

**TRANSYLVANIA COUNTY
NORTH CAROLINA**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2012

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TRANSYLVANIA COUNTY, NORTH CAROLINA

Comprehensive Annual Financial Report

For the Year Ended June 30, 2012

Prepared by the Finance Department

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**TRANSYLVANIA COUNTY
NORTH CAROLINA**

JUNE 30, 2012

BOARD OF COUNTY COMMISSIONERS

MIKE HAWKINS, CHAIR

LARRY CHAPMAN, VICE CHAIR

JASON CHAPPELL

DARYLE HOGSED

KELVIN PHILLIPS

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, 2012

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**INTRODUCTORY
SECTION**

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BOARD OF COMMISSIONERS
Mike Hawkins, Chair
Larry Chapman, Vice-Chair
Kelvin Phillips
Jason Chappell
Daryle Hogsted



COUNTY MANAGER
Arthur C. Wilson, Jr.
828-884-3100
Fax 828-884-3119
828-884-3107
21 East Main Street
Brevard, NC 28712

Transylvania County

November 13, 2012

The Board of Commissioners
Transylvania County
North Carolina

The Comprehensive Annual Financial Report of Transylvania County for the fiscal year ended June 30, 2012, 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 unqualified 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.

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.

Based on projections from the NC Planning Office, the population of Transylvania County as of June 30, 2012, was 33,315. 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 28% 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 46% is allocated to public safety and 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, Blue Ridge Community College, and Western Highlands Network Mental Health Local Management Entity.

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 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. The downturn in the national economy has impacted these sectors to varying degrees. As of June 30, 2012, the county's unemployment rate was 9.6%, more than the prior year-end's rate of 8.8% but less than the statewide average of 9.9%.

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, mountain biking, kayaking, fishing, and other outdoor activities. 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 as well. 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 2011 travel and tourism contributed \$77.32 million to the local economy, including \$13.6 million in payrolls and \$7.1 million in tax revenues – or 7.8% more than in 2010. Local occupancy tax receipts that grew by 11.7% from FY 11 to FY 12 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 has been more insulated from the national recession than other sectors. After increasing in 2009, the number of people working for health care providers and related facilities has settled at approximately 1,500. With a full-time staff of around 450, Transylvania Regional Hospital (TRH) is the county's largest private sector employer and has an annual payroll of \$26 million. In 2011 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. Next spring DaVita, Inc. will open a dialysis center in Brevard that will provide not only critically needed dialysis treatment for patients but also new high-quality jobs for the community. Another significant contributor to the area's financial condition is Brevard College. Founded here in 1853, the four-year liberal arts college boosts the economy both through local purchases and employment opportunities. This fall the college welcomed its largest incoming class in 15 years, raising its total enrollment to 633. Brevard College, Blue Ridge Community College's local campus, and the Transylvania County school system combined employ approximately 700 people. A charter school and a number of church-affiliated schools offer other educational options and additional jobs. Another 400+ individuals work for City and County government. The County anticipates this sector of the economy to remain relatively constant.

Compared to FY 11, Transylvania County's taxable retail sales grew by 1.2%. This is the second consecutive year retail sales have improved, creating some optimism that the recession has ended here. Three of six major business groups reported increases – food, furniture, and general merchandise, while the other half – apparel, automotive, and lumber and building supplies - saw decreases. Based on the most recent labor statistics issued by the North Carolina Commerce, Labor and Economic Analysis Division, 16.3% of the local labor force works in this sector, the same as a year ago. During the past 12 months, however, several new businesses have opened including three restaurants, a music venue, a wine shop, and a specialty grocery store. A Tractor Supply Co. is scheduled to open this winter. Retail activity shows signs of continuing to strengthen in the current fiscal year, with taxable sales for July and August a little higher than for the first two months of FY 12.

The construction and real estate development sector has been the sector 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 declined again slightly in FY's 11 and 12. Nevertheless, over the last five years \$212 million in new construction has been permitted and added to the tax base. Ninety-two percent of the structures have been residential, with many of them being retirement or second homes. The number of residential renovations and alterations has actually grown in recent years, rising by 8% in FY 11 and maintaining that volume for FY 12. Based on the latest employment records available, the percent of the local work force involved directly in construction has held at 5.1% for both 2010 and 2011. An additional 2%-3% participate in the financial, insurance, and real estate activities that support building and land development. This percent has not changed over the past couple of years. Through October the number of permits issued for new construction is up 32% over the first four months of FY 12, suggesting a reversal of the downward trend in this sector.

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 improvements in the business climate. The industrial base now consists of a number of small manufacturers that collectively employ approximately 600 people. The largest of these, Gaia Herbs with 144 employees, is a vertically integrated grower and producer of organic herbal products. Over the past few years, the company has increased both its product lines and plant capacity. Another manufacturer with a 100+ workforce is M-B Industries, which moved to the County in 1962 and makes metal stampings, wire forms, and precision tooling for a wide array of customers. Some of the area manufacturers such as Genie Products, Smith Systems, and Sylvan

Sports have reported recent increases in orders and announced plans to invest in new machinery, equipment, and facilities. There are also two new members of the County's manufacturing sector: Brevard Brewing Company, a brewpub that is a startup venture, and Oskar Blues, a privately-owned craft brewery that is expanding its Colorado-based operations. Oskar Blues plans to employ 75 to 100 people and produce and distribute 40,000 barrels of beer in 2013 and up to 85,000 barrels annually in the future. Along with the breweries come opportunities to develop other businesses to convert by-products into agricultural supplements and bio-fuel. As the County seeks to bolster the manufacturing component of the economy, attention is being focused on smaller companies, particularly those started by local entrepreneurs and those that are environmentally friendly and 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 last year, 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 working with the current owner of the property to evaluate proposed uses for it, which include manufacturing, retail, hospitality, and residential, and to obtain necessary infrastructure to support its redevelopment.

RESPONSE TO ECONOMIC CONDITIONS

The Board of Commissioners has striven to balance citizens' needs and expectations for services with taxpayers' ability to fund them. Since FY 08 when the recession began, budgeted spending from the General Fund has been reduced by 4.9%. During FY 09, in anticipation of revenue shortfalls beyond its control, County management scrutinized costs that were within its control and cut spending by 3%. As the recession lingered, Commissioners passed a budget for FY 10 expenditures that was 7.4% below the prior year's original budget and a budget for FY 11 that allowed for just 1.6% growth in spending. For FY 12, with only a gradual recovery forecast and ongoing concerns about State and federal funding, the Board again reduced the budgeted General Fund expenditures, this time by 1.7%. FY 13 appropriations reflect a modest 1.5% increase in General Fund expenditures, driven by a 3.0% raise for employees (the first since 2008) and funding for capital items that could no longer be delayed. Although lean, the budget approved for FY 13 funds the County's departments sufficiently to provide basic core services and meet State and federal requirements. The Board of Commissioners did not raise the ad valorem tax, opting instead to compensate for a projected deficit by controlling expenditures and withdrawing monies from fund balance. The goal of operating County government more efficiently and economically is actively and consistently promoted throughout all levels of the organization.

MAJOR INITIATIVES

For The Year:

Recreation

During FY 12 the County continued work on a community park near Rosman. The site has 22 acres leased to the County for 30 years for this purpose. The park will fill 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. In addition, the proposed facility will increase the total number of ball fields available for the many sports programs offered by

different organizations in 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 has been 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. Shortly thereafter, the Board of Commissioners appropriated monies to proceed with a portion of Phase II to install backstops and outfield fencing so that the baseball fields would be ready for the spring season.

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. County staff expects to be notified in early 2013 whether or not a PARTF grant will be awarded that would provide matching funds for the \$362,700 required to complete Phases II through IV.

Tax Administration and Register of Deeds

Prior to May 2012 the Tax Administration and Register of Deeds offices were located in the Courthouse, giving rise to a number of concerns. Space available for these functions was inadequate in both size and configuration, which made it cramped for the public as well as employees and limited operating efficiencies and customer service. In addition, because of security measures, congestion in the lobby and hallways, and lack of parking due to court-related activities, this location was not welcoming or easily accessible for citizens wishing to conduct business with the County offices. To alleviate these problems, the Commissioners approved renovating the building formerly occupied by the Sheriff's Department and moved the Tax Administration and Register of Deeds offices to this site.

To reduce the cost of the project, the County used the separate-prime contract method and acted as its own general contractor. The actual cost of the project came in under the \$344,050 appropriated for it from the General Capital Projects Fund and significantly under the original estimate of \$500,000.

For The Future:

Animal Shelter

In August 2012 Transylvania County held a groundbreaking ceremony for a new animal shelter to replace its 50 year old facility. The architectural plans for the new shelter incorporate recommendations made by County staff and an advisory committee consisting of veterinarians, leaders of local animal advocacy groups, and other interested citizens. Approximately twice the size of the existing structure, the facility has been designed to meet Animal Welfare Act shelter standards and will be built with separate air handling systems for different zones to prevent the spread of disease and with interior and exterior acoustical features to minimize noise transmission. To improve public access and increase adoptions, the new Animal Shelter will also include reception and viewing areas segregated from animal control areas. This past May the County issued Invitations for Bids for construction of the shelter, and in July the Board of Commissioners awarded the contract and approved a budget of \$1.145 million for the project.

Funding for the project will be provided through a public/private partnership. The County will contribute \$750,000 that was previously designated in the General Capital Projects Fund for this purpose; the City of Brevard has pledged \$100,000; and a non-profit organization named the Friends of the Animal Shelter will make up the balance, having already raised over \$300,000 in private donations.

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 mitigate 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 needs. The first two of these were addressed in prior years; and as mentioned earlier, this past fiscal year the Board of Commissioners turned its attention to Courthouse issues by moving non-court related functions to another building. While the Board acknowledges that the County will eventually need to construct a new Courthouse, it also recognizes that such a major undertaking is not prudent under current budgetary constraints and economic conditions. As an interim solution, the Board has opted to renovate the areas vacated by the Tax Administration and Register of Deeds offices to provide more room for court-related personnel and judicial proceedings. The offices currently occupied by the Administrative Office of the Courts will be remodeled as well to improve their functionality. The County recently received bids for this project, which will be paid for from funds restricted in the General Fund for court facilities.

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.

The County, in conjunction with the Economic Development Advisory Board, also prepares, issues, and implements an Economic Development Strategic Plan on a three-year cycle. As stated in the plan, its purpose is to “actively support a diverse mixture of existing and new businesses in order to retain and create new jobs, increase the tax base, and promote an attractive community that is responsive, caring, and sustainable.” The plan is reviewed annually, quantifiable results measured against goals, and County services and activities adjusted, if needed, to increase effectiveness. The latest strategic plan covers the period 2010-2012. Work on the 2013-2015 plan is in its initial stages.

To augment the strategic plan, the Board of Commissioners agreed last spring to collaborate with other local governments and agencies on a comprehensive long-range economic development vision that will address the common goals of their constituents. Representatives from the County, City of Brevard, Town of Rosman, school system, Chamber of Commerce, Economic Development Advisory Board, and other stakeholders in the community, have met and initiated this visioning process. Their objectives include:

- determining what kind of economic development is needed, desirable, and feasible for the long-term;
- evaluating current economic development measures;
- identifying economic development constraints;
- devising specific strategies to mitigate these and to capitalize on existing strengths and resources; and
- raising community awareness and support for the economic development process.

The County expects this coordinated, targeted effort to result in a unified vision for ongoing economic development and a realistic strategy for achieving it and building on it for years to come.

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, 2011. (This was the 25th 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 County Manager, Artie Wilson, and to 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
Finance Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Transylvania County
North Carolina

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



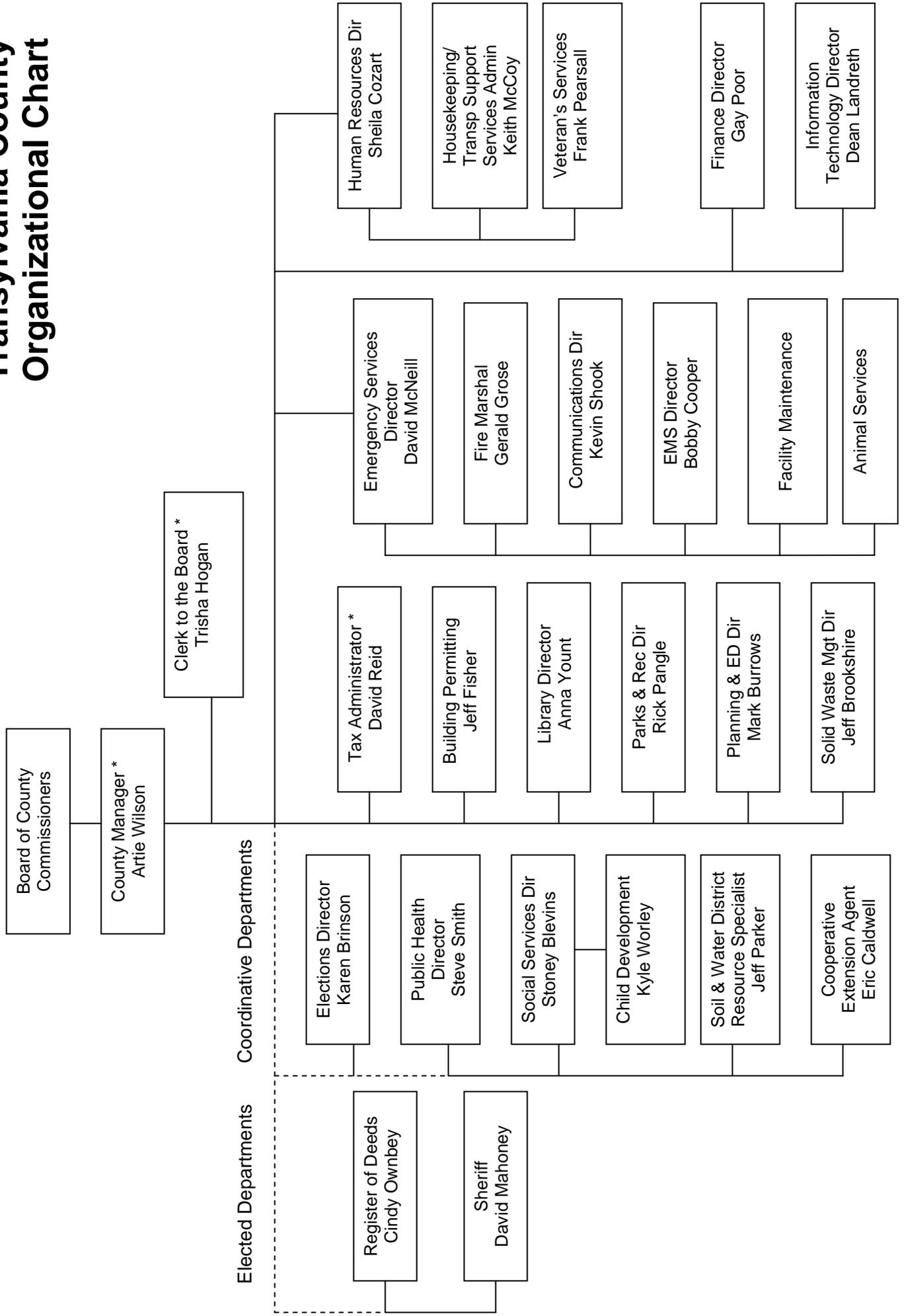
Linda C. Davison

President

Jeffrey R. Emer

Executive Director

Transylvania County Organizational Chart



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**FINANCIAL
SECTION**

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

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

INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners
Transylvania County, North Carolina

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Transylvania County, North Carolina, as of and for the year ended June 30, 2012, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Transylvania County's management. Our responsibility is to express an opinion on these basic 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 basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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, each major fund, and the aggregate remaining fund information of Transylvania County, North Carolina, as of June 30, 2012, and the respective changes in financial position and cash flows, where appropriate thereof, and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 13, 2012, on our consideration of Transylvania County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit prepared in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Law Enforcement Officers' Special Separation Allowance 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 Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide assurance.

Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements of Transylvania County, North Carolina, as a whole. The introductory section, combining and individual fund financial statements, budget and actual schedules, supplemental ad valorem tax schedules, and statistical tables 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, 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain other procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subject to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
November 13, 2012

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, 2012. 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

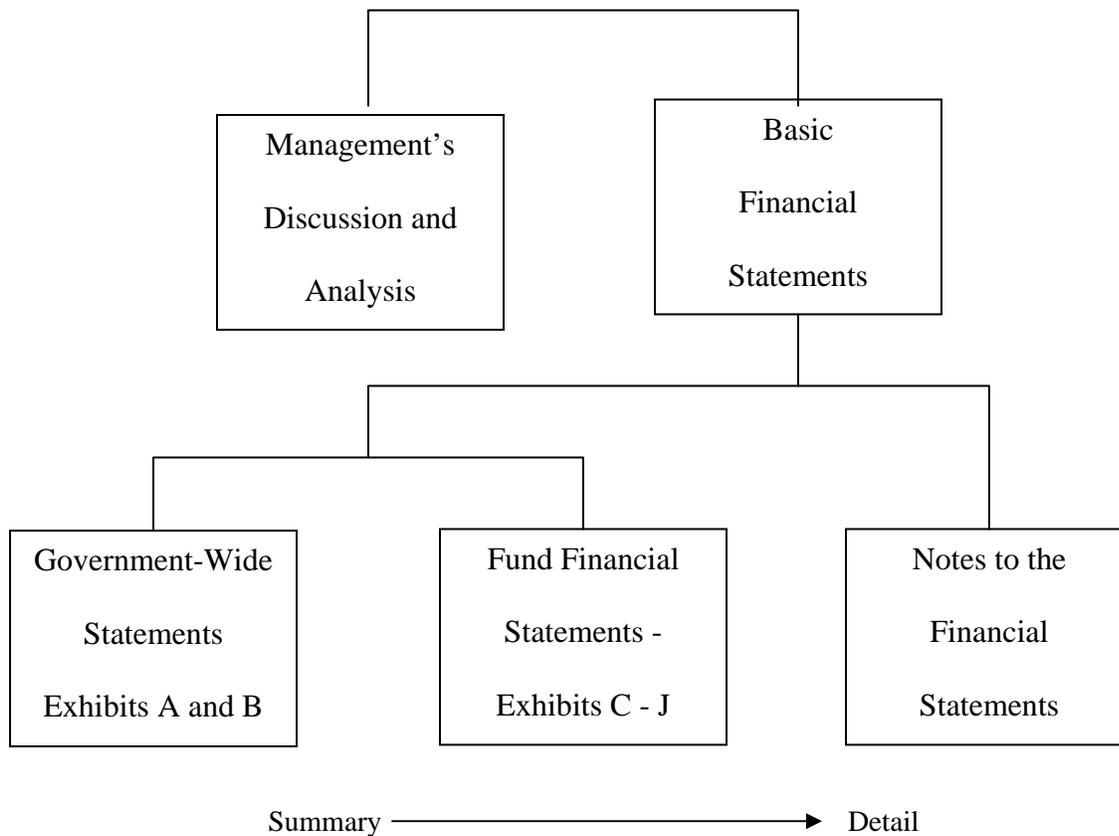
- The assets of the County exceeded its liabilities at the end of fiscal year 2012 by \$55,567,243 (*net assets*). Of this amount, \$10,146,713 (18.3 percent) is unrestricted and, therefore, may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets increased by \$272,936, with \$140,854 (51.6 percent) attributable to governmental activities and \$132,082 (48.4 percent) attributable to business activities.
- At the close of the fiscal year, the County's governmental funds reported combined fund balances of \$24,252,698, a decrease of \$951,311 in comparison to the prior year. Approximately 17.6 percent of the balance, or \$4,253,820, is restricted or nonspendable. Another 34.8 percent, or \$8,446,818, is either committed or assigned for specific purposes, leaving the remaining \$11,552,060, 47.6 percent, unassigned.
- The County's General Fund balance increased by \$711,292 to finish the year at \$21,038,792. The unassigned amount of this balance is \$11,562,233, which represents 29.4 percent of total General Fund expenditures and transfers out for the fiscal year.
- The County achieved an ad valorem tax collection rate of 99.63 percent in fiscal year 2012, versus 99.50 percent the previous year and the statewide average in fiscal year 2011 of 97.17 percent.
- As of June 30, 2012, the County had long-term outstanding debt of \$12,365,953, down \$2,231,688, or 15.3 percent, from the prior year. The only new debt assumed by the County during fiscal year 2012 was a five-year capital lease for equipment for Emergency Medical Services.
- 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.

