TRANSYLVANIA COUNTY
NORTH CAROLINA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2014

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TRANSYLVANIA COUNTY
NORTH CAROLINA

Comprehensive Annual Financial Report

For the Year Ended June 30, 2014

Prepared by the Finance Department

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TRANSYLVANIA COUNTY
NORTH CAROLINA

JUNE 30, 2014

BOARD OF COUNTY COMMISSIONERS

MIKE HAWKINS, CHAIR

LARRY CHAPMAN, VICE CHAIR

JASON CHAPPELL

DARYLE HOGSED

PAGE LEMEL

PRINCIPAL OFFICIALS

COUNTY MANAGER
Arthur C. Wilson, Jr.

FINANCE DIRECTOR
Gay V. Poor

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TRANSYLVANIA COUNTY, NORTH CAROLINA

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2014

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INTRODUCTORY SECTION

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BOARD OF COMMISSIONERS
Mike Hawkins, Chair
Larry Chapman, Vice-Chair
Jason Chappell
Page Lemel
Kelvin Phillips

TRANSYLVANIA
COUNTY
NORTH CAROLINA

COUNTY MANAGER
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828-884-3100
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101 South Broad Street
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December 8, 2014

The Board of Commissioners
Transylvania County
North Carolina

The Comprehensive Annual Financial Report of Transylvania County for the fiscal year ended June 30, 2014, is hereby submitted. Laws of the State of North Carolina along with policies and procedures of the North Carolina Local Government Commission require that all local governments in the state publish a complete set of financial statements annually. The financial statements must be presented in conformity with generally accepted accounting principles (GAAP) and audited by licensed certified public accountants in accordance with auditing standards generally accepted in the United States of America.

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

The County is also required to undergo an annual single audit in conformity with generally accepted auditing standards; the standards applicable to financial audits contained in **Government Auditing Standards**, issued by the Comptroller General of the United States; and OMB Circular A-133, **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 auditor's reports on internal control and compliance with laws and regulations, is submitted in a separate document. It should be noted that there are, however, inherent limitations in internal controls. Because the cost of a control should not exceed the benefits to be derived, the objective is to provide reasonable rather than absolute assurance that the financial statements are free of any material misstatements.

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

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

PROFILE OF TRANSYLVANIA COUNTY

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

According to the NC Office of State Budget and Management, the certified population estimate for Transylvania County as of June 30, 2013 was 33,220. 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, 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.

Transylvania County government offers its citizens a wide range of services including health and social programs, public safety, environmental protection, economic and physical development, cultural and recreational opportunities, and general administration. While the Transylvania County Schools are a separate entity, the County provides almost 30% of the annual funding for the school system. Including debt service on school bonds, the amount appropriated for education represents 33% of the County's annual budget. Another 22% is allocated to public safety and 20% to human services. The County also extends financial and administrative support to other boards, agencies, and entities to assist their efforts in serving citizens. Among these are the North Carolina Forest Service, Brevard Rescue Squad, Land-of-Sky Regional Council, and Blue Ridge Community College.

The annual budget serves as the foundation for Transylvania County's financial planning and control. Budgets are developed and reviewed for each fund on a departmental basis by expenditure item and approved at either the departmental or functional level. The County Manager submits the budget to the Board of Commissioners before June 1st each year. Budget workshops are then held during which commissioners discuss the key components of the budget and make revisions, if desired, and citizens have the opportunity to ask questions and make comments. A public hearing on the budget follows typically in mid-June. In accordance with North Carolina General Statutes, the Board of Commissioners adopts the budget no earlier than 10 days after it is presented and no later than July 1st.

ECONOMIC OUTLOOK

Transylvania County has a diversified economy based primarily on five sectors: (1) travel and tourism, (2) human services including health care, education, and government, (3) retail, (4) construction and real estate development, and (5) manufacturing. Other contributors include agriculture, financial services, and utilities. These sectors were impacted to varying degrees by the Great Recession of 2008, but all are now showing signs of recovery. As of June 30, 2014, the county's unemployment rate was 6.2%, less than the prior year-end's rate of 8.8% and slightly less than the statewide average of 6.5%.

Because of the recreational and cultural opportunities available in the area, travel and tourism has long been a major component of the local economy. Within the county's boundaries lie DuPont State Forest, Gorges State Park, and portions of Pisgah and Nantahala national forests. These areas draw visitors who enjoy sightseeing, hiking, rock-

climbing, kayaking, fishing, and other outdoor activities. In recent years the County has earned the title of the Cycling Capital of the South, having been recognized by both Bike Magazine and Singletracks magazine as one of the top mountain biking places in North America and having served as the starting and ending site for several road cycling events as well. The County is also home to 14 summer camps that host youth from all over the United States and other countries. Transylvania County has a reputation as an arts destination too. In addition to concerts presented by the widely-renowned Brevard Music Center, there are numerous galleries, craft shows, music events, plays, and seasonal festivals that reflect both the old traditions and the new diversity of the community. A creative new website and multi-media advertising campaign launched by the Chamber of Commerce and Tourism Development Authority a few years ago have proven quite successful in expanding awareness of the many area attractions. In 2013 travel and tourism contributed $84.26 million to the local economy, including $14.83 million in payrolls and $6.95 million in tax revenues – or 4.1% more than in 2012. Local occupancy tax receipts that grew by 5.5% from FY 13 to FY 14 indicate that revenues generated by travel and tourism will continue this upward trend.

As might be expected, the human services sector of the county's economy was more insulated from the national recession than other sectors. The number of people working for health care providers and related facilities reached a high of approximately 1,550 over the past couple of years. In 2011 Transylvania Regional Hospital (TRH) strengthened its long-term financial position and potential for growth by becoming an affiliate of Mission Health System, the sixth largest health system in North Carolina. However, as a result of the consolidation of some services and administrative functions, the headcount at the local facility was recently reduced. Nevertheless, with 436 employees including a full-time staff of 276, TRH is still the county's largest private sector employer and has an annual payroll in excess of $31 million. In 2012 Blue Ridge Community Health Services opened a facility in Transylvania County that offers residents another option for affordable medical, dental, and mental health care, and DaVita, Inc. opened a dialysis center in Brevard. Educational institutions are another vital component of this sector. Founded here in 1853, Brevard College is a four-year liberal arts college that boosts the local economy through both local purchases and nearly 200 jobs that generate an annual payroll of $7.1 million. In the fall of 2014, the college welcomed it largest incoming class in 16 years and currently has 705 students enrolled. With a staff of over 500, the Transylvania County School system is the largest employer in the county. In addition, Blue Ridge Community College's local campus, a charter school, and several church-affiliated schools offer other educational options and employment opportunities. Governmental functions are also included in this sector and provide jobs for approximately 450 people. The County anticipates this sector of the economy to remain relatively constant.

Compared to FY 13, Transylvania County's taxable retail sales grew by 1.4%. This is the fourth consecutive year retail sales have improved, indicating that the local economy is on the rebound. In addition to several pharmacy and grocery store chains, major "big box" stores, fast food franchises, and building and home improvement stores, the retail sector includes a number of successful locally owned shops, specialty businesses, restaurants, and art galleries. Four of the six major business groups tracked by the State reported increases in sales in FY 14 – apparel, automotive, general merchandise, and lumber and building supplies. There were decreases in purchases of food and furniture, both of which posted significant gains in the prior year. Particularly encouraging, though, is the turnaround in construction material sales that began in FY 13 after several years of declining demand. Based on the most recent labor statistics available on the North Carolina Commerce's Access NC website, between 17% and 18% of the local labor force works in this sector, basically the same as a year ago. Retail activity shows signs of continuing to strengthen in the current fiscal year, with first quarter taxable sales in the county 8.4% higher than for the first quarter of FY 13.

The construction and real estate development sector was the one most adversely impacted by the economic downturn. Following a peak in FY 06, building activity dropped sharply in FY's 08 and 09, leveled off in FY 10, but then decreased again slightly in FY's 11 through 13. FY 14, however, saw a boost in both overall volume and value of construction activity. Although the number of new residential units increased by only 3.1% percent, the average value per home rose by 44.1%. The average value of new commercial structures rose even more dramatically – by 71.8% - with one less building permitted than in the prior year. The number of residential and commercial renovations and alterations grew by 17.6%, but the average value fell as the total for commercial projects dropped below last year's unusually high level. Over the last five years $165 million in new construction

has been permitted and added to the tax base year. In the first quarter of 2014, the latest period for which employment records are available, 4.7% of the local work force was directly involved in construction versus 4.2% for the first quarter of 2013. As in prior years, an additional 2% to 3% are estimated to participate in the financial, insurance, and real estate activities that support building and land development. Through October the number of permits issued for new construction is up 16% from the first four months of FY 14. Sales of existing homes have likewise improved, increasing by 10% during the 12-month period of October 2013 through September 2014 compared to the same period the previous year. The recent growth in new construction as well as existing home sales suggests that this sector is also starting to recover from the recession.

After a decline early in FY 11, the manufacturing component of the local economy appears to have stabilized and is even beginning to see some expansion. The industrial base now consists of a number of small manufacturers that collectively employ over 775 people, approximately 20% more than a year ago. The largest of these, Gaia Herbs with 153 employees, is a vertically integrated grower and producer of organic herbal products. Over the past few years, the company has added new product lines and increased plant capacity to keep up with double-digit growth in consumer demand. Following its original concept of developing sustainable plant-based products, Gaia Herbs has just launched two other companies, Earth Renewable Technologies and Green Extraction Technology, which have the potential to surpass Gaia Herbs in size and sales. The second largest manufacturer is also the oldest. M-B Industries with a 100+ workforce moved to the County in 1962 and makes metal stampings, wire forms, and precision tooling for a wide array of customers. This past August, after working for several months with County and State economic development personnel, Sigma Plastics Group announced it would restore the former Excelsior Rosman plant under the newly formed New Excelsior Incorporated and produce extruded polyethylene films and bags at the site. In order to expand its operations, the company has committed to investing $5.5 million over a three-year period and creating 80 new good quality jobs in addition to hiring many of the former plant employees. Also in August, Praxair Surface Technologies, a multi-million dollar global provider of engineered protective coatings and thermal spray equipment and consumables, acquired Genie Products, one of the area's smaller manufacturers. The change in ownership will allow for more substantial capital investments and more job opportunities at the plant, which will continue to operate in its current location. Other local companies such as Smith Systems, Sylvan Sports, Oskar Blues Brewery, and Brevard Brewery have also recently invested in new machinery, equipment, and facilities to meet growing demand for their products. As the County seeks to bolster the manufacturing component of the economy, attention is being focused on companies that will create sustainable, high-quality jobs, that are environmentally friendly, and that can benefit from the many natural resources available in the County.

Transylvania County's government leaders have supported the leaders from the different sectors of the local economy and worked tirelessly to advance their growth and success. The County offers incentive grants to provide funding for development and expansion of the industrial base. For a company to qualify, it must meet several criteria. In return, it receives a grant back of taxes on new investment paid up to five or more years. Upon the recommendation of the Board of Commissioners, the County has also implemented a recognition program to highlight achievements of local businesses and express appreciation for their contributions to the community. Funds for promotions such as these are withdrawn from a reserve established for Economic Development. In addition, the County's Economic Development Office actively seeks federal and State grants that offer financial assistance and guidance to business ventures. Remediation of a 540-acre Brownfields site in the County was completed three years ago, and the former industrial site has been approved for redevelopment by the North Carolina Department of Environment and Natural Resources and the U.S. Environmental Protection Agency. The County is continuing to work with the current owner of the property to evaluate proposed uses for it, which include manufacturing, retail, hospitality, and residential, and to obtain a necessary infrastructure to support its redevelopment.

In July 2014, in recognition of the County's overall economic health, Standard & Poor's raised its bond rating two notches from A+ to AA.

RESPONSE TO ECONOMIC CONDITIONS

The Board of Commissioners has endeavored to balance citizens' needs and expectations for services with taxpayers' ability to fund them. Between FY 08 when the recession began and FY 13 when the local economy began to shows some signs of recovery, budgeted spending from the General Fund was reduced by 4.9%. During this period County management scrutinized costs that were within its control and limited spending to a minimal level for only those expenditures that were deemed essential. FY 13's appropriations included a modest 1.5% increase in General Fund expenditures, driven by a 3.0% raise for employees (the first since 2008) and funding for overdue capital items. For FY 14, however, the Board of Commissioners acknowledged that the County could no longer delay investing in services and amenities that would not only benefit residents but also attract new employers to the community. Consequently, FY 14's General Fund budget included a tax increase and drawdown of available fund balance to provide additional funding for the local school system, critical emergency and human services, improved recreational facilities, and new economic development initiatives. Adequately funding these priorities resulted in an 11.1% increase in budgeted expenditures compared to the prior year's. The FY 15 General Fund budget is 5.1% more than FY 14's and allows for the continuation of investments in recreational facilities and economic development, supports the acquisition of needed capital items, and provides for the partial implementation of a Classification and Compensation Study. An increase in the school system's operating costs is funded entirely by a 3% increase in the tax rate approved by the Board of Commissioners specifically for this purpose. All other expenditures are covered by current revenue streams supplemented by a withdrawal from available fund balance. As in the past, operating County government more efficiently and economically is a goal that is actively and consistently promoted throughout all levels of the organization.

MAJOR INITIATIVES

For The Year:

Administration Building

In February 2014, the County began renovating its former library to use as an administration building. The Federal/Greek Revival style building was originally constructed in 1940 as a U.S. Postal Office by the New Deal's Public Works Administration and served in that capacity for over 30 years. In 1973 the County purchased the 3,500 square foot structure (plus a full basement) from the General Services Administration as a new site for the local library. During the next 33 years, the building underwent multiple renovations and two expansions, totaling 4,300 square feet, to try to keep up with the library's changing needs and growing volume of material and patronage. In 2006, however, the library relocated to a nearby, newly constructed, much larger facility, and the County started considering alternate uses for the building. Given its proximity to other County departments and its square footage, it was ideal for administrative offices and activities. In recognition of the historic as well as intrinsic value, as many of the original building materials as possible were incorporated in the renovations. For example, marble from the post office counter became window sills, the terrazzo tile inlaid with brass strips in the entranceway was refinished, and windows from the vestibule which was removed hang as dividers between the lobby and a hallway. Vintage photography in the public areas documents both the building's and the county's history. Completed in October 2014, the renovated building houses Commissioners' chambers and multi-purpose meeting rooms as well as offices for general administrative, human resources, and finance staff. While honoring the past, the renovations also ensure functionality well into the future by including modern updates such as a state-of-the-art audio/visual system and videotaping capability in the Commissioners' chambers.

In FY 06 the Board of Commissioners passed a project ordinance for "refurbishing and remodeling of existing County-owned buildings." Consequently, the majority of the funding for this $1,584,000 project came from the original amount set aside in the Capital Project Fund. The remaining funds required were transferred to the project fund in FY 14 from the General Fund's fund balance assigned for space needs and from available fund balance. Although the project has not formally been closed out at this time, the actual cost is expected to come in on budget.

Preservation of the Silvermont Mansion

In 1972 Transylvania County was bequeathed property within a mile of the courthouse that includes an historic house built in 1917 and 8.5 acres of land, stipulated by the will for use as a recreation facility. Originally the home of Joseph S. Silversteen, a prominent early industrialist in Western North Carolina; the 33-room Colonial Revival style mansion has since served as a community center for various functions such as classes, musical performances, and programs for seniors. Over the years the grounds have been developed with tennis, basketball, and shuffleboard courts; a playground; walking trail; demonstration gardens; and native landscaping. In preparation for the 100th anniversary of the mansion, a private citizen group formed the Silvermont Centennial Committee, began raising funds, and developed an extensive, multi-year plan for upgrading the facility in conjunction with the County. The goal is to make repairs and alterations to meet current code and functional requirements while still preserving, rehabilitating, and restoring significant historic features of the mansion. To prevent structural deterioration, this public-private partnership agreed to focus first on exterior projects. In October 2013 the County initiated the first phase in this joint effort: repairing the first and second floor porches, columns, and railings. All work was performed in compliance with the Historic Preservation Guidelines for rehabilitation projects.

Including architectural fees as well as construction charges, the project cost just under $117,000 and was paid for from assigned fund balance in the Silvermont Permanent Fund. Future projects are expected to be funded through a combination of withdrawals from the Permanent Fund and General Fund balances, private donations, and grants.

Economic Development

Early in FY 14 the Board of Commissioners appointed two task forces to begin implementing recommendations from an economic visioning study. The first, the Independent Economic Development Task Force, consisted of seven members with experience in business, management, and economic development. As stated in the public notice of appointments, their responsibilities were (1) "to make a recommendation on an organizational structure for economic development in Transylvania County" and (2) "to review the current mission, vision and brand statements and modify as necessary to grow and attract jobs paying a living wage that promotes our quality of life and place." The second group, the Product Development Task Force, consisted of nine members whose responsibilities were to (1) identify a 50-100 acre parcel as a potential location for a business park, (2) develop a recommendation on how to control the property, (3) devise a plan to extend utilities to the site, including cost and time estimates, and (4) analyze the feasibility and desirability of a virtual building.. The Board of Commissioners appropriated $185,000 from General Fund balance assigned for Economic Development for the task forces to accomplish their objectives.

In April, following the Independent Economic Development Task Force's presentation of its findings and recommendations, the Board of Commissioners approved moving forward with the group's recommendation to establish a new independent, private organization whose mission would be to "orchestrate through engagement of investors, elected officials, existing organizations, and businesses an attractive climate for creation, retention, and reinvestment of wealth within Transylvania County which is complementary to the long-term vision of Transylvania County and its residents." During the FY 15 budget process, $500,000 was appropriated for the new organization, with stipulations concerning the use of those public funds and requiring full financial transparency and predicated on the development and evaluation of clearly-defined performance measurements. In October the Board of Commissioners entered into an agreement with the newly created Transylvania Partnership for Economic Development (TPED) for services to promote economic prosperity in the County.

The Product Development Task Force presented its findings in May along with a recommendation to "set aside a minimum of $500,000/year for the next three (3) years to acquire or control property, develop virtual building plans and/or speculative buildings." While the Board of Commissioners deferred implementation of this recommendation until more specific needs are identified, $600,000 appropriated but not used in FY 14 for economic development remains in assigned fund balance for the potential establishment of an industrial park and supporting infrastructure.

For The Future:

Space Needs

Over the past several years Transylvania County has been systematically addressing the concerns highlighted in the Space Needs and Utilization Assessment prepared in FY 05. This study evaluated both the long and short-term adequacy of existing facilities County-wide, examined the most efficient use of all County properties, and proposed alternatives to alleviate identified inadequacies. Among the factors taken into consideration were safety and security, costs of renovating versus building, convenience and accessibility to citizens, workspace usage and needs, and availability of parking for employees and visitors. The conclusion was that Emergency Services, the Health Department, and the Courthouse had the most urgent facilities deficiencies. The needs of the first two of these have been met and some of the concerns in the Courthouse mitigated through the relocation of the Tax Administration and Register of Deeds offices from the Courthouse to renovated space formerly occupied by the Sheriff's Office. With the recent move of the administrative offices from a building adjacent to the Courthouse, the Board of Commissioners is weighing the pros and cons of constructing an annex at that site that would extend the life and functionality of the existing Courthouse, which is in the center of Brevard, versus constructing a new Courthouse that would be a longer term solution at the site of the Public Safety Facility a few miles away. In addition to the differing levels of financial commitment required, there are other factors such as economic implications for the downtown area that the Commissioners are taking into careful consideration.

Depending on the option chosen, funding will be provided through an installment purchase contract, certificates of participation, or a general obligation bond.

Recreation

During FY 15 the County will resume work on a community park project near Rosman. The site has 22 acres leased to the County for 30 years for this purpose. The park fills a gap identified in the FY 08 Comprehensive Recreation Master Plan by extending recreational opportunities to the residents of the western end of the county. Based on community and County staff input, the plan includes two baseball/softball fields and one multi-purpose field for other athletic events; basketball and volleyball courts; a playground; a canoe portage; a picnic shelter; a walking trail; a handicap-accessible sidewalk; and a restroom and concession facility. The project was divided into five phases. Phase I - which consisted of site grading and putting in erosion control measures; graveling three parking lots; and building fields for baseball/softball and soccer/football - was completed in August 2011. Backstops and outfield fencing - components of Phase II - were installed in time for the 2012 spring baseball season. With the financial assistance of a Parks and Recreation Trust Fund grant that provides matching funds, the County plans to complete Phase II in FY 15.

The cost estimate for the entire community park project is $1.1 million. So far, the County has spent just over $275,000 on Phases I and II and will invest $181,350 from general funds for the remainder of Phase II.

The County has also recently partnered with the City of Brevard to create an updated Parks and Recreation Master Plan that will promote a collaborative, coordinated, and comprehensive approach to the expansion of recreational facilities and resources in the community.

LONG-TERM PLANNING

In addition to identifying and prioritizing capital projects to resolve space needs, Transylvania County develops a five-year capital plan for significant equipment acquisitions and building and land improvements. This plan is updated each year during the budget process. Every ten years the Planning Board along with staff members formulates a comprehensive plan for the County that serves as a general, long-range policy guide for decision-making focusing on the county's overall growth and development. As stated in the Transylvania County Code of

Ordinances, recommendations include goals and objectives for:

> conservation of the County's distinct rural character and mountain heritage; conservation of land, water and air resources; plans for the best possible roads; promotion of alternative transportation; provision of safe and reliable drinking water, wastewater treatment and solid waste disposal; support of affordable, safe, and adequate housing; provision of appropriate public facilities and services, and promotion of the best use of land while protecting citizens property rights.

The Planning Board is in the initial stages of gathering information for the County's 2025 comprehensive plan.

OTHER INFORMATION

CERTIFICATE OF ACHIEVEMENT: The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Transylvania County for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2013. (This was the 27th year that the County has achieved this prestigious award.) In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

ACKNOWLEDGMENTS: The preparation of this report could not have been accomplished without the contributions of the Finance Office staff, whose knowledge, diligence, and dedication lay a reliable foundation for all the County's financial records. I also appreciate the cooperation of my fellow department heads in carrying out the financial transactions in their functions responsibly and in compliance with accounting and regulatory requirements. In addition, I wish to acknowledge Martin Starnes and Associates, CPAs, P.A. for their assistance.

In closing, I would like to express my sincere gratitude to former County Manager, Artie Wilson; recently appointed County Manager, Jaime Laughter,: and the Board of Commissioners for their interest and support in planning and conducting the financial activities of the County in a fiscally sound and progressive manner.

Respectfully submitted,

Gay V. Poor

Gay V. Poor
Finance Director

Government Finance Officers Association

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Transylvania County

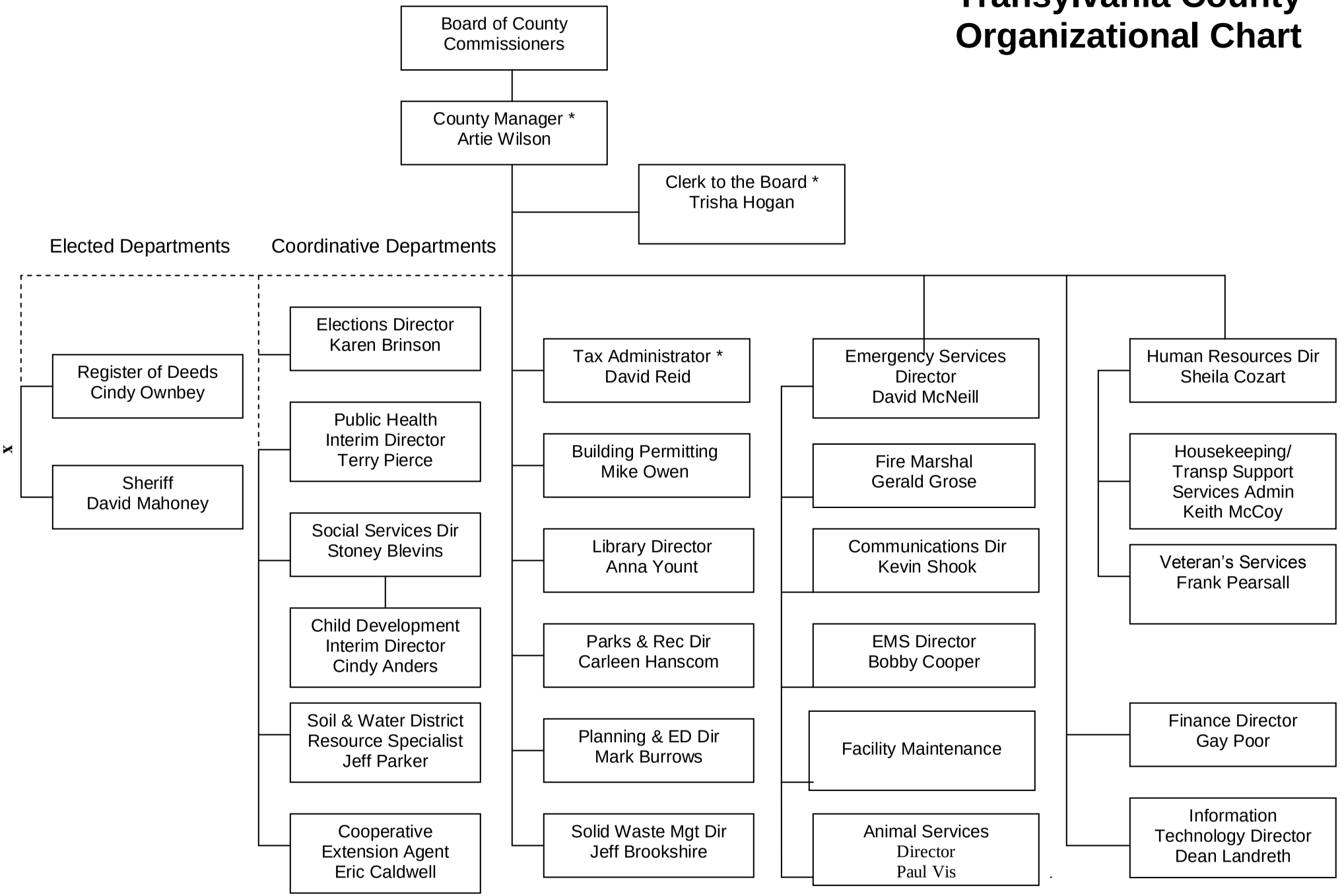
North Carolina

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2013

Executive Director/CEO

Transylvania County Organizational Chart



* Appointed by County Commissioners

Updated 06/30/2014

FINANCIAL SECTION

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MARTIN ♦ STARNES
& ASSOCIATES, CPAs, P.A.

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

INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Transylvania County, North Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Transylvania County, North Carolina, as of and for the year ended June 30, 2014, 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.

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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, 2014, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 Officer's Special Separation Allowance, and the Other Post-Employment Benefits' Schedules of Funding Progress and Employer 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, budget and actual schedules, supplemental ad valorem tax schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2014, 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 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 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
December 8, 2014

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Management's Discussion and Analysis

As management of Transylvania County, we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of Transylvania County for the fiscal year ended June 30, 2014. We encourage readers to consider the information presented here in conjunction with the information provided in our letter of transmittal and in the financial statements that follow this narrative.

Financial Highlights

- The assets of the County exceeded its liabilities and deferred inflows of resources at the end of fiscal year 2014 by $59,415,288 (*net position*). Of this amount, $13,750,332 (23.1 percent) is unrestricted and, therefore, may be used to meet the government's ongoing obligations to citizens and creditors.

- The government's total net position increased by $1,301,950 (2.2%), with $3,054,785 attributable to governmental activities (net of a prior period adjustment) more than offsetting a decrease of $1,752,835 related to business activities.

- At the close of the fiscal year, the County's governmental funds reported combined fund balances of $25,508,621, an increase of $1,595,309 over the prior year. Approximately 17.1 percent of the balance, or $4,371,047, is restricted or nonspendable. Another 34.2 percent, or $8,718,908, is either committed or assigned for specific purposes, leaving the remaining $12,418,666, 48.7 percent, unassigned.

- The County's General Fund balance grew by $1,582,859 to finish the year at $23,546,719. The unassigned amount of this balance is $12,519,329, which represents 29.0 percent of total General Fund expenditures and transfers out for the fiscal year.

- The County achieved an ad valorem tax collection rate of 99.79 percent in fiscal year 2014, versus 99.68 percent the previous year. Fiscal year 2013's rate was the highest in the State, well above the statewide average of 97.34 percent.

- As of June 30, 2014, the County had long-term outstanding debt of $7,924,925, down $2,243,138, or 22.1 percent, from the prior year. The County did not assume any new debt during fiscal year 2014.

- The County maintained the A1 bond rating it has held since 2008 from Moody's Investors Services and the A+ rating it received from Standard and Poor's in June of 2011, when the rating was upgraded from an A based on an evaluation of the strength of the County's financial position.

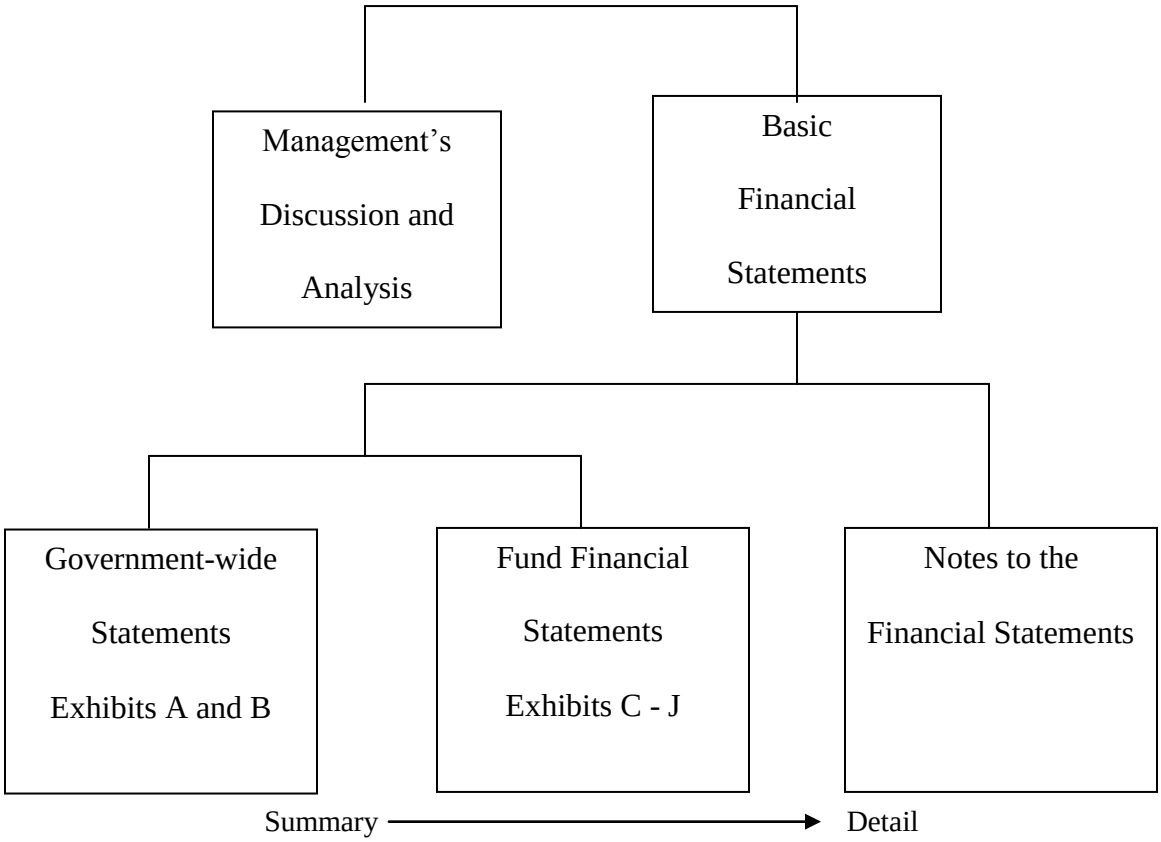
- In compliance with guidelines issued by the North Carolina Department of State Treasurer, effective for fiscal year 2014 the Transylvania County Tourism and Development Authority (TDA) is reported as a discretely presented component unit. Previously, TDA financial activity was recorded in a Special Revenue Fund that was combined with other funds in various financial statements. A prior period adjustment was made to remove TDA's fiscal year 2013 ending net position and ending fund balance from all affected statements.

Overview of the Financial Statements

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

Required Components of Annual Financial Report

Figure 1



Government-wide Financial Statements

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

The two government-wide statements present the County's net position at the end of the year and how it has changed during the year. The *Statement of Net Position* (Exhibit A) shows the County's total assets and deferred outflows of resources and total liabilities and deferred inflows of resources, with the difference between the two reported as net position. Net position is divided into three categories based on availability for funding ongoing obligations: (1) net investment in capital assets, (2) restricted, and (3) unrestricted. The *Statement of Activities* (Exhibit B) shows what caused the County's net position to increase or decrease over the most recent fiscal year. Since all changes are reported as soon as the event giving rise to them occurs, revenues and expenses are included in this statement even though the related cash flow may not occur until later. The *Statement of Activities* also compares the costs of the County's various functions with the sources of funding for those activities, highlighting the balance that must be subsidized through property taxes and other general revenues. By examining the government-wide statements, the reader may assess whether Transylvania County's overall financial position has improved or deteriorated as a result of current year transactions and evaluate the adequacy of the County's existing economic resources to support future years' ongoing needs, special projects, and long-term financial obligations.

Transylvania County's government-wide statements are prepared for two categories of activities. The **governmental activities** include the County's basic services such as public safety, human services, culture and recreation, and general administration. These services are financed predominantly through property taxes, sales taxes, and state and federal grant monies. 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. The County has two component units, the Joint Historic Properties Commission and the Transylvania Parks and Recreation Commission. Neither, however, has financial transactions or account balances; so, there is no financial activity to report for them in the basic financial statements.

The government-wide financial statements appear on pages 19 to 21 of this report.

Fund Financial Statements

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

Governmental Funds – Most of the County's basic services are accounted for in the governmental funds. These functions are the same ones that are reported as governmental activities in the government-wide financial statements. There are two governmental fund financial statements, the *Balance Sheet* and the *Statement of Revenues, Expenditures, and Changes in Fund Balance* (Exhibits C through E). In contrast to the government-wide statements, the fund financial statements report only those transactions that will impact cash in the near-term. The modified accrual basis of accounting is used in their preparation, and the focus is on current *financial resources* – monies remaining at year-end and assets that may readily be converted into cash. Through the detailed, short-term view presented in the governmental fund financial statements, the reader may assess the adequacy of financial resources available to fund the County's services in the coming year. The relationship between governmental activities (reported in the *Statement of Net Position* and the *Statement of Activities*) and governmental funds is explained in a reconciliation that is a part of the fund financial statements.

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

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

Please refer to pages 39 - 43 in the Notes for further explanation of these classifications.

Budgetary Comparison Statement – As required by North Carolina General Statutes, Transylvania County adopts an annual budget for its governmental funds, with the exception of those capital projects funds covered by project ordinances. The budget is a legally adopted document that incorporates input from the citizens of the county, requests from the management of County government, and the decisions of the Board of Commissioners about which services to provide and how to pay for them. It also authorizes the County to obtain funds from identified sources to finance these current period activities. The *Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual* (Exhibit F) for the General Fund demonstrates how well the County complied with the budget ordinance and whether or not it succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement presents four columns: (1) the original budget as adopted by the Board, (2) the final budget as amended by the Board, (3) the actual resources, charges against appropriations, and ending balances in the General Fund, and (4) the variance between the final budget and the actual resources and charges.

Proprietary Fund - Transylvania County has one kind of proprietary fund, an Enterprise Fund that is used to account for the County's landfill operations. The activity shown in this fund is the same as that shown in the business-type activity in the government-wide financial statements. There are three proprietary fund financial statements: (1) the *Statement of Net Position*, (2) the *Statement of Revenues, Expenses, and Changes in Fund Net Position*, and (3) the *Statement of Cash Flows* (Exhibits G, H, and I). Like the business-type activities statements, these statements are prepared using the full accrual accounting method and have an economic resources measurement focus.

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

Notes to the Financial Statements

The notes explain in detail some of the data contained in the statements and are essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements start on page 31 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 67 about funding of Transylvania County's pension and other post-employment benefit obligations. The next section provides more detailed information about the major and non-major governmental, proprietary, and agency funds, as well as an analysis of the current tax levy and schedule of ad valorem taxes receivable. The final section of the report contains statistical tables which present trends for financial performance and resources and other key economic, demographic, and operating indicators.

Government-Wide Financial Analysis

Total net position, and particularly changes in net position over time, may serve as an indicator of a government's financial condition. As of June 30, 2014, Transylvania County's government-wide assets exceeded liabilities and deferred inflows of resources by $59,415,288 - $1,301,950 more than the prior year. This growth reflects a surplus of $1,773,307 resulting from financial activities during fiscal year 2014, less the prior period adjustment for the change in the treatment of the Tourism and Development Authority. Total assets increased by $1,540,587, led by an addition of $1,778,954 to cash and investments, which was offset in part by a $292,011 reduction in net capital assets. Total liabilities increased by $384,288, primarily because of a $263,711 addition to accounts payable mostly related to capital projects. Deferred inflows of revenues, consisting entirely of prepaid property taxes, fell by $145,651. Like liabilities, these must be deducted from assets to determine net position.

Transylvania County's Net Position
Figure 2

	Governmental Activities		Business-type Activities		Government-wide Total	
	2014	**2013**	**2014**	**2013**	**2014**	**2013**
Current and other assets	$ 27,437,631	$ 26,109,846	$ 6,457,985	$ 5,953,172	$ 33,895,616	$ 32,063,018
Capital assets	39,742,770	39,929,358	3,498,127	3,603,550	43,240,897	43,532,908
Total assets	**$ 67,180,401**	**$ 66,039,204**	**$ 9,956,112**	**$ 9,556,722**	**$ 77,136,513**	**$ 75,595,926**
Long-term liabilities outstanding	$ 10,101,828	$ 12,205,046	$ 5,581,588	$ 3,409,952	$ 15,683,416	$ 15,614,998
Other liabilities	1,977,668	1,642,387	57,771	77,182	2,035,439	1,719,569
Total liabilities	**$ 12,079,496**	**$ 13,847,433**	**$ 5,639,359**	**$ 3,487,134**	**$ 17,718,855**	**$ 17,334,567**
Deferred inflows of resources	**$ 2,370**	**$ 148,021**	**$ -**	**$ -**	**$ 2,370**	**$ 148,021**
Net position:						
Net investment in capital assets	$ 37,861,994	$ 37,837,719	$ 3,498,127	$ 3,603,550	$ 41,360,121	$ 41,441,269
Restricted	4,304,835	4,318,916	-	-	4,304,835	4,318,916
Unrestricted	12,931,706	9,887,115	818,626	2,466,038	13,750,332	12,353,153
Total net position	**$ 55,098,535**	**$ 52,043,750**	**$ 4,316,753**	**$ 6,069,588**	**$ 59,415,288**	**$ 58,113,338**

At $41,360,121, net *capital* assets are the largest component – 69.6 percent – of the government-wide total net position and represent the County's investment in land, buildings, furniture and fixtures, vehicles, and other equipment. Capital assets are reported net of any related outstanding debt because, since they are used to provide services to citizens, they may not be liquidated to retire debt incurred for

their acquisition. Nor may they be liquidated to generate funds for other governmental needs. For the County as a whole, net capital assets declined by $81,148 as current year depreciation slightly exceeded investments in new capital.

Another portion of the County's net position, $4,304,835 or 7.3 percent, represents resources that are subject to external restrictions on how the funds may be used. These restrictions are legally binding and are imposed by general statutes, grants, or contracts. Stabilization funds required by State statute make up $3,169,277 of this classification, which also includes fire district taxes; moneys for court facilities, E911 Communications, and Register of Deeds enhancements; and various other grants and donations. Funds received but not spent, particularly for public safety and emergency services, accounted for the majority of the $457,276 increase in restricted net position due to current year activity. However, since the prior year included $471,357 for TDA which is now excluded, the comparison to fiscal year 2013 shows an overall decrease of $14,081 in restricted net position.

The remaining government-wide balance in net position, $13,750,332 - 23.1 percent - is unrestricted and therefore available to meet the County's ongoing obligations. As a result of fiscal year 2014 transactions, the unrestricted net position grew overall by 11.3 percent, or $1,397,179. The $3,044,591 increase in unrestricted net position for governmental activities is the combination of the $3,526,142 surplus from operations less the investment of $24,275 in capital assets, net of depreciation, and less the growth of $457,276 in restricted funds, excluding the prior period adjustment. The $1,647,412 decrease in unrestricted net position for business activities is attributable to the $1,752,835 operating loss reported for fiscal year 2014, offset to a small extent by the release of $105,423 from net capital assets.

Transylvania County's Changes in Net Position
Figure 3

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Revenues:						
Program revenues:						
Charges for services	$ 3,674,074	$ 3,377,088	$ 1,303,374	$ 1,260,906	$ 4,977,448	$ 4,637,994
Operating grants and contributions	7,354,155	6,975,417	19,863	19,967	7,374,018	6,995,384
Capital grants and contributions	105,588	97,466	-	-	105,588	97,466
General revenues:						
Property taxes	29,529,739	26,009,209	-	-	29,529,739	26,009,209
Other taxes	7,044,739	7,116,889	-	-	7,044,739	7,116,889
Grants and contributions unrestrict	-					
to specific programs	386,657	359,204	-	-	386,657	359,204
Interest	12,720	55,827	303	1,353	13,023	57,180
Total revenues	**$ 48,107,672**	**$ 43,991,100**	**$ 1,323,540**	**$ 1,282,226**	**$ 49,431,212**	**$ 45,273,326**
Expenses:						
General government	$ 4,670,679	$ 4,427,635	$ -	$ -	$ 4,670,679	$ 4,427,635
Public safety	14,233,023	13,441,859	-	-	14,233,023	13,441,859
Transportation	481,390	448,838	-	-	481,390	448,838
Economic and physical development	772,724	974,391	-	-	772,724	974,391
Human services	8,598,738	8,316,088	-	-	8,598,738	8,316,088
Cultural and recreation	2,072,839	1,965,938	-	-	2,072,839	1,965,938
Education	12,714,735	10,971,497	-	-	12,714,735	10,971,497
Interest on long-term debt	358,285	456,240	-	-	358,285	456,240
Landfill	-	-	3,755,492	1,673,967	3,755,492	1,673,967
Total expenses	**$ 43,902,413**	**$ 41,002,486**	**$ 3,755,492**	**$ 1,673,967**	**$ 47,657,905**	**$ 42,676,453**
Increase in net position before transfers	**$ 4,205,259**	**$ 2,988,614**	**$ (2,431,952)**	**$ (391,741)**	**$ 1,773,307**	**$ 2,596,873**
Transfers	$ (679,117)	$ (435,237)	$ 679,117	$ 435,237	$ -	$ -
Increase in net position	**$ 3,526,142**	**$ 2,553,377**	**$ (1,752,835)**	**$ 43,496**	**$ 1,773,307**	**$ 2,596,873**
Net position, July 1	**$ 52,043,750**	**$ 49,490,373**	**$ 6,069,588**	**$ 6,026,092**	**$ 58,113,338**	**$ 55,516,465**
Prior period adjustment	**$ (471,357)**	**$ -**	**$ -**	**$ -**	**$ (471,357)**	**$ -**
Net position, June 30	**$ 55,098,535**	**$ 52,043,750**	**$ 4,316,753**	**$ 6,069,588**	**$ 59,415,288**	**$ 58,113,338**

Governmental activities – At the end of fiscal year 2014, the County's governmental activities reported a net position of $55,098,535 - $3,054,785 or 5.9 percent higher than the prior year. Although the increase in revenues highlighted on pages 10 and 13 contributed to this surplus, an even more significant factor was the budgeting and collection of revenues to cover cash outlays that were not accounted for in the government-wide financial statements as current year expenses, such as the principal portion of debt service and routine capital acquisitions. While the revenues raised to fund these items were recognized in the *Statement of Activities*, the associated cash outlays were not. Consequently, these revenues of $3,739,952 dropped directly to net position. Other funds that were budgeted but not spent during the year had the same effect for the same reason. There were other items such as depreciation and pension and other post-employment benefit obligations that were, conversely, treated as expenses on the government-wide financial statements but were not included as expenditures in the budget for governmental funds. With no revenues budgeted to cover them, they reduced net position by $1,791,740. Please refer to Exhibit E on page 25 for a complete list of reporting differences and their impact.

The total net position grew by $972,765 more in fiscal year 2014 than it had in the prior year. Compared to fiscal year 2013's results, revenues were $4,116,572 higher, and expenses and transfers were $3,143,807 higher.

Revenues: General revenues contributed an additional $3,432,726, led by property taxes which rose by $3,520,530. Of this amount approximately $2,500,000 was generated by the first ad valorem tax rate increase imposed in several years, with most of the remainder due to the transition to the State's new motor vehicle tax collection system. Fire district taxes accounted for close to another $340,000 resulting mainly from higher tax and collection rates. Because of the removal of the TDA occupancy taxes from the County's records, other taxes overall dropped somewhat. However, sales tax revenues increased by $437,499, due to a combination of a 5.4 percent improvement in collections and a larger distribution of Medicaid Hold Harmless funds. Program revenues likewise rose by $683,846. In spite of the termination of one-time grants received the prior year and reduced funding for some Social Services and Public Health programs, grants and contributions grew by $386,860, thanks mainly to two revenue sources: (1) a donation of $300,000 from a private citizen group that raised money for the County's new animal shelter and (2) greater drawdown of education lottery proceeds. The majority of the $296,986 increase in charges for services was derived from a substantial boost in jail fees for housing more inmates from other counties and from fees for providing additional School Resource Officers.

Expenses: As noted above, expenses in fiscal year 2014 also exceeded the prior year's. The single largest increase - $1,743,238 – was in appropriations for Education to cover rising operational and capital costs and recognize lottery proceed pass-through funds. All other functions also showed increases except for Economic and Physical Development, which was reduced by the changed presentation of TDA transactions. These increases netted to a total of $1,254,644 and were attributable primarily to personnel-related costs, including a $285,000 merit raise spread throughout all departments and approximately $350,000 for newly created positions and other staffing adjustments made in most areas. Reflecting comparable growth in revenues, distributions to volunteer fire department and purchases for the emergency telephone system, both of which were reported with the Public Safety function, rose by over $200,000. Less significant increases occurred throughout the organization for expenses such as contract services, utilities, and supplies and programs funded by grants. Interest on long-term debt fell by $97,955 as the County continued to redeem its general obligations bonds. The transfer to business-type activities also exceeded the prior year's by $243,880 to set aside more funds for future closure and post-closure costs at the landfill.

In fiscal year 2014, charges for services, grants, and contributions covered 25.4 percent of the expenses of governmental activities and comprised 23.1 percent of total revenues. In fiscal year 2013 these external revenue sources supported 25.5 percent of the cost of governmental activities and made up 23.8 percent of total revenues.

