,150	\$ 216,298	\$ -	\$ -	\$ 108,150	\$ 216,298
Installment financings	1,541,149	1,854,979	-	-	1,541,149	1,854,979
Capital leases	357,973	-	149,273	-	507,246	-
Total	\$ 2,007,272	\$ 2,071,277	\$ 149,273	\$ -	\$ 2,156,545	\$ 2,071,277

On June 30, 2021, the County had a legal debt margin of \$482,868,808.

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.

Impact of Coronavirus on the County. During the fiscal year 2020, the World Health Organization declared the spread of Coronavirus Disease (COVID-19), a worldwide pandemic. COVID-19 impacted both the State of North Carolina and Transylvania County. Transylvania County’s response to the coronavirus included a continued commitment to conservative budget practices and diligent monitoring, as well as authorizing departments to seek supplemental resources from the State government to assist with the costs of mitigating the spread of the pandemic and assisting affected individuals. Management believes the County is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as events associated with the pandemic continue to develop.

Budget Highlights for the Fiscal Year Ending June 30, 2022

Long-term needs were the dominating factor in the planning, recommendation, and adoption of a budget ordinance for Transylvania County for the year ending June 30, 2022. Public safety and the long-term needs of the Transylvania County Landfill, which has current permitted cell capacity through 2026 were the primary factors. These challenges required a strategic approach to ensure that adequate resources were available to address the statutory requirements and mandates unique to North Carolina County governments.

It was with this in mind that management provided an earlier than required budget recommendation, and the Board of County Commissioners oversaw a significantly longer period of public comment concerning its budget before final adoption in June 2021.

Ultimately, this deliberative process 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.

Governmental Activities:

General Fund appropriations rose by \$7,447,360 in FY 2022's adopted budget, or 10.7%, over the initially adopted \$61.6 million budget for FY 2021. This was driven by two primary factors: (1) that the reduction in economic uncertainty allowed the restoration of certain capital projects and planning that had been excluded from the original FY 2021 budget ordinance and (2) that the amount of planned transfers from the General Fund were significantly higher than in FY '21.

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

In 2021, County tax assessor staff completed the market revaluation of all real and personal property, and the General Fund's ad valorem tax rate was reduced from 63.6 cents per \$100 of value to 60.33 cents per \$100 of value. This was above the revenue neutral calculation due to planned increases to provide additional appropriations to volunteer fire departments and to offset known revenue shortfalls in the County's Solid Waste Enterprise Fund.

Appropriations in the County's Fire Service Districts rose, as the changing tax base allowed for an adjustment in the ad valorem tax rate to be implemented (lowered from 6 cents per \$100 of value in FY 2021, to 5 cents per \$100 in FY 2022). This lower tax rate led to changes in the cost sharing on appropriations in volunteer fire departments between the fire service districts (consolidated in the Fire District Fund) and the General Fund and, therefore, there were lower appropriations in the Fire Service Districts (\$2,749,917 million in FY 2022 versus 2021's appropriation total of \$2,932,553 million).

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

Business-type Activities

The Board also approved a budget for landfill activities and the Solid Waste department at \$4,117,920, balanced by a transfer of resources from the General Fund of \$1,134,314. When evaluating fee increases, fees being set in the methodology used by most rural counties in North Carolina or supplementing lower revenues from the General Fund, the Board chose to raise the ad valorem tax rate in the General Fund. This was coupled with incremental increases in user fees – with a new minimum landfill fee of \$15 and a new convenience center fee of \$3, up from \$5 at the landfill and \$1.5 from the convenience centers.

Overall, future expansion needs of the Transylvania County drove the significant increase in the County's enterprise fund budget. Nearly \$1 million was planned as capital outlay, in addition to a \$663,000 increase in operating expenditures to begin the design and permitting process for an additional landfill cell.

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.

This page left blank intentionally.

**BASIC
FINANCIAL
STATEMENTS**

TRANSYLVANIA COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION
JUNE 30, 2021

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Transylvania County Tourism Development Authority
Assets:				
Current assets:				
Cash and investments	\$ 39,101,816	\$ 2,428,253	\$ 41,530,069	\$ 1,131,020
Taxes receivable, net	120,521	-	120,521	-
Accounts receivable, net	465,845	94,741	560,586	-
Due from primary government	-	-	-	232,514
Due from other governments	5,205,685	88,604	5,294,289	-
Long-term receivable	4,349,218	-	4,349,218	-
Inventories	102,814	-	102,814	-
Prepaid items	32,357	-	32,357	-
Cash and investments, restricted	3,604,874	6,976,622	10,581,496	-
Total current assets	<u>52,983,130</u>	<u>9,588,220</u>	<u>62,571,350</u>	<u>1,363,534</u>
Non-current assets:				
Net pension asset (ROD)	88,617	-	88,617	-
Capital assets:				
Land and other non-depreciable assets	5,104,077	1,202,968	6,307,045	-
Depreciable assets, net	35,534,115	1,661,659	37,195,774	-
Total capital assets	<u>40,638,192</u>	<u>2,864,627</u>	<u>43,502,819</u>	<u>-</u>
Non-current assets, net	<u>40,726,809</u>	<u>2,864,627</u>	<u>43,591,436</u>	<u>-</u>
Total assets	<u>93,709,939</u>	<u>12,452,847</u>	<u>106,162,786</u>	<u>1,363,534</u>
Deferred Outflows of Resources:				
Pension deferrals	5,330,252	251,470	5,581,722	-
OPEB deferrals	41,475	2,183	43,658	-
Total deferred outflows of resources	<u>5,371,727</u>	<u>253,653</u>	<u>5,625,380</u>	<u>-</u>
Liabilities:				
Current liabilities:				
Accounts payable and accrued liabilities	2,655,246	260,723	2,915,969	94,881
Prepaid fees	255,621	-	255,621	-
Due to component unit	232,514	-	232,514	-
Due to other governments	14,562	-	14,562	-
Advances from grantors	3,496,507	-	3,496,507	-
Accrued interest payable	11,159	-	11,159	-
Current portion of long-term liabilities	1,764,415	67,743	1,832,158	-
Total current liabilities	<u>8,430,024</u>	<u>328,466</u>	<u>8,758,490</u>	<u>94,881</u>

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

TRANSYLVANIA COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION
JUNE 30, 2021

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Transylvania County Tourism Development Authority
Non-current liabilities:				
Net pension liability (LGERS)	7,809,294	411,015	8,220,309	-
Total pension liability (LEOSSA)	2,436,592	-	2,436,592	-
Total OPEB liability	2,979,092	156,794	3,135,886	-
Due in more than one year	1,716,906	6,987,311	8,704,217	-
Total non-current liabilities	14,941,884	7,555,120	22,497,004	-
Total liabilities	23,371,908	7,883,586	31,255,494	94,881
Deferred Inflows of Resources:				
Prepaid taxes	18,527	-	18,527	-
Pension deferrals	142,600	1,902	144,502	-
Total deferred inflows of resources	161,127	1,902	163,029	-
Net Position:				
Net investment in capital assets	38,739,070	2,715,354	41,454,424	-
Restricted for:				
Stabilization by state statute	5,712,724	-	5,712,724	232,514
Permanently restricted for				
perpetual maintenance - non-expendable	108,367	-	108,367	-
Register of Deeds	11,209	-	11,209	-
Register of Deeds Pension Plan	82,494	-	82,494	-
Court facilities	32,435	-	32,435	-
Public safety	424,062	-	424,062	-
Fire departments	925,330	-	925,330	-
Emergency telephone system	162,285	-	162,285	-
Health department programs	198,001	-	198,001	-
Social services	24,972	-	24,972	-
Health services	29,667	-	29,667	-
Recreation programs and facilities	235,085	-	235,085	-
Education	672,515	-	672,515	-
Tourism promotion	-	-	-	1,036,139
Unrestricted	28,190,415	2,105,658	30,296,073	-
Total net position	\$ 75,548,631	\$ 4,821,012	\$ 80,369,643	\$ 1,268,653

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

TRANSYLVANIA COUNTY, NORTH CAROLINA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Expenses</u>	<u>Program Revenues</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	\$ 8,667,861	\$ 311,432	\$ 1,421,064	\$ -
Public safety	21,026,946	3,131,439	539,973	-
Transportation	513,884	37	520,115	-
Economic and physical development	2,821,683	2,575	-	-
Human services	10,453,187	601,563	5,637,232	-
Cultural and recreational	2,402,400	108,142	320,350	-
Education	16,623,947	-	176,334	-
Interest and fees	56,828	-	-	-
Total governmental activities	<u>62,566,736</u>	<u>4,155,188</u>	<u>8,615,068</u>	<u>-</u>
Business-Type Activities:				
Solid waste	<u>3,057,960</u>	<u>2,207,317</u>	<u>76,165</u>	<u>-</u>
Total primary government	<u>\$ 65,624,696</u>	<u>\$ 6,362,505</u>	<u>\$ 8,691,233</u>	<u>\$ -</u>
Component Unit:				
Tourism Development Authority	<u>\$ 1,035,890</u>	<u>\$ 27,138</u>	<u>\$ 10,000</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, 2021

	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	\$ (6,935,365)	\$ -	\$ (6,935,365)	
Public safety	(17,355,534)	-	(17,355,534)	
Transportation	6,268	-	6,268	
Economic and physical development	(2,819,108)	-	(2,819,108)	
Human services	(4,214,392)	-	(4,214,392)	
Cultural and recreational	(1,973,908)	-	(1,973,908)	
Education	(16,447,613)	-	(16,447,613)	
Interest and fees	(56,828)	-	(56,828)	
Total governmental activities	(49,796,480)	-	(49,796,480)	
Business-Type Activities:				
Solid waste	-	(774,478)	(774,478)	
Total primary government	(49,796,480)	(774,478)	(50,570,958)	
Component Unit:				
Tourism Development Authority				\$ (998,752)
General Revenues:				
Taxes:				
Ad valorem taxes	41,617,678	-	41,617,678	-
Local option sales taxes	12,273,052	-	12,273,052	-
Deed stamp excise tax	197,412	-	197,412	-
Real estate transfer tax	1,355,637	-	1,355,637	-
Occupancy tax	1,896,658	-	1,896,658	1,868,005
Unrestricted intergovernmental revenues	545,696	-	545,696	-
Investment earnings, unrestricted	9,361	18,552	27,913	143
Total general revenues excluding transfers	57,895,494	18,552	57,914,046	1,868,148
Transfers	(570,150)	570,150	-	-
Total general revenues and transfers	57,325,344	588,702	57,914,046	1,868,148
Change in net position	7,528,864	(185,776)	7,343,088	869,396
Net Position:				
Beginning of year - July 1	67,969,582	5,006,788	72,976,370	399,257
Restatement	50,185	-	50,185	-
Beginning of year - July 1, restated	68,019,767	5,006,788	73,026,555	399,257
End of year - June 30	\$ 75,548,631	\$ 4,821,012	\$ 80,369,643	\$ 1,268,653

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

TRANSYLVANIA COUNTY, NORTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2021

	Major			Nonmajor	Total Governmental Funds
	General Fund	Education Capital Project Fund	Disaster Response Fund	Other Governmental Funds	
Assets:					
Cash and investments	\$ 28,933,056	\$ 8,498,487	\$ -	\$ 1,670,273	\$ 39,101,816
Taxes receivable, net	110,648	-	-	9,873	120,521
Accounts receivable, net	449,164	-	-	16,681	465,845
Long-term receivable	4,349,218	-	-	-	4,349,218
Due from other funds	253,811	-	-	-	253,811
Due from other governments	4,900,912	-	240,182	64,591	5,205,685
Inventories	102,814	-	-	-	102,814
Prepaid items	32,357	-	-	-	32,357
Cash and investments, restricted	137,198	-	3,359,309	108,367	3,604,874
Total assets	<u>\$ 39,269,178</u>	<u>\$ 8,498,487</u>	<u>\$ 3,599,491</u>	<u>\$ 1,869,785</u>	<u>\$ 53,236,941</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:					
Liabilities:					
Accounts payable and accrued liabilities	\$ 2,285,972	\$ 184,614	\$ -	\$ 184,660	\$ 2,655,246
Due to other funds	-	-	253,811	-	253,811
Due to component unit	232,514	-	-	-	232,514
Due to other governments	-	-	-	14,562	14,562
Advances from grantors	137,198	-	3,359,309	-	3,496,507
Prepaid fees	255,621	-	-	-	255,621
Total liabilities	<u>2,911,305</u>	<u>184,614</u>	<u>3,613,120</u>	<u>199,222</u>	<u>6,908,261</u>
Deferred Inflows of Resources:					
Unavailable revenues	-	-	212,617	-	212,617
Property taxes receivable	110,648	-	-	9,873	120,521
Prepaid taxes	16,288	-	-	2,239	18,527
Total deferred inflows of resources	<u>126,936</u>	<u>-</u>	<u>212,617</u>	<u>12,112</u>	<u>351,665</u>
Fund Balances:					
Non-spendable, not in spendable form:					
Inventories	102,814	-	-	-	102,814
Prepaid items	32,357	-	-	-	32,357
Long-term receivable	4,349,218	-	-	-	4,349,218
Perpetual maintenance	-	-	-	108,367	108,367
Restricted:					
Stabilization by state statute	5,603,887	-	27,565	81,272	5,712,724
Restricted, all other	1,237,110	-	-	1,478,451	2,715,561
Committed	4,756,927	8,313,873	-	-	13,070,800
Assigned	14,364,665	-	-	-	14,364,665
Unassigned	5,783,959	-	(253,811)	(9,639)	5,520,509
Total fund balances	<u>36,230,937</u>	<u>8,313,873</u>	<u>(226,246)</u>	<u>1,658,451</u>	<u>45,977,015</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 39,269,178</u>	<u>\$ 8,498,487</u>	<u>\$ 3,599,491</u>	<u>\$ 1,869,785</u>	<u>\$ 53,236,941</u>

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

TRANSYLVANIA COUNTY, NORTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2021

	<u>Total Governmental Funds</u>
Total fund balances	\$ 45,977,015
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.	40,638,192
Net pension asset	88,617
Net pension liability - LGERS	(7,809,294)
Total pension liability - LEOSSA	(2,436,592)
Total OPEB liability	(2,979,092)
Deferred outflows of resources related to pensions are not reported in the funds.	5,330,252
Deferred inflows of resources related to pensions are not reported in the funds.	(142,600)
Deferred outflows of resources related to OPEB are not reported in the funds.	41,475
Liabilities for earned, but deferred, inflows of resources in fund statements	333,138
Some liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:	
Bonds and installment financing	(1,649,299)
Capital lease	(357,973)
Compensated absences	(1,474,049)
Interest payable	<u>(11,159)</u>
Net position of governmental activities	<u>\$ 75,548,631</u>

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

TRANSYLVANIA COUNTY, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2021

	Major			Nonmajor	Total Governmental Funds
	General Fund	Education Capital Project Fund	Disaster Response Fund	Other Governmental Funds	
Revenues:					
Ad valorem taxes	\$ 38,613,250	\$ -	\$ -	\$ 2,998,959	\$ 41,612,209
Local option sales taxes	12,273,052	-	-	-	12,273,052
Other taxes and licenses	3,449,707	-	-	-	3,449,707
Unrestricted intergovernmental revenues	545,696	-	-	-	545,696
Restricted intergovernmental revenues	6,544,073	-	1,225,160	344,083	8,113,316
Permits and fees	725,464	-	-	-	725,464
Sales and services	3,165,118	-	-	227,318	3,392,436
Donations and grants	56,966	-	-	33,570	90,536
Interest earned on investments	7,119	729	153	1,360	9,361
Miscellaneous	414,439	-	-	-	414,439
Total revenues	<u>65,794,884</u>	<u>729</u>	<u>1,225,313</u>	<u>3,605,290</u>	<u>70,626,216</u>
Expenditures:					
Current:					
General government	9,445,103	-	-	106,184	9,551,287
Public safety	16,691,487	-	977,072	3,171,672	20,840,231
Transportation	331,478	-	259,639	-	591,117
Economic and physical development	2,813,182	-	-	-	2,813,182
Human services	9,935,297	-	-	141,652	10,076,949
Cultural and recreational	2,254,688	-	-	-	2,254,688
Intergovernmental:					
Education	14,728,100	1,869,891	-	-	16,597,991
Debt service:					
Principal repayments	519,152	-	-	-	519,152
Interest	60,112	-	-	-	60,112
Total expenditures	<u>56,778,599</u>	<u>1,869,891</u>	<u>1,236,711</u>	<u>3,419,508</u>	<u>63,304,709</u>
Revenues over (under) expenditures	<u>9,016,285</u>	<u>(1,869,162)</u>	<u>(11,398)</u>	<u>185,782</u>	<u>7,321,507</u>
Other Financing Sources (Uses):					
Capital lease proceeds	455,147	-	-	-	455,147
Transfers in	-	6,200,000	-	-	6,200,000
Transfers out	(6,770,150)	-	-	-	(6,770,150)
Sale of surplus assets	15,860	-	-	-	15,860
Total other financing sources (uses)	<u>(6,299,143)</u>	<u>6,200,000</u>	<u>-</u>	<u>-</u>	<u>(99,143)</u>
Net change in fund balances	<u>2,717,142</u>	<u>4,330,838</u>	<u>(11,398)</u>	<u>185,782</u>	<u>7,222,364</u>
Fund Balances:					
Beginning of year - July 1	33,513,795	3,983,035	(214,848)	1,422,484	38,704,466
Prior period adjustment	-	-	-	50,185	50,185
Beginning of year - restated	<u>33,513,795</u>	<u>3,983,035</u>	<u>(214,848)</u>	<u>1,472,669</u>	<u>38,754,651</u>
End of year - June 30	<u>\$ 36,230,937</u>	<u>\$ 8,313,873</u>	<u>\$ (226,246)</u>	<u>\$ 1,658,451</u>	<u>\$ 45,977,015</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, 2021