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 assets at the end of the year and how they have changed during the year. The *Statement of Net Assets* (Exhibit A) shows the County's total assets and total liabilities, with the difference between the two reported as net assets. Net assets are grouped into three categories based on their availability for funding ongoing obligations: (1) invested in capital assets net of related debt, (2) restricted, and (3) unrestricted. The *Statement of Activities* (Exhibit B) shows what caused the County's net assets 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 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 16 to 18 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 Assets* 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 35-38 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 Assets*, (2) the *Statement of Revenues, Expenses, and Changes in Fund Net Assets*, 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 28 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 60 about funding of Transylvania County's pension and other post-employment benefit obligations. The next section provides more detailed information about

the major and nonmajor 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 assets, and particularly changes in net assets over time, may serve as an indicator of a government's financial condition. As of June 30, 2012, Transylvania County's government-wide assets exceeded liabilities by \$55,567,243, reflecting growth of \$272,936 in total net assets as a result of financial activities during fiscal year 2012. Total assets decreased by \$1,268,693, led by a reduction in net capital assets of \$1,000,967 and of \$266,746 in cash balances. Total liabilities, however, decreased by even more - \$1,541,629, due to \$1,691,330 in reductions in long-term debt that more than offset increases in short-term obligations.

Transylvania County's Net Assets
Figure 2

	Governmental Activities		Business-type Activities		Government-wide Total	
	2012	2011	2012	2011	2012	2011
Current and other assets	\$ 26,231,426	\$ 27,007,163	\$ 5,556,129	\$ 5,048,118	\$ 31,787,555	\$ 32,055,281
Capital assets	39,607,422	40,381,782	3,859,314	4,085,921	43,466,736	44,467,703
Total assets	\$ 65,838,848	\$ 67,388,945	\$ 9,415,443	\$ 9,134,039	\$ 75,254,291	\$ 76,522,984
Long-term liabilities outstanding	\$ 14,312,351	\$ 16,151,290	\$ 3,311,551	\$ 3,163,942	\$ 17,623,902	\$ 19,315,232
Other liabilities	1,985,346	1,837,358	77,800	76,087	2,063,146	1,913,445
Total liabilities	\$ 16,297,697	\$ 17,988,648	\$ 3,389,351	\$ 3,240,029	\$ 19,687,048	\$ 21,228,677
Net assets:						
Invested in capital assets, net of related debt	\$ 37,350,168	\$ 37,965,115	\$ 3,859,314	\$ 4,085,921	\$ 41,209,482	\$ 42,051,036
Restricted	4,211,048	4,337,434	-	-	4,211,048	4,337,434
Unrestricted	7,979,935	7,097,748	2,166,778	1,808,089	10,146,713	8,905,837
Total net assets	\$ 49,541,151	\$ 49,400,297	\$ 6,026,092	\$ 5,894,010	\$ 55,567,243	\$ 55,294,307

Net *capital* assets make up the largest category – 74.2 percent – of the government-wide total net assets 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. As depreciation exceeded new investment in fiscal year 2012, net capital assets for the County as a whole decreased by \$841,554 - \$614,947 for governmental activities and \$226,607 for business-type activities.

Another portion of the County's net assets, \$4,211,048 or 7.6 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 account for \$2,804,933 of this category of assets, which also includes fire district and occupancy taxes and moneys received for court facilities, E911 Communications, and Register of Deeds enhancements. Restricted net assets, all of which are reported in governmental activities, decreased by \$126,386, as funds were withdrawn and used for their specified purposes during the fiscal year.

The remaining government-wide balance for net assets, \$10,146,713 (18.2 percent), is unrestricted and therefore available to meet the County's ongoing obligations. As a result of fiscal year 2012 transactions, unrestricted net assets grew by 13.9 percent, or \$1,240,876. The \$882,187 increase in unrestricted net assets for governmental activities is the combination of the \$140,854 surplus from operations; the release of \$614,947 previously invested in capital assets, net of depreciation; and the shift of \$126,386 no longer held as restricted funds. The \$358,689 increase in unrestricted net assets for business activities, likewise, resulted from a release of \$226,607 from net capital assets plus \$132,082 in surplus funds reported for fiscal year 2012.

Transylvania County's Changes in Net Assets
Figure 3

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Revenues:						
Program revenues:						
Charges for services	\$ 3,091,115	\$ 3,882,624	\$ 1,368,697	\$ 1,224,466	\$ 4,459,812	\$ 5,107,090
Operating grants and contributions	6,596,670	6,130,433	21,043	19,389	6,617,713	6,149,822
Capital grants and contributions	80,163	42,249	-	-	80,163	42,249
General revenues:						
Property taxes	25,964,830	25,709,393	-	-	25,964,830	25,709,393
Other taxes	6,669,204	6,314,774	-	-	6,669,204	6,314,774
Grants and contributions unrestricted to specific programs	382,922	365,566	-	-	382,922	365,566
Other	47,970	106,280	1,662	3,589	49,632	109,869
Total revenues	\$ 42,832,874	\$ 42,551,319	\$ 1,391,402	\$ 1,247,444	\$ 44,224,276	\$ 43,798,763
Expenses:						
General government	\$ 5,083,686	\$ 5,155,747	\$ -	\$ -	\$ 5,083,686	\$ 5,155,747
Public safety	12,979,401	12,386,788	-	-	12,979,401	12,386,788
Transportation	450,591	396,460	-	-	450,591	396,460
Economic and physical development	959,314	1,096,501	-	-	959,314	1,096,501
Human services	8,169,147	8,069,619	-	-	8,169,147	8,069,619
Cultural and recreation	1,847,675	1,904,003	-	-	1,847,675	1,904,003
Education	12,201,671	10,822,954	-	-	12,201,671	10,822,954
Interest on long-term debt	551,526	609,131	-	-	551,526	609,131
Landfill	-	-	1,708,329	1,624,898	1,708,329	1,624,898
Total expenses	\$ 42,243,011	\$ 40,441,203	\$ 1,708,329	\$ 1,624,898	\$ 43,951,340	\$ 42,066,101
Increase in net assets before transfers	\$ 589,863	\$ 2,110,116	\$ (316,927)	\$ (377,454)	\$ 272,936	\$ 1,732,662
Transfers	\$ (449,009)	\$ (888,077)	\$ 449,009	\$ 888,077	\$ -	\$ -
Increase in net assets	\$ 140,854	\$ 1,222,039	\$ 132,082	\$ 510,623	\$ 272,936	\$ 1,732,662
Net assets, July 1	\$ 49,400,297	\$ 48,532,024	\$ 5,894,010	\$ 5,383,387	\$ 55,294,307	\$ 53,915,411
Prior period adjustment	\$ -	\$ (353,766)	\$ -	\$ -	\$ -	\$ (353,766)
Net assets, June 30	\$ 49,541,151	\$ 49,400,297	\$ 6,026,092	\$ 5,894,010	\$ 55,567,243	\$ 55,294,307

Governmental activities – At the end of fiscal year 2012, the County’s governmental activities reported net assets of \$49,541,151 - \$140,854 or 0.3 percent higher than the prior year. While the increase in revenues and the cost control measures highlighted on page 10 contributed to this surplus, a 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. In effect, these revenues of \$3,133,633 dropped directly to net assets. 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 assets by \$1,807,780. The use of Qualified School Construction Bond (QSCB) proceeds recorded in a prior year further reduced net assets by \$1,142,036. Please refer to Exhibit E on page 23 for a complete list of reporting differences and their impact.

Total net assets grew less in fiscal year 2012 than they had in the prior year. Although revenues were higher by \$281,555, expenses and transfers were also higher – by \$1,362,740. Boosted by increases in Medicaid Hold Harmless funds (\$224,760) and property taxes (\$255,437), general revenues rose by \$568,913. Program revenues, in contrast, fell by \$287,358 driven by a \$791,509 drop in charges for services. A change in the accounting presentation of employee health insurance premiums caused \$504,218 of this decrease, with a reduction in jail fees for housing other counties’ inmates making up most of the remainder. Partially offsetting this was a \$504,151 increase in restricted grants and contributions, particularly State and federal funding for Social Services and Public Health programs (\$413,267). Although overall expenses exceeded fiscal year 2011 levels, only two functions saw substantial increases: Public Safety and Education. The County took advantage of a limited opportunity to use NC 911 funds for public safety equipment not normally deemed eligible expenses. These purchases, combined with the first full year of depreciation on the new Public Safety Facility, generated most of the \$592,613 addition in Public Safety expenses. Spending for Education grew by \$1,378,717 with the completion of the QSCB-funded Career and Technical Education facility (\$1,142,036) and an increase in the County’s appropriations for the local school system. The transfer to business-type activities decreased by \$439,068. Lower utilization of the landfill in recent years has extended its useful life and, thereby, reduced the annual amount transferred to be set aside for closure and post-closure care costs and the construction of the next cell.

In fiscal year 2012, charges for services, grants, and contributions covered 23.1 percent of the expenses of governmental activities and comprised 22.8 percent of total revenues. In fiscal year 2011 these external revenue sources supported 24.9 percent of the cost of governmental activities and made up 23.6 percent of total revenues.

Business-type activities. Transylvania County’s business-type activities also reported an increase in net assets – of \$132,082 or 2.2 percent - to close the year with a balance of \$6,026,092. The factors that generated this addition are discussed on page 12.

Net assets for business-type activities also grew less in fiscal year 2012 than in the previous year, primarily because of the reduction in the transfer from governmental activities mentioned above. There was, however, a \$144,231 addition to charges for services as the volume of waste disposed increased by 10.7 percent over the prior year. Through tipping and recycling fees, users of the solid waste facility paid 86.9 percent of operating expenses (excluding closure and post-closure care costs) in fiscal year 2012, versus 77.3 percent in fiscal year 2011, and contributed approximately 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 page 12 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 nonmajor. The General Fund is always considered a major fund; no other funds met the criteria for this classification in fiscal year 2012. The nonmajor governmental funds consist of Capital Projects Funds, Special Revenue 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 \$21,038,792, with \$16,215 nonspendable and \$2,698,787 restricted for Stabilization by State statute. Another \$610,467 is restricted by general statutes for court facilities (\$319,332), technological enhancements in the Register of Deed's Office (\$121,965), and by grant requirements and other external restrictions. Of the remainder, \$1,637,499 is committed by the Board of Commissioners for post-employment health benefits for employees (\$1,012,546) and pension payments for retired law enforcement officers (\$624,953). An additional \$4,513,591 is assigned for specific uses, including \$1,363,044 for employee health insurance, \$1,028,391 for accrued vacation, \$1,003,172 for fiscal year 2013 expenditures, and \$500,000 for space needs. The rest of the fund balance, \$11,562,233, or 55.0 percent of the total, is 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 29.4 percent and total fund balance represents 53.6 percent of expenditures and transfers for fiscal year 2012. The comparable figures for fiscal year 2011, respectively, are 29.9 percent and 51.0 percent.

The General Fund balance grew during fiscal year 2012 by \$711,292 (3.5 percent), versus an increase of \$789,587 (4.0 percent) in fiscal year 2011. Operations generated a surplus of \$958,729. Actual revenues exceeded projections by \$294,208, with the majority of funding sources greater than budgeted as explained further on the next page. However, contributing even more to this surplus were conservative fiscal management and cost control measures that helped hold actual expenditures \$1,019,271 below budgeted levels. Through a hiring freeze that was in place part of the fiscal year and savings resulting from retirements, the County saw a reduction of almost \$300,000 in employee compensation and fringes. In addition, department heads spent approximately \$220,000 less than appropriated on items such as office and operating supplies, travel and training, and outside services. Lower costs for Social Services programs and unspent grant funds budgeted for Health Department and Transportation programs also had a favorable impact on spending. The operating surplus was reduced \$247,437 by other financing transactions, which included a \$449,009 transfer to the Solid Waste Fund. Because of the net gain of \$711,292, the County avoided using reserves as originally planned and was, instead, able to add to fund balance.

On the other hand, the combined fund balances of the nonmajor governmental funds dropped by \$1,662,603 to a total of \$3,213,906, consisting of \$2,032,458 in capital projects funds, \$782,439 in special revenue funds, and \$399,009 in a permanent fund. The majority of the decrease occurred in the capital projects funds when \$1,142,036 in QSCB proceeds was used. The QSCB Fund was subsequently closed out. During the year the County also withdrew \$488,399 from the General Capital Projects Fund for building renovations, a septage pretreatment plant, and other projects. The remaining balance of \$2,005,901 is committed for Information Technology enhancements (\$343,725), construction of a new Animal Shelter (\$736,807), and renovations to County buildings (\$925,369). A third capital projects fund

established to account for proceeds from Qualified Zone Academy Bonds reported an ending balance of \$26,557, which is restricted. Year-end balances in the special revenue funds overall fell by \$33,449. An increase in accommodations taxes added \$63,540 to the balance in the Occupancy Tax Fund, raising it to \$376,350. However, appropriations of \$100,064 from the Fire Districts and Emergency Telephone System funds for non-routine purchases reduced their ending balances to \$161,028 and \$240,074, respectively. The last fund in this grouping, the Community Development Block Grant fund, closed the year with a balance of \$4,987, up slightly from the prior year. All of the balances in the special revenue funds are restricted for the purposes for which they were collected. There was virtually no change in the permanent fund, where money for a County multi-use facility is held. A portion of this balance is restricted; the remainder is assigned. Of the combined fund balances of the nonmajor governmental funds; 28.6 percent is restricted, 62.4 percent is committed, and 9.0 percent is assigned.

As of June 30, 2012, Transylvania County's governmental funds reported a total ending balance of \$24,252,698 - \$951,311 less 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 (3) roll forward appropriations made in fiscal year 2011. The amendments approved in fiscal year 2012 increased the General Fund's original budget by \$938,949, or 2.4 percent, and included adjustments made for the following:

- \$233,066 received in additional funding and grants, including \$199,668 for Crisis Intervention and Emergency Assistance programs
- \$200,099 carried forward from the prior year for purchases, programs, and projects initiated in fiscal year 2011 but not completed until fiscal year 2012, including \$103,119 from Health Department grants and \$56,600 for a roof replacement
- \$157,006 appropriated from fund balance to complete Phase I and a portion of Phase II of a community sports complex
- \$141,758 withdrawn from the Reserve for Compensated Absences for vacations cashed out in lieu of leave taken or paid out to terminated employees

Compared to the final budget, actual fiscal year 2012 operating revenues were favorable by \$294,208, or 0.7 percent. The only significant variance (\$178,453) occurred in restricted intergovernmental revenues and was driven by an increase in federal funding for administration of Social Services programs, especially Child Support and Medicaid. Ad valorem taxes exceeded budget by \$84,411, reflecting the higher collection rate of 99.63 percent mentioned earlier as well as a slightly higher tax base. Sales taxes, including Medicaid Hold Harmless funds; unrestricted intergovernmental revenues, permits and fees, donations, and miscellaneous revenues also exceeded projections - by a combined total of \$103,225. This compensated for the \$71,881 shortfall in other taxes and licenses, sales and services, and interest on investments.

Actual fiscal year 2012 expenditures came in \$1,019,271, or 2.6 percent, below the final budget, mainly because of lower than expected spending for General Government, Public Safety, and Human Services. Other than reductions in personnel-related costs, there were very few individual, noteworthy variances in the different functions. Unused contingency funds of \$44,592 made up the single largest component of the \$247,073 variance reported for General Government. Both the Sheriff's Office and Communications saw favorable variances in their salaries, wages, and fringes that together totaled \$104,486 and helped keep Public Safety costs \$222,957 below budget. Of the \$369,099 favorable variance in Human Services, \$51,933 was attributable to grant-funded Health programs not completed in fiscal year 2012, \$102,262

was due to reduced spending for Social Services programs, and approximately \$164,000 resulted from lapsed salaries following retirements and resignations. Lapsed salaries and unspent grant funds were likewise responsible for the bulk of the differences between actual and budgeted expenditures in Transportation, Economic and Physical Development, and Culture and Recreation. As noted above, miscellaneous savings realized throughout County departments also contributed to the positive results. Actual educational expenditures and debt service were on budget.

Because of these favorable operational results, no appropriation from fund balance was required.

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 Solid Waste Fund gained \$132,082 in net assets during fiscal year 2012. This growth reflected the net impact of the \$449,009 transfer from the General Fund, an operating loss of \$339,632, and miscellaneous revenues of \$22,705. Overall revenues exceeded fiscal year 12 projections due to a 53.5 percent boost (\$52,986) in recycling revenues that more than offset a 2.9 percent shortage (\$30,987) in scale sales. Actual personnel and operating expenses were also favorable compared to budget because of lapsed salaries, reduced over-time use, engineering services that were planned but not needed during the year, and lower diesel prices. However, the recognition of \$320,057 in depreciation and \$133,326 for closure and post-closure costs resulted in the reported operating loss. While only \$97,644 of the transfer from the General Fund was originally intended to supplement landfill revenues, \$316,927 had to be used for this purpose, leaving the remaining \$132,082 to be added to unrestricted net assets.

Capital Asset and Debt Administration

Capital assets: Transylvania County's capital assets for its governmental and business-type activities as of June 30, 2012, totaled \$43,466,736 (net of accumulated depreciation). These assets include buildings, land, machinery and equipment, furniture and fixtures, park facilities, and vehicles. During fiscal year 2012 the County invested \$1,049,583 in capital assets, which included the following major items:

- Renovated the old Sheriff's Office for the Register of Deeds and Tax Administration offices and purchased furniture, fixtures, and equipment - \$319,565
- Purchased replacement vehicles for the Sheriff's Office, Building Permitting and Inspections, Environmental Health, and Social Services - \$165,514
- Completed Phase I and part of Phase II of a community sports complex - \$154,297
- Purchased equipment for Emergency Medical Services - \$131,677

Transylvania County's Capital Assets

(Net of Depreciation)

Figure 4

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Land	\$ 3,369,585	\$ 3,369,585	\$ 1,069,096	\$ 1,069,096	\$ 4,438,681	\$ 4,438,681
Landfill Cells	-	-	1,977,360	2,147,125	1,977,360	2,147,125
Buildings	31,585,202	32,114,964	46,252	57,382	31,631,454	32,172,346
Improvements to buildings and land	986,486	768,296	262,542	286,926	1,249,028	1,055,222
Machinery and equipment	2,303,620	2,372,876	402,322	389,721	2,705,942	2,762,597
Vehicles and motor equipment	1,165,894	1,327,760	39,928	73,857	1,205,822	1,401,617
Construction in progress	196,635	428,301	61,814	61,814	258,449	490,115
Total	\$ 39,607,422	\$ 40,381,782	\$ 3,859,314	\$ 4,085,921	\$ 43,466,736	\$ 44,467,703

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 42 of this report.

Long-term Debt: As of June 30, 2012, Transylvania County had total bonded debt outstanding of \$10,108,699, 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	
	2012	2011	2012	2011	2012	2011
General Obligation Bonds	\$ 8,770,000	\$ 10,695,000	\$ -	\$ -	\$ 8,770,000	\$ 10,695,000
General Obligation Bonds- Premium	17,366	20,478	-	-	17,366	20,478
Qualified Zone Academy Bonds	239,851	275,866	-	-	239,851	275,866
Qualified School Construction Bonds	1,081,482	1,189,630	-	-	1,081,482	1,189,630
Total	\$ 10,108,699	\$ 12,180,974	\$ -	\$ -	\$ 10,108,699	\$ 12,180,974

Transylvania County's total debt decreased by \$2,231,688 – 15.3 percent – during the year. The County paid \$193,333 on an installment financing agreement for the Public Safety Facility and retired \$2,072,275 in debt for general obligation, qualified zone academy, and qualified school construction bonds, all of which were issued to finance major school capital projects. The only new debt assumed during fiscal year 2012 was a five-year capital lease for \$42,400 for equipment for Emergency Medical Services.

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 \$466,743,519.

Additional information regarding Transylvania County's long-term debt can be found in note 2.B of the Notes, beginning on page 53 of this report.

Economic Factors and Next Year's Budgets and Rates

- April 2012's unemployment rate for Transylvania County was 9.5 percent, compared to the State rate of 9.1 percent and the County's rate of 8.6 percent in April 2011.
- The eight month total of sales taxes received by the County through mid-May 2012 was slightly higher (0.2 percent) than the total for the same period in fiscal year 2011.
- During the first ten months of fiscal year 2012, new construction declined overall from fiscal year 2011 levels. The number of permits for new commercial buildings increased from five to eight, but the number of permits for residential units decreased from 67 to 60 (10.4 percent). The average value per house, however, rose by 40.0 percent.
- Due to the continuing depressed level of activity in construction and real estate development, only \$30 million in growth was projected in the property tax base for fiscal year 2013.

These factors, along with uncertainty about State and federal funds and the desire to preserve the variety and quality of services provided by local government, were all taken into consideration in the development and approval of Transylvania County's fiscal year 2013 budget.

Governmental Activities. The Board of Commissioners adopted a General Fund budget for fiscal year 2013 of \$39,946,404, 1.5 percent more than fiscal year 2012's original budget.

Revenues. Total revenues from operations and other financing sources for fiscal year 2013 were projected to be just 0.5 percent - \$181,500 - higher than fiscal year 2012's original budget. In recognition of the financial hardships many of the county's citizens are still facing, the Commissioners did not raise the tax rate for fiscal year 2013. A slightly higher tax base and collection rate generated a minor increase in budgeted ad valorem taxes. Sales tax estimates, likewise, improved only marginally over fiscal 2012's original estimates. Led by funding for Medicaid programs, child support, subsidized child care, and emergency assistance; intergovernmental revenues showed the most significant increase over the prior year's budgeted amounts. This gain, however, was partially offset by lower payments expected for sales and services - particularly for jail fees and day care fees - and dips in other revenue sources. There was also a reduction in other financing sources as less was budgeted to be transferred in from other funds. Compared to fiscal year 2012's actual revenues, fiscal year 2013's revenues excluding transfers from other funds are estimated to be 1.9 percent lower, though this is due mainly to additional funding received during the year that is not included in the original budget.

Expenditures. Budgeted expenditures approved for fiscal year 2013, including transfers, are 1.5 percent, \$599,520, more than fiscal year 2012's original budget. After four years with no salary or wage increases for County employees and a hiring freeze during most of that period, the Commissioners appropriated funds for a 3.0 percent cost of living adjustment, as well as a net of four new positions. In addition, they allocated more for health insurance costs, which were projected to rise in spite of plan changes designed to mitigate medical inflation and utilization trends. The 2013 budget also provided more for capital outlay as purchases postponed in prior years could no longer be delayed. Because of these increases,

especially the \$680,000 for personnel-related expenditures, all governmental functions saw an increase in their budgets versus fiscal year 2012 except for Education and Debt Service. In anticipation of State cuts, the Board of Education had accumulated reserves over the past few years, including lottery proceeds held by the State, that could be applied to fiscal 2013 financial needs. Consequently, the County reduced the total appropriation for the schools by \$256,296. Debt service decreased as the County continues to redeem its general obligation bonds. The transfer to the Solid Waste Fund remained basically flat. Expenditures and transfers budgeted for fiscal year 2013 are only 1.7% higher than those actually incurred in fiscal year 2012.

To balance the General Fund budget for fiscal year 2013, the Commissioners appropriated \$881,400 from fund balance, which represents 7.6 percent of the unassigned fund balance as of June 30, 2012.

Business-type Activities. The fiscal year 2013 budget for the Solid Waste Fund is \$23,724, or 1.3 percent, more than fiscal year 2012's original budget. Operating revenues are projected to cover 98.1 percent of operating expenses, including capital items. A transfer from the General Fund will be applied to the remaining expenses, with the balance 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, 21 East Main Street, Brevard, NC 28712.

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**BASIC
FINANCIAL
STATEMENTS**

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TRANSYLVANIA COUNTY, NORTH CAROLINA

STATEMENT OF NET ASSETS
JUNE 30, 2012

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
Assets:			
Current assets:			
Cash and investments	\$ 23,099,281	\$ 2,152,131	\$ 25,251,412
Taxes receivable, net	129,404	-	129,404
Accounts receivable, net	2,799,747	93,487	2,893,234
Inventories	15,540	-	15,540
Prepaid items	675	-	675
Cash and investments, restricted	136,001	3,310,511	3,446,512
Deferred charge - issuance cost	50,778	-	50,778
Total current assets	<u>26,231,426</u>	<u>5,556,129</u>	<u>31,787,555</u>
Capital assets:			
Land and other non-depreciable assets	3,566,220	1,130,910	4,697,130
Depreciable assets, net	<u>36,041,202</u>	<u>2,728,404</u>	<u>38,769,606</u>
Capital assets, net	<u>39,607,422</u>	<u>3,859,314</u>	<u>43,466,736</u>
Total assets	<u>65,838,848</u>	<u>9,415,443</u>	<u>75,254,291</u>
Liabilities:			
Current liabilities:			
Accounts payable and accrued liabilities	1,550,892	77,800	1,628,692
Unearned revenues	247,654	-	247,654
Accrued interest payable	186,800	-	186,800
Non-current liabilities:			
Due within one year	3,108,220	26,957	3,135,177
Due in more than one year	<u>11,204,131</u>	<u>3,284,594</u>	<u>14,488,725</u>
Total liabilities	<u>16,297,697</u>	<u>3,389,351</u>	<u>19,687,048</u>
Net Assets:			
Invested in capital assets, net of related debt	37,350,168	3,859,314	41,209,482
Restricted for:			
Stabilization by State statute	2,804,933	-	2,804,933
General government	441,297	-	441,297
Public safety	463,381	-	463,381
Economic development	326,220	-	326,220
Human services	51,972	-	51,972
Cultural and recreational	123,245	-	123,245
Unrestricted	<u>7,979,935</u>	<u>2,166,778</u>	<u>10,146,713</u>
Total net assets	<u>\$ 49,541,151</u>	<u>\$ 6,026,092</u>	<u>\$ 55,567,243</u>

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

TRANSYLVANIA COUNTY, NORTH CAROLINA

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012**

	<u>Program Revenues</u>			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Functions/Programs:				
Primary Government:				
Governmental Activities:				
General government	\$ 5,083,686	\$ 334,456	\$ 52,247	\$ -
Public safety	12,979,401	2,174,330	414,376	-
Transportation	450,591	-	272,129	-
Economic and physical development	959,314	22,638	70,882	80,163
Human services	8,169,147	455,869	5,331,406	-
Cultural and recreational	1,847,675	103,822	91,846	-
Education	12,201,671	-	363,784	-
Interest and fees	551,526	-	-	-
Total governmental activities	<u>42,243,011</u>	<u>3,091,115</u>	<u>6,596,670</u>	<u>80,163</u>
Business-Type Activities:				
Solid Waste	<u>1,708,329</u>	<u>1,368,697</u>	<u>21,043</u>	<u>-</u>
Total primary government	<u>\$ 43,951,340</u>	<u>\$ 4,459,812</u>	<u>\$ 6,617,713</u>	<u>\$ 80,163</u>

General Revenues:

Taxes:

- Ad valorem taxes
- Local option sales taxes
- Other taxes and licenses

Unrestricted intergovernmental revenues

Investment earnings, unrestricted

Total general revenues excluding transfers

Transfers

Total general revenues and transfers

Change in net assets

Net Assets:

Beginning of year - July 1

End of year - June 30

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

Exhibit B

<u>Net (Expense) Revenue and Changes in Net Assets</u>		
<u>Primary Government</u>		
<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
\$ (4,696,983)	\$ -	\$ (4,696,983)
(10,390,695)	-	(10,390,695)
(178,462)	-	(178,462)
(785,631)	-	(785,631)
(2,381,872)	-	(2,381,872)
(1,652,007)	-	(1,652,007)
(11,837,887)	-	(11,837,887)
(551,526)	-	(551,526)
<u>(32,475,063)</u>	<u>-</u>	<u>(32,475,063)</u>
<u>-</u>	<u>(318,589)</u>	<u>(318,589)</u>
<u>(32,475,063)</u>	<u>(318,589)</u>	<u>(32,793,652)</u>
25,964,830	-	25,964,830
5,820,469	-	5,820,469
848,735	-	848,735
382,922	-	382,922
47,970	1,662	49,632
<u>33,064,926</u>	<u>1,662</u>	<u>33,066,588</u>
<u>(449,009)</u>	<u>449,009</u>	<u>-</u>
<u>32,615,917</u>	<u>450,671</u>	<u>33,066,588</u>
140,854	132,082	272,936
<u>49,400,297</u>	<u>5,894,010</u>	<u>55,294,307</u>
<u>\$ 49,541,151</u>	<u>\$ 6,026,092</u>	<u>\$ 55,567,243</u>

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

TRANSYLVANIA COUNTY, NORTH CAROLINA

**BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2012**

	Major	Nonmajor	Total
	General Fund	Other Governmental Funds	Governmental Funds
Assets:			
Cash and investments	\$ 20,006,358	\$ 3,092,923	\$ 23,099,281
Taxes receivable, net	118,233	11,171	129,404
Accounts receivable, net	2,693,601	106,146	2,799,747
Due from other funds	5,186	-	5,186
Inventories	15,540	-	15,540
Prepaid items	675	-	675
Cash and investments, restricted	-	136,001	136,001
Total assets	\$ 22,839,593	\$ 3,346,241	\$ 26,185,834
Liabilities and Fund Balances:			
Liabilities:			
Accounts payable and accrued liabilities	\$ 1,438,496	\$ 112,396	\$ 1,550,892
Due to other funds	-	5,186	5,186
Deferred revenues	118,233	11,171	129,404
Unearned revenues	244,072	3,582	247,654
Total liabilities	1,800,801	132,335	1,933,136
Fund Balances:			
Non-spendable:			
Inventories	15,540	-	15,540
Prepaid items	675	-	675
Restricted:			
Stabilization for State statute	2,698,787	106,146	2,804,933
Restricted, all other	610,467	822,205	1,432,672
Committed	1,637,499	2,005,876	3,643,375
Assigned	4,513,591	289,852	4,803,443
Unassigned	11,562,233	(10,173)	11,552,060
Total fund balances	21,038,792	3,213,906	24,252,698
Total liabilities and fund balances	\$ 22,839,593	\$ 3,346,241	\$ 26,185,834

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

TRANSYLVANIA COUNTY, NORTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2012

	<u>Total Governmental Funds</u>
Total fund balances	\$ 24,252,698
Amounts reported for governmental activities in the Statement of Net Assets (Exhibit A) are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	39,607,422
Deferred charges related to refunding bond issued included on the government-wide Statement of Net Assets, but are not current financial resources	50,778
Advance funding of pension obligation in the government-wide statements, but not reported in the fund statements	
Liabilities for earned, but deferred, revenues in fund statements	129,404
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	(12,332,033)
Capital Lease	(33,920)
Compensated absences	(1,028,391)
Other post-employment benefits	(402,044)
Law Enforcement Officers' Special Separation Allowance	(515,963)
Interest payable	(186,800)
Net assets of governmental activities	<u>\$ 49,541,151</u>

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

TRANSYLVANIA COUNTY, NORTH CAROLINA

**STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2012**

	<u>Major</u>	<u>Nonmajor</u>	
	<u>General</u>	<u>Other</u>	<u>Total</u>
	<u>Fund</u>	<u>Governmental</u>	<u>Governmental</u>
		<u>Funds</u>	<u>Funds</u>
Revenues:			
Ad valorem taxes	\$ 23,755,849	\$ 2,186,431	\$ 25,942,280
Local option sales taxes	5,820,469	-	5,820,469
Other taxes and licenses	455,428	393,307	848,735
Unrestricted intergovernmental revenues	382,922	-	382,922
Restricted intergovernmental revenues	6,215,439	426,041	6,641,480
Permits and fees	327,956	-	327,956
Sales and services	2,648,302	15,062	2,663,364
Donations and grants	23,451	225	23,676
Interest earned on investments	36,192	8,666	44,858
Miscellaneous	109,446	2,026	111,472
Total revenues	<u>39,775,454</u>	<u>3,031,758</u>	<u>42,807,212</u>
Expenditures:			
Current:			
General government	4,784,326	23,454	4,807,780
Public safety	9,427,920	2,704,169	12,132,089
Transportation	422,217	-	422,217
Economic and physical development	535,472	422,608	958,080
Human services	8,013,596	-	8,013,596
Cultural and recreational	1,738,004	3,428	1,741,432
Intergovernmental:			
Education	11,058,557	1,143,114	12,201,671
Capital outlay	-	238,416	238,416
Debt service:			
Principal repayments	2,270,976	-	2,270,976
Interest	565,657	-	565,657
Total expenditures	<u>38,816,725</u>	<u>4,535,189</u>	<u>43,351,914</u>
Revenues over (under) expenditures	<u>958,729</u>	<u>(1,503,431)</u>	<u>(544,702)</u>
Other Financing Sources (Uses):			
Capital lease obligations issued	42,400	-	42,400
Transfers in	160,000	828	160,828
Transfers out	(449,837)	(160,000)	(609,837)
Total other financing sources (uses)	<u>(247,437)</u>	<u>(159,172)</u>	<u>(406,609)</u>
Net change in fund balances	711,292	(1,662,603)	(951,311)
Fund Balances:			
Beginning of year - July 1	<u>20,327,500</u>	<u>4,876,509</u>	<u>25,204,009</u>
End of year - June 30	<u>\$ 21,038,792</u>	<u>\$ 3,213,906</u>	<u>\$ 24,252,698</u>

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

TRANSYLVANIA COUNTY, NORTH CAROLINA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2012

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)	\$ (951,311)
Property tax revenues in the Statement of Activities earned in prior periods are reported as revenues in the governmental funds statement.	22,550
Expenses for amortization of bond refunding that do not require the use of current financial resources are not reported as expenditures in the governmental funds statement.	(9,095)
Expenses related to interest expense that do not require current financial resources are not reported as expenditures in the governmental funds statement.	17,243
Expenses related to compensated absences that do not require current financial resources are not reported as expenditures in the governmental funds statement.	(205,474)
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.	862,657
Depreciation expense allocates the costs of capital assets over their useful lives. It is not reported as an expenditure in the governmental funds statement.	(1,620,505)
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.	(16,512)
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.	2,270,976
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.	(187,275)
Proceeds from issuance of debt are reported as revenues in the governmental funds statement. However, in the Statement of Activities, it is not a revenue, rather it is an increase in liabilities.	<u>(42,400)</u>
Change in net assets of governmental activities (Exhibit B)	<u>\$ 140,854</u>

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

TRANSYLVANIA COUNTY, NORTH CAROLINA

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Over/Under
	Original	Final		
Revenues:				
Ad valorem taxes	\$ 23,671,438	\$ 23,671,438	\$ 23,755,849	\$ 84,411
Local option sales taxes	5,511,753	5,761,753	5,820,469	58,716
Other taxes and licenses	493,456	493,456	455,428	(38,028)
Unrestricted intergovernmental revenues	357,915	357,915	382,922	25,007
Restricted intergovernmental revenues	5,523,477	6,036,986	6,215,439	178,453
Permits and fees	354,736	326,704	327,956	1,252
Sales and services	2,713,713	2,662,347	2,648,302	(14,045)
Investment earnings	56,000	56,000	36,192	(19,808)
Donations	750	18,857	23,451	4,594
Miscellaneous	40,266	95,790	109,446	13,656
Total revenues	<u>38,723,504</u>	<u>39,481,246</u>	<u>39,775,454</u>	<u>294,208</u>
Expenditures:				
Current:				
General government	4,917,033	5,031,399	4,784,326	247,073
Public safety	9,481,662	9,650,877	9,427,920	222,957
Transportation	466,388	504,568	422,217	82,351
Economic and physical development	509,094	588,128	535,472	52,656
Human services	8,028,862	8,382,695	8,013,596	369,099
Cultural and recreational	1,618,850	1,783,156	1,738,004	45,152
Intergovernmental:				
Education	11,058,557	11,058,557	11,058,557	-
Debt service:				
Principal retirement	2,262,496	2,270,976	2,270,976	-
Interest and fees	565,640	565,640	565,657	(17)
Total expenditures	<u>38,908,582</u>	<u>39,835,996</u>	<u>38,816,725</u>	<u>1,019,271</u>
Revenues over (under) expenditures	<u>(185,078)</u>	<u>(354,750)</u>	<u>958,729</u>	<u>1,313,479</u>
Other Financing Sources (Uses):				
Capital lease obligations issued	-	42,400	42,400	-
Transfers in	160,000	160,000	160,000	-
Transfers out	(438,302)	(449,837)	(449,837)	-
Appropriated fund balance	463,380	602,187	-	(602,187)
Total other financing sources (uses)	<u>185,078</u>	<u>354,750</u>	<u>(247,437)</u>	<u>(602,187)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>711,292</u>	<u>\$ 711,292</u>
Fund Balance:				
Beginning of year - July 1			<u>20,327,500</u>	
End of year - June 30			<u>\$ 21,038,792</u>	

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

TRANSYLVANIA COUNTY, NORTH CAROLINA

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2012

	<u>Enterprise Fund</u> <u>Solid Waste</u> <u>Fund</u>
Assets:	
Current assets:	
Cash and investments	\$ 2,152,131
Accounts receivable, net	93,487
Total current assets	<u>2,245,618</u>
Non-current assets:	
Restricted cash and investments	3,310,511
Land and other non-depreciable assets	1,130,910
Depreciable assets, net of depreciation	<u>2,728,404</u>
Total non-current assets	<u>7,169,825</u>
Total assets	<u>9,415,443</u>
Liabilities and Net Assets:	
Liabilities:	
Current liabilities:	
Accounts payable and accrued liabilities	77,800
Current portion of compensated absences	<u>26,957</u>
Total current liabilities	<u>104,757</u>
Non-current liabilities:	
Accrued landfill closure and post-closure care costs	3,264,691
OPEB	15,146
Compensated absences	<u>4,757</u>
Total non-current liabilities	<u>3,284,594</u>
Total liabilities	<u>3,389,351</u>
Net Assets:	
Invested in capital assets	3,859,314
Unrestricted	<u>2,166,778</u>
Total net assets	<u>\$ 6,026,092</u>

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

TRANSYLVANIA COUNTY, NORTH CAROLINA

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN FUND NET ASSETS - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2012**

	<u>Enterprise Fund</u> <u>Solid Waste</u> <u>Fund</u>
Operating Revenues:	
Charges for services	\$ 1,368,697
Operating Expenses:	
Landfill operations:	
Salaries and employee benefits	801,936
Other operating expenses	453,010
Landfill closure and post-closure care costs	133,326
Depreciation	320,057
Total operating expenses	<u>1,708,329</u>
Operating income (loss)	<u>(339,632)</u>
Non-Operating Revenues (Expenses):	
Investment earnings	1,662
Other non-operating revenues	21,043
Total non-operating revenues (expenses)	<u>22,705</u>
Income (loss) before transfers	(316,927)
Transfers In (Out):	
Transfers in (out)	<u>449,009</u>
Change in net assets	132,082
Net Assets:	
Beginning of year - July 1	<u>5,894,010</u>
End of year - June 30	<u>\$ 6,026,092</u>

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

TRANSYLVANIA COUNTY, NORTH CAROLINA

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS FOR THE YEAR ENDED JUNE 30, 2012

	<u>Enterprise Fund</u> <u>Solid Waste</u> <u>Fund</u>
Cash Flows from Operating Activities:	
Cash received from customers	\$ 1,365,298
Cash paid for goods and services	(454,205)
Cash paid to employees for services	(784,745)
Net cash provided (used) by operating activities	<u>126,348</u>
Cash Flows from Non-Capital Financing Activities:	
Solid waste disposal tax	20,465
Proceeds from insurance claims	578
Interfund transfer in (out)	449,009
Net cash provided (used) by non-capital financing activities	<u>470,052</u>
Cash Flows from Capital and Related Financing Activities:	
Acquisition and construction of capital assets	(93,450)
Net cash provided (used) by capital and related financing activities	<u>(93,450)</u>
Cash Flows from Investing Activities:	
Interest on investments	<u>1,662</u>
Net increase (decrease) in cash and cash equivalents	504,612
Cash and Cash Equivalents:	
Beginning of year - July 1	<u>4,958,030</u>
End of year - June 30	<u>\$ 5,462,642</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating income (loss)	\$ (339,632)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation and amortization	320,057
Landfill closure and post-closure care costs	133,326
(Increase) decrease in accounts receivable	(3,399)
Increase (decrease) in accounts payable and accrued liabilities	1,713
Increase (decrease) in OPEB	6,170
Increase (decrease) in accrued compensated absences	8,113
Net cash provided (used) by operating activities	<u>\$ 126,348</u>

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

TRANSYLVANIA COUNTY, NORTH CAROLINA

**STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2012**

	<u>Agency Funds</u>
Assets:	
Cash and investments	\$ 48,293
Accounts receivable and accrued revenues	<u>10,285</u>
Total assets	<u>\$ 58,578</u>
Liabilities:	
Intergovernmental payables	\$ 24,717
Miscellaneous liabilities	<u>33,861</u>
Total liabilities	<u>\$ 58,578</u>

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

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

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

Component Units

Blended Component Units

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

B. Basis of Presentation

Government-Wide Statements. The Statement of Net Assets 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. 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.

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

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 - 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 - 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.

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

- **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: Social Services Fund, which accounts for monies deposited with the Department of Social Services for the benefit of certain individuals; and 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 three 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

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

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

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 a revenue because the amount is not susceptible to accrual. At June 30, taxes receivable are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of January 1, 1993, 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 County is responsible for billing and collecting the property taxes on all registered motor vehicles on behalf of all municipalities and special tax districts in the County. For registered motor vehicles, property taxes are due the first day of the fourth month after the vehicles are registered. The billed taxes are applicable to the fiscal year in which they become due. Therefore, taxes for vehicles registered from March 2011 through February 2012 apply to the fiscal year ended June 30, 2012. Uncollected taxes which were billed during this period are shown as a receivable on these financial statements.

Sales taxes and certain intergovernmental revenues, such as 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 assets 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.

All governmental and business-type activities and enterprise funds of the County follow FASB Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

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, Occupancy Tax, Fire Districts, Emergency Telephone, the Schools Qualified Zone Academy Bond, the Silvermont Reserve Permanent Fund, and the Solid Waste Enterprise Fund. All annual appropriations lapse at the fiscal year-end. Project ordinances are adopted for the General Capital Projects Fund, the Community Development Block Grant Fund, and the Schools Qualified School Construction Bond.

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. 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, 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).

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

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, 2012 \$3,310,511 was restricted.

Governmental Activities. The restricted cash of \$108,367 in the Silvermont Reserve Fund represent funds restricted by donors. The restricted assets of \$27,634 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, 2011.

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.

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

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:

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

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 Assets.

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

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

Net Assets

Net assets in government-wide and proprietary fund financial statements are classified as invested in capital assets, net of related debt; restricted; and unrestricted. Restricted net assets represent 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 General Government – portion of fund balance that is restricted by revenue source for general government administration.

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

Restricted for Public Safety – portion of fund balance restricted by revenue source for public safety related activities such as law enforcement, fire protection, EMS, and E-911 communications.

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

Restricted for Human Services – portion of fund balance restricted by revenue source for social services and public health programs.

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

Restricted for Education – portion of fund balance restricted by revenue source to be used to support public education.

Restricted fund balance at June 30, 2012 is as follows:

<u>Purpose</u>	<u>General Fund</u>	<u>Nonmajor Special Revenue Funds</u>	<u>Nonmajor Capital Project Funds</u>	<u>Permanent Funds</u>	<u>Total</u>
Restricted, all other:					
General government	\$ 441,297	\$ -	\$ -	\$ -	\$ 441,297
Public safety	91,102	372,279	-	-	463,381
Economic and physical development	11,218	315,002	-	-	326,220
Human services	51,972	-	-	-	51,972
Cultural and recreational	14,878	-	-	108,367	123,245
Education	-	-	26,557	-	26,557
Total	<u>\$ 610,467</u>	<u>\$ 687,281</u>	<u>\$ 26,557</u>	<u>\$ 108,367</u>	<u>\$ 1,432,672</u>

Committed Fund Balance

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

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

Committed for General Government – represents the portion of fund balance committed by the governing body for retiree health insurance.

Committed for Public Safety – represents the portion of fund balance committed by the governing body for law enforcement officers’ retirement expenses.

Purpose	General Fund	Nonmajor Capital Project Funds	Total
Committed:			
General government	\$ 1,012,546	\$ 1,269,094	\$ 2,281,640
Public safety	624,953	736,782	1,361,735
Total	\$ 1,637,499	\$ 2,005,876	\$ 3,643,375

Assigned Fund Balance

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

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

Assigned for General Government – portion of fund balance that has been budgeted by the Board for government-wide obligations such as self-insurance and compensated absences.

Assigned for Public Safety – portion of fund balance budgeted by the Board for public safety related activities such as law enforcement, fire protection, EMS, and E-911 communications.

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

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

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

TRANSYLVANIA COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012**

Assigned fund balance at June 30, 2012 is as follows:

<u>Purpose</u>	<u>General Fund</u>	<u>Permanent Funds</u>	<u>Total</u>
Assigned:			
Subsequent year's expenditures	\$ 1,003,172	\$ -	\$ 1,003,172
General government	2,927,883	-	2,927,883
Public safety	315,819	-	315,819
Economic and physical development	244,590	-	244,590
Human services	22,127	-	22,127
Cultural and recreational	-	289,852	289,852
Total	<u>\$ 4,513,591</u>	<u>\$ 289,852</u>	<u>\$ 4,803,443</u>

Unassigned Fund Balance

Unassigned fund balance represents the portion of fund balance that has not been assigned to another fund or is not restricted, committed, or assigned to specific purposes within the General Fund.

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	\$ 21,038,792
Less:	
Prepays	(15,540)
Inventories	(675)
Stabilization for State statute	<u>(2,698,787)</u>
Total available fund balance	<u>\$ 18,323,790</u>

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

G. Revenues, Expenditures, and Expenses

Compensated Absences

The vacation policy of the County provides for the accumulation of up to thirty 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.

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

At June 30, 2012, the County's deposits had a carrying amount of \$6,388,027 and a bank balance of \$6,524,446. Of the bank balance, \$737,643 was covered by federal depository insurance and \$5,786,803 by collateral held under the Pooling Method. Cash on hand was \$4,058 at June 30, 2012.

Investments

At June 30, 2012, the County had the following investments and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less Than 1 Year</u>	<u>1-3 Years</u>
NC Capital Management			
Trust Cash Portfolio	\$ 22,354,132	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, 2012.

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% per year. This tax is immediately due and payable. The following are property taxes that could become due if present use-value eligibility is lost. These amounts have not been recorded in the financial statements.

<u>Year Ended June 30</u>	<u>Tax</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 891,695	\$ 231,584	\$ 1,123,279
2010	851,896	141,755	993,651
2011	853,509	68,281	921,790
2012	1,004,870	-	1,004,870
Total	<u>\$ 3,601,970</u>	<u>\$ 441,620</u>	<u>\$ 4,043,590</u>

TRANSYLVANIA COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012**

Receivables

Receivables at Exhibit A at June 30, 2012 were as follows:

	<u>Accounts Receivable</u>	<u>Taxes Receivable</u>	<u>Due from Other Governments</u>	<u>Total</u>
Governmental Activities:				
General	\$ 107,761	\$ 199,839	\$ 2,585,840	\$ 2,893,440
Other governmental	<u>67,150</u>	<u>22,128</u>	<u>38,996</u>	<u>128,274</u>
Total receivables	174,911	221,967	2,624,836	3,021,714
Allowance for doubtful accounts	-	(92,563)	-	(92,563)
Total governmental activities	<u>\$ 174,911</u>	<u>\$ 129,404</u>	<u>\$ 2,624,836</u>	<u>\$ 2,929,151</u>
Business-Type Activities:				
Solid waste	\$ 75,745	\$ -	\$ 17,742	\$ 93,487
Total business-type activities	<u>\$ 75,745</u>	<u>\$ -</u>	<u>\$ 17,742</u>	<u>\$ 93,487</u>

Due from other governments consisted of the following:

Governmental Activities:	
Local option sales tax	\$ 1,425,537
Sales taxes receivable	120,266
State and federal funding	1,040,037
CDBG reimbursements	10,173
NC 911 PSAP funds	<u>28,823</u>
Total governmental activities	<u>\$ 2,624,836</u>
Business-Type Activities:	
Tire recycling	10,386
White goods	2,630
Solid waste disposal tax	<u>4,726</u>
Total business-type activities	<u>\$ 17,742</u>

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

Capital Assets

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

	<u>July 1, 2011</u>	<u>Additions</u>	<u>Retirements</u>	<u>Adjustments</u>	<u>June 30, 2012</u>
Non-Depreciable Assets:					
Land	\$ 3,369,585	\$ -	\$ -	\$ -	\$ 3,369,585
Construction in progress	428,301	10,331	(93,476)	(148,521)	196,635
Total non-depreciable assets	3,797,886	10,331	(93,476)	(148,521)	3,566,220
Depreciable Assets:					
Buildings	37,841,780	311,269	-	26,742	38,179,791
Improvements	1,159,264	158,378	-	121,779	1,439,421
Equipment	5,617,899	310,641	-	-	5,928,540
Vehicles	3,784,783	165,514	(165,118)	-	3,785,179
Total depreciable assets	48,403,726	945,802	(165,118)	148,521	49,332,931
Less Accumulated Depreciation:					
Buildings	5,726,816	867,773	-	-	6,594,589
Improvements	390,968	61,967	-	-	452,935
Equipment	3,245,023	379,897	-	-	3,624,920
Vehicles	2,457,023	310,868	(148,606)	-	2,619,285
Total accumulated depreciation	11,819,830	1,620,505	(148,606)	-	13,291,729
Depreciable assets, net	36,583,896	(674,703)	(16,512)	148,521	36,041,202
Capital assets, net	<u>\$ 40,381,782</u>	<u>\$ (664,372)</u>	<u>\$ (109,988)</u>	<u>\$ -</u>	<u>\$ 39,607,422</u>

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

General government	\$ 195,505
Public safety	989,603
Transportation	24,672
Human services	158,822
Cultural and recreational	251,903
Total depreciation expense	<u>\$ 1,620,505</u>

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

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

	<u>July 1, 2011</u>	<u>Additions</u>	<u>Retirements</u>	<u>Adjustments</u>	<u>June 30, 2012</u>
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	626,476	-	-	-	626,476
Equipment	1,881,977	93,450	-	-	1,975,427
Vehicles	798,345	-	-	-	798,345
Landfill cells - Woodruff	8,205,437	-	-	-	8,205,437
Total depreciable assets	11,789,732	93,450	-	-	11,883,182
Less Accumulated Depreciation:					
Buildings	220,115	11,130	-	-	231,245
Land improvements	339,550	24,384	-	-	363,934
Equipment	1,492,256	80,849	-	-	1,573,105
Vehicles	724,488	33,929	-	-	758,417
Landfill cells - Woodruff	6,058,312	169,765	-	-	6,228,077
Total accumulated depreciation	8,834,721	320,057	-	-	9,154,778
Total depreciable assets, net	2,955,011				2,728,404
Capital assets, net	\$ 4,085,921				\$ 3,859,314

Construction Commitments

As of June 30, 2012 the government has one active construction project for a new animal shelter. Through June 30, 2012, \$69,289 has been spent to-date on the project, which has a total budgeted cost of \$1,144,757 and is expected to be completed during fiscal year 2013. The remaining \$127,346 shown in construction in progress is for renovations to County buildings.

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

B. Liabilities

Payables

Payables at Exhibit A at June 30, 2012 were as follows:

	Vendors	Salaries and Benefits	Accrued Insurance Claims Incurred, But Not Reported	Total
Governmental Activities:				
General	\$ 682,153	\$ 468,100	\$ 288,243	\$ 1,438,496
Other governmental	112,396	-	-	112,396
Total governmental activities	\$ 794,549	\$ 468,100	\$ 288,243	\$ 1,550,892
Business-Type Activities:				
Solid Waste	\$ 56,489	\$ 21,311	\$ -	\$ 77,800

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-sharing 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 six 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 6.97% and 7.04%, 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, 2012, 2011, and 2010 were \$1,538,233, \$1,491,883, and \$1,315,572 respectively. The contributions made by the County equaled the required contributions for each year.

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

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, 2011, the Separation Allowance's membership consisted of 52 active plan members and 3 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 \$33,043 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, 2012, the County has committed \$624,953 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, 2010 actuarial valuation using the projected unit, credit actuarial cost method. The actuarial assumptions included (a) 5.00% investment rate of return and (b) projected salary increases ranging from 4.25% to 7.85% per year. Item (b) included an inflation component of 3.00%. 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 percent of pay amount on a closed basis. The remaining amortization period at December 31, 2010 was 20 years.

TRANSYLVANIA COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012**

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	\$	107,400
Interest on net pension obligation		22,296
Adjustment to annual required contribution		<u>(26,601)</u>
Annual pension cost		103,095
Employer contributions made		<u>33,043</u>
Increase (decrease) in net pension obligation		70,052
Net Pension Obligation:		
Beginning of year - July 1		<u>445,911</u>
End of year - June 30	\$	<u><u>515,963</u></u>

Three-Year Trend Information

Year Ended June 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2010	\$ 79,775	35.14%	\$ 353,766
2011	111,589	17.42%	445,911
2012	103,095	32.05%	515,963

Funded Status and Funding Progress. As of December 31, 2011, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits was \$958,383, and the actuarial value of assets was \$-0-, resulting in an unfunded actuarial accrued liability (UAAL) of \$958,383. However, as mentioned earlier, the County has committed \$624,953 to date for this purpose, as reflected in committed fund balance.

The covered payroll (annual payroll of active employees covered by the plan) was \$2,242,232, and the ratio of the UAAL to the covered payroll was 42.74 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.

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

Supplemental Retirement Income Plan for Law Enforcement Officers

Plan Description. The County contributes to the Supplemental Retirement Income Plan ("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% 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, 2012 were \$114,594, 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 (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% of the monthly receipts collected pursuant to Article 1 of G.S. 161. Immediately following January 1 of each year, the Department of State Treasurer divides 93.0% 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 7.0% of the Fund's assets may be used by the State Treasurer in administering the Fund. For the fiscal year ended June 30, 2012, the County's required and actual contributions were \$3,637.

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

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. 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, 2010, the date of the latest actuarial valuation:

	<u>General Employees</u>	<u>Law Enforcement Officers</u>
Retirees and dependents receiving benefits	15	-
Active plan members	<u>38</u>	<u>16</u>
Total	<u>53</u>	<u>16</u>

Funding Policy. The County pays the full cost of coverage for the healthcare benefits paid to qualified retirees under a County resolution that may be amended by the Board of Commissioners. The County's members pay a monthly fee for dependent coverage. The County has chosen to fund the healthcare benefits on a pay-as-you-go basis. As of June 30, 2012, the County has committed \$1,012,546 for the payment of future retiree health benefits.

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

The current ARC rate is 12.08% of annual covered payroll. For the current year, the County contributed \$200,729, or 7.51% 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 12.07% and 12.07% of covered payroll, respectively. Contributions made by retirees were \$20,043; 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 thirty 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	11,752
Adjustments to annual required contribution	<u>(10,139)</u>
Annual OPEB cost (expense)	324,122
Contributions made	<u>(200,729)</u>
Increase (decrease) in net OPEB obligation	123,393
Net OPEB obligation:	
Beginning of year - July 1	<u>293,797</u>
End of year - June 30	<u>\$ 417,190</u>

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for 2012, were as follows:

<u>Year Ended June 30</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2010	\$ 186,824	44.65%	\$ 192,536
2011	187,291	45.93%	293,797
2012	324,122	61.93%	417,190

Funding Status and Funding Progress. As of December 31, 2010, 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 \$3,457,710. The County's fund balance, however, shows \$1,012,546 in funds committed for this purpose. The covered payroll (annual payroll of active employees covered by the plan) was \$2,670,975, and the ratio of the UAAL to the covered payroll was 129.5 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, 2010 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.0 % 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 10.5 to 5.0 % annually. Both rates included a 3.00 % 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 percentage of projected payroll on a closed basis. The remaining amortization period at December 31, 2010 was 25 years.

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

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 (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. All death benefit payments are made from the Death Benefit Plan. 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. 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 thirty years after closure. Although closure and post-closure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and post-closure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$3,264,691 reported as landfill closure and post-closure care liability at June 30, 2012 represents a cumulative amount reported to date based on the use of 77.8464% of the total estimated capacity of the landfill. The County will recognize the remaining estimated cost of closure and post-closure care of \$928,991 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and post-closure care in 2012. The County is scheduled to close the portion of the Woodruff Road Landfill Facility that is currently being utilized by March 31, 2026. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

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 requirements. In addition, the County has elected to establish a reserve fund to accumulate resources for the payment of closure and post-closure care costs. As of June 30, 2012, the County had funds in the North Carolina Capital Management Trust of \$2,929,511 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.

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

Deferred/Unearned Revenues

The balance in deferred revenues on the fund statements and unearned revenues on the government-wide statements at June 30, 2012 is composed of the following elements:

	<u>Deferred Revenues</u>	<u>Unearned Revenues</u>
Prepaid taxes not yet earned (General Fund)	\$ -	\$ 34,488
Prepaid taxes not yet earned (Special Revenue Fund)	-	3,582
Taxes receivable, net (General Fund)	118,233	-
Taxes receivable, net (Special Revenue Fund)	11,171	-
Prepaid revenue not yet earned	-	209,584
Total	<u>\$ 129,404</u>	<u>\$ 247,654</u>

Risk Management

The County is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County participates in two self-funded risk financing pools, administered by the North Carolina Association of County Commissioners. Through these pools, the County obtains property coverage equal to replacement cost values of owned property subject to a limit of \$52.4 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. The two pools are reinsured through a multi-State public entity captive for single occurrence losses in excess of \$500,000, up to a \$2 million limit for liability coverage, \$1.75 million of aggregate annual losses in excess of \$250,000 per occurrence for property, auto physical damage and crime coverage, and single occurrence losses of \$750,000 for workers' compensation. 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 125.0% 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 (IBNR's).

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

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

	<u>2012</u>	<u>2011</u>
Unpaid claims, beginning	\$ 299,456	\$ 255,000
Incurred claims	2,320,279	2,107,096
Claim payments	<u>(2,331,492)</u>	<u>(2,062,640)</u>
Unpaid claims, ending	<u>\$ 288,243</u>	<u>\$ 299,456</u>

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

In accordance with G.S. 159-29, the County's employees that have access to \$100 or more at any given time of the County's funds are performance bonded through a commercial surety bond. The Finance Director, County Manager, and Tax Collector are individually bonded for \$200,000 each. The Deputy Tax Collector, Tax Clerks, and the Register of Deeds are bonded for \$50,000 each. The Sheriff is bonded for \$25,000. The remaining employees that have access to funds are covered by employee theft insurance.

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 capital lease is zero percent interest. Under the terms of the agreement, the County has a buyout option for \$1 at the end of the lease term.

TRANSYLVANIA COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012**

At June 30, 2012, the County leased equipment valued at:

<u>Class of Property</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Emergency Medical Service Equipment	\$ 42,400	\$ 8,480	\$ 33,920

For Transylvania County, the future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2012 were as follows:

<u>Year Ending June 30</u>	<u>Amount</u>
2013	\$ 8,480
2014	8,480
2015	8,480
2016	8,480
Total	\$ 33,920

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, 2012 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 3.0% to 5.0% varying throughout the life of the bonds. \$ 8,770,000

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

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

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 1,885,000	\$ 383,400	\$ 2,268,400
2014	1,885,000	289,150	2,174,150
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	<u>\$ 8,770,000</u>	<u>\$ 1,103,100</u>	<u>\$ 9,873,100</u>

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 2014. 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 balloon payment due in December 2014. There is no interest on these bonds. The balance outstanding at June 30, 2012 totaled \$239,851.

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

<u>Year Ending June 30</u>	<u>Principal</u>
2013	\$ 36,015
2014	36,015
2015	167,821
Total	<u>\$ 239,851</u>

Qualified School Construction Bonds

In March 2010, the County issued \$1,297,778 of Qualified School Construction Bonds at 2.09% 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, 2012 totaled \$1,081,482.

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

The debt service requirements to maturity for the County's Installment Financing Contract are as follows:

Year Ending June 30	Principal	Interest	Total
2013	\$ 108,148	\$ 22,603	\$ 130,751
2014	108,148	20,343	128,491
2015	108,148	18,082	126,230
2016	108,148	15,822	123,970
2017	108,148	13,562	121,710
2018-2022	540,742	33,904	574,646
Total	<u>\$ 1,081,482</u>	<u>\$ 124,316</u>	<u>\$ 1,205,798</u>

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%. The balance outstanding at June 30, 2012 totaled \$2,223,334.

The debt service requirements to maturity for the County's Installment Financing Contract are as follows:

Year Ending June 30	Principal	Interest	Total
2013	\$ 193,333	\$ 91,410	\$ 284,743
2014	193,333	83,194	276,527
2015	193,333	74,977	268,310
2016	193,333	66,760	260,093
2017	193,333	58,544	251,877
2018-2022	966,667	169,468	1,136,135
2023-2024	290,002	10,785	300,787
Total	<u>\$ 2,223,334</u>	<u>\$ 555,138</u>	<u>\$ 2,778,472</u>

At June 30, 2012, the County had a legal debt margin of \$466,743,519.

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

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, 2012:

	<u>July 1, 2011</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2012</u>	<u>Current Portion</u>
Governmental Activities:					
General obligation debt	\$ 10,695,000	\$ -	\$ 1,925,000	\$ 8,770,000	\$ 1,885,000
Premium - general obligation debt	20,478	-	3,112	17,366	3,112
Qualified Zone Academy debt	275,866	-	36,015	239,851	36,015
Qualified School Construction debt	1,189,630	-	108,148	1,081,482	108,148
Installment financing	2,416,667	-	193,333	2,223,334	193,333
Capital lease	-	42,400	8,480	33,920	8,480
LEO	445,911	70,052	-	515,963	-
OPEB	284,821	307,916	190,693	402,044	-
Compensated absences	822,917	900,760	695,286	1,028,391	874,132
Total	<u>\$ 16,151,290</u>	<u>\$ 1,321,128</u>	<u>\$ 3,160,067</u>	<u>\$ 14,312,351</u>	<u>\$ 3,108,220</u>
Business-Type Activities:					
OPEB	\$ 8,976	\$ 16,206	\$ 10,036	\$ 15,146	\$ -
Accrued landfill closure and post-closure care costs	3,131,365	133,326	-	3,264,691	-
Compensated absences	23,601	36,881	28,768	31,714	26,957
Total	<u>\$ 3,163,942</u>	<u>\$ 186,413</u>	<u>\$ 38,804</u>	<u>\$ 3,311,551</u>	<u>\$ 26,957</u>

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

TRANSYLVANIA COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012**

C. Capital Assets, Net of Related Debt

The total invested in capital assets, net of related debt of June 30, 2012, is composed of the following elements:

	Governmental Activities	Business-Type Activities
Capital assets, net of accumulated depreciation	\$ 39,607,422	\$ 3,859,314
Less: capital debt		
Gross debt	12,365,953	-
Less:		
School debt related to assets to which the County does not hold title	(10,108,699)	-
Net capital debt	2,257,254	-
Capital assets, net of related debt	\$ 37,350,168	\$ 3,859,314

D. Interfund Balances and Activity

Transfers from/to other funds at June 30, 2012 consist of the following:

From the General Fund to the Emergency Telephone System Fund for eligible expenditures charged to the Emergency Telephone System Fund	\$ 828
From the General Fund to the Solid Waste Fund to supplement other funding sources	449,009
Total transfers from General Fund to other funds	\$ 449,837
From the General Capital Projects Fund to the General Fund for the construction of a preseptage treatment facility	\$ 160,000
Total transfers from other funds to General Fund	\$ 160,000

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.

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

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.

	<u>Federal</u>	<u>State</u>
Temporary Assistance to Needy Families	\$ 148,575	\$ -
Medicaid	22,549,374	13,296,965
WIC	451,532	-
Adoption Assistance	269,120	72,039
Low-income Home Energy Assistance Block Grant	841	-
Foster Care	20,577	7,382
Total	<u>\$ 23,440,019</u>	<u>\$ 13,376,386</u>

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.

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, 2012

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%

Schedule of Employer Contributions

Year Ended June 30	Annual Required Contribution (ARC)	Percentage of ARC Contributed
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	12/31/2010
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay closed
Remaining amortization period	20 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return*	5.00%
Projected salary increases*	4.25 - 7.85%
*Includes inflation at	3.00%
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 \$624,953 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, 2012**

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%

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%

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	12/31/2010
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay, closed
Remaining amortization period	25 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return *	4.00%
Medical cost trend rate	5.00% - 10.50%
Year of Ultimate trend rate	2018

* Includes inflation at 3.00%

*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 \$1,012,546 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, 2012

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Ad Valorem Taxes:			
Taxes	\$ 23,548,438	\$ 23,655,110	\$ 106,672
Penalties and interest	123,000	100,739	(22,261)
Total	<u>23,671,438</u>	<u>23,755,849</u>	<u>84,411</u>
Local Option Sales Taxes:			
Article 39 and 44	2,383,623	2,222,899	(160,724)
Article 40, one-half of one percent	1,600,533	1,770,293	169,760
Article 42, one-half of one percent	1,277,597	1,251,213	(26,384)
Medicaid hold harmless	500,000	576,064	76,064
Total	<u>5,761,753</u>	<u>5,820,469</u>	<u>58,716</u>
Other Taxes and Licenses:			
Deed stamp excise tax	147,120	133,056	(14,064)
Real estate transfer tax	346,336	322,372	(23,964)
Total	<u>493,456</u>	<u>455,428</u>	<u>(38,028)</u>
Unrestricted Intergovernmental Revenues:			
Payments in lieu of taxes - outside sources	179,915	198,681	18,766
ABC profit distribution	58,000	64,517	6,517
Video programming services tax	120,000	119,724	(276)
Total	<u>357,915</u>	<u>382,922</u>	<u>25,007</u>
Restricted Intergovernmental Revenues:			
State grants	1,223,659	1,235,042	11,383
Federal grants	4,697,322	4,875,878	178,556
Court facility fees	41,000	32,286	(8,714)
Other restricted funds	75,005	72,233	(2,772)
Total	<u>6,036,986</u>	<u>6,215,439</u>	<u>178,453</u>
Permits and Fees:			
Register of Deeds	78,204	81,209	3,005
Other	3,500	2,174	(1,326)
Building permits	245,000	244,573	(427)
Total	<u>326,704</u>	<u>327,956</u>	<u>1,252</u>

TRANSYLVANIA COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Sales and Services:			
Ambulance fees	1,193,460	1,279,404	85,944
Recreation Department	43,000	43,551	551
Town of Rosman	6,845	7,621	776
City of Brevard	139,205	142,806	3,601
Total	<u>2,662,347</u>	<u>2,648,302</u>	<u>(14,045)</u>
Investment Earnings	<u>56,000</u>	<u>36,192</u>	<u>(19,808)</u>
Miscellaneous:			
Joint Historical Preservation	-	532	532
Donations	18,857	23,451	4,594
County Recovery Fund	226	190	(36)
Other	95,564	108,724	13,160
Total	<u>114,647</u>	<u>132,897</u>	<u>18,250</u>
Total revenues	<u>39,481,246</u>	<u>39,775,454</u>	<u>294,208</u>
Expenditures:			
General Government:			
Governing Board:			
Salaries and employee benefits	82,725	82,634	91
Other operating expenditures	40,700	23,353	17,347
Total	<u>123,425</u>	<u>105,987</u>	<u>17,438</u>
Administration:			
Salaries and employee benefits	307,503	306,947	556
Other operating expenditures	667,781	587,489	80,292
Capital outlay	160,000	136,822	23,178
Total	<u>1,135,284</u>	<u>1,031,258</u>	<u>104,026</u>
Elections:			
Salaries and employee benefits	238,161	233,765	4,396
Other operating expenditures	108,982	108,131	851
Total	<u>347,143</u>	<u>341,896</u>	<u>5,247</u>

TRANSYLVANIA COUNTY, NORTH CAROLINA

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
150th Celebration:			
Other operating expenditures	103,832	103,708	124
Finance:			
Salaries and employee benefits	312,566	305,652	6,914
Other operating expenditures	95,111	91,193	3,918
Capital outlay	9,500	9,205	295
Total	<u>417,177</u>	<u>406,050</u>	<u>11,127</u>
Taxes:			
Salaries and employee benefits	664,438	661,939	2,499
Other operating expenditures	190,193	190,138	55
Total	<u>854,631</u>	<u>852,077</u>	<u>2,554</u>
Legal:			
Contracted services	37,600	26,318	11,282
Register of Deeds:			
Salaries and employee benefits	242,860	237,881	4,979
Other operating expenditures	243,096	224,013	19,083
Capital outlay	14,000	14,000	-
Total	<u>499,956</u>	<u>475,894</u>	<u>24,062</u>
Public Buildings:			
Salaries and employee benefits	526,773	517,928	8,845
Other operating expenditures	387,347	344,228	43,119
Capital outlay	80,503	68,175	12,328
Total	<u>994,623</u>	<u>930,331</u>	<u>64,292</u>
Court Facilities:			
Other operating expenditures	41,000	36,987	4,013
Capital outlay	27,782	26,815	967
Total	<u>68,782</u>	<u>63,802</u>	<u>4,980</u>
Information Technology:			
Salaries and employee benefits	279,406	278,704	702
Other operating expenditures	71,888	62,248	9,640
Capital outlay	32,941	32,856	85
Total	<u>384,235</u>	<u>373,808</u>	<u>10,427</u>

TRANSYLVANIA COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Project Management:			
Salaries and employee benefits	58,231	57,937	294
Other operating expenditures	480	434	46
Total	<u>58,711</u>	<u>58,371</u>	<u>340</u>
Self Insurance:			
Claims cost	2,272,896	2,325,595	(52,699)
Employee premiums/cobra payments	(487,449)	(484,175)	(3,274)
Administrative costs	637,747	604,383	33,364
County portion of premiums charged	(2,417,194)	(2,396,088)	(21,106)
Reserve	84,824	-	84,824
Retiree insurance	(84,824)	9,578	(94,402)
Total	<u>6,000</u>	<u>59,293</u>	<u>(53,293)</u>
457 Contributions:			
Other operating expenditures	-	(44,467)	44,467
Total general government	<u>5,031,399</u>	<u>4,784,326</u>	<u>247,073</u>
Public Safety:			
Sheriff and Jail:			
Salaries and employee benefits	4,815,387	4,741,570	73,817
Other operating expenditures	1,122,607	1,099,264	23,343
Capital outlay	104,000	103,198	802
Total	<u>6,041,994</u>	<u>5,944,032</u>	<u>97,962</u>
Emergency Management:			
Salaries and employee benefits	218,009	217,257	752
Other operating expenditures	25,886	22,207	3,679
Total	<u>243,895</u>	<u>239,464</u>	<u>4,431</u>
Fire:			
Contracted services	87,224	79,909	7,315
Rescue Units:			
Contracted services	131,400	131,400	-

TRANSYLVANIA COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Emergency Medical Services:			
Salaries and employee benefits	1,443,032	1,415,270	27,762
Other operating expenditures	228,683	227,114	1,569
Capital outlay	136,880	136,157	723
Total	<u>1,808,595</u>	<u>1,778,541</u>	<u>30,054</u>
Medical Examiner:			
Contracted services	<u>20,000</u>	<u>16,900</u>	<u>3,100</u>
Emergency Communications:			
Salaries and employee benefits	597,030	566,361	30,669
Other operating expenditures	164,296	129,571	34,725
Total	<u>761,326</u>	<u>695,932</u>	<u>65,394</u>
Animal Control:			
Salaries and employee benefits	153,190	154,616	(1,426)
Other operating expenditures	28,288	27,622	666
Total	<u>181,478</u>	<u>182,238</u>	<u>(760)</u>
Inspections:			
Salaries and employee benefits	317,240	316,460	780
Other operating expenditures	27,825	23,029	4,796
Capital outlay	29,900	20,015	9,885
Total	<u>374,965</u>	<u>359,504</u>	<u>15,461</u>
Total public safety	<u>9,650,877</u>	<u>9,427,920</u>	<u>222,957</u>
Transportation:			
Salaries and employee benefits	342,732	307,902	34,830
Other operating expenditures	103,086	114,315	(11,229)
Capital outlay	58,750	-	58,750
Total transportation	<u>504,568</u>	<u>422,217</u>	<u>82,351</u>
Economic and Physical Development:			
Planning:			
Salaries and employee benefits	161,277	160,845	432
Other operating expenditures	23,470	15,157	8,313
Total	<u>184,747</u>	<u>176,002</u>	<u>8,745</u>

TRANSYLVANIA COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Economic Development:			
Operating expenditures	54,000	51,821	2,179
Total	<u>54,000</u>	<u>51,821</u>	<u>2,179</u>
Cooperative Extension:			
Salaries and employee benefits	119,781	111,282	8,499
Other operating expenditures	29,369	14,498	14,871
Total	<u>149,150</u>	<u>125,780</u>	<u>23,370</u>
Soil and Water Conservation:			
Salaries and employee benefits	111,459	110,391	1,068
Other operating expenditures	88,772	71,478	17,294
Total	<u>200,231</u>	<u>181,869</u>	<u>18,362</u>
Total economic and physical development	<u>588,128</u>	<u>535,472</u>	<u>52,656</u>
Human Services:			
Health:			
Administration:			
Salaries and employee benefits	1,624,734	1,510,888	113,846
Other operating expenditures	381,269	289,099	92,170
Capital outlay	18,000	16,033	1,967
Total	<u>2,024,003</u>	<u>1,816,020</u>	<u>207,983</u>
Mental Health:			
Contracted services:			
Community Mental Health Services	99,261	99,261	-
Total	<u>99,261</u>	<u>99,261</u>	<u>-</u>
Social Services:			
Administration:			
Salaries and employee benefits	2,450,383	2,434,259	16,124
Other operating expenditures	259,933	267,313	(7,380)
Capital outlay	21,148	21,788	(640)
Total	<u>2,731,464</u>	<u>2,723,360</u>	<u>8,104</u>

TRANSYLVANIA COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Public Assistance:			
Special assistance to adults:			
County participation only	232,685	274,726	(42,041)
Medicaid program:			
County participation only	2,499	399	2,100
Medicaid transportation	155,000	172,863	(17,863)
Title III programs:			
Other operating expenditures	18,750	17,206	1,544
Other assistance:			
Other program expenditures	1,743,023	1,578,957	164,066
Total	<u>2,151,957</u>	<u>2,044,151</u>	<u>107,806</u>
Child Development:			
Salaries and employee benefits	687,073	653,260	33,813
Other operating expenditures	95,387	92,698	2,689
Total	<u>782,460</u>	<u>745,958</u>	<u>36,502</u>
Total social services	<u>5,665,881</u>	<u>5,513,469</u>	<u>152,412</u>
Veteran's Service Officer:			
Salaries and employee benefits	17,170	16,859	311
Other operating expenditures	2,075	1,338	737
Total	<u>19,245</u>	<u>18,197</u>	<u>1,048</u>
Other Services:			
Transylvania vocational services	25,312	25,312	-
Juvenile crime prevention	104,977	104,947	30
Western Carolina Community Action	3,240	3,240	-
Criminal Justice Partnership Program	56,395	56,395	-
Children's Center	38,080	38,074	6
HCCBG	281,501	273,881	7,620
Other services	64,800	64,800	-
Total	<u>574,305</u>	<u>566,649</u>	<u>7,656</u>
Total human services	<u>8,382,695</u>	<u>8,013,596</u>	<u>369,099</u>

TRANSYLVANIA COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Cultural and Recreational:			
Parks and Recreation:			
Salaries and employee benefits	382,615	370,336	12,279
Other operating expenditures	138,778	124,755	14,023
Capital outlay	157,006	154,297	2,709
Total	<u>678,399</u>	<u>649,388</u>	<u>29,011</u>
Library:			
Salaries and employee benefits	872,104	865,913	6,191
Other operating expenditures	220,928	213,961	6,967
Total	<u>1,093,032</u>	<u>1,079,874</u>	<u>13,158</u>
Other:			
Brevard College	7,200	7,200	-
Transylvania Parks Commission	1,555	1,056	499
Other	2,970	486	2,484
Total	<u>11,725</u>	<u>8,742</u>	<u>2,983</u>
Total cultural and recreational	<u>1,783,156</u>	<u>1,738,004</u>	<u>45,152</u>
Education:			
Public schools - current	9,815,716	9,815,716	-
Public schools - daycare	10,500	10,500	-
Public schools - distribution of lottery proceeds	200,000	200,000	-
Public schools - capital outlay	746,963	746,963	-
Blue Ridge Community College	285,378	285,378	-
Total education	<u>11,058,557</u>	<u>11,058,557</u>	<u>-</u>
Debt Service:			
Principal retirement	2,270,976	2,270,976	-
Interest and fees	565,640	565,657	(17)
Total	<u>2,836,616</u>	<u>2,836,633</u>	<u>(17)</u>
Total expenditures	<u>39,835,996</u>	<u>38,816,725</u>	<u>1,019,271</u>

TRANSYLVANIA COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues over (under) expenditures	(354,750)	958,729	1,313,479
Other Financing Sources (Uses):			
Capital lease obligations issued	42,400	42,400	-
Transfers in:			
Capital project funds	160,000	160,000	-
Transfers out:			
Special revenue funds	(828)	(828)	-
Enterprise funds	(449,009)	(449,009)	-
Appropriated fund balance	<u>602,187</u>	<u>-</u>	<u>(602,187)</u>
Total other financing sources (uses)	<u>354,750</u>	<u>(247,437)</u>	<u>(602,187)</u>
Net change in fund balance	<u>\$ -</u>	711,292	<u>\$ 711,292</u>
Fund Balance:			
Beginning of year - July 1		<u>20,327,500</u>	
End of year - June 30		<u>\$ 21,038,792</u>	

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NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditure for particular purpose.

Occupancy Tax Fund – This fund accounts for funds designated for travel and tourism development in the County.

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 School Construction Bond Fund – This fund accounts for funds from Qualified School Construction bonds to be used for the construction of a Career and Technical Education facility for the Transylvania County Public Schools. This fund was established during the 2009-2010 fiscal year.

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 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, 2012**

	Nonmajor Special Revenue Funds	Nonmajor Capital Project Funds	Permanent Fund	Total
Assets:				
Cash and investments	\$ 788,429	\$ 2,014,541	\$ 289,953	\$ 3,092,923
Accounts receivable, net	105,331	25	790	106,146
Taxes receivable, net	11,171	-	-	11,171
Cash and investments, restricted	-	27,634	108,367	136,001
Total assets	<u>\$ 904,931</u>	<u>\$ 2,042,200</u>	<u>\$ 399,110</u>	<u>\$ 3,346,241</u>
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable and accrued liabilities	\$ 102,553	\$ 9,742	\$ 101	\$ 112,396
Due to other funds	5,186	-	-	5,186
Deferred revenues	11,171	-	-	11,171
Unearned revenues	3,582	-	-	3,582
Total liabilities	<u>122,492</u>	<u>9,742</u>	<u>101</u>	<u>132,335</u>
Fund Balances:				
Stabilization for State statute	105,331	25	790	106,146
Restricted, all other	687,281	26,557	108,367	822,205
Committed	-	2,005,876	-	2,005,876
Assigned	-	-	289,852	289,852
Unassigned	(10,173)	-	-	(10,173)
Total fund balances	<u>782,439</u>	<u>2,032,458</u>	<u>399,009</u>	<u>3,213,906</u>
Total liabilities and fund balances	<u>\$ 904,931</u>	<u>\$ 2,042,200</u>	<u>\$ 399,110</u>	<u>\$ 3,346,241</u>

TRANSYLVANIA COUNTY, NORTH CAROLINA

**NONMAJOR GOVERNMENTAL FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 FOR THE YEAR ENDED JUNE 30, 2012**

	Nonmajor Special Revenue Funds	Nonmajor Capital Project Funds	Permanent Fund	Total
Revenues:				
Ad valorem taxes	\$ 2,186,431	\$ -	\$ -	\$ 2,186,431
Other taxes and licenses	393,307	-	-	393,307
Sales and services	15,062	-	-	15,062
Restricted intergovernmental revenues	426,041	-	-	426,041
Donations and grants	200	25	-	225
Interest earned on investments	1,401	4,237	3,028	8,666
Miscellaneous	-	2,026	-	2,026
Total revenues	<u>3,022,442</u>	<u>6,288</u>	<u>3,028</u>	<u>3,031,758</u>
Expenditures:				
Current:				
General government	-	23,454	-	23,454
Public safety	2,634,111	70,058	-	2,704,169
Economic and physical development	422,608	-	-	422,608
Education	-	1,143,114	-	1,143,114
Cultural and recreational	-	-	3,428	3,428
Capital outlay	-	238,416	-	238,416
Total expenditures	<u>3,056,719</u>	<u>1,475,042</u>	<u>3,428</u>	<u>4,535,189</u>
Revenues over (under) expenditures	<u>(34,277)</u>	<u>(1,468,754)</u>	<u>(400)</u>	<u>(1,503,431)</u>
Other Financing Sources (Uses):				
Transfers in	828	-	-	828
Transfers out	-	(160,000)	-	(160,000)
Total other financing sources (uses)	<u>828</u>	<u>(160,000)</u>	<u>-</u>	<u>(159,172)</u>
Net change in fund balances	(33,449)	(1,628,754)	(400)	(1,662,603)
Fund Balances:				
Beginning of year - July 1	<u>815,888</u>	<u>3,661,212</u>	<u>399,409</u>	<u>4,876,509</u>
End of year - June 30	<u>\$ 782,439</u>	<u>\$ 2,032,458</u>	<u>\$ 399,009</u>	<u>\$ 3,213,906</u>

TRANSYLVANIA COUNTY, NORTH CAROLINA

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2012

	<u>Occupancy Tax Fund</u>	<u>Fire Districts Fund</u>	<u>Emergency Telephone System Fund</u>	<u>Community Development Block Grant Fund</u>	<u>Total</u>
Assets:					
Cash and investments	\$ 310,998	\$ 164,610	\$ 312,821	\$ -	\$ 788,429
Accounts receivable	66,335	-	28,823	10,173	105,331
Taxes receivable, net	-	11,171	-	-	11,171
Total assets	<u>\$ 377,333</u>	<u>\$ 175,781</u>	<u>\$ 341,644</u>	<u>\$ 10,173</u>	<u>\$ 904,931</u>
Liabilities and Fund Balances:					
Liabilities:					
Accounts payable	\$ 983	\$ -	\$ 101,570	\$ -	\$ 102,553
Due to other funds	-	-	-	5,186	5,186
Deferred revenues	-	11,171	-	-	11,171
Unearned revenues	-	3,582	-	-	3,582
Total liabilities	<u>983</u>	<u>14,753</u>	<u>101,570</u>	<u>5,186</u>	<u>122,492</u>
Fund Balances:					
Restricted:					
Stabilization for State statute	66,335	-	28,823	10,173	105,331
Restricted, all other	310,015	161,028	211,251	4,987	687,281
Unassigned	-	-	-	(10,173)	(10,173)
Total fund balances	<u>376,350</u>	<u>161,028</u>	<u>240,074</u>	<u>4,987</u>	<u>782,439</u>
Total liabilities and fund balances	<u>\$ 377,333</u>	<u>\$ 175,781</u>	<u>\$ 341,644</u>	<u>\$ 10,173</u>	<u>\$ 904,931</u>

TRANSYLVANIA COUNTY, NORTH CAROLINA

**NONMAJOR SPECIAL REVENUE FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 FOR THE YEAR ENDED JUNE 30, 2012**

	<u>Occupancy Tax Fund</u>	<u>Fire Districts Fund</u>	<u>Emergency Telephone System Fund</u>	<u>Community Development Block Grant Fund</u>	<u>Total</u>
Revenues:					
Ad valorem taxes	\$ -	\$ 2,186,431	\$ -	\$ -	\$ 2,186,431
Other taxes and licenses	393,307	-	-	-	393,307
Sales and services	15,062	-	-	-	15,062
Donations	200	-	-	-	200
Restricted intergovernmental	-	-	345,878	80,163	426,041
Investment earnings	491	432	478	-	1,401
Total revenues	<u>409,060</u>	<u>2,186,863</u>	<u>346,356</u>	<u>80,163</u>	<u>3,022,442</u>
Expenditures:					
Public safety	-	2,211,744	422,367	-	2,634,111
Economic and physical development	345,520	-	-	77,088	422,608
Total expenditures	<u>345,520</u>	<u>2,211,744</u>	<u>422,367</u>	<u>77,088</u>	<u>3,056,719</u>
Revenues over (under) expenditures	63,540	(24,881)	(76,011)	3,075	(34,277)
Other Financing Sources (Uses):					
Transfers in	-	-	828	-	828
Net change in fund balances	63,540	(24,881)	(75,183)	3,075	(33,449)
Fund Balances:					
Beginning of year - July 1	<u>312,810</u>	<u>185,909</u>	<u>315,257</u>	<u>1,912</u>	<u>815,888</u>
End of year - June 30	<u>\$ 376,350</u>	<u>\$ 161,028</u>	<u>\$ 240,074</u>	<u>\$ 4,987</u>	<u>\$ 782,439</u>

TRANSYLVANIA COUNTY, NORTH CAROLINA

OCCUPANCY TAX FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Other taxes and licenses	\$ 310,250	\$ 393,307	\$ 83,057
Sales and services	15,000	15,062	62
Donations	-	200	200
Investment earnings	2,000	491	(1,509)
Total revenues	<u>327,250</u>	<u>409,060</u>	<u>81,810</u>
Expenditures:			
Economic and physical development	<u>354,657</u>	<u>345,520</u>	<u>9,137</u>
Revenues over (under) expenditures	(27,407)	63,540	90,947
Other Financing Sources (Uses):			
Appropriated fund balance	<u>27,407</u>	-	<u>27,407</u>
Net change in fund balance	<u>\$ -</u>	63,540	<u>\$ 63,540</u>
Fund Balance:			
Beginning of year - July 1		<u>312,810</u>	
End of year - June 30		<u>\$ 376,350</u>	

TRANSYLVANIA COUNTY, NORTH CAROLINA

FIRE DISTRICTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Ad valorem taxes:			
Current year	\$ 2,157,744	\$ 2,167,087	\$ 9,343
Prior year	-	8,847	8,847
Penalties and interest	-	10,497	10,497
Investment earnings	-	432	432
Total revenues	<u>2,157,744</u>	<u>2,186,863</u>	<u>29,119</u>
Expenditures:			
Public safety:			
Brevard Fire District	234,500	234,500	-
Rosman Fire District	342,901	342,901	-
Little River Fire District	292,870	292,870	-
Connestee Falls Fire District	484,900	484,900	-
Cedar Mountain Fire District	123,883	123,883	-
Lake Toxaway Fire District	531,362	531,362	-
Balsam Grove Fire District	88,603	88,603	-
North Transylvania Fire District	112,725	112,725	-
Total expenditures	<u>2,211,744</u>	<u>2,211,744</u>	<u>-</u>
Revenues over (under) expenditures	(54,000)	(24,881)	29,119
Other Financing Sources (Uses):			
Appropriated fund balance	<u>54,000</u>	<u>-</u>	<u>(54,000)</u>
Net change in fund balance	<u>\$ -</u>	<u>(24,881)</u>	<u>\$ (24,881)</u>
Fund Balance:			
Beginning of year - July 1		<u>185,909</u>	
End of year - June 30		<u>\$ 161,028</u>	

TRANSYLVANIA COUNTY, NORTH CAROLINA

**EMERGENCY TELEPHONE SYSTEM FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Restricted intergovernmental	\$ 345,878	\$ 345,878	\$ -
Investment earnings	-	478	478
Total revenues	<u>345,878</u>	<u>346,356</u>	<u>478</u>
Expenditures:			
Public safety:			
Phone and furniture	28,200	19,114	9,086
Software	84,948	82,494	2,454
Hardware	49,383	41,347	8,036
Training	3,740	274	3,466
Implemental functions	137,272	137,262	10
Special projects	143,943	141,876	2,067
Total expenditures	<u>447,486</u>	<u>422,367</u>	<u>25,119</u>
Revenues over (under) expenditures	<u>(101,608)</u>	<u>(76,011)</u>	<u>25,597</u>
Other Financing Sources (Uses):			
Transfer in	828	828	-
Transfers out	(43,163)	-	43,163
Appropriated fund balance	143,943	-	(143,943)
Total other financing sources (uses)	<u>101,608</u>	<u>828</u>	<u>(100,780)</u>
Net change in fund balance	<u>\$ -</u>	<u>(75,183)</u>	<u>\$ (75,183)</u>
Fund Balance:			
Beginning of year - July 1		<u>315,257</u>	
End of year - June 30		<u>\$ 240,074</u>	

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, 2012

	<u>Project Authorization</u>	<u>Actual</u>		<u>Total to Date</u>	<u>Variance Over/Under</u>
	<u>Prior Years</u>	<u>Current Year</u>			
Revenues:					
Restricted intergovernmental revenues	\$ 1,530,000	\$ 1,350,700	\$ 80,163	\$ 1,430,863	\$ (99,137)
Expenditures:					
Economic and physical development:	1,530,000	1,348,788	77,088	1,425,876	104,124
Net change in fund balance	<u>\$ -</u>	<u>\$ 1,912</u>	3,075	<u>\$ 4,987</u>	<u>\$ 4,987</u>
Fund Balance:					
Beginning of year - July 1			<u>1,912</u>		
End of year - June 30			<u>\$ 4,987</u>		

TRANSYLVANIA COUNTY, NORTH CAROLINA

NONMAJOR CAPITAL PROJECT FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2012

	<u>Schools QSCB Fund</u>	<u>Schools QZAB Fund</u>	<u>General Capital Projects Fund</u>	<u>Total</u>
Assets:				
Cash and investments	\$ -	\$ -	\$ 2,014,541	\$ 2,014,541
Accounts receivable, net	-	-	25	25
Cash and investments, restricted	-	27,634	-	27,634
Total assets	<u>\$ -</u>	<u>\$ 27,634</u>	<u>\$ 2,014,566</u>	<u>\$ 2,042,200</u>
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable and accrued liabilities	<u>\$ -</u>	<u>\$ 1,077</u>	<u>\$ 8,665</u>	<u>\$ 9,742</u>
Fund Balances:				
Stabilization for State Statute	-	-	25	25
Restricted for:				
Education	-	26,557	-	26,557
Committed	-	-	2,005,876	2,005,876
Total fund balances	<u>-</u>	<u>26,557</u>	<u>2,005,901</u>	<u>2,032,458</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ 27,634</u>	<u>\$ 2,014,566</u>	<u>\$ 2,042,200</u>

TRANSYLVANIA COUNTY, NORTH CAROLINA

**NONMAJOR CAPITAL PROJECT FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 FOR THE YEAR ENDED JUNE 30, 2012**

	Schools QSCB Fund	Schools QZAB Fund	General Capital Projects Fund	Total
Revenues:				
Donations and grants	\$ -	\$ -	\$ 25	\$ 25
Interest earned on investments	673	-	3,564	4,237
Miscellaneous	-	2,026	-	2,026
Total revenues	<u>673</u>	<u>2,026</u>	<u>3,589</u>	<u>6,288</u>
Expenditures:				
Current:				
General government	-	-	23,454	23,454
Public safety	-	-	70,058	70,058
Capital outlay	-	-	238,416	238,416
Education	1,142,036	1,078	-	1,143,114
Total expenditures	<u>1,142,036</u>	<u>1,078</u>	<u>331,928</u>	<u>1,475,042</u>
Revenues over (under) expenditures	(1,141,363)	948	(328,339)	(1,468,754)
Other Financing Sources (Uses):				
Transfers out	-	-	(160,000)	(160,000)
Net change in fund balances	(1,141,363)	948	(488,339)	(1,628,754)
Fund Balances:				
Beginning of year - July 1	<u>1,141,363</u>	<u>25,609</u>	<u>2,494,240</u>	<u>3,661,212</u>
End of year - June 30	<u>\$ -</u>	<u>\$ 26,557</u>	<u>\$ 2,005,901</u>	<u>\$ 2,032,458</u>

TRANSYLVANIA COUNTY, NORTH CAROLINA

SCHOOLS QSCB FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2012

	<u>Project Authorization</u>	<u>Actual</u>			<u>Variance Over/Under</u>
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	
Revenues:					
Investment earnings	\$ -	\$ 1,982	\$ 673	\$ 2,655	\$ 2,655
Expenditures:					
Project costs	1,297,778	158,397	1,142,036	1,300,433	(2,655)
Revenues over (under) expenditures	(1,297,778)	(156,415)	(1,141,363)	(1,297,778)	-
Other Financing Sources (Uses):					
Debt issued	1,297,778	1,297,778	-	1,297,778	-
Net change in fund balance	\$ -	\$ 1,141,363	(1,141,363)	\$ -	\$ -
Fund Balance:					
Beginning of year - July 1			1,141,363		
End of year - June 30			\$ -		

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, 2012**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Miscellaneous revenue	\$ -	\$ 2,026	\$ 2,026
Expenditures:			
Bond expenditures	1,200	1,078	122
Revenues over (under) expenditures	(1,200)	948	1,904
Other Financing Sources (Uses):			
Appropriated fund balance	1,200	-	(1,200)
Net change in fund balance	<u>\$ -</u>	948	<u>\$ 948</u>
Fund Balance:			
Beginning of year - July 1		<u>25,609</u>	
End of year - June 30		<u>\$ 26,557</u>	

TRANSYLVANIA COUNTY, NORTH CAROLINA

GENERAL CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2012

	<u>Project Authorization</u>	<u>Actual</u>			<u>Variance Over/Under</u>
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	
Revenues:					
Donations and grants	\$ 300,000	\$ 58,041	\$ 25	\$ 58,066	\$ (241,934)
Investment earnings	213,173	528,789	3,564	532,353	319,180
Total revenues	<u>513,173</u>	<u>586,830</u>	<u>3,589</u>	<u>590,419</u>	<u>77,246</u>
Expenditures:					
Capital outlay	4,628,754	2,369,248	238,416	2,607,664	2,021,090
Expensed architectural fees	-	-	93,512	93,512	(93,512)
Total expenditures	<u>4,628,754</u>	<u>2,369,248</u>	<u>331,928</u>	<u>2,701,176</u>	<u>1,927,578</u>
Revenues over (under) expenditures	<u>(4,115,581)</u>	<u>(1,782,418)</u>	<u>(328,339)</u>	<u>(2,110,757)</u>	<u>2,004,824</u>
Other Financing Sources (Uses):					
Transfers in from General Fund	3,662,536	3,377,091	-	3,377,091	(285,445)
Transfers to General Fund	(2,041,195)	(1,881,195)	(160,000)	(2,041,195)	-
Total other financing sources (uses)	<u>1,621,341</u>	<u>1,495,896</u>	<u>(160,000)</u>	<u>1,335,896</u>	<u>(285,445)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>(2,494,240)</u>	<u>(286,522)</u>	<u>(488,339)</u>	<u>(774,861)</u>	<u>1,719,379</u>
Appropriated fund balance	<u>2,494,240</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,494,240)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (286,522)</u>	<u>(488,339)</u>	<u>\$ (774,861)</u>	<u>\$ (774,861)</u>
Fund Balance:					
Beginning of year - July 1			<u>2,494,240</u>		
End of year - June 30			<u>\$ 2,005,901</u>		

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PERMANENT FUND

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

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

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TRANSYLVANIA COUNTY, NORTH CAROLINA

**PERMANENT FUND - SILVERMONT RESERVE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Investment earnings	\$ 1,600	\$ 3,028	\$ 1,428
Expenditures:			
Silvermont maintenance	30,000	3,428	26,572
Revenues over (under) expenditures	(28,400)	(400)	28,000
Other Financing Sources (Uses):			
Appropriated fund balance	28,400	-	(28,400)
Net change in fund balance	<u>\$ -</u>	(400)	<u>\$ (400)</u>
Fund Balance:			
Beginning of year - July 1		<u>399,409</u>	
End of year - June 30		<u>\$ 399,009</u>	

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ENTERPRISE FUND

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

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

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TRANSYLVANIA COUNTY, NORTH CAROLINA

**MAJOR ENTERPRISE FUND
SOLID WASTE FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2012**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Operating revenues:			
Charges for services			
Solid waste charges	\$ 1,240,000	\$ 1,214,124	\$ (25,876)
Recycling	99,000	151,986	52,986
Other operating revenues	2,450	2,587	137
Total operating revenues	<u>1,341,450</u>	<u>1,368,697</u>	<u>27,247</u>
Non-operating revenues:			
Investment earnings	4,000	1,662	(2,338)
Miscellaneous revenue	16,579	21,043	4,464
Total non-operating revenues	<u>20,579</u>	<u>22,705</u>	<u>2,126</u>
Total revenues	<u>1,362,029</u>	<u>1,391,402</u>	<u>29,373</u>
Expenditures:			
Landfill administration and operations:			
Salaries and employee benefits	846,692	787,653	59,039
Other operating expenditures	516,901	453,010	63,891
Capital outlay	96,080	93,450	2,630
Total expenditures	<u>1,459,673</u>	<u>1,334,113</u>	<u>125,560</u>
Revenues over (under) expenditures	<u>(97,644)</u>	<u>57,289</u>	<u>154,933</u>
Other Financing Sources (Uses):			
Transfers - General Fund	449,009	449,009	-
Appropriated fund balance	(351,365)	-	351,365
Total other financing sources (uses)	<u>97,644</u>	<u>449,009</u>	<u>351,365</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 506,298</u>	<u>\$ 506,298</u>
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:			
Revenues and other financing sources over (under) expenditures and other financing uses		\$ 506,298	
Reconciling items:			
Capital outlay capitalized		93,450	
Increase in OPEB		(6,170)	
Increase in compensated absences payable		(8,113)	
Increase in closure and post-closure care costs		(133,326)	
Depreciation		(320,057)	
Change in net assets		<u>\$ 132,082</u>	

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AGENCY FUNDS

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

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

Miscellaneous Agency Funds – This fund accounts for various legal fines and forfeitures that the County is required to remit to the Transylvania County Board of Education, the three 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, 2012

	<u>Balance</u> <u>July 1, 2011</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2012</u>
Social Services:				
Assets:				
Cash and cash equivalents	\$ 10,097	\$ 135,510	\$ 128,616	\$ 16,991
Liabilities:				
Miscellaneous liabilities	\$ 10,097	\$ 135,510	\$ 128,616	\$ 16,991
Fines and Forfeitures:				
Assets:				
Cash and investments	\$ -	\$ 80,366	\$ 72,611	\$ 7,755
Accounts receivable and accrued revenues	6,155	10,180	6,155	10,180
Total assets	<u>\$ 6,155</u>	<u>\$ 90,546</u>	<u>\$ 78,766</u>	<u>\$ 17,935</u>
Liabilities:				
Intergovernmental payables - Transylvania County Board of Education	<u>\$ 6,155</u>	<u>\$ 90,546</u>	<u>\$ 78,766</u>	<u>\$ 17,935</u>
Motor Vehicle Fees:				
Assets:				
Cash and investments	<u>\$ 1,082</u>	<u>\$ 9,130</u>	<u>\$ 9,231</u>	<u>\$ 981</u>
Liabilities:				
Miscellaneous liabilities	<u>\$ 1,082</u>	<u>\$ 9,130</u>	<u>\$ 9,231</u>	<u>\$ 981</u>
Dare Camp:				
Assets:				
Cash and investments	<u>\$ -</u>	<u>\$ 2,220</u>	<u>\$ -</u>	<u>\$ 2,220</u>
Liabilities:				
Intergovernmental payables - Miscellaneous liabilities	<u>\$ -</u>	<u>\$ 2,220</u>	<u>\$ -</u>	<u>\$ 2,220</u>
Shield Camp:				
Assets:				
Cash and investments	<u>\$ -</u>	<u>\$ 14,676</u>	<u>\$ 1,894</u>	<u>\$ 12,782</u>
Liabilities:				
Transylvania County	\$ -	\$ 3,383	\$ -	\$ 3,383
Miscellaneous liabilities	-	14,676	5,277	9,399
Total liabilities	<u>\$ -</u>	<u>\$ 18,059</u>	<u>\$ 5,277</u>	<u>\$ 12,782</u>

TRANSYLVANIA COUNTY, NORTH CAROLINA

AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2012

	<u>Balance</u> <u>July 1, 2011</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2012</u>
Cops 4 Kids:				
Assets:				
Cash and investments	\$ -	\$ 6,532	\$ 1,281	\$ 5,251
Liabilities:				
Intergovernmental payables - Miscellaneous liabilities	\$ -	\$ 6,532	\$ 1,281	\$ 5,251
Register of Deeds:				
Assets:				
Cash and investments	\$ 400	\$ 29,014	\$ 27,101	\$ 2,313
Accounts receivable and accrued revenues	-	105	-	105
Total assets	<u>\$ 400</u>	<u>\$ 29,119</u>	<u>\$ 27,101</u>	<u>\$ 2,418</u>
Liabilities:				
Intergovernmental payables - State of North Carolina	\$ 400	\$ 29,119	\$ 27,101	\$ 2,418
Total-All Agency Funds:				
Assets:				
Cash and cash equivalents	\$ 11,579	\$ 277,448	\$ 240,734	\$ 48,293
Accounts receivable and accrued revenues	<u>6,155</u>	<u>10,285</u>	<u>6,155</u>	<u>10,285</u>
Total assets	<u>\$ 17,734</u>	<u>\$ 287,733</u>	<u>\$ 246,889</u>	<u>\$ 58,578</u>
Liabilities:				
Intergovernmental payables	\$ 7,237	\$ 132,178	\$ 115,098	\$ 24,717
Miscellaneous liabilities	<u>10,497</u>	<u>158,938</u>	<u>135,174</u>	<u>33,861</u>
Total liabilities	<u>\$ 17,734</u>	<u>\$ 291,116</u>	<u>\$ 250,272</u>	<u>\$ 58,578</u>

OTHER SCHEDULES

This section contains additional information on property taxes and transfers.

Schedule of Ad Valorem Taxes Receivable

Analysis of Current Tax Levy

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TRANSYLVANIA COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF AD VALOREM TAXES RECEIVABLE
JUNE 30, 2012

<u>Year Ended</u> <u>June 30</u>	<u>Uncollected</u> <u>Balance</u> <u>July 1, 2011</u>	<u>Additions</u>	<u>Collections</u> <u>and Credits</u>	<u>Uncollected</u> <u>Balance</u> <u>June 30, 2012</u>
2012	\$ -	\$ 23,668,341	\$ 23,580,022	\$ 88,319
2011	119,065	-	89,648	29,417
2010	19,843	-	5,547	14,296
2009	8,048	-	3,074	4,974
2008	13,677	-	1,567	12,110
2007	14,929	-	1,610	13,319
2006	17,372	-	2,061	15,311
2005	5,933	-	1,105	4,828
2004	7,024	-	1,193	5,831
2003	12,564	-	1,130	11,434
2002	21,950	-	21,950	-
Total	<u>\$ 240,405</u>	<u>\$ 23,668,341</u>	<u>\$ 23,708,907</u>	<u>199,839</u>

Less allowance for uncollectible ad valorem taxes receivable:

General Fund 81,606

Ad Valorem Taxes Receivable, Net:

General Fund \$ 118,233

Reconciliation of Collections and Credits with Revenues:

Ad valorem taxes - General Fund	\$ 23,755,849
Reconciling items:	
Interest	(80,550)
Tax refunds	9,418
Abatements - prior years	5,909
Advertising	(2,636)
Taxes written off	<u>20,917</u>
Total collections and credits	<u>\$ 23,708,907</u>

TRANSYLVANIA COUNTY, NORTH CAROLINA

ANALYSIS OF CURRENT TAX LEVY
COUNTY-WIDE LEVY
FOR THE YEAR ENDED JUNE 30, 2012

	County-Wide			Total Levy	
	Property Valuation	Rate	Amount of Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original Levy:					
County-wide:					
Property tax	\$ 5,985,249,937	\$ 0.3949	\$ 23,635,752	\$ 22,667,038	\$ 968,714
Late list penalties	-		17,374	17,374	-
Total original levy	<u>5,985,249,937</u>		<u>23,653,126</u>	<u>22,684,412</u>	<u>968,714</u>
Discoveries:					
Current year taxes	7,591,904		29,980	29,980	-
Prior year taxes	<u>6,749,857</u>		<u>27,581</u>	<u>27,581</u>	-
Total discoveries	<u>14,341,761</u>		<u>57,561</u>	<u>57,561</u>	-
Abatements and Discounts	<u>(10,723,294)</u>		<u>(42,346)</u>	<u>(29,507)</u>	<u>(12,839)</u>
Total property valuation	<u>\$ 5,988,868,404</u>				
Net Levy			23,668,341	22,712,466	955,873
Uncollected taxes at June 30, 2012			<u>88,319</u>	<u>42,831</u>	<u>45,488</u>
Current Year's Taxes Collected			<u>\$ 23,580,022</u>	<u>\$ 22,669,635</u>	<u>\$ 910,385</u>
Current Levy Collection Percentage			<u>99.63%</u>	<u>99.81%</u>	<u>95.24%</u>

STATISTICAL SECTION

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

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

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

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

UNAUDITED

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Governmental Activities				
Invested in Capital Assets, Net of Related Debt	\$ 10,072,375	\$ 9,988,250	\$ 13,773,087	\$ 19,969,409
Restricted	1,085,594	877,435	1,256,692	1,257,831
Unrestricted	<u>3,343,347</u>	<u>8,043,490</u>	<u>8,560,294</u>	<u>11,723,898</u>
Total Governmental Activities Net Assets	<u>\$ 14,501,316</u>	<u>\$ 18,909,175</u>	<u>\$ 23,590,073</u>	<u>\$ 32,951,138</u>
Business-Type Activities				
Invested in Capital Assets, Net of Related Debt	\$ 3,440,486	\$ 4,357,971	\$ 3,945,072	\$ 3,378,918
Restricted				
Unrestricted	<u>(1,328,514)</u>	<u>(1,244,471)</u>	<u>(1,215,349)</u>	<u>(795,452)</u>
Total Business-Type Activities Net Assets	<u>\$ 2,111,972</u>	<u>\$ 3,113,500</u>	<u>\$ 2,729,723</u>	<u>\$ 2,583,466</u>
Primary Government				
Invested in Capital Assets, Net of Related Debt	\$ 13,512,861	\$ 14,346,221	\$ 17,718,159	\$ 23,348,327
Restricted	1,085,594	877,435	1,256,692	1,257,831
Unrestricted	<u>2,014,833</u>	<u>6,799,019</u>	<u>7,344,945</u>	<u>10,928,446</u>
Total Primary Government Net Assets	<u>\$ 16,613,288</u>	<u>\$ 22,022,675</u>	<u>\$ 26,319,796</u>	<u>\$ 35,534,604</u>

Note: GASB 34 was not implemented until the 2003 fiscal year; net asset information is not available prior to that fiscal year.

TABLE 1

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
\$ 20,369,159	\$ 24,185,021	\$ 35,138,758	\$ 38,280,736	\$ 37,965,115	\$ 37,350,168
1,697,216	1,794,717	1,091,782	1,491,646	4,337,434	4,211,048
<u>16,158,930</u>	<u>16,912,463</u>	<u>8,613,469</u>	<u>8,759,642</u>	<u>7,097,748</u>	<u>7,979,935</u>
<u>\$ 38,225,305</u>	<u>\$ 42,892,201</u>	<u>\$ 44,844,009</u>	<u>\$ 48,532,024</u>	<u>\$ 49,400,297</u>	<u>\$ 49,541,151</u>
\$ 2,792,276	\$ 4,939,310	\$ 4,624,518	\$ 4,366,733	\$ 4,085,921	\$ 3,859,314
194,584	(1,090,548)	(92,919)	1,016,654	1,808,089	2,166,778
<u>\$ 2,986,860</u>	<u>\$ 3,848,762</u>	<u>\$ 4,531,599</u>	<u>\$ 5,383,387</u>	<u>\$ 5,894,010</u>	<u>\$ 6,026,092</u>
\$ 23,161,435	\$ 29,124,331	\$ 39,763,276	\$ 42,647,469	\$ 42,051,036	\$ 41,209,482
1,697,216	1,794,717	1,091,782	1,491,646	4,337,434	4,211,048
<u>16,353,514</u>	<u>15,821,915</u>	<u>8,520,550</u>	<u>9,776,296</u>	<u>8,905,837</u>	<u>10,146,713</u>
<u>\$ 41,212,165</u>	<u>\$ 46,740,963</u>	<u>\$ 49,375,608</u>	<u>\$ 53,915,411</u>	<u>\$ 55,294,307</u>	<u>\$ 55,567,243</u>

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

UNAUDITED

	2003	2004	2005
Expenses			
Governmental Activities:			
General Government	\$ 3,762,987	\$ 3,753,997	\$ 4,356,272
Public Safety	6,882,825	7,549,974	7,972,158
Transportation	105,250	97,957	103,255
Economic and Physical Development	666,510	950,117	1,411,719
Human Services	8,354,877	8,741,038	9,045,258
Cultural and Recreational	1,052,587	1,215,723	1,149,713
Education	6,933,582	7,248,509	7,618,423
Interest on Long-Term Obligations	1,247,439	1,180,734	1,106,923
Total Governmental Activities Expenses	<u>\$ 29,006,057</u>	<u>\$ 30,738,049</u>	<u>\$ 32,763,721</u>
Business-Type Activities:			
Landfill	<u>\$ 1,561,728</u>	<u>\$ 1,514,363</u>	<u>\$ 1,939,662</u>
Total Primary Government Expenses	<u>\$ 30,567,785</u>	<u>\$ 32,252,412</u>	<u>\$ 34,703,383</u>
Program Revenues			
Governmental Activities:			
Charges for Services:			
General Government	\$ 730,307	\$ 913,288	\$ 679,241
Public Safety	1,427,925	1,620,895	1,618,968
Economic and Physical Development	-	107,213	-
Human Services	384,414	505,408	395,941
Cultural and Recreational	39,541	58,858	61,783
Education	-	-	198,733
Operating Grants and Contributions:			
General Government	120,473	12,467	9,366
Public Safety	362,339	411,849	630,181
Transportation	163,384	201,891	71,184
Economic and Physical Development	12,506	123,673	840,253
Human Services	4,380,750	4,370,408	4,771,482
Cultural and Recreational	1,938	169,348	115,575
Education	-	174,007	12,611
Capital Grants and Contributions:			
General Government	51,768	-	57,921
Economic and Physical Development	32,953	101,946	-
Cultural and Recreational	120,954	-	434,460
Education	7,910	-	-
Total Governmental Activities Program Revenues	<u>\$ 7,837,162</u>	<u>\$ 8,771,251</u>	<u>\$ 9,897,699</u>

TABLE 2

2006		2007		2008		2009		2010		2011		2012	
\$	4,566,521	\$	5,472,674	\$	4,985,239	\$	5,042,645	\$	4,617,015	\$	5,155,747	\$	5,083,686
	8,306,170		9,051,987		10,399,235		11,042,467		11,777,713		12,386,788		12,979,401
	356,525		378,991		364,740		358,399		509,565		396,460		450,591
	3,696,917		1,502,285		1,594,400		1,531,068		1,663,553		1,096,501		959,314
	8,858,593		9,308,209		9,522,922		9,448,473		8,094,451		8,069,619		8,169,147
	1,322,900		1,699,971		1,814,530		1,968,016		1,560,709		1,904,003		1,847,675
	8,702,160		9,564,457		10,900,358		10,449,456		10,400,587		10,822,954		12,201,671
	1,034,391		959,451		636,426		907,694		668,751		609,131		551,526
\$	36,844,177	\$	37,938,025	\$	40,217,850	\$	40,748,218	\$	39,292,344	\$	40,441,203	\$	42,243,011
\$	2,524,570	\$	2,372,572	\$	1,458,440	\$	1,678,773	\$	1,418,346	\$	1,624,898	\$	1,708,329
\$	39,368,747	\$	40,310,597	\$	41,676,290	\$	42,426,991	\$	40,710,690	\$	42,066,101	\$	43,951,340
\$	730,655	\$	547,176	\$	1,403,077	\$	1,055,880	\$	269,938	\$	767,315	\$	334,456
	1,894,494		1,452,371		1,405,633		1,444,322		2,099,928		2,461,457		2,174,330
	-		-		-		11,467		6,712		31,791		22,638
	638,343		798,598		376,346		548,544		526,525		527,094		455,869
	74,981		42,173		40,176		98,220		95,713		94,967		103,822
	-		-		-		-		-		-		-
	17,033		217,053		361,235		39,379		56,527		40,283		52,247
	248,510		890,735		629,245		1,089,375		416,927		438,525		414,376
	80,412		-		219,801		341,357		234,881		278,738		272,129
	2,992,009		1,401,118		686,949		459,808		169,696		65,711		70,882
	4,414,362		3,666,631		4,833,149		5,063,846		5,293,382		4,973,824		5,331,406
	12,429		247,177		146,458		120,228		438,486		171,688		91,846
	322,070		546,646		124,754		137,268		137,842		161,664		363,784
	80,857		4,760		50,695		-		-		-		-
	-		-		-		-		475,799		42,249		80,163
	3,019,745		141,404		-		-		-		-		-
	6,094		-		-		-		-		-		-
\$	14,531,994	\$	9,955,842	\$	10,277,518	\$	10,409,694	\$	10,222,356	\$	10,055,306	\$	9,767,948

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

UNAUDITED

	2003	2004	2005
Business-Type Activities:			
Charge for Services - Landfill	\$ 1,167,114	\$ 1,275,719	\$ 1,466,228
Operating Grants and Contributions - Landfill	11,151	-	-
Capital Grants and Contributions - Landfill	-	-	-
Total Business-Type Activities Program Revenues	\$ 1,178,265	\$ 1,275,719	\$ 1,466,228
Total Primary Government Program Revenues	\$ 9,015,427	\$ 10,046,970	\$ 11,363,927
Net (Expense)/Revenue			
Governmental Activities	\$ (21,168,895)	\$ (21,966,798)	\$ (22,866,022)
Business-Type Activities	(383,463)	(238,644)	(473,434)
Total Primary Government Net (Expense)/Revenue	\$ (21,552,358)	\$ (22,205,442)	\$ (23,339,456)
General Revenues and Other Changes in Net Assets			
Governmental Activities:			
Property Taxes	\$ 17,839,194	\$ 19,160,255	\$ 18,577,018
Local Option Sales Tax	5,657,367	6,847,773	6,973,895
Other Taxes and Licenses	963,169	1,089,108	1,222,898
Grants and Contributions Not Restricted	165,853	214,673	218,655
Investment Earnings	287,620	261,103	524,310
Miscellaneous	57,753	10,425	30,142
Transfers	(650,760)	(1,208,678)	-
Total Governmental Activities:	\$ 24,320,196	\$ 26,374,659	\$ 27,546,918
Business-Type Activities:			
Investment Earnings	\$ 38,404	\$ 31,494	\$ 49,143
Miscellaneous	-	-	40,514
Transfers	650,760	1,208,678	-
Total Business-Type Activities	\$ 689,164	\$ 1,240,172	\$ 89,657
Total Primary Government	\$ 25,009,360	\$ 27,614,831	\$ 27,636,575
Change in Net Assets			
Governmental Activities	\$ 3,151,301	\$ 4,407,861	\$ 4,680,896
Business-Type Activities	305,701	1,001,528	(383,777)
Total Primary Government	\$ 3,457,002	\$ 5,409,389	\$ 4,297,119

Note: GASB 34 was not implemented until the 2003 fiscal year; change in net asset information is not available prior to that fiscal year.

TABLE 2

2006		2007		2008		2009		2010		2011		2012	
\$	1,394,442	\$	1,504,980	\$	1,593,221	\$	1,383,173	\$	1,334,337	\$	1,224,466	\$	1,368,697
	-		-		-		12,728		19,469		19,389		21,043
	-		-		107,343		-		-		-		-
\$	1,394,442	\$	1,504,980	\$	1,700,564	\$	1,395,901	\$	1,353,806	\$	1,243,855	\$	1,389,740
\$	15,926,436	\$	11,460,822	\$	11,978,082	\$	11,805,595	\$	11,576,162	\$	11,299,161	\$	11,157,688
\$	(22,312,183)	\$	(27,982,183)	\$	(29,940,332)	\$	(30,338,524)	\$	(29,069,988)	\$	(30,385,897)	\$	(32,475,063)
	(1,130,128)		(867,592)		242,124		(282,872)		(64,540)		(381,043)		(318,589)
\$	(23,442,311)	\$	(28,849,775)	\$	(29,698,208)	\$	(30,621,396)	\$	(29,134,528)	\$	(30,766,940)	\$	(32,793,652)
\$	21,714,091	\$	22,672,983	\$	23,582,218	\$	24,437,262	\$	25,974,123	\$	25,709,393	\$	25,964,830
	7,603,939		8,145,834		8,234,107		6,720,265		5,239,883		5,540,551		5,820,469
	1,675,570		1,694,466		1,440,731		763,293		811,378		774,223		848,735
	233,423		241,239		260,889		520,299		506,354		365,566		382,922
	1,000,240		1,605,838		1,544,020		672,317		138,015		75,710		47,970
	326,985		26,532		45,263		74,920		99,025		30,570		-
	(881,000)		(1,130,492)		(500,000)		(902,556)		(908,570)		(888,077)		(449,009)
\$	31,673,248	\$	33,256,400	\$	34,607,228	\$	32,285,800	\$	31,860,208	\$	31,607,936	\$	32,615,917
\$	89,958	\$	140,494	\$	119,778	\$	49,630	\$	5,471	\$	3,589	\$	1,662
	12,913		-		-		13,523		2,287		-		-
	881,000		1,130,492		500,000		902,556		908,570		888,077		449,009
\$	983,871	\$	1,270,986	\$	619,778	\$	965,709	\$	916,328	\$	891,666	\$	450,671
\$	32,657,119	\$	34,527,386	\$	35,227,006	\$	33,251,509	\$	32,776,536	\$	32,499,602	\$	33,066,588
\$	9,361,065	\$	5,274,217	\$	4,666,896	\$	1,947,276	\$	2,790,220	\$	1,222,039	\$	140,854
	(146,257)		403,394		861,902		682,837		851,788		510,623		132,082
\$	9,214,808	\$	5,677,611	\$	5,528,798	\$	2,630,113	\$	3,642,008	\$	1,732,662	\$	272,936

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

UNAUDITED

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Property Tax	\$ 17,839,194	\$ 19,160,255	\$ 18,577,018	\$ 21,714,091
Local Option Sales Tax	5,657,367	6,847,773	6,973,895	7,603,939
Other Taxes and Licenses	<u>963,169</u>	<u>1,089,108</u>	<u>1,222,898</u>	<u>1,675,570</u>
Total	<u>\$ 24,459,730</u>	<u>\$ 27,097,136</u>	<u>\$ 26,773,811</u>	<u>\$ 30,993,600</u>

Note: GASB 34 was not implemented until the 2003 fiscal year; governmental activities tax revenue by source information is not available prior to that fiscal year.

TABLE 3

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2011</u>	<u>2012</u>
\$ 22,672,983	\$ 23,582,218	\$ 24,437,262	\$ 25,709,393	\$ 25,964,830
8,145,834	8,234,107	6,720,265	5,540,551	5,820,469
<u>1,694,466</u>	<u>1,440,731</u>	<u>763,293</u>	<u>774,223</u>	<u>848,735</u>
<u>\$ 32,513,283</u>	<u>\$ 33,257,056</u>	<u>\$ 31,920,820</u>	<u>\$ 32,024,167</u>	<u>\$ 32,634,034</u>

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

UNAUDITED

	<u>2003</u>	<u>2004</u>	<u>2005</u>
General Fund			
Reserved	\$ 7,646,080	\$ 13,639,169	\$ 20,510,489
Designated	1,103,073	5,622,089	2,184,769
Unreserved and Undesignated	15,136,515	7,926,117	4,377,022
Non Spendable	-	-	-
Restricted	-	-	-
Committed	-	-	-
Assigned	-	-	-
Unassigned	-	-	-
Total General Fund	<u>\$ 23,885,668</u>	<u>\$ 27,187,375</u>	<u>\$ 27,072,280</u>
All other governmental funds			
Reserved	\$ 161,701	\$ 168,108	\$ 896,945
Designated for Subsequent Years	790,630	1,788,497	473,350
Unreserved and Undesignated, reported in:			
Special revenue funds	472,169	604,352	492,127
Capital projects funds	3,788,013	1,854,273	2,337,442
Permanent fund	182,472	158,200	199,706
Restricted	-	-	-
Committed:	-	-	-
Assigned:	-	-	-
Unassigned:	-	-	-
Total All Other Governmental Funds	<u>\$ 5,394,985</u>	<u>\$ 4,573,430</u>	<u>\$ 4,399,570</u>

Note: The change in the classifications of fund balance amounts in 2011 is discussed in Management's Discussion and Analysis. Prior year amounts have not been restated for the implementation of Statement 54.

TABLE 4

<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
\$ 21,491,749	\$ 17,116,364	\$ 5,529,966	\$ 4,771,176	\$ 3,851,813	\$ -	\$ -
2,105,874	3,042,494	3,064,060	3,180,255	5,223,495	-	-
6,145,790	10,524,826	8,575,637	9,758,729	10,261,746	-	-
-	-	-	-	-	13,007	16,215
-	-	-	-	-	3,414,041	3,309,254
-	-	-	-	-	1,463,248	1,637,499
-	-	-	-	-	3,547,977	4,513,591
-	-	-	-	-	11,889,227	11,562,233
<u>\$ 29,743,413</u>	<u>\$ 30,683,684</u>	<u>\$ 17,169,663</u>	<u>\$ 17,710,160</u>	<u>\$ 19,337,054</u>	<u>\$ 20,327,500</u>	<u>\$ 21,038,792</u>
\$ 3,088,738	\$ 1,255,698	\$ 14,258,269	\$ 6,515,367	\$ 2,915,498	\$ -	\$ -
2,772,265	224,052	280,286	161,944	90,700	-	-
870,888	1,193,880	1,205,703	557,518	852,935	-	-
(3,128,502)	3,280,163	2,796,275	26,564	2,014,826	-	-
231,235	273,870	252,424	266,928	279,602	-	-
-	-	-	-	-	2,094,397	928,351
-	-	-	-	-	2,494,240	2,005,876
-	-	-	-	-	291,042	289,852
-	-	-	-	-	(3,170)	(10,173)
<u>\$ 3,834,624</u>	<u>\$ 6,227,663</u>	<u>\$ 18,792,957</u>	<u>\$ 7,528,321</u>	<u>\$ 6,153,561</u>	<u>\$ 4,876,509</u>	<u>\$ 3,213,906</u>

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

UNAUDITED

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Revenues				
Taxes:				
Property	\$ 17,796,669	\$ 18,930,038	\$ 18,899,554	\$ 21,747,101
Sales	5,657,367	6,847,773	6,973,895	7,603,939
Other	1,052,198	1,177,514	1,318,894	1,675,570
Intergovernmental	6,101,296	6,995,503	7,825,317	9,759,300
Permits and Fees	450,611	520,916	475,629	560,452
Sales and Services	1,185,191	1,255,516	1,148,395	1,296,000
Donations and Grants	-	-	-	-
Investment Earnings	355,470	261,103	608,142	1,136,247
Miscellaneous	166,029	125,583	487,187	2,943,137
Total Revenues	<u>\$ 32,764,831</u>	<u>\$ 36,113,946</u>	<u>\$ 37,737,013</u>	<u>\$ 46,721,746</u>
Expenditures				
General Government	\$ 3,673,868	\$ 3,664,853	\$ 4,457,415	\$ 4,644,586
Public Safety	6,917,023	7,491,625	7,889,570	8,142,194
Economic Development	665,363	946,704	1,410,642	1,563,634
Human Services	8,266,669	8,722,587	8,976,222	9,120,233
Culture and Recreation	1,013,909	1,060,833	1,106,312	1,270,693
Education	6,933,582	7,248,509	7,618,423	8,702,160
Capital Outlay	420,099	583,822	3,876,297	8,050,961
Debt Service:				
Principal	1,471,015	1,506,015	1,561,015	1,601,015
Interest	1,260,673	1,194,893	1,127,408	1,055,820
Bond Issuance Cost	-	-	-	-
Total Expenditures	<u>\$ 30,622,201</u>	<u>\$ 32,419,841</u>	<u>\$ 38,023,304</u>	<u>\$ 44,151,296</u>
Excess of Revenues Over (Under) Expenditures	\$ 2,142,630	\$ 3,694,105	\$ (286,291)	\$ 2,570,450
Other Financing Sources (Uses)				
Capital Lease Obligations Issued	-	-	-	-
Transfers In	808,735	701,854	4,381,595	7,987,805
Transfers Out	(1,459,495)	(1,943,339)	(4,414,402)	(8,907,205)
Bond Proceeds	-	-	-	-
Proceed from Financing	-	-	-	-
Payment to Refunded Bond Escrow Agent	-	-	-	-
Proceeds from Sale of Assets	-	27,532	30,142	117,637
Proceeds from Law Suit	-	-	-	337,500
Total Other Financing Sources (Uses)	<u>\$ (650,760)</u>	<u>\$ (1,213,953)</u>	<u>\$ (2,665)</u>	<u>\$ (464,263)</u>
Net Change in Fund Balances	<u>\$ 1,491,870</u>	<u>\$ 2,480,152</u>	<u>\$ (288,956)</u>	<u>\$ 2,106,187</u>
Capital Asset Expenditures	<u>\$ 420,099</u>	<u>\$ 583,822</u>	<u>\$ 3,876,297</u>	<u>\$ 6,508,430</u>
Debt Service as a Percentage of Noncapital Expenditures	<u>9.0%</u>	<u>8.5%</u>	<u>7.9%</u>	<u>7.1%</u>

TABLE 5

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
\$ 22,785,337	\$ 23,639,386	\$ 24,448,844	\$ 25,943,353	\$ 25,788,102	\$ 25,942,280
8,145,834	8,234,107	6,720,265	5,239,883	5,540,551	5,820,469
1,694,466	1,440,731	763,293	811,378	774,223	848,735
7,091,932	7,299,455	7,727,445	7,602,085	6,536,112	7,024,402
681,158	588,976	382,955	372,047	340,518	327,956
2,007,284	2,772,465	2,620,231	2,613,934	3,463,380	2,663,364
-	50,695	22,443	50	23,320	23,676
1,688,093	1,632,630	714,057	172,950	72,598	44,858
334,452	121,115	191,117	220,499	69,559	111,472
<u>\$ 44,428,556</u>	<u>\$ 45,779,560</u>	<u>\$ 43,590,650</u>	<u>\$ 42,976,179</u>	<u>\$ 42,608,363</u>	<u>\$ 42,807,212</u>
\$ 5,555,278	\$ 5,265,368	\$ 4,981,840	\$ 4,464,852	\$ 4,869,425	\$ 4,807,780
9,196,175	10,294,586	11,621,984	11,917,256	11,910,027	12,132,089
1,499,832	1,599,827	1,523,660	1,660,458	1,094,476	958,080
9,556,843	9,760,521	9,728,524	8,653,766	8,284,399	8,435,813
1,494,744	1,598,213	1,858,012	1,839,077	1,846,950	1,741,432
9,564,457	10,900,358	10,449,456	10,400,587	10,822,954	12,201,671
719,161	4,236,863	13,490,731	2,553,303	270,781	238,416
1,666,015	1,706,015	2,032,681	2,144,348	2,287,496	2,270,976
982,313	905,710	646,781	702,038	638,937	565,657
-	86,843	-	-	-	-
<u>\$ 40,234,818</u>	<u>\$ 46,354,304</u>	<u>\$ 56,333,669</u>	<u>\$ 44,335,685</u>	<u>\$ 42,025,445</u>	<u>\$ 43,351,914</u>
\$ 4,193,738	\$ (574,744)	\$ (12,743,019)	\$ (1,359,506)	\$ 582,918	\$ (544,702)
-	-	-	-	-	42,400
3,897,037	16,881,080	921,127	340,422	811,804	160,828
(5,086,937)	(17,441,441)	(1,881,699)	(1,248,992)	(1,699,881)	(609,837)
-	15,810,000	-	-	-	-
-	-	2,900,000	1,297,778	-	-
-	(15,668,890)	-	-	-	-
51,157	45,263	74,920	19,120	18,553	-
-	-	-	-	-	-
<u>\$ (1,138,743)</u>	<u>\$ (373,988)</u>	<u>\$ 2,014,348</u>	<u>\$ 408,328</u>	<u>\$ (869,524)</u>	<u>\$ (406,609)</u>
<u>\$ 3,054,995</u>	<u>\$ (948,732)</u>	<u>\$ (10,728,671)</u>	<u>\$ (951,178)</u>	<u>\$ (286,606)</u>	<u>\$ (951,311)</u>
<u>\$ 1,713,907</u>	<u>\$ 5,171,929</u>	<u>\$ 14,891,453</u>	<u>\$ 4,146,581</u>	<u>\$ 906,651</u>	<u>\$ 862,657</u>
<u>6.9%</u>	<u>6.6%</u>	<u>6.5%</u>	<u>7.1%</u>	<u>7.1%</u>	<u>6.7%</u>

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

UNAUDITED

Fiscal Year	Assessed Real Property				Business & Personal Property
	Residential Property	Commercial Property	Industrial Property	Present-Use Value Property	
2003	\$ 2,655,527,362	\$ 293,037,994	\$ 70,894,610	\$ 16,323,630	\$ 226,477,288
2004	2,710,445,622	313,750,505	57,692,210	17,325,820	178,857,273
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

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

<u>Motor Vehicles</u>	<u>Public Service Companies</u>	<u>Total Taxable Assessed Value</u>	<u>Total Direct Tax Rate</u>	<u>Estimated Actual Taxable Value</u>	<u>Sales Assessment Ratio</u>
\$ 236,319,223	\$ 87,322,500	\$ 3,585,902,607	\$ 0.4600	\$ 3,319,470,043	92.57%
241,741,806	90,801,903	3,610,615,139	0.4800	3,291,797,822	91.17%
243,046,468	91,674,837	3,626,133,905	0.4800	3,347,284,208	92.31%
256,279,819	94,873,485	3,724,038,517	0.5400	3,053,711,584	82.00%
281,028,678	102,736,690	3,858,582,620	0.5400	2,959,918,728	76.71%
290,866,014	103,348,541	4,030,401,292	0.5400	3,212,632,870	79.71%
284,380,776	104,032,339	4,146,664,737	0.5400	4,130,078,078	99.60%
263,874,984	108,960,742	5,965,665,900	0.3949	5,931,661,604	99.43%
242,266,720	107,930,454	5,964,781,434	0.3949	5,891,414,622	98.77%
242,374,009	111,182,488	6,020,799,228	0.3949	6,017,788,828	99.95%

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

UNAUDITED

	<u>2003 (1)</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Direct Rate:					
Transylvania County	\$ 0.4600	\$ 0.4800	\$ 0.4800	\$ 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	0.0409	0.0380	0.0322	0.0316	0.0305
Brevard	0.0255	0.0255	0.0250	0.0248	0.0257
Rosman	0.0486	0.0486	0.0690	0.0740	0.0758
Little River	0.0620	0.0600	0.0776	0.0797	0.0797
Connestee Falls	0.0477	0.0440	0.0562	0.0604	0.0604
Cedar Mountain	0.0793	0.0793	0.0928	0.1015	0.1059
Lake Toxaway	0.0219	0.0228	0.0299	0.0305	0.0305
Balsam Grove	0.1012	0.1012	0.1391	0.1391	0.1391
North Transylvania	0.0843	0.0843	0.1268	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

<u>2008</u>	<u>2009</u>	<u>2010 (1)</u>	<u>2011</u>	<u>2012</u>
\$ 0.5400	\$ 0.5400	\$ 0.3949	\$ 0.3949	\$ 0.3949
0.4950	0.4950	0.3875	0.4325	0.4325
0.4600	0.4600	0.4100	0.4100	0.4100
0.0291	-	-	-	-
0.0301	0.0331	0.0269	0.0269	0.0269
0.0756	0.0877	0.0626	0.0626	0.0649
0.0797	0.0797	0.0577	0.0577	0.0577
0.0649	0.0697	0.0494	0.0494	0.0512
0.1059	0.1150	0.0802	0.0756	0.0756
0.0323	0.0359	0.0275	0.0287	0.0287
0.1391	0.1391	0.0968	0.0968	0.0968
0.1242	0.1242	0.0911	0.0911	0.0911

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

UNAUDITED

Taxpayer	Type of Business	Fiscal Year 2012		
		Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Duke Energy Corp	Electric utility	\$ 48,788,096	1	0.81%
Citizens/Comporium Telephone	Communications utility	34,983,992	2	0.58%
Excelsior Packing Group	Flexible packaging manufacturing	25,501,901	3	0.43%
Brevard Retirement Investors	Retirement home facilities	22,498,210	4	0.38%
Haywood Electric Memb Corp	Electric utility	20,023,981	5	0.33%
159 Babcock Company LLC	Real estate development	17,870,570	6	0.30%
Davidson River Village LLC	Real estate development	15,373,210	7	0.26%
Lake Toxaway Company	Real estate development	15,360,360	8	0.26%
Ingles Markets, Inc	Retail grocery store	15,061,841	9	0.25%
French Broad Place LLC	Real estate development	13,875,630	10	0.23%
Sapphire Lakes Inc	Real estate development			
AGFA Corporation	X-ray film production			
Ecusta Division-P.H. Glatfelter Co	Paper manufacturing			
Sterling Billiard Manufacturing Co. Inc	Recreation equipment			
Straus Park Development Company	Real estate development			
Coats American, Inc	Textiles Manufacturing			
Totals		\$ 229,337,791		3.83%

Source: Transylvania County Tax Department

TABLE 8

Fiscal Year 2003			
	Assessed Valuation	Rank	Percentage of Total Assessed Valuation
\$	36,457,652	3	1.03%
	34,978,426	4	0.99%
	10,670,096	9	0.30%
	20,879,350	6	0.59%
	14,753,185	7	0.42%
	90,815,848	1	2.56%
	67,798,500	2	1.91%
	25,026,582	5	0.70%
	10,249,350	10	0.29%
	13,613,229	8	0.38%
\$	325,242,218		9.17%

**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
2003	\$ 16,577,880	\$ 15,949,830	96.21%	\$ 616,616	\$ 16,566,446	99.93%
2004	17,276,640	16,812,337	97.31%	458,472	17,270,809	99.97%
2005	17,323,399	17,014,243	98.22%	304,328	17,318,571	99.97%
2006	20,092,815	19,707,116	98.08%	370,388	20,077,504	99.92%
2007	20,727,898	20,575,914	99.27%	138,665	20,714,579	99.94%
2008	21,651,249	21,543,523	99.50%	95,616	21,639,139	99.94%
2009	22,365,367	22,248,962	99.48%	111,431	22,360,393	99.98%
2010	23,646,198	23,572,169	99.69%	59,733	23,631,902	99.94%
2011	23,615,556	23,496,491	99.50%	89,648	23,586,139	99.88%
2012	23,668,341	23,580,022	99.63%		23,580,022	99.63%

Source: Transylvania County Tax Department

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

UNAUDITED

Fiscal Year	Governmental Activities					Business-type Activities
	General Obligation Bonds	General Obligation Bonds-Premium	Other Bonds	Installment Financing Contract	Capital Lease	Other Bonds
2003	\$ 24,210,000	\$ -	\$ 563,985	\$ -	\$ -	\$ -
2004	22,740,000	-	527,970	-	-	-
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	-

(1) Information not yet available for 2012

TABLE 10

Total Primary Government	Percentage of Personal Income (1)	Per Capita
24,773,985	3.28%	824
23,267,970	3.24%	790
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		372

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

TABLE 11

UNAUDITED

Fiscal Year Ended June 30	General Bonded Debt Outstanding				Percentage of Personal Income	Percentage of Actual Taxable Value of Property	Per Capita
	General Obligation Bonds	General Obligation Bonds-Premium	Less: Amounts Available in Debt Service Funds	Total			
2003	\$ 24,210,000	\$ -	\$ -	\$ 24,210,000	3.20%	0.68%	\$ 806
2004	22,740,000	-	-	22,740,000	3.17%	0.63%	772
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		0.15%	264

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 2010 personal income not available to calculate fiscal year 2011.

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

UNAUDITED

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Debt Limit	\$ 284,088	\$ 287,026	\$ 287,748	\$ 297,598
Total Net Debt Applicable to Debt Limit	<u>24,773</u>	<u>23,257</u>	<u>21,720</u>	<u>20,112</u>
Legal Debt Margin	<u>\$ 259,315</u>	<u>\$ 263,769</u>	<u>\$ 266,028</u>	<u>\$ 277,486</u>
Total Net Debt Applicable to Debt Limit as a Percentage of Debt Limit	<u>8.7%</u>	<u>8.1%</u>	<u>7.5%</u>	<u>6.8%</u>

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

TABLE 12

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
\$ 306,056	\$ 319,586	\$ 331,061	\$ 475,559	\$ 477,794	\$ 479,109
<u>18,446</u>	<u>16,849</u>	<u>17,711</u>	<u>16,865</u>	<u>14,598</u>	<u>12,366</u>
<u>\$ 287,610</u>	<u>\$ 302,737</u>	<u>\$ 313,350</u>	<u>\$ 458,694</u>	<u>\$ 463,196</u>	<u>\$ 466,743</u>
<u>6.0%</u>	<u>5.3%</u>	<u>5.3%</u>	<u>3.5%</u>	<u>3.1%</u>	<u>2.6%</u>

Legal Debt Margin Calculation for Fiscal Year 2012

Total Assessed Value	<u>\$ 5,988,868</u>
Debt Limit (8% of Total Assessed Value)	<u>\$ 479,109</u>
Amount of Debt Applicable to Debt Limit:	
Total Bonded Debt	\$ 10,109
Installment Contracts	2,223
Capital Leases	<u>34</u>
Total Amount of Debt Applicable to Debt Limit	<u>\$ 12,366</u>
Legal Debt Margin	<u>\$ 466,743</u>

**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)
2003	30,049	\$ 755,985	\$ 25,620	3,770	8.70%	266
2004	29,468	718,012	24,435	3,770	7.80%	281
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			3,531	9.60%	78

Data Sources:

- (1) Population projections from the N.C. Planning Office, using the 2011 certified number for 2012, 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

Employer	2012			2003		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Transylvania County Board of Education	484	1	4.1%	475	2	4.3%
Transylvania Health System, Inc.	451	2	3.8%	530	1	4.8%
Transylvania County Government	334	3	2.8%	301	3	2.7%
Ingles Markets, Inc	166	4	1.4%	140	9	1.3%
Brevard College	165	5	1.4%	228	4	2.1%
The Oaks Retirement Home	146	6	1.2%	110	10	1.0%
Gaia Herbs	144	7	1.2%			
M-B Industries	132	8	1.1%	208	5	1.9%
Wal-Mart Associates Inc.	125	9	1.1%	187	6	1.7%
City of Brevard	99	10	0.8%			
Transylvania Vocational Services				150	7	1.4%
Brian Center				150	8	1.4%

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	2003	2004	2005	2006	2007	2008
Governmental Activities						
General Government	44	45	46	47	45	46
Public Safety	108	110	111	113	116	126
Transportation	9	9	9	9	9	9
Economic and Physical Development	3	4	4	3	3	3
Environmental Protection	2	2	2	2	2	2
Human Services	96	92	94	92	92	93
Cultural and Recreation	21	21	28	30	32	32
Total Governmental Activities	283	283	294	296	299	311
Business-Type Activities						
Solid Waste	18	18	19	18	18	18
Total Business-Type Activities	18	18	19	18	18	18
Total All	301	301	313	314	317	329

Source: County Human Resources Department

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

TABLE 15

<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
48	50	46	49
131	130	130	137
9	9	9	9
3	3	2	2
2	2	2	2
94	95	90	90
<u>27</u>	<u>27</u>	<u>27</u>	<u>29</u>
314	316	306	318
<u>19</u>	<u>19</u>	<u>17</u>	<u>16</u>
<u>19</u>	<u>19</u>	<u>17</u>	<u>16</u>
<u><u>333</u></u>	<u><u>335</u></u>	<u><u>323</u></u>	<u><u>334</u></u>

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

UNAUDITED

Function/Program	2003	2004	2005	2006	2007
General government					
Registered Voters	22,371	22,235	21,406	22,336	21,880
Number of Tax Bills (excl motor vehicles)	28,979	29,556	29,666	30,017	30,139
Public Safety					
Crime Rate/1000 Citizens (calendar year)	16.14	17.12	13.35	13.71	17.04
911 Calls	23,581	24,506	27,085	28,896	30,629
Building Permits Issued*	1,293	1,309	1,238	1,297	1,238
Planning					
Subdivisions approved	3	3	6	14	12
Culture and Recreation					
Library Material Circulation	242,653	241,340	243,966	259,873	303,650
Solid Waste					
Tons disposed	26,365	28,928	28,302	26,732	28,090

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

TABLE 16

2008	2009	2010	2011	2012
22,203	22,926	23,516	23,224	24,070
30,856	30,650	30,615	30,207	30,159
18.11	18.20	22.42	19.22	N/A
32,585	35,142	44,361	47,944	49,045
1,215	1,036	1,133	1,160	1,034
12	24	18	3	0
314,667	329,208	340,378	352,980	361,519
28,912	23,828	22,328	19,495	21,578

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

UNAUDITED

<u>Function/Program</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Public Safety:					
Sheriff Department					
Stations	1	1	1	1	1
Patrol vehicles	54	51	49	54	61
Culture and Recreation:					
Libraries	1	1	1	1	1
Parks	4	4	4	4	4
Acreage	55	55	55	55	55
Athletic fields	6	6	6	6	7
Recreation centers	1	1	1	1	1

TABLE 17

<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
1	1	1	1	1
64	64	66	66	66
1	1	1	1	1
4	4	4	6	6
55	55	55	74	74
7	7	7	7	9
1	1	1	1	1

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