

TRANSYLVANIA COUNTY, NORTH CAROLINA

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2009

Prepared by the Finance Department



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**INTRODUCTORY
SECTION**



TRANSYLVANIA COUNTY
BOARD OF COMMISSIONERS:
Jason Chappell, Chairman
Kelvin Phillips, Vice Chairman
Mike Hawkins
Daryle Hogsed
Lynn Bullock



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Transylvania County

October 22, 2009

The Board of Commissioners
Transylvania County
North Carolina

The Comprehensive Annual Financial Report of Transylvania County for the fiscal year ended June 30, 2009 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 Carland & Andersen Incorporated. 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, may be found in the Compliance Section at the end of this report.

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.

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 approximately 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, 2009, was 30,991. There are two municipalities within the county: the Town of Rosman and the City of Brevard, which lies near the center of the county and serves as its seat. 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 appointing 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 27% of the annual funding for the school system. Including debt service on school bonds, the amount appropriated for education represents almost one-third of the County's annual budget. Approximately 45% 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.

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) industry. The downturn in the national economy has impacted these sectors to varying degrees. As of June 30, 2009, the county's unemployment rate was 8.6%, higher than the prior year end's rate of 4.8%, but less than unemployment rates in adjacent counties and less than the statewide average of 11.2%.

Because of the recreational and cultural opportunities available in the area, travel and tourism has long been a significant component of the local economy. Within the county's boundaries lie DuPont State Forest, Gorges State Park, and portions of Pisgah and Nantahala national forests. These areas draw visitors who enjoy sightseeing, hiking, rock-climbing, kayaking, fishing, and other outdoor activities. For lovers of the arts, there are numerous art galleries, craft shows, concerts, plays, and seasonal festivals that reflect both the old traditions and the new diversity of the community. In 2008 travel and tourism contributed \$77 million to the local economy including \$15 million in payrolls and \$7 million in tax revenues. For the first time since these statistics have been kept, the contribution fell below the prior year's, by 4%. Nevertheless, because of its solid base, the County is confident that when the general economy improves, travel and tourism-related revenues will resume the steady growth demonstrated for so many years.

As might be expected, the human services component of the county's economy has been more insulated from the recession than other sectors. By the end of 2008 the number of people working for health care providers and related facilities had risen to almost 1,400. With a staff of over 600, Transylvania Regional Hospital is the county's single largest employer and has an annual payroll of \$23 million. Brevard College, a four-year liberal arts college founded here in 1853, is also a significant contributor to the local economy. According to a study conducted by the Center

for Regional Development at Western Carolina University, the College adds over \$9 million to the county's economy through spending, tax revenues, and jobs. Brevard College, Blue Ridge Community College's local campus, and the Transylvania County school system combined employ approximately 800 people. City and County government functions employ another 400. The County anticipates this sector of the economy to remain relatively stable.

Compared to FY 08, Transylvania County's taxable sales fell by 11%, as local retailers suffered from the same recessionary factors that have affected consumer spending nationwide. Sales tax revenues fell accordingly. Particularly hard hit were sales of lumber and building materials, which were down by 25%. All other major business groups also reported decreases. Based on the most recent labor statistics issued by the Employment Security Commission, a little over 1,500 people in the county work in this sector - 4% fewer than a year earlier. Estimates from the State's Fiscal Research Division indicate that it will likely take sales tax collections five years to return to FY 08 levels.

In the past decade the construction and real estate development sector has become increasingly important to Transylvania County's economy - and unfortunately is the one most impacted by the economic downturn. Over the past five years \$458 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. However, a slump in building activity that began in FY 08 continued in FY 09, reducing the number of construction permits issued for new residences by 38% and for new commercial projects by 40%. Real estate transactions also slowed in FY 09: residential closings were down 39% and land closings 56% from FY 08 levels. Based on the latest available employment records, 8% of the local work force is involved directly in construction, and an additional 2%-3% participate in the financial, insurance, and real estate activities that support building and land development. These figures reflect a 23% and an 8% decrease, respectively, in employment in these fields between March 2008 and March 2009. The actual number of people in construction-related jobs does, though, vary seasonally and typically picks up during the April through October timeframe. For the first quarter of FY 10, statistics for both construction and real estate development show considerable improvement over the last two quarters of FY 09.

The manufacturing component of the local economy has fared better. Between the end of calendar year 2008 and the end of fiscal year 2009, employment in this sector actually rose 3%. The industrial base consists of a number of small manufacturers that collectively employ 700 to 800 people. The largest of these, M-B Industries with 185 employees, produces metal stampings, wire forms, and precision tooling. Gaia Herbs, which makes and markets herbal extracts, added 16 to its headcount of 110 after a \$2.5 million project increased plant capacity by 50%. Gaia Herbs recently announced plans to also expand its product lines. In 2005 Excelsior Packaging, Inc purchased a site formerly occupied by Coats American. Since then the company has invested \$20 million in renovations and equipment to manufacture flexible plastic packaging for the medical, food, and consumer packaging industries and has hired almost 100 employees. 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 may conduct their business via the Internet.

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 gets a grant back of taxes on new investment paid up to five or more years. There were three recipients in FY 09. Upon the recommendation of the Board of Commissioners, the County has also implemented a business recognition program to highlight achievements of local businesses and express appreciation for their contributions to the community. Awards are given for four categories: Retailer of the Year, Entrepreneur of the Year, Manufacturer of the Year, and Chairman's Choice. Funds for incentive grants and 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. In FY 09 the North Carolina Department of Commerce awarded a \$0.25 million Small Business and Entrepreneurial Assistance Grant to the County on behalf of two local manufacturers.

RESPONSE TO ECONOMIC CONDITIONS

The Board of Commissioners has striven to balance citizens' needs and expectations for services with taxpayers' ability to fund them. In October of 2008 in anticipation of potential revenue shortfalls beyond its control, County management scrutinized expenditures that were within its control and lowered spending appropriations by 2%. Later as the economy further deteriorated, additional cuts were made, resulting in a total budget reduction of over 3%. These reductions were accomplished with no decrease in funding for Education and minimal impact on County services. Faced with a recession projected to extend well into FY 10, the County Manager presented and the Commissioners approved a budget for FY 10 that was 7.4% below the prior year's original budget – in spite of approximately \$0.8 million in additional operating costs associated with the opening of a new Public Safety Facility.

While the FY 10 budget does not include a salary and wage increase for employees and limits capital items to the most essential and immediate needs, the budget funds the County's departments sufficiently to provide basic core services and meet State and federal requirements. The goal of operating County government more efficiently and economically is actively promoted throughout all levels of the organization.

MAJOR INITIATIVES

For The Year:

Public Safety Facility

On October 5, 2009, Transylvania County received a Certificate of Occupancy for its new Public Safety Facility, marking a milestone in this multi-year, multi-million dollar undertaking.

In addition to a 114-bed detention center that may be expanded to accommodate 300 beds, the Public Safety Facility also houses the Sheriff's Office, the Magistrate's Office, Emergency Communications (E911), and the Emergency Management Center. In total the facility covers 59,000 square feet, with the portion occupied by law enforcement and emergency services one story and the detention area one story plus a mezzanine in the housing units. A new 6,000 square foot workshop and storage area for Maintenance has also been built on the site. The facility will be LEED Green Building Certified and will be the first Public Safety Facility in the Southeast to qualify for this certification.

Following the groundbreaking in January 2008, construction progressed close to schedule, with the bulk of it occurring in FY 09. The grand opening and dedication of the Public Safety Facility are set for November 7, 2009.

Including the cost of the land, the total project budget for the Public Safety Facility is \$22.5 million, with the majority being paid from fund balance. Over the course of several years, the Board of Commissioners reserved a total of \$19.6 million for this purpose. The remaining \$2.9 million was secured in FY 09 through a 15-year installment financing agreement.

Emergency Communications System

The Emergency Communications Center has begun installation of a new E911 System in the Public Safety Facility.

It will replace an obsolete system, dating back to 1992, with a state-of-the-art one that complies with FCC and all other industry and governmental regulations for Emergency Communications Centers. The upgraded system can receive and translate any data language in use now or that may be adopted by NCP-1-1 in the future and will be fully integrated with law enforcement software to expedite the transfer of information.

The \$1.1 million project is expected to be complete by the end of 2009 and will be paid for entirely from NC Wireless 911 Board funds and 911 wireline surcharges collected in prior years and reserved in the General Fund for this project.

Health Department

Another need that was recognized several years ago and accordingly planned for was the expansion of the Health Department. Work began in March 2008 and was completed in January 2009 on renovations to turn the unfinished third floor of the Social Services Building into clinical areas, examining rooms, and laboratories. Not only has this 7,500 square foot expansion provided additional space for the growing number of patients served and variety of programs offered, but also it has allowed for more privacy, improved segregation for health reasons, better security, and compliance with ADA requirements. The new section opened to the public in March 2009.

Funds held in the General Capital Projects Fund for this expansion covered the project cost of \$0.8 million, which included architectural services and furniture and fixtures as well as renovation expenses.

Recreation

During FY 09 Transylvania County hired an outside firm to evaluate a potential site and develop a conceptual plan for a community park to be built near the Town of Rosman. Two property owners have agreed to lease 22 acres to the County for 30 years for this purpose. The proposed park would 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. Not only would the proposed facility be much closer and more convenient to those in that area, but also it would 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 recently presented includes four baseball fields that can also accommodate other athletic events such as soccer and football; basketball and volleyball courts; a playground; a canoe portage; a picnic shelter; a walking trail; and a restroom and concession facility.

The preliminary cost estimate for the project is \$1.1 million, with funds to come from general operating revenues and hopefully State Parks and Recreation grants.

Tax Assessment

In FY 09 the Tax Assessor's Office conducted a county-wide revaluation of real property, the first in seven years. As a consequence, the property tax base rose 40%. Five staff members worked directly on the revaluation of approximately 30,000 property records, and the entire staff participated in the nearly 3,000 informal hearings that followed the mailing of the revaluation notices. By conducting the revaluation in-house rather than through outside appraisers, it is estimated that the County saved \$0.5 million.

For The Future:

Animal Shelter

Transylvania County is progressing with its plans to replace its Animal Shelter, which is over 50 years old. The architect has submitted final drawings that 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 would 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 would also include reception and viewing areas segregated from animal control areas. While property owned by the County has been identified as a potential site, the final decision on the shelter's location is still pending.

The latest construction estimates for the Animal Shelter exceed the \$0.8 million thus far reserved in the General Capital Projects Fund for the project. A little over \$8,000 has been received to date in private donations. Once final plans are approved, a public fundraising campaign will be launched.

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. As noted above, the County has addressed the needs of the first two.

The Board of Commissioners has now turned its attention to Courthouse space, parking, and security issues. The Register of Deeds and Tax Administration offices are located in this building as well as facilities for court-related personnel and judicial proceedings. In recognition of the Courthouse's historical significance to the community and its economic value to the Brevard downtown area, County leaders have solicited citizen input and received numerous recommendations. Options have ranged from constructing a new Courthouse on County-owned land adjacent to the Public Safety Facility to renovating the existing Courthouse and former Sheriffs' Office, Jail, and Emergency Communications Center and then moving some of the functions currently housed in the Courthouse to these other facilities. The County has already obtained square footage requirements, conceptual drawings, and preliminary cost estimates for constructing a new building exclusively for court-related activities. The next step will be determining the most cost efficient use of the County government's resources - including reserves, real property, and taxing authority - to address both the immediate and long-range concerns of all those with vested interest in the Courthouse.

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. A new strategic plan for FY 10-12 will be presented to the Board of Commissioners within the next few months.

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 for the fiscal year ended June 30, 2008. (This was the 22nd 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 comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

ACKNOWLEDGMENTS: The preparation of this report could not have been accomplished without the knowledge, diligence, and dedication of the Finance Office staff. I also appreciate the cooperation of all other County functions in conducting the financial operations of their departments responsibly and in compliance with accounting and regulatory requirements. I extend special thanks to Planning and Economic Development for information provided for this report and to Carland & Andersen Incorporated, the County's independent certified public accountants, for their guidance and assistance.

In closing, I would like to express my sincere appreciation to County Manager Artie Wilson and the Board of Commissioners for their interest and support in planning and conducting the financial activities of the County in a fiscally sound and progressive manner.

Respectfully submitted,

Gay V. Poor

Gay V. Poor
Finance Director



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, 2008

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.



President

Executive Director

TRANSYLVANIA COUNTY, NORTH CAROLINA

JUNE 30, 2009

PRINCIPAL OFFICIALS

BOARD OF COUNTY COMMISSIONERS

Jason Chappell - Chairman

Kelvin Phillips - Vice-Chairman

Daryle Hogsed

Lynn Bullock

Mike Hawkins

COUNTY MANAGER

Arthur C. Wilson, Jr.

FINANCE DIRECTOR

Gay V. Poor

Transylvania County Organizational Chart

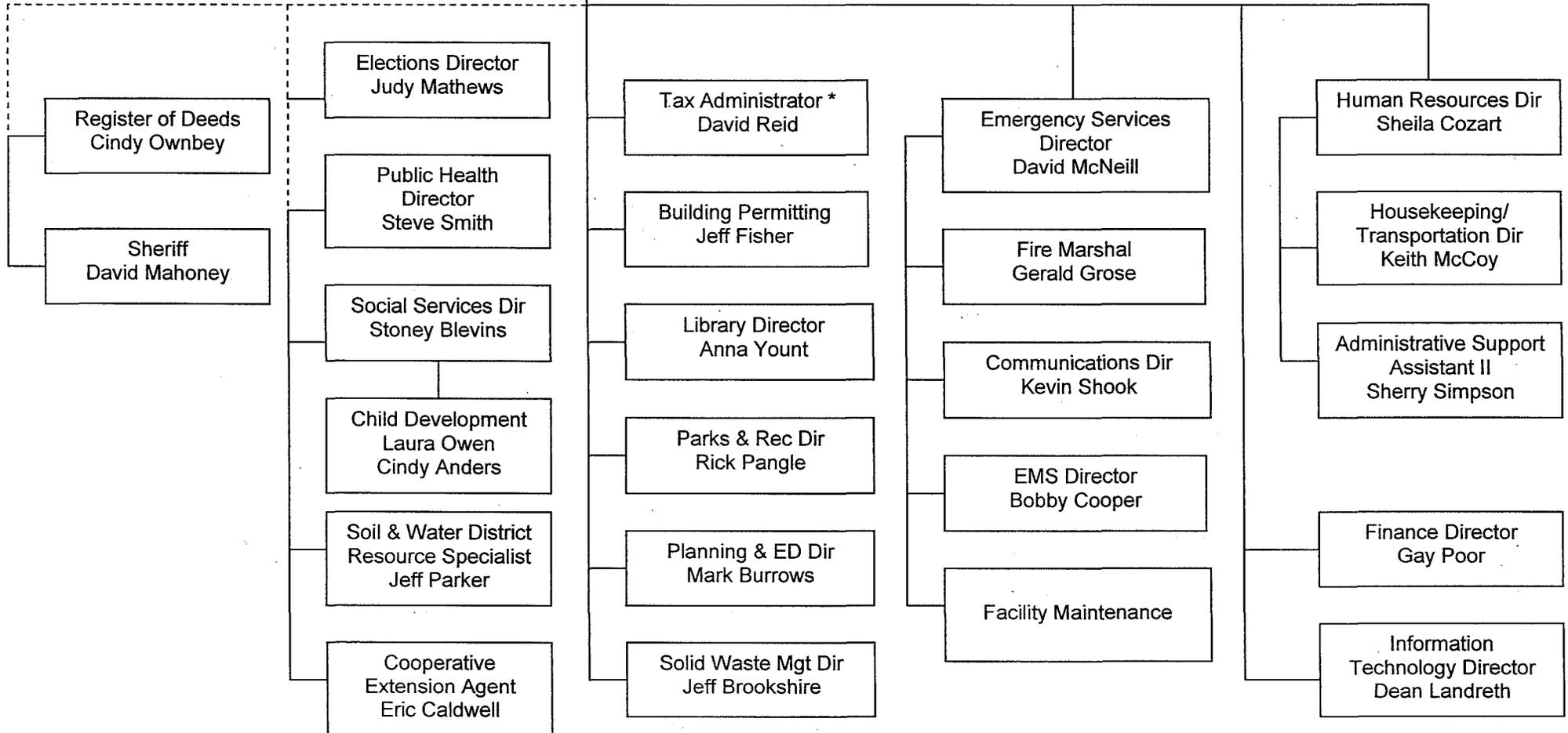
Board of County Commissioners

County Manager *
Artie Wilson

Clerk to the Board *
Trisha McLeod

Elected Departments

Coordinative Departments



* Appointed by County Commissioners



TRANSYLVANIA COUNTY, NC

1861

**FINANCIAL
SECTION**



TRANSYLVANIA COUNTY, NC

1861

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MEMBERS:
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

NORTH CAROLINA ASSOCIATION OF
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

To the Board of County 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, 2009 which collectively comprise Transylvania County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Transylvania County, North Carolina's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall 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, 2009, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the year then ended in 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 October 21, 2008 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 grants. The purpose of the 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 performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis, the Law Enforcement Officers' Special Separation Allowance and Other Postemployment Benefits Schedules of Funding Progress and Employer Contributions are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of

inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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. The combining and individual nonmajor fund financial statements and schedules and the statistical tables, as well as the accompanying schedule of expenditures of federal and State awards as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the State Single Audit Implementation Act, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The budgetary comparison schedules, the combining and individual nonmajor fund financial statements, and the accompanying schedule of expenditures of federal and State awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory information and the statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Carland & Anderson Incorporated