Business-type activities – Transylvania County's business-type activities reported a decrease in net position of $1,752,835, or 28.9 percent, to close the year with a balance of $4,316,753. This substantial reduction was attributable to an updated, higher estimate for closure and post-closure landfill costs and a recently enacted State statute requiring counties to provide financial assurance sufficient to cover a minimum of $2,000,000 in potential assessment and corrective action (PACA) costs. Recognizing these possible future obligations in the current period accounted for $2,166,906, or 57.7 percent, of operating expenses reported for fiscal year 2014 and exceeded the closure and post-closure costs reported the prior year by $2,073,811.

In fiscal year 2013 net position for business-type activities grew by $43,496; so the reduction in fiscal year 2014 caused a swing of $1,796,311. If the items above are excluded from operating expenses, the shortfall solely from operations drops to $285,512, less than the prior year's shortfall of $319,966. Solid waste tonnage improved by 6.9%, generating close to $45,000 more in scale sales than in the prior year, while expenses rose less than 1.0 percent. As mentioned earlier, the transfer from governmental activities increased by $243,880.

Through tipping and recycling fees, users of the solid waste facility paid 82.0 percent of operating expenses (excluding PACA costs and closure and post-closure care costs) in fiscal year 2014, versus 79.8 percent in fiscal year 2013, and contributed over 98.0 percent both years to the landfill's total operating revenues. Transfers from governmental activities supplemented these revenues. Please refer to the analysis of the proprietary fund on pages 13 and 14 for more information.

Financial Analysis of the County's Funds

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

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

The County's governmental funds types are divided into two categories, major and non-major. The General Fund is always considered a major fund; no other funds met the criteria for this classification in fiscal year 2014. The non-major governmental funds consist of Special Revenue Funds, Capital Projects Funds, and Permanent Funds.

The General Fund is the chief operating fund of Transylvania County. At the end of the current fiscal year, the total fund balance equaled $23,546,719, with $40,733 nonspendable and $3,021,928 restricted for Stabilization by State statute. Another $472,793 was restricted by general statutes for technological enhancements in the Register of Deed's Office ($122,436), for court facilities ($94.262), and by grant requirements and other external restrictions. Of the remainder, $2,264,227 was committed by the Board of Commissioners for post-employment health benefits for employees ($1,422,012) and pension payments for retired law enforcement officers ($842,215). An additional $5,227,709 is assigned for specific uses, including $2,056,387 for fiscal year 2015 expenditures, $1,099,609 for employee health insurance, $962,494 for accrued vacation, and $762,380 for economic development. The rest of the fund balance, $12,519,329 or 53.2 percent of the total, was unassigned and therefore available for spending at the government's discretion. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures and transfers. Unassigned fund balance represents 29.0 percent and total fund balance represents 54.6 percent of expenditures and transfers for fiscal year 2014. The comparable figures for fiscal year 2013, respectively, are 30.7 percent and 56.0 percent.

The General Fund balance grew during fiscal year 2014 by $1,582,859 (7.2 percent), versus an increase of $925,068 (4.4 percent) in fiscal year 2013. Operations generated a surplus of $2,961,059. Actual revenues exceeded projections, with the majority of funding sources greater than budgeted as explained further on page 13. Of even more significance though were actual expenditures, particularly for economic development and compensation and benefits, that came in substantially below budget. Of the $785,000 appropriated in FY 14 for economic development incentives and initiatives, only $43,935 was actually used, leaving $741,065 remaining at year end. The establishment of an Employee Wellness Clinic combined with improved health insurance claims experience produced savings of almost $600,000. Salaries and fringes were likewise approximately $600,000 less than anticipated because of retirements and resignations, attrition, and the time required to fill new and vacated positions. The most notable positive variances in personnel costs occurred in Social Services ($118,592), the Sheriff's Office ($108,947), the Health Department ($79,531), and the Tax Office ($64,946). In addition, a temporary delay in the construction of a community park resulted in $362,700 not being spent in FY 14 as budgeted.

Other operating costs were also less than expected by nearly $325,000 due to favorable circumstances that kept legal fees and maintenance costs down and the department heads' continuing conservative use of funds. Lower costs for Human Services programs and unspent grant funds had a beneficial impact as well of close to $120,000. The operating surplus, however, was reduced $1,378,200 by other financing transactions, which included a $679,117 transfer to the Solid Waste Fund and a $667,614 transfer to the Capital Projects Fund for renovations to convert the old library building into administrative offices. Because of the net gain of $1,582,859, the County avoided using reserves as originally planned and was instead able to build fund balance.

On the other hand, the combined fund balances of the non-major governmental funds dropped by $458,907 to a total of $1,961,902. However, since removing TDA from the County's records reduced the total by $471,357, current year activity actually added $12,450 to the fund balances. This small net increase was attributable to growth of $170,717 in the Special Revenue Funds, less a reduction totaling $158,267 in the Nonmajor Capital Project Funds and Permanent Fund. Revenues exceeded expenditures in all of the Special Revenue funds, resulting in ending fund balances of $224,102 for fire districts, $372,702 for the emergency telephone system, and $44 for the Community Development Block Grant. Most of the balances in the special revenue funds are restricted for the purposes for which they were collected. The $49,693 decrease in the General Capital Projects Fund was attributable to the withdrawal of funds used to complete the new animal shelter and to begin renovations for the new administration building. Of the remaining balance of $1,071,789 in this fund, $5,161 is restricted by State Statute, and the rest is committed for ongoing Information Technology enhancements and renovations to County buildings. The County's only other capital projects fund, the Qualified Zone Academy Bond Fund is for education and reported an ending balance of $24,401 - $1,078 less than the prior year's. The balance in the Permanent Fund, which was established for the maintenance of a County recreation facility, decreased by $107,496 to $268,864, reflecting the withdrawal of funds for repairs and restoration work on the Silvermont mansion. A portion of this balance - $108,520 – is restricted; the remainder is assigned. Of the combined fund balances of the non-major governmental funds; 42.6 percent is restricted, 54.4 percent is committed, and 3.0 percent is assigned or unassigned.

As of June 30, 2014, Transylvania County's governmental funds reported a total ending balance of $25,508,621 - $1,123,952 more than the prior year.

General Fund Budgetary Highlights: During the fiscal year, Transylvania County found it necessary to revise the General Fund budget for several reasons, most notably to: (1) recognize new funding from external sources and other funds, (2) withdraw funds from reserves for designated uses and needs identified during the year, and (3) roll forward appropriations made in fiscal year 2013. The amendments approved in fiscal year 2014 increased the General Fund's original budget by $1,799,281, or 4.0 percent, and included adjustments made for the following:

- $667,614 appropriated from Fund Balance - $500,000 from fund balance assigned for space needs and $167,614 from unassigned fund balance - to supplement money held in the Capital Projects Fund to renovate the former library building for administrative offices
- $288,563 appropriated from unassigned Fund Balance for two school related-projects: $165,703 for an interest-free loan to the Board of Education to replace lights at a high school football stadium and $122,860 for the County's portion of a match on a private donation for artificial turf for the stadium
- $168,002 withdrawn from Fund Balance assigned to compensated absences for vacations cashed out in lieu of leave taken or paid out to terminated employees
- $115,775 received in additional funding and grants for various Public Health programs

- $111,515 collected in additional fees for services, such as housing inmates in the State Misdemeanant Confinement Program and from other counties, Register of Deeds transactions, and Parks and Recreation activities
- $100,000 distributed from North Carolina Educational Lottery fund, as requested by and passed through to the Board of Education

Compared to the final budget, actual fiscal year 2014 operating revenues reported in the General Fund were favorable by $786,088, or 1.8 percent. Growth in the tax base, combined with an actual collection rate of 99.79 percent versus a budgeted rate of 99.5 percent, led total ad valorem tax revenues to surpass the budgeted level by $338,782. Local option sales taxes likewise exceeded projections by $359,406, with $207,185 attributable to Medicaid Hold Harmless funds and $152,221 to sales taxes, which improved more than the 2.5 percent anticipated. In addition, fees for services provided by the County such as ambulance transports, housing inmates from other jurisdictions, immunizations, and environmental health tests came in $131,795 higher than expected. No significant variances were reported in any of the other revenues sources, which fell short of budget by a combined total of $43,895.

The General Fund's actual expenditures finished the year $2,994,010, or 6.7 percent, below the final budget, with a $1,063,988 favorable variance in General Government and a $778,706 favorable variance in Economic and Physical Development contributing most significantly to the positive results. The major factors behind the reduced spending were presented in the explanation of the fund balance change, but their impact on each function is shown below:

- Lower health insurance costs accounted for over half of the unused appropriations for General Government. Other employee benefits that were less than budgeted, an unfilled new positon, and unspent amounts allocated for legal fees and maintenance made up most of the remainder.
- Almost all of the favorable variance in Economic and Physical Development was attributable to the funds allowed but not applied in fiscal year 2014 for economic development incentives and initiatives.
- The temporary delay in the construction of the community park was responsible for 85.3 percent of the $425,206 difference between actual and budgeted expenditures in Culture and Recreation.
- Spending in Human Services was $450,681 less than expected mainly because of lapsed salaries and attrition that saved $198,123, lower disbursements for adoptions and other public assistance programs, and grant funds not fully used by year end.
- Close to 75.0 percent of the $237,200 favorable variance in Public Safety may be traced back to lower expenditures for salaries, wages, and fringes, particularly in the Sheriff's Office.
- Likewise, reduced personnel-related costs accounted for most of the $38,229 favorable variance for Transportation.

As noted above, miscellaneous savings realized throughout County departments also contributed to the positive results in each function. The actual amount spent for educational expenditures and debt service equaled the budgeted amount.

Proprietary Fund - Transylvania County's proprietary fund statements provide the same type of information found in the government-wide financial statements, but in more detail. As mentioned earlier, the net position of the Solid Waste Fund decreased by $1,752,835 in fiscal year 2014. This reduction reflected the impact of the $679,117 transfer from the General Fund, an operating loss of $2,452,118, and miscellaneous revenues of $20,166. Actual operating revenues of $1,303,374 fell $26,076, or 2.0 percent, short of fiscal year 2014 projections, as solid waste tonnage grew slightly less than anticipated. Actual personnel and operating expenses totaled $1,293,347 - $74,670 below budget mainly because of lower diesel prices and engineering services and site maintenance that were planned but not needed during the

year. Consequently, current revenues did cover current expenses by a small amount. However, the recognition of $295,239 in depreciation and $2,166,906 for landfill closure and post-closure costs and PACA costs resulted in a substantial loss reported for fiscal year 2014.

Capital Asset and Debt Administration

Capital assets: Transylvania County's capital assets for its governmental and business – type activities as of June 30, 2014, totaled $43,240,897 (net of accumulated depreciation). These assets include buildings, land, machinery and equipment, furniture and fixtures, park facilities, and vehicles. During fiscal year 2014 the County invested $1,689,742 in capital assets, which included the following major items:

- Began renovations to the building formerly used as the County library to convert it into offices for County Administration - $827,467
- Purchased replacement vehicles for the Sheriff's Office - $219,279
- Purchased replacement dump truck for Solid Waste - $136,941
- Completed two projects in progress at the end of FY 13: construction and furnishing of a new animal shelter and renovations to the courthouse and purchase of furniture, fixtures, and equipment for the facility - $135,276

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

	Governmental Activities		Business-type Activities		Total	
	2014	**2013**	**2014**	**2013**	**2014**	**2013**
Land	$ 3,379,666	$ 3,369,585	$ 1,069,096	$ 1,069,096	$ 4,448,762	$ 4,438,681
Landfill Cells	-	-	1,644,350	1,810,482	1,644,350	1,810,482
Buildings	31,341,484	30,764,824	24,668	35,150	31,366,152	30,799,974
Improvements to buildings and land	941,573	969,032	228,877	254,006	1,170,450	1,223,038
Machinery and equipment	1,890,295	2,185,030	318,595	357,779	2,208,890	2,542,809
Vehicles and motor equipment	1,192,261	1,263,637	150,727	15,223	1,342,988	1,278,860
Construction in progress	997,491	1,377,250	61,814	61,814	1,059,305	1,439,064
Total	**$ 39,742,770**	**$ 39,929,358**	**$ 3,498,127**	**$ 3,603,550**	**$ 43,240,897**	**$ 43,532,908**

Additional information on the County's capital assets can be found in note 2. A. of the Notes to the Financial Statements, beginning on page 47 of this report.

Long-term Debt: As of June 30, 2014, Transylvania County had total bonded debt outstanding of $6,044,149, all of which is backed by the full faith and credit of the County.

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

	Governmental Activities		Business-type Activities		Total	
	2014	**2013**	**2014**	**2013**	**2014**	**2013**
General Obligation Bonds	$ 5,000,000	$ 6,885,000	$ -	$ -	$ 5,000,000	$ 6,885,000
General Obligation Bonds-Premium	11,142	14,254	-	-	11,142	14,254
Qualified Zone Academy Bonds	167,821	203,836	-	-	167,821	203,836
Qualified School Construction Bonds	865,186	973,334	-	-	865,186	973,334
Total Bonded Debt Outstanding	**6,044,149**	**8,076,424**	**-**	**-**	**6,044,149**	**8,076,424**
Installment Financing	1,836,668	2,030,001			1,836,668	2,030,001
Capital Lease	44,108	61,638	-	-	44,108	61,638
Total	**$ 7,924,925**	**$ 10,168,063**	**$ -**	**$ -**	**$ 7,924,925**	**$ 10,168,063**

Transylvania County's total debt decreased by $2,243,138 – 22.1 percent – during the year. The County retired $2,032,275 in debt for general obligation, qualified zone academy, and qualified school construction bonds, all of which were issued to finance major school capital projects. In addition, the County paid $193,333 on an installment financing agreement for the Public Safety Facility and $17,530 on capital leases for equipment for Emergency Medical Services. No new debt was assumed during fiscal year 2014.

As mentioned in the financial highlights section of this document, Standard and Poor's raised the County's bond rating in June of 2011 from A to A+, citing "extremely strong wealth levels; very strong reserve position; and a low debt profile with limited capital needs" as the rationale for the upgrade. The County's bond rating from Moody's Investors Services remains at A1, the rating held since 2008. These bond ratings clearly indicate the sound financial condition of Transylvania County.

The State of North Carolina limits the amount of general obligation debt that a unit of government can issue to 8% of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for Transylvania County is $484,593,515, versus the County's current outstanding debt of $7,924,925.

Additional information regarding Transylvania County's long-term debt can be found in note 3. B. of the Notes, beginning on page 58 of this report.

Economic Factors and Next Year's Budgets and Rates

- March 2014's unemployment rate for Transylvania County was 7.1 percent, compared to the State rate of 6.1 percent and the County's rate of 9.8 percent in March 2013.
- The eight month total of sales taxes received by the County through mid-May 2014 was 4.0 percent higher than the total for the same period in fiscal year 2013.
- During the first nine months of fiscal year 2014, new construction rose slightly overall from fiscal year 2013 levels, with the number of permits for residential units increasing by 14.0 percent while permits for commercial buildings decreased by 33.3 percent.
- With the gradual improvement in construction activity and real estate development, modest growth of $20 million was projected for the property tax base for fiscal year 2015.

These factors, along with uncertainty about State and federal funds, were taken into consideration in the development of Transylvania County's fiscal year 2015 budget. However, as mentioned in the transmittal letter, the need to invest in the community to attract new businesses was also taken into consideration. Consequently, the final budget included not only adequate funding to preserve the variety and quality of services offered by local government but also funding to provide amenities and incentives to promote economic development in the county.

Governmental Activities: The Board of Commissioners adopted a General Fund budget for fiscal year 2015 of $46,634,704, versus fiscal year 2014's original budget of $44,356,558.

Revenues: Total revenues from operations and other financing sources for fiscal year 2015 were projected to be $1,585,130, or 3.7 percent, higher than fiscal year 2014's original budget. A little over a third of this increase was attributable to ad valorem taxes. A tax rate increase from $.4369 to $.4499 per $100 valuation coupled with the growth in the tax base resulted in a gain of $865,000 in current year property tax revenues. However, fiscal year 2014's budget had included four additional months' collections of motor vehicle taxes related to the implementation of the State's Tax and Tag Together system. With this one-time boost removed, the increase in budgeted ad valorem taxes was reduced to approximately $565,000. Sales taxes were expected to continue their recent upward trend and exceed the fiscal year 2014 level by $261,000, with an additional $92,000 expected in Medicaid Hold Harmless funds, per State calculations. Based also on State projections, fiscal year 2015's intergovernmental revenues included nearly $516,000 more than the prior year's, due in large part to $393,000 more available from federal reimbursements for administration of Social Services programs. Led by ambulance transport and jail fees, charges from sales and services were likewise projected to grow by almost $200,000. Relatively minor changes netting to a decrease of less than $50,000 were budgeted for other revenue sources. Compared to fiscal year 2014's actual revenues, fiscal year 2015's revenues excluding transfers from other funds are estimated to be less than 1.0 percent higher.

Expenditures: Budgeted expenditures approved for fiscal year 2015, including transfers, were 5.14 percent, $2,278,146, more than fiscal year 2014's original budget. To address concerns regarding external competitiveness in the local job market and internal equity within employee ranks, the Board of Commissioners had a Classification and Compensation Study done in fiscal year 2014. The results of the study are to be implemented over a two year period, with $600,000 budgeted in fiscal year 2015 for this purpose. A little over $400,000 more was appropriated for capital in fiscal year 2015, mostly for vehicle replacements. Whereas the prior year's budget included funding only for patrol cars, fiscal year 2015's provided funding to replace an ambulance and several vehicles in various functions in addition to patrol cars. The most significant increase, however, occurred in appropriations for Education, as the local school system's current spending needs grew by $780,000. Transfers to other County funds also rose. Another $357,000 was allowed for the Solid Waste Fund to supplement funds available for capital acquisitions

planned for the year, and another $150,000 was allowed for ongoing preservation projects at the Silvermont mansion and grounds. Smaller increases were anticipated for some costs such as contract services, maintenance, and utilities while reductions were expected for others, most notably debt service. Expenditures and transfers budgeted for fiscal year 2015 are 8.0% higher than those actually incurred in fiscal year 2014.

To balance the General Fund budget for fiscal year 2015, the Commissioners appropriated $1,859,358 from fund balance, which represents 14.9 percent of the unassigned fund balance as of June 30, 2014.

Business – type Activities. The fiscal year 2015 budget for the Solid Waste Fund was $405,506, or 21.0 percent, more than fiscal year 2014's original budget. The sizeable increase was attributable to an appropriation for the purchase of a replacement landfill compactor costing $546,000. Operating revenues were projected to exceed operating expenses, excluding capital items. In addition to covering the capital acquisitions, the transfer from the General Fund was budgeted to provide funds to set aside for the construction of the next cell and landfill closure and post-closure care costs.

Requests for Information

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

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BASIC
FINANCIAL
STATEMENTS

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TRANSYLVANIA COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION
JUNE 30, 2014

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Transylvania County Tourism Development Authority
Assets:				
Current assets:				
Cash and investments	$ 24,134,387	$ 3,047,033	$ 27,181,420	$ 434,712
Taxes receivable, net	58,929	-	58,929	-
Accounts receivable, net	3,069,736	98,785	3,168,521	74,626
Inventories	29,618	-	29,618	-
Prepaid items	11,115	-	11,115	-
Cash and investments, restricted	133,846	3,312,167	3,446,013	-
Total current assets	27,437,631	6,457,985	33,895,616	509,338
Capital assets:				
Land and other non-depreciable assets	4,377,157	1,130,910	5,508,067	-
Depreciable assets, net	35,365,613	2,367,217	37,732,830	-
Capital assets, net	39,742,770	3,498,127	43,240,897	-
Total assets	67,180,401	9,956,112	77,136,513	509,338
Liabilities:				
Current liabilities:				
Accounts payable and accrued liabilities	1,651,086	57,771	1,708,857	19,759
Prepaid fees	216,625	-	216,625	-
Accrued interest payable	109,957	-	109,957	-
Total current liabilities	1,977,668	57,771	2,035,439	19,759
Non-current liabilities:				
Due within one year	3,168,064	26,999	3,195,063	-
Due in more than one year	6,933,764	5,554,589	12,488,353	-
Total non-current liabilities	10,101,828	5,581,588	15,683,416	-
Total liabilities	12,079,496	5,639,359	17,718,855	19,759
Deferred Inflows of Resources:				
Prepaid taxes	2,370	-	2,370	-
Net Position:				
Net investment in capital assets	37,861,994	3,498,127	41,360,121	-
Restricted for:				
Stabilization by State statute	3,169,277	-	3,169,277	74,626
Register of Deeds	122,436	-	122,436	-
Court facilities	94,262	-	94,262	-
Public safety	158,901	-	158,901	-
Fire departments	213,475	-	213,475	-
Emergency telephone system	340,879	-	340,879	-
Economic and tourism development	44	-	44	-
Health department programs	45,431	-	45,431	-
Social services	33,883	-	33,883	-
Recreation programs and facilities	118,569	-	118,569	-
Historical preservation	7,678	-	7,678	-
Tourism promotion	-	-	-	414,953
Unrestricted	12,931,706	818,626	13,750,332	-
Total net position	$ 55,098,535	$ 4,316,753	$ 59,415,288	$ 489,579

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

TRANSYLVANIA COUNTY, NORTH CAROLINA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014

		Program Revenues		
	Expenses	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**
Functions/Programs:				
Primary Government:				
Governmental Activities:				
General government	$ 4,670,679	$ 335,719	$ 36,599	$ -
Public safety	14,233,023	2,713,820	745,266	-
Transportation	481,390	4,739	274,445	-
Economic and physical development	772,724	12,926	57,374	105,588
Human services	8,598,738	475,871	5,331,666	-
Cultural and recreational	2,072,839	130,999	97,787	-
Education	12,714,735	-	811,018	-
Interest and fees	358,285	-	-	-
Total governmental activities	43,902,413	3,674,074	7,354,155	105,588
Business-Type Activities:				
Solid Waste	3,755,492	1,303,374	19,863	-
Total primary government	$ 47,657,905	$ 4,977,448	$ 7,374,018	$ 105,588
Component Unit:				
Tourism Development Authority	$ 504,605	$ 14,699	$ -	$ -

General Revenues:
Taxes:
Ad valorem taxes
Local option sales taxes
Deed stamp excise tax
Real estate transfer tax
Occupancy tax
Unrestricted intergovernmental revenues
Investment earnings, unrestricted
Total general revenues excluding transfers

Transfers

Total general revenues and transfers

Change in net position

Net Position:
Beginning of year - July 1
Prior period adjustment
Beginning of year - July 1, restated

End of year - June 30

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

Net (Expense) Revenue and Changes in Net Position			
Primary Government			Component Unit
Governmental Activities	Business-Type Activities	Total	Transylvania County Tourism Development Authority
$ (4,298,361)	$ -	$ (4,298,361)	$ -
(10,773,937)	-	(10,773,937)	-
(202,206)	-	(202,206)	-
(596,836)	-	(596,836)	-
(2,791,201)	-	(2,791,201)	-
(1,844,053)	-	(1,844,053)	-
(11,903,717)	-	(11,903,717)	-
(358,285)	-	(358,285)	-
(32,768,596)	-	(32,768,596)	-
-	(2,432,255)	(2,432,255)	-
(32,768,596)	(2,432,255)	(35,200,851)	-
-	-	-	(489,906)
29,529,739	-	29,529,739	-
6,560,048	-	6,560,048	-
120,185	-	120,185	-
364,506	-	364,506	-
-	-	-	507,944
386,657	-	386,657	-
12,720	303	13,023	184
36,973,855	303	36,974,158	508,128
(679,117)	679,117	-	-
36,294,738	679,420	36,974,158	508,128
3,526,142	(1,752,835)	1,773,307	18,222
52,043,750	6,069,588	58,113,338	471,357
(471,357)	-	(471,357)	-
51,572,393	6,069,588	57,641,981	471,357
$ 55,098,535	$ 4,316,753	$ 59,415,288	$ 489,579