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)	\$ 7,222,364
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues/expenditures in the funds.	39,534
Expenses related to interest expense that do not require current financial resources are not reported as expenditures in the governmental funds statement.	3,284
Pension expense - LEOSSA	(89,780)
Pension expense - LGERS	(1,025,334)
Pension expense - ROD	3,460
OPEB plan expense	231,113
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.	1,123,172
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.	2,110,491
Depreciation expense allocates the costs of capital assets over their useful lives. It is not reported as an expenditure in the governmental funds statement.	(2,029,035)
The sale/disposal of capital assets is reported as a revenue in the governmental funds statement without subtracting the net book value of the capital assets sold.	(124,410)
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.	519,152
Proceeds from issuance of debt are reported as revenues in the governmental funds statement. However, in the Statement of Activities, it is not a revenue, rather it is an increase in liabilities.	<u>(455,147)</u>
Change in net position of governmental activities (Exhibit B)	<u>\$ 7,528,864</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, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Over/Under
	Original	Final		
Revenues:				
Ad valorem taxes	\$ 37,953,274	\$ 37,953,276	\$ 38,613,250	\$ 659,974
Local option sales taxes	7,941,813	8,893,963	12,273,052	3,379,089
Other taxes and licenses	1,595,484	3,432,206	3,449,707	17,501
Unrestricted intergovernmental revenues	550,000	550,000	545,696	(4,304)
Restricted intergovernmental revenues	5,866,640	7,178,731	6,544,073	(634,658)
Permits and fees	586,461	601,692	725,464	123,772
Sales and services	3,403,855	3,543,064	3,165,118	(377,946)
Investment earnings	520,000	520,000	7,119	(512,881)
Donations	28,487	48,987	56,966	7,979
Miscellaneous	11,530	58,530	414,439	355,909
Total revenues	<u>58,457,544</u>	<u>62,780,449</u>	<u>65,794,884</u>	<u>3,014,435</u>
Expenditures:				
Current:				
General government	8,495,856	10,636,048	9,445,103	1,190,945
Public safety	16,532,164	17,760,842	16,691,487	1,069,355
Transportation	746,406	611,007	331,478	279,529
Economic and physical development	1,724,976	3,190,990	2,813,182	377,808
Human services	10,115,215	11,041,504	9,935,297	1,106,207
Cultural and recreational	2,366,472	2,465,316	2,254,688	210,628
Intergovernmental:				
Education	15,112,615	15,200,615	14,728,100	472,515
Debt service:				
Principal retirement	6,573,357	573,357	519,152	54,205
Interest and fees	62,372	62,372	60,112	2,260
Total expenditures	<u>61,729,433</u>	<u>61,542,051</u>	<u>56,778,599</u>	<u>4,763,452</u>
Revenues over (under) expenditures	<u>(3,271,889)</u>	<u>1,238,398</u>	<u>9,016,285</u>	<u>7,777,887</u>
Other Financing Sources (Uses):				
Capital lease proceeds	-	455,147	455,147	-
Transfers out	(210,000)	(6,770,150)	(6,770,150)	-
Sale of capital assets	20,000	20,000	15,860	(4,140)
Appropriated fund balance	3,461,889	5,056,605	-	(5,056,605)
Total other financing sources (uses)	<u>3,271,889</u>	<u>(1,238,398)</u>	<u>(6,299,143)</u>	<u>(5,060,745)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	2,717,142	<u>\$ 2,717,142</u>
Fund Balance:				
Beginning of year - July 1			<u>33,513,795</u>	
End of year - June 30			<u>\$ 36,230,937</u>	

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

TRANSYLVANIA COUNTY, NORTH CAROLINA

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2021**

	<u>Enterprise Fund</u>	<u>Solid Waste Fund</u>
Assets:		
Current assets:		
Cash and investments	\$ 2,428,253	
Accounts receivable, net	94,741	
Due from other governments	88,604	
Cash and investments, restricted	<u>6,976,622</u>	
Total current assets	<u>9,588,220</u>	
Non-current assets:		
Land and other non-depreciable assets	1,202,968	
Depreciable assets, net of depreciation	<u>1,661,659</u>	
Total non-current assets	<u>2,864,627</u>	
Total assets	<u>12,452,847</u>	
Deferred Outflows of Resources:		
Pension deferrals	251,470	
OPEB deferrals	<u>2,183</u>	
Total deferred outflows of resources	<u>253,653</u>	
Liabilities:		
Current liabilities:		
Accounts payable and accrued liabilities	260,723	
Current portion of compensated absences	30,428	
Current portion of long-term liabilities	<u>37,315</u>	
Total current liabilities	<u>328,466</u>	
Non-current liabilities:		
Accrued landfill closure and post-closure care costs	6,869,983	
Total OPEB liability	156,794	
Compensated absences	5,370	
Due in more than one year	111,958	
Net pension liability	<u>411,015</u>	
Total non-current liabilities	<u>7,555,120</u>	
Total liabilities	<u>7,883,586</u>	
Deferred Inflows of Resources:		
Pension deferrals	<u>1,902</u>	
Net Position:		
Net investment in capital assets	2,715,354	
Unrestricted	<u>2,105,658</u>	
Total net position	<u>\$ 4,821,012</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, 2021**

	Enterprise Fund
	Solid Waste Fund
Operating Revenues:	
Charges for services	\$ 2,207,317
Operating Expenses:	
Landfill operations:	
Salaries and employee benefits	1,307,460
Landfill closure and post-closure care costs	266,937
Other operating expenses	1,130,570
Depreciation	352,993
Total operating expenses	<u>3,057,960</u>
Operating income (loss)	<u>(850,643)</u>
Non-Operating Revenues (Expenses):	
Investment earnings	18,552
Other non-operating revenues	76,165
Total non-operating revenues (expenses)	<u>94,717</u>
Income (loss) before transfers	(755,926)
Transfers In (Out):	
Transfers in	<u>570,150</u>
Change in net position	(185,776)
Net Position:	
Beginning of year - July 1	<u>5,006,788</u>
End of year - June 30	<u>\$ 4,821,012</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, 2021

	<u>Enterprise Fund</u>
	<u>Solid Waste Fund</u>
Cash Flows from Operating Activities:	
Cash received from customers	\$ 2,170,819
Cash paid for goods and services	(1,118,228)
Cash paid to employees for services	(1,189,033)
Net cash provided (used) by operating activities	<u>(136,442)</u>
Cash Flows from Non-Capital Financing Activities:	
Solid waste disposal tax	76,165
Project expenditures not pursuant to construction of County assets	39,031
Interfund transfer in (out)	570,150
Net cash provided (used) by non-capital financing activities	<u>685,346</u>
Cash Flows from Capital and Related Financing Activities:	
Acquisition and construction of capital assets	(300,161)
Capital lease proceeds	155,558
Principal paid on capital lease	(6,285)
Net cash provided (used) by capital and related financing activities	<u>(150,888)</u>
Cash Flows from Investing Activities:	
Interest on investments	<u>18,552</u>
Net increase (decrease) in cash and cash equivalents	416,568
Cash and Cash Equivalents:	
Beginning of year - July 1	<u>8,988,307</u>
End of year - June 30	<u>\$ 9,404,875</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating income (loss)	\$ (850,643)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation	352,993
Landfill closure and post-closure care costs	266,937
(Increase) decrease in accounts receivable	(16,556)
(Increase) decrease in due from other governments	(19,942)
Increase (decrease) in accounts payable and accrued liabilities	85,577
(Increase) decrease in deferred outflows of resources for pensions	(60,709)
(Increase) decrease in deferred outflows of resources for OPEB	12,057
Increase (decrease) in total pension liability	115,625
Increase (decrease) in OPEB	(22,702)
Increase (decrease) in deferred inflows of resources for pensions	(951)
Increase (decrease) in deferred inflows of resources for OPEB	(1,519)
Increase (decrease) in accrued compensated absences	<u>3,391</u>
Net cash provided (used) by operating activities	<u>\$ (136,442)</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, 2021**

	Custodial Funds
Assets:	
Cash and investments	\$ 50,138
Taxes receivable from other governments, net	1,115
Accounts receivable and accrued revenues	<u>34,716</u>
Total assets	<u>85,969</u>
Liabilities:	
Intergovernmental payables	<u>5,525</u>
Net Position	
Restricted for:	
Individuals, organizations, and other governments	<u>80,444</u>
Total fiduciary net position	<u><u>\$ 80,444</u></u>

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

TRANSYLVANIA COUNTY, NORTH CAROLINA

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021**

	Custodial Funds
Additions:	
Ad valorem taxes for other governments	\$ 403,881
Collections on behalf of others	144,242
Total additions	<u>548,123</u>
Deductions:	
Tax distributions to other governments	393,621
Payments on behalf of others	140,123
Total deductions	<u>533,744</u>
Net increase (decrease) in fiduciary net position	<u>14,379</u>
Net Position:	
Beginning of year - July 1	-
Prior period adjustment	66,065
Beginning of year - restated	<u>66,065</u>
End of year - June 30	<u>\$ 80,444</u>

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

This page left blank intentionally.

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

1. Summary of Significant Accounting Policies

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

A. Reporting Entity

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

Component Unit

Discretely Presented Component Unit

Transylvania County Tourism Development Authority

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

B. Basis of Presentation

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

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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

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

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

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

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

The County reports the following major governmental funds:

General Fund. The General Fund is the primary operating fund of the County. It is used to account for all financial resources except those that are required to be accounted for in another fund. The 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 or the American Rescue Plan Act.

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.

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Proprietary Funds

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

The County reports the following additional fund types:

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

The County reports the following nonmajor governmental funds:

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

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

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

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

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

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

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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.

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.

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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 Education Capital Project Fund, the Fire Districts Fund, the Emergency Telephone Systems Fund, the Narcotics Task Force Fund, the Representative Payee Fund, the Fines and Forfeitures Fund, the State Deed Fee Fund, the Silvermont Reserve Fund and the Solid Waste Fund. All annual appropriations lapse at the fiscal year-end. Project ordinances are adopted for the Disaster Response Fund and the Water and Sewer Development Fund.

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

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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.

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, 2021, \$6,976,622 was restricted.

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Governmental Activities. The advance from grantors of \$137,198 in the General Fund and \$3,359,309 in the Disaster Response Fund represents 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, 2020.

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.

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

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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 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, 2021

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

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

year next preceding the budget. Per GASB guidance, RSS is considered a resource upon which a restriction is “imposed by law through constitutional provisions or enabling legislation”. RSS is reduced by inventories and prepaids as they are classified as non-spendable. Outstanding encumbrances are included within RSS. RSS is included as a component of restricted net position and restricted fund balance on the face of the balance sheet.

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

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

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

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

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

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

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

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

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

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

Restricted fund balance per Exhibit C differs from Restricted Net Position per Exhibit A by Register of Deeds pension plan of \$82,494 and permanently restricted for perpetual maintenance – non – expendable of \$108,367, for a total difference of \$190,861.

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Restricted fund balance at June 30, 2021 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	\$ 11,209	\$ -	\$ -	\$ 11,209
Court facilities	32,435	-	-	32,435
Public safety	297,978	126,084	-	424,062
Fire departments	-	925,330	-	925,330
Emergency telephone system	-	162,285	-	162,285
Health department programs	198,001	-	-	198,001
Social services	24,972	-	-	24,972
Health services	-	29,667	-	29,667
Education	672,515	-	-	672,515
Recreation endowment	-	-	235,085	235,085
Total	<u>\$ 1,237,110</u>	<u>\$ 1,243,366</u>	<u>\$ 235,085</u>	<u>\$ 2,715,561</u>

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

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

<u>Purpose</u>	<u>General Fund</u>	<u>Education Capital Project Fund</u>	<u>Total</u>
Committed:			
Retiree health insurance	\$ 2,741,789	\$ -	\$ 2,741,789
Public school capital projects	-	8,313,873	8,313,873
Law Enforcement Officers' Special Separation Allowance	2,015,138	-	2,015,138
Total	<u>\$ 4,756,927</u>	<u>\$ 8,313,873</u>	<u>\$ 13,070,800</u>

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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 Capital Improvement Plan – portion of fund balance that has been budgeted by the Board for capital improvement 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, 2021 is as follows:

Purpose	General Fund
Assigned:	
Subsequent year's expenditures	\$ 1,559,329
Employee health insurance	2,289,663
Accrued vacation	2,203,719
Capital improvement plan	7,340,741
Public safety projects	79,594
Economic and physical development	820,619
Environmental protection	35,000
Recreation programs and facilities	36,000
Total	\$ 14,364,665

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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

Transylvania County has a revenue spending policy that provides guidance for programs with multiple revenue sources. The Finance Officer will use resources in the following order: bond/debt proceeds, federal funds, state funds, local non-County funds, and County funds. For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in order by committed fund balance, assigned fund balance and, lastly, 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	\$ 36,230,937
Less:	
Prepays	(32,357)
Inventories	(102,814)
Long-term note receivable	(4,349,218)
Stabilization by state statute	<u>(5,603,887)</u>
Total available fund balance	<u>\$ 26,142,661</u>

Defined Benefit Cost-Sharing Plans

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

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

G. Revenues, Expenditures, and Expenses

Compensated Absences

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

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

Claims

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

2. Stewardship, Compliance, and Accountability

Significant Violations of Finance-Related Legal and Contractual Provisions

Deficit Fund Balance

At June 30, 2021, the Disaster Response Fund had a deficit fund balance of \$226,246. The deficit in the fund represents a portion of funds expended in response to the coronavirus pandemic for which the County is seeking reimbursement through Federal Emergency Management Assistance (FEMA) and Coronavirus Relief Funds (CRF). The deficit will be eliminated as the proceeds are obtained.

Excess of Expenditures over Appropriations

Excess of expenditures over appropriations are in violation of state law [GS159-28(b)]. Violations for the year ended June 30, 2021 are as follows:

General Fund:	
Governing Board	\$ (36,776)
Project Management	(481)
TDA Remittances	(59,435)
Nonmajor Funds:	
State Deed Fee Special Revenue Fund	(3,206)
Representative Payee Fund	(141,652)

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Corrective Action Plan: The payments on behalf of beneficiaries made in the Representative Payee Fund collected and remitted to the state were previously reported in agency funds, prior to the implementation of the GASB Statement No. 84, *Fiduciary Activities*. As an agency fund, these payments were not subject to the budgeting requirements of the N.C. General Statutes and were, therefore, not included in the County's budgeting process. This fund will be budgeted going forward. The remaining amount of over appropriations are not material to the overall financial statements as a whole.

3. Detail Notes on All Funds

A. Assets

Deposits

All of the County's deposits are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits exceeding the federal depository insurance coverage level are collateralized with securities held by the County's agent in its name. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the County, these deposits are considered to be held by the County's agent in the County's name. The amount of the pledged collateral is based on an approved averaging method for non-interest-bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the County or with the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the County under the Pooling Method, the potential exists for undercollateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The County has no formal policy regarding custodial credit risk for deposits but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The County complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured. The County does not have a policy regarding custodial credit risk for deposits.

At June 30, 2021, the County's deposits had a carrying amount of \$5,391,135 and a bank balance of \$5,730,355. Of the bank balance, \$411,277 was covered by federal depository insurance and \$5,319,078 by collateral held under the Pooling Method. Cash on hand was \$3,306 at June 30, 2021.

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Investments

At June 30, 2021, 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	\$ 32,817,830	\$ 32,817,830	N/A
U.S. Treasuries	Fair Value - Level 1	6,948,822	46,062	\$ 6,902,760
North Carolina Investment Pool	Fair Value - Level 1	7,000,610	7,000,610	N/A
Total		<u>\$ 46,767,262</u>	<u>\$ 39,864,502</u>	<u>\$ 6,902,760</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 and AAA-mf by Moody's Investor Service.

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

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

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

Credit Risk. The County limits investments to the provisions of G.S. 159-30 and restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated. To best mitigate against credit risk, the County requires a diversification of investments. The County's investments carried the following credit ratings as of June 30, 2021.

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

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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	
2018	\$ 1,291,168	\$ 335,331	\$ 1,626,499	
2019	1,219,087	202,856	1,421,943	
2020	1,528,051	122,244	1,650,295	
2021	<u>1,542,665</u>	<u>-</u>	<u>1,542,665</u>	
Total	<u>\$ 5,580,971</u>	<u>\$ 660,431</u>	<u>\$ 6,241,402</u>	

Receivables

Receivables at the government-wide level at June 30, 2021 were as follows:

	Accounts	Taxes	Due from	
	Receivable	Receivable	Other	Total
			Governments	
Governmental Activities:				
General	\$ 449,164	\$ 178,128	\$ 5,090,502	\$ 9,875,713
Other governmental	<u>16,681</u>	<u>17,838</u>	<u>115,183</u>	<u>149,702</u>
Total receivables	465,845	195,966	5,205,685	10,025,415
Allowance for doubtful accounts	<u>-</u>	<u>(75,445)</u>	<u>-</u>	<u>(75,445)</u>
Total governmental activities	<u>\$ 465,845</u>	<u>\$ 120,521</u>	<u>\$ 5,205,685</u>	<u>\$ 9,949,970</u>
Custodial funds	\$ -	\$ 1,452	\$ 34,716	\$ 36,168
Allowance for doubtful accounts	<u>-</u>	<u>(337)</u>	<u>-</u>	<u>(337)</u>
Total custodial funds	<u>\$ -</u>	<u>\$ 1,115</u>	<u>\$ 34,716</u>	<u>\$ 35,831</u>
Business-Type Activities:				
Solid waste	\$ 95,794	\$ -	\$ 88,604	\$ 184,398
Allowance for doubtful accounts	<u>(1,053)</u>	<u>-</u>	<u>-</u>	<u>(1,053)</u>
Total business-type activities	<u>\$ 94,741</u>	<u>\$ -</u>	<u>\$ 88,604</u>	<u>\$ 183,345</u>

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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

Governmental Activities:

Local option sales tax	\$ 3,379,880
Sales taxes receivable	444,901
NCDHHS	794,408
NCDOT	38,316
NCDMV Motor vehicle taxes	224,495
NC 911	28,671
Municipalities	133,024
Other agencies	<u>161,990</u>
Total governmental activities	<u>\$ 5,205,685</u>

Custodial Funds:

Sales taxes receivable	\$ 14
NCDMV Motor vehicle taxes	<u>34,702</u>
Total custodial funds	<u>\$ 34,716</u>

Business-Type Activities:

Use Charges	\$ 40,734
Sales taxes receivable	27,561
NCDOR	<u>20,309</u>
Total business-type activities	<u>\$ 88,604</u>

Notes Receivable

The County issued a note receivable on November 14, 2017 in the amount of \$4,700,000 at 0% interest, pursuant to an agreement entered into by the County, the City of Brevard and the Transylvania Economic Alliance for the expansion of economic development opportunities within the City of Brevard and Transylvania County. Total principal of the note receivable, if not paid sooner, is due on November 14, 2037, unless building is sold by the Alliance at which time total principal is due upon sale. The amount outstanding at June 30, 2021 is \$4,349,218.

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Capital Assets

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

	July 1, 2020	Additions	Retirements	Transfers	June 30, 2021
Non-Depreciable Assets:					
Land	\$ 3,735,732	\$ 240,916	\$ -	\$ -	\$ 3,976,648
Construction in progress	811,150	559,239	-	(242,960)	1,127,429
Total non-depreciable assets	4,546,882	800,155	-	(242,960)	5,104,077
Depreciable Assets:					
Buildings	45,752,530	314,981	-	-	46,067,511
Improvements	2,070,677	23,287	-	242,960	2,336,924
Equipment	8,357,120	515,941	(17,395)	-	8,855,666
Vehicles	6,663,215	456,127	(520,710)	-	6,598,632
Total depreciable assets	62,843,542	1,310,336	(538,105)	242,960	63,858,733
Less Accumulated Depreciation:					
Buildings	14,161,594	979,240	-	-	15,140,834
Improvements	1,797,092	105,801	-	-	1,902,893
Equipment	6,550,183	305,894	(16,406)	-	6,839,671
Vehicles	4,200,409	638,100	(397,289)	-	4,441,220
Total accumulated depreciation	26,709,278	2,029,035	(413,695)	-	28,324,618
Depreciable assets, net	36,134,264	(718,699)	(124,410)	242,960	35,534,115
Capital assets, net	\$ 40,681,146	\$ 81,456	\$ (124,410)	\$ -	\$ 40,638,192

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

General government	\$ 354,109
Public safety	1,199,372
Transportation	32,547
Education	25,956
Economic & physical development	559
Human services	145,914
Cultural and recreational	270,578
Total depreciation expense	\$ 2,029,035

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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

	<u>July 1, 2020</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>June 30, 2021</u>
Solid Waste:					
Non-Depreciable Assets:					
Land	\$ 1,130,910	\$ -	\$ -	\$ -	\$ 1,130,910
Construction in progress	-	72,058	-	-	72,058
Total non-depreciable assets	1,130,910	72,058	-	-	1,202,968
Depreciable Assets:					
Buildings	321,326	-	-	-	321,326
Land improvements	814,460	55,115	-	-	869,575
Equipment	2,782,485	172,988	-	-	2,955,473
Vehicles	690,270	-	-	-	690,270
Landfill cells - Woodruff	8,205,437	-	-	-	8,205,437
Total depreciable assets	12,813,978	228,103	-	-	13,042,081
Less Accumulated Depreciation:					
Buildings	270,808	2,904	-	-	273,712
Land improvements	576,713	31,529	-	-	608,242
Equipment	2,111,912	132,952	-	-	2,244,864
Vehicles	514,932	58,827	-	-	573,759
Landfill cells - Woodruff	7,553,064	126,781	-	-	7,679,845
Total accumulated depreciation	11,027,429	\$ 352,993	\$ -	\$ -	11,380,422
Total depreciable assets, net	1,786,549				1,661,659
Capital assets, net	\$ 2,917,459				\$ 2,864,627

Construction Commitments

The government has active construction projects as of June 30, 2021. At year-end, the government's commitments with contractors are as follows:

Project:

Governmental Activities:

Brevard and Rosman School Renovation Projects \$ 105,725

Business-Type Activities:

Facility Traffic Flow Redesign \$ 317,744

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

B. Liabilities

Payables

Payables at Exhibit A at June 30, 2021 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	\$ 1,257,721	\$ 579,702	\$ -	\$ 448,549	\$ 2,285,972
Other governmental	369,274	-	14,562	-	383,836
Total governmental activities	<u>\$ 1,626,995</u>	<u>\$ 579,702</u>	<u>\$ 14,562</u>	<u>\$ 448,549</u>	<u>\$ 2,669,808</u>
Business-Type Activities:					
Solid waste	<u>\$ 232,680</u>	<u>\$ 28,043</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 260,723</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 Annual Comprehensive Financial Report (ACFR) for the State of North Carolina. The State's ACFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at www.osc.nc.gov.

Benefits Provided. LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service (age 55 for firefighters). Survivor benefits are available to eligible beneficiaries of members who die while in active

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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, 2021, was 10.90% of compensation for law enforcement officers and 10.15% 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 \$1,875,300 for the year ended June 30, 2021.

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

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

At June 30, 2021, the County reported a liability of \$8,220,309 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019. The total pension liability was then rolled forward to the measurement date of June 30, 2020 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

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

LGERS employers, actuarially determined. At June 30, 2021, the County's proportion was 0.23004% (measured as of June 30, 2020), which was an increase of 0.01371% from its proportion as of June 30, 2020 (measured as of June 30, 2019).

For the year ended June 30, 2021, the County recognized pension expense of \$2,954,598. At June 30, 2021, 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	\$ 1,038,081	\$ -
Changes of assumptions	611,752	-
Net difference between projected and actual earnings on pension plan investments	1,156,788	-
Changes in proportion and differences between County contributions and proportionate share of contributions	347,472	38,042
County contributions subsequent to the measurement date	1,875,300	-
Total	\$ 5,029,393	\$ 38,042

\$1,875,300 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, 2022. 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
2022	\$ 903,109
2023	1,143,266
2024	727,328
2025	342,348
Total	\$ 3,116,051

Actuarial Assumptions. The total pension liability in the December 31, 2019 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

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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, 2019 valuation, with the exception of the discount rate, 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. 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, 2020 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>	

The information above is based on 30-year expectations developed with the consulting actuary for the 2020 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.

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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)	\$ 16,678,112	\$ 8,220,309	\$ 1,191,281

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

Law Enforcement Officers’ Special Separation Allowance

Plan Description. The County administers a public employee retirement system (the “Separation Allowance”), a single-employer defined benefit pension plan that provides retirement benefits to the County’s qualified sworn law enforcement officers under the age of 62 who have completed at least 30 years of creditable service or have attained 55 years of age and have completed five or more years of creditable service. The Separation Allowance is equal to 0.85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

All full-time County law enforcement officers are covered by the Separation Allowance. At June 30, 2020, the Separation Allowance’s membership consisted of 56 active plan members and 9 retired members. A separate report was not issued for the plan.

Retirees receiving benefits	9
Active plan members	56
Total	65

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Summary of Significant Accounting Policies

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

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

Actuarial Assumptions

The entry age normal, level percent of payroll actuarial cost method was used in the June 30, 2020 valuation. The total pension liability in the June 30, 2020 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	2.12 percent

Discount rate – 2.12%. Pursuant to GASB 73, the discount rate should be a yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale). The Bond Buyer 20-Bond GO index is often cited as an appropriate benchmark. That index was 2.12% on December 31, 2020. A discount rate of 3.26% was used at the prior measurement date.

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

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

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

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

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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 \$125,435 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, 2021, the County reported a total pension liability of \$2,436,592. The total pension liability was measured as of December 31, 2020 based on a June 30, 2020 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2020 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2021, the County recognized pension expense of \$239,347.

At June 30, 2021, 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	\$ 244,308	\$ 55,254
Changes of assumptions	213,304	38,780
County benefit payments and plan administrative expense made subsequent to the measurement date	88,414	-
Total	\$ 546,026	\$ 94,034

The County paid \$88,414 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, 2022. Other amounts reported as deferred inflows and deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2022	\$ 101,446
2023	96,197
2024	64,827
2025	78,172
2026	22,936
Thereafter	-
Total	\$ 363,578

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Sensitivity of the County's Total Pension Liability to Changes in the Discount Rate. The following presents the County's total pension liability calculated using the discount rate of 2.12 percent, as well as what the County's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.12 percent) or 1-percentage-point higher (3.12 percent) than the current rate:

	1% Decrease (1.12%)	Discount Rate (2.12%)	1% Increase (3.12%)
Total pension liability	\$ 2,606,552	\$ 2,436,592	\$ 2,278,550

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

	2021
Beginning balance	\$ 2,019,715
Service cost	73,338
Interest on the total pension liability	63,798
Difference between expected and actual experience in the measurement of the total pension liability	227,895
Changes of assumptions or other inputs	177,281
Benefit payments	(125,435)
Ending balance of the total pension liability	\$ 2,436,592

Changes of Assumptions. Changes of assumption and other inputs reflect a change in the Municipal Bond Index Rate from 3.26% at December 31, 2019 to 2.12% at June 30, 2020.

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

Supplemental Retirement Income Plan for Law Enforcement Officers

Plan Description. The County contributes to the Supplemental Retirement Income Plan (the "Plan"), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcement officers employed by the County. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Supplemental Retirement Income Plan for Law Enforcement Officers is included in the Annual Comprehensive Financial Report (ACFR) for the State of North Carolina. The State's ACFR includes the pension trust fund financial statements for the Internal Revenue Code

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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 \$180,631 for the reporting year. No amounts were forfeited.

Register of Deeds' Supplemental Pension Fund

Plan Description. Transylvania County also contributes to the Registers of Deeds' Supplemental Pension Fund (RODSPF), a non-contributory, cost-sharing multiple-employer defined benefit plan administered by the North Carolina Department of State Treasurer. RODSPF provides supplemental pension benefits to any eligible county register of deeds who is retired under the Local 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 Annual Comprehensive Financial Report (ACFR) for the State of North Carolina. The State's ACFR includes financial statements and required supplementary information for the Registers of Deeds' Supplemental Pension Fund. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at www.osc.nc.gov.

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

Contributions. Benefits and administrative expenses are funded by investment income and 1.5% of the receipts collected by each County Commission under Article 1 of Chapter 161 of the North Carolina General Statutes. The statutory contribution currently has no relationship to the actuary's required contribution. The actuarially determined contribution this year and for the foreseeable future is zero. Registers of Deeds do not contribute. Contribution provisions are established by General Statute 161-50 and may be amended only by the North Carolina General Assembly. Contributions to the pension plan from the County were \$4,901 for the year ended June 30, 2021.

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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

At June 30, 2021, the County reported an asset of \$88,617 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2020. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2019. The total pension liability was then rolled forward to the measurement date of June 30, 2020 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, 2020, the County's proportion was 0.38667%, which was a decrease of 0.01107% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the County recognized pension expense of \$1,443. At June 30, 2021, 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	\$ -	\$ 1,806
Net difference between projected and actual earnings on pension plan investments	-	7,583
Changes in proportion and differences between County contributions and proportionate share of contributions	1,402	3,037
County contributions subsequent to the measurement date	4,901	-
Total	\$ 6,303	\$ 12,426

\$4,901 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, 2022. Other amounts reported as deferred inflows and deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2022	\$ (2,136)
2023	(3,556)
2024	(3,422)
2025	(1,910)
Total	\$ (11,024)

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Actuarial Assumptions. The total pension liability in the December 31, 2019 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, 2019 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, 2020 is 1.4%.

The information above is based on 30-year expectations developed with the consulting actuary for the 2020 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.

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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)	\$ (75,269)	\$ (88,617)	\$ (99,912)

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

Deferred Compensation Plan

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

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

The net pension liability (asset) for LGERS and ROD was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2019. The total pension liability for LEOSSA was measured as of December 30, 2020, with an actuarial valuation date of June 30, 2020. The County's proportion of the net pension liability was based on the County's share of contributions to the pension plan relative to the contribution of all participating entities. Following is information related to the proportionate share and pension expense:

	LGERS	LEOSSA	ROD	Total
Proportionate share of net pension liability (asset)	\$ 8,220,309	N/A	\$ (88,617)	\$ 8,131,692
Proportion of the net pension liability (asset)	0.23004%	N/A	0.38667%	-
Total pension liability	-	2,436,592	-	2,436,592
Pension expense	2,954,598	239,347	1,443	3,195,388

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

At June 30, 2021, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	LGERS	LEOSSA	ROD	Total
Deferred Outflows of Resources:				
Differences between expected and actual experience	\$ 1,038,081	\$ 244,308	\$ -	\$ 1,282,389
Changes of assumptions	611,752	213,304	-	825,056
Net difference between projected and actual earnings on pension plan investments	1,156,788	-	-	1,156,788
Changes in proportion and differences between County contributions and proportionate share of contributions	347,472	-	1,402	348,874
County contributions (LGERS, ROD) and benefit payments and administration costs (LEOSSA) subsequent to the measurement date	1,875,300	88,414	4,901	1,968,615
Total	\$ 5,029,393	\$ 546,026	\$ 6,303	\$ 5,581,722
Deferred Inflows of Resources:				
Differences between expected and actual experience	\$ -	\$ 55,254	\$ 1,806	\$ 57,060
Net difference between projected and actual earnings on pension plan investments	-	-	7,583	7,583
Changes of assumptions	-	38,780	-	38,780
Changes in proportion and differences between County contributions and proportionate share of contributions	38,042	-	3,037	41,079
Total	\$ 38,042	\$ 94,034	\$ 12,426	\$ 144,502

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Other Post-Employment Benefits

Healthcare Benefits

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

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

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

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

Funding Policy. The County pays a portion of the cost of coverage for the healthcare benefits paid to qualified retirees under a County resolution that may be amended by the Board of Commissioners. The County's members pay a monthly fee for dependent coverage. The County has chosen to fund the healthcare benefits on a pay-as-you-go basis. As of June 30, 2021, the County has committed \$2,741,789 for the payment of future retiree health benefits.

Total OPEB Liability

The County's total OPEB liability of \$3,135,886 was measured as of June 30, 2020 and was determined by an actuarial valuation as of that date.

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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

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

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

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at July 1, 2020	\$ 3,589,919
Changes for the year:	
Service cost	36,475
Interest	121,331
Differences between expected and actual experience	(542,388)
Changes of assumptions or other inputs	177,169
Benefit payments	(246,620)
Net changes	(454,033)
Balance at June 30, 2021	\$ 3,135,886

Changes in assumptions and other inputs reflect a change in the Municipal Bond Index Rate from 3.50% to 2.21%.

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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

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

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

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

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

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

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increases used in the December 31, 2019 valuation were based on the results of an actuarial experience study for the period January 1, 2010 – December 31, 2014, adopted by LGERS.

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

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate. The following presents the total OPEB liability of the County, as well as what the County’s total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.21 percent) or 1-percentage-point higher (3.21 percent) than the current discount rate:

	1% Decrease (1.21%)	Discount Rate (2.21%)	1% Increase (3.21%)
Total OPEB liability	\$ 3,264,951	\$ 3,135,886	\$ 3,012,512

TRANSYLVANIA COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

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

	<u>1% Decrease</u>	<u>Current</u>	<u>1% Increase</u>
Total OPEB liability	\$ 3,009,349	\$ 3,135,886	\$ 3,269,574

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

For the year ended June 30, 2021, the County recognized OPEB expense of (\$209,444). At June 30, 2021, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Benefit payments and plan administrative expense made subsequent to the measurement date	\$ 43,658	\$ -

\$43,658 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, 2022. Other amounts reported as deferred inflows and deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ending June 30</u>	<u>Total</u>
2022	\$ -

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

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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 \$6,869,983 reported as landfill closure and post-closure care and PACA liability at June 30, 2021, \$4,869,983 is for closure and post-closure care costs and \$2,000,000 is for PACA costs. Both are a cumulative amount reported to date based on the use of 91 percent of the total estimated capacity of the landfill.

These amounts are based on what it would cost to perform all closure and post-closure care and PACA in 2021. 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, 2021, the County had funds of \$6,976,622 in a local bank restricted for this purpose. The County expects that future inflation costs will be paid from the interest earnings in this account. However, if interest earnings are inadequate or additional post-closure care requirements are determined (due to changes in technology or applicable laws or regulations, for example), these costs may need to be covered by charges to future landfill users or by future tax revenues.

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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	\$ 5,581,722
OPEB deferrals	43,658
Total	<u>\$ 5,625,380</u>

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

<u>Source</u>	<u>Amount</u>
Prepaid taxes (General Fund)	\$ 16,288
Prepaid taxes (Special Revenue Fund)	2,239
Taxes receivable, net (General Fund)	110,648
Taxes receivable, net (Special Revenue Fund)	9,873
Unavailable revenues (Special Revenue Fund)	212,617
Pension deferrals	144,502
Total	<u>\$ 496,167</u>

Risk Management

The County is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County participates in two self-funded risk financing pools, administered by the North Carolina Association of County Commissioners. Through these pools, the County obtains property coverage equal to replacement cost values of owned property subject to a limit of \$57.2 million for any one occurrence; general, auto, public officials, law enforcement and employment practices liability coverage of \$2 million per occurrence; cyber liability coverage of \$1,000,000 per occurrence; auto physical damage coverage for owned autos at actual cash value; crime coverage of \$250,000 per occurrence; and workers' compensation coverage up to the statutory limits. The pools are audited annually by certified public accountants, and the audited financial statements are available to the County upon request. Both of the pools are reinsured through a multi-state public entity captive for single occurrence losses in excess of \$500,000 retention up to a \$2 million limit for liability coverage, and \$499,750,000 of each loss in excess of \$250,000 per occurrence retention for property and auto physical damage. For workers' compensation, there is a per occurrence retention of \$750,000. For health insurance, the County provides coverage through Blue Cross and Blue Shield of North Carolina and is reinsured for individual losses in excess of \$75,000 and aggregate annual losses in excess of 125 percent of expected claims.

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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>2021</u>	<u>2020</u>
Unpaid claims, beginning	\$ 370,793	\$ 368,367
Incurred claims	3,288,129	3,461,849
Claim payments	<u>(3,210,373)</u>	<u>(3,459,423)</u>
Unpaid claims, ending	<u>\$ 448,549</u>	<u>\$ 370,793</u>

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

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

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

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

Long-Term Obligations

Capital Leases

The County has entered into agreements to lease certain equipment. The lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of lease inception.

TRANSYLVANIA COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

Governmental Activities

The agreement was executed in July 2020 to lease public safety equipment and requires five annual lease payments. The title passes to the County at the end of the lease term.

As of June 30, 2021, the County leased equipment valued at:

Class of Property	Cost	Accumulated Depreciation	Net Book Value
Emergency medical service equipment	\$ 455,147	\$ 32,920	\$ 422,227

The future minimum lease obligations and the net present value of the minimum lease payments as of June 30, 2021 were as follows:

Year Ending June 30	Amount
2022	\$ 89,493
2023	89,493
2024	89,493
2025	89,494
Total minimum lease payments	357,973
Less: amount representing interest	-
Present value of the minimum lease payments	\$ 357,973

Business-Type Activities

The agreement was executed in April 2021 to lease equipment and requires forty-eight monthly lease payments. The title passes to the County at the end of the lease term.

As of June 30, 2021, the County leased equipment valued at:

Class of Property	Cost	Accumulated Depreciation	Net Book Value
Hydraulic excavator	\$ 155,558	\$ 8,618	\$ 146,940

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

The future minimum lease obligations and the net present value of the minimum lease payments as of June 30, 2021 were as follows:

Year Ending June 30	Amount
2022	\$ 41,302
2023	41,302
2024	41,302
2025	34,419
Total minimum lease payments	158,325
Less: amount representing interest	9,052
Present value of the minimum lease payments	\$ 149,273

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, 2021, totaled \$108,150.

The County's outstanding notes from direct placements related to governmental activities of \$108,150 are secured with mortgaged property. The County's outstanding notes from direct placements related to governmental activities of \$108,150 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
2022	\$ 108,150	\$ 2,260	\$ 110,410

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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, 2021 totaled \$483,334.

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, 2021 totaled \$1,057,815.

The County's outstanding notes from direct placements related to governmental activities of \$483,334 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 \$1,057,815 are secured with mortgaged property. The County's outstanding notes from direct placements related to governmental activities of \$1,057,815 contain provisions that an event of default would result in (a) declare the unpaid principal components of the Installment Payments immediately due and payable; (b) proceed by appropriate court action to enforce the County's performance of the applicable covenants of the financing agreement or to recover for the breach thereof; (c) as provided in the Project Fund Agreement, pay over any balance remaining in the Project Fund to be applied against outstanding Required Payments in any manner the bank may reasonably deem appropriate; and (d) avail itself of all available remedies under the financing agreement, including execution and foreclosure as provided in Sections 8.03 and 8.04 of the financing agreement, and recovery of attorneys' fees and other expenses.

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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

Year Ending			
June 30	Principal	Interest	Total
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	120,497	14,009	134,506
2027-2030	455,331	24,224	479,555
Total	<u>\$ 1,541,149</u>	<u>\$ 154,324</u>	<u>\$ 1,695,473</u>

At June 30, 2021, the County had a legal debt margin of \$482,868,808.