October 19, 2009

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, 2009. 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

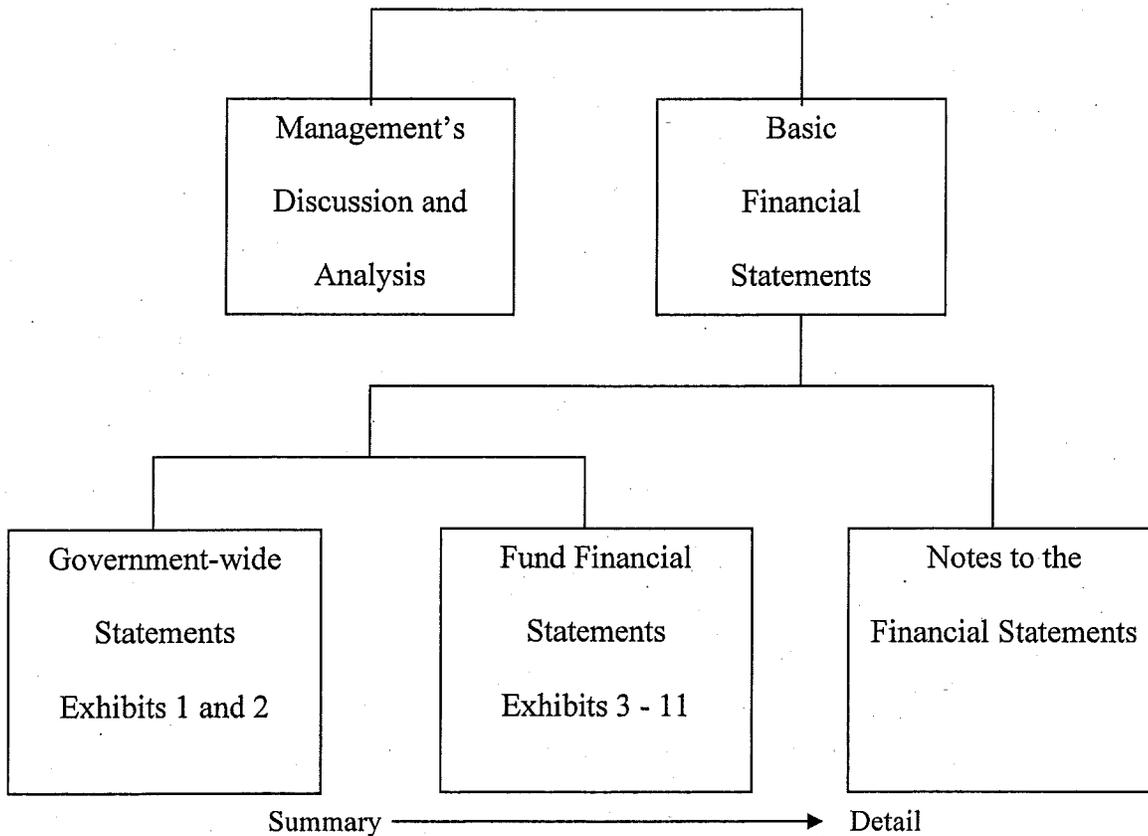
- The assets of Transylvania County exceeded its liabilities at the close of the fiscal year by \$49.3 million (*net assets*). Of this amount \$8.5 million (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors. Net assets at the end of the prior year were \$46.7 million, \$15.8 million of which was unrestricted.
- The government's total net assets increased by \$2.6 million, with \$1.9 million, or 74.0 percent, attributable to governmental activities.
- As of the close of the current fiscal year, Transylvania County's governmental funds reported combined fund balances of \$25.2 million, \$10.7 million less than at the close of the prior year. This substantial decrease was due primarily to the use of funds reserved for the construction of a Public Safety Facility. Approximately 55.0 percent of the total balance, or \$14.0 million, is available for spending at the government's discretion (*unreserved fund balance*). Last year the unreserved fund balance was \$16.2 million, 45.0 percent of the total combined fund balances.
- Transylvania County's General Fund balance increased by \$0.5 million to end the year at \$17.7 million. The unreserved portion of this balance is \$12.9 million, which represents 32.2 percent of total General Fund expenditures for the fiscal year. Comparable figures for FY 08 were, respectively, \$11.6 million and 29.2 percent.
- For FY 09 Transylvania County's ad valorem tax collection rate reached 99.48 percent, in spite of economic challenges that impeded collection efforts. This rate is just slightly below the 99.5 percent achieved in the prior year, which was the highest in the State for FY 08 and the highest ever attained by the County.
- Transylvania County's total debt increased by \$0.8 million, 4.0 percent, during FY 09. While the County continued to retire debt on its long-term general obligation and Qualified Zone Academy bonds, it also entered into a 15-year installment purchasing agreement for \$2.9 million. The proceeds of this loan were used to complete the Public Safety Facility.
- In February 2008 in conjunction with the issuance of general obligation refunding bonds, Moody's Investors Services upgraded the County's bond rating to an A1 from the A2 the County had held since 1997, and Standard and Poor's reassigned the A rating the County had maintained since 1989.

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



Basic Financial Statements

The first two statements (Exhibits 1 and 2) are the **Government-wide Financial Statements**. They provide both short and long-term information about the County's financial status.

The next statements (Exhibits 3 through 11) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the County's government. These statements provide more detail than the government-wide statements. There are four parts to the Fund Financial Statements: (1) the governmental funds statements, (2) the budgetary comparison statement, (3) the proprietary fund statements, and (4) the fiduciary fund statements.

The next section of the basic financial statements is the **notes**. The notes to the financial statements explain in detail some of the data contained in the statements. Following the notes is the **required supplemental information**. This section contains funding information about Transylvania County's Law Enforcement Officers' Special Separation Allowance and Other Postemployment Benefits.

Additional **supplemental information** can be found in the next section. Details about the County's major governmental funds are provided, and a breakdown is given of the non-major governmental funds, all of which are added together in one column on the basic financial statements. Budgetary information required by the General Statutes is also included in this part of the statements.

Government-wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of Transylvania County's finances and are similar in format to private-sector financial statements. The focus of these statements is the measurement of *economic resources* of the County. Prepared (like their private-sector counterparts) using the full accrual basis of accounting, the government-wide financial statements record the impact of all transactions when the transaction occurs, regardless of when the related cash flow 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 and how they have changed. The *Statement of Net Assets* (Exhibit 1) 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 to citizens and creditors: (1) invested in capital assets net of related debt, (2) restricted, and (3) unrestricted. The *Statement of Activities* (Exhibit 2) shows what caused the County's net assets to change during the most recent fiscal year. Since all changes are reported as soon as the underlying event giving rise to them occurs, revenues and expenditures are included in this statement even though they may not impact cash for some time to come. 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: (1) governmental and (2) business-type. 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 predominantly 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.

Fund Financial Statements

The fund financial statements provide a more detailed look at Transylvania 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, like all other governmental entities in North Carolina, uses fund accounting to ensure and demonstrate compliance with federal, state, and local financial and legal requirements. Transylvania County's funds may be divided into three categories: (1) governmental, (2) proprietary, and (3) fiduciary.

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 3 through 5). However, unlike 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 programs 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.

As required by North Carolina General Statutes, Transylvania County adopts an annual budget for its governmental funds, with the exception of most of the capital projects funds which are 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 6) 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 Fund Net Assets*, (2) the *Statement of Revenues, Expenditures, and Changes in Fund Net Assets*, and (3) the *Statement of Cash Flows* (Exhibits 7, 8, and 9). 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 five fiduciary funds: three are pension trust funds - the Law Enforcement Officers' Special Separation Allowance Fund, the 457 Contribution Fund, and the Retiree Health Trust Fund - and the other two are agency funds - the Social Services Fund and the Fines and Forfeitures Fund (Exhibits 10 and 11).

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in 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 supplementary information concerning Transylvania County's progress in funding its obligation to provide pension benefits for its law enforcement officers and other postemployment benefits. Required supplementary information can be found beginning on page 58 of this report.

Government-Wide Financial Analysis

Government-wide financial statements were first presented for FY 03, when Transylvania County implemented Governmental Accounting Standards Board Statement 34. Prior year comparative figures have been included in the current year's MD&A so that changes between the current and the prior year may be calculated and analyzed.

Transylvania County's Net Assets

Figure 2

	Governmental		Business-type		Total	
	Activities		Activities			
	2009	2008	2009	2008	2009	2008
Current and other assets	\$ 28.6	\$ 39.2	\$ 3.3	\$ 2.3	\$ 31.9	\$ 41.5
Capital assets	37.9	24.2	4.6	4.9	42.5	29.1
Total assets	\$ 66.5	\$ 63.4	\$ 7.9	\$ 7.2	\$ 74.4	\$ 70.6
Long-term liabilities outstanding	\$ 18.5	\$ 17.7	\$ 3.3	\$ 3.4	\$ 21.8	\$ 21.1
Other liabilities	3.2	2.8	0.1	-	3.3	2.8
Total liabilities	\$ 21.7	\$ 20.5	\$ 3.4	\$ 3.4	\$ 25.1	\$ 23.9
Net assets:						
Invested in capital assets, net of related debt	\$ 35.1	\$ 24.2	\$ 4.6	\$ 4.9	\$ 39.7	\$ 29.1
Restricted	1.1	1.8	-	-	1.1	1.8
Unrestricted	8.6	16.9	(0.1)	(1.1)	8.5	15.8
Total net assets	\$ 44.8	\$ 42.9	\$ 4.5	\$ 3.8	\$ 49.3	\$ 46.7

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, 2009, the government-wide assets of Transylvania County exceeded liabilities by \$49.3 million, reflecting growth of \$2.6 million in net assets over the past fiscal year. Overall positive operating results generated this increment and contributed to the \$3.8 million addition to *total* assets. The construction of the new Public Safety Facility, however, caused a significant shift in the composition of these assets. Capital assets rose by \$13.4 million, while restricted and unrestricted cash balances dropped by \$9.3 million. Due mainly to the new debt assumed by the County in FY 09, total liabilities increased by \$1.2 million.

Of the County's total net assets, net *capital* assets make up the largest category – 80.5 percent. Capital assets are reported net of any related outstanding debt because they are used to provide services to citizens and, consequently, may not be liquidated to retire debt incurred for their acquisition or to generate funds for other governmental needs. For the County as a whole, net capital assets grew by \$10.6 million during FY 09 to finish the year at \$39.7 million.

While the County's investment in capital assets is in effect restricted to the purposes for which they were acquired, another portion of the County's net assets, \$1.1 million or 2.2 percent, is subject to external restrictions on how the funds may be used. The withdrawal during the year of funds restricted for Public Safety led to a \$0.7 million decrease in this category.

The remaining government-wide balance for net assets, \$8.5 million (17.3 percent), is unrestricted and therefore available to meet the County's ongoing obligations. This balance dropped \$7.3 million below FY 08's level primarily because of the investment in FY 09 in capital projects.

Total net assets related to *governmental* activities increased by \$1.9 million to a year-end balance of \$44.8 million. Driven by spending on the Public Safety Facility, net capital assets rose by \$10.9 million, and unrestricted net assets fell by \$8.3 million as funds previously set aside for this project were used. Monies taken from the Emergency Telephone Fund for the upgraded E911 System accounted for most of

the \$0.7 million reduction in the restricted balance and also contributed to the funding available for capital assets.

A transfer of \$0.9 million from governmental activities more than offset an operational loss in the County's business-type activities and resulted in a \$0.7 million addition to both total net assets and unrestricted net assets. Since depreciation recorded during FY 09 exceeded the value of capital acquired, net capital assets decreased, allowing \$0.3 million to be released to unrestricted net assets. The balance of total net assets for business-type activities at the end of FY 09 was \$4.5 million versus \$3.8 million for FY 08.

Transylvania County's Changes in Net Assets
Figure 3

	Governmental		Business-type		Total	
	Activities		Activities		Total	
	2009	2008	2009	2008	2009	2008
Revenues:						
Program revenues:						
Charges for services	\$ 3.2	\$ 3.2	\$ 1.4	\$ 1.6	\$ 4.6	\$ 4.8
Operating grants and contributions	7.2	7.0	-	0.1	7.2	7.1
Capital grants and contributions	-	-	-	-	-	-
General revenues:						
Property taxes	24.4	23.6	-	-	24.4	23.6
Other taxes	7.5	9.7	-	-	7.5	9.7
Grants and contributions not restricted to specific programs	0.5	0.3	-	-	0.5	0.3
Other	0.7	1.6	0.1	0.1	0.8	1.7
Total revenues	\$ 43.5	\$ 45.4	\$ 1.5	\$ 1.8	\$ 45.0	\$ 47.2
Expenses:						
General government	\$ 5.0	\$ 5.0	\$ -	\$ -	\$ 5.0	\$ 5.0
Public safety	11.0	10.4	-	-	11.0	10.4
Transportation	0.4	0.4	-	-	0.4	0.4
Economic and physical development	1.5	1.6	-	-	1.5	1.6
Human services	9.4	9.5	-	-	9.4	9.5
Cultural and recreation	2.0	1.8	-	-	2.0	1.8
Education	10.5	10.9	-	-	10.5	10.9
Interest on long-term debt	0.9	0.6	-	-	0.9	0.6
Landfill	-	-	1.7	1.5	1.7	1.5
Total expenses	\$ 40.7	\$ 40.2	\$ 1.7	\$ 1.5	\$ 42.4	\$ 41.7
Increase in net assets before transfers and special items	\$ 2.8	\$ 5.2	\$ (0.2)	\$ 0.3	\$ 2.6	\$ 5.5
Transfers	(0.9)	(0.5)	0.9	0.5	-	-
Increase in net assets	\$ 1.9	\$ 4.7	\$ 0.7	\$ 0.8	\$ 2.6	\$ 5.5
Net assets, July 1	\$ 42.9	\$ 38.2	\$ 3.8	\$ 3.0	\$ 46.7	\$ 41.2
Net assets, June 30	\$ 44.8	\$ 42.9	\$ 4.5	\$ 3.8	\$ 49.3	\$ 46.7

Governmental activities – Revenues associated with governmental activities exceeded expenses by \$1.9 million, generating 74.0 percent of the addition to the County’s total net assets. The cost reduction initiatives highlighted on pages 9 and 10 in the explanation of the General Fund surplus contributed to this increase. However, some expenses recorded in other funds that were paid, as planned, from reserves rather than from current revenues had the opposite effect on net assets. Therefore, for FY 09 the majority of the growth in net assets was attributable to 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 dropped directly to net assets. Conversely, there were other items such as depreciation and accrued interest that were treated as expenses on the government-wide financial statements but were not included as expenditures on the fund financial statements. With no revenues budgeted to cover them, they consequently reduced net assets. In FY 09 the net impact from these differences in the basis of accounting was a \$2.1 million addition to net assets.

The FY 09 increase in net assets was \$2.8 million less than the prior year’s increase of \$4.7 million. Due to cost control measures, expenses were only \$0.5 million higher than FY 08’s. Revenues, however, were \$1.9 million less, reflecting a \$2.2 million reduction in sales taxes, and transfers from governmental activities were \$0.4 million more.

Business-type activities – Transylvania County’s business-type activities added \$0.7 million to net assets, attributable mainly to a transfer from governmental activities as mentioned above. Please refer to the analysis of the proprietary fund on page 11 for more details. In FY 08 net assets for business-type activities realized a gain of \$0.8 million.

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 County’s governmental funds types are divided into two categories, major and non-major. The General Fund is always considered a major fund, and both the Public Safety Facility Fund and the General Capital Projects Fund met the criteria for this classification in FY 09. The non-major governmental funds consist of Special Revenue Funds, other Capital Projects Funds, and Permanent 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, unreserved fund balance can be a meaningful measure of a government’s net resources available for spending during the next fiscal year.

The General Fund is the chief operating fund of Transylvania County. At the end of the current fiscal year, the total fund balance equaled \$17.7 million, with \$4.8 million reserved for specific purposes by statutory requirements, funding stipulations, or local governing board decisions. The remainder, \$12.9 million or almost 73.0 percent, is unreserved 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 unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 32.2 percent and total fund balance represents 44.0 percent of General Fund expenditures in FY 09. The comparable figures for FY 08, respectively, are 29.2 percent and 43.0 percent.

The total General Fund balance increased during FY 09 by \$0.5 million (3.1 percent), compared to a decrease of \$13.5 million (44.0 percent) in FY 08 related to the transfer of funds to the Public Safety Facility Fund. Although General Fund revenues overall lagged below budgeted levels by \$0.3 million,

they exceeded actual expenditures by \$0.6 million. Interfund transfers and transactions reported as other financing sources/(uses) netted to a deficit of \$0.1 million. The surplus from operations was achieved primarily by reducing expenditures that were (1) within the control of the County and (2) funded by local sources such as property taxes and sales taxes, particularly through:

- Elimination of \$0.3 million in budgeted salary and wage increases
- Savings of \$0.2 million in employee health insurance costs
- Delay in hiring Law Enforcement personnel for the new detention center - \$0.1 million
- Postponement of capital purchases and improvements - \$0.1 million

The County also benefited from fuel costs that came in \$0.2 million under budget as prices fluctuated during the year and from a \$0.3 million favorable variance on Medicaid payments, 61.6 percent of which was attributable to provisions of the federal stimulus package.