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

TRANSYLVANIA COUNTY, NORTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2014

	Major	Nonmajor	
	General Fund	Other Governmental Funds	Total Governmental Funds
Assets:			
Cash and investments	$ 22,117,841	$ 2,016,546	$ 24,134,387
Taxes receivable, net	51,232	7,697	58,929
Accounts receivable, net	2,922,387	147,349	3,069,736
Due from other funds	99,541	-	99,541
Inventories	29,618	-	29,618
Prepaid items	11,115	-	11,115
Cash and investments, restricted	-	133,846	133,846
Total assets	$ 25,231,734	$ 2,305,438	$ 27,537,172
Liabilities, Deferred Inflows of Resources, and Fund Balances:			
Liabilities:			
Accounts payable and accrued liabilities	$ 1,414,903	$ 236,183	$ 1,651,086
Due to other funds	-	99,541	99,541
Prepaid fees	216,625	-	216,625
Total liabilities	1,631,528	335,724	1,967,252
Deferred Inflows of Resources:			
Property taxes receivable	51,232	7,697	58,929
Prepaid taxes	2,255	115	2,370
Total deferred inflows of resources	53,487	7,812	61,299
Fund Balances:			
Non-spendable:			
Inventories	29,618	-	29,618
Prepaid items	11,115	-	11,115
Restricted:			
Stabilization for State statute	3,021,928	147,349	3,169,277
Restricted, all other	472,793	688,244	1,161,037
Committed	2,264,227	1,066,628	3,330,855
Assigned	5,227,709	160,344	5,388,053
Unassigned	12,519,329	(100,663)	12,418,666
Total fund balances	23,546,719	1,961,902	25,508,621
Total liabilities, deferred inflows of resources, and fund balance	$ 25,231,734	$ 2,305,438	$ 27,537,172

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

TRANSYLVANIA COUNTY, NORTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2014

	Total Governmental Funds
Total fund balances	$ 25,508,621
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.	39,742,770
Liabilities for earned, but deferred, inflows of resources in fund statements	58,929
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	(7,880,817)
Capital lease	(44,108)
Compensated absences	(962,494)
Other post-employment benefits	(591,794)
Law Enforcement Officers' Special Separation Allowance	(622,615)
Interest payable	(109,957)
Net position of governmental activities	$ 55,098,535

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, 2014

	Major	Nonmajor	
	General Fund	Other Governmental Funds	Total Governmental Funds
Revenues:			
Ad valorem taxes	$ 26,934,524	$ 2,616,085	$ 29,550,609
Local option sales taxes	6,560,048	-	6,560,048
Other taxes and licenses	484,691	-	484,691
Unrestricted intergovernmental revenues	386,657	-	386,657
Restricted intergovernmental revenues	6,656,677	487,464	7,144,141
Permits and fees	386,854	-	386,854
Sales and services	3,131,303	-	3,131,303
Donations and grants	40,157	275,495	315,652
Interest earned on investments	7,910	1,698	9,608
Miscellaneous	153,264	2,603	155,867
Total revenues	44,742,085	3,383,345	48,125,430
Expenditures:			
Current:			
General government	4,467,344	6,210	4,473,554
Public safety	10,607,468	2,816,378	13,423,846
Transportation	447,860	-	447,860
Economic and physical development	665,916	105,656	771,572
Human services	8,422,509	-	8,422,509
Cultural and recreational	1,822,888	17,747	1,840,635
Intergovernmental:			
Education	12,713,657	1,078	12,714,735
Capital outlay	-	1,122,909	1,122,909
Debt service:			
Principal repayments	2,240,026	-	2,240,026
Interest	393,358	-	393,358
Total expenditures	41,781,026	4,069,978	45,851,004
Revenues over (under) expenditures	2,961,059	(686,633)	2,274,426
Other Financing Sources (Uses):			
Transfers in	2,075	701,158	703,233
Transfers out	(1,380,275)	(2,075)	(1,382,350)
Total other financing sources (uses)	(1,378,200)	699,083	(679,117)
Net change in fund balances	1,582,859	12,450	1,595,309
Fund Balances:			
Beginning of year - July 1	21,963,860	2,420,809	24,384,669
Prior period adjustment	-	(471,357)	(471,357)
Beginning of year - restated	21,963,860	1,949,452	23,913,312
End of year - June 30	$ 23,546,719	$ 1,961,902	$ 25,508,621

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, 2014

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

Net change in fund balances - total governmental funds (Exhibit D)	$	1,595,309
Property tax revenues in the Statement of Activities earned in prior periods are reported as revenues in the governmental funds statement.		(20,870)
Expenses related to interest expense that do not require current financial resources are not reported as expenditures in the governmental funds statement.		38,185
Expenses related to compensated absences that do not require current financial resources are not reported as expenditures in the governmental funds statement.		16,237
Capital outlays are reported as expenditures in the governmental funds statement. However, in the Statement of Activities, capital outlay is not an expense, rather it is an increase in capital assets.		1,499,926
Depreciation expense allocates the costs of capital assets over their useful lives. It is not reported as an expenditure in the governmental funds statement.		(1,635,583)
The sale of capital assets is reported as a revenue in the governmental funds statement without subtracting the net book value of the capital assets sold.		(50,931)
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.		2,240,026
Net pension obligation and other post-employment benefit 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.		(156,157)
Change in net position of governmental activities (Exhibit B)	$	3,526,142

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, 2014

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Over/Under
Revenues:				
Ad valorem taxes	$ 26,595,742	$ 26,595,742	$ 26,934,524	$ 338,782
Local option sales taxes	6,189,856	6,200,642	6,560,048	359,406
Other taxes and licenses	505,479	517,734	484,691	(33,043)
Unrestricted intergovernmental revenues	383,000	383,000	386,657	3,657
Restricted intergovernmental revenues	6,204,183	6,645,259	6,656,677	11,418
Permits and fees	377,466	378,863	386,854	7,991
Sales and services	2,855,351	2,999,508	3,131,303	131,795
Investment earnings	35,600	35,600	7,910	(27,690)
Donations	750	36,142	40,157	4,015
Miscellaneous	22,789	163,507	153,264	(10,243)
Total revenues	43,170,216	43,955,997	44,742,085	786,088
Expenditures:				
Current:				
General government	5,638,266	5,531,332	4,467,344	1,063,988
Public safety	10,486,023	10,844,668	10,607,468	237,200
Transportation	474,796	486,089	447,860	38,229
Economic and physical development	1,391,552	1,444,622	665,916	778,706
Human services	8,648,787	8,873,190	8,422,509	450,681
Cultural and recreational	2,165,872	2,248,094	1,822,888	425,206
Intergovernmental:				
Education	12,325,094	12,713,657	12,713,657	-
Debt service:				
Principal retirement	2,222,496	2,240,026	2,240,026	-
Interest and fees	392,687	393,358	393,358	-
Total expenditures	43,745,573	44,775,036	41,781,026	2,994,010
Revenues over (under) expenditures	(575,357)	(819,039)	2,961,059	3,780,098
Other Financing Sources (Uses):				
Transfers in	20,000	22,075	2,075	(20,000)
Transfers out	(610,985)	(1,380,803)	(1,380,275)	528
Appropriated fund balance	1,166,342	2,177,767	-	(2,177,767)
Total other financing sources (uses)	575,357	819,039	(1,378,200)	(2,197,239)
Net change in fund balance	$ -	$ -	1,582,859	$ 1,582,859
Fund Balance:				
Beginning of year - July 1			21,963,860	
End of year - June 30			$ 23,546,719	

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

Exhibit G

TRANSYLVANIA COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2014

	Enterprise Fund
	Solid Waste Fund
Assets:	
Current assets:	
Cash and investments	$ 3,047,033
Accounts receivable, net	98,785
Total current assets	3,145,818
Non-current assets:	
Restricted cash and investments	3,312,167
Land and other non-depreciable assets	1,130,910
Depreciable assets, net of depreciation	2,367,217
Total non-current assets	6,810,294
Total assets	9,956,112
Liabilities:	
Current liabilities:	
Accounts payable and accrued liabilities	57,771
Current portion of compensated absences	26,999
Total current liabilities	84,770
Non-current liabilities:	
Accrued landfill closure and post-closure care costs	5,524,692
OPEB	25,133
Compensated absences	4,764
Total non-current liabilities	5,554,589
Total liabilities	5,639,359
Net Position:	
Net investment in capital assets	3,498,127
Unrestricted	818,626
Total net position	$ 4,316,753

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, 2014

	Enterprise Fund
	Solid Waste Fund
Operating Revenues:	
Charges for services	$ 1,303,374
Operating Expenses:	
Landfill operations:	
Salaries and employee benefits	831,290
Other operating expenses	462,057
Landfill closure and post-closure care costs	2,166,906
Depreciation	295,239
Total operating expenses	3,755,492
Operating income (loss)	(2,452,118)
Non-Operating Revenues (Expenses):	
Investment earnings	303
Other non-operating revenues	19,863
Total non-operating revenues (expenses)	20,166
Income (loss) before transfers	(2,431,952)
Transfers In (Out):	
Transfers in (out)	679,117
Change in net position	(1,752,835)
Net Position:	
Beginning of year - July 1	6,069,588
End of year - June 30	$ 4,316,753

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

Exhibit I

TRANSYLVANIA COUNTY, NORTH CAROLINA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	Enterprise Fund Solid Waste Fund
Cash Flows from Operating Activities:	
Cash received from customers	$ 1,298,834
Cash paid for goods and services	(483,136)
Cash paid to employees for services	(824,892)
Net cash provided (used) by operating activities	(9,194)
Cash Flows from Non-Capital Financing Activities:	
Solid waste disposal tax	19,863
Interfund transfer in (out)	679,117
Net cash provided (used) by non-capital financing activities	698,980
Cash Flows from Capital and Related Financing Activities:	
Acquisition and construction of capital assets	(189,816)
Cash Flows from Investing Activities:	
Interest on investments	303
Net increase (decrease) in cash and cash equivalents	500,273
Cash and Cash Equivalents:	
Beginning of year - July 1	5,858,927
End of year - June 30	$ 6,359,200
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating income (loss)	$ (2,452,118)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation	295,239
Landfill closure and post-closure care costs	2,166,906
(Increase) decrease in accounts receivable	(4,540)
Increase (decrease) in accounts payable and accrued liabilities	(19,411)
Increase (decrease) in OPEB	5,758
Increase (decrease) in accrued compensated absences	(1,028)
Net cash provided (used) by operating activities	$ (9,194)

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

Exhibit J

TRANSYLVANIA COUNTY, NORTH CAROLINA

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2014

	Agency Funds
Assets:	
Cash and investments	$ 47,053
Accounts receivable and accrued revenues	16,711
Total assets	$ 63,764
Liabilities:	
Intergovernmental payables	$ 24,131
Miscellaneous liabilities	39,633
Total liabilities	$ 63,764

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

1. Summary of Significant Accounting Policies

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

A. Reporting Entity

The County, which is governed by a five-member Board of Commissioners, is one of the 100 counties established in North Carolina under North Carolina General Statute 153A-10. As required by generally accepted accounting principles, these financial statements present the County. The County has two blended component units: the Joint Historic Properties Commission and the Transylvania County Parks and Recreation Commission, but neither has financial transactions or account balances; therefore, they are not presented in the basic financial statements. The discretely presented component unit, the Transylvania County Tourism Development Authority, presented below is reported in a separate column in the County's financial statements in order to emphasize that it is legally separate from the County.

Component Units

Blended Component Units

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

Discretely Presented Component Unit

Transylvania County Tourism Development Authority

Transylvania County is authorized by State statute 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. Complete financial statements for the TDA may be obtained from the Director of Finance, Transylvania County, 101 South Broad Street, Brevard, North Carolina 28712.

B. Basis of Presentation

Government-Wide Statements. The Statement of Net Position and the Statement of Activities display information about the primary government (the County). These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities except for interfund services provided and used which are not eliminated in the process of consolidation. These statements distinguish between the *governmental* and *business-type activities* of the County. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

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

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

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

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

The County reports the following major governmental funds:

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

Proprietary Funds

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

The County reports the following additional fund types:

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

Agency Funds. Agency funds are custodial in nature and do not involve the measurement of operating results. Agency funds are used to account for assets the County holds on behalf of others. The County maintains the following agency funds: the Social Services Fund, which accounts for monies deposited with the Department of Social Services for the benefit of certain individuals and the Miscellaneous Agency Fund, which accounts for various legal fines and forfeitures that the County is required to remit to the Transylvania County Board of Education, the 3 percent interest collected on the first month of delinquent motor vehicle taxes that the County is required to remit to the North Carolina Department of Motor Vehicles, the $6.20 of each fee collected by the Register of Deeds for registering or filing a deed of trust mortgage that the County is required to remit to the State Treasurer on a monthly basis, and the donations received by the Sheriff's Office for the COPs 4 Kids program, a program co-sponsored with the City of Brevard Police Department, and the DARE and SHIELD Camps, which are conducted by Sheriff Office employees.

The County reports the following non-major governmental funds:

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.

Community Development Block Grant Fund. This fund accounts for funds received and disbursed through Community Development Block Grants for a Scattered Site Housing Project and Small Business and Entrepreneurial Assistance.

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

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

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

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.

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. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been satisfied.

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

D. Budgetary Data

The County's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund, the Fire Districts, the Emergency Telephone Systems Fund, the Schools Qualified Zone Academy Bond, the Silvermont Reserve Fund, and the Solid Waste Fund. All annual appropriations lapse at the fiscal year-end. Project ordinances are adopted for the General Capital Projects Fund and the Community Development Block Grant Fund.

All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and at the object level for the multi-year funds. Amendments are required for any revisions that alter total expenditures of any fund or that change departmental appropriations. The governing board must approve all amendments that exceed $50,000 or that reflect the receipt of funds from a source not previously approved by the board unless the funds are pass-through funds with no local money required. During the year, several amendments to the original budget were necessary. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

E. Estimates

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

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

Deposits and Investments

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

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

The County's investments are carried at fair value as determined by quoted market prices. The securities of the NCCMT Cash Portfolio, an SEC-registered (2a-7) money market fund, are valued at fair value, which is the NCCMT's share price. The NCCMT Term Portfolio's securities are valued at fair value.

Cash and Cash Equivalents

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

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, 2014, $3,312,167 was restricted.

Governmental Activities. The restricted cash of $108,367 in the Silvermont Reserve Fund represent funds restricted by donors. The restricted assets of $25,479 in the Schools QZAB Fund represent the balance of proceeds available under installment purchase contracts to finance construction and renovations to schools.

Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the County levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, penalties and interest do not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2013.

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 are listed at the estimated fair value at the date of donation. 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 have not been included in capital assets. The properties have been deeded to the County to permit installment purchase financing of acquisition and construction costs and to permit the

County to receive refunds of sales tax paid for construction costs. Agreements between the County and the Board of Education give the Board of Education full use of the facilities, full responsibility for maintenance of the facilities, and provide that the County will convey title to the property back to the Board of Education once all restrictions of the financing agreements and all sales tax reimbursement requirements have been met. The properties are reflected as capital assets in the financial statements of the Transylvania County Board of Education.

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

Assets	Estimated Useful Lives
Buildings	50 years
Improvements	10-50 years
Furniture and equipment	5-15 years
Vehicles	6 years
Computer equipment	5 years

Deferred Outflows and Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflow of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The County has no items that meet this criterion.

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 two items that meet the criterion for this category – prepaid taxes and property taxes receivable.

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, business-type activities, or proprietary fund type Statement of Net Position.

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

Net Position

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

Fund Balances

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

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

The governmental fund types classify fund balances as follows:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Restricted fund balance per Exhibit C differs from Restricted Net Position per Exhibit A by unspent debt proceeds of $25,479.

Restricted fund balance at June 30, 2014 is as follows:

Purpose	General Fund	Nonmajor Special Revenue Funds	Nonmajor Capital Project Funds	Permanent Funds	Total
Restricted, All Other:					
Register of Deeds	$ 122,436	$ -	$ -	$ -	$ 122,436
Court facilities	94,262	-	-	-	94,262
Public safety	158,901	-	-	-	158,901
Fire departments	-	213,475	-	-	213,475
Economic development	-	44	-	-	44
Emergency telephone system	-	340,879	-	-	340,879
Health department programs	45,431	-	-	-	45,431
Social services	33,883	-	-	-	33,883
Recreation programs and facilities	10,202	-	-	108,367	118,569
Historical preservation	7,678	-	-	-	7,678
Qualified Zone Academy Bonds	-	-	25,479	-	25,479
Total	$ 472,793	$ 554,398	$ 25,479	$ 108,367	$ 1,161,037

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 Law Enforcement Officers' Separation Allowance – portion of fund balance committed by the governing body for law enforcement officers' separation allowance.

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

Purpose	General Fund	Nonmajor Capital Project Funds	Total
Committed:			
Retiree health insurance	$ 1,422,012	$ -	$ 1,422,012
General capital projects	-	1,066,628	1,066,628
Law Enforcement Officers' separation allowance	842,215	-	842,215
Total	$ 2,264,227	$ 1,066,628	$ 3,330,855

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

Assigned for Storm Water Control – portion of fund balance budgeted by the Board for storm water control.

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

Assigned for Environmental Protection – portion of fund balance budgeted by the Board for stream bank stabilization.

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

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

Assigned fund balance at June 30, 2014, is as follows:

Purpose	General Fund	Nonmajor Special Revenue Funds	Permanent Funds	Total
Assigned:				
Subsequent year's expenditures	$ 2,056,387	$ -	$ -	$ 2,056,387
Employee health insurance	1,099,609	-	-	1,099,609
Accrued vacation	962,494	-	-	962,494
Special projects	50,521	-	-	50,521
Storm water control	233,042	-	-	233,042
Economic development	762,380	-	-	762,380
Environmental protection	33,711	-	-	33,711
Human services programs	4,565	-	-	4,565
Recreation programs and facilities	25,000	-	160,344	185,344
Total	$ 5,227,709	$ -	$ 160,344	$ 5,388,053

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.

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	$ 23,546,719
Less:	
Prepaids	(11,115)
Inventories	(29,618)
Stabilization for State statute	(3,021,928)
Total available fund balance	$ 20,484,058

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. 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.

At June 30, 2014, the County's deposits had a carrying amount of $3,890,942 and a bank balance of $4,584,257. Of the bank balance, $518,519 was covered by federal depository insurance and $4,065,738 by collateral held under the Pooling Method. Cash on hand was $4,304 at June 30, 2014.

Investments

At June 30, 2014, the County had the following investments and maturities:

Investment Type	Fair Value	Less Than 1 Year	1-3 Years
NC Capital Management Trust Cash Portfolio	$ 26,779,240	N/A	N/A

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 has no formal policy on managing credit risk. The County's investments in the NC Capital Management Trust Cash Portfolio carried a credit rating of AAAm by Standard & Poor's as of June 30, 2014.

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
2011	$ 853,509	$ 221,667	$ 1,075,176
2012	1,004,870	167,210	1,172,080
2013	1,483,740	118,699	1,602,439
2014	1,508,780	-	1,508,780
Total	$ 4,850,899	$ 507,576	$ 5,358,475

Receivables

Receivables at Exhibit A at June 30, 2014, were as follows:

	Accounts Receivable	Taxes Receivable	Due from Other Governments	Total
Governmental Activities:				
General	$ 76,493	$ 183,388	$ 2,845,894	$ 3,105,775
Other governmental	156	18,697	147,193	166,046
Total receivables	76,649	202,085	2,993,087	3,271,821
Allowance for doubtful accounts	-	(143,156)	-	(143,156)
Total governmental activities	$ 76,649	$ 58,929	$ 2,993,087	$ 3,128,665
Business-Type Activities:				
Solid waste	$ 81,901	$ -	$ 16,884	$ 98,785

Due from other governments consisted of the following:

Governmental Activities:	
Local option sales tax	$ 1,637,326
Sales taxes receivable	132,996
State and Federal funding	1,026,002
Other	54,725
Fire Department motor vehicle taxes	10,630
CDBG reimbursements	99,585
NC 911 PSAP funds	31,823
Total governmental activities	$ 2,993,087
Business-Type Activities:	
Tire recycling	$ 10,162
White goods	2,495
Solid waste disposal tax	4,227
Total business-type activities	$ 16,884

Capital Assets

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

	July 1, 2013	Additions	Retirements	Adjustments	June 30, 2014
Non-Depreciable Assets:					
Land	$ 3,369,585	$ 10,081	$ -	$ -	$ 3,379,666
Construction in progress	1,377,250	991,187	-	(1,370,946)	997,491
Total non-depreciable assets	4,746,835	1,001,268	-	(1,370,946)	4,377,157
Depreciable Assets:					
Buildings	38,215,198	128,334	-	1,317,348	39,660,880
Improvements	1,488,661	40,764	-	-	1,529,425
Equipment	6,211,753	110,281	-	-	6,322,034
Vehicles	4,166,694	219,279	(493,178)	53,598	3,946,393
Total depreciable assets	50,082,306	498,658	(493,178)	1,370,946	51,458,732
Less Accumulated Depreciation:					
Buildings	7,450,374	869,022	-	-	8,319,396
Improvements	519,629	68,223	-	-	587,852
Equipment	4,028,771	402,968	-	-	4,431,739
Vehicles	2,901,009	295,370	(442,247)	-	2,754,132
Total accumulated depreciation	14,899,783	1,635,583	(442,247)	-	16,093,119
Depreciable assets, net	35,182,523	(1,136,925)	(50,931)	1,370,946	35,365,613
Capital assets, net	$ 39,929,358	$ (135,657)	$ (50,931)	$ -	$ 39,742,770

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

General government	$ 218,779
Public safety	975,500
Transportation	26,671
Human services	152,707
Cultural and recreational	261,926
Total depreciation expense	$ 1,635,583

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

	July 1, 2013	Additions	Retirements	Adjustments	June 30, 2014
Solid Waste:					
Non-Depreciable Assets:					
Land	$ 1,069,096	$ -	$ -	$ -	$ 1,069,096
Construction in progress	61,814	-	-	-	61,814
Total non-depreciable assets	1,130,910	-	-	-	1,130,910
Depreciable Assets:					
Buildings	277,497	-	-	-	277,497
Land improvements	642,703	-	-	-	642,703
Equipment	2,007,115	32,598	-	-	2,039,713
Vehicles	798,345	157,218	-	-	955,563
Landfill cells - Woodruff	8,205,437	-	-	-	8,205,437
Total depreciable assets	11,931,097	189,816	-	-	12,120,913
Less Accumulated Depreciation:					
Buildings	242,347	10,482	-	-	252,829
Land improvements	388,697	25,129	-	-	413,826
Equipment	1,649,336	71,782	-	-	1,721,118
Vehicles	783,122	21,714	-	-	804,836
Landfill cells - Woodruff	6,394,955	166,132	-	-	6,561,087
Total accumulated depreciation	9,458,457	$ 295,239	$ -	$ -	9,753,696
Total depreciable assets, net	2,472,640				2,367,217
Capital assets, net	$ 3,603,550				$ 3,498,127

Construction Commitments

As of June 30, 2014, the government has one active construction project to convert the building formerly used for the library into offices for administrative functions. Through June 30, 2014, $827,467 has been spent to-date on the project, which has a total budgeted cost of $1,584,064 and is expected to be completed during fiscal year 2015. The remaining $170,024 shown in construction in progress is for renovations to other County buildings and an ongoing information technology project.

B. Liabilities

Payables

Payables at Exhibit A at June 30, 2014 were as follows:

	Vendors	Salaries and Benefits	Accrued Insurance Claims Incurred, But Not Reported	Total
Governmental Activities:				
General	$ 726,750	$ 540,762	$ 147,391	$ 1,414,903
Other governmental	232,218	3,965	-	236,183
Total governmental activities	$ 958,968	$ 544,727	$ 147,391	$ 1,651,086
Business-Type Activities:				
Solid waste	$ 34,659	$ 23,112	$ -	$ 57,771

Pension Plan Obligation

Local Governmental Employees' Retirement System

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

Funding Policy. Plan members are required to contribute 6 percent of their annual covered salary. The County is required to contribute at an actuarially determined rate. For the County, the current rate for employees not engaged in law enforcement and for law enforcement officers is 7.07 and 7.28 percent respectively, of annual covered payroll. The contribution requirements of members and of the County are established and may be amended by the North Carolina General Assembly. The County's contributions to LGERS for the years ended June 30, 2014, 2013, and 2012 were $903,575, $829,927, and $827,496 respectively. The contributions made by the County equaled the required contributions for each year.

Law Enforcement Officers' Special Separation Allowance

Plan Description. The County administers a public employee retirement system (the "Separation Allowance"), a single-employer defined benefit pension plan that provides retirement benefits to the County's qualified sworn law enforcement officers. The Separation Allowance is equal to .85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The plan does not issue a separate stand-alone financial report. Each local government makes benefit payments required under this plan.

All full-time County law enforcement officers are covered by the Separation Allowance. At December 31, 2013, the Separation Allowance's membership consisted of 53 active plan members and 5 retired and terminated members.

Summary of Significant Accounting Policies

Basis of Accounting. The County has chosen to fund the Separation Allowance on a pay-as-you-go basis. There are no plan assets and the liability is not material; therefore, the plan is not presented as a pension trust fund in the County's Comprehensive Annual Financial Report. Pension expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting. For the current year, the County made $54,221 in benefit payments.

Method Used to Value Investments. No funds are set aside in an irrevocable trust fund to pay benefits and administration costs. These expenditures are paid as they come due. However, the Board of Commissioners has passed a resolution committing prior and future contributions to the Law Enforcement Officers' Special Separation Allowance specifically to provide special benefits to eligible law enforcement officers upon retirement. As of June 30, 2014, the County has committed $842,215 for this purpose.

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

The annual required contribution for the current year was determined as part of the December 31, 2012, actuarial valuation using the projected unit, credit actuarial cost method. The actuarial assumptions included (a) 5 percent investment rate of return and (b) projected salary increases ranging from 4.25 to 7.85 percent per year. Item (b) included an inflation component of 3 percent. The assumptions did not include post-retirement benefit increases. The actuarial value of assets was market value. The unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at December 31, 2012, was 18 years.

Annual Pension Cost and Net Pension Obligation. The County's annual pension cost and net pension obligation to the Separation Allowance for the current year were as follows:

Employer annual required contribution	$	119,094
Interest on net pension obligation		28,793
Adjustment to annual required contribution		(46,917)
Annual pension cost		100,970
Employer contributions made		54,221
Increase (decrease) in net pension obligation		46,749
Net Pension Obligation:		
Beginning of year - July 1		575,866
End of year - June 30	$	622,615

Three-Year Trend Information

Year Ended June 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2012	$ 103,095	32.05%	$ 515,963
2013	102,878	41.77%	575,866
2014	100,970	53.70%	622,615

Funded Status and Funding Progress. As of December 31, 2013, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits was $1,091,230, and the actuarial value of assets was $-0-, resulting in an unfunded actuarial accrued liability (UAAL) of $1,091,230. However, as mentioned earlier, the County has committed $842,215 to date for this purpose, as reflected in committed fund balance.

The covered payroll (annual payroll of active employees covered by the plan) was $2,353,950, and the ratio of the UAAL to the covered payroll was 46.36 percent.

The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liability benefits.

Supplemental Retirement Income Plan for Law Enforcement Officers

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

Funding Policy. Article 12E of G.S. Chapter 143 requires the County to contribute each month an amount equal to 5 percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the Plan. Contributions for the year ended June 30, 2014, were $118,961, which was paid entirely by the County.

Registers of Deeds' Supplemental Pension Fund

Plan Description. The County contributes to the Registers of Deeds' Supplemental Pension Fund (the "Fund"), a non-contributory, defined contribution plan administered by the North Carolina Department of State Treasurer. The Fund provides supplemental pension benefits to any 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. The Fund is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for the Fund. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Funding Policy. On a monthly basis, the County remits to the Department of State Treasurer an amount equal to 1.5 percent of the monthly receipts collected pursuant to Article 3 of G.S. 161. Immediately following January 1 of each year, the Department of State Treasurer divides 93 percent of the amount in the Fund at the end of the preceding calendar year into equal shares to be disbursed as monthly benefits. The remaining 7 percent of the Fund's assets may be used by the State Treasurer in administering the Fund. For the fiscal year ended June 30, 2014, the County's required and actual contributions were $3,322.

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.

Other Post-Employment Benefits

Healthcare Benefits

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

Also, under the terms of a County resolution, the County provided employees with ten years of service to the County, at the time the plan was implemented, the option of retiree health insurance or County funded contributions to the deferred compensation plan. Based on the County's resolution, retirees are eligible to participate in the Retiree Health Benefit Plan until they become eligible for Medicare, currently at age 65. This was a one-time irrevocable election. All other employees are eligible only for the County funded contributions to the deferred compensation plan. A separate audited GAAP-basis post-employment benefit plan report is not available for the Retiree Health Benefit Plan.

Membership of the Retiree Health Benefit Plan consisted of the following at December 31, 2013, the date of the latest actuarial valuation:

	General Employees	Law Enforcement Officers
Retirees and dependents receiving benefits	20	-
Active plan members	29	13
Total	49	13

Funding Policy. The County pays the full cost of coverage for the healthcare benefits paid to qualified retirees under a County resolution that may be amended by the Board of Commissioners. The County's members pay a monthly fee for dependent coverage. The County has chosen to fund the healthcare benefits on a pay-as-you-go basis. As of June 30, 2014, the County has committed $1,422,012 for the payment of future retiree health benefits.

The current ARC rate is 14.4 percent of annual covered payroll. For the current year, the County contributed $196,530, or 8.77 percent, of annual covered payroll. The County's required contributions, under a County resolution, for employees not engaged in law enforcement and for law enforcement officers represented 12.08 and 12.08 percent of covered payroll, respectively. Contributions made by retirees were $24,215; this includes amounts paid for dependent coverage. The County's obligation to contribute to the Retiree Health Benefit Plan is established and may be amended by the Board of County Commissioners.

The plan is a single-employer defined benefit plan.

Summary of Significant Accounting Policies. Post-employment expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting. No funds are set aside in a trust to pay benefits and administration costs. These expenditures are paid as they come due. However, each year since the plan's inception, the County has committed funds in the approximate amount of the ARC for this OPEB obligation. The Board of Commissioners has also passed a resolution committing prior and future contributions to the Retiree Health Insurance Plan for the specific purposes of paying current and accumulating funds for future retiree health insurance costs.

Annual OPEB Cost and Net OPEB Obligation. The County's annual OPEB cost (expense) is calculated based on the *annual required contribution of the employer* (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the County's annual OPEB cost for the year, the amount actually contributed to the Plan, and changes in the County's net OPEB obligation for the healthcare benefits:

Annual required contribution	$ 322,509
Interest on net OPEB obligation	20,070
Adjustments to annual required contribution	(30,883)
Annual OPEB cost (expense)	311,696
Contributions made	(196,530)
Increase (decrease) in net OPEB obligation	115,166
Net OPEB obligation:	
Beginning of year - July 1	501,761
End of year - June 30	$ 616,927

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for 2014, were as follows:

Year Ended June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2011	$ 187,291	45.93%	$ 293,797
2012	324,122	61.93%	417,190
2013	325,734	74.04%	501,761
2014	311,696	63.05%	616,927

Funding Status and Funding Progress. As of December 31, 2013, the most recent actuarial valuation date, the Plan was not funded. The actuarial accrued liability for benefits and, thus, the unfunded actuarial accrued liability (UAAL) was $3,780,080. The County's fund balance, however, shows $1,422,012 in funds committed for this purpose. The covered payroll (annual payroll of active employees covered by the plan) was $2,240,116, and the ratio of the UAAL to the covered payroll was 168.7 percent. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare trends. Amounts determined regarding the funded status of the Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of Plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

In the December 31, 2013, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4 percent investment rate of return (net of administrative expenses), which is the expected long-term investment returns on the employer's own investments calculated based on the funded level of the Plan at the valuation date and an annual medical cost trend increase of 7.75 to 5 percent annually. Both rates included a 3 percent inflation assumption. The actuarial value of assets, if any, was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The UAAL is being amortized as a level dollar amount on a closed basis. The remaining amortization period at December 31, 2013, was 22 years.

Other Employment Benefits

The County has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (the "Death Benefit Plan"), a multiple-employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death, are eligible for death benefits. Lump-sum death benefit payments to beneficiaries are equal to the employee's 12 highest months' salary in a row during the 24 months prior to the employee's death, but no less than $25,000 and no more than $50,000. Because all death benefit payments are made from the Death Benefit Plan and not by the County, the County does not determine the number of eligible participants. The County has no liability beyond the payment of monthly contributions. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount. Contributions are determined as a percentage of monthly payroll based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. The County considers these contributions to be immaterial.

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

Federal and State laws and regulations require the County to place a final cover on its Woodruff Road Landfill Facility when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. In addition, North Carolina General Statutes recently began requiring counties to provide financial assurance sufficient to cover a minimum of $2,000,000 in costs for potential assessment and corrective action (PACA) at the facility. Although closure and post-closure care costs will be paid only near or after the date that the landfill stops accepting waste, the County appropriates funds annually for a portion of these costs, based on landfill capacity used as of each balance sheet date. In FY 2014, the County also included a portion of the PACA costs. Of the $5,524,692 reported as landfill closure and post-closure care and PACA liability at June 30, 2014, $3,940,912 is for closure and post-closure care costs and $1,583,780 is for PACA costs. Both are a cumulative amount reported to date based on the use of 79.19 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 2014. 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 13 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, 2014, the County had funds in the North Carolina Capital Management Trust of $2,931,167 and $381,000 in a local bank restricted for this purpose. The County expects that future inflation costs will be paid from the interest

earnings in this account. However, if interest earnings are inadequate or additional post-closure care requirements are determined (due to changes in technology or applicable laws or regulations, for example), these costs may need to be covered by charges to future landfill users or by future tax revenues.

Deferred Outflows and Inflows of Resources

The balance in deferred revenues on the fund statements and unearned revenues on the government-wide statements at June 30, 2014, is composed of the following elements:

	Unavailable Revenues	Unearned Revenues
Prepaid taxes (General Fund)	$ -	$ 2,255
Prepaid taxes (Special Revenue Fund)	-	115
Taxes receivable, net (General Fund)	51,232	-
Taxes receivable, net (Special Revenue Fund)	7,697	-
Total	$ 58,929	$ 2,370

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 $54.2 million for any one occurrence; general, auto, professional, and employment practices liability coverage of $2 million 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 and dental insurance, the County provides coverage through Blue Cross and Blue Shield of North Carolina and is reinsured for individual losses in excess of $60,000 and aggregate annual losses in excess of 125 percent of expected claims.

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

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

	2014	2013
Unpaid claims, beginning	$ 200,292	$ 288,243
Incurred claims	2,210,118	2,285,207
Claim payments	(2,263,019)	(2,373,158)
Unpaid claims, ending	$ 147,391	$ 200,292

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.

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 an agreement to lease certain equipment. The lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of the future minimum lease payments as of the date of their inception.

For Transylvania County, the first agreement was executed on July 28, 2011, for the lease of emergency medical services equipment and requires five annual payments of $8,480. The first capital lease is -0- percent interest. The second agreement was executed on July 18, 2012, for the lease of emergency medical services equipment and requires five annual payments of $9,721. The second capital lease is 3.5 percent interest. Under the terms of both agreements, the County has a buyout option for $1 at the end of the lease term.

At June 30, 2014, the County leased equipment valued at:

Class of Property	Cost	Accumulated Depreciation	Net Book Value
Emergency medical service equipment	$ 87,648	$ 43,540	$ 44,108

For Transylvania County, the future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2014 were as follows:

Year Ending June 30	Amount
2015	$ 18,201
2016	18,201
2017	9,721
Total minimum lease payments	46,123
Less: amount representing interest	2,015
Present value of the minimum lease payments	$ 44,108

General Obligation Indebtedness

The general obligation bond serviced by the County's General Fund is collateralized by the full-faith credit, and taxing power of the County. This general obligation bond was used to finance various school construction and capital improvement projects for the Transylvania County Board of Education. Principal and interest payments are appropriated when due.

The County's general obligation bond payable at June 30, 2014, is comprised of the following individual issues:

Serviced by the County's General Fund:	
$15,810,000 Refunding Series 2008 Serial Bonds, due on February 1 in installments beginning with $1,250,000 on February 1, 2009 and varying each year, with a final installment of $520,000 due on February 1, 2018. Interest ranges from 3% to 5% varying throughout the life of the bonds.	$5,000,000

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

Year Ending June 30	Principal	Interest	Total
2015	$ 1,860,000	$ 213,750	$ 2,073,750
2016	1,840,000	144,000	1,984,000
2017	780,000	52,000	832,000
2018	520,000	20,800	540,800
Total	$ 5,000,000	$ 430,550	$ 5,430,550

Qualified Zone Academy Bonds

In June 2002, the County issued $600,000 of Qualified Zone Academy Bonds to finance various school improvements for the Transylvania County Board of Education. Principal is due in installments beginning June 5, 2003, and will mature in June 2015. The principal is deposited into an escrow account that is interest-bearing. The interest will be used to pay the lump-sum difference between the annual principal payments and the settlement due in 2015. There is no interest on these bonds. The balance outstanding at June 30, 2014, totaled $167,821.

Annual debt service requirements to maturity for the County's Qualified Zone Academy Bonds are as follows:

Year Ending June 30	Principal
2015	$ 167,821

Qualified 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, 2014, totaled $865,186.

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

Year Ending June 30	Principal	Interest	Total
2015	$ 108,148	$ 18,082	$ 126,230
2016	108,148	15,822	123,970
2017	108,148	13,562	121,710
2018	108,148	11,301	119,449
2019	108,148	9,041	117,189
2020-2022	324,446	13,562	338,008
Total	$ 865,186	$ 81,370	$ 946,556

Public Safety Facility Installment Financing Contract

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, 2014 totaled $1,836,668.

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

Year Ending June 30	Principal	Interest	Total
2015	$ 193,333	$ 74,977	$ 268,310
2016	193,333	66,760	260,093
2017	193,333	58,544	251,877
2018	193,333	50,327	243,660
2019	193,333	42,110	235,443
2020-2024	870,003	87,816	957,819
Total	$ 1,836,668	$ 380,534	$ 2,217,202

At June 30, 2014, the County had a legal debt margin of $484,593,515.

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, 2014:

	July 1, 2013	Additions	Retirements	June 30, 2014	Current Portion
Governmental Activities:					
General obligation debt	$ 6,885,000	$ -	$ 1,885,000	$ 5,000,000	$ 1,860,000
Premium - general obligation debt	14,254	-	3,112	11,142	3,112
Qualified Zone Academy debt	203,836	-	36,015	167,821	167,821
Qualified School Construction debt	973,334	-	108,148	865,186	108,148
Installment financing	2,030,001	-	193,333	1,836,668	193,333
Capital lease	61,638	-	17,530	44,108	17,530
LEO	575,866	46,749	-	622,615	-
OPEB	482,386	296,111	186,703	591,794	-
Compensated absences	978,731	818,422	834,659	962,494	818,120
Total	$ 12,205,046	$ 1,161,282	$ 3,264,500	$ 10,101,828	$ 3,168,064
Business-Type Activities:					
OPEB	$ 19,375	$ 15,585	$ 9,827	$ 25,133	$ -
Accrued landfill closure and post-closure care costs	3,357,786	2,166,906	-	5,524,692	-
Compensated absences	32,791	34,036	35,064	31,763	26,999
Total	$ 3,409,952	$ 2,216,527	$ 44,891	$ 5,581,588	$ 26,999

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

C. Net Investment in Capital Assets

The total net investment in capital assets as of June 30, 2014, is composed of the following elements:

	Governmental Activities	Business-Type Activities
Capital assets, net of accumulated depreciation	$ 39,742,770	$ 3,498,127
Less: capital debt		
Gross debt	7,924,925	-
Less:		
School debt related to assets to which the County does not hold title	(6,044,149)	-
Net capital debt	1,880,776	-
Net investment in capital assets	$ 37,861,994	$ 3,498,127

D. Interfund Balances and Activity

Transfers from/to other funds at June 30, 2014 consist of the following:

From the General Fund to the Community Development Block Grant Fund for the payment of charges not eligible for grant reimbursements	$ 547
From the General Fund to the General Capital Projects Fund for renovations to convert the old library building for administrative offices	667,614
From the General Fund to the Emergency Telephone System Fund for ineligible expenditures charged to the Emergency Telephone System Fund	2,997
From the General Fund to the Solid Waste Fund to supplement other funding sources	679,117
From the General Fund to the Permanent Fund to provide funds for maintenance of the Silvermont mansion and park	30,000
Total transfers from General Fund to other funds	$ 1,380,275
From the Community Development Block Grant Fund to the General Fund for the payment of General Fund expenditures eligible for grant reimbursements	$ 2,075
Total transfers from other funds to General Fund	$ 2,075

The due to/from other funds at June 30, 2014 consist of the following:

Receivable Fund	Payable Fund	Amount
General Fund	Community Development Block Grant Fund	$ 99,541

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

3. Related Organization

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

4. Joint Ventures

Transylvania County and the Transylvania County Board of Education entered into an agreement dated June 5, 2002. Under this agreement, the Board of Education transferred title to the Davidson River School to the County for the purpose of renovating and modernizing the school under the provisions of the Qualified Zone Academy Bond within the meaning of Section 1397E of the Internal Revenue Code of 1986. The County, in turn, has agreed to lease the school property to the Board of Education for $1 per year and obtained funding in the form of Qualified Zone Academy bonds to finance the school improvement.

Transylvania County and the Transylvania County Board of Education entered into an agreement dated March 1, 2010. Under this agreement, the Board of Education transferred title to a portion of the Rosman High School property to the County to use as collateral for the Qualified School Construction Bond obtained for the construction of a Career and Technical Education Building. The County will lease the property back to the school until the loan is paid, at which time the property will revert to the school.

5. Benefit Payments Issued by the State

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

	Federal	State
Temporary Assistance to Needy Families	$ 142,805	$ -
Medicaid	24,086,598	13,053,183
State Children's Health Insurance Program - NC Health Choice	959,040	302,545
WIC	420,073	-
Adoption assistance	242,963	63,330
Independent living - transitional	891	-
CWS adoption subsidy	-	103,514
F/C at-risk maximization	-	2,513
SC/SA domiciliary care payments	-	228,460
SFHF maximization	-	15,966
State foster home	-	9,084
Energy assistance private grants	-	24,627
Foster care	133,493	41,196
Total	$ 25,985,863	$ 13,844,418

6. Summary Disclosure of Significant Commitments and Contingencies

Federal and State-Assisted Programs

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

7. Prior Period Adjustment

During the year ended June 30, 2014, in accordance with the policies of the NC Department of State Treasurer's State and Local Government Finance Division, it was determined that the Tourism Development Authority should be reported as a discretely presented component unit. In the past, the Authority had been accounted for as a Special Revenue Fund. An adjustment to beginning net position of the governmental fund financial statement and the government-wide financial statement has been recorded to account for this change.

REQUIRED SUPPLEMENTARY FINANCIAL DATA

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

- **Schedule of Funding Progress for the Law Enforcement Officers' Special Separation Allowance**
- **Notes to Required Schedules for the Law Enforcement Officers' Special Separation Allowance**
- **Schedule of Funding Progress for Other Post-Employment Benefits - Retiree Health Plan**
- **Notes to Required Schedules for Other Post-Employment Benefits - Retiree Health Plan**

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TRANSYLVANIA COUNTY, NORTH CAROLINA

LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2014

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
12/31/2005	$ -	$ 355,457	$ 355,457	0.00%	$ 1,616,296	21.99%
12/31/2006	-	474,038	474,038	0.00%	1,645,916	28.80%
12/31/2007	-	539,515	539,515	0.00%	2,080,417	25.93%
12/31/2008	-	638,067	638,067	0.00%	2,260,186	28.23%
12/31/2009	-	881,098	881,098	0.00%	2,400,468	36.71%
12/31/2010	-	941,069	941,069	0.00%	2,342,616	40.17%
12/31/2011	-	958,383	958,383	0.00%	2,242,232	42.74%
12/31/2012	-	1,029,483	1,029,483	0.00%	2,381,678	43.23%
12/31/2013	-	1,091,230	1,091,230	0.00%	2,353,950	46.36%

Schedule of Employer Contributions

Year Ended June 30	Annual Required Contribution (ARC)	Percentage of ARC Contributed
2014	$ 119,094	45.53%
2013	109,189	39.36%
2012	107,400	30.77%
2011	112,840	17.23%

Notes to the Required Schedules:
The information presented above was determined as part of the actuarial valuation at the dates indicated. Additional information as of the latest valuation follows:

Valuation date	12/31/2013
Actuarial cost method	Projected unit credit
Amortization method	Level dollar closed
Remaining amortization period	17 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return*	5%
Projected salary increases*	4.25%-7.85%
*Includes inflation at	3%
Cost-of-living adjustments	None

*For the actuarial accrued liability to be reported as being funded, the County would have to place funds in an irrevocable trust. Please note that while the County has not established an irrevocable trust, each year the County does commit funds equal to the actuarially calculated annual required contribution. To date, the County shows $842,215 of its fund balance as committed for this purpose.

TRANSYLVANIA COUNTY, NORTH CAROLINA

OTHER POST-EMPLOYMENT BENEFITS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS
FOR THE YEAR ENDED JUNE 30, 2014

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Projected Unit Credit (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
12/31/2008	$ -	$ 2,732,561	$ 2,732,561	0.00%	$ 2,961,340	92.3%
12/31/2010	-	3,457,710	3,457,710	0.00%	2,670,975	129.5%
12/31/2013	-	3,780,080	3,780,080	0.00%	2,240,116	168.7%

Schedule of Employer Contributions

Year Ended June 30	Annual Required Contribution	Percentage Contributed
2009	$ 186,824	47.70%
2010	186,824	44.65%
2011	186,824	46.05%
2012	322,509	62.24%
2013	322,509	74.78%
2014	322,509	60.94%

Notes to the Required Schedules:
The information presented above was determined as part of the actuarial valuation at the dates indicated. Additional information as of the latest valuation follows:

Valuation date	12/31/2013
Actuarial cost method	Projected unit credit
Amortization method	Level dollar amount, closed
Remaining amortization period	22 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return *	4%
Medical cost trend rate	5%-7.75%
Year of ultimate trend rate	2019
* Includes inflation at 3%	

*For the actuarial accrued liability to be reported as being funded, the County would have to place funds in an irrevocable trust. Please note that while the County has not established an irrevocable trust, each year the County does commit funds equal to the actuarially calculated annual required contribution. To date, the County shows $1,422,012 of its fund balance as committed for this purpose.

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.

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TRANSYLVANIA COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

	Budget	Actual	Variance Over/Under
Revenues:			
Ad Valorem Taxes:			
Taxes	$ 26,478,692	$ 26,829,216	$ 350,524
Penalties and interest	117,050	105,308	(11,742)
Total	26,595,742	26,934,524	338,782
Local Option Sales Taxes:			
Article 39 and 44	2,444,283	2,546,532	102,249
Article 40, one-half of one percent	1,871,727	1,872,237	510
Article 42, one-half of one percent	1,351,718	1,401,180	49,462
Medicaid hold harmless	532,914	740,099	207,185
Total	6,200,642	6,560,048	359,406
Other Taxes and Licenses:			
Deed stamp excise tax	145,389	120,185	(25,204)
Real estate transfer tax	372,345	364,506	(7,839)
Total	517,734	484,691	(33,043)
Unrestricted Intergovernmental Revenues:			
Payments in lieu of taxes - outside sources	208,500	201,529	(6,971)
ABC profit distribution	58,500	71,210	12,710
Video programming services tax	116,000	113,918	(2,082)
Total	383,000	386,657	3,657
Restricted Intergovernmental Revenues:			
State grants	1,781,598	1,608,139	(173,459)
Federal grants	4,607,862	4,791,255	183,393
Court facility fees	32,500	36,599	4,099
Other restricted funds	223,299	220,684	(2,615)
Total	6,645,259	6,656,677	11,418
Permits and Fees:			
Register of Deeds	73,689	74,955	1,266
Other	2,174.00	4,822	2,648
Building permits	303,000	307,077	4,077
Total	378,863	386,854	7,991

TRANSYLVANIA COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

	Budget	Actual	Variance Over/Under
Sales and Services:			
Rents, concessions, and fees	1,445,572	1,575,396	129,824
Ambulance fees	1,340,177	1,332,032	(8,145)
Recreation Department	72,476	69,755	(2,721)
Town of Rosman	7,056	6,169	(887)
City of Brevard	134,227	147,951	13,724
Total	2,999,508	3,131,303	131,795
Investment Earnings	35,600	7,910	(27,690)
Miscellaneous:			
Donations	36,142	40,157	4,015
County Recovery Fund	175	193	18
Other	163,332	153,071	(10,261)
Total	199,649	193,421	(6,228)
Total revenues	43,955,997	44,742,085	786,088
Expenditures:			
General Government:			
Governing Board:			
Salaries and employee benefits	80,256	79,913	343
Other operating expenditures	116,602	101,960	14,642
Capital outlay	11,050	10,081	969
Total	207,908	191,954	15,954
Administration:			
Salaries and employee benefits	342,878	323,701	19,177
Other operating expenditures	823,583	760,764	62,819
Total	1,166,461	1,084,465	81,996
Elections:			
Salaries and employee benefits	242,125	231,721	10,404
Other operating expenditures	158,024	121,763	36,261
Capital outlay	19,700	19,527	173
Total	419,849	373,011	46,838

TRANSYLVANIA COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

	Budget	Actual	Variance Over/Under
150th Celebration:			
Other operating expenditures	1,419	274	1,145
Finance:			
Salaries and employee benefits	389,274	380,516	8,758
Other operating expenditures	82,467	77,604	4,863
Total	471,741	458,120	13,621
Taxes:			
Salaries and employee benefits	843,406	778,460	64,946
Other operating expenditures	234,734	218,841	15,893
Total	1,078,140	997,301	80,839
Legal:			
Contracted services	37,700	32,723	4,977
Register of Deeds:			
Salaries and employee benefits	269,783	268,352	1,431
Other operating expenditures	262,585	254,559	8,026
Total	532,368	522,911	9,457
Public Buildings:			
Salaries and employee benefits	574,528	555,993	18,535
Other operating expenditures	440,571	425,932	14,639
Capital outlay	51,225	13,060	38,165
Total	1,066,324	994,985	71,339
Court Facilities:			
Other operating expenditures	37,971	36,943	1,028
Information Technology:			
Salaries and employee benefits	301,840	301,943	(103)
Other operating expenditures	117,033	106,249	10,784
Capital outlay	14,500	14,035	465
Total	433,373	422,227	11,146

TRANSYLVANIA COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

	Budget	Actual	Variance Over/Under
Project Management:			
Salaries and employee benefits	74,478	73,874	604
Other operating expenditures	1,000	150	850
Total	75,478	74,024	1,454
Self Insurance:			
Claims cost	2,672,024	2,038,516	633,508
Employee premiums/cobra payments	(535,015)	(448,451)	(86,564)
Administrative costs	794,711	740,760	53,951
County portion of premiums charged	(3,058,568)	(3,058,531)	(37)
Reserve	91,637	-	91,637
Retiree insurance	(91,637)	(94,797)	3,160
Total	(126,848)	(822,503)	695,655
Employee Wellness Center:			
Other operating expenditures	129,448	123,012	6,436
457 Contributions:			
Other operating expenditures	-	(22,103)	22,103
Total general government	5,531,332	4,467,344	1,063,988
Public Safety:			
Sheriff and Jail:			
Salaries and employee benefits	5,264,121	5,155,174	108,947
Other operating expenditures	1,326,640	1,348,288	(21,648)
Capital outlay	216,547	219,279	(2,732)
Total	6,807,308	6,722,741	84,567
Emergency Management:			
Salaries and employee benefits	253,669	249,444	4,225
Other operating expenditures	47,043	45,128	1,915
Total	300,712	294,572	6,140
Fire:			
Contracted services	100,453	78,378	22,075
Rescue Units:			
Contracted services	151,400	151,400	-

TRANSYLVANIA COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

	Budget	Actual	Variance Over/Under
Emergency Medical Services:			
Salaries and employee benefits	1,641,479	1,615,559	25,920
Other operating expenditures	278,444	270,381	8,063
Capital outlay	84,201	59,998	24,203
Total	2,004,124	1,945,938	58,186
Medical Examiner:			
Contracted services	20,000	19,800	200
Emergency Communications:			
Salaries and employee benefits	633,776	589,765	44,011
Other operating expenditures	143,539	143,571	(32)
Capital outlay	7,560	7,556	4
Total	784,875	740,892	43,983
Animal Control:			
Salaries and employee benefits	217,811	216,840	971
Other operating expenditures	101,059	86,057	15,002
Total	318,870	302,897	15,973
Inspections:			
Salaries and employee benefits	328,524	325,012	3,512
Other operating expenditures	28,402	25,838	2,564
Total	356,926	350,850	6,076
Total public safety	10,844,668	10,607,468	237,200
Transportation:			
Salaries and employee benefits	337,413	310,234	27,179
Other operating expenditures	148,676	137,626	11,050
Total transportation	486,089	447,860	38,229
Economic and Physical Development:			
Planning:			
Salaries and employee benefits	244,689	230,116	14,573
Other operating expenditures	6,311	6,959	(648)
Total	251,000	237,075	13,925

TRANSYLVANIA COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

	Budget	Actual	Variance Over/Under
Economic Development:			
Operating expenditures	99,136	81,937	17,199
Economic Development Incentives:			
Operating expenditures	160,000	27,589	132,411
Capital outlay	600,000	-	600,000
Total	760,000	27,589	732,411
Cooperative Extension:			
Salaries and employee benefits	139,833	140,769	(936)
Other operating expenditures	22,504	17,149	5,355
Total	162,337	157,918	4,419
Soil and Water Conservation:			
Salaries and employee benefits	119,562	118,985	577
Other operating expenditures	52,587	42,412	10,175
Total	172,149	161,397	10,752
Total economic and physical development	1,444,622	665,916	778,706
Human Services:			
Health:			
Administration:			
Salaries and employee benefits	1,715,428	1,635,897	79,531
Other operating expenditures	402,380	323,415	78,965
Capital outlay	23,144	23,778	(634)
Total	2,140,952	1,983,090	157,862
Mental Health:			
Contracted services:			
Community Mental Health Services	99,261	99,261	-
Social Services:			
Administration:			
Salaries and employee benefits	2,908,809	2,790,217	118,592
Other operating expenditures	376,245	324,823	51,422
Capital outlay	6,925	6,925	-
Total	3,291,979	3,121,965	170,014

TRANSYLVANIA COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

	Budget	Actual	Variance Over/Under
Public Assistance:			
Special assistance to adults:			
County participation only	232,685	207,539	25,146
Medicaid program:			
County participation only	-	(23)	23
Medicaid transportation	170,000	148,002	21,998
Workfirst recipient benefits:			
Other operating expenditures	-	1,530	(1,530)
Title III programs:			
Other operating expenditures	21,850	20,391	1,459
Other assistance:			
Other program expenditures	1,589,616	1,553,738	35,878
Total	2,014,151	1,931,177	82,974
Child Development:			
Salaries and employee benefits	691,206	671,713	19,493
Other operating expenditures	98,334	89,221	9,113
Capital outlay	5,141	4,800	341
Total	794,681	765,734	28,947
Total social services	6,100,811	5,818,876	281,935
Veteran's Service Officer:			
Salaries and employee benefits	18,080	17,902	178
Other operating expenditures	2,563	1,699	864
Total	20,643	19,601	1,042
Other Services:			
Transylvania vocational services	25,312	25,312	-
Juvenile crime prevention	106,546	104,967	1,579
Western Carolina Community Action	3,240	3,240	-
Children's Center	35,834	37,047	(1,213)
HCCBG	283,311	273,835	9,476
Other services	57,280	57,280	-
Total	511,523	501,681	9,842
Total human services	8,873,190	8,422,509	450,681

TRANSYLVANIA COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

	Budget	Actual	Variance Over/Under
Cultural and Recreational:			
Parks and Recreation:			
Salaries and employee benefits	420,078	411,036	9,042
Other operating expenditures	174,144	170,111	4,033
Capital outlay	408,066	27,703	380,363
Total	1,002,288	608,850	393,438
Library:			
Salaries and employee benefits	949,255	923,031	26,224
Other operating expenditures	273,026	270,683	2,343
Total	1,222,281	1,193,714	28,567
Other:			
Brevard College	12,000	12,000	-
Transylvania Parks Commission	1,555	107	1,448
Other	8,970	7,217	1,753
Heart of Brevard	1,000	1,000	-
Total	23,525	20,324	3,201
Total cultural and recreational	2,248,094	1,822,888	425,206
Education:			
Public schools - current	9,815,716	9,815,716	-
Public schools - daycare	13,000	13,000	-
Public schools - distribution of lottery proceeds	600,000	600,000	-
Public schools - capital outlay	1,888,563	1,888,563	-
Blue Ridge Community College	396,378	396,378	-
Total education	12,713,657	12,713,657	-
Debt Service:			
Principal retirement	2,240,026	2,240,026	-
Interest and fees	393,358	393,358	-
Total	2,633,384	2,633,384	-

TRANSYLVANIA COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

	Budget	Actual	Variance Over/Under
Total expenditures	44,775,036	41,781,026	2,994,010
Revenues over (under) expenditures	(819,039)	2,961,059	3,780,098
Other Financing Sources (Uses):			
Transfers in:			
Capital project funds	20,000	-	(20,000)
CDBG Fund	2,075	2,075	-
Transfers out:			
Capital project funds	(667,614)	(667,614)	-
Special revenue funds	(4,072)	(3,544)	528
Enterprise funds	(679,117)	(679,117)	-
Permanent Fund	(30,000)	(30,000)	-
Appropriated fund balance	2,177,767	-	(2,177,767)
Total other financing sources (uses)	819,039	(1,378,200)	(2,197,239)
Net change in fund balance	$ -	1,582,859	$ 1,582,859
Fund Balance:			
Beginning of year - July 1		21,963,860	
End of year - June 30		$ 23,546,719	

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NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

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

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

Community Development Block Grant Fund – This fund accounts for funds received and disbursed through Community Development Block Grants for a Scattered Site Housing Project and Small Business and Entrepreneurial Assistance.

CAPITAL PROJECTS FUND

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

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

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

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TRANSYLVANIA COUNTY, NORTH CAROLINA

NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2014

	Nonmajor Special Revenue Funds	Nonmajor Capital Project Funds	Permanent Fund	Total
Assets:				
Cash and investments	$ 597,798	$ 1,249,980	$ 168,768	$ 2,016,546
Accounts receivable, net	142,035	5,161	153	147,349
Taxes receivable, net	7,697	-	-	7,697
Cash and investments, restricted	-	25,479	108,367	133,846
Total assets	$ 747,530	$ 1,280,620	$ 277,288	$ 2,305,438
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable and accrued liabilities	$ 43,329	$ 184,430	$ 8,424	$ 236,183
Due to other funds	99,541	-	-	99,541
Total liabilities	142,870	184,430	8,424	335,724
Deferred Inflows of Resources:				
Property taxes receivable	7,697	-	-	7,697
Prepaid taxes	115	-	-	115
Total deferred inflows of resources	7,812	-	-	7,812
Fund Balances:				
Stabilization for State statute	142,035	5,161	153	147,349
Restricted, all other	554,398	25,479	108,367	688,244
Committed	-	1,066,628	-	1,066,628
Assigned	-	-	160,344	160,344
Unassigned	(99,585)	(1,078)	-	(100,663)
Total fund balances	596,848	1,096,190	268,864	1,961,902
Total liabilities, deferred inflows of resources, and fund balance	$ 747,530	$ 1,280,620	$ 277,288	$ 2,305,438

TRANSYLVANIA COUNTY, NORTH CAROLINA

NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2014

	Nonmajor Special Revenue Funds	Nonmajor Capital Project Funds	Permanent Fund	Total
Revenues:				
Ad valorem taxes	$ 2,616,085	$ -	$ -	$ 2,616,085
Restricted intergovernmental revenues	487,464	-	-	487,464
Donations and grants	-	275,445	50	275,495
Interest earned on investments	242	432	1,024	1,698
Miscellaneous	2,603	-	-	2,603
Total revenues	3,106,394	275,877	1,074	3,383,345
Expenditures:				
Current:				
Public safety	2,816,378	-	-	2,816,378
Economic and physical development	105,656	-	-	105,656
Education	-	1,078	-	1,078
Cultural and recreational	-	-	17,747	17,747
Capital outlay	15,112	986,974	120,823	1,122,909
Total expenditures	2,937,146	994,262	138,570	4,069,978
Revenues over (under) expenditures	169,248	(718,385)	(137,496)	(686,633)
Other Financing Sources (Uses):				
Transfers in	3,544	667,614	30,000	701,158
Transfers out	(2,075)	-	-	(2,075)
Total other financing sources (uses)	1,469	667,614	30,000	699,083
Net change in fund balances	170,717	(50,771)	(107,496)	12,450
Fund Balances:				
Beginning of year - July 1	426,131	1,146,961	376,360	1,949,452
End of year - June 30	$ 596,848	$ 1,096,190	$ 268,864	$ 1,961,902

TRANSYLVANIA COUNTY, NORTH CAROLINA

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2014

	Fire Districts Fund	Emergency Telephone System Fund	Community Development Block Grant Fund	Total
Assets:				
Cash and investments	$ 214,406	$ 383,392	$ -	$ 597,798
Accounts receivable	10,627	31,823	99,585	142,035
Taxes receivable, net	7,697	-	-	7,697
Total assets	$ 232,730	$ 415,215	$ 99,585	$ 747,530
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	$ 816	$ 42,513	$ -	$ 43,329
Due to other funds	-	-	99,541	99,541
Total liabilities	816	42,513	99,541	142,870
Deferred Inflows of Resources:				
Property taxes receivable	7,697	-	-	7,697
Prepaid taxes	115	-	-	115
Total deferred inflows of resources	7,812	-	-	7,812
Fund Balances:				
Restricted:				
Stabilization for State statute	10,627	31,823	99,585	142,035
Restricted, all other	213,475	340,879	44	554,398
Unassigned	-	-	(99,585)	(99,585)
Total fund balances	224,102	372,702	44	596,848
Total liabilities, deferred inflows of resources, and fund balance	$ 232,730	$ 415,215	$ 99,585	$ 747,530

TRANSYLVANIA COUNTY, NORTH CAROLINA

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2014

	Fire Districts Fund	Emergency Telephone System Fund	Community Development Block Grant Fund	Total
Revenues:				
Ad valorem taxes	$ 2,616,085	$ -	$ -	$ 2,616,085
Restricted intergovernmental	-	381,876	105,588	487,464
Investment earnings	133	109	-	242
Miscellaneous revenue	2,603	-	-	2,603
Total revenues	2,618,821	381,985	105,588	3,106,394
Expenditures:				
Public safety	2,506,390	309,988	-	2,816,378
Economic and physical development	-	-	105,656	105,656
Capital outlay	-	15,112	-	15,112
Total expenditures	2,506,390	325,100	105,656	2,937,146
Revenues over (under) expenditures	112,431	56,885	(68)	169,248
Other Financing Sources (Uses):				
Transfers in	-	2,997	547	3,544
Transfers out	-	-	(2,075)	(2,075)
Total other financing sources (uses)	-	2,997	(1,528)	1,469
Net change in fund balances	112,431	59,882	(1,596)	170,717
Fund Balances:				
Beginning of year - July 1	111,671	312,820	1,640	426,131
End of year - June 30	$ 224,102	$ 372,702	$ 44	$ 596,848

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, 2014

	Budget	Actual	Variance Over/Under
Revenues:			
Ad valorem taxes:			
Current year	$ 2,520,643	$ 2,598,034	$ 77,391
Prior year	-	7,310	7,310
Penalties and interest	-	10,741	10,741
Investment earnings	-	133	133
Miscellaneous revenue	-	2,603	2,603
Total revenues	2,520,643	2,618,821	98,178
Expenditures:			
Public safety:			
Brevard Fire District	291,283	291,283	-
Rosman Fire District	361,772	361,772	-
Little River Fire District	342,982	342,982	-
Connestee Falls Fire District	528,802	528,802	-
Cedar Mountain Fire District	153,338	153,337	1
Lake Toxaway Fire District	601,242	601,242	-
Balsam Grove Fire District	114,247	94,247	20,000
North Transylvania Fire District	132,725	132,725	-
Total expenditures	2,526,391	2,506,390	20,001
Revenues over (under) expenditures	(5,748)	112,431	118,179
Other Financing Sources (Uses):			
Appropriated fund balance	5,748	-	(5,748)
Net change in fund balance	$ -	112,431	$ 112,431
Fund Balance:			
Beginning of year - July 1		111,671	
End of year - June 30		$ 224,102	

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, 2014

	Budget	Actual	Variance Over/Under
Revenues:			
Restricted intergovernmental	$ 381,876	$ 381,876	$ -
Investment earnings	-	109	109
Total revenues	381,876	381,985	109
Expenditures:			
Public safety:			
Phone and furniture	17,200	16,795	405
Software and hardware	157,397	145,060	12,337
Training	4,550	5,323	(773)
Implemental functions	152,087	142,810	9,277
Capital outlay	15,120	15,112	8
Total expenditures	346,354	325,100	21,254
Revenues over (under) expenditures	35,522	56,885	21,363
Other Financing Sources (Uses):			
Transfer in	3,525	2,997	(528)
Transfers out	(39,047)	-	39,047
Total other financing sources (uses)	(35,522)	2,997	38,519
Net change in fund balance	$ -	59,882	$ 59,882
Fund Balance:			
Beginning of year - July 1		312,820	
End of year - June 30		$ 372,702	

TRANSYLVANIA COUNTY, NORTH CAROLINA

COMMUNITY DEVELOPMENT BLOCK GRANT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2014

		Actual			
	Project Authorization	Prior Years	Current Year	Total to Date	Variance Over/Under
Revenues:					
Restricted intergovernmental revenues:					
CDBG #08-C-0968 2003 Scattered Site Housing Project	$ 400,000	$ 400,000	$ -	$ 400,000	$ -
CDBG #08-C-1375 2005 Scattered Site Housing Project	400,000	400,000	-	400,000	-
CDBG #08-C-1839 2008 Scattered Site Housing Project	400,000	388,462	-	388,462	(11,538)
CDBG #08-C-1849 Small Business & Entrepreneurial Assistance Grant	250,000	122,942	-	122,942	(127,058)
CDBG #09-E-2041 Gaia Herbs Building Reuse Project	116,000	116,000	-	116,000	-
CDBG #09-E-2327 2011 Scattered Site Housing Project	400,000	11,000	105,588	116,588	(283,412)
Investment earnings	-	145	-	145	145
Total revenues	1,966,000	1,438,549	105,588	1,544,137	(421,863)
Expenditures:					
Economic and physical development:					
CDBG #08-C-0968 2003 Scattered Site Housing Project	400,000	400,308	-	400,308	(308)
CDBG #08-C-1375 2005 Scattered Site Housing Project	400,000	398,011	-	398,011	1,989
CDBG #08-C-1839 2008 Scattered Site Housing Project	400,000	388,376	-	388,376	11,624
CDBG #08-C-1849 Small Business and Entrepreneurial Assistance Grant	250,000	123,181	-	123,181	126,819
CDBG #09-E-2041 Gaia Herbs Building Reuse Project	116,000	116,000	-	116,000	-
CDBG #09-E-2327 2011 Scattered Site Housing Project	400,000	11,033	105,656	116,689	283,311
Total expenditures	1,966,000	1,436,909	105,656	1,542,565	423,435
Revenues over (under) expenditures	-	1,640	(68)	1,572	1,572
Other Financing Sources (Uses):					
Transfers in from General Fund	547	-	547	547	-
Transfers to General Fund	(2,075)	-	(2,075)	(2,075)	-
Total other financing sources (uses)	(1,528)	-	(1,528)	(1,528)	-
Revenues and other financing sources over (under) expenditures and other financing uses	(1,528)	1,640	(1,596)	44	1,572
Appropriated fund balance	1,528	-	-	-	(1,528)
Net change in fund balance	$ -	$ 1,640	(1,596)	$ 44	$ 44
Fund Balance:					
Beginning of year - July 1			1,640		
End of year - June 30			$ 44		

TRANSYLVANIA COUNTY, NORTH CAROLINA

NONMAJOR CAPITAL PROJECT FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2014

	Schools QZAB Fund	General Capital Projects Fund	Total
Assets:			
Cash and investments	$ -	$ 1,249,980	$ 1,249,980
Accounts receivable, net	-	5,161	5,161
Cash and investments, restricted	25,479	-	25,479
Total assets	$ 25,479	$ 1,255,141	$ 1,280,620
Liabilities and Fund Balances:			
Liabilities:			
Accounts payable and accrued liabilities	$ 1,078	$ 183,352	$ 184,430
Fund Balances:			
Stabilization for State Statute	-	5,161	5,161
Restricted for:			
Education	25,479	-	25,479
Committed	-	1,066,628	1,066,628
Unassigned	(1,078)	-	(1,078)
Total fund balances	24,401	1,071,789	1,096,190
Total liabilities and fund balances	$ 25,479	$ 1,255,141	$ 1,280,620

TRANSYLVANIA COUNTY, NORTH CAROLINA

NONMAJOR CAPITAL PROJECT FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2014

	Schools QZAB Fund	General Capital Projects Fund	Total
Revenues:			
Donations and grants	$ -	$ 275,445	$ 275,445
Interest earned on investments	-	432	432
Total revenues	-	275,877	275,877
Expenditures:			
Current:			
General government	-	6,210	6,210
Capital outlay	-	986,974	986,974
Education	1,078	-	1,078
Total expenditures	1,078	993,184	994,262
Revenues over (under) expenditures	(1,078)	(717,307)	(718,385)
Other Financing Sources (Uses):			
Transfers in	-	667,614	667,614
Net change in fund balances	(1,078)	(49,693)	(50,771)
Fund Balances:			
Beginning of year - July 1	25,479	1,121,482	1,146,961
End of year - June 30	$ 24,401	$ 1,071,789	$ 1,096,190

TRANSYLVANIA COUNTY, NORTH CAROLINA

SCHOOLS QZAB FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

	Budget	Actual	Variance Over/Under
Expenditures:			
Bond expenditures	$ 1,200	$ 1,078	$ 122
Revenues over (under) expenditures	(1,200)	(1,078)	(122)
Other Financing Sources (Uses):			
Appropriated fund balance	1,200	-	(1,200)
Net change in fund balance	$ -	(1,078)	$ (1,078)
Fund Balance:			
Beginning of year - July 1		25,479	
End of year - June 30		$ 24,401	

TRANSYLVANIA COUNTY, NORTH CAROLINA

GENERAL CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2014

		Actual			
	Project Authorization	Prior Years	Current Year	Total to Date	Variance Over/Under
Revenues:					
Donations and grants	$ 373,757	$ 58,366	$ 275,445	$ 333,811	$ (39,946)
Investment earnings	14,581	535,120	432	535,552	520,971
Total revenues	388,338	593,486	275,877	869,363	481,025
Expenditures:					
Capital outlay	5,449,893	3,791,680	986,974	4,778,654	671,239
Expensed architectural fees	-	94,265	6,210	100,475	(100,475)
Total expenditures	5,449,893	3,885,945	993,184	4,879,129	570,764
Revenues over (under) expenditures	(5,061,555)	(3,292,459)	(717,307)	(4,009,766)	1,051,789
Other Financing Sources (Uses):					
Transfers in from General Fund	4,363,408	3,695,794	667,614	4,363,408	-
Transfers to General Fund	(501,827)	(481,827)	-	(481,827)	20,000
Total other financing sources (uses)	3,861,581	3,213,967	667,614	3,881,581	20,000
Revenues and other financing sources over (under) expenditures and other financing uses	(1,199,974)	(78,492)	(49,693)	(128,185)	1,071,789
Appropriated fund balance	1,199,974	-	-	-	(1,199,974)
Net change in fund balance	$ -	$ (78,492)	(49,693)	$ (128,185)	$ (128,185)
Fund Balance:					
Beginning of year - July 1			1,121,482		
End of year - June 30			$ 1,071,789		

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PERMANENT FUND

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

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

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TRANSYLVANIA COUNTY, NORTH CAROLINA

PERMANENT FUND - SILVERMONT RESERVE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

	Budget	Actual	Variance Over/Under
Revenues:			
Donations and grants	$ -	$ 50	$ 50
Investment earnings	1,250	1,024	(226)
Total revenues	1,250	1,074	(176)
Expenditures:			
Silvermont operating expenditure	30,000	17,747	12,253
Capital outlay	200,000	120,823	79,177
Total expenditures	230,000	138,570	91,430
Revenues over (under) expenditures	(228,750)	(137,496)	91,254
Other Financing Sources (Uses):			
Transfer in	30,000	30,000	-
Transfer out	(1,250)	-	1,250
Appropriated fund balance	200,000	-	(200,000)
Total other financing sources (uses)	228,750	30,000	(198,750)
Net change in fund balance	$ -	(107,496)	$ (107,496)
Fund Balance:			
Beginning of year - July 1		376,360	
End of year - June 30		$ 268,864	

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ENTERPRISE FUND

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

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

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TRANSYLVANIA COUNTY, NORTH CAROLINA

MAJOR ENTERPRISE FUND
SOLID WASTE FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2014

	Budget	Actual	Variance Over/Under
Revenues:			
Operating revenues:			
Charges for services			
Solid waste charges	$ 1,180,000	$ 1,150,174	$ (29,826)
Recycling	147,000	150,850	3,850
Other operating revenues	2,450	2,350	(100)
Total operating revenues	1,329,450	1,303,374	(26,076)
Non-operating revenues:			
Investment earnings	1,500	303	(1,197)
Miscellaneous revenue	60,241	19,863	(40,378)
Total non-operating revenues	61,741	20,166	(41,575)
Total revenues	1,391,191	1,323,540	(67,651)
Expenditures:			
Landfill administration and operations:			
Salaries and employee benefits	844,621	826,560	18,061
Other operating expenditures	523,396	462,057	61,339
Capital outlay	324,696	189,816	134,880
Total expenditures	1,692,713	1,478,433	214,280
Revenues over (under) expenditures	(301,522)	(154,893)	146,629
Other Financing Sources (Uses):			
Transfers - General Fund	679,117	679,117	-
Contingency	(377,595)	-	377,595
Total other financing sources (uses)	301,522	679,117	377,595
Revenues and other financing sources over (under) expenditures and other financing uses	$ -	$ 524,224	$ 524,224

Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:

Revenues and other financing sources over (under) expenditures and other financing uses	$ 524,224
Reconciling items:	
Capital outlay capitalized	189,816
Increase in OPEB	(5,758)
Increase in compensated absences payable	1,028
Increase in closure and post-closure care costs	(2,166,906)
Depreciation	(295,239)
Change in net position	$ (1,752,835)

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AGENCY FUNDS

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

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

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

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TRANSYLVANIA COUNTY, NORTH CAROLINA

AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2014

	Balance July 1, 2013	Additions	Deductions	Balance June 30, 2014
Social Services:				
Assets:				
Cash and cash equivalents	$ 20,098	$ 155,803	$ 159,545	$ 16,356
Liabilities:				
Miscellaneous liabilities	$ 20,098	$ 155,803	$ 159,545	$ 16,356
Fines and Forfeitures:				
Assets:				
Cash and investments	$ -	$ 106,475	$ 106,475	$ -
Accounts receivable and accrued revenues	9,676	16,711	9,676	16,711
Total assets	$ 9,676	$ 123,186	$ 116,151	$ 16,711
Liabilities:				
Intergovernmental payables - Transylvania County Board of Education	$ 9,676	$ 123,186	$ 116,151	$ 16,711
Motor Vehicle Fees:				
Assets:				
Cash and investments	$ 1,103	$ -	$ 1,103	$ -
Liabilities:				
Miscellaneous liabilities	$ 1,103	$ -	$ 1,103	$ -
Dare Camp:				
Assets:				
Cash and investments	$ 524	$ 3,545	$ 2,154	$ 1,915
Liabilities:				
Intergovernmental payables - Transylvania County	$ 144	$ -	$ -	$ 144
Miscellaneous liabilities	380	3,545	2,154	1,771
Total liabilities	$ 524	$ 3,545	$ 2,154	$ 1,915

TRANSYLVANIA COUNTY, NORTH CAROLINA

AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2014

	Balance July 1, 2013	Additions	Deductions	Balance June 30, 2014
SHIELD Camp:				
Assets:				
Cash and investments	$ 14,915	$ 7,213	$ 9,927	$ 12,201
Liabilities:				
Intergovernmental payables - Transylvania County	$ 5,001	$ -	$ -	$ 5,001
Miscellaneous liabilities	9,914	7,213	9,927	7,200
Total liabilities	$ 14,915	$ 7,213	$ 9,927	$ 12,201
Cops 4 Kids:				
Assets:				
Cash and investments	$ 9,070	$ 28,470	$ 23,234	$ 14,306
Liabilities:				
Intergovernmental payables - miscellaneous liabilities	$ 9,070	$ 28,470	$ 23,234	$ 14,306
Register of Deeds:				
Assets:				
Cash and investments	$ 2,821	$ 27,726	$ 28,272	$ 2,275
Accounts receivable and accrued revenues	-	-	-	-
Total assets	$ 2,821	$ 27,726	$ 28,272	$ 2,275
Liabilities:				
Intergovernmental payables - State of North Carolina	$ 2,821	$ 27,726	$ 28,272	$ 2,275
Total - All Agency Funds:				
Assets:				
Cash and cash equivalents	$ 48,531	$ 329,232	$ 330,710	$ 47,053
Accounts receivable and accrued revenues	9,676	16,711	9,676	16,711
Total assets	$ 58,207	$ 345,943	$ 340,386	$ 63,764
Liabilities:				
Intergovernmental payables	$ 18,745	$ 150,912	$ 145,526	$ 24,131
Miscellaneous liabilities	39,462	195,031	194,860	39,633
Total liabilities	$ 58,207	$ 345,943	$ 340,386	$ 63,764

OTHER SCHEDULES

This section contains additional information on property taxes and transfers.

Schedule of Ad Valorem Taxes Receivable

Analysis of Current Tax Levy

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TRANSYLVANIA COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF AD VALOREM TAXES RECEIVABLE
JUNE 30, 2014

Year Ended June 30	Uncollected Balance July 1, 2013	Additions	Collections and Credits	Uncollected Balance June 30, 2014
2014	$ -	$ 26,847,544	$ 26,791,840	$ 55,704
2013	77,006	-	46,740	30,266
2012	22,900	-	4,890	18,010
2011	21,841	-	4,584	17,257
2010	12,269	-	3,277	8,992
2009	3,449	8,228	1,891	9,786
2008	11,046	-	1,323	9,723
2007	12,332	-	9	12,323
2006	12,347	-	340	12,007
2005	3,512	6,552	744	9,320
2004	4,786	-	4,786	-
Total	$ 181,488	$ 26,862,324	$ 26,860,424	183,388

Less allowance for uncollectible ad valorem taxes receivable:	
General Fund	132,156
Ad Valorem Taxes Receivable, Net:	
General Fund	$ 51,232
Reconciliation of Collections and Credits with Revenues:	
Ad valorem taxes - General Fund	$ 26,934,524
Reconciling items:	
Interest	(88,280)
Tax refunds	11,648
Abatements - prior years	1,267
Advertising	(2,416)
Adjustments	(1,105)
Taxes written off	4,786
Total collections and credits	$ 26,860,424

TRANSYLVANIA COUNTY, NORTH CAROLINA

ANALYSIS OF CURRENT TAX LEVY
COUNTY-WIDE LEVY
FOR THE YEAR ENDED JUNE 30, 2014

	County-Wide			Total Levy	
	Property Valuation	Rate	Amount of Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original Levy:					
County-wide:					
Property tax	$ 6,010,030,633	$ 0.4369	$ 26,255,847	$ 25,203,973	$ 1,051,874
Motor vehicles taxed at prior year's rate	94,902,660	0.3949	374,750	-	374,750
Late list penalties	-		14,519	14,519	-
Total original levy	6,104,933,293		26,645,116	25,218,492	1,426,624
Discoveries:					
Current year taxes	9,560,316		41,759	41,759	-
Prior year taxes	46,767,292		184,831	184,831	-
Total discoveries	56,327,608		226,590	226,590	-
Abatements and Discounts	(4,780,396)		(24,162)	(10,595)	(13,567)
Total property valuation	$ 6,156,480,505				
Net Levy			26,847,544	25,434,487	1,413,057
Uncollected taxes at June 30, 2014			55,704	42,619	13,085
Current Year's Taxes Collected			$ 26,791,840	$ 25,391,868	$ 1,399,972
Current Levy Collection Percentage			99.79%	99.83%	99.07%

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.

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

UNAUDITED

	2005	2006	2007
Governmental Activities			
Net Investment in Capital Assets	$ 13,773,087	$ 19,969,409	$ 20,369,159
Restricted	1,256,692	1,257,831	1,697,216
Unrestricted	8,560,294	11,723,898	16,158,930
Total Governmental Activities Net Position	$ 23,590,073	$ 32,951,138	$ 38,225,305
Business-Type Activities			
Net Investment in Capital Assets	$ 3,945,072	$ 3,378,918	$ 2,792,276
Restricted			
Unrestricted	(1,215,349)	(795,452)	194,584
Total Business-Type Activities Net Position	$ 2,729,723	$ 2,583,466	$ 2,986,860
Primary Government			
Net Investment in Capital Assets	$ 17,718,159	$ 23,348,327	$ 23,161,435
Restricted	1,256,692	1,257,831	1,697,216
Unrestricted	7,344,945	10,928,446	16,353,514
Total Primary Government Net Position	$ 26,319,796	$ 35,534,604	$ 41,212,165

TABLE 1

2008	2009	2010	2011	2012	2013	2014
$ 24,185,021	$ 35,138,758	$ 38,280,736	$ 37,965,115	$ 37,350,168	$ 37,837,719	$ 37,861,994
1,794,717	1,091,782	1,491,646	4,337,434	4,211,048	4,318,916	4,304,835
16,912,463	8,613,469	8,759,642	7,097,748	7,979,935	9,887,115	12,931,706
$ 42,892,201	$ 44,844,009	$ 48,532,024	$ 49,400,297	$ 49,541,151	$ 52,043,750	$ 55,098,535
$ 4,939,310	$ 4,624,518	$ 4,366,733	$ 4,085,921	$ 3,859,314	$ 3,603,550	$ 3,498,127
(1,090,548)	(92,919)	1,016,654	1,808,089	2,166,778	2,466,038	818,626
$ 3,848,762	$ 4,531,599	$ 5,383,387	$ 5,894,010	$ 6,026,092	$ 6,069,588	$ 4,316,753
$ 29,124,331	$ 39,763,276	$ 42,647,469	$ 42,051,036	$ 41,209,482	$ 41,441,269	$ 41,360,121
1,794,717	1,091,782	1,491,646	4,337,434	4,211,048	4,318,916	4,304,835
15,821,915	8,520,550	9,776,296	8,905,837	10,146,713	12,353,153	13,750,332
$ 46,740,963	$ 49,375,608	$ 53,915,411	$ 55,294,307	$ 55,567,243	$ 58,113,338	$ 59,415,288

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

UNAUDITED

	2005	2006	2007
Expenses			
Governmental Activities:			
General Government	$ 4,356,272	$ 4,566,521	$ 5,472,674
Public Safety	7,972,158	8,306,170	9,051,987
Transportation	103,255	356,525	378,991
Economic and Physical Development	1,411,719	3,696,917	1,502,285
Human Services	9,045,258	8,858,593	9,308,209
Cultural and Recreational	1,149,713	1,322,900	1,699,971
Education	7,618,423	8,702,160	9,564,457
Interest on Long-Term Obligations	1,106,923	1,034,391	959,451
Total Governmental Activities Expenses	$ 32,763,721	$ 36,844,177	$ 37,938,025
Business-Type Activities:			
Landfill	$ 1,939,662	$ 2,524,570	$ 2,372,572
Total Governmental Activities Expenses	$ 1,939,662	$ 2,524,570	$ 2,372,572
Total Primary Government Expenses	$ 34,703,383	$ 39,368,747	$ 40,310,597
Program Revenues			
Governmental Activities:			
Charges for Services:			
General Government	$ 679,241	$ 730,655	$ 547,176
Public Safety	1,618,968	1,894,494	1,452,371
Transportation	-	-	-
Economic and Physical Development	-	-	-
Human Services	395,941	638,343	798,598
Cultural and Recreational	61,783	74,981	42,173
Education	198,733	-	-
Operating Grants and Contributions:			
General Government	9,366	17,033	217,053
Public Safety	630,181	248,510	890,735
Transportation	71,184	80,412	-
Economic and Physical Development	840,253	2,992,009	1,401,118
Human Services	4,771,482	4,414,362	3,666,631
Cultural and Recreational	115,575	12,429	247,177
Education	12,611	322,070	546,646
Capital Grants and Contributions:	-	-	-
General Government	57,921	80,857	4,760
Economic and Physical Development	-	-	-
Cultural and Recreational	434,460	3,019,745	141,404
Education		6,094	-
Total Governmental Activities Program Revenues	$ 9,897,699	$ 14,531,994	$ 9,955,842

2008	2009	2010	2011	2012	2013	2014
$ 4,985,239	$ 5,042,645	$ 4,617,015	$ 5,155,747	$ 5,083,686	$ 4,427,635	$ 4,670,679
10,399,235	11,042,467	11,777,713	12,386,788	12,979,401	13,441,859	14,233,023
364,740	358,399	509,565	396,460	450,591	448,838	481,390
1,594,400	1,531,068	1,663,553	1,096,501	959,314	974,391	772,724
9,522,922	9,448,473	8,094,451	8,069,619	8,169,147	8,316,088	8,598,738
1,814,530	1,968,016	1,560,709	1,904,003	1,847,675	1,965,938	2,072,839
10,900,358	10,449,456	10,400,587	10,822,954	12,201,671	10,971,497	12,714,735
636,426	907,694	668,751	609,131	551,526	456,240	358,285
$ 40,217,850	$ 40,748,218	$ 39,292,344	$ 40,441,203	$ 42,243,011	$ 41,002,486	$ 43,902,413
$ 1,458,440	$ 1,678,773	$ 1,418,346	$ 1,624,898	$ 1,708,329	$ 1,673,967	$ 3,755,492
$ 1,458,440	$ 1,678,773	$ 1,418,346	$ 1,624,898	$ 1,708,329	$ 1,673,967	$ 3,755,492
$ 41,676,290	$ 42,426,991	$ 40,710,690	$ 42,066,101	$ 43,951,340	$ 42,676,453	$ 47,657,905
$ 1,403,077	$ 1,055,880	$ 269,938	$ 767,315	$ 334,456	$ 275,477	$ 335,719
1,405,633	1,444,322	2,099,928	2,461,457	2,174,330	2,528,476	2,713,820
-	-	-	-	-	7,202	4,739
-	11,467	6,712	31,791	22,638	21,240	12,926
376,346	548,544	526,525	527,094	455,869	422,732	475,871
40,176	98,220	95,713	94,967	103,822	121,961	130,999
-	-	-	-	-	-	-
361,235	39,379	56,527	40,283	52,247	98,555	36,599
629,245	1,089,375	416,927	438,525	414,376	422,546	745,266
219,801	341,357	234,881	278,738	272,129	269,173	274,445
686,949	459,808	169,696	65,711	70,882	65,063	57,374
4,833,149	5,063,846	5,293,382	4,973,824	5,331,406	5,480,830	5,331,666
146,458	120,228	438,486	171,688	91,846	95,126	97,787
124,754	137,268	137,842	161,664	363,784	544,124	811,018
50,695	-	-	-	-	-	-
-	-	475,799	42,249	80,163	7,686	105,588
-	-	-	-	-	89,780	-
-	-	-	-	-	-	-
$ 10,277,518	$ 10,409,694	$ 10,222,356	$ 10,055,306	$ 9,767,948	$ 10,449,971	$ 11,133,817

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

UNAUDITED

	2005	2006	2007
Business-Type Activities:			
Charge for Services - Landfill	$ 1,466,228	$ 1,394,442	$ 1,504,980
Operating Grants and Contributions - Landfill	-	-	-
Capital Grants and Contributions - Landfill	-	-	-
Total Business-Type Activities Program Revenues	$ 1,466,228	$ 1,394,442	$ 1,504,980
Total Primary Government Program Revenues	$ 11,363,927	$ 15,926,436	$ 11,460,822
Net (Expense)/Revenue			
Governmental Activities	$ (22,866,022)	$ (22,312,183)	$ (27,982,183)
Business-Type Activities	(473,434)	(1,130,128)	(867,592)
Total Primary Government Net (Expense)/Revenue	$ (23,339,456)	$ (23,442,311)	$ (28,849,775)
General Revenues and Other Changes in Net Position			
Governmental Activities:			
Property Taxes	$ 18,577,018	$ 21,714,091	$ 22,672,983
Local Option Sales Tax	6,973,895	7,603,939	8,145,834
Other Taxes and Licenses	1,222,898	1,675,570	1,694,466
Grants and Contributions Not Restricted	218,655	233,423	241,239
Investment Earnings	524,310	1,000,240	1,605,838
Miscellaneous	30,142	326,985	26,532
Transfers	-	(881,000)	(1,130,492)
Total Governmental Activities:	$ 27,546,918	$ 31,673,248	$ 33,256,400
Business-Type Activities:			
Investment Earnings	$ 49,143	$ 89,958	$ 140,494
Miscellaneous	40,514	12,913	-
Transfers	-	881,000	1,130,492
Total Business-Type Activities	$ 89,657	$ 983,871	$ 1,270,986
Total Primary Government	$ 27,636,575	$ 32,657,119	$ 34,527,386
Change in Net Position			
Governmental Activities	$ 4,680,896	$ 9,361,065	$ 5,274,217
Business-Type Activities	(383,777)	(146,257)	403,394
Total Primary Government	$ 4,297,119	$ 9,214,808	$ 5,677,611

2008	2009	2010	2011	2012	2013	2014
$ 1,593,221	$ 1,383,173	$ 1,334,337	$ 1,224,466	$ 1,368,697	$ 1,260,906	$ 1,303,374
-	12,728	19,469	19,389	21,043	19,967	19,863
107,343	-			-		
$ 1,700,564	$ 1,395,901	$ 1,353,806	$ 1,243,855	$ 1,389,740	$ 1,280,873	$ 1,323,237
$ 11,978,082	$ 11,805,595	$ 11,576,162	$ 11,299,161	$ 11,157,688	$ 11,730,844	$ 12,457,054
$ (29,940,332)	$ (30,338,524)	$ (29,069,988)	$ (30,385,897)	$ (32,475,063)	$ (30,552,515)	$ (32,768,596)
242,124	(282,872)	(64,540)	(381,043)	(318,589)	(393,094)	(2,432,255)
$ (29,698,208)	$ (30,621,396)	$ (29,134,528)	$ (30,766,940)	$ (32,793,652)	$ (30,945,609)	$ (35,200,851)
$ 23,582,218	$ 24,437,262	$ 25,974,123	$ 25,709,393	$ 25,964,830	$ 26,009,209	$ 29,529,739
8,234,107	6,720,265	5,239,883	5,540,551	5,820,469	6,122,549	6,560,048
1,440,731	763,293	811,378	774,223	848,735	994,340	484,691
260,889	520,299	506,354	365,566	382,922	359,204	386,657
1,544,020	672,317	138,015	75,710	47,970	55,827	12,720
45,263	74,920	99,025	30,570			
(500,000)	(902,556)	(908,570)	(888,077)	(449,009)	(435,237)	(679,117)
$ 34,607,228	$ 32,285,800	$ 31,860,208	$ 31,607,936	$ 32,615,917	$ 33,105,892	$ 36,294,738
$ 119,778	$ 49,630	$ 5,471	$ 3,589	1,662	1,353	303
-	13,523	2,287	-	-	-	-
500,000	902,556	908,570	888,077	449,009	435,237	679,117
$ 619,778	$ 965,709	$ 916,328	$ 891,666	$ 450,671	$ 436,590	$ 679,420
$ 35,227,006	$ 33,251,509	$ 32,776,536	$ 32,499,602	$ 33,066,588	$ 33,542,482	$ 36,974,158
$ 4,666,896	$ 1,947,276	$ 2,790,220	$ 1,222,039	$ 140,854	$ 2,553,377	$ 3,526,142
861,902	682,837	851,788	510,623	132,082	43,496	(1,752,835)
$ 5,528,798	$ 2,630,113	$ 3,642,008	$ 1,732,662	$ 272,936	$ 2,596,873	$ 1,773,307

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

UNAUDITED

	2005	2006	2007	2008	2009
Property Tax	$ 18,577,018	$ 21,714,091	$ 22,672,983	$ 23,582,218	$ 24,437,262
Local Option Sales Tax	6,973,895	7,603,939	8,145,834	8,234,107	6,720,265
Other Taxes and Licenses	1,222,898	1,675,570	1,694,466	1,440,731	763,293
Total	$ 26,773,811	$ 30,993,600	$ 32,513,283	$ 33,257,056	$ 31,920,820

-

TABLE 3

2010	2011	2012	2013	2014
$ 25,974,123	$ 25,709,393	$ 25,964,830	$ 26,009,209	$ 29,529,739
5,239,883	5,540,551	5,820,469	6,122,549	6,560,048
811,378	774,223	848,735	994,340	484,691
$ 32,025,384	$ 32,024,167	$ 32,634,034	$ 33,126,098	$ 36,574,478

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

TABLE 4

UNAUDITED

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Fund										
Reserved	$ 20,510,489	$ 21,491,749	$ 17,116,364	$ 5,529,966	$ 4,771,176	$ 3,851,813	$ -	$ -	$ -	$ -
Designated	2,184,769	2,105,874	3,042,494	3,064,060	3,180,255	5,223,495	-			
Unreserved and Undesignated	4,377,022	6,145,790	10,524,826	8,575,637	9,758,729	10,261,746	-			
Non Spendable	-	-	-	-	-	-	13,007	16,215	40,893	40,733
Restricted	-	-	-	-	-	-	3,414,041	3,309,254	3,287,582	3,494,721
Committed	-	-	-	-	-	-	1,463,248	1,637,499	2,012,140	2,264,227
Assigned	-	-	-	-	-	-	3,547,977	4,513,591	4,320,436	5,227,709
Unassigned	-	-	-	-	-	-	11,889,227	11,562,233	12,302,809	12,519,329
Total General Fund	$ 27,072,280	$ 29,743,413	$ 30,683,684	$ 17,169,663	$ 17,710,160	$ 19,337,054	$ 20,327,500	$ 21,038,792	$ 21,963,860	$ 23,546,719
All other governmental funds										
Reserved	$ 896,945	$ 3,088,738	$ 1,255,698	$ 14,258,269	$ 6,515,367	$ 2,915,498	$ -	$ -	$ -	$ -
Designated for Subsequent Years	473,350	2,772,265	224,052	280,286	161,944	90,700	-	-	-	-
Unreserved and Undesignated, reported in:									-	-
Special revenue funds	492,127	870,888	1,193,880	1,205,703	557,518	852,935	-	-		
Capital projects funds	2,337,442	(3,128,502)	3,280,163	2,796,275	26,564	2,014,826	-	-	-	
Permanent fund	199,706	231,235	273,870	252,424	266,928	279,602	-	-	-	
Restricted	-	-	-	-	-	-	2,094,397	928,351	1,031,334	835,593
Committed:	-	-	-	-	-	-	2,494,240	2,005,876	1,121,482	1,066,628
Assigned:	-	-	-	-	-	-	291,042	289,852	267,993	160,344
Unassigned:	-	-	-	-	-	-	(3,170)	(10,173)	-	(100,663)
Total All Other Governmental Funds	$ 4,399,570	$ 3,834,624	$ 6,227,663	$ 18,792,957	$ 7,528,321	$ 6,153,561	$ 4,876,509	$ 3,213,906	$ 2,420,809	$ 1,961,902

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

UNAUDITED

	2005	2006	2007
Revenues			
Taxes:			
Property	$ 18,899,554	$ 21,747,101	$ 22,785,337
Sales	6,973,895	7,603,939	8,145,834
Other	1,318,894	1,675,570	1,694,466
Intergovernmental	7,825,317	9,759,300	7,091,932
Permits and Fees	475,629	560,452	681,158
Sales and Services	1,148,395	1,296,000	2,007,284
Donations and Grants			
Investment Earnings	608,142	1,136,247	1,688,093
Miscellaneous	487,187	2,943,137	334,452
Total Revenues	$ 37,737,013	$ 46,721,746	$ 44,428,556
Expenditures			
General Government	$ 4,457,415	$ 4,644,586	$ 5,555,278
Public Safety	7,889,570	8,142,194	9,196,175
Economic Development	1,410,642	1,563,634	1,499,832
Human Services	8,976,222	9,120,233	9,556,843
Culture and Recreation	1,106,312	1,270,693	1,494,744
Education	7,618,423	8,702,160	9,564,457
Capital Outlay	3,876,297	8,050,961	719,161
Debt Service:			
Principal	1,561,015	1,601,015	1,666,015
Interest	1,127,408	1,055,820	982,313
Bond Issuance Cost	-	-	-
Total Expenditures	$ 38,023,304	$ 44,151,296	$ 40,234,818
Excess of Revenues Over (Under) Expenditur	$ (286,291)	$ 2,570,450	$ 4,193,738
Other Financing Sources (Uses)			
Capital Lease Obligations Issued	-	-	-
Transfers In	$ 4,381,595	$ 7,987,805	$ 3,897,037
Transfers Out	(4,414,402)	(8,907,205)	(5,086,937)
Bond Proceeds	-	-	-
Proceed from Financing	-	-	-
Payment to Refunded Bond Escrow Agent	-	-	-
Proceeds from Sale of Assets	30,142	117,637	51,157
Proceeds from Law Suit	-	337,500	-
Total Other Financing Sources (Uses)	$ (2,665)	$ (464,263)	$ (1,138,743)
Net Change in Fund Balances	$ (288,956)	$ 2,106,187	$ 3,054,995
Capital Asset Expenditures	$ 3,876,297	$ 6,508,430	$ 1,713,907
Debt Service as a Percentage of Noncapital Expenditures	7.9%	7.1%	6.9%

TABLE 5

2008	2009	2010	2011	2012	2013	2014
$ 23,639,386	$ 24,448,844	$ 25,943,353	$ 25,788,102	$ 25,942,280	$ 26,058,814	$ 29,550,609
8,234,107	6,720,265	5,239,883	5,540,551	5,820,469	6,122,549	6,560,048
1,440,731	763,293	811,378	774,223	848,735	994,340	484,691
7,299,455	7,727,445	7,602,085	6,536,112	7,024,402	7,375,926	7,530,798
588,976	382,955	372,047	340,518	327,956	386,593	386,854
2,772,465	2,620,231	2,613,934	3,463,380	2,663,364	2,934,017	3,131,303
50,695	22,443	50	23,320	23,676	20,882	315,652
1,632,630	714,057	172,950	72,598	44,858	52,715	9,608
121,115	191,117	220,499	69,559	111,472	91,757	155,867
$ 45,779,560	$ 43,590,650	$ 42,976,179	$ 42,608,363	$ 42,807,212	$ 44,037,593	$ 48,125,430
$ 5,265,368	$ 4,981,840	$ 4,464,852	$ 4,869,425	$ 4,807,780	$ 4,391,102	$ 4,473,554
10,294,586	11,621,984	11,917,256	11,910,027	12,132,089	12,817,385	13,423,846
1,599,827	1,523,660	1,660,458	1,094,476	958,080	973,545	771,572
9,760,521	9,728,524	8,653,766	8,284,399	8,435,813	8,639,033	8,870,369
1,598,213	1,858,012	1,839,077	1,846,950	1,741,432	1,800,266	1,840,635
10,900,358	10,449,456	10,400,587	10,822,954	12,201,671	10,971,497	12,714,735
4,236,863	13,490,731	2,553,303	270,781	238,416	1,184,769	1,122,909
1,706,015	2,032,681	2,144,348	2,287,496	2,270,976	2,240,026	2,240,026
905,710	646,781	702,038	638,937	565,657	498,010	393,358
86,843	-	-	-	-		
$ 46,354,304	$ 56,333,669	$ 44,335,685	$ 42,025,445	$ 43,351,914	$ 43,515,633	$ 45,851,004
$ (574,744)	$ (12,743,019)	$ (1,359,506)	$ 582,918	$ (544,702)	$ 521,960	$ 2,274,426
-	$ -	$ -	$ -	$ 42,400	$ 45,248	$ -
$ 16,881,080	921,127	340,422	811,804	160,828	341,814	703,233
(17,441,441)	(1,881,699)	(1,248,992)	(1,699,881)	(609,837)	(777,051)	(1,382,350)
15,810,000	-	-	-	-	-	
-	2,900,000	1,297,778	-	-	-	
(15,668,890)	-	-	-	-	-	
45,263	74,920	19,120	18,553	-	-	
-	-	-	-	-	-	
$ (373,988)	$ 2,014,348	$ 408,328	$ (869,524)	$ (406,609)	$ (389,989)	$ (679,117)
$ (948,732)	$ (10,728,671)	$ (951,178)	$ (286,606)	$ (951,311)	$ 131,971	$ 1,595,309
$ 5,171,929	$ 14,891,453	$ 4,146,581	$ 906,651	$ 862,657	$ 1,959,372	$ 1,499,926
6.6%	6.5%	7.1%	7.1%	6.7%	6.6%	5.9%

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

UNAUDITED

	Assessed Real Property				
Fiscal Year	Residential Property	Commercial Property	Industrial Property	Present-Use Value Property	Business & Personal Property
2005	2,779,580,888	353,370,419	27,543,370	16,744,590	114,173,333
2006	2,862,453,961	366,696,222	25,575,362	17,098,010	101,061,658
2007	2,948,509,951	380,509,285	23,576,270	17,886,590	104,335,156
2008	3,076,368,614	399,253,678	22,203,760	17,664,820	120,695,865
2009	3,170,849,787	411,709,931	22,868,640	18,362,840	134,460,424
2010	4,764,318,694	629,514,046	23,918,710	28,502,210	146,576,514
2011	4,785,474,713	634,041,204	22,610,710	30,117,670	142,339,963
2012	4,836,410,339	644,224,921	19,543,080	35,363,310	131,701,081
2013	4,812,488,501	646,077,963	19,543,080	36,920,380	121,121,343
2014	4,850,300,603	651,579,476	19,543,080	38,076,950	122,470,128

Source: Annual County Report of Valuation and Property Tax Levies

Note: Property in the County was last reassessed for fiscal year 2010.
The rates are per $100 of assessed value.

TABLE 6

Motor Vehicles	Public Service Companies	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Sales Assessment Ratio
243,046,468	91,674,837	3,626,133,905	0.4800	3,928,213,525	92.31%
256,279,819	94,873,485	3,724,038,517	0.5400	4,541,510,387	82.00%
281,028,678	102,736,690	3,858,582,620	0.5400	5,030,090,757	76.71%
290,866,014	103,348,541	4,030,401,292	0.5400	5,056,330,814	79.71%
284,380,776	104,032,339	4,146,664,737	0.5400	4,163,318,009	99.60%
263,874,984	108,960,742	5,965,665,900	0.3949	5,999,865,131	99.43%
242,266,720	107,930,454	5,964,781,434	0.3949	6,039,061,895	98.77%
242,374,009	111,182,488	6,020,799,228	0.3949	6,023,811,134	99.95%
252,868,748	113,441,884	6,002,461,899	0.3949	5,846,363,981	102.67%
220,099,982	116,053,034	6,018,123,253	0.4369	5,803,397,544	103.70%

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

UNAUDITED

	2005	2006	2007	2008	2009
Transylvania County	$ 0.4800	$ 0.5400	$ 0.5400	$ 0.5400	$ 0.5400
Municipality Rates:					
City of Brevard	0.4950	0.4950	0.4950	0.4950	0.4950
Town of Rosman	0.4600	0.4600	0.4600	0.4600	0.4600
Fire Districts:					
Etowah-Horseshoe	0.0322	0.0316	0.0305	0.0291	-
Brevard	0.0250	0.0248	0.0257	0.0301	0.0331
Rosman	0.0690	0.0740	0.0758	0.0756	0.0877
Little River	0.0776	0.0797	0.0797	0.0797	0.0797
Connestee Falls	0.0562	0.0604	0.0604	0.0649	0.0697
Cedar Mountain	0.0928	0.1015	0.1059	0.1059	0.1150
Lake Toxaway	0.0299	0.0305	0.0305	0.0323	0.0359
Balsam Grove	0.1391	0.1391	0.1391	0.1391	0.1391
North Transylvania	0.1268	0.1242	0.1242	0.1242	0.1242

Source: Transylvania County Tax Department
Note: (1) Real property was revalued on January 1, 2002 and again on January 1, 2009.

TABLE 7

2010 (1)	2011	2012	2013	2014
$ 0.3949	$ 0.3949	$ 0.3949	$ 0.3949	$ 0.4369
0.3875	0.4325	0.4325	0.4325	0.4525
0.4100	0.4100	0.4100	0.4100	0.4100
-	-	-	-	-
0.0269	0.0269	0.0269	0.0316	0.0338
0.0626	0.0626	0.0649	0.0685	0.0756
0.0577	0.0577	0.0577	0.0577	0.0675
0.0494	0.0494	0.0512	0.0512	0.0551
0.0802	0.0756	0.0756	0.0756	0.0957
0.0275	0.0287	0.0287	0.0302	0.0328
0.0968	0.0968	0.0968	0.0968	0.1248
0.0911	0.0911	0.0911	0.0911	0.1116

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

UNAUDITED

		Fiscal Year 2014		
Taxpayer	**Type of Business**	**Assessed Valuation**	**Rank**	**Percentage of Total Assessed Valuation**
Duke Energy Corp	Electric utility	$ 55,466,521	1	0.92%
Champion Cattle & Tree Farm	Farming	47,639,238	2	
Citizens/Comporium Telephone	Communications utility	31,885,702	3	0.53%
Asheville Savings Bank SSB	Banking	23,335,050	4	
Brevard Retirement Investors	Retirement home facilities	22,498,210	5	0.37%
Haywood Electric Memb Corp	Electric utility	21,459,155	6	0.36%
Excelsior Packaging Group	Flexible packaging manufacturing	19,712,248	7	0.33%
159 Babcock Company LLC	Real estate development	17,870,570	8	0.30%
Davidson River Village LLC	Real estate development	15,371,140	9	0.26%
Lake Toxaway Company	Real estate development	15,112,170	10	0.25%
AGFA Corporation	X-ray film production			
Sapphire Lakes Inc	Real estate development			
Straus Park Development Co	Real estate development			
Coats American, Inc	Textiles Manufacturing			
Bear Wallow Springs Inc.	Real estate development			
Totals		$ 270,350,004		3.32%

Source: Transylvania County Tax Department

TABLE 8

	Fiscal Year 2005		
	Assessed Valuation	**Rank**	**Percentage of Total Assessed Valuation**
$	37,028,733	2	1.03%
	37,279,023	1	1.04%
	12,490,400	5	
	12,280,567	6	0.34%
	8,431,242	10	0.23%
	17,062,500	3	0.48%
	15,713,421	4	0.44%
	9,161,550	7	
	9,022,566	8	0.25%
	8,619,640	9	0.24%
$	167,089,642		4.05%

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
2005	17,323,399	17,014,243	98.22%	306,388	17,320,631	99.98%
2006	20,092,815	19,707,116	98.08%	373,692	20,080,808	99.94%
2007	20,727,898	20,575,914	99.27%	139,661	20,715,575	99.94%
2008	21,651,249	21,543,523	99.50%	98,003	21,641,526	99.96%
2009	22,365,367	22,248,962	99.48%	114,847	22,363,809	99.99%
2010	23,646,198	23,572,169	99.69%	65,037	23,637,206	99.96%
2011	23,615,556	23,496,491	99.50%	101,808	23,598,299	99.93%
2012	23,668,341	23,580,022	99.63%	70,309	23,650,331	99.92%
2013	23,704,178	23,627,172	99.68%	46,740	23,673,912	99.87%
2014	26,847,544	26,791,840	99.79%		26,791,840	99.79%

Source: Transylvania County Tax Department

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

UNAUDITED

	Governmental Activities					Business-type Activities
Fiscal Year	**General Obligation Bonds**	**General Obligation Bonds-Premium**	**Other Bonds**	**Installment Financing Contract**	**Capital Lease**	**Other Bonds**
2005	21,215,000	-	491,956	-	-	-
2006	19,650,000	-	455,941	-	-	-
2007	18,020,000	-	419,926	-	-	-
2008	16,460,000	-	383,911	-	-	-
2009	14,560,000	$ 26,702	347,897	$ 2,803,332	-	-
2010	12,645,000	23,590	1,609,659	2,610,000	-	-
2011	10,695,000	20,478	1,465,496	2,416,667	-	-
2012	8,770,000	17,366	1,321,333	2,223,334	$ 33,920	-
2013	6,885,000	14,254	1,177,170	2,030,001	61,638	
2014	5,000,000	11,142	1,033,007	1,836,668	44,108	

(1) Information not yet available for 2013

TABLE 10

Total Primary Government	Percentage of Personal Income (1)	Per Capita
21,706,956	2.89%	731
20,105,941	2.38%	673
18,439,926	2.10%	607
16,843,911	1.77%	548
17,737,931	1.74%	572
16,888,249	1.63%	543
14,597,641	1.43%	441
12,365,953	1.23%	372
10,168,063	0.95%	306
7,924,925		239

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: General Obligation Bonds	General Obligation Bonds-Premium	Less: Amounts Available in Debt Service Funds	Total	Percentage of Personal Income	Percentage of Actual Taxable Value of Property	Per Capita
2005	21,215,000	-	-	21,215,000	2.82%	0.59%	714
2006	19,650,000	-	-	19,650,000	2.33%	0.53%	658
2007	18,020,000	-	-	18,020,000	2.05%	0.47%	594
2008	16,460,000	$ 29,814	-	16,489,814	1.73%	0.41%	535
2009	14,560,000	26,702	-	14,586,702	1.43%	0.35%	471
2010	12,645,000	23,590	-	12,668,590	1.23%	0.21%	407
2011	10,695,000	20,478	-	10,715,478	1.05%	0.18%	324
2012	8,770,000	17,366	-	8,787,366	0.87%	0.15%	264
2013	6,685,000	14,254	-	6,699,254	0.62%	0.11%	202
2014	5,000,000	11,142	-	5,011,142		0.08%	151

Notes: Details regarding the County's outstanding debt can be found in the notes to the basic financial statements.
See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property for property value data.
Calendar 2012 personal income not available to calculate fiscal year 2013.

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

TABLE 12

UNAUDITED

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Debt Limit	$ 287,748	$ 297,598	$ 306,056	$ 319,586	$ 331,061	$ 475,559	$ 477,794	$ 479,109	$ 480,073	$ 492,518
Total Net Debt Applicable to Debt Limit	21,720	20,112	18,446	16,849	17,711	16,865	14,598	12,366	10,168	7,925
Legal Debt Margin	$ 266,028	$ 277,486	$ 287,610	$ 302,737	$ 313,350	$ 458,694	$ 463,196	$ 466,743	$ 469,905	$ 484,593
Total Net Debt Applicable to Debt Limit as a Percentage of Debt Limit	7.5%	6.8%	6.0%	5.3%	5.3%	3.5%	3.1%	2.6%	2.1%	1.6%

Legal Debt Margin Calculation for Fiscal Year 201

Total Assessed Value	$ 6,156,481
Debt Limit (8% of Total Assessed Value)	$ 492,518
Amount of Debt Applicable to Debt Limit:	
Total Bonded Debt	$ 6,044
Installment Contracts	1,837
Capital Leases	44
Total Amount of Debt Applicable to Debt Limit	$ 7,925
Legal Debt Margin	$ 484,593

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 prinicipal. The legal debt margin is the difference

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

TABLE 13

UNAUDITED

Fiscal Year Ended June 30	Population(1)	Personal Income (2)	Per Capita Personal Income (2)	Public School Enrollment(3)	Unemployment Rate(4)	Number of Building Permits Issued(5)
2005	29,714	751,853	25,530	3,787	5.80%	271
2006	29,880	844,129	28,487	3,808	4.00%	311
2007	30,360	880,111	29,642	3,799	4.30%	268
2008	30,760	953,613	31,837	3,775	4.80%	184
2009	30,991	1,018,379	33,771	3,759	8.60%	113
2010	31,095	1,033,164	34,207	3,663	8.60%	111
2011	33,090	1,023,272	30,937	3,554	8.80%	86
2012	33,275	1,007,674	30,703	3,531	9.60%	78
2013	33,188	1,073,785	32,689	3,567	8.80%	71
2014	33,220			3,517	6.20%	72

Data Sources:

(1) Population projections from the N.C. Planning Office, using the 2013 certified number for 2014, 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. Employment Security Commission.
(5) Number of permits issued from the Transylvania County Building Permitting and Enforcement Department.

Transylvania County
Principal Employers
Current Year and Nine Years Ago

TABLE 14

UNAUDITED

	2014			2005		
Employer	**Employees**	**Rank**	**Percentage of Total County Employment**	**Employees**	**Rank**	**Percentage of Total County Employment**
Transylvania County Board of Education	513	1	4.2%	550	1	4.6%
Transylvania Health System, Inc.	356	2	2.9%	530	2	4.4%
Transylvania County Government	336	3	2.8%	328	3	2.7%
Brevard College	197	4	1.6%	228	4	1.9%
Ingles Markets, Inc	177	5	1.5%	140	9	1.2%
Gaia Herbs	153	6	1.3%			
Transylvania Vocational Services	128	7	1.1%	150	8	1.2%
M-B Industries	116	8	1.0%	208	5	1.7%
The Oaks Retirement Home	97	9	0.8%	120	10	1.0%
City of Brevard	93	10	0.8%			
Wal-Mart Associates Inc.				187	6	1.6%
Brian Center				150	7	1.2%

Source: Transylvania County Economic Development Department and Employment Security Commission and information provided directly by employers.

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

UNAUDITED

Function	2005	2006	2007	2008	2009	2010
Governmental Activities						
General Government	46	47	45	46	48	50
Public Safety	111	113	116	126	131	130
Transportation	9	9	9	9	9	9
Economic and Physical Development	4	3	3	3	3	3
Environmental Protection	2	2	2	2	2	2
Human Services	94	92	92	93	94	95
Cultural and Recreation	28	30	32	32	27	27
Total Governmental Activities	294	296	299	311	314	316
Business-Type Activities						
Solid Waste	19	18	18	18	19	19
Total Business-Type Activities	19	18	18	18	19	19
Total All	313	314	317	329	333	335

Source: County Human Resources Department

Note: This schedule represents the number of persons employed as of June 30 of each year. Vacant positions a

TABLE 15

2011	2012	2013	2014
46	49	48	48
130	137	139	137
9	9	9	9
2	2	2	3
2	2	2	2
90	90	90	92
27	29	29	29
306	318	319	320
17	16	16	16
17	16	16	16
323	334	335	336

ıre not included in the above numbers.

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

UNAUDITED

Function/Program	2005	2006	2007	2008	2009
General government					
Registered Voters	21,406	22,336	21,880	22,203	22,926
Number of Tax Bills (excl motor vehicles)	29,666	30,017	30,139	30,856	30,650
Public Safety					
Crime Rate/1000 Citizens (calendar year)	13.35	13.71	17.04	18.11	18.20
911 Calls	27,085	28,896	30,629	32,585	35,142
Building Permits Issued*	1,238	1,297	1,238	1,215	1,036
Planning					
Subdivisions approved	6	14	12	12	24
Culture and Recreation					
Library Material Circulation	243,966	259,873	303,650	314,667	329,208
Solid Waste					
Tons disposed	28,302	26,732	28,090	28,912	23,828

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

TABLE 16

2010	2011	2012	2013	2014
23,516	23,224	24,070	24,028	24,017
30,615	30,207	30,159	30,159	30,136
22.42	19.22	17.82	19.88	N/A
44,361	47,944	49,045	48,094	47,001
1,133	1,160	1,034	1,070	1,100
18	3	0	3	9
340,378	352,980	361,519	353,015	349,162
22,328	19,495	21,578	19,935	21,302

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

UNAUDITED

Function/Program	2005	2006	2007	2008	2009	2010	2011
Public Safety:							
Sheriff Department							
Stations	1	1	1	1	1	1	1
Patrol vehicles	49	54	61	64	64	66	66
Culture and Recreation:							
Libraries	1	1	1	1	1	1	1
Parks	4	4	4	4	4	4	6
Acreage	55	55	55	55	55	55	74
Athletic fields	6	6	7	7	7	7	7
Recreation centers	1	1	1	1	1	1	1

TABLE 17

2012	2013	2014
1	1	1
66	66	66
1	1	1
6	6	6
74	74	74
9	9	9
1	1	1

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