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, 2021:

	July 1, 2020	Additions	Retirements	June 30, 2021	Current Portion
Governmental Activities:					
Qualified School Construction debt	\$ 216,298	\$ -	\$ 108,148	\$ 108,150	\$ 108,150
Direct placement - Installment financing	1,854,979	-	313,830	1,541,149	313,830
Capital lease	-	455,147	97,174	357,973	89,493
Net pension liability - LGERS	5,612,414	2,196,880	-	7,809,294	-
Total pension liability - LEO	2,019,715	416,877	-	2,436,592	-
Total OPEB liability	3,410,423	-	431,331	2,979,092	-
Compensated absences	2,597,221	561,586	1,684,758	1,474,049	1,252,942
Total	<u>\$ 15,711,050</u>	<u>\$ 3,630,490</u>	<u>\$ 2,635,241</u>	<u>\$ 16,706,299</u>	<u>\$ 1,764,415</u>
Business-Type Activities:					
Total OPEB liability	\$ 179,496	\$ -	\$ 22,702	\$ 156,794	\$ -
Net pension liability - LGERS	295,390	115,625	-	411,015	-
Accrued landfill closure and post-closure care costs	6,603,046	266,937	-	6,869,983	-
Capital lease	-	155,558	6,285	149,273	37,315
Compensated absences	32,407	6,822	3,431	35,798	30,428
Total	<u>\$ 7,110,339</u>	<u>\$ 544,942</u>	<u>\$ 32,418</u>	<u>\$ 7,622,863</u>	<u>\$ 67,743</u>

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

TRANSYLVANIA COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

C. Net Investment in Capital Assets

The total net investment in capital assets as of June 30, 2021, is composed of the following elements:

	Governmental Activities	Business-Type Activities
Capital assets, net of accumulated depreciation	\$ 40,638,192	\$ 2,864,627
Less: capital debt		
Gross debt	2,007,272	149,273
Less:		
School debt related to assets to which the County does not hold title	(108,150)	-
Net capital debt	1,899,122	149,273
Net investment in capital assets	\$ 38,739,070	\$ 2,715,354

D. Interfund Balances and Activity

Transfers from/to other funds for the year ended June 30, 2021 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	\$ 6,200,000
From the General Fund to the Solid Waste Fund to supplement other funding sources	570,150
Total transfers from General Fund to other funds	\$ 6,770,150

The due to/from other funds at June 30, 2021 consist of the following:

Receivable Fund	Payable Fund	Amount
General Fund	Disaster Response Fund	\$ 253,811

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

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

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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, 2021. 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, 2021. 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, 2021

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

6. Related Party Transactions

The County and its discretely presented component unit engaged in the following transaction during the year ended June 30, 2021:

Transylvania County Tourism Development Authority:	
Payments of occupancy tax due to the Authority from the County	<u>\$ 232,514</u>
Payments of occupancy tax paid to the Authority from the County	<u>\$ 1,868,005</u>

7. Summary Disclosure of Significant Commitments and Contingencies

Federal and State-Assisted Programs

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

Coronavirus Disease (COVID-19)

During fiscal year 2020, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic has had significant effects on global markets, supply chains, businesses, and communities. Specific to the County, COVID-19 is expected to impact various parts of its fiscal year 2021-22 operations and financial results. Management believes the County is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as events associated with the pandemic continue to develop.

8. Claims and Judgments

At June 30, 2021, 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.

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

9. Subsequent Events

Transylvania County was awarded \$6,678,883 from the Federal American Rescue Plan (ARP). The County received \$3,339,442 in May 2021. The remaining amount of \$3,339,441 is expected to be received within the next 12 months.

On January 14, 2022, Transylvania County received a charitable donation of \$2,037,500 from the Dogwood Health Trust, a 501(c)3 foundation that services the 18 counties of Western North Carolina. The purpose of the donation was to expand the scope and impact of planned uses for the American Rescue Plan Act resources to expand water, sewer and affordable housing infrastructure in Transylvania County.

On November 18, 2021, the Governor of North Carolina executed the 2021 Appropriations Act (S.L. 2021-180). This act of the State of North Carolina contained several key appropriations to the Transylvania County Government, including \$7,000,000 in resources from the State Water and Sewer Infrastructure Fund, \$125,000 from the State Capital Infrastructure Fund for planning and design expenses for the County's proposed Emergency Medical Services base, and \$84,269 to the Office of the Transylvania County Sheriff for general equipment needs.

10. Change in Accounting Principle

The County implemented Governmental Accounting Standards Board (GASB) Standard No. 84, *Fiduciary Activities*, effective July 1, 2020. The statement establishes criteria for identifying fiduciary activities of all state and local governments and provides guidance on how to report fiduciary activities within the financial statements. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries within whom a fiduciary relationship exists. The statement also describes four fiduciary funds that should be reported if criteria outlined in the statement are met: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. The use of agency funds was eliminated. The statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources.

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

As part of implementing the statement, the County performed a comprehensive review of its fiduciary relationships and applied the criteria within the guidance. As a result, fund balance and net position were restated as follows:

Governmental Activities Net Position - Increase (Decrease)	Nonmajor Special Revenue Fund Balance - Increase (Decrease)	Fiduciary Net Position - Custodial Fund - Increase (Decrease)	
\$	-	-	Cash, taxes receivable and liabilities related to ad valorem and vehicle property taxes collected by the County on behalf of various municipalities were reclassified out of the Agency Fund into a newly created Municipal Tax Collections Custodial Fund. The portion of liabilities and attributable taxes receivable at the beginning of the year were restated as custodial net position.
	\$	-	25,774
	-	-	Cash related to funds held on behalf of inmates was reclassified from the General Fund fiduciary net position in a newly created Jail Inmate Pay Custodial Fund.
	-	-	32,351
	-	-	Cash and liabilities related to receipts collected by the County on behalf of the Cooperative Extension were reclassified out of the Agency Fund into a newly created Cooperative Extension Custodial Fund. The portion of liabilities at the beginning of the year were restated as custodial net position.
	-	-	7,940
46,738	46,738	-	Cash received under the Social Security Administration's Representative Payee Program net of liabilities owed for payments on behalf of beneficiaries were reclassified out of the Agency Fund into a newly created Representative Special Revenue Fund. The portion of liabilities in the Agency Fund representing net cash available at beginning of the year were restated as fund
3,447	3,447	-	Cash and liabilities related to deed of trust fees collected required to be remitted to the State were reclassified out of the Agency Fund and into a newly created Register of Deeds Special Revenue Fund. The portion of liabilities in the Agency representing net cash available at the beginning of the year were restated as fund balance.
\$ 50,185	\$ 50,185	\$ 66,065	

This page left blank intentionally.

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

This page left blank intentionally.

TRANSYLVANIA COUNTY, NORTH CAROLINA

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

Law Enforcement Officers' Special Separation Allowance					
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Beginning balance	\$ 2,019,715	\$ 1,975,412	\$ 2,066,762	\$ 1,694,384	\$ 1,655,418
Service cost	73,338	78,197	82,840	75,265	72,405
Interest on the total pension liability	63,798	69,997	63,707	64,010	58,119
Differences between expected and actual experience in the measurement of the total pension liability	227,895	(36,800)	(68,096)	190,712	-
Changes of assumptions or other inputs	177,281	52,429	(68,389)	114,593	(36,692)
Benefit payments	(125,435)	(119,520)	(101,412)	(72,202)	(54,866)
Ending balance of the total pension liability	<u>\$ 2,436,592</u>	<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-EMPLOYEE PAYROLL
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
LAST FIVE FISCAL YEARS**

	Law Enforcement Officers' Special Separation Allowance				
	2021	2020	2019	2018	2017
Total pension liability	\$ 2,436,592	\$ 2,019,715	\$ 1,975,412	\$ 2,066,762	\$ 1,694,384
Covered-employee payroll	3,153,924	2,804,103	2,979,305	3,025,120	2,838,700
Total pension liability as a percentage of covered-employee payroll	77.26%	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 FOUR FISCAL YEARS**

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

Notes to the Required Schedules:

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

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

TRANSYLVANIA COUNTY, NORTH CAROLINA

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

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

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

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

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

TRANSYLVANIA COUNTY, NORTH CAROLINA

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

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

TRANSYLVANIA COUNTY, NORTH CAROLINA

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

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

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

TRANSYLVANIA COUNTY, NORTH CAROLINA

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

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

TRANSYLVANIA COUNTY, NORTH CAROLINA

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

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

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

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

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

TRANSYLVANIA COUNTY, NORTH CAROLINA

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

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

TRANSYLVANIA COUNTY, NORTH CAROLINA

TRANSYLVANIA COUNTY'S CONTRIBUTIONS
REQUIRED SUPPLEMENTARY INFORMATION
LAST EIGHT FISCAL YEARS

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

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

TRANSYLVANIA COUNTY, NORTH CAROLINA

TRANSYLVANIA COUNTY'S CONTRIBUTIONS
REQUIRED SUPPLEMENTARY INFORMATION
LAST EIGHT FISCAL YEARS

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

This page left blank intentionally.

MAJOR GOVERNMENTAL FUNDS

GENERAL FUND

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

MAJOR CAPITAL PROJECT FUND

EDUCATION CAPITAL PROJECT FUND

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

MAJOR SPECIAL REVENUE FUND

DISASTER RESPONSE FUND

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

This page left blank intentionally.

TRANSYLVANIA COUNTY, NORTH CAROLINA

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Ad Valorem Taxes:			
Taxes	\$ 37,871,876	\$ 38,504,579	\$ 632,703
Penalties and interest	81,400	108,671	27,271
Total	<u>37,953,276</u>	<u>38,613,250</u>	<u>659,974</u>
Local Option Sales Taxes:			
Article 39 and 44	3,841,150	5,265,245	1,424,095
Article 40, one-half of one percent	2,442,563	3,119,329	676,766
Article 42, one-half of one percent	1,972,750	2,722,399	749,649
Medicaid hold harmless	637,500	1,166,079	528,579
Total	<u>8,893,963</u>	<u>12,273,052</u>	<u>3,379,089</u>
Other Taxes and Licenses:			
Deed stamp excise tax	265,476	197,412	(68,064)
Real estate transfer tax	1,339,660	1,355,637	15,977
Occupancy tax	1,827,070	1,896,658	69,588
Total	<u>3,432,206</u>	<u>3,449,707</u>	<u>17,501</u>
Unrestricted Intergovernmental Revenues:			
Payments in lieu of taxes - outside sources	265,000	251,855	(13,145)
ABC profit distribution & 5 cent bottle liquor	175,000	196,248	21,248
Video programming services tax	110,000	97,593	(12,407)
Total	<u>550,000</u>	<u>545,696</u>	<u>(4,304)</u>
Restricted Intergovernmental Revenues:			
State grants	1,177,896	905,299	(272,597)
Federal grants	5,474,170	5,131,882	(342,288)
Court facility fees	24,400	26,902	2,502
State aid to public libraries	88,883	88,883	-
Other restricted funds	413,382	391,107	(22,275)
Total	<u>7,178,731</u>	<u>6,544,073</u>	<u>(634,658)</u>
Permits and Fees:			
Register of Deeds	91,692	88,743	(2,949)
Other	-	272	272
Building permits	510,000	636,449	126,449
Total	<u>601,692</u>	<u>725,464</u>	<u>123,772</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, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Sales and Services:			
Rents, concessions, and fees	1,952,964	1,770,334	(182,630)
Ambulance fees	1,400,000	1,345,030	(54,970)
Recreation department	70,000	94,486	24,486
Town of Rosman	2,600	2,728	128
City of Brevard	117,500	116,498	(1,002)
Total	<u>3,543,064</u>	<u>3,329,076</u>	<u>(213,988)</u>
Investment Earnings	<u>520,000</u>	<u>7,119</u>	<u>(512,881)</u>
Miscellaneous:			
Joint Historical Preservation	-	365	365
Donations	48,987	56,966	7,979
County Recovery Fund	4,280	2,963	(1,317)
Other	54,250	411,111	356,861
Total	<u>107,517</u>	<u>471,405</u>	<u>363,888</u>
Total revenues	<u>62,780,449</u>	<u>65,958,842</u>	<u>3,178,393</u>
Expenditures:			
General Government:			
Governing Board:			
Salaries and employee benefits	68,810	36,784	32,026
Other operating expenditures	249,233	318,036	(68,803)
Capital outlay	240,917	240,916	1
Total	<u>558,960</u>	<u>595,736</u>	<u>(36,776)</u>
Administration:			
Salaries and employee benefits	610,029	627,202	(17,173)
Other operating expenditures	1,947,973	1,875,553	72,420
Capital outlay	56,126	26,463	29,663
Total	<u>2,614,128</u>	<u>2,529,218</u>	<u>84,910</u>
Elections:			
Salaries and employee benefits	310,046	289,245	20,801
Other operating expenditures	220,507	155,390	65,117
Capital outlay	111,000	-	111,000
Total	<u>641,553</u>	<u>444,635</u>	<u>196,918</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, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Finance:			
Salaries and employee benefits	496,221	496,301	(80)
Other operating expenditures	263,500	232,535	30,965
Capital outlay	-	22	(22)
Total	<u>759,721</u>	<u>728,858</u>	<u>30,863</u>
Taxes:			
Salaries and employee benefits	1,011,484	990,430	21,054
Other operating expenditures	333,865	281,613	52,252
Total	<u>1,345,349</u>	<u>1,272,043</u>	<u>73,306</u>
Register of Deeds:			
Salaries and employee benefits	361,341	353,796	7,545
Other operating expenditures	759,150	757,228	1,922
Total	<u>1,120,491</u>	<u>1,111,024</u>	<u>9,467</u>
Public Buildings:			
Salaries and employee benefits	746,138	753,706	(7,568)
Other operating expenditures	534,101	426,667	107,434
Capital outlay	800,300	341,398	458,902
Total	<u>2,080,539</u>	<u>1,521,771</u>	<u>558,768</u>
Information Technology:			
Salaries and employee benefits	384,371	384,288	83
Other operating expenditures	225,711	204,152	21,559
Total	<u>610,082</u>	<u>588,440</u>	<u>21,642</u>
Project Management:			
Salaries and employee benefits	108,780	110,261	(1,481)
Other operating expenditures	1,000	-	1,000
Total	<u>109,780</u>	<u>110,261</u>	<u>(481)</u>
Self Insurance:			
Claims cost	3,700,000	3,658,922	41,078
Employee premiums/cobra payments	(400,000)	(2,185,935)	1,785,935
Administrative costs	1,100,000	1,232,552	(132,552)
County portion of premiums charged	(3,780,555)	(2,253,842)	(1,526,713)
Retiree insurance	-	(73,881)	73,881
Total	<u>619,445</u>	<u>377,816</u>	<u>241,629</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, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Employee Wellness Center:			
Other operating expenditures	176,000	165,301	10,699
Total general government	<u>10,636,048</u>	<u>9,445,103</u>	<u>1,190,945</u>
Public Safety:			
Sheriff and Jail:			
Salaries and employee benefits	6,985,869	6,962,072	23,797
Other operating expenditures	1,403,898	1,289,781	114,117
Capital outlay	358,283	316,666	41,617
Total	<u>8,748,050</u>	<u>8,568,519</u>	<u>179,531</u>
Emergency Management:			
Salaries and employee benefits	495,431	498,682	(3,251)
Other operating expenditures	121,458	91,849	29,609
Capital outlay	120,000	120,903	(903)
Total	<u>736,889</u>	<u>711,434</u>	<u>25,455</u>
Fire:			
Contracted services	<u>1,377,057</u>	<u>1,337,601</u>	<u>39,456</u>
Rescue Units:			
Contracted services	<u>436,450</u>	<u>436,450</u>	<u>-</u>
Emergency Medical Services:			
Salaries and employee benefits	2,060,423	1,957,666	102,757
Other operating expenditures	309,168	310,488	(1,320)
Capital outlay	455,147	457,337	(2,190)
Total	<u>2,824,738</u>	<u>2,725,491</u>	<u>99,247</u>
Medical Examiner:			
Contracted services	<u>30,000</u>	<u>23,550</u>	<u>6,450</u>
Emergency Communications:			
Salaries and employee benefits	1,000,862	915,785	85,077
Other operating expenditures	847,526	468,443	379,083
Capital outlay	546,902	459,353	87,549
Total	<u>2,395,290</u>	<u>1,843,581</u>	<u>551,709</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, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Animal Control:			
Salaries and employee benefits	383,091	376,786	6,305
Other operating expenditures	151,304	100,036	51,268
Capital outlay	47,000	-	47,000
Total	<u>581,395</u>	<u>476,822</u>	<u>104,573</u>
Inspections:			
Salaries and employee benefits	588,094	540,552	47,542
Other operating expenditures	42,879	27,487	15,392
Total	<u>630,973</u>	<u>568,039</u>	<u>62,934</u>
Total public safety	<u>17,760,842</u>	<u>16,691,487</u>	<u>1,069,355</u>
Transportation:			
Salaries and employee benefits	352,541	164,461	188,080
Other operating expenditures	112,267	26,271	85,996
Capital outlay	146,199	140,746	5,453
Total transportation	<u>611,007</u>	<u>331,478</u>	<u>279,529</u>
Economic and Physical Development:			
Planning:			
Salaries and employee benefits	242,750	205,138	37,612
Other operating expenditures	110,505	10,896	99,609
Total	<u>353,255</u>	<u>216,034</u>	<u>137,221</u>
Economic Development:			
Operating expenditures	<u>315,000</u>	<u>315,000</u>	<u>-</u>
Cooperative Extension:			
Salaries and employee benefits	181,778	136,206	45,572
Other operating expenditures	11,246	14,448	(3,202)
Total	<u>193,024</u>	<u>150,654</u>	<u>42,370</u>
Soil and Water Conservation:			
Salaries and employee benefits	167,127	178,867	(11,740)
Other operating expenditures	354,014	84,622	269,392
Total	<u>521,141</u>	<u>263,489</u>	<u>257,652</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, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
TDA Remittances:			
Other operating expenditures	1,808,570	1,868,005	(59,435)
Total economic and physical development	<u>3,190,990</u>	<u>2,813,182</u>	<u>377,808</u>
Human Services:			
Health:			
Administration:			
Salaries and employee benefits	2,700,479	2,449,953	250,526
Other operating expenditures	942,765	446,115	496,650
Total	<u>3,643,244</u>	<u>2,896,068</u>	<u>747,176</u>
Social Services:			
Administration:			
Salaries and employee benefits	4,158,005	4,086,832	71,173
Other operating expenditures	322,045	351,629	(29,584)
Total	<u>4,480,050</u>	<u>4,438,461</u>	<u>41,589</u>
Public Assistance:			
Special assistance to adults:			
County participation only	182,431	177,769	4,662
Workfirst recipient benefits:			
Other operating expenditures	-	272	(272)
Other assistance:			
Other program expenditures	1,386,548	1,163,934	222,614
Total	<u>1,568,979</u>	<u>1,341,975</u>	<u>227,004</u>
Child Development:			
Salaries and employee benefits	769,174	755,424	13,750
Other operating expenditures	113,950	88,015	25,935
Total	<u>883,124</u>	<u>843,439</u>	<u>39,685</u>
Total social services	<u>6,932,153</u>	<u>6,623,875</u>	<u>308,278</u>
Veteran's Service Officer:			
Salaries and employee benefits	36,577	34,435	2,142
Other operating expenditures	9,310	5,783	3,527
Total	<u>45,887</u>	<u>40,218</u>	<u>5,669</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, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Other Services:			
Juvenile crime prevention	158,609	127,790	30,819
Children's Center	90,000	85,085	4,915
HCCBG	3,750	-	3,750
Other services	167,861	162,261	5,600
Total	<u>420,220</u>	<u>375,136</u>	<u>45,084</u>
 Total human services	 <u>11,041,504</u>	 <u>9,935,297</u>	 <u>1,106,207</u>
Cultural and Recreational:			
Parks and Recreation:			
Salaries and employee benefits	500,591	484,837	15,754
Other operating expenditures	265,561	203,606	61,955
Capital outlay	240,254	196,546	43,708
Total	<u>1,006,406</u>	<u>884,989</u>	<u>121,417</u>
 Library:			
Salaries and employee benefits	1,187,238	1,118,489	68,749
Other operating expenditures	242,172	221,710	20,462
Total	<u>1,429,410</u>	<u>1,340,199</u>	<u>89,211</u>
 Other:			
Other	29,500	29,500	-
 Total cultural and recreational	 <u>2,465,316</u>	 <u>2,254,688</u>	 <u>210,628</u>
 Education:			
Public schools - current	12,794,494	12,794,494	-
Public schools - capital outlay	1,649,886	1,177,371	472,515
Blue Ridge Community College	756,235	756,235	-
Total education	<u>15,200,615</u>	<u>14,728,100</u>	<u>472,515</u>
 Debt Service:			
Principal retirement	573,357	519,152	54,205
Interest and fees	62,372	60,112	2,260
Total	<u>635,729</u>	<u>579,264</u>	<u>56,465</u>
 Total expenditures	 <u>61,542,051</u>	 <u>56,778,599</u>	 <u>4,763,452</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, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues over (under) expenditures	1,238,398	9,180,243	7,941,845
Other Financing Sources (Uses):			
Capital lease proceeds	455,147	455,147	-
Transfers out:			
Capital project funds	(6,200,000)	(6,200,000)	-
Enterprise funds	(570,150)	(570,150)	-
Sale of capital assets	20,000	15,860	(4,140)
Appropriated fund balance	<u>5,056,605</u>	<u>-</u>	<u>(5,056,605)</u>
Total other financing sources (uses)	<u>(1,238,398)</u>	<u>(6,299,143)</u>	<u>(5,060,745)</u>
Net change in fund balance	<u>\$ -</u>	2,881,100	<u>\$ 2,881,100</u>
Fund Balance:			
Beginning of year - July 1		<u>33,513,795</u>	
Reconciliation from Budgetary Basis to Modified Accrual Basis:			
Current year loan receivable		4,513,176	
Current year loan receivable repayments		<u>(163,958)</u>	
End of year - June 30		<u>\$ 36,230,937</u>	

TRANSYLVANIA COUNTY, NORTH CAROLINA

**EDUCATION CAPITAL PROJECT FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Investment earnings	\$ -	\$ 729	\$ 729
Expenditures:			
Brevard High School 2019-2021 Renovation Project	2,619,000	1,177,318	1,441,682
Rosman Middle and High School 2019-2021 Renovation Project	3,581,000	692,573	2,888,427
Total expenditures	<u>6,200,000</u>	<u>1,869,891</u>	<u>4,330,109</u>
Revenues over (under) expenditures	(6,200,000)	(1,869,162)	4,330,838
Other Financing Sources (Uses):			
Transfers in from General Fund	<u>6,200,000</u>	<u>6,200,000</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	4,330,838	<u>\$ 4,330,838</u>
Fund Balance:			
Beginning of year - July 1		<u>3,983,035</u>	
End of year - June 30		<u>\$ 8,313,873</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, 2021**

	Project Authorization	Actual			Variance Over/Under
		Prior Years	Current Year	Total to Date	
Revenues:					
CARES Relief Fund	\$ 1,577,697	\$ 611,276	\$ 965,521	\$ 1,576,797	\$ (900)
FEMA	250,000	-	-	-	(250,000)
CARES Act NCDOT	345,325	90,555	259,639	350,194	4,869
Investment earnings	-	716	153	869	869
Total revenues	<u>2,173,022</u>	<u>702,547</u>	<u>1,225,313</u>	<u>1,927,860</u>	<u>(245,162)</u>
Expenditures:					
CARES Relief Fund					
Public safety:					
Salaries and benefits	1,333,199	505,758	819,307	1,325,065	8,134
Operating expenses	2,595	-	2,595	2,595	-
Municipal subawards	260,688	105,518	155,170	260,688	-
Total CARES Relief Fund expenditures	<u>1,596,482</u>	<u>611,276</u>	<u>977,072</u>	<u>1,588,348</u>	<u>8,134</u>
FEMA					
Public safety:					
Salaries and benefits	254,000	134,213	-	134,213	119,787
Operating expenses	-	119,370	-	119,370	(119,370)
Total FEMA expenditures	<u>254,000</u>	<u>253,583</u>	<u>-</u>	<u>253,583</u>	<u>417</u>
CARES Act Transit					
Transportation:					
Salaries and benefits	272,843	80,703	186,527	267,230	5,613
Operating expenses	89,697	11,833	73,112	84,945	4,752
Total CARES Act Transit expenditures	<u>362,540</u>	<u>92,536</u>	<u>259,639</u>	<u>352,175</u>	<u>10,365</u>
Total expenditures	<u>2,213,022</u>	<u>957,395</u>	<u>1,236,711</u>	<u>2,194,106</u>	<u>18,916</u>
Revenues over (under) expenditures	(40,000)	(254,848)	(11,398)	(266,246)	(226,246)
Other Financing Sources (Uses):					
Transfer in	<u>40,000</u>	<u>40,000</u>	<u>-</u>	<u>40,000</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (214,848)</u>	<u>(11,398)</u>	<u>\$ (226,246)</u>	<u>\$ (226,246)</u>
Fund Balance:					
Beginning of year - July 1			<u>(214,848)</u>		
End of year - June 30			<u>\$ (226,246)</u>		

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

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

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

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

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

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

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

This page left blank intentionally.

TRANSYLVANIA COUNTY, NORTH CAROLINA

**NONMAJOR GOVERNMENTAL FUNDS
 COMBINING BALANCE SHEET
 JUNE 30, 2021**

	Nonmajor Special Revenue Funds	Permanent Fund	Total
	<u> </u>	<u> </u>	<u> </u>
Assets:			
Cash and investments	\$ 1,435,188	\$ 235,085	\$ 1,670,273
Accounts receivable, net	16,681	-	16,681
Taxes receivable, net	9,873	-	9,873
Due from other governments	64,591	-	64,591
Cash and investments, restricted	<u>-</u>	<u>108,367</u>	<u>108,367</u>
 Total assets	 <u>\$ 1,526,333</u>	 <u>\$ 343,452</u>	 <u>\$ 1,869,785</u>
 Liabilities, Deferred Inflows of Resources, and Fund Balances:			
Liabilities:			
Accounts payable and accrued liabilities	\$ 184,660	\$ -	\$ 184,660
Due to other governments	<u>14,562</u>	<u>-</u>	<u>14,562</u>
Total liabilities	<u>199,222</u>	<u>-</u>	<u>199,222</u>
 Deferred Inflows of Resources:			
Property taxes receivable	9,873	-	9,873
Prepaid taxes	<u>2,239</u>	<u>-</u>	<u>2,239</u>
Total deferred inflows of resources	<u>12,112</u>	<u>-</u>	<u>12,112</u>
 Fund Balances:			
Non-spendable, not in spendable form:			
Perpetual maintenance - non-expendable	-	108,367	108,367
Stabilization by state statute	81,272	-	81,272
Restricted, all other	1,243,366	235,085	1,478,451
Unassigned	<u>(9,639)</u>	<u>-</u>	<u>(9,639)</u>
Total fund balances	<u>1,314,999</u>	<u>343,452</u>	<u>1,658,451</u>
 Total liabilities, deferred inflows of resources, and fund balances	 <u>\$ 1,526,333</u>	 <u>\$ 343,452</u>	 <u>\$ 1,869,785</u>

TRANSYLVANIA COUNTY, NORTH CAROLINA

**NONMAJOR GOVERNMENTAL FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 FOR THE YEAR ENDED JUNE 30, 2021**

	Nonmajor Special Revenue Funds	Permanent Fund	Total
Revenues:			
Ad valorem taxes	\$ 2,998,959	\$ -	\$ 2,998,959
Sales and services	227,318	-	227,318
Restricted intergovernmental revenues	344,083	-	344,083
Interest earned on investments	246	1,114	1,360
Local appropriations	33,570	-	33,570
Total revenues	<u>3,604,176</u>	<u>1,114</u>	<u>3,605,290</u>
Expenditures:			
Current:			
General government	106,184	-	106,184
Public safety	3,171,672	-	3,171,672
Human services	141,652	-	141,652
Total expenditures	<u>3,419,508</u>	<u>-</u>	<u>3,419,508</u>
Net change in fund balances	<u>184,668</u>	<u>1,114</u>	<u>185,782</u>
Fund Balances:			
Beginning of year - July 1	1,080,146	342,338	1,422,484
Prior period adjustment - change in accounting principle	50,185	-	50,185
Beginning of year - July 1, as restated	<u>1,130,331</u>	<u>342,338</u>	<u>1,472,669</u>
End of year - June 30	<u>\$ 1,314,999</u>	<u>\$ 343,452</u>	<u>\$ 1,658,451</u>

This page left blank intentionally.

TRANSYLVANIA COUNTY, NORTH CAROLINA

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2021

	Fire Districts Fund	Emergency Telephone System Fund	Narcotics Task Force Fund	Representative Payee Fund
Assets:				
Cash and investments	\$ 927,569	\$ 346,533	\$ 126,496	\$ 29,667
Accounts receivable	-	-	7,042	-
Taxes receivable, net	9,873	-	-	-
Due from other governments	<u>16,258</u>	<u>48,333</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 953,700</u>	<u>\$ 394,866</u>	<u>\$ 133,538</u>	<u>\$ 29,667</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	\$ -	\$ 184,248	\$ 412	\$ -
Due to other governments	-	-	-	-
Total liabilities	<u>-</u>	<u>184,248</u>	<u>412</u>	<u>-</u>
Deferred Inflows of Resources:				
Property taxes receivable	9,873	-	-	-
Prepaid taxes	<u>2,239</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	<u>12,112</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:				
Restricted:				
Stabilization by state statute	16,258	48,333	7,042	-
Restricted, all other	925,330	162,285	126,084	29,667
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>941,588</u>	<u>210,618</u>	<u>133,126</u>	<u>29,667</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 953,700</u>	<u>\$ 394,866</u>	<u>\$ 133,538</u>	<u>\$ 29,667</u>

TRANSYLVANIA COUNTY, NORTH CAROLINA

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2021

	Fines and Forfeitures Fund	State Deed Fee Fund	Total
Assets:			
Cash and investments	\$ -	\$ 4,923	\$ 1,435,188
Accounts receivable	9,639	-	16,681
Taxes receivable, net	-	-	9,873
Due from other governments	-	-	64,591
	<u>-</u>	<u>-</u>	<u>64,591</u>
Total assets	<u>\$ 9,639</u>	<u>\$ 4,923</u>	<u>\$ 1,526,333</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ 184,660
Due to other governments	9,639	4,923	14,562
Total liabilities	<u>9,639</u>	<u>4,923</u>	<u>199,222</u>
Deferred Inflows of Resources:			
Property taxes receivable	-	-	9,873
Prepaid taxes	-	-	2,239
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>12,112</u>
Fund Balances:			
Restricted:			
Stabilization by state statute	9,639	-	81,272
Restricted, all other	-	-	1,243,366
Unassigned	<u>(9,639)</u>	<u>-</u>	<u>(9,639)</u>
Total fund balances	<u>-</u>	<u>-</u>	<u>1,314,999</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 9,639</u>	<u>\$ 4,923</u>	<u>\$ 1,526,333</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, 2021**

	Fire Districts Fund	Emergency Telephone System Fund	Narcotics Task Force Fund	Representative Payee Fund
Revenues:				
Ad valorem taxes	\$ 2,998,959	\$ -	\$ -	\$ -
Sales and services	-	-	-	124,581
Restricted intergovernmental	-	344,083	-	-
Investment earnings	167	63	16	-
Local appropriations	-	-	33,570	-
Total revenues	<u>2,999,126</u>	<u>344,146</u>	<u>33,586</u>	<u>124,581</u>
Expenditures:				
General government	-	-	-	-
Public safety	2,738,724	378,165	54,783	-
Human services	-	-	-	141,652
Total expenditures	<u>2,738,724</u>	<u>378,165</u>	<u>54,783</u>	<u>141,652</u>
Net change in fund balances	<u>260,402</u>	<u>(34,019)</u>	<u>(21,197)</u>	<u>(17,071)</u>
Fund Balances:				
Beginning of year - July 1	681,186	244,637	154,323	-
Prior period adjustment - change in accounting principle	-	-	-	46,738
Beginning of year - July 1, as restated	<u>681,186</u>	<u>244,637</u>	<u>154,323</u>	<u>46,738</u>
End of year - June 30	<u>\$ 941,588</u>	<u>\$ 210,618</u>	<u>\$ 133,126</u>	<u>\$ 29,667</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, 2021**

	Fines and Forfeitures Fund	State Deed Fee Fund	Total
Revenues:			
Ad valorem taxes	\$ -	\$ -	\$ 2,998,959
Sales and services	60,354	42,383	227,318
Restricted intergovernmental	-	-	344,083
Investment earnings	-	-	246
Local appropriations	-	-	33,570
Total revenues	<u>60,354</u>	<u>42,383</u>	<u>3,604,176</u>
Expenditures:			
General government	60,354	45,830	106,184
Public safety	-	-	3,171,672
Human services	-	-	141,652
Total expenditures	<u>60,354</u>	<u>45,830</u>	<u>3,419,508</u>
Net change in fund balances	<u>-</u>	<u>(3,447)</u>	<u>184,668</u>
Fund Balances:			
Beginning of year - July 1	-	-	1,080,146
Prior period adjustment - change in accounting principle	<u>-</u>	<u>3,447</u>	<u>50,185</u>
Beginning of year - July 1, as restated	<u>-</u>	<u>3,447</u>	<u>1,130,331</u>
End of year - June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,314,999</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, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Ad valorem taxes:			
Current year	\$ 2,932,553	\$ 2,988,214	\$ 55,661
Prior year	-	7,503	7,503
Penalties and interest	-	3,242	3,242
Investment earnings	-	167	167
Total revenues	<u>2,932,553</u>	<u>2,999,126</u>	<u>66,573</u>
Expenditures:			
Public safety:			
Sylvan Valley Fire District	407,065	407,065	-
Rosman Fire District	281,127	281,127	-
Little River Fire District	315,335	315,335	-
Connestee Falls Fire District	582,433	582,433	-
Cedar Mountain Fire District	85,550	85,550	-
Lake Toxaway Fire District	934,859	934,859	-
Balsam Grove Fire District	54,148	54,148	-
North Transylvania Fire District	78,207	78,207	-
Total expenditures	<u>2,738,724</u>	<u>2,738,724</u>	<u>-</u>
Revenues over (under) expenditures	<u>193,829</u>	<u>260,402</u>	<u>66,573</u>
Other Financing Sources (Uses):			
Transfer out	(243,829)	-	243,829
Appropriated fund balance	<u>50,000</u>	-	<u>(50,000)</u>
Total other financing sources (uses)	<u>(193,829)</u>	-	<u>193,829</u>
Net change in fund balance	<u>\$ -</u>	<u>260,402</u>	<u>\$ 260,402</u>
Fund Balance:			
Beginning of year - July 1		<u>681,186</u>	
End of year - June 30		<u>\$ 941,588</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, 2021**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Restricted intergovernmental	\$ 354,013	\$ 344,083	\$ (9,930)
Investment earnings	-	63	63
Total revenues	<u>354,013</u>	<u>344,146</u>	<u>(9,867)</u>
Expenditures:			
Public safety:			
Phone and furniture	24,000	28,219	(4,219)
Software and hardware	489,447	335,090	154,357
Training	11,170	14,856	(3,686)
Implemental functions	4,268	-	4,268
City distribution	9,959	-	9,959
Total expenditures	<u>538,844</u>	<u>378,165</u>	<u>160,679</u>
Revenues over (under) expenditures	<u>(184,831)</u>	<u>(34,019)</u>	<u>150,812</u>
Other Financing Sources (Uses):			
Transfers out	(58,649)	-	58,649
Appropriated fund balance	243,480	-	(243,480)
Total other financing sources (uses)	<u>184,831</u>	<u>-</u>	<u>(184,831)</u>
Net change in fund balance	<u>\$ -</u>	<u>(34,019)</u>	<u>\$ (34,019)</u>
Fund Balance:			
Beginning of year - July 1		<u>244,637</u>	
End of year - June 30		<u>\$ 210,618</u>	

**PSAP RECONCILIATION
FOR THE YEAR ENDED JUNE 30, 2021**

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	\$ 210,618
Ineligible prior-year expenditures reported in Emergency Telephone System Fund	<u>26,568</u>
Ending balance, PSAP Revenue - Expenditure Report	<u>\$ 237,186</u>

TRANSYLVANIA COUNTY, NORTH CAROLINA

**NARCOTICS TASK FORCE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
City of Brevard appropriation	\$ 10,000	\$ 33,570	\$ 23,570
Investment earnings	-	16	16
Total revenues	<u>10,000</u>	<u>33,586</u>	<u>23,586</u>
Expenditures:			
Public safety:			
Operating expenses	15,000	22,954	(7,954)
Capital outlay	41,000	31,829	9,171
Total expenditures	<u>56,000</u>	<u>54,783</u>	<u>1,217</u>
Revenues over (under) expenditures	(46,000)	(21,197)	24,803
Other Financing Sources (Uses):			
Appropriated fund balance	<u>46,000</u>	<u>-</u>	<u>(46,000)</u>
Net change in fund balance	<u>\$ -</u>	<u>(21,197)</u>	<u>\$ (21,197)</u>
Fund Balance:			
Beginning of year - July 1		<u>154,323</u>	
End of year - June 30		<u>\$ 133,126</u>	

TRANSYLVANIA COUNTY, NORTH CAROLINA

**REPRESENTATIVE PAYEE SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Representative payee revenues	\$ -	\$ 124,581	\$ 124,581
Expenditures:			
Human services:			
Operating expenses	-	141,652	(141,652)
Net change in fund balance	\$ -	(17,071)	\$ (17,071)
Fund Balance:			
Beginning of year - July 1		-	
Prior period adjustment - change in accounting principle		46,738	
Beginning of year - July 1, as restated		46,738	
End of year - June 30		\$ 29,667	

TRANSYLVANIA COUNTY, NORTH CAROLINA

**FINES AND FORFEITURES SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Fines and forfeitures	\$ 125,000	\$ 60,354	\$ (64,646)
Expenditures:			
General government:			
Operating expenses	125,000	60,354	64,646
Net change in fund balance	<u>\$ -</u>	-	<u>\$ -</u>
Fund Balance:			
Beginning of year - July 1		-	
End of year - June 30		<u>\$ -</u>	

TRANSYLVANIA COUNTY, NORTH CAROLINA

**STATE DEED FEE SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
1.5% state fees collected	\$ 42,624	\$ 42,383	\$ (241)
Expenditures:			
General government:			
Operating expenses	<u>42,624</u>	<u>45,830</u>	<u>(3,206)</u>
Net change in fund balance	<u>\$ -</u>	<u>(3,447)</u>	<u>\$ (3,447)</u>
Fund Balance:			
Beginning of year - July 1		-	
Prior period adjustment - change in accounting principle		<u>3,447</u>	
Beginning of year - July 1, as restated		<u>3,447</u>	
End of year - June 30		<u>\$ -</u>	

This page left blank intentionally.

PERMANENT FUND

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

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

This page left blank intentionally.

TRANSYLVANIA COUNTY, NORTH CAROLINA

**PERMANENT FUND - SILVERMONT RESERVE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Investment earnings	\$ 2,500	\$ 1,114	\$ (1,386)
Expenditures:			
Silvermont operating expenditure	2,500	-	2,500
Net change in fund balance	<u>\$ -</u>	1,114	<u>\$ 1,114</u>
Fund Balance:			
Beginning of year - July 1		<u>342,338</u>	
End of year - June 30		<u>\$ 343,452</u>	

This page left blank intentionally.

ENTERPRISE FUND

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

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

This page left blank intentionally.

TRANSYLVANIA COUNTY, NORTH CAROLINA

MAJOR ENTERPRISE FUND
SOLID WASTE FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Operating revenues:			
Charges for services			
Solid waste charges	\$ 2,018,300	\$ 2,148,479	\$ 130,179
Recycling	12,000	58,838	46,838
Other operating revenues	2,300	-	(2,300)
Total operating revenues	<u>2,032,600</u>	<u>2,207,317</u>	<u>174,717</u>
Non-operating revenues:			
Investment earnings	40,000	18,489	(21,511)
Miscellaneous revenue	73,650	76,165	2,515
Total non-operating revenues	<u>113,650</u>	<u>94,654</u>	<u>(18,996)</u>
Total revenues	<u>2,146,250</u>	<u>2,301,971</u>	<u>155,721</u>
Expenditures:			
Landfill administration and operations:			
Salaries and employee benefits	1,283,890	1,262,268	21,622
Other operating expenditures	1,217,137	1,076,269	140,868
Debt principal	6,285	6,285	-
Capital outlay	678,528	300,161	378,367
Total expenditures	<u>3,185,840</u>	<u>2,644,983</u>	<u>540,857</u>
Revenues over (under) expenditures	<u>(1,039,590)</u>	<u>(343,012)</u>	<u>696,578</u>
Other Financing Sources (Uses):			
Transfer in	570,150	570,150	-
Capital lease proceeds	155,558	155,558	-
Appropriated fund balance	313,882	-	313,882
Total other financing sources (uses)	<u>1,039,590</u>	<u>725,708</u>	<u>(313,882)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 382,696</u>	<u>\$ 382,696</u>
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:			
Revenues and other financing sources over (under) expenditures and other financing uses		\$ 382,696	
Reconciling items:			
Capital outlay		300,161	
Principal payments		6,285	
Items charged to capital outlay, not capitalized		(54,301)	
Change in net pension liability LGERS		(115,625)	
Change in deferred outflows of resources - pension LGERS		60,709	
Change in deferred inflows of resources - pension LGERS		951	
Change in OPEB liability		22,702	
Change in deferred outflows of resources - OPEB		(12,057)	
Change in deferred inflows of resources - OPEB		1,519	
Change in compensated absences payable		(3,391)	
Change in closure and post-closure care costs		(266,937)	
Capital lease proceeds		(155,558)	
Investment earnings from Water and Sewer Development Fund		63	
Depreciation		<u>(352,993)</u>	
Change in net position		<u>\$ (185,776)</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, 2021**

	<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:					
NC Industrial Development Funds	\$ 880,750	\$ -	\$ -	\$ -	\$ (880,750)
Appalachian Regional Commission	300,000	-	-	-	(300,000)
Investment earnings	-	-	63	63	63
Total revenues	<u>1,180,750</u>	<u>-</u>	<u>63</u>	<u>63</u>	<u>(1,180,687)</u>
Expenditures:					
Town of Rosman Sanitary Sewer Expansion Project	<u>1,754,988</u>	<u>-</u>	<u>54,301</u>	<u>54,301</u>	<u>1,700,687</u>
Total expenditures	<u>1,754,988</u>	<u>-</u>	<u>54,301</u>	<u>54,301</u>	<u>1,700,687</u>
Revenues over (under) expenditures	(574,238)	-	(54,238)	(54,238)	520,000
Other Financing Sources (Uses):					
Transfers in from General Fund	<u>574,238</u>	<u>404,250</u>	<u>-</u>	<u>404,250</u>	<u>(169,988)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 404,250</u>	<u>(54,238)</u>	<u>\$ 350,012</u>	<u>\$ 350,012</u>
Fund Balance:					
Beginning of year - July 1			<u>404,250</u>		
End of year - June 30			<u>\$ 350,012</u>		

CUSTODIAL FUNDS

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

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

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

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

This page left blank intentionally.

TRANSYLVANIA COUNTY, NORTH CAROLINA

COMBINING STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUNDS

JUNE 30, 2021

	<u>Municipal Tax Fund</u>	<u>Jail Inmate Pay Fund</u>	<u>Cooperative Extension Fund</u>	<u>Total Custodial Funds</u>
Assets:				
Cash and cash equivalents	\$ 217	\$ 40,018	\$ 9,903	\$ 50,138
Taxes receivable from other governments, net	1,115	-	-	1,115
Due from other governments	<u>34,702</u>	<u>14</u>	<u>-</u>	<u>34,716</u>
Total assets	<u>36,034</u>	<u>40,032</u>	<u>9,903</u>	<u>85,969</u>
Liabilities:				
Due to other governments	<u>-</u>	<u>5,525</u>	<u>-</u>	<u>5,525</u>
Net Position				
Restricted for:				
Individuals, organizations, and other governments	<u>36,034</u>	<u>34,507</u>	<u>9,903</u>	<u>80,444</u>
Total fiduciary net position	<u>\$ 36,034</u>	<u>\$ 34,507</u>	<u>\$ 9,903</u>	<u>\$ 80,444</u>

TRANSYLVANIA COUNTY, NORTH CAROLINA

**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Municipal Tax Fund</u>	<u>Jail Inmate Pay Fund</u>	<u>Cooperative Extension Fund</u>	<u>Total Custodial Funds</u>
Additions:				
Ad valorem taxes for other governments	\$ 403,881	\$ -	\$ -	\$ 403,881
Collections on behalf of others	<u>-</u>	<u>127,783</u>	<u>16,459</u>	<u>144,242</u>
Total additions	<u>403,881</u>	<u>127,783</u>	<u>16,459</u>	<u>548,123</u>
Deductions				
Tax distributions to other governments	393,621	-	-	393,621
Payments on behalf of others	<u>-</u>	<u>125,627</u>	<u>14,496</u>	<u>140,123</u>
Total deductions	<u>393,621</u>	<u>125,627</u>	<u>14,496</u>	<u>533,744</u>
Change in net position	<u>10,260</u>	<u>2,156</u>	<u>1,963</u>	<u>14,379</u>
Net Position:				
Beginning of year - July 1	-	-	-	-
Prior period adjustment	<u>25,774</u>	<u>32,351</u>	<u>7,940</u>	<u>66,065</u>
Beginning of year - restated	<u>25,774</u>	<u>32,351</u>	<u>7,940</u>	<u>66,065</u>
End of year - June 30	<u>\$ 36,034</u>	<u>\$ 34,507</u>	<u>\$ 9,903</u>	<u>\$ 80,444</u>

OTHER SCHEDULES

This section contains additional information on property taxes and transfers.

Schedule of Ad Valorem Taxes Receivable

Analysis of Current Tax Levy

This page left blank intentionally.

TRANSYLVANIA COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF AD VALOREM TAXES RECEIVABLE
JUNE 30, 2021

<u>Year Ended June 30</u>	<u>Uncollected Balance July 1, 2020</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Uncollected Balance June 30, 2021</u>
2021	\$ -	\$ 38,563,557	\$ 38,491,453	\$ 72,104
2020	82,886	-	44,788	38,098
2019	28,353	-	8,494	19,859
2018	14,867	-	4,398	10,469
2017	11,863	-	3,112	8,751
2016	9,755	-	3,223	6,532
2015	5,952	-	1,360	4,592
2014	7,718	-	2,095	5,623
2013	7,655	-	1,112	6,543
2012	6,933	-	1,376	5,557
2011	9,211	-	9,211	-
Total	<u>\$ 185,193</u>	<u>\$ 38,563,557</u>	<u>\$ 38,570,622</u>	<u>178,128</u>

Less allowance for uncollectible ad valorem taxes receivable:

General Fund

67,480**Ad Valorem Taxes Receivable, Net:**

General Fund

\$ 110,648**Reconciliation of Collections and Credits with Revenues:**

Ad valorem taxes - General Fund

\$ 38,613,250

Reconciling items:

Interest

(106,383)

Tax refunds

59,185

Abatements - prior years

1,990

Advertising

(2,288)

Adjustments

(4,343)

Taxes written off

9,211

Total collections and credits

\$ 38,570,622

TRANSYLVANIA COUNTY, NORTH CAROLINA

ANALYSIS OF CURRENT TAX LEVY
COUNTY-WIDE LEVY
FOR THE YEAR ENDED JUNE 30, 2021

	County-Wide			Total Levy	
	Property Valuation	Rate	Amount of Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original Levy:					
County-wide:					
Property tax	\$ 5,842,379,562	\$ 0.6360	\$ 37,157,535	\$ 35,191,037	\$ 1,966,498
Public utilities	116,731,597	0.6360	742,413	742,413	-
Motor vehicles taxed at prior year's rate	86,692,681	0.6360	551,365	-	551,365
Late list penalties	-		10,716	10,716	-
Total original levy	<u>6,045,803,840</u>		<u>38,462,029</u>	<u>35,944,166</u>	<u>2,517,863</u>
Discoveries:					
Current year taxes	<u>19,690,572</u>	0.6360	<u>125,232</u>	<u>125,232</u>	<u>-</u>
Abatements and Discounts	<u>(2,677,505)</u>		<u>(23,704)</u>	<u>(17,029)</u>	<u>(6,675)</u>
Total property valuation	<u>\$ 6,062,816,907</u>				
Net Levy			38,563,557	36,052,369	2,511,188
Uncollected taxes at June 30, 2021			<u>72,104</u>	<u>72,104</u>	<u>-</u>
Current Year's Taxes Collected			<u>\$ 38,491,453</u>	<u>\$ 35,980,265</u>	<u>\$ 2,511,188</u>
Current Levy Collection Percentage			<u>99.81%</u>	<u>99.80%</u>	<u>100.00%</u>

STATISTICAL SECTION

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

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

Financial Trends

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

Revenue Capacity

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

Debt Capacity

These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

Operating Information

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

This page left blank intentionally.

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

TABLE 1

UNAUDITED

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Governmental Activities										
Net Investment in Capital Assets	\$ 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	\$ 38,739,070
Restricted	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	8,619,146
Unrestricted	7,979,935	9,887,115	12,931,706	13,915,036	16,237,241	18,156,797	17,160,525	22,357,615	23,036,400	28,190,415
Total Governmental Activities Net Position	\$ 49,541,151	\$ 52,043,750	\$ 55,098,535	\$ 56,855,209	\$ 59,893,107	\$ 62,152,253	\$ 61,580,248	\$ 67,103,720	\$ 67,969,582	\$ 75,548,631
Business-Type Activities										
Net Investment in Capital Assets	\$ 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	\$ 2,715,354
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	2,166,778	2,466,038	818,626	1,399,206	1,647,102	1,763,972	1,978,038	2,200,436	2,089,329	2,105,658
Total Business-Type Activities Net Position	\$ 6,026,092	\$ 6,069,588	\$ 4,316,753	\$ 5,250,717	\$ 5,272,450	\$ 5,365,536	\$ 5,380,921	\$ 5,381,983	\$ 5,006,788	\$ 4,821,012
Primary Government										
Net Investment in Capital Assets	\$ 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	\$ 41,454,424
Restricted	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	8,619,146
Unrestricted	10,146,713	12,353,153	13,750,332	15,314,242	17,884,343	19,920,769	19,138,563	24,558,051	25,125,729	30,296,073
Total Primary Government Net Position	\$ 55,567,243	\$ 58,113,338	\$ 59,415,288	\$ 62,105,926	\$ 65,165,557	\$ 67,517,789	\$ 66,961,169	\$ 72,485,703	\$ 72,976,370	\$ 80,369,643

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

TABLE 2

UNAUDITED

	<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>	<u>2021</u>
Expenses										
Governmental Activities:										
General Government	\$ 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	\$ 8,667,861
Public Safety	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	21,026,946
Transportation	450,591	448,838	481,390	426,860	436,509	472,854	438,101	473,479	425,220	513,884
Economic and Physical Development	959,314	974,391	772,724	1,330,900	1,178,119	1,250,752	3,689,164	3,909,273	2,281,527	2,821,683
Human Services	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	10,453,187
Cultural and Recreational	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	2,402,400
Education	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	16,623,947
Interest on Long-Term Obligations	551,526	456,240	358,285	276,292	222,024	153,568	111,948	84,009	69,953	56,828
Total Governmental Activities Expenses	\$ <u>42,243,011</u>	\$ <u>41,002,486</u>	\$ <u>43,902,413</u>	\$ <u>46,093,557</u>	\$ <u>47,277,185</u>	\$ <u>49,752,405</u>	\$ <u>51,957,305</u>	\$ <u>55,603,974</u>	\$ <u>63,079,853</u>	\$ <u>62,566,736</u>
Business-Type Activities:										
Solid Waste Department	\$ 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	\$ 3,057,960
Total Governmental Activities Expenses	\$ <u>1,708,329</u>	\$ <u>1,673,967</u>	\$ <u>3,755,492</u>	\$ <u>1,452,623</u>	\$ <u>2,085,608</u>	\$ <u>2,371,592</u>	\$ <u>2,480,832</u>	\$ <u>2,648,519</u>	\$ <u>2,968,718</u>	\$ <u>3,057,960</u>
Total Primary Government Expenses	\$ <u>43,951,340</u>	\$ <u>42,676,453</u>	\$ <u>47,657,905</u>	\$ <u>47,546,180</u>	\$ <u>49,362,793</u>	\$ <u>52,123,997</u>	\$ <u>54,438,137</u>	\$ <u>58,252,493</u>	\$ <u>66,048,571</u>	\$ <u>65,624,696</u>
Program Revenues										
Governmental Activities:										
Charges for Services:										
General Government	\$ 334,456	\$ 275,477	\$ 335,719	\$ 243,347	\$ 377,649	\$ 383,751	\$ 460,006	\$ 461,517	\$ 197,979	\$ 311,432
Public Safety	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	3,131,439
Transportation	-	7,202	4,739	4,592	4,458	7,584	7,186	4,610	10,152	37
Economic and Physical Development	22,638	21,240	12,926	10,442	11,843	14,636	63,448	59,850	4,370	2,575
Human Services	455,869	422,732	475,871	413,551	452,565	470,649	524,480	562,131	593,746	601,563
Cultural and Recreational	103,822	121,961	130,999	75,250	91,236	95,276	110,850	106,772	80,785	108,142
Operating Grants and Contributions:										
General Government	52,247	98,555	36,599	35,954	37,754	34,713	29,734	45,851	82,570	1,421,064
Public Safety	414,376	422,546	745,266	602,807	526,811	511,487	508,296	1,394,008	1,748,036	539,973
Transportation	272,129	269,173	274,445	259,300	222,422	400,036	322,609	371,524	295,517	520,115
Economic and Physical Development	70,882	65,063	57,374	70,006	50,128	101,782	49,852	155,233	24,908	-
Human Services	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	5,637,232
Cultural and Recreational	91,846	95,126	97,787	166,849	120,076	156,178	117,451	112,549	317,131	320,530
Education	363,784	544,124	811,018	667,751	205,430	288,609	739,363	142,339	132,099	176,334
Capital Grants and Contributions:										
Economic and Physical Development	80,163	7,686	105,588	289,415	-	-	-	-	-	-
Cultural and Recreational	-	89,780	-	-	181,350	-	212,000	-	-	-
Total Governmental Activities Program Revenues	\$ <u>9,767,948</u>	\$ <u>10,449,971</u>	\$ <u>11,133,817</u>	\$ <u>11,831,583</u>	\$ <u>11,513,491</u>	\$ <u>11,952,826</u>	\$ <u>11,248,901</u>	\$ <u>12,302,538</u>	\$ <u>11,208,293</u>	\$ <u>12,770,436</u>

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

TABLE 2

UNAUDITED

	<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>	<u>2021</u>
Business-Type Activities:										
Charge for Services - Landfill	\$ 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	\$ 2,207,317
Operating Grants and Contributions - Landfill	21,043	19,967	19,863	57,327	19,982	46,596	46,596	11,417	37,199	76,165
Capital Grants and Contributions - Landfill	-	-	-	-	-	-	-	-	-	-
Total Business-Type Activities Program Revenues	\$ 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	\$ 2,283,482
Total Primary Government Program Revenues	\$ 11,157,688	\$ 11,730,844	\$ 12,457,054	\$ 13,329,305	\$ 13,239,574	\$ 13,789,771	\$ 13,085,846	\$ 14,273,228	\$ 13,119,868	\$ 15,053,918
Net (Expense)/Revenue										
Governmental Activities	\$ (32,475,063)	\$ (30,552,515)	\$ (32,768,596)	\$ (34,261,974)	\$ (35,763,694)	\$ (37,799,579)	\$ (40,708,404)	\$ (43,301,436)	\$ (59,034,278)	\$ (49,687,930)
Business-Type Activities	(318,589)	(393,094)	(2,432,255)	45,099	(359,525)	(534,647)	(643,887)	(677,829)	(1,057,143)	(774,478)
Total Primary Government Net (Expense)/Revenue	\$ (32,793,652)	\$ (30,945,609)	\$ (35,200,851)	\$ (34,216,875)	\$ (36,123,219)	\$ (38,334,226)	\$ (41,352,291)	\$ (43,979,265)	\$ (60,091,421)	\$ (50,462,408)
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes	\$ 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	\$ 41,617,678
Local Option Sales Tax	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	12,273,052
Other Taxes and Licenses	848,735	994,340	484,691	610,459	637,714	719,510	782,387	1,811,145	1,857,306	3,449,707
Grants and Contributions Not Restricted	382,922	359,204	386,657	437,463	383,029	398,562	390,616	396,150	545,280	545,696
Investment Earnings	47,970	55,827	12,720	11,812	65,131	132,715	403,904	633,733	388,301	9,361
Miscellaneous	-	-	-	129,530	-	-	-	-	-	-
Transfers	(449,009)	(435,237)	(679,117)	(972,139)	(375,000)	(626,117)	(626,117)	(506,901)	(551,250)	(570,150)
Total Governmental Activities:	\$ 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	\$ 57,325,344
Business-Type Activities:										
Investment Earnings	\$ 1,662	\$ 1,353	\$ 303	\$ 530	\$ 6,258	\$ 1,616	\$ 17	\$ 17,190	\$ 130,698	\$ 18,552
Miscellaneous	-	-	-	-	-	-	-	-	-	-
Transfers	449,009	435,237	679,117	972,139	375,000	626,117	624,722	506,901	551,250	570,150
Total Business-Type Activities	\$ 450,671	\$ 436,590	\$ 679,420	\$ 972,669	\$ 381,258	\$ 627,733	\$ 624,739	\$ 678,891	\$ 681,948	\$ 588,702
Total Primary Government	\$ 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	\$ 57,914,046
Change in Net Position										
Governmental Activities	\$ 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	\$ 7,528,864
Business-Type Activities	132,082	43,496	(1,752,835)	1,017,768	21,733	93,086	154,911	1,062	(375,195)	(185,776)
Total Primary Government	\$ 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	\$ 7,343,088

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

TABLE 3

UNAUDITED

	<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>	<u>2021</u>
Property Tax	\$ 25,964,830	\$ 26,009,209	\$ 29,529,739	\$ 30,292,321	\$ 32,363,790	\$ 33,311,358	\$ 33,311,358	\$ 33,780,721	\$ 40,556,105	\$ 41,617,678
Local Option Sales Tax	5,820,469	6,122,549	6,560,048	7,011,688	7,896,435	8,409,583	8,409,583	9,274,860	9,841,680	12,273,052
Other Taxes and Licenses	848,735	994,340	484,691	610,459	719,510	782,387	782,387	886,876	1,857,306	3,449,707
Total	<u>\$ 32,634,034</u>	<u>\$ 33,126,098</u>	<u>\$ 36,574,478</u>	<u>\$ 37,914,468</u>	<u>\$ 40,979,735</u>	<u>\$ 42,503,328</u>	<u>\$ 42,503,328</u>	<u>\$ 43,942,457</u>	<u>\$ 52,255,091</u>	<u>\$ 57,340,437</u>

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

TABLE 4

UNAUDITED

	<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>	<u>2021</u>
General Fund										
Non Spendable	\$ 16,215	\$ 40,893	\$ 40,733	\$ 41,292	\$ 49,334	\$ 58,479	\$ 37,238	\$ 4,890,501	\$ 5,019,685	\$ 4,484,389
Restricted	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	6,840,997
Committed	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	4,756,927
Assigned	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	14,364,665
Unassigned	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	5,783,959
Total General Fund	<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>	<u>\$ 36,230,937</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	819,984	922,967	727,226	632,458	1,802,928	864,994	819,034	967,933	1,314,117	1,587,288
Committed:	2,005,876	1,121,482	1,066,628	339,702	-	-	2,233,372	656,939	3,983,035	8,313,873
Assigned:	289,852	267,993	160,344	235,388	226,283	436,946	239,032	253,212	-	-
Unassigned:	(10,173)	-	(100,663)	-	(14,531)	-	(3,470)	-	-	(263,450)
Total All Other Governmental Funds	<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>\$ 5,405,519</u>	<u>\$ 9,746,078</u>

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

TABLE 5

UNAUDITED

	<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>	<u>2021</u>
Revenues										
Taxes:										
Property	\$ 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	\$ 41,612,209
Sales	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	12,273,052
Other	848,735	994,340	484,691	610,459	637,714	719,510	782,387	886,876	1,857,306	3,449,707
Intergovernmental	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	8,659,012
Permits and Fees	327,956	386,593	386,854	431,325	491,974	649,025	549,317	646,068	542,123	725,464
Sales and Services	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	3,392,436
Donations and Grants	23,676	20,882	315,652	134,878	45,584	36,582	315,445	903,663	412,772	90,536
Investment Earnings	44,858	52,715	9,608	8,700	62,019	129,603	402,098	633,733	388,301	9,361
Miscellaneous	111,472	91,757	155,867	278,037	231,081	180,936	326,596	536,813	297,717	414,439
Total Revenues	<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>	<u>70,626,216</u>
Expenditures										
General Government	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	9,551,287
Public Safety	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	20,840,231
Economic Development	958,080	973,545	771,572	1,342,574	1,178,868	1,246,243	3,690,316	3,905,716	2,272,459	2,813,182
Human Services	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	10,668,066
Culture and Recreation	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	2,254,688
Education	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	16,597,991
Capital Outlay	238,416	1,184,769	1,122,909	1,012,106	1,263,390	-	-	-	-	-
Debt Service:										
Principal	2,270,976	2,240,026	2,240,026	2,346,832	2,225,219	1,216,987	947,936	508,889	421,978	519,152
Interest	565,657	498,010	393,358	307,469	250,913	169,710	124,181	87,264	73,771	60,112
Bond Issuance Cost	-	-	-	-	-	-	-	-	-	-
Total Expenditures	<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>	<u>63,304,709</u>
Excess of Revenues Over (Under) Expenditures	<u>(544,702)</u>	<u>521,960</u>	<u>2,274,426</u>	<u>941,096</u>	<u>(28,575)</u>	<u>2,577,366</u>	<u>1,762,694</u>	<u>6,280,431</u>	<u>6,280,431</u>	<u>7,321,507</u>
Other Financing Sources (Uses)										
Capital Lease Obligations Issued	42,400	45,248	-	-	17,878	-	-	-	-	455,147
Transfers In	160,828	341,814	703,233	353,894	120,810	2,086	4,126,397	699,276	6,206,728	6,200,000
Transfers Out	(609,837)	(777,051)	(1,382,350)	(1,326,033)	(495,810)	(628,203)	(4,751,119)	(1,203,934)	(6,757,978)	(6,770,150)
Bond Proceeds	-	-	-	-	-	-	-	-	-	-
Proceeds from Financing	-	-	-	-	1,807,457	-	-	-	-	-
Payment to Refunded Bond Escrow Agent	-	-	-	-	-	-	-	-	-	-
Proceeds from Sale of Assets	-	-	-	-	-	-	-	-	-	15,860
Total Other Financing Sources (Uses)	<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>	<u>(99,143)</u>
Net Change in Fund Balances	<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>\$ 5,729,181</u>	<u>\$ 7,222,364</u>
Capital Asset Expenditures	<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>\$ 2,397,513</u>	<u>\$ 2,110,491</u>
Debt Service as a Percentage of Noncapital Expenditures	<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>	<u>0.9%</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							
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	5,717,437,207	100%
2018	4,587,853,789	622,994,390	12,799,140	34,733,510	120,722,469	312,685,009	125,429,145	5,817,217,452	0.5110	5,992,806,688	97%
2019	4,878,092,313	618,619,646	14,042,640	33,288,040	125,778,314	314,061,107	122,520,319	6,106,402,379	0.5110	6,442,711,942	95%
2020	4,993,096,350	633,976,329	14,042,640	34,454,380	129,162,868	349,174,893	124,308,132	6,278,215,592	0.6360	6,801,230,194	92%
2021	5,040,167,342	640,068,822	14,042,640	35,135,730	137,973,687	363,246,692	116,731,987	6,347,366,900	0.6360	7,578,040,712	84%

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

	<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>	<u>2021</u>
Transylvania County Direct Rate*	\$ 0.3949	\$ 0.4369	\$ 0.4499	\$ 0.4499	\$ 0.5110	\$ 0.5110	\$ 0.5110	\$ 0.5110	\$ 0.6360	\$ 0.6360
<u>Municipality Rates:</u>										
City of Brevard	0.4325	0.4525	0.4525	0.4725	0.4725	0.4725	0.5100	0.5100	0.5100	0.5100
Town of Rosman	0.4100	0.4100	0.4100	0.4100	0.4400	0.4800	0.4800	0.4400	0.4400	0.4400
<u>Fire Districts:</u>										
Brevard	0.0316	0.0338	0.0339	0.0443	0.0393	0.0393	0.0550	0.0550	0.0550	0.0600
Rosman	0.0685	0.0756	0.0901	0.0980	0.1091	0.1091	0.1159	0.1209	0.0550	0.0600
Little River	0.0577	0.0675	0.0715	0.0849	0.0877	0.0877	0.0911	0.0906	0.0550	0.0600
Connestee Falls	0.0512	0.0551	0.0610	0.0656	0.0673	0.0673	0.0767	0.0833	0.0550	0.0600
Cedar Mountain	0.0756	0.0957	0.1098	0.1115	0.1331	0.1331	0.1378	0.1376	0.0550	0.0600
Lake Toxaway	0.0302	0.0328	0.0350	0.0359	0.0459	0.0459	0.0479	0.0544	0.0550	0.0600
Balsam Grove	0.0968	0.1248	0.1056	0.1056	0.1089	0.1098	0.1098	0.1118	0.0550	0.0600
North Transylvania	0.0911	0.1116	0.1279	0.1279	0.1279	0.1279	0.1279	0.1400	0.0550	0.0600

Source: Transylvania County Tax Department

Note: Real property last revalued on January 1, 2016 and will be revalued for FY 2022, effective Jan 1, 2021.

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

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

TABLE 8

UNAUDITED

Taxpayer	Type of Business	Fiscal Year 2021			Fiscal Year 2012		
		Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Duke Energy Corp	Electric utility	\$ 124,315,848	1	1.96%	\$ 48,788,096	1	0.81%
MH Transylvania Regional	Hospital / Medical	38,996,460	2	0.61%			
Comporium Telephone	Communications utility	37,143,386	3	0.59%	34,983,992	2	0.58%
Haywood Electric Member Corp	Electric utility	39,829,732	4	0.63%	20,023,981	5	0.33%
Brevard Retirement Investors	Retirement home facilities	21,487,330	5	0.34%	22,498,210	4	0.38%
Gaia Herbs Inc	Manufacturing	15,780,942	6	0.25%			
Lake Toxaway Company	Real estate development	15,685,020	7	0.25%	15,360,360	8	0.26%
Ingles Markets, Inc.	Retail grocery store	16,608,336	8	0.26%	15,061,841	9	0.25%
Davidson River Village	Real estate development	15,510,430	9	0.24%	15,373,210	7	0.26%
Duke Ventures, LLC	Real estate development	11,873,790	10	0.19%			
Excelsior Packing Group	Manufacturing				25,501,901	3	0.43%
159 Babcock Company, LLC	Real estate development				17,870,570	6	0.30%
French Broad Place, LLC	Real estate development				13,875,630	10	0.23%
Totals		<u>\$ 337,231,274</u>		<u>5.32%</u>	<u>\$ 229,649,385</u>		<u>3.83%</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
2012	\$ 23,668,341	\$ 23,580,022	99.63%	\$ 81,387	\$ 23,661,409	99.97%
2013	23,704,178	23,627,172	99.68%	69,352	23,696,524	99.97%
2014	26,847,544	26,791,840	99.79%	47,987	26,839,827	99.97%
2015	27,436,607	27,399,573	99.87%	31,082	27,430,655	99.98%
2016	27,575,417	27,540,474	99.87%	25,189	27,565,663	99.96%
2017	29,228,388	29,177,546	99.83%	38,979	29,216,525	99.96%
2018	29,830,035	29,690,738	99.53%	124,430	29,815,168	99.95%
2019	29,973,389	29,919,498	99.82%	15,793	29,935,291	99.87%
2020	37,762,428	37,679,542	99.78%	41,446	37,720,988	99.89%
2021	38,563,557	38,491,453	99.81%	44,659	38,536,112	99.93%

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	Capital Lease				
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	-	-	223,079	1,854,979	-	-	2,078,058	0.14%	58	
2021	-	-	108,150	1,541,149	357,973	149,273	2,156,545	0.14%	60	

**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			
2012	\$ 8,770,000	\$ 17,366	\$ -	\$ 8,787,366	1.05%	0.15%	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	520,000	4,918	-	524,918	0.29%	0.01%	39
2017	520,000	-	-	520,000	0.11%	0.01%	15
2018	-	-	-	-	0.00%	n/a	0
2019	-	-	-	-	0.00%	n/a	0
2020	-	-	-	-	0.00%	n/a	0
2021	-	-	-	-	0.00%	n/a	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

	<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>	<u>2021</u>
Debt Limit	\$ 479,109	\$ 480,073	\$ 492,518	\$ 487,871	\$ 490,429	\$ 458,280	\$ 465,648	\$ 459,307	\$ 476,103	\$ 485,025
Total Net Debt Applicable to Debt Limit	<u>10,168</u>	<u>7,925</u>	<u>5,575</u>	<u>5,575</u>	<u>5,172</u>	<u>3,009</u>	<u>3,002</u>	<u>2,493</u>	<u>2,071</u>	<u>2,157</u>
Legal Debt Margin	<u>\$ 468,941</u>	<u>\$ 472,148</u>	<u>\$ 486,943</u>	<u>\$ 482,296</u>	<u>\$ 485,257</u>	<u>\$ 455,271</u>	<u>\$ 462,646</u>	<u>\$ 456,814</u>	<u>\$ 474,032</u>	<u>\$ 482,868</u>
Total Net Debt Applicable to Debt Limit as a Percentage of Debt Limit	<u>2.1%</u>	<u>1.7%</u>	<u>1.1%</u>	<u>1.1%</u>	<u>1.1%</u>	<u>0.7%</u>	<u>0.6%</u>	<u>0.5%</u>	<u>0.4%</u>	<u>0.4%</u>

Legal Debt Margin Calculation for Fiscal Year 2021

Total Assessed Value	<u>\$ 6,062,816,907</u>
Debt Limit (8% of Total Assessed Value)	<u>\$ 485,025,353</u>
Amount of Debt Applicable to Debt Limit:	
Bonds	\$ 108,150
Installment Contracts	1,541,149
Capital Leases	507,246
Total Amount of Debt Applicable to Debt Limit	<u>\$ 2,156,545</u>
Legal Debt Margin	<u>\$ 482,868,808</u>

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

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

TABLE 13

UNAUDITED

Fiscal Year Ended June 30	Population(1)	Personal Income (2)	Per Capita Personal Income (2)	Public School Enrollment(3)	Unemployment Rate(4)
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%
2021	33,165	1,484,034,255	44,747	3,145	4.40%

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	FY 2021		FY 2012	
	Employees	Rank	Employees	Rank
Transylvania County Board of Education	500-999	1	500-999	1
Transylvania County Government	250-499	2	250-499	3
Healthcare Corporation of America, Inc	250-499	3	500-999	2
Brevard College	250-499	4	100-249	5
Ingles Markets, Inc.	100-249	5	100-249	4
Gaia Herbs	100-249	6		
Transylvania Vocational Services	100-249	7	100-249	10
Lowe's Home Centers, Inc.	100-249	8		
City of Brevard	100-249	9	100-249	7
Wal-Mart Associates Inc.	100-249	10	100-249	6

Information from the North Carolina Department of Commerce

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

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

TABLE 15

UNAUDITED

Function	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Governmental Activities										
General Government	49	48	48	48	48	50	51	53	53	53
Public Safety	137	139	137	138	139	139	141	139	140	146
Economic and Physical Development	2	2	3	3	3	3	3	3	3	3
Environmental Protection	2	2	2	2	2	2	2	2	2	2
Human Services	99	99	101	104	106	106	107	105	107	107
Cultural and Recreation	29	29	29	29	30	30	31	31	31	31
Total Governmental Activities	318	319	320	324	327	330	335	333	336	342
Business-Type Activities										
Solid Waste	16	16	16	16	16	16	17	18	18	18
Total Business-Type Activities	16	16	16	16	16	16	17	18	18	18
Total All	334	335	336	340	343	346	352	351	354	360

Source: County Human Resources Department

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

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

TABLE 16

UNAUDITED

Function/Program	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General government										
Registered Voters	24,070	24,028	24,017	23,643	24,376	25,003	25,763	24,573	25,540	25,650
Number of Tax Bills (excl motor vehicles)	30,159	30,159	30,136	30,073	29,999	29,934	29,930	26,874	25,118	29,721
Public Safety										
911 Calls	49,045	48,094	47,001	48,286	50,444	50,247	51,981	55,763	54,180	68,159
Building Permits Issued*	1,034	1,070	1,100	1,346	1,529	1,868	1,934	2,041	2,000	1,950
Planning										
Subdivisions reviewed	0	3	9	18	11	14	13	9	34	31
Cell towers permitted	0	2	0	0	2	2	1	1	-	-
Solid Waste										
Total Collection Use (rounded)	362,000	353,000	349,000	333,000	371,000	379,000	380,000	385,000	285,000	275,000
Tons disposed	21,578	19,935	21,302	24,068	27,270	26,951	58,048	56,096	23,160	49,791

* 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	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Government										
Public Facilities	4	4	5	6	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	69	71	79	80	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	5	5	5	5	6	6
Acreage	74	74	74	74	74	74	74	74	129	129
Athletic fields	9	9	9	9	9	8	8	8	8	8
Recreation centers	1	1	1	1	1	1	1	1	1	1

COMPLIANCE SECTION

This page left blank intentionally.

MARTIN STARNES & ASSOCIATES, CPAs, P.A.

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

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

Independent Auditor's Report

To the Board of Commissioners
Transylvania County, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Transylvania County, North Carolina, as of and for the year ended June 30, 2021, and the related notes to the financial statements which collectively comprise the County's basic financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated April 6, 2022. The financial statements of the Transylvania County Tourism Development Authority were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable non-compliance associated with the Transylvania County Tourism Development Authority.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, North Carolina
April 6, 2022

MARTIN STARNES & ASSOCIATES, CPAs, P.A.

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

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

Independent Auditor's Report

To the Board of Commissioners
Transylvania County, North Carolina

Report on Compliance for Each Major Federal Program

We have audited Transylvania County, North Carolina's, compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission that could have a direct and material effect on each of Transylvania County's major federal programs for the year ended June 30, 2021. Transylvania County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Transylvania County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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. Those standards, the Uniform Guidance, and the State Single Audit Implementation Act, require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Transylvania County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Transylvania County's compliance.

Opinion on Each Major Federal Program

In our opinion, Transylvania County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control Over Compliance

Management of Transylvania County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit, we considered Transylvania County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program in order to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Transylvania County's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be a material weakness. However, material weaknesses may exist that have not been identified.

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

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, North Carolina
April 6, 2022

MARTIN STARNES & ASSOCIATES, CPAs, P.A.

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

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

To the Board of Commissioners
Transylvania County, North Carolina

Report on Compliance for Each Major State Program

We have audited Transylvania County, North Carolina's, compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission that could have a direct and material effect on each of Transylvania County's major state programs for the year ended June 30, 2021. Transylvania County's major state programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of state statutes, regulations, and the terms and conditions of its state awards applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Transylvania County's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and applicable sections of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), as described in the *Audit Manual for Governmental Auditors in North Carolina*, and the State Single Audit Implementation Act. Those standards, the Uniform Guidance, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about Transylvania County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of Transylvania County's compliance.

Opinion on Each Major State Program

In our opinion, Transylvania County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2021.

Report on Internal Control Over Compliance

Management of Transylvania County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Transylvania County's internal control over compliance with the requirements that could have a direct and material effect on each major state program in order to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be a material weakness. However, material weaknesses may exist that have not been identified.

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

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, North Carolina
April 6, 2022

TRANSYLVANIA COUNTY, NORTH CAROLINA

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021**

Section I – Summary of Auditor’s Results

Financial Statements

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

Internal control over financial reporting:

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

Non-compliance material to financial statements noted? No

Federal Awards

Internal control over major federal programs:

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

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

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

Identification of major federal programs:

<u>Program Name</u>	<u>AL #</u>
Medicaid Cluster	93.778
COVID-19 Coronavirus Relief Fund (CRF)	21.019

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

Auditee qualified as low-risk auditee? Yes

TRANSYLVANIA COUNTY, NORTH CAROLINA

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021**

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

State Awards

Internal control over major state programs:

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

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

Any findings disclosed that are required to be reported in accordance with the State Single Audit Implementation Act? No

Identification of major state programs:

- Program Name**
- Medicaid Cluster
 - Juvenile Crime Prevention Council Programs
 - School Nurse Funding Initiative
 - General Aid to Counties
 - State Aid to Public Libraries
 - SFHF Maximization
 - State Foster Home

TRANSYLVANIA COUNTY, NORTH CAROLINA

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021**

Section II – Financial Statement Findings

None.

Section III – Federal Awards Findings and Questioned Costs

None.

Section IV – State Awards Findings and Questioned Costs

None.

TRANSYLVANIA COUNTY, NORTH CAROLINA

**SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2021**

None noted.

TRANSYLVANIA COUNTY, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

<u>Grantor / Pass-Through Grantor / Program Title</u>	<u>Federal AL Number</u>	<u>State/ Pass-through Grantor's Number</u>	<u>Federal (Direct & Pass Through) Expenditures</u>	<u>State Expenditures</u>	<u>Passed-through to Subrecipients</u>	<u>Local Expenditures</u>
Federal Awards:						
<u>U.S. Department of Health and Human Services:</u>						
<u>Administration for Children and Families:</u>						
Passed-through the N.C. Department of Health and Human Services:						
Temporary Assistance for Needy Families :						
Division of Social Services:						
Temporary Assistance for Needy Families WorkFirst Administration	93.558	2101NCTANF	\$ 42,313	\$ -	\$ -	\$ 48,989
Temporary Assistance for Needy Families WorkFirst Services	93.558	2101NCTANF	335,476	-	-	305,543
Division of Public Health:						
Temporary Assistance for Needy Families Payments and Penalties	93.558	2101NCTANF	15	-	-	-
Total Temporary Assistance for Needy Families:			<u>377,804</u>	<u>-</u>	<u>-</u>	<u>354,532</u>
Child Support Enforcement Section:						
Child Support Enforcement - IV-D Administration	93.563	2101NCCES	204,410	-	-	105,302
Child Support Enforcement - IV-D Offset Fees	93.563	2101NCCES	3	-	-	1
Child Support Enforcement - Federal	93.563	2101NCCES	1,556	-	-	646
Total Child Support Enforcement Section:			<u>205,969</u>	<u>-</u>	<u>-</u>	<u>105,949</u>
Low-Income Home Energy Assistance:						
Low-Income Home Energy Assistance - Administration	93.568	2101NCLIEA	21,679	-	-	-
Low-Income Home Energy Assistance - Support	93.568	2101NCLIEA	135,327	-	-	-
COVID-19 - Low-Income Home Energy Assistance	93.568	2101NCLIEA	70,612	-	-	-
Low-Income Home Energy Assistance - Crisis Intervention Program	93.568	2101NCLIEA	40,279	-	-	-
Total Low-Income Home Energy Assistance:			<u>267,897</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Administration for Children and Families:</u>						
Passed-through the N.C. Department of Health and Human Services:						
Division of Social Services:						
Foster Care, Adoption, and Guardianship Assistance Program Cluster (Note 3):						
Foster Care Title IV-E - TRN & OFF/TRN	93.658	2101NCFOST	257,940	12,839	-	253,404
Foster Care Title IV-E - Administration	93.658	2101NCFOST	87,867	14,700	-	31,874
Foster Care Title IV-E - Direct Benefit Payments	93.658	2101NCFOST	367,893	70,562	-	33,433
Adoption Assistance- Administration	93.659	2101NCADPT	8,375	-	-	8,375
Total Foster Care, Adoption, and Guardianship Assistance Program Cluster (Note 3):			<u>722,075</u>	<u>98,101</u>	<u>-</u>	<u>327,086</u>
Social Services Block Grant	93.667	2101NCSOSR	195,944	24,769	-	63,215
Special Children Adoption Fund Cluster (Note 3):						
MaryLee Allen Promoting Safe and Stable Families Program	93.556	2101NCFPSS	11,165	-	-	-
Stephanie Tubbs Jones Child Welfare Services Program	93.645	2101NCCWSS	4,053	-	-	1,351
Total Special Children Adoption Fund Cluster (Note 3):			<u>15,218</u>	<u>-</u>	<u>-</u>	<u>1,351</u>
Chafee Foster Care Independence Section						
John H. Chafee Foster Care Program for Successful Transition to Adulthood - Direct Benefits	93.674	2101NCC1LP	433	-	-	-
John H. Chafee Foster Care Program for Successful Transition to Adulthood - Administration	93.674	2101NCC1LP	11,188	2,797	-	-
Total Chafee Foster Care Independence Section			<u>11,621</u>	<u>2,797</u>	<u>-</u>	<u>-</u>

TRANSYLVANIA COUNTY, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

<u>Grantor / Pass-Through Grantor / Program Title</u>	<u>Federal AL Number</u>	<u>State/ Pass-through Grantor's Number</u>	<u>Federal (Direct & Pass Through) Expenditures</u>	<u>State Expenditures</u>	<u>Passed-through to Subrecipients</u>	<u>Local Expenditures</u>
Division of Child Development: Subsidized Child Care Program Cluster (Note 3) Child Care Development Fund Cluster: Division of Social Services: Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	210INCCCDF	65,141	-	-	-
Total Subsidized Child Care Cluster/Child Care Development Fund Cluster (Note 3):			65,141	-	-	-
Total Administration for Children and Families			1,861,669	125,667	-	852,133
<u>Centers for Medicare and Medicaid Services:</u>						
Passed-through the N.C. Department of Health and Human Services: Division of Medical Assistance: Division of Social Services: <u>Medicaid Cluster:</u> Administration: Medical Assistance Program	93.778	XIX-MAP 21	1,085,299	4,597	-	420,940
Total Medicaid Cluster			1,085,299	4,597	-	420,940
Division of Medical Assistance: Division of Social Services: Administration: Children's Health Insurance Program - N.C. Health Choice	93.767	CHIP21	495	104	-	-
Total Centers for Medicare and Medicaid Services			1,085,794	4,701	-	420,940
<u>Centers for Disease Control and Prevention:</u>						
Passed-through the N.C. Department of Health and Human Services: Division of Public Health: Public Health Emergency Preparedness Hospital Preparedness Program (HPP) and Public Health Emergency	93.069	5363260514.000	30,783	-	-	-
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	1460272DNF/1460272ENF	50	-	-	-
Immunization Cooperative Agreements	93.268	1331631EEJ	82,291	-	-	-
Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations	93.898	1320310BD7	975	-	-	-
Preventive Health and Health Services Block Grant	93.991	1261550300/12615503PH	28,587	-	-	-
Sexually Transmitted Diseases (STD) Prevention and Control Grants	93.977	1311462ANB	100	-	-	-
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	536260539/536260543	22,038	-	-	-
COVID-19 - Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	93.354	536260619	62,522	-	-	-
Total Centers for Disease Control and Prevention			227,346	-	-	-
<u>Substance Abuse and Mental Health Services Administration</u>						
Passed-through the N.C. Department of Health and Human Services: CARA Act - Comprehensive Addiction and Recovery Act of 2016	93.799	18SP80395A	31,918	-	-	-
Drug-Free Communities Support Program Grants	93.276	2H79SP020377-06	93,585	-	-	-
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	16SP21961A	17,660	-	-	-

TRANSYLVANIA COUNTY, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

<u>Grantor / Pass-Through Grantor / Program Title</u>	<u>Federal AL Number</u>	<u>State/ Pass-through Grantor's Number</u>	<u>Federal (Direct & Pass Through) Expenditures</u>	<u>State Expenditures</u>	<u>Passed-through to Subrecipients</u>	<u>Local Expenditures</u>
<u>Health Resources and Service Administration</u>						
Direct Program:						
COVID-19 - CARES Act - Provider Relief Fund	93.498		47,396	-	-	-
Passed-through the N.C. Department of Health and Human Services:						
Rural Health Care Services Outreach, Rural Health Network Development and Small Health Care Provider Quality Improvement	93.912	G25RH40063	74,179	-	-	-
Division of Public Health:						
Maternal and Child Health Services Block Grant to the States	93.994	536260318	18,374	-	-	-
<u>Office of Population Affairs</u>						
Passed-through the N.C. Department of Health and Human Services:						
Division of Public Health:						
Office of Population Affairs						
Family Planning Services	93.217	536260510/536260908	27,940	-	-	-
<u>Administration for Community Living</u>						
Division of Aging and Adult Services:						
Passed-through the N.C. Department of Health and Human Services						
Passed-through Land-of-Sky Regional Council						
Aging Cluster:						
Special Programs for the Aging Title III, Part B, Grants for Supportive Services and Senior Centers	93.044	20/21AANCT3SS	27,443	126,645	154,088	-
Special Programs for the Aging Title III, Part B, Grants for Supportive Services and Senior Centers - Legal	93.044	20/21AANCT3SS	9,439	555	9,994	-
Special Programs for the Aging Title III, Part C, Nutrition Services (Congregate Nutrition)	93.045	20/21AANCTCM	10,754	633	11,387	-
Special Programs for the Aging Title III, Part C, Nutrition Services (Home-Delivered Meals)	93.045	20/21AANCT3HD	62,889	34,979	97,868	-
Nutrition Services Incentive Program	93.053	20/21AANCNSIP	8,322	-	8,322	-
Total Aging Cluster			118,847	162,812	281,659	-
Senior Center General Purpose Funding	N/A	N/A	-	7,011	7,011	2,989
Social Services Block Grant	93.667	N/A	26,535	758	27,292	-
Total Administration for Community Living			145,382	170,581	315,962	2,989
Total U.S. Department of Health and Human Services			3,631,243	300,949	315,962	1,276,062
<u>U.S. Department of Agriculture:</u>						
<u>Food and Nutrition Service:</u>						
Passed-through N.C. Department of Health and Human Services:						
Division of Social Services:						
Supplemental Nutrition Assistance Program Cluster						
Administration:						
State Administrative Matching Grants for Supplemental Nutrition Assistance Program	10.561	215NC406S2514	244,672	-	-	244,671
Total Supplemental Nutrition Assistance Program Cluster			244,672	-	-	244,671
Division of Public Health:						
WIC Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	536260415	129,902	-	-	164,541

TRANSYLVANIA COUNTY, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

<u>Grantor / Pass-Through Grantor / Program Title</u>	<u>Federal AL Number</u>	<u>State/ Pass-through Grantor's Number</u>	<u>Federal (Direct & Pass Through) Expenditures</u>	<u>State Expenditures</u>	<u>Passed-through to Subrecipients</u>	<u>Local Expenditures</u>
<u>Forest Service:</u>						
Passed-through N.C. Department of Agriculture and Consumer Services Division of Soil and Water Conservation: Good Neighbor Authority	10.691	18-GN-11081117-009	48,000	-	-	-
Total U.S. Department of Agriculture			422,574	-	-	409,212
<u>U.S. Election Assistance Commission:</u>						
Passed-through N.C. State Board of Elections Business Operations 2018 HAVA Election Security Grants	90.404	NC20101001-088	21,261	-	-	-
2018 HAVA Election Security Grants - Help America Vote Act Grants	90.404	NC20101001-088	62,981	-	-	-
Total Department of Election Assistance Commission			84,242	-	-	-
<u>U.S. Department of Homeland Security:</u>						
Passed-through N.C. Department of Public Safety Division of Emergency Management: Emergency Management Performance Grants	97.042	EMPG-2021-19087	20,625	-	-	-
Homeland Security Grant Program (HSGP)	97.067	EMW-2019-SS-00057	120,000	-	-	-
Total U.S. Department of Homeland Security			140,625	-	-	-
<u>U.S. Department of Justice:</u>						
Passed-through N.C. Department of Crime Control and Public Safety: Crime Victim Assistance	16.575	2020-V2-GX-0061	20,572	-	20,572	-
Crime Victim Assistance	16.575	2018-V2-GX-0061	64,512	-	64,512	-
Total U.S. Department of Justice			85,084	-	85,084	-
<u>U.S. Department of Treasury:</u>						
Passed-through NC Office of Management and Budget, NC Pandemic Recovery Office COVID-19 - Coronavirus Relief Fund	21.019	02-83	866,390	-	155,170	10,681
Passed-through Economic Development Partnership of NC COVID-19 - Coronavirus Relief Fund	21.019	60-00-50	10,000	-	10,000	-
Passed-through YMCA of the Triangle COVID-19 - Coronavirus Relief Fund - Remote Learning Opportunities	21.019	103-01-088-01	100,000	-	-	-
Passed-through NC State Board of Elections COVID-19 - Coronavirus Relief Fund - State Coronavirus Relief (2020-97)	21.019	S.L. 2020-97	24,652	-	-	-
Passed-through the NC Department of Health and Human Services: Division of Public Health: COVID-19 - Coronavirus Relief Fund	21.019	536260115	58,322	-	-	-
<u>Appalachian Regional Commission</u>						
Passed-through Macon County Health Department Appalachian Research, Technical Assistance, and Demonstration Projects	23.011	NC-19356-18	5,638	-	-	-
Total U.S. Department of Treasury			1,065,002	-	165,170	10,681

TRANSYLVANIA COUNTY, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

<u>Grantor / Pass-Through Grantor / Program Title</u>	<u>Federal AL Number</u>	<u>State/ Pass-through Grantor's Number</u>	<u>Federal (Direct & Pass Through) Expenditures</u>	<u>State Expenditures</u>	<u>Passed-through to Subrecipients</u>	<u>Local Expenditures</u>
<u>U.S. Department of Transportation:</u>						
Federal Transit Administration:						
Passed-through N.C. Department of Transportation:						
Formula Grants for Rural Areas and Tribal Transit Program - Admin	20.509	21-CT-057	122,030	7,624	-	22,887
Formula Grants for Rural Areas and Tribal Transit Program - Combined Capital	20.509	21-AD-057	107,238	13,403	-	13,947
Formula Grants for Rural Areas and Tribal Transit Program - COVID-19 CARES Act	20.509	20-CA-057	257,477	-	-	-
Transit Services Program Cluster:						
Enhanced Mobility of Seniors & Individuals with Disabilities	20.513	21-ED-057	9,681	-	-	9,681
Total Transit Services Program Cluster:			9,681	-	-	9,681
Total U.S. Department of Transportation			496,426	21,027	-	46,515
Total Assistance- Federal Programs			5,925,196	321,976	566,216	1,742,470
State Awards:						
<u>N.C. Department of Administration:</u>						
Veterans Service			-	2,084	-	-
Total NC Department of Administration			-	2,084	-	-
<u>N.C. Department of Public Safety:</u>						
Division of Juvenile Justice						
Juvenile Crime Prevention Council Programs		088-XXXX	-	125,947	-	-
Total NC Department of Public Safety			-	125,947	-	-
<u>N.C. Department of Health and Human Services:</u>						
Division of Social Services:						
Administration:						
County Funded Programs			-	-	-	746,099
Energy Assistance Private Grants			-	10,041	-	-
Non-allocating County Costs			-	-	-	15,506
Work First Non-reimbursable			-	-	-	139,308
CPS Expansion - State			-	116,911	-	-
APS/CPS Care COVID 19			-	37,849	-	-
Direct Benefit Payments:						
F/C At Risk Maximization-Direct Benefit Payments			-	11,138	-	4,021
Extended FC>20 Stipend			-	4,200	-	-
F/C Stipend			-	17,500	-	-
SFHF Maximization			-	95,182	-	95,181
State Foster Home			-	37,124	-	37,123
Total Division of Social Services			-	329,945	-	1,037,238
Division of Public Health:						
Healthy Communities			-	3,746	-	7,547
General Aid to Counties			-	75,407	-	84,789
Mosquito and Tick Suppression			-	18,834	-	4,217
General Communicable Disease Control		1175451000.000	-	10,656	-	43,153
Food and Lodging Fees			-	5,476	-	172,867
HIV/STD State			-	500	-	79,624
TB Control		146045510	-	2,200	-	23,151
School Nurse Funding Initiative			-	50,000	-	29,690
Breast and Cervical Cancer Program		132031DEK	-	1,625	-	11,518
Family Planning - State			-	26,480	-	36,801
Child Health		B04MC31506	-	800	-	81,567
Total Division of Public Health			-	195,724	-	574,924
Total N.C. Department of Health and Human Services			-	525,669	-	1,612,162

TRANSYLVANIA COUNTY, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

<u>Grantor / Pass-Through Grantor / Program Title</u>	<u>Federal AL Number</u>	<u>State/ Pass-through Grantor's Number</u>	<u>Federal (Direct & Pass Through) Expenditures</u>	<u>State Expenditures</u>	<u>Passed-through to Subrecipients</u>	<u>Local Expenditures</u>
<u>N.C. Department of Agriculture and Consumer Services</u>						
Division of Soil and Water Conservation:						
Soil and Water Technical Assistance			-	26,880	26,880	-
Soil and Water Conservation Matching Fund			-	3,600	3,600	-
Total N.C. Department of Agriculture and Consumer Services			-	30,480	30,480	-
<u>N.C. Department of Natural and Cultural Resources</u>						
Division of State Library						
State Aid to Public Libraries			-	88,883	-	-
Division of Parks and Recreation						
Parks and Recreation Trust Fund			-	12,071	-	-
Total N.C. Department of Natural and Cultural Resources			-	100,954	-	-
Total Assistance- State Programs			-	785,134	30,480	1,612,162
Total Federal and State Awards			\$ 5,925,196	\$ 1,107,110	\$ 596,696	\$ 3,354,632

Notes to the Schedule of Expenditures of Federal and State Awards:**Note 1: Basis of Presentation**

The accompanying Schedule of Expenditures of Federal and State Awards (SEFSA) includes the federal and state grant activity of Transylvania County under the programs of the federal government and the State of North Carolina for the year ended June 30, 2021. The information in this SEFSA is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of Transylvania County, it is not intended Federal Awards (Uniform Guidance) and the State Single Audit to and does not present the financial position, changes in net position or cash flows of Transylvania County.

Note 2: Summary of Significant Accounting Policies

Expenditures reported in the SEFSA are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Transylvania County has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 3: Cluster of Programs

The following are clustered by the NC Department of Health and Human Services and are treated separately for state audit requirement purposes: Foster Care, Adoption and Guardianship Assistance Program Cluster, Special Children Adoption Fund Cluster, and Subsidized Child Care Cluster.