The Public Safety Facility Fund was originally set up in FY 06 to capture all the financial transactions associated with the project. Over the course of three years, a total of \$19.6 million was transferred to this fund from the General Fund. Following the groundbreaking in FY 08, the majority of the construction occurred in FY 09. Consequently, the Public Safety Fund balance dropped significantly from its beginning level of \$13.3 million to \$3.2 million by year-end.

The fund balance in the General Capital Projects Fund closed the year at \$3.1 million, down by \$0.4 million due mainly to the completion of the Health Department expansion. All of this balance is reserved for identified capital projects such as a new Animal Shelter, Information Technology enhancements, and building renovations.

The combined fund balances of the non-major other governmental funds fell by \$0.8 million, with most funds posting a decrease. However, for all but one of these funds, appropriations from fund balance had been included in the FY 09 budget. The only sizeable reduction, \$0.6 million, resulted from a transfer from the Emergency Telephone System Fund to the General Fund for the E911 System upgrade. Only 15.0 percent of the combined fund balance of the non-major governmental funds is reserved.

As of June 30, 2009, Transylvania County's total governmental funds reported an ending fund balance of \$25.2 million, compared to \$35.9 million last year. As mentioned above, the use of funds for the construction of the Public Safety Facility accounted for this significant reduction.

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, (3) roll forward appropriations made in FY 08 for projects or purchases not completed until FY 09, and (4) reduce revenue projections and spending appropriations in anticipation of revenue shortfalls. FY 09's amendments increased the General Fund's original budget by \$1.1 million, or 2.7 percent, and included adjustments made for the following:

- \$0.9 million received in additional funding and grants, including \$0.3 million for various Health Department, Social Services, and Child Development programs and \$0.3 million from the Division of Water Resources for stream bank stabilization projects
- \$0.8 million transferred from the Emergency Telephone System Fund for the upgraded E911 System
- \$0.2 million withdrawn from the General Fund Reserve for the E911 System
- \$0.2 million carried forward from FY 08 for a new bookmobile
- (\$1.4) million in multi-departmental budget reductions

The reductions of \$1.4 million were made in response to projected declines in revenues, particularly ad valorem taxes, sales taxes, and those revenues driven by real estate and construction activity such as Register of Deeds taxes, building permits, and inspection and environmental health fees.

In spite of the mid-year adjustments, actual FY 09 operating revenues failed to reach the projections in the final budget by \$0.3 million. The most significant shortfall, \$0.5 million, occurred in sales taxes, reflecting the impact of the recession. Decreases of \$0.2 million in restricted intergovernmental funds were offset to a large extent by decreases in corresponding expenditures so that there was little net financial impact. On a positive note, ad valorem tax revenues exceeded not only the final budget by \$0.3 million but also the original budget as the collection rate climbed beyond anticipated rates up to 99.48 percent.

Actual FY 09 expenditures came in \$2.6 million under the final budget. Of the \$1.1 million appropriated for the upgraded E911 System, \$0.6 million had not been used by year-end, contributing significantly to the favorable variance reported for Public Safety. The surplus in Human Services resulted mainly from the reduction of \$0.5 million in spending for public assistance programs, including Medicaid payments as cited on page 10. Because of hiring delays, retirements, and open positions, personnel costs in several functions were less than estimated by a total of \$0.6 million. Other miscellaneous savings, such as those from lower fuel prices, postponed capital items, and incomplete grant-funded activities, were also scattered throughout the County organization.

Since actual expenditures were substantially below budgeted levels, more than compensating for the shortfall in revenues, an appropriation from fund balance was not 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. The Enterprise Fund finished the year with \$4.5 million in net assets, \$0.7 million more than at the end of the prior year. As noted earlier, this growth was due primarily to a \$0.9 million transfer from the General Fund. Of this total, \$0.8 million was originally budgeted to be set aside for construction of the next cell and for closure and postclosure care costs. The remainder was added during the year to supplement revenues from landfill operations, which fell \$0.1 million short of FY 09's final budget. Led by a substantial decrease in construction and demolition materials, the volume of waste disposed dropped by 14.0 percent. Lower utilization of the landfill has, according to the latest capacity study, extended its life, allowing the County to actually reduce its accrual for closure and postclosure care costs slightly in FY 09. While this helped to mitigate the impact of the decline in scale sales, it was not sufficient to also compensate for increases in other expenses. Overall, the landfill incurred an operating loss of \$0.3 million, which was partially offset by \$0.1 million generated by investment earnings and miscellaneous revenues.

Capital Asset and Debt Administration

Capital assets: Transylvania County's capital assets for its governmental and business – type activities as of June 30, 2009, totaled \$42.5 million (net of accumulated depreciation). These assets include buildings, land, machinery and equipment, park facilities, and vehicles.

During FY 09 the County invested \$14.9 million in capital assets, which included the following major items:

- Continued construction on the Public Safety Facility - \$12.9 million
- Began installation of an updated E911 Communications System - \$0.5 million
- Completed renovation for the Health Department expansion - \$0.4 million (from General Capital Projects Fund)
- Purchased replacement vehicles for the Sheriff's department - \$0.3 million
- Replaced the bookmobile for the Library - \$0.2 million

- Replaced an ambulance for Emergency Medical Services - \$0.1 million
- Completed the stabilization project for the historic rock wall next to the Courthouse - \$0.1 million

Transylvania County's Capital Assets
(Net of Depreciation)

Figure 4

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Land	\$ 2.8	\$ 2.8	\$ 1.1	\$ 1.1	\$ 3.9	\$ 3.9
Landfill Cells	-	-	2.5	2.8	2.5	2.8
Buildings	13.4	13.0	0.1	0.1	13.5	13.1
Improvements to buildings and land	0.8	0.5	0.3	0.3	1.1	0.8
Machinery and equipment	2.1	1.9	0.4	0.4	2.5	2.3
Vehicles and motor equipment	1.6	1.2	0.1	0.1	1.7	1.3
Construction in progress	17.2	4.8	0.1	0.1	17.3	4.9
Total	\$ 37.9	\$ 24.2	\$ 4.6	\$ 4.9	\$ 42.5	\$ 29.1

Additional information on the County's capital assets can be found in note III. A. 5 of the Basic Financial Statements, beginning on page 41 of this report.

Long-term Debt: As of June 30, 2009, Transylvania County had total bonded debt outstanding of \$14.9 million, 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	
	2009	2008	2009	2008	2009	2009
General obligation bonds	\$ 14.6	\$ 16.5	\$ -	\$ -	\$ 14.6	\$ 16.5
Qualified Zone Academy bonds	0.3	0.4	-	-	0.3	0.4
Total	\$ 14.9	\$ 16.9	\$ -	\$ -	\$ 14.9	\$ 16.9

Transylvania County's total long-term liabilities increased by \$0.8 million, 4.0 percent, over the past fiscal year. To supplement funding from reserves for the Public Safety Facility, the County entered into

an installment financing agreement for \$2.9 million to be repaid over a period of 15 years. Payments made in FY 09 reduced this obligation by \$0.1 million. In addition, the County made \$1.9 million in required annual debt service payments on general obligation and qualified zone academy bonds, which were issued to finance major school capital projects. There were no significant changes during FY 09 in debt incurred for business-type activities.

As mentioned in the financial highlights section of this document, in February 2008 Moody's Investors Service upgraded Transylvania County's bond rating to A1 from the A2 the County had maintained since 1997. Standard and Poor's reassigned the County an A, the same rating it had held since 1989. 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 \$313,350,275.

Additional information regarding Transylvania County's long-term debt can be found in note III B.6., beginning on page 51 of this report.

Economic Factors and Next Year's Budgets and Rates

- As of March 31, 2009, the County's unemployment rate was 9.5 percent, compared to 4.6 percent a year earlier.
- Transylvania County's sales taxes received through April 2009 were 7.0 percent lower than for the same period in FY 08. Estimates developed for the State revenue projections indicated a further decrease of 4.0 percent for the coming year.
- During the first nine months of FY 09 new commercial and residential construction continued the decline which had begun in FY 08. Not only did the number of permits issued for commercial buildings fall by 57.1 percent and for residential units by 24.6 percent, but also the average value per structure dropped by 14.4 percent and 3.0 percent, respectively. Revenues from building permits and inspection fees reflected these downward trends.
- The number of residential closings in Transylvania County for the first three quarters in FY 09, according to the North Carolina Mountains MLS, declined by 42.6 percent versus FY 08, reducing real property transfer tax revenues by a comparable rate.

These economic trends, along with the uncertainty about State budgetary actions and changing community needs, were taken into consideration in the development and approval of Transylvania County's FY 10 budget. At the time the County's budget was being developed, little was known about the State's budget other than that drastic cuts were being proposed for all state agencies, especially education, to close an estimated \$5.0 billion deficit. Some of the reductions being discussed would shift expenses to the County, while others would rescind revenues the County had received from the State in the past. Two other factors on a local level further complicated the development of the FY 10 budget: (1) the value of real property was reassessed during FY 09 for the first time in seven years, and (2) the opening of the Public Safety Facility slated for early FY 10 would cause operational expenditures to increase by approximately \$0.8 million.

Governmental Activities: The Board of Commissioners adopted a \$39.3 million General Fund budget for FY 10 - \$3.1 million, or 7.4 percent, less than FY 09's original budget.

Revenues – Excluding other financing sources, operating revenues were projected to fall below FY 09's original budget by 6.6 percent. In recognition of the financial hardships facing many of the county's citizens, the Board of Commissioners set the ad valorem tax rate at the revenue-neutral rate of \$.3949 per \$100 of property value. Following the reappraisal, the tax base rose approximately 40 percent, with 2.6 percent calculated to be attributable to normal growth in the base. Consequently, property tax revenues

were estimated to increase slightly, \$0.4 million. All other major sources of revenues were budgeted to decrease, based on predictions of a continuing sluggish economy and concerns about State and federal funding. Compared to actual figures for FY 09, operating revenues projected for FY 10 show a decline of 4.4 percent.

Expenditures – Budgeted expenditures approved for FY 10, excluding transfers, were 6.8 percent less than FY 09's original budget. While a significant portion of the reduction, \$0.9 million, was attributable to the State's assumption of Medicaid costs previously paid by the County, the majority of the savings were realized through across-the-board cuts. All but the most urgently needed capital items were postponed, no funds were appropriated for salary and wage increases, and spending on non-essentials was reduced by \$1.0 million. Offsetting these reductions to some extent were the additional anticipated costs associated with the new Public Safety Facility. Nevertheless, operating expenditures budgeted for FY 10 are 3.0% lower than FY 09's actual results.

To balance the budget for FY 10, it was however still necessary to appropriate \$0.7 million from fund balance.

Business – type Activities. The FY 10 budget for the Solid Waste Fund is \$2.3 million, \$0.2 million or 9.7% less than FY 09's original budget. Included is a \$0.8 million transfer from the General Fund that will supplement not only reserves but also current operating revenues. Based on the tonnage and trend of waste disposals in FY 09, scale sales are not projected to improve in FY 10. Expenditures budgeted for landfill operations in FY 10 are 5.9% below FY 09's original budget.

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.

**BASIC
FINANCIAL
STATEMENTS**



TRANSYLVANIA COUNTY, NORTH CAROLINA
STATEMENT OF NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2009

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 25,155,645	\$ 1,328,894	\$26,484,539
Receivables (net)	2,904,394	104,797	3,009,191
Internal balances	121,516	(121,516)	-
Inventories	33,663		33,663
Prepaid items	8,936		8,936
Restricted cash and cash equivalents	108,367	1,970,896	2,079,263
Advance funding of pension plan and other postemployment obligations	216,397		216,397
Deferred charge - issuance cost	74,541		74,541
Capital assets:			
Land and construction in progress	20,028,832	1,135,655	21,164,487
Other capital assets, net of depreciation	17,913,259	3,488,863	21,402,122
Total capital assets	<u>\$ 37,942,091</u>	<u>\$ 4,624,518</u>	<u>\$42,566,609</u>
Total assets	<u>\$ 66,565,550</u>	<u>\$ 7,907,589</u>	<u>\$74,473,139</u>
LIABILITIES			
Accounts payable and accrued expenses	\$ 2,592,034	\$ 46,798	\$ 2,638,832
Unearned revenue	309,167		309,167
Accrued interest payable	264,024		264,024
Long-term liabilities:			
Due within one year	2,965,845	22,552	2,988,397
Due in more than one year	15,590,471	3,306,640	18,897,111
Total liabilities	<u>\$ 21,721,541</u>	<u>\$ 3,375,990</u>	<u>\$25,097,531</u>
NET ASSETS			
Invested in capital assets, net of related debt	\$ 35,138,758	\$ 4,624,518	\$39,763,276
Restricted for:			
Public safety	264,798		264,798
Economic development	302,215		302,215
Cultural and recreation:			
Expendable	266,928		266,928
Nonexpendable	108,367		108,367
Education	27,764		27,764
Register of Deeds	121,710		121,710
Unrestricted	8,613,469	(92,919)	8,520,550
Total net assets	<u>\$ 44,844,009</u>	<u>\$ 4,531,599</u>	<u>\$49,375,608</u>

The notes to the financial statements are an integral part of this statement.

**TRANSYLVANIA COUNTY, NORTH CAROLINA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2009**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>	
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>
Governmental Activities:			
General government	\$ 5,042,645	\$ 1,055,880	\$ 39,379
Public safety	11,042,467	1,444,322	1,089,375
Transportation	358,399		341,357
Economic and physical development	1,531,068	11,467	459,808
Human services	9,448,473	548,544	5,063,846
Cultural and recreational	1,968,016	98,220	120,228
Education	10,449,456		137,268
Interest on long-term debt	907,694		
Total governmental activities	\$ 40,748,218	\$ 3,158,433	\$ 7,251,261
Business-type activities:			
Landfill	\$ 1,678,773	\$ 1,383,173	\$ 12,728
Total business-type activities	\$ 1,678,773	\$ 1,383,173	\$ 12,728
	<u>\$ 42,426,991</u>	<u>\$ 4,541,606</u>	<u>\$ 7,263,989</u>

General revenues:

Taxes:

Property taxes, levied for general purpose

Local option sales tax

Other taxes and licenses

Grants and contributions not restricted to specific programs

Investment earnings, unrestricted

Miscellaneous, unrestricted

Transfers

Total general revenues, special items, and transfers

Change in net assets

Net assets-beginning (restated)

Net assets-ending

The notes to the financial statements are an integral part of this statement.

Exhibit 2

Net (Expense) Revenue and Changes in Net Assets

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
\$ (3,947,386)		\$ (3,947,386)
(8,508,770)		(8,508,770)
(17,042)		(17,042)
(1,059,793)		(1,059,793)
(3,836,083)		(3,836,083)
(1,749,568)		(1,749,568)
(10,312,188)		(10,312,188)
<u>(907,694)</u>		<u>(907,694)</u>
<u>\$ (30,338,524)</u>		<u>\$ (30,338,524)</u>
	<u>\$ (282,872)</u>	<u>\$ (282,872)</u>
	<u>\$ (282,872)</u>	<u>\$ (282,872)</u>
<u>\$ (30,338,524)</u>	<u>\$ (282,872)</u>	<u>\$ (30,621,396)</u>
\$ 24,437,262		\$ 24,437,262
6,720,265		6,720,265
763,293		763,293
520,299		520,299
672,317	\$ 49,630	721,947
74,920	13,523	88,443
<u>(902,556)</u>	<u>902,556</u>	<u>-</u>
<u>\$ 32,285,800</u>	<u>\$ 965,709</u>	<u>\$ 33,251,509</u>
\$ 1,947,276	\$ 682,837	\$ 2,630,113
<u>42,896,733</u>	<u>3,848,762</u>	<u>46,745,495</u>
<u>\$ 44,844,009</u>	<u>\$ 4,531,599</u>	<u>\$ 49,375,608</u>

TRANSYLVANIA COUNTY, NORTH CAROLINA
BALANCE SHEET
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

	Major			Non-Major	Total Governmental Funds
	General	Public Safety Facility Fund	General Capital Projects Fund	Other Governmental Funds	
ASSETS					
Cash and cash equivalents	\$ 16,507,108	\$ 4,511,603	\$ 3,078,808	\$ 1,058,126	\$ 25,155,645
Receivables, net	2,631,127			80,426	2,711,553
Due from other funds	144,440				144,440
Taxes receivable, net	140,126			14,667	154,793
Inventories	33,663				33,663
Prepaid items	8,936				8,936
Cash and cash equivalents-restricted				108,367	108,367
Total assets	\$ 19,465,400	\$ 4,511,603	\$ 3,078,808	\$ 1,261,586	\$ 28,317,397
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable and accrued liabilities	\$ 1,315,852	\$ 868,542		\$ 12,342	\$ 2,196,736
Retainage payable		395,295			395,295
Due to other funds				22,925	22,925
Deferred revenue	140,126			14,667	154,793
Unearned revenue	299,262			9,905	309,167
Total liabilities	\$ 1,755,240	\$ 1,263,837		\$ 59,839	\$ 3,078,916
Fund balances:					
Reserved for:					
Court facilities	\$ 330,033				\$ 330,033
Enhancement fund	121,710				121,710
Law enforcement	37,405				37,405
Inventories	33,663				33,663
Prepaid items	8,936				8,936
Animal shelter	8,467		\$ 750,000		758,467
Senior games	6,772				6,772
Museum	15,140				15,140
JHPC-MJM Book	5,656				5,656
JHPC donations	456				456
Soil and water conservation	81,315				81,315
Health department renovation	86,820				86,820
Public safety facility		\$ 3,247,766			3,247,766
Economic development	225,928				225,928
State statute	2,775,567			\$ 80,426	2,855,993
150th County anniversary	150,000				150,000
Donations to Sheriff's office	12,448				12,448
Emergency management grant	16,362				16,362
EMS	1,015				1,015
Communications E911 system	579,726				579,726
Co-operative extension grants	4,396				4,396
Health department grants	44,441				44,441
St. Phillips grant	743				743
Special child adoption	18,516				18,516
Toy run donations	1,471				1,471
Sports complex	8,346				8,346
SRS - Title III project	20,075				20,075
General capital projects			2,328,808		2,328,808
Encumbrances	175,769				175,769
Silvermont				108,367	108,367
Unreserved:					
Designated for subsequent years expenditures	929,152				929,152
Special revenue funds				160,744	160,744
Capital projects funds				1,200	1,200
Designated for self insurance	1,432,718				1,432,718
Designated for compensated absences	818,385				818,385
Undesignated	9,758,729				9,758,729
Unreserved, reported in nonmajor:					
Special revenue funds				557,518	557,518
Capital projects funds				26,564	26,564
Permanent fund				266,928	266,928
Total fund balances	\$ 17,710,160	\$ 3,247,766	\$ 3,078,808	\$ 1,201,747	\$ 25,238,481
Total liabilities and fund balances	\$ 19,465,400	\$ 4,511,603	\$ 3,078,808	\$ 1,261,586	

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets

Amounts reported for governmental activities in the statement of net assets (Exhibit 1) are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	37,942,091
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.	328,986
Liabilities for earned but deferred revenues in fund statements	154,793
Some liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:	<u>(18,820,342)</u>
Net assets of governmental activities	\$ 44,844,009

The notes to the financial statements are an integral part of this statement.



TRANSYLVANIA COUNTY, NC

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TRANSYLVANIA COUNTY, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

	Major			Non-Major	Total Governmental Funds
	General Fund	Public Safety Facility Fund	General Capital Projects Fund	Other Governmental Funds	
REVENUES					
Ad valorem taxes	\$ 22,484,411			\$ 1,964,433	\$ 24,448,844
Local option sales taxes	6,720,265				6,720,265
Other taxes and licenses	438,423			324,870	763,293
Unrestricted intergovernmental	622,584				622,584
Restricted intergovernmental	6,816,479			288,382	7,104,861
Permits and fees	382,955				382,955
Sales and services	2,620,231				2,620,231
Donations and grants			\$ 25	22,418	22,443
Investment earnings	596,629	\$ 4,711	70,977	41,740	714,057
Miscellaneous	191,117				191,117
Total revenues	\$ 40,873,094	\$ 4,711	\$ 71,002	\$ 2,641,843	\$ 43,590,650
EXPENDITURES					
Current:					
General government	\$ 4,842,710			\$ 139,130	\$ 4,981,840
Public safety	9,567,901			2,054,083	11,621,984
Transportation	424,475				424,475
Economic and physical development	1,084,789			438,871	1,523,660
Human services	9,304,049				9,304,049
Cultural and recreational	1,855,772			2,240	1,858,012
Intergovernmental:					
Education	10,449,456				10,449,456
Capital outlay		\$ 12,955,426	\$ 510,827	24,478	13,490,731
Debt service:					
Principal	2,032,681				2,032,681
Interest	646,781				646,781
Total expenditures	\$ 40,208,614	\$ 12,955,426	\$ 510,827	\$ 2,658,802	\$ 56,333,669
Excess (deficiency) of revenues over expenditures	\$ 664,480	\$ (12,950,715)	\$ (439,825)	\$ (16,959)	\$ (12,743,019)
OTHER FINANCING SOURCES (USES)					
Transfers from other funds	\$ 841,398			\$ 79,729	\$ 921,127
Transfers to other funds	(1,040,301)			(841,398)	(1,881,699)
Proceeds from financing obligations issued		\$ 2,900,000			2,900,000
Sale of capital assets	74,920				74,920
Total other financing sources and uses	\$ (123,983)	\$ 2,900,000		\$ (761,669)	\$ 2,014,348
Net change in fund balance	\$ 540,497	\$ (10,050,715)	\$ (439,825)	\$ (778,628)	\$ (10,728,671)
Fund balances-beginning (restated)	17,169,663	13,298,481	3,518,633	1,980,375	35,967,152
Fund balances-ending	\$ 17,710,160	\$ 3,247,766	\$ 3,078,808	\$ 1,201,747	\$ 25,238,481

The notes to the financial statements are an integral part of this statement.

TRANSYLVANIA COUNTY, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

Amounts reported for governmental activities in the statement of activities are different because:

Net changes in fund balances - total governmental funds	\$ (10,728,671)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period	13,813,009
Cost of capital assets disposed of during the year, not recognized on modified accrual basis	(55,938)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds	(11,582)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(872,891)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(196,651)
Total changes in net assets of governmental activities	<u><u>\$ 1,947,276</u></u>

The notes to the financial statements are an integral part of this statement.

TRANSYLVANIA COUNTY, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Original Budget	Final Budget	Actual	Variance With Final Positive (Negative)
REVENUES				
Ad valorem taxes	\$ 22,467,478	\$ 22,198,908	\$ 22,484,411	\$ 285,503
Local option sales tax	7,386,781	7,221,263	6,720,265	(500,998)
Other taxes and licenses	831,895	469,779	438,423	(31,356)
Unrestricted intergovernmental	464,500	627,005	622,584	(4,421)
Restricted intergovernmental	6,836,964	7,041,568	6,816,479	(225,089)
Permits and fees	590,619	411,851	382,955	(28,896)
Sales and services	2,679,585	2,509,170	2,620,231	111,061
Investment earnings	468,500	578,500	596,629	18,129
Miscellaneous	82,950	140,305	191,117	50,812
Total revenues	\$ 41,809,272	\$ 41,198,349	\$ 40,873,094	\$ (325,255)
EXPENDITURES				
Current:				
General government	\$ 6,136,499	\$ 5,415,886	\$ 4,842,710	\$ 573,176
Public safety	9,725,826	10,604,085	9,567,901	1,036,184
Transportation	516,945	489,938	424,475	65,463
Economic and physical development	758,293	1,136,217	1,084,789	51,428
Human services	9,717,994	10,089,505	9,304,049	785,456
Cultural and recreational	1,816,959	1,957,506	1,855,772	101,734
Intergovernmental:				
Education	10,449,456	10,449,456	10,449,456	
Debt service:				
Principal retirement	2,036,300	2,036,015	2,032,681	3,334
Interest and other charges	682,275	648,894	646,781	2,113
Total expenditures	\$ 41,840,547	\$ 42,827,502	\$ 40,208,614	\$ 2,618,888
Revenues over (under) expenditures	\$ (31,275)	\$ (1,629,153)	\$ 664,480	\$ 2,293,633
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	\$ 98,033	\$ 948,273	\$ 841,398	\$ (106,875)
Transfers to other funds	(894,427)	(1,041,277)	(1,040,301)	976
Sale of capital assets	20,000	70,123	74,920	4,797
Appropriated fund balance	807,669	1,652,034		(1,652,034)
Total other financing sources (uses)	\$ 31,275	\$ 1,629,153	\$ (123,983)	\$ (1,753,136)
Net change in fund balance	<u>\$ 0</u>	<u>\$ 0</u>	\$ 540,497	<u>\$ 540,497</u>
Fund balances:				
Beginning of year			<u>17,169,663</u>	
End of year			<u>\$ 17,710,160</u>	

The notes to the financial statements are an integral part of this statement.

**TRANSYLVANIA COUNTY, NORTH CAROLINA
STATEMENT OF FUND NET ASSETS
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	<u>Enterprise Fund</u>
	<u>Solid Waste Fund</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 1,328,894
Receivables, net	<u>104,797</u>
Total current assets	<u>\$ 1,433,691</u>
Noncurrent assets:	
Restricted cash and cash equivalents	\$ 1,970,896
Capital assets:	
Land, improvements, and construction in progress	1,135,655
Other capital assets, net of depreciation	<u>3,488,863</u>
Total capital assets	<u>\$ 4,624,518</u>
Total noncurrent assets	<u>\$ 6,595,414</u>
Total assets	<u><u>\$ 8,029,105</u></u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 46,798
Due to other funds	<u>121,516</u>
Total current liabilities	<u>\$ 168,314</u>
Noncurrent liabilities:	
Accrued landfill closure and postclosure care costs	\$ 3,306,640
Compensated absences	<u>22,552</u>
Total noncurrent liabilities	<u>\$ 3,329,192</u>
Total liabilities	<u>\$ 3,497,506</u>
NET ASSETS	
Invested in capital assets, net of related debt	\$ 4,624,518
Unrestricted	<u>(92,919)</u>
Total net assets	<u><u>\$ 4,531,599</u></u>

The notes to the financial statements are an integral part of this statement.

TRANSYLVANIA COUNTY, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Solid Waste Fund
OPERATING REVENUES	
Charges for services	\$ 1,383,173
Total operating revenues	\$ 1,383,173
 OPERATING EXPENSES	
Landfill operations:	
Salaries and employee benefits	\$ 781,532
Other operating expenses	514,054
Landfill closure and postclosure care costs	(28,322)
Depreciation	411,509
Total operating expenses	\$ 1,678,773
Operating income	\$ (295,600)
 NONOPERATING REVENUES	
Interest and investment revenue	\$ 49,630
Other nonoperating revenues	26,251
Total nonoperating revenue	\$ 75,881
Income before transfers	\$ (219,719)
Transfers from other funds	902,556
Change in net assets	\$ 682,837
Total net assets - beginning	3,848,762
Total net assets - ending	\$ 4,531,599

The notes to the financial statements are an integral part of this statement.



TRANSYLVANIA COUNTY, NC

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TRANSYLVANIA COUNTY, NORTH CAROLINA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Enterprise Fund
	Solid Waste Fund
Cash flows from operating activities:	
Cash received from customers	\$ 1,401,238
Cash paid for goods and services	(524,379)
Cash paid to employees for services	(782,738)
	\$ 94,121
Cash flows from noncapital financing activities:	
Transfers from General Fund	\$ 902,556
Repayment of advances from other funds	(926,210)
Donations and grants received	12,728
	\$ (10,926)
Cash flows from capital and related financing activities:	
Principal paid on note maturities	\$ (5,748)
Proceeds from insurance claims	13,523
Acquisition and construction of capital assets	(90,969)
	\$ (83,194)
Cash flows from investing activities:	
Interest on investments	\$ 49,630
	\$ 49,630
Net (decrease) in cash and cash equivalents	\$ 49,631
Cash and cash equivalents, beginning	3,250,159
Cash and cash equivalents, ending	\$ 3,299,790

The notes to the financial statements are an integral part of this statement.

**TRANSYLVANIA COUNTY, NORTH CAROLINA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

Reconciliation of operating income to net cash provided by operating activities:

Operating income (loss)	\$ (295,600)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	\$ 411,509
Landfill closure and postclosure care costs	(28,322)
Changes in assets and liabilities:	
Decrease in accounts receivable	18,065
Increase in accounts payable and accrued liabilities	14,566
(Decrease) in compensated absences	(1,898)
(Decrease) in accrued interest	(24,199)
Total adjustments	\$ 389,721
Net cash provided by operating activities	\$ 94,121

TRANSYLVANIA COUNTY, NORTH CAROLINA
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	<u>Pension Trust Funds</u>	<u>Agency Fund</u>
ASSETS		
Cash and cash equivalents	<u>\$ 1,203,314</u>	\$ 20,711
Accounts receivable and accrued revenues		<u>11,043</u>
Total assets		<u>\$ 31,754</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Intergovernmental payables		\$ 13,275
Miscellaneous liabilities		<u>18,479</u>
Total liabilities		<u>\$ 31,754</u>
Net assets:		
Assets held in trust for pension benefits	<u>\$ 1,203,314</u>	

The notes to the financial statements are an integral part of this statement.

**TRANSYLVANIA COUNTY, NORTH CAROLINA
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	Pension Trust Funds
Additions:	
Employer contributions	\$ 665,252
Retiree premiums	9,301
Total	\$ 674,553
Investment income:	
Interest	23,240
Total additions	\$ 697,793
Deductions:	
Benefits	\$ 445,745
Administrative expense	19,118
Total deductions	\$ 464,863
Change in net assets	\$ 232,930
Net assets - beginning of year, July 1	970,384
Net assets - end of year, June 30	\$ 1,203,314

The notes to the financial statements are an integral part of this statement.



TRANSYLVANIA COUNTY, NC

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**TRANSYLVANIA COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

I. Summary of Significant Accounting Policies

The accounting policies of Transylvania County conform to generally accepted accounting principles as applicable 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, the Joint Historic Properties Commission and the Transylvania Parks Commission, but neither has financial transactions or account balances; therefore, they are not presented in the basic financial statements.

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 Transylvania 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, Basis of Accounting

Basis of Presentation, Measurement Focus - Basis of Accounting

Government-wide Statements: The statement of net assets and the statement of activities display information about 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 funds have been reversed for the statement of activities. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

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

TRANSYLVANIA COUNTY, NORTH CAROLINA
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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. Nonoperating revenues, such as subsidies, result from non-exchange transactions. Other non-operating items such as investment earnings are ancillary activities.

The County reports the following major governmental funds:

General Fund. This is the County's primary operating fund. It accounts for all financial resources of the general government, except those that are required to be accounted for in another fund. The County maintains a separate Self Insurance Fund for accounting purposes. In accordance with GASB 10, this fund has been consolidated into the General Fund for reporting purposes.

Public Safety Facility Fund. This fund accounts for the construction of the new County public safety facility.

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

The County reports the following major enterprise fund:

Solid Waste Fund. This fund accounts for the operation, maintenance, and development of various landfills and disposal sites.

The County reports the following fund types:

Pension Trust Funds. The County maintains three Pension Trust Funds, the Special Separation Allowance Fund, the 457 Contribution Fund, and the Retiree Health Trust Fund. Pension trust funds are used to report resources that are required to be held in trust for the members and beneficiaries of defined benefit pension plans, defined contribution plans, or other postemployment benefit plans. The Special Separation Allowance Fund accounts for the Law Enforcement Officers Special Separation Allowance, a single-employer, public employee retirement system. The 457 Contribution Fund accounts for the defined contribution plan maintained by the County for qualified employees. The Retiree Health Trust Fund is another postemployment benefit plan that accounts for the County's contributions for healthcare coverage provided to qualified retirees.

Agency Funds. Agency funds are custodial in nature and do not involve the measurement of operating results. Agency funds are used to account for assets the County holds on behalf of others. The County maintains the following Agency Funds: the Social Services Fund, which accounts for moneys deposited with the Department of Social Services for the benefit of certain individuals; the Fines and Forfeitures Fund, which accounts for various legal fines and forfeitures that the County is required to remit to the Transylvania County Board of Education and the three percent interest on the first month of delinquent motor vehicle taxes that the County is required to remit to the North Carolina Department of Motor Vehicles.

Measurement Focus, 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.

TRANSYLVANIA COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

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 fund, 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 nonoperating 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 fund are charges to customers for sales and services. Operating expenses for the enterprise fund 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 nonoperating revenues and expenses.

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

The County considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem property taxes are not accrued as 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, Transylvania 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 2008 through February 2009 apply to the fiscal year ended June 30, 2009. Uncollected taxes that were billed during this period are shown as a receivable on these financial statements.

**TRANSYLVANIA COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

Sales taxes and certain intergovernmental revenues, such as the utilities franchise tax, collected and held by the State at year-end on behalf of the County are recognized as revenue. Intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been satisfied.

Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net 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, then by general revenues.

All governmental and business-type activities and the enterprise fund 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.

C. 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, Revaluation, Fire Districts, Emergency Telephone, the Schools Qualified Zone Academy Bond, the Silvermont Reserve Permanent Fund, the Solid Waste Enterprise Fund, and the Pension Trust Funds. All annual appropriations lapse at the fiscal year end. Project ordinances are adopted for the Public Safety Facility, the General Capital Projects Fund, and the Community Development Block Grant Fund.

All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and at the object level for multi-year funds. Amendments are required for any revisions that alter total expenditures of any fund or that change functional appropriations by more than \$5,000. The governing board must approve all amendments. 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.

D. Assets, Liabilities, and Fund Equity

1. 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

**TRANSYLVANIA COUNTY, NORTH CAROLINA
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authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances and the North Carolina Capital Management Trust (NCCMT).

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

2. Cash and Cash Equivalents

The County pools moneys 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.

3. Restricted Assets

Amounts set aside for the future estimated costs of closure of the County's two landfills are classified as restricted assets in the Enterprise Fund.

4. 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, 2008.

5. 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.

6. Inventories and Prepaid Accounts

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 FISCAL YEAR ENDED JUNE 30, 2009**

7. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded 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 that 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>Years</u>
Buildings	50
Improvements	10-50
Furniture and equipment	5-15
Vehicles	6
Computer equipment	5

8. 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.

9. 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.

**TRANSYLVANIA COUNTY, NORTH CAROLINA
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FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

The sick leave policies of the County provide for an unlimited accumulation of earned sick leave. Sick leave does not vest, but any 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.

10. Claims

The County maintains a Self Insurance Fund 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.

11. Net Assets/Fund Balances

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 a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or b) imposed by law through state statute.

Fund Balances

In the governmental fund financial statements, reservations or restrictions of fund balance represent amounts that are not appropriable or are legally segregated for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

State law [G.S. 159-13(b)(16)] restricts the appropriation of fund balance 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:

Reserved:

Reserved for court facilities - portion of fund balance not available for appropriation as it represents fund balance committed to pay court facility expenses.

Reserved for enhancement fund - portion of fund balance constituting the Automation Enhancement and Preservation Fund, funded by 10% of the fees collected and maintained by the register of deeds office. The funds are available for appropriation but are legally restricted for computer and imaging technology in the register of deeds office.

Reserved for inventories and prepaid items - portion of fund balance not available for appropriation because it represents the year-end balance of ending inventories and prepaid items, which are not expendable, available resources.

TRANSYLVANIA COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

Reserved by trust agreement - portion of total fund balance representing the principal bequest in a permanent fund.

Other amounts have been reserved for commitments for law enforcement expenditures, a new animal shelter, senior games, a museum, JHPC-MJM book and donations, soil and water conservation, health department renovation expenditures, the public safety facility project, economic development, 150th County Anniversary, designated donations for the Sheriff's department, emergency management services, Communications E911 System, co-operative extension programs, health department programs, St. Phillips program, special child adoption, designated donations for the Toy Run program, a sports complex, and the SRS – Title III program.

Reserved by State statute - portion of fund balance, in addition to other reserves, which is not available for appropriation under State law [G.S. 159-8(a)]. This amount is usually comprised of accounts receivable and interfund receivables that are not offset by deferred revenues.

Reserved for encumbrances - portion of fund balance available to pay for any commitments related to purchase orders and contracts that remain unperformed at year-end.

Unreserved:

Designated for subsequent year's expenditures - portion of total fund balance available for appropriation that has been designated for the adopted 2009-2010 budget ordinance.

Designated for self insurance – portion of fund balance not available for appropriation as it represents fund balance committed to pay self insurance expenses.

Designated for compensated absences – portion of fund balance not available for appropriation as it represents fund balance committed for payment of compensated absences.

Undesignated – portion of total fund balance available for appropriation that is uncommitted at year-end.

TRANSYLVANIA COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

E. Reconciliation of Government-wide and Fund Financial Statements

1. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets.

The governmental fund balance sheet includes a reconciliation between fund balance - total governmental funds and net assets - governmental activities as reported in the government-wide statement of net assets. The net adjustment of \$19,605,528 consists of several elements as follows:

Description	Amount
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds (total capital assets on government-wide statement in governmental activities column)	\$ 47,696,638
Less accumulated depreciation	<u>(9,754,547)</u>
Net capital assets	\$ 37,942,091
Deferred charges related to refunding bond issued - included on government-wide statement of net assets but are not current financial resources	74,541
Accrued interest receivable less the amount claimed as unearned revenue in the government-wide statements as these funds are not available and therefore deferred in the fund statements	38,048
Advance funding of pension obligation in the government-wide statements but not reported in the fund statements	161,313
Advance funding of other post retirement benefits obligation in the government-wide statements but not reported in the fund statements	55,084
Liabilities for revenue deferred but earned and therefore reported in the fund statements but not the government-wide	154,793
Liabilities that, because they are not due and payable in the current period, do not require current resources to pay and are, therefore, not reported in the fund statements:	
Bonds, leases, and installment financing	(17,975,255)
Premium - general obligation bonds	(26,702)
Compensated absences	<u>(818,385)</u>
Total adjustment	<u><u>\$ 19,605,528</u></u>

**TRANSYLVANIA COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

2. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balance and the government-wide statement of activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances - total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. There are several elements of that total adjustment of \$12,675,947 as follows:

Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities	\$ 14,891,953
Cost of disposed capital assets not recorded in fund statements	(55,937)
Depreciation expense, the allocation of those assets over their useful lives, that is recorded on the statement of activities but not in the fund statements.	(1,078,945)
New debt issued during the year is recorded as a source of funds on the fund statements; it has no effect on the statement of activities – it affects only the government-wide statement of net assets	(2,900,000)
Principal payments on debt owed and payments to refunded bond escrow agent are recorded as a use of funds on the fund statements but again affect only the statement of net assets in the government-wide statements	2,032,682
Expenses reported in the statement of activities that do not require the use of current resources to pay are not recorded as expenditures in the fund statements.	
Difference in interest expense between fund statements (modified accrual) and government-wide statements (full accrual)	(264,024)
Amortization of refunding costs not recorded on fund statements	(5,573)
Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources	(5,846)
Advance funding of pension obligations are recorded in the government-wide statements but not in the fund statements because it does not provide current resources.	18,135
Advance funding of other post retirement benefit obligations are recorded in the government-wide statements but not in the fund statements because it does not provide current resources.	55,084
Revenues reported in the statement of activities that do not provide current resources are not recorded as revenues in the fund statements.	
Reversal of deferred tax revenue recorded at 7/1/07	(166,113)
Recording of tax receipts deferred in the fund statements as of 6/30/08	154,531
Total adjustment	<u>\$ 12,675,947</u>

**TRANSYLVANIA COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

II. Stewardship, Compliance, and Accountability

A. Excess of Expenditures over Appropriations

There are instances of budgetary non-compliance noted in the financial statements. Expenditures exceeding budgetary provisions are not in accordance with North Carolina General Statutes. Budgetary non-compliance is as follows:

	<u>Budget</u>	<u>Expenditures</u>	<u>Excess</u>
General Fund:			
Public Safety			
Medical Examiner	\$ 17,300	\$ 20,100	\$ 2,800 (A)
Human Services			
Mental Health	\$ 174,261	\$ 175,311	\$ 1,050 (B)

(A) Expenditures for medical services and mental health services were not completely determinable prior to fiscal year end and were greater than anticipated.

(B) Additional grant revenues received resulting in additional expenditures.

III. Detail Notes on All Funds

A. Assets

1. 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 the County's 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 under-collateralization, 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.

**TRANSYLVANIA COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

The County has no formal policy regarding custodial credit risk for deposits, but relies on the State Treasurer to monitor those financial institutions. The County complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2009, the County's deposits had a carrying amount of \$19,688,864 and a bank balance of \$19,922,446. Of the bank balance, \$2,994,471 was covered by federal depository insurance and \$16,927,975 in interest bearing deposits were covered by collateral held under the Pooling Method.

At June 30, 2009, Transylvania County had \$4,811 cash on hand.

2. Investments:

As of June 30, 2009 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	\$ 10,094,143	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, 2009.

**TRANSYLVANIA COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

3. 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 accrued interest from the original due date. This tax is immediately due and payable. The following are property taxes that could become due if present use-value eligibility is lost. These amounts have not been recorded in the financial statements.

Year Levied	Tax	Interest	Total
2006	\$ 525,385	\$ 136,449	\$ 661,834
2007	516,675	85,975	602,650
2008	509,535	40,763	550,298
2009	891,395		891,395
	<u>\$ 2,442,990</u>	<u>\$ 263,187</u>	<u>\$ 2,706,177</u>

4. Receivables

Receivables at the government-wide level at June 30, 2009, were as follows:

	Accounts	Taxes and Related Accrued Interest	Due from Other Governments	Total
Governmental Activities:				
General	\$ 1,041,461	\$ 324,781	\$1,589,666	\$2,955,908
Other Governmental	80,426	30,012		110,438
Total Receivables	<u>\$ 1,121,887</u>	<u>\$ 354,793</u>	<u>\$1,589,666</u>	<u>\$3,066,346</u>
Allowance for doubtful accounts		(161,952)		(161,952)
Total - Governmental Activities	<u>\$ 1,121,887</u>	<u>\$ 192,841</u>	<u>\$1,589,666</u>	<u>\$2,904,394</u>
Business-type Activities:	<u>\$ 92,897</u>		<u>\$ 11,900</u>	<u>\$ 104,797</u>

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

Local option sales tax	\$ 1,589,666
White goods tax	2,173
Scrap tire tax	9,727
Total	<u>\$ 1,601,566</u>

**TRANSYLVANIA COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

5. Capital Assets

Capital asset activity for the year ended June 30, 2009, was as follows:

	Beginning Balances	Increases	Decreases/ Transfers	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 2,816,229			\$ 2,816,229
Construction in progress	4,839,397	\$ 12,974,714	\$ 601,508	17,212,603
Total assets not being depreciated	\$ 7,655,626	\$ 12,974,714	\$ 601,508	\$ 20,028,832
Capital assets being depreciated:				
Buildings	\$ 17,349,597	\$ 882,864	\$ 19,420	\$ 18,213,041
Improvements	721,741	329,241		1,050,982
Equipment	3,975,835	577,210		4,553,045
Vehicles and motor equipment	3,484,800	728,932	362,994	3,850,738
Total capital assets being depreciated	\$ 25,531,973	\$ 2,518,247	\$ 382,414	\$ 27,667,806
Less accumulated depreciation for:				
Buildings	\$ 4,347,631	\$ 410,280		\$ 4,757,911
Improvements	244,647	45,388		290,035
Equipment	2,110,184	311,654		2,421,838
Vehicles and motor equipment	2,300,116	311,623	\$ 326,976	2,284,763
Total accumulated depreciation	\$ 9,002,578	\$ 1,078,945	\$ 326,976	\$ 9,754,547
Total capital assets being depreciated, net	\$ 16,529,395			\$ 17,913,259
Governmental activity capital assets, net	\$ 24,185,021			\$ 37,942,091

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

General government	\$ 223,515
Public safety	443,673
Transportation	16,198
Human services	133,177
Cultural and recreational	262,382
	\$ 1,078,945
Total depreciation expense	\$ 1,078,945

TRANSYLVANIA COUNTY, NORTH CAROLINA
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	Beginning Balances	Increases	Decreases/ Transfers	Ending Balances
Business-type activities:				
Solid Waste				
Capital assets not being depreciated:				
Land	\$ 1,069,096			\$ 1,069,096
Construction in progress	66,559			66,559
Total capital assets not being depreciated	\$ 1,135,655			\$ 1,135,655
Capital assets being depreciated:				
Buildings	\$ 277,497			\$ 277,497
Land improvements	621,731			621,731
Equipment	1,662,278	\$ 58,360		1,720,638
Vehicles	817,577	19,504	\$ 38,736	798,345
Landfill cells - Woodruff	8,154,670	13,105		8,167,775
Total assets being depreciated	\$ 11,533,753	\$ 90,969	\$ 38,736	\$ 11,585,986
Less accumulated depreciation for:				
Buildings	\$ 186,817	\$ 11,100		\$ 197,917
Land improvements	265,991	24,080		290,071
Equipment	1,220,697	95,034		1,315,731
Vehicles	656,158	36,652	\$ 38,736	654,074
Landfill cells - Woodruff	5,394,687	244,643		5,639,330
Total accumulated depreciation	\$ 7,724,350	\$ 411,509	\$ 38,736	\$ 8,097,123
Total capital assets being depreciated, net	\$ 3,809,403			\$ 3,488,863
Solid Waste capital assets, net	\$ 4,945,058			\$ 4,624,518

Construction commitments

The government has one active construction project as of June 30, 2009. The construction project in progress is for the construction of a new public safety facility. Through June 30, 2009 \$19,256,945 has been spent to-date.

B. Liabilities

1. Payables

Payables at the government-wide level at June 30, 2009, were as follows:

	Vendors	Salaries and Benefits	Totals
Governmental Activities			
General	\$ 1,001,852	\$ 314,000	\$ 1,315,852
Other Governmental	1,275,387	792	1,276,179
Total - Governmental Activities	\$ 2,277,239	\$ 314,792	\$ 2,592,031
Business-type Activities:			
Solid Waste	\$ 33,058	\$ 13,739	\$ 46,798

**TRANSYLVANIA COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

2. Pension Plan and Other Postemployment Obligations

a. Local Governmental Employees' Retirement System

Plan Description. Transylvania County contributes to the statewide 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 Local Governmental Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, 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 4.90% and 4.86%, respectively, of annual covered payroll. The contribution requirements of members and of Transylvania 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, 2009, 2008, and 2007 were \$1,288,947, \$1,206,927, and \$1,104,856, respectively. The contributions made by the County equaled the required contributions for each year.

b. Law Enforcement Officers' Special Separation Allowance

1. *Plan Description.*

Transylvania 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 Separation Allowance is reported in the County's report as a pension trust fund. A separate audited GAAP-basis postemployment benefit plan report is not available for the Law Enforcement Officers' Special Separation Allowance.

All full-time County law enforcement officers are covered by the Separation Allowance. At December 31, 2008, the Separation Allowance's membership consisted of:

Retirees receiving benefits	2
Active plan members	<u>51</u>
Total	<u>53</u>

**TRANSYLVANIA COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

2. Summary of Significant Accounting Policies:

Basis of Accounting. Financial statements for the Separation Allowance are prepared using the accrual basis of accounting. Employer contributions to the plan are recognized when due and when the County has made a formal commitment to provide the contributions. Benefits are recognized when due and payable in accordance with the terms of the plan.

Method Used to Value Investments. Investments are reported at fair value. Short-term money market debt instruments, deposits, and repurchase agreements, are reported at cost or amortized cost, which approximates fair value. Certain longer term United States Government and United States Agency securities are valued at the last reported sales price.

3. Contributions

The County is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned by making contributions based on actuarial valuations. For the current year, the County contributed \$58,016, or 2.57% of annual covered payroll. There were no contributions made by employees. The County's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings.

The annual required contribution for the current year was determined as part of the December 31, 2008 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 7.25% investment rate of return (net of administrative expenses) and (b) projected salary increases of 4.5% to 12.3% per year. Both (a) and (b) included an inflation component of 3.75%. The assumptions did not include post-retirement benefit increases. The actuarial value of assets was determined using the market value of investments. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at December 31, 2008 was 22 years.

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

Annual required contribution	\$ 41,212
Interest on net pension obligation	(10,380)
Adjustment to annual required contribution	9,049
Annual pension cost	<u>\$ 39,881</u>
Contributions made	(58,016)
Decrease in net pension obligation	<u>\$ (18,135)</u>
Net pension obligation, beginning of year	(143,178)
Net pension obligation, end of year	<u><u>\$ (161,313)</u></u>

**TRANSYLVANIA COUNTY, NORTH CAROLINA
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FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

3-Year Trend Information

For Year Ended June 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation	Increase (Decrease) in Net Pension Obligation
2007	\$ 27,213	218.31%	\$ (116,131)	\$ (32,195)
2008	\$ 33,314	181.19%	\$ (143,178)	\$ (27,047)
2009	\$ 39,881	145.47%	\$ (161,313)	\$ (18,135)

4. Funded Status and Funding Progress

As of December 31, 2008, the most recent actuarial valuation date, the plan was 63.52 percent funded. The actuarial accrued liability for benefits was \$638,067, and the actuarial value of assets was \$405,327, resulting in an unfunded actuarial accrued liability (UAAL) of \$232,740. The covered payroll (annual payroll of active employees covered by the plan) was \$2,260,186, and the ratio of the UAAL to the covered payroll was 10.30 percent.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

c. 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, NC 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 five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2009 were \$ 279,633 which consisted of \$ 113,219 from the County and \$ 166,414 from the law enforcement officers.

d. Registers of Deeds' Supplemental Pension Fund

Plan Description. Transylvania County also contributes to the Registers of Deeds' Supplemental Pension Fund (Fund), a noncontributory, defined contribution plan administered by the North Carolina Department of State Treasurer. The Fund provides

**TRANSYLVANIA COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

supplemental pension benefits to any eligible county register of deeds who is retired under the Local Government Employees' Retirement System (LERS) 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 Register of Deeds' Supplemental Pension Fund is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for the Register of Deeds' Supplemental Pension Fund. The report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, NC 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 one and one-half percent (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 ninety-three percent (93%) 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 seven percent (7%) of the Fund's assets may be used by the State Treasurer in administering the Fund. For the fiscal year ended June 30, 2009, the County's required and actual contributions were \$ 3,213.

e. 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.

f. Other Post-Employment Benefits (OPEB)

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 provides 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 only eligible for the County funded contributions to the deferred compensation plan. A separate audited GAAP-basis postemployment benefit plan report is not available for the Retiree Health Benefit Plan.

**TRANSYLVANIA COUNTY, NORTH CAROLINA
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Membership of the Retiree Health Benefit Plan consisted of the following at December 31, 2008, the date of the latest actuarial valuation:

	General Employees:	Law Enforcement Officers:
Retirees and dependents receiving benefits	11	
Active plan members	45	18
Total		

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.

The current ARC rate is 6.30% of annual covered payroll. For the current year, the County contributed \$241,908 or 8.17% of annual covered payroll. The County obtains healthcare coverage through private insurers. The County's required contributions under a County resolution for employees not engaged in law enforcement and for law enforcement officers represented 6.33% and 6.26% of covered payroll, respectively. There were no contributions made by employees except 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 Commissioners.

Summary of Significant Accounting Policies. Postemployment expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting. No funds are set aside to pay benefits and administration costs. These expenditures are paid as they come due.

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 funded excess) over a period not to exceed thirty years.

**TRANSYLVANIA COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
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The following table shows the components of the County's annual OPEB cost for the year, the amount actually contributed to the plan, and the changes in the County's net OPEB obligation for the healthcare benefits:

Annual required contribution	\$	186,824
Interest on net pension obligation		-
Adjustment to annual required contribution		-
Annual pension cost	\$	186,824
Contributions made		(241,908)
Decrease in net pension obligation	\$	(55,084)
Net pension obligation, beginning of year		-
Net pension obligation, end of year	\$	(55,084)

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2009 are as follows:

For Year Ended June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2009	\$ 186,824	129.48%	\$ (55,084)

Funded Status and Funding Progress. As of December 31, 2008, the most recent actuarial valuation date, the plan was 25.66% funded. The actuarial accrued liability for benefits and, thus the unfunded actuarial accrued liability (UAAL) was \$2,031,326. The covered payroll (annual payroll of active employees covered by the plan) was \$2,961,340, and the ratio of the UAAL to the covered payroll was 68.59 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 funding status of the plan and the annual required contributions of the employer are subject to continual revision as the 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 multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

TRANSYLVANIA COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
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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, 2008 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.00 percent investment rate of return (net of administrative expenses), which is the expected long-term investment return 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 percent annually. Both rates include a 3.75 percent inflation assumption. The actuarial value of assets, if any, was determined using techniques that spread the effects of short-term volatility in the market value of investments over a 5 year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2008, was 30 years.

g. 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 the benefit will be a minimum of \$25,000 and will not exceed \$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.

3. Closure and Postclosure Care Costs - Woodruff Road Landfill Facility

State and federal 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 postclosure 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 postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$ 3,306,640 reported as landfill closure and postclosure care liability at June 30, 2009 represents a cumulative amount reported to date, based on the use of 75.7779 percent of the total estimated capacity of the landfill. The County will recognize the remaining estimated cost of closure and postclosure care of \$737,676 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2009. The County expects to close the portion of the Woodruff Road facility that is currently being utilized by November 30, 2020.

**TRANSYLVANIA COUNTY, NORTH CAROLINA
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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 State and federal laws and regulations that helps determine if a unit is financially able to meet closure and postclosure care requirements. However, the County has also elected to establish a reserve fund to accumulate resources for the payment of closure and postclosure care costs. As of June 30, 2009 the County had funds in the North Carolina Capital Management Trust of \$2,918,789. 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 postclosure 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.

4. Deferred / Unearned Revenues

The balance in deferred or unearned revenues on the fund statements and unearned revenues on the government-wide statements at year end is composed of the following elements:

	Deferred Revenue	Unearned Revenue
Prepaid taxes not yet earned (General)		\$ 83,136
Prepaid taxes not yet earned (Special Revenue)		9,905
Taxes receivable, net (General)	\$ 140,126	
Taxes receivable, net (Special Revenue)	14,667	
Prepaid revenue not year earned		216,126
Totals	\$ 154,793	\$ 309,167

5. Risk Management

The County is exposed to various risks of loss 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 \$125.5 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, \$600,000 of aggregate annual losses in excess of \$50,000 per occurrence for property, auto physical damage, and crime coverage, and single occurrence

**TRANSYLVANIA COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

losses of \$350,000 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 \$50,000 and aggregate annual losses in excess of 125% of expected claims.

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 County Manager, Director of Finance and the Tax Collector are each individually bonded for \$200,000. 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.

6. Long-term Obligations

a. 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, 2009 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 percent to 5 percent varying throughout the life of the bonds.

\$ 14,560,000

Total

\$ 14,560,000

**TRANSYLVANIA COUNTY, NORTH CAROLINA
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Annual debt service requirements to maturity for the County's general obligation bond is as follows:

Year Ending June 30	Principal	Interest
2010	\$ 1,915,000	\$ 586,000
2011	1,950,000	509,400
2012	1,925,000	441,150
2013	1,885,000	383,400
2014	1,885,000	289,150
2015 - 2019	5,000,000	430,550
Total	<u>\$ 14,560,000</u>	<u>\$ 2,639,650</u>

b. 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 2019. There is no interest on these bonds.

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

Year Ending June 30	Principal
2010	\$ 36,015
2011	36,015
2012	36,015
2013	36,015
2014	36,015
2015-2019	167,822
Total	<u>\$ 347,897</u>

**TRANSYLVANIA COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

c. 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 are to be used to complete the Public Safety Facility currently under construction by the County. The contract requires 60 quarterly principal payments of \$48,333 by the County and concurrent interest payments at an interest rate of 4.25%.

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

Year Ending June 30	Principal	Interest
2010	\$ 193,333	\$ 116,060
2011	193,333	107,844
2012	193,333	99,627
2013	193,333	91,410
2014	193,333	83,194
2015 - 2019	966,667	292,719
Thereafter	870,000	87,815
Total	<u>\$ 2,803,332</u>	<u>\$ 878,669</u>

At June 30, 2009 Transylvania County had a legal debt margin of \$313,350,275.

**TRANSYLVANIA COUNTY, NORTH CAROLINA
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FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

d. 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, 2009:

	<u>Balance July 1, 2008</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2009</u>	<u>Current Portion of Balance</u>
Governmental Activities:					
General obligation debt	\$16,460,000		\$ 1,900,000	\$ 14,560,000	\$1,915,000
Premium-general obligation debt	29,814		3,112	26,702	3,111
Qualified zone academy debt	383,911		36,015	347,896	36,015
Installment financing		\$ 2,900,000	96,668	2,803,332	193,333
Compensated absences	812,541	1,013,212	1,007,367	818,386	818,386
Total Governmental Activities	<u>\$17,686,266</u>	<u>\$ 3,913,212</u>	<u>\$ 3,043,162</u>	<u>\$ 18,556,316</u>	<u>\$2,965,845</u>
Business-type Activities:					
Installment purchase	\$ 5,748		\$ 5,748		
Accrued landfill closure and postclosure care costs	3,334,962		28,322	\$ 3,306,640	
Compensated absences	24,450	\$ 42,150	44,048	22,552	\$ 22,552
Total Business-type Activities	<u>\$ 3,365,160</u>	<u>\$ 42,150</u>	<u>\$ 78,118</u>	<u>\$ 3,329,192</u>	<u>\$ 22,552</u>

Compensated absences for governmental activities typically have been liquidated in the general fund and are accounted for on a LIFO basis, assuming that employees are taking leave time as it is earned.

**TRANSYLVANIA COUNTY, NORTH CAROLINA
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C. Interfund Balances and Activity

Transfers to/from other funds at June 30, 2009, consists of the following:

From the General Fund to the Revaluation Fund to supplement other funding sources	\$ 79,729
From the General Fund to the Law Officers Separation Fund to supplement other funding sources	58,016
From the General Fund to the Solid Waste Fund to supplement other funding sources	<u>902,556</u>
Total transfers from general fund to other funds	<u>\$ 1,040,301</u>
From the Emergency Telephone System Fund to the General Fund to supplement other funding sources	<u>\$ 841,398</u>
Total transfers from other funds to general fund	<u>\$ 841,398</u>

Balances due to/from other funds at June 30, 2009 are attributable to short-term interfund borrowing of cash between the general fund and other funds and consist of the following:

	Due to	Due from
Major Governmental Funds - General Fund		\$ 144,440
Non-Major Funds - Other Governmental Funds	\$ 22,925	
Major Proprietary Fund - Enterprise Fund	<u>121,516</u>	
Total	<u>\$ 144,440</u>	<u>\$ 144,440</u>

**TRANSYLVANIA COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

III. 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.

IV. 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.

V. Benefit Payments Issued by the State

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

	<u>Federal</u>	<u>State</u>
Work First Program	\$ 691,356	
Medicaid	24,103,028	\$ 8,978,879
WIC	476,803	
Food Stamp Program	4,626,319	
	<u>\$ 29,897,506</u>	<u>\$ 8,978,879</u>
Total	<u>\$ 29,897,506</u>	<u>\$ 8,978,879</u>

VI. 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 moneys 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 moneys.

TRANSYLVANIA COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

VII. Restatement of Beginning Fund Balance

During the fiscal year ending June 30, 2009 the County determined that construction in progress in the Public Safety Facility Fund had been overstated. Therefore, an adjustment to beginning fund balance has been recorded to account for this item, the net effect of which increased beginning fund balance by \$4,532. This also required an adjustment to beginning net assets in the government-wide statements of the same amount.

REQUIRED SUPPLEMENTAL FINANCIAL DATA

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

- **Law Enforcement Officers' Special Separation Allowance - Schedule of Funding Progress**
- **Law Enforcement Officers' Special Separation Allowance - Schedule of Employer Contributions**
- **Law Enforcement Officers' Special Separation Allowance - Notes to the Required Schedules**
- **Other Postemployment Benefits - Schedule of Funding Progress**
- **Other Postemployment Benefits - Schedule of Employer Contributions**
- **Other Postemployment Benefits - Notes to the Required Schedules**

**TRANSYLVANIA COUNTY, NORTH CAROLINA
REQUIRED SUPPLEMENTARY FINANCIAL DATA
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
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]
12/31/99	\$ 109,915	\$ 172,067	\$ 62,152	63.88%	\$ 1,067,652	5.82%
12/31/00	176,295	293,738	117,443	60.02%	1,213,933	9.67%
12/31/01	211,117	341,912	130,795	61.75%	1,251,312	10.45%
12/31/02	206,054	380,558	174,504	54.15%	1,345,913	12.97%
12/31/03	264,509	413,127	148,618	64.03%	1,468,650	10.12%
12/31/04	258,893	476,931	218,038	54.28%	1,592,942	13.69%
12/31/05	290,590	355,457	64,867	81.75%	1,616,296	4.01%
12/31/06	327,795	474,038	146,243	69.15%	1,645,916	8.89%
12/31/07	365,931	539,515	173,584	67.83%	2,080,417	8.34%
12/31/08	405,327	638,067	232,740	63.52%	2,260,186	10.30%

**TRANSYLVANIA COUNTY, NORTH CAROLINA
 REQUIRED SUPPLEMENTARY FINANCIAL DATA
 LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
 SCHEDULE OF EMPLOYERS CONTRIBUTIONS**

<u>Year Ended June 30</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
2000	\$ 14,624	242.23%
2001	17,621	186.18%
2002	27,762	118.17%
2003	29,703	110.45%
2004	34,004	96.48%
2005	35,310	92.91%
2006	42,842	89.63%
2007	28,275	210.11%
2008	34,597	174.47%
2009	41,212	140.77%

Notes to the Required Schedules:

The information presented in the required supplementary schedules was determined as part of the actuarial valuation at the dates indicated.

Additional information as of the latest actuarial valuation follows:

Valuation date	12/31/2008
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay closed
Remaining amortization period	22 years
Asset valuation method	Market value

Actuarial assumptions:

Investment rate of return	7.25%
Projected salary increases	4.5% - 12.3%
Includes inflation at	3.75%
Cost of living adjustments	None

TRANSYLVANIA COUNTY, NORTH CAROLINA
REQUIRED SUPPLEMENTARY FINANCIAL DATA
OTHER POSTEMPLOYMENT BENEFITS
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]
12/31/08	\$ 701,235	\$ 2,732,561	\$ 2,031,326	25.66%	\$ 2,961,340	68.59%

**TRANSYLVANIA COUNTY, NORTH CAROLINA
 REQUIRED SUPPLEMENTARY FINANCIAL DATA
 OTHER POSTEMPLOYMENT BENEFITS
 SCHEDULE OF EMPLOYERS CONTRIBUTIONS**

<u>Year Ended June 30</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
2009	\$ 186,824	129.48%

Notes to the Required Schedules:

The information presented in the required supplementary schedules was determined as part of the actuarial valuation at the dates indicated.

Additional information as of the latest actuarial valuation follows:

Valuation date	12/31/2008
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay open
Remaining amortization period	30 years
Asset valuation method	Market value of assets

Actuarial assumptions:

Investment rate of return	4.00%
Medical cost trend rate	10.5% - 5.0%
Year of ultimate trend rate	2016
Includes inflation at	3.75%



MAJOR GOVERNMENTAL FUNDS

GENERAL FUND

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

PUBLIC SAFETY FACILITY FUND

The Public Safety Facility Fund accounts for the construction of the new County public safety facility; including jail, sheriff's offices, emergency management offices, E911 communications center, and maintenance facility. This fund was established during the 2004-2005 fiscal year.

GENERAL CAPITAL PROJECTS FUND

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
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Ad valorem taxes:			
Taxes		\$ 22,353,328	
Penalties and interest		131,083	
Total ad valorem taxes	\$ 22,198,908	\$ 22,484,411	\$ 285,503
Local option sales taxes:			
Article 39 and 44		\$ 3,423,455	
Article 40 one-half of one percent		1,656,582	
Article 42 one-half of one percent		1,640,228	
Total local option sales taxes	\$ 7,221,263	\$ 6,720,265	\$ (500,998)
Other taxes and licenses:			
Deed stamp excise tax		\$ 143,683	
Real estate transfer tax		294,740	
Total other taxes and licenses:	\$ 469,779	\$ 438,423	\$ (31,356)
Unrestricted inter-governmental:			
Payments in lieu of taxes - outside sources		\$ 338,372	
ABC profit distribution		57,264	
Video Programming Services tax		124,663	
Town of Rosman		2,017	
City of Brevard		100,268	
Total unrestricted inter-governmental	\$ 627,005	\$ 622,584	\$ (4,421)
Restricted inter-governmental:			
State grants		\$ 1,991,561	
Federal grants		4,333,370	
Court facility fees		57,856	
Other restricted funds		433,692	
Total restricted inter-governmental	\$ 7,041,568	\$ 6,816,479	\$ (225,089)
Permits and fees:			
Building permits		\$ 300,606	
Register of deeds		82,349	
Total permits and fees	\$ 411,851	\$ 382,955	\$ (28,896)

TRANSYLVANIA COUNTY, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Final Budget	Actual	Variance Positive (Negative)
Sales and services:			
Rents, concessions, and fees		\$ 1,170,399	
Ambulance fees		947,161	
Recreation fees		43,904	
Self insurance fees		458,767	
Total sales and services	\$ 2,509,170	\$ 2,620,231	\$ 111,061
Investment earnings	\$ 578,500	\$ 596,629	\$ 18,129
Miscellaneous:			
Joint Historical Preservation		\$ 1,119	
County recovery fund		166	
Other		189,832	
Total miscellaneous	\$ 140,305	\$ 191,117	\$ 50,812
TOTAL REVENUES	\$ 41,198,349	\$ 40,873,094	\$ (325,255)
EXPENDITURES			
General government:			
Governing body:			
Salaries and employee benefits		\$ 80,205	
Other operating expenditures		38,938	
Total governing body	\$ 122,964	\$ 119,143	\$ 3,821
Administration:			
Salaries and employee benefits		\$ 301,669	
Other operating expenditures		671,983	
Total administration	\$ 1,081,267	\$ 973,652	\$ 107,615
Elections:			
Salaries and employee benefits		\$ 237,717	
Other operating expenditures		81,396	
Total elections	\$ 380,963	\$ 319,113	\$ 61,850

TRANSYLVANIA COUNTY, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Final Budget	Actual	Variance Positive (Negative)
Finance:			
Salaries and employee benefits		\$ 315,928	
Other operating expenditures		<u>72,777</u>	
Total finance	<u>\$ 418,298</u>	<u>\$ 388,705</u>	<u>\$ 29,593</u>
Taxes:			
Salaries and employee benefits		\$ 615,069	
Other operating expenditures		<u>161,430</u>	
Total taxes	<u>\$ 826,206</u>	<u>\$ 776,499</u>	<u>\$ 49,707</u>
Legal:			
Contracted services	<u>\$ 106,700</u>	<u>\$ 103,676</u>	<u>\$ 3,024</u>
Register of Deeds:			
Salaries and employee benefits		\$ 246,747	
Other operating expenditures		<u>206,843</u>	
Total register of deeds	<u>\$ 526,898</u>	<u>\$ 453,590</u>	<u>\$ 73,308</u>
Public buildings:			
Salaries and employee benefits		\$ 450,229	
Other operating expenditures		330,699	
Capital outlay		<u>121,215</u>	
Total public buildings	<u>\$ 976,935</u>	<u>\$ 902,143</u>	<u>\$ 74,792</u>
Court facilities:			
Other operating expenditures	<u>\$ 33,064</u>	<u>\$ 29,740</u>	<u>\$ 3,324</u>
Information technology:			
Salaries and employee benefits		\$ 271,434	
Other operating expenditures		<u>43,398</u>	
Total information technology	<u>\$ 323,356</u>	<u>\$ 314,832</u>	<u>\$ 8,524</u>
Project Management			
Salaries and employee benefits		\$ 83,685	
Other operating expenditures		<u>2,262</u>	
Total project management	<u>\$ 86,352</u>	<u>\$ 85,947</u>	<u>\$ 405</u>

TRANSYLVANIA COUNTY, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Final Budget	Actual	Variance Positive (Negative)
Self insurance:			
Other operating expenditures	\$ 532,883	\$ 375,670	\$ 157,213
Total general government	\$ 5,415,886	\$ 4,842,710	\$ 573,176
Public Safety			
Sheriff and jail:			
Salaries and employee benefits		\$ 4,260,912	
Other operating expenditures		837,902	
Capital outlay		298,223	
Total sheriff and jail	\$ 5,663,184	\$ 5,397,037	\$ 266,147
Emergency management:			
Salaries and employee benefits		\$ 216,386	
Other operating expenditures		33,326	
Capital outlay		35,246	
Total emergency management	\$ 320,783	\$ 284,958	\$ 35,825
Fire:			
Contracted services	\$ 85,102	\$ 69,815	\$ 15,287
Rescue units:			
Contracted services	\$ 131,400	\$ 131,400	
Emergency medical services:			
Salaries and employee benefits		\$ 1,365,171	
Other operating expenditures		238,145	
Capital outlay		111,177	
Total emergency medical services	\$ 1,776,994	\$ 1,714,493	\$ 62,501
Medical examiner:			
Contracted services	\$ 17,300	\$ 20,100	\$ (2,800)
Emergency communications:			
Salaries and employee benefits		\$ 484,914	
Other operating expenditures		160,136	
Capital outlay		583,442	
Total emergency communications	\$ 1,868,247	\$ 1,228,492	\$ 639,755

TRANSYLVANIA COUNTY, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Final Budget	Actual	Variance Positive (Negative)
Animal control:			
Salaries and employee benefits		\$ 178,080	
Other operating expenditures		23,218	
Total animal control	\$ 209,540	\$ 201,298	\$ 8,242
Inspections:			
Salaries and employee benefits		\$ 443,696	
Other operating expenditures		39,940	
Capital outlay		36,672	
Total inspections	\$ 531,535	\$ 520,308	\$ 11,227
Total public safety	\$ 10,604,085	\$ 9,567,901	\$ 1,036,184
Transportation			
Salaries and employee benefits		\$ 301,688	
Other operating expenditures		41,428	
Capital outlay		81,359	
Total transportation	\$ 489,938	\$ 424,475	\$ 65,463
Economic and physical development:			
Planning:			
Salaries and employee benefits		\$ 228,229	
Other operating expenditures		3,946	
Total planning	\$ 233,677	\$ 232,175	\$ 1,502
Economic development:			
Other operating expenditures		\$ 317,747	
Contracted services		15,000	
Total economic development	\$ 342,077	\$ 332,747	\$ 9,330
Cooperative extension:			
Salaries and employee benefits		\$ 103,371	
Other operating expenditures		25,880	
Total cooperative extension	\$ 154,875	\$ 129,251	\$ 25,624

TRANSYLVANIA COUNTY, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Final Budget	Actual	Variance Positive (Negative)
Soil and water conservation:			
Salaries and employee benefits		\$ 111,378	
Other operating expenditures		279,238	
Total soil and water conservation	\$ 405,588	\$ 390,616	\$ 14,972
Total economic and physical development	\$ 1,136,217	\$ 1,084,789	\$ 51,428
Human services:			
Health:			
Administration:			
Salaries and employee benefits		\$ 1,695,289	
Other operating expenditures		347,320	
Total health	\$ 2,153,337	\$ 2,042,609	\$ 110,728
Mental health:			
Contracted services			
Community Mental Health Services	\$ 174,261	\$ 175,311	\$ (1,050)
Social services:			
Administration:			
Salaries and employee benefits		\$ 2,204,767	
Other operating expenditures		279,141	
Total administration	\$ 2,541,233	\$ 2,483,908	\$ 57,325
Public Assistance:			
Special assistance to adults:			
County participation only		\$ 249,134	
Medicaid program:			
County participation only		666,851	
Medicaid transportation		172,784	
Title III Programs:			
Other operating expenditures		15,937	
Other assistance:			
Other operating expenditures		1,048,905	
Total public assistance	\$ 2,638,506	\$ 2,153,611	\$ 484,895

TRANSYLVANIA COUNTY, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Final Budget	Actual	Variance Positive (Negative)
Child Development:			
Salaries and employee benefits		\$ 802,473	
Other operating expenditures		225,650	
Contracted services		865,646	
Total child development	\$ 1,998,561	\$ 1,893,769	\$ 104,792
Total social services	\$ 7,178,300	\$ 6,531,288	\$ 647,012
Veteran's Service Officer:			
Salaries and employee benefits		\$ 14,569	
Other operating expenditures		1,155	
Total veteran's service officer	\$ 16,755	\$ 15,724	\$ 1,031
Other services:			
Transylvania vocational services		\$ 31,250	
Juvenile crime prevention		105,199	
Western Carolina Community Action		4,000	
Criminal Justice Partnership Program		42,803	
Children's Center		30,000	
Other services		325,865	
Total other services	\$ 566,852	\$ 539,117	\$ 27,735
Total human services	\$ 10,089,505	\$ 9,304,049	\$ 785,456
Cultural and recreational:			
Parks and recreation:			
Salaries and employee benefits		\$ 377,135	
Other operating expenditures		129,093	
Total parks and recreation	\$ 563,849	\$ 506,228	\$ 57,621
Library:			
Salaries and employee benefits		\$ 875,473	
Other operating expenditures		301,897	
Capital outlay		150,705	
Total library	\$ 1,368,547	\$ 1,328,075	\$ 40,472

TRANSYLVANIA COUNTY, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Final Budget	Actual	Variance Positive (Negative)
Other:			
Brevard College		\$ 10,000	
Historic Properties Commission		8,985	
Transylvania Parks Commission		984	
Heart of Brevard		1,500	
Total other	\$ 25,110	\$ 21,469	\$ 3,641
Total cultural and recreational	\$ 1,957,506	\$ 1,855,772	\$ 101,734
Education:			
Public schools-current		\$ 8,239,643	
Public schools-capital outlay		1,868,385	
Blue Ridge Community College		341,428	
Total Education	\$ 10,449,456	\$ 10,449,456	
Debt Service:			
Principal retirement		\$ 2,032,681	
Interest and fees		646,781	
Total debt service	\$ 2,684,909	\$ 2,679,462	\$ 5,447
Total expenditures	\$ 42,827,502	\$ 40,208,614	\$ 2,618,888
Revenues over (under) expenditures	\$ (1,629,153)	\$ 664,480	\$ 2,293,633
Other financing sources (uses):			
Transfers from other funds:			
Special Revenue Funds		\$ 841,398	
Total transfers from other funds	\$ 948,273	\$ 841,398	\$ (106,875)
Transfers to other funds:			
Special Revenue Funds		\$ (79,729)	
Enterprise Fund		(902,556)	
Fiduciary Funds		(58,016)	
Total transfers to other funds	\$ (1,041,277)	\$ (1,040,301)	\$ 976

TRANSYLVANIA COUNTY, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Final Budget	Actual	Variance Positive (Negative)
Sale of capital assets	\$ 70,123	\$ 74,920	\$ 4,797
Total other financing sources (uses)	\$ (22,881)	\$ (123,983)	\$ (101,102)
Revenues and other financing sources over (under) expenditures and other financing uses	\$ (1,652,034)	\$ 540,497	\$ 2,192,531
Appropriated fund balance	1,652,034		(1,652,034)
Net change in fund balance	\$ 0	\$ 540,497	\$ 540,497
Fund Balance:			
Beginning of year		17,169,663	
End of year		\$ 17,710,160	

TRANSYLVANIA COUNTY, NORTH CAROLINA
PUBLIC SAFETY FACILITY FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	<u>Variance Positive (Negative)</u>
REVENUES					
Investment earnings			\$ 4,711	\$ 4,711	\$ 4,711
EXPENDITURES					
Capital outlay	\$ 19,600,000	\$ 6,301,519	\$ 12,955,426	\$ 19,256,945	\$ 343,055
Total expenditures	\$ 19,600,000	\$ 6,301,519	\$ 12,955,426	\$ 19,256,945	\$ 343,055
Revenues over (under) expenditures	\$ (19,600,000)	\$ (6,301,519)	\$ (12,950,715)	\$ (19,252,234)	\$ 347,766
OTHER FINANCING SOURCES					
Transfers in from General Fund	\$ 19,600,000	\$ 19,600,000		\$ 19,600,000	
Proceeds from financing obligations issued			\$ 2,900,000	2,900,000	\$ 2,900,000
Total other financing sources	\$ 19,600,000	\$ 19,600,000	\$ 2,900,000	\$ 22,500,000	\$ 2,900,000
Net change in fund balance	<u>\$ 0</u>	<u>\$ 13,298,481</u>	\$ (10,050,715)	<u>\$ 3,247,766</u>	<u>\$ 3,247,766</u>
Fund balance:					
Beginning of year (restated)			<u>13,298,481</u>		
End of year			<u>\$ 3,247,766</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 FISCAL YEAR ENDED JUNE 30, 2009**

	<u>Project Authorization</u>	<u>Prior Year</u>	<u>Current Year</u>	<u>Total to Date</u>	<u>Variance Positive (Negative)</u>
REVENUES:					
Donations and grants	\$ 300,000	\$ 55,455	\$ 25	\$ 55,480	\$ (244,520)
Investment earnings	145,000	430,118	70,977	501,095	356,095
Total revenues	<u>\$ 445,000</u>	<u>\$ 485,573</u>	<u>\$ 71,002</u>	<u>\$ 556,575</u>	<u>\$ 111,575</u>
EXPENDITURES					
Capital outlay	\$ 4,877,091	\$ 1,544,005	\$ 510,827	\$ 2,054,832	\$ 2,822,259
Total expenditures	<u>\$ 4,877,091</u>	<u>\$ 1,544,005</u>	<u>\$ 510,827</u>	<u>\$ 2,054,832</u>	<u>\$ 2,822,259</u>
Revenues over (under) expenditures	<u>\$ (4,432,091)</u>	<u>\$ (1,058,432)</u>	<u>\$ (439,825)</u>	<u>\$ (1,498,257)</u>	<u>\$ 2,933,835</u>
OTHER FINANCING SOURCES:					
Operating transfer in from General Fund	\$ 4,877,091	\$ 3,377,091		\$ 3,377,091	\$ (1,500,000)
Operating transfer out to General Fund	(750,000)	(1,580,788)		(1,580,788)	(830,788)
Total other financing sources	<u>\$ 4,127,091</u>	<u>\$ 1,796,303</u>		<u>\$ 1,796,303</u>	<u>\$ (2,330,788)</u>
Revenues and other financing sources over (under) expenditures	<u>\$ (305,000)</u>	<u>\$ 737,871</u>	<u>\$ (439,825)</u>	<u>\$ 298,046</u>	<u>\$ 603,047</u>
Appropriated fund balance	<u>305,000</u>				<u>(305,000)</u>
Net change in fund balance	<u>\$ 0</u>	<u>\$ 737,871</u>	<u>\$ (439,825)</u>	<u>\$ 298,046</u>	<u>\$ 298,047</u>
Fund balance:					
Beginning of year, July 1			<u>3,518,633</u>		
End of year, June 30			<u>\$ 3,078,808</u>		



NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

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

Revaluation Fund - This fund accounts for the accumulation of resources to be used for the revaluation of real property.

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 FUNDS

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

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

PERMANENT FUND

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

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

TRANSYLVANIA COUNTY, NORTH CAROLINA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Special Revenue Funds					Total Nonmajor Special Revenue Fund
	Occupancy Tax Fund	Revaluation Fund	Fire Districts Fund	Emergency Telephone System Fund	Community Development Block Grant Fund	
ASSETS						
Cash and cash equivalents	\$ 271,448	\$ 267,960	\$ 127,574	\$ 88,402	\$ 6,972	\$ 762,356
Accounts receivable and accrued revenues	41,239			21,322	17,865	80,426
Taxes receivable, net			14,667			14,667
Cash and cash equivalents-restricted						
Total assets	<u>\$ 312,687</u>	<u>\$ 267,960</u>	<u>\$ 142,241</u>	<u>\$ 109,724</u>	<u>\$ 24,837</u>	<u>\$ 857,449</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable and accrued liabilities	\$ 10,472	\$ 792				\$ 11,264
Due to other funds					\$ 22,925	22,925
Deferred revenue			\$ 14,667			14,667
Unearned revenue			9,905			9,905
Total liabilities	<u>\$ 10,472</u>	<u>\$ 792</u>	<u>\$ 24,572</u>		<u>\$ 22,925</u>	<u>\$ 58,761</u>
Fund balances:						
Reserved for:						
State statute	\$ 41,239			\$ 21,322	\$ 17,865	\$ 80,426
Silvermont						
Unreserved:						
Designated for subsequent years' expenditures	49,900	\$ 100,844	\$ 10,000			160,744
Undesignated	211,076	166,324	107,669	88,402	(15,953)	557,518
Total fund balances	<u>\$ 302,215</u>	<u>\$ 267,168</u>	<u>\$ 117,669</u>	<u>\$ 109,724</u>	<u>\$ 1,912</u>	<u>\$ 798,688</u>
Total liabilities and fund balances	<u>\$ 312,687</u>	<u>\$ 267,960</u>	<u>\$ 142,241</u>	<u>\$ 109,724</u>	<u>\$ 24,837</u>	<u>\$ 857,449</u>

		Permanent Fund	
Schools Qualified Zone Academy Bond Fund	Total Nonmajor Capital Projects Funds	Silvermont Reserve Fund	Total Nonmajor Governmental Funds
\$ 28,842	\$ 28,842	\$ 266,928	\$ 1,058,126
			80,426
			14,667
		108,367	108,367
<u>\$ 28,842</u>	<u>\$ 28,842</u>	<u>\$ 375,295</u>	<u>\$ 1,261,586</u>
\$ 1,078	\$ 1,078		\$ 12,342
			22,925
			14,667
			9,905
<u>\$ 1,078</u>	<u>\$ 1,078</u>		<u>\$ 59,839</u>
			\$ 80,426
		\$ 108,367	108,367
\$ 1,200	\$ 1,200		161,944
26,564	26,564	266,928	851,010
<u>\$ 27,764</u>	<u>\$ 27,764</u>	<u>\$ 375,295</u>	<u>\$ 1,201,747</u>
<u>\$ 28,842</u>	<u>\$ 28,842</u>	<u>\$ 375,295</u>	<u>\$ 1,261,586</u>

TRANSYLVANIA COUNTY, NORTH CAROLINA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Special Revenue Funds					
	Occupancy Tax Fund	Revaluation Fund	Fire Districts Fund	Emergency Telephone System Fund	Community Development Block Grant Fund	Total Nonmajor Special Revenue Funds
REVENUES						
Ad valorem taxes			\$ 1,964,433			\$ 1,964,433
Other taxes and licenses	\$ 324,870					324,870
Restricted intergovernmental				\$ 255,874	\$ 32,508	288,382
Donations and grants		\$ 22,418				22,418
Investment earnings	7,280	5,946	4,392	13,978		31,596
Total revenues	\$ 332,150	\$ 28,364	\$ 1,968,825	\$ 269,852	\$ 32,508	\$ 2,631,699
EXPENDITURES						
Current:						
General government		\$ 139,130				\$ 139,130
Public safety			\$ 2,054,083			2,054,083
Economic and physical development	\$ 406,522				\$ 32,349	438,871
Cultural and recreational						
Capital outlay						
Total expenditures	\$ 406,522	\$ 139,130	\$ 2,054,083		\$ 32,349	\$ 2,632,084
Excess (deficiency) of revenues over expenditures	\$ (74,372)	\$ (110,766)	\$ (85,258)	\$ 269,852	\$ 159	\$ (385)
OTHER FINANCING SOURCES (USES)						
Transfers from other funds		\$ 79,729				\$ 79,729
Transfers to other funds				\$ (841,398)		(841,398)
Total other financing sources (uses)		\$ 79,729		(841,398)		\$ (761,669)
Net change in fund balances	\$ (74,372)	\$ (31,037)	\$ (85,258)	\$ (571,546)	\$ 159	\$ (762,054)
Fund balances - beginning	376,587	218,205	202,927	681,270	1,753	1,560,742
Fund balances - ending	\$ 302,215	\$ 217,168	\$ 117,669	\$ 109,724	\$ 1,912	\$ 798,688

Capital Projects Funds		Permanent Fund	
Schools Qualified Zone Academy Bond Fund	Total Nonmajor Capital Projects Funds	Silvermont Reserve Fund	Total Nonmajor Governmental Funds
			\$ 1,964,433
			324,870
			288,382
			22,418
		\$ 10,144	41,740
		\$ 10,144	\$ 2,641,843
			\$ 139,130
			2,054,083
			438,871
		\$ 2,240	2,240
\$ 1,078	\$ 1,078	\$ 23,400	24,478
\$ 1,078	\$ 1,078	\$ 25,640	\$ 2,658,802
\$ (1,078)	\$ (1,078)	\$ (15,496)	\$ (16,959)
			\$ 79,729
			(841,398)
			\$ (761,669)
\$ (1,078)	\$ (1,078)	\$ (15,496)	\$ (778,628)
28,842	28,842	390,791	1,980,375
\$ 27,764	\$ 27,764	\$ 375,295	\$ 1,201,747

TRANSYLVANIA COUNTY, NORTH CAROLINA
OCCUPANCY TAX FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES:			
Other taxes and licenses	\$ 345,000	\$ 324,870	\$ (20,130)
Investment earnings	5,000	7,280	2,280
	<u> </u>	<u> </u>	<u> </u>
Total Revenues	\$ 350,000	\$ 332,150	\$ (17,850)
 EXPENDITURES:			
Economic and physical development	\$ 500,000	\$ 406,522	\$ 93,478
Revenues over (under) expenditures	\$ (150,000)	\$ (74,372)	\$ 75,628
Appropriated fund balance	<u>150,000</u>	<u> </u>	<u>(150,000)</u>
Net change in fund balance	<u><u>\$ 0</u></u>	<u><u>\$ (74,372)</u></u>	<u><u>\$ (74,372)</u></u>
 FUND BALANCE:			
Beginning of year		<u>376,587</u>	
End of year		<u><u>\$ 302,215</u></u>	

TRANSYLVANIA COUNTY, NORTH CAROLINA
REVALUATION FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Final Budget	Actual	Variance Positive (Negative)
REVENUES:			
Donations and grants	\$ 22,000	\$ 22,418	\$ 418
Investment earnings	6,700	5,946	(754)
Total Revenues	<u>\$ 28,700</u>	<u>\$ 28,364</u>	<u>\$ (336)</u>
EXPENDITURES:			
General government	<u>\$ 158,174</u>	<u>\$ 139,130</u>	<u>\$ 19,044</u>
Revenues Over (Under) Expenditures	<u>\$ (129,474)</u>	<u>\$ (110,766)</u>	<u>\$ 18,708</u>
OTHER FINANCING SOURCES:			
Operating transfer in from General Fund	<u>\$ 79,729</u>	<u>\$ 79,729</u>	
Revenues over (under) expenditures and other financing sources	\$ (49,745)	\$ (31,037)	\$ 18,708
Appropriated fund balance	<u>49,745</u>		<u>(49,745)</u>
Net change in fund balance	<u><u>\$ 0</u></u>	<u>\$ (31,037)</u>	<u><u>\$ (31,037)</u></u>
FUND BALANCE:			
Beginning of year		<u>298,205</u>	
End of year		<u><u>\$ 267,168</u></u>	

TRANSYLVANIA COUNTY, NORTH CAROLINA
FIRE DISTRICTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES:			
Ad valorem taxes:			
Current year		\$ 1,937,597	
Prior years		14,214	
Penalties and interest		12,622	
Interest on Investments		<u>4,392</u>	
Total revenues	<u>\$ 1,929,369</u>	<u>\$ 1,968,825</u>	<u>\$ 39,456</u>
EXPENDITURES:			
Public safety:			
Brevard Fire District	213,000	213,000	
Rosman Fire District	307,408	307,408	
Little River Fire District	316,920	316,920	
Connestee Falls Fire District	410,297	410,297	
Cedar Mountain Fire District	115,094	115,094	
Lake Toxaway Fire District	497,673	497,673	
Balsam Grove Fire District	84,638	84,638	
North Transylvania Fire District	<u>109,053</u>	<u>109,053</u>	
Total expenditures	<u>\$ 2,054,083</u>	<u>\$ 2,054,083</u>	
Revenues over (under) expenditures	\$ (124,714)	\$ (85,258)	\$ 39,456
Appropriated fund balance	<u>124,714</u>	<u> </u>	<u>(124,714)</u>
Net change in fund balance	<u>\$ 0</u>	\$ (85,258)	<u>\$ (85,258)</u>
FUND BALANCE:			
Beginning of year		<u>202,927</u>	
End of year		<u>\$ 117,669</u>	

TRANSYLVANIA COUNTY, NORTH CAROLINA
EMERGENCY TELEPHONE SYSTEM FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE THE FISCAL YEAR ENDED JUNE 30, 2009

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES:			
Restricted intergovernmental	\$ 255,000	\$ 255,874	\$ 874
Investment earnings	14,000	13,978	(22)
	<u>269,000</u>	<u>269,852</u>	<u>852</u>
Total Revenues	\$ 269,000	\$ 269,852	\$ 852
OTHER FINANCING SOURCES (USES):			
Operating transfer out to General Fund	\$ (948,273)	\$ (841,398)	\$ 106,875
	<u>(948,273)</u>	<u>(841,398)</u>	<u>106,875</u>
Total Other Financing Sources (Uses)	\$ (948,273)	\$ (841,398)	\$ 106,875
Revenues over (under) other financing sources (uses)	\$ (679,273)	\$ (571,546)	\$ 107,727
Appropriated fund balance	<u>679,273</u>	<u>679,273</u>	<u>(679,273)</u>
Net change in fund balance	<u>\$ 0</u>	<u>\$ (571,546)</u>	<u>\$ (571,546)</u>
Fund balance:			
Beginning of year		<u>681,270</u>	
End of year		<u>\$ 109,724</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 THE FISCAL YEAR ENDED JUNE 30, 2009

	<u>Project Authorization</u>	<u>Actual</u>	<u>Total to Date</u>	<u>Variance Positive (Negative)</u>
REVENUES:				
Restricted intergovernmental	\$ 650,000	\$ 32,508	\$ 32,508	\$ (617,492)
EXPENDITURES:				
Economic and physical development	\$ 650,000	\$ 32,349	\$ 32,349	\$ 617,651
Net change in fund balance	<u>\$ 0</u>	\$ 159	<u>\$ 159</u>	<u>\$ 159</u>
FUND BALANCE (DEFICIT):				
Beginning of year		<u>1,753</u>		
End of year		<u>\$ 1,912</u>		

TRANSYLVANIA COUNTY, NORTH CAROLINA
SCHOOLS QUALIFIED ZONE ACADEMY BOND FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
EXPENDITURES:			
Bond expenditures	\$ 1,200	\$ 1,078	\$ 122
Revenues over (under) expenditures	\$ (1,200)	\$ (1,078)	\$ 122
Appropriated fund balance	\$ 1,200		\$ (1,200)
Net change in fund balance	<u>\$ 0</u>	\$ (1,078)	<u>\$ (1,078)</u>
FUND BALANCE:			
Beginning of year		<u>28,842</u>	
End of year		<u>\$ 27,764</u>	

TRANSYLVANIA COUNTY, NORTH CAROLINA
PERMANENT FUND - SILVERMONT RESERVE
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP)
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES:			
Investment earnings	\$ 8,100	\$ 10,144	\$ 2,044
EXPENDITURES:			
Silvermont maintenance	\$ 30,000	\$ 25,640	\$ 4,360
Total expenditures	\$ 30,000	\$ 25,640	\$ 4,360
Revenues over (under) expenditures	\$ (21,900)	\$ (15,496)	\$ 6,404
Appropriated fund balance	\$ 21,900		\$ (21,900)
Net change in fund balance	<u>\$ 0</u>	\$ (15,496)	<u>\$ (15,496)</u>
Fund balance:			
		<u>390,791</u>	
Beginning of year		<u>\$ 375,295</u>	
End of year			

ENTERPRISE FUND

The Enterprise Fund is used to 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 cost of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; where the governing body has decided that the periodic determination of net income is appropriate for accountability purposes.

Solid Waste Fund – This fund is used to account 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.

**TRANSYLVANIA COUNTY, NORTH CAROLINA
SOLID WASTE FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP)
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

Page 1 of 2

	Final Budget	Actual	Variance Positive (Negative)
REVENUES:			
Operating Revenues:			
Charges for services:			
Solid waste charges	\$ 1,385,324	\$ 1,286,535	\$ (98,789)
Recycling	114,000	92,101	(21,899)
Other operating revenues	1,930	4,537	2,607
Total operating revenues	\$ 1,501,254	\$ 1,383,173	\$ (118,081)
Nonoperating Revenues:			
Investment earnings	\$ 68,000	\$ 49,630	\$ (18,370)
Other nonoperating revenues	13,523	26,251	12,728
Total nonoperating revenues	\$ 81,523	\$ 75,881	\$ (5,642)
Total revenues	\$ 1,582,777	\$ 1,459,054	\$ (123,723)
EXPENDITURES:			
Landfill administration and operations:			
Salaries and employee benefits	\$ 877,209	\$ 783,430	\$ 93,779
Other operating expenditures	582,247	514,054	68,193
Total landfill administration and operations	\$ 1,459,456	\$ 1,297,484	\$ 161,972
Debt service:			
Debt principal	\$ 5,748	\$ 5,748	
Interest and fees	24,199		\$ 24,199
Total debt service	\$ 29,947	\$ 5,748	\$ 24,199
Capital outlay	\$ 95,305	\$ 90,969	\$ 4,336
Total expenditures	\$ 1,584,708	\$ 1,394,201	\$ 190,507
Revenues over (under) expenditures	\$ (1,931)	\$ 64,853	\$ 66,784
OTHER FINANCING SOURCES:			
Operating transfers from General Fund	\$ 903,532	\$ 902,556	\$ (976)
Appropriated fund balance	\$ (901,601)		\$ 901,601
Revenues and other sources over expenditures	\$ 0	\$ 967,409	\$ 967,409

TRANSYLVANIA COUNTY, NORTH CAROLINA
SOLID WASTE FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP)
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

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Reconciliation from budgetary basis
(modified accrual) to full accrual:

Revenues and other sources over expenditures	\$	<u>967,409</u>
Reconciling items:		
Debt principal	\$	5,748
Capital outlay		90,969
Depreciation		(411,509)
Decrease in compensated absences payable		1,898
Decrease in closure and postclosure care costs		<u>28,322</u>
 Total reconciling items	 \$	 <u>(284,572)</u>
 Net income (loss)	 \$	 <u><u>682,837</u></u>



TRANSYLVANIA COUNTY, NC



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TRUST AND AGENCY FUNDS

Trust Funds are used to account for assets held by the county in a Trustee capacity. **Agency Funds** are used to account for assets held by the county as an agent for individuals and/or other governments.

Pension Trust Funds

Special Separation Allowance Fund - This fund accounts for the accumulation of resources to be used for the payment of special separation benefits to qualified law enforcement officers.

457 Contribution Fund – This fund accounts for the accumulation of resources to be used for the payment of benefits to qualified employees.

Retiree Health Trust Fund – This fund accounts for the accumulation of resources to be used for the payment of postemployment benefits for qualified employees.

Agency Funds

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

Fines and Forfeitures Fund - This fund accounts for fines and forfeitures collected by the county that are required to be remitted to the Transylvania County Board of Education and for interest collected on delinquent motor vehicle taxes that are required to be remitted to the North Carolina Department of Motor Vehicles.

TRANSYLVANIA COUNTY, NORTH CAROLINA
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
PENSION TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	<u>LEO Special Separation Allowance</u>	<u>457 Contribution Fund</u>	<u>Retiree Health Trust Fund</u>	<u>Total</u>
Assets				
Cash and cash equivalents	<u>\$ 450,572</u>	<u>\$ 51,507</u>	<u>\$ 701,235</u>	<u>\$ 1,203,314</u>
Liabilities and Net Assets				
Net Assets:				
Assets held in trust for pension benefits	<u>\$ 450,572</u>	<u>\$ 51,507</u>	<u>\$ 701,235</u>	<u>\$ 1,203,314</u>

TRANSYLVANIA COUNTY, NORTH CAROLINA
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
PENSION TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	<u>LEO Special Separation Allowance</u>	<u>457 Contribution Fund</u>	<u>Retiree Health Trust Fund</u>	<u>Total</u>
Additions:				
Employer contributions	\$ 58,016	\$ 365,328	\$ 241,908	\$ 665,252
Retiree premiums			9,301	9,301
Total	<u>\$ 58,016</u>	<u>\$ 365,328</u>	<u>\$ 251,209</u>	<u>\$ 674,553</u>
Investment income				
Interest	<u>\$ 8,863</u>		<u>\$ 14,377</u>	<u>\$ 23,240</u>
Total additions	<u>\$ 66,879</u>	<u>\$ 365,328</u>	<u>\$ 265,586</u>	<u>\$ 697,793</u>
Deductions:				
Benefits	\$ 32,024	\$ 335,136	\$ 78,585	\$ 445,745
Administrative expense			19,118	19,118
Total deductions	<u>\$ 32,024</u>	<u>\$ 335,136</u>	<u>\$ 97,703</u>	<u>\$ 464,863</u>
Change in net assets	\$ 34,855	\$ 30,192	\$ 167,883	\$ 232,930
Net assets, beginning	<u>415,717</u>	<u>21,315</u>	<u>533,352</u>	<u>970,384</u>
Net assets, ending	<u><u>\$ 450,572</u></u>	<u><u>\$ 51,507</u></u>	<u><u>\$ 701,235</u></u>	<u><u>\$ 1,203,314</u></u>

**TRANSYLVANIA COUNTY, NORTH CAROLINA
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	Balance July 1, 2008	Additions	Deductions	Balance June 30, 2009
SOCIAL SERVICES FUND				
Assets:				
Cash and cash equivalents	\$ 15,488	\$ 95,758	\$ 92,767	\$ 18,479
Liabilities:				
Miscellaneous liabilities	\$ 15,488	\$ 95,758	\$ 92,767	\$ 18,479
FINES AND FORFEITURES FUND				
Assets:				
Cash and cash equivalents	\$ 2,088	\$ 187,308	\$ 187,164	\$ 2,232
Accounts receivable and accrued revenues	15,256	11,043	15,256	11,043
Total assets	\$ 17,344	\$ 198,351	\$ 202,420	\$ 13,275
Liabilities:				
Intergovernmental payables				
Transylvania County Board of Education	\$ 15,256	\$ 170,141	\$ 174,354	\$ 11,043
State of North Carolina	2,088	12,954	12,810	2,232
Total liabilities	\$ 17,344	\$ 183,095	\$ 187,164	\$ 13,275
TOTALS-ALL AGENCY FUNDS				
Assets:				
Cash and cash equivalents	\$ 17,576	\$ 283,066	\$ 279,931	\$ 20,711
Accounts receivable and accrued revenues	15,256	11,043	15,256	11,043
Total assets	\$ 32,832	\$ 294,109	\$ 295,187	\$ 31,754
Liabilities:				
Intergovernmental payables	\$ 17,344	\$ 183,095	\$ 187,164	\$ 13,275
Miscellaneous liabilities	15,488	95,758	92,767	18,479
Total liabilities	\$ 32,832	\$ 278,853	\$ 279,931	\$ 31,754

OTHER SCHEDULES

This section contains additional information required on property taxes and transfers.

Schedule of Ad Valorem Taxes Receivable

Analysis of Current Tax Levy

Schedule of Ten Largest Taxpayers

Schedule of Transfers



**TRANSYLVANIA COUNTY, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF AD VALOREM TAXES RECEIVABLE
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

Fiscal Year	Uncollected Balance June 30, 2008	Additions	Collections and Credits	Uncollected Balance June 30, 2009
2008-2009		\$22,365,367	\$ 22,248,962	\$ 116,405
2007-2008	\$ 107,726		82,302	25,424
2006-2007	38,176		13,977	24,199
2005-2006	40,992		14,740	26,252
2004-2005	20,153		8,802	11,351
2003-2004	17,318		5,004	12,314
2002-2003	23,031		5,777	17,254
2001-2002	33,215		4,355	28,860
2000-2001	19,643		2,763	16,880
1999-2000	10,525		2,731	7,794
1998-1999	9,335		9,335	-
	\$ 320,114	\$ 22,365,367	\$ 22,398,748	\$ 286,733
Less allowance for uncollectible accounts:				
General Fund				146,607
Ad Valorem Taxes Receivable - net: General Fund				\$ 140,126
Reconciliation with revenues:				
Ad valorem taxes - General Fund				\$ 22,484,411
Reconciling items:				
Interest collected				\$ (107,411)
Refunds allowed				9,892
Discounts allowed				19,377
Taxes written off				(7,521)
Total reconciling items				\$ (85,663)
Total collections and credits				\$ 22,398,748

TRANSYLVANIA COUNTY, NORTH CAROLINA
ANALYSIS OF CURRENT TAX LEVY
COUNTY - WIDE LEVY
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	<u>Property Valuation</u>	<u>Rate</u>	<u>Amount of Levy</u>
Original levy:			
Property taxed at current year's rate	\$ 4,041,964,074	0.540	\$ 21,826,606
Motor vehicles taxed at prior year's rate	80,425,925	0.540	\$ 434,300
Penalties			18,914
	<u>\$ 4,122,389,999</u>		<u>\$ 22,279,820</u>
Discoveries:			
Current year taxes	\$ 25,962,767	0.540	\$ 140,199
Prior year taxes	6,000,430		32,204
	<u>\$ 31,963,197</u>		<u>\$ 172,403</u>
Abatements	<u>\$ (16,084,394)</u>		<u>\$ (86,856)</u>
Total property valuation	<u>\$ 4,138,268,802</u>		
Net levy			\$ 22,365,367
Uncollected taxes at June 30, 2008			<u>116,405</u>
Current year's taxes collected			<u>\$ 22,248,962</u>
Current levy collection percentage			<u>99.48%</u>

<u>Total Levy</u>	
<u>Property excluding Registered Motor Vehicles</u>	<u>Registered Motor Vehicles</u>
\$ 20,754,625	\$ 1,071,981
<u>18,914</u>	<u>434,300</u>
<u>\$ 20,773,539</u>	<u>\$ 1,506,281</u>
\$ 140,199	
<u>32,204</u>	
<u>\$ 172,403</u>	
<u>\$ (54,471)</u>	<u>\$ (32,385)</u>
\$ 20,891,471	\$ 1,473,896
<u>29,367</u>	<u>87,038</u>
<u>\$ 20,862,104</u>	<u>\$ 1,386,858</u>
<u>99.86%</u>	<u>94.09%</u>

**TRANSYLVANIA COUNTY, NORTH CAROLINA
SCHEDULE OF TEN LARGEST TAXPAYERS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

<u>Taxpayer and Type of Business</u>	<u>Type of Business</u>	<u>2008 Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation</u>
Duke Energy Corporation	Electric Utility	\$ 45,548,546	1.10%
Citizens Telephone Company	Telephone Utility	35,984,106	0.87%
Excelsior Packaging Group	Textile Manufacturing	17,673,374	0.43%
Haywood Electric Membership Corp.	Electric Utility	16,716,231	0.40%
Ingles Markets, Inc. #67	Retail Grocery Sales	14,360,103	0.35%
Brevard Retirement Investors	Retirement Home Facilities	12,893,170	0.31%
McKeough Land Company, Inc.	Real Estate	11,683,280	0.28%
Panther Tail Mountain Properties, LLC	Real Estate	9,045,600	0.22%
Teton Village House, FLLC	Real Estate	8,751,730	0.21%
Straus Park Development Co.	Real Estate	8,233,800	0.20%
Totals		<u>\$ 180,889,940</u>	<u>4.37%</u>

TRANSYLVANIA COUNTY, NORTH CAROLINA
SCHEDULE OF TRANSFERS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

<u>Operating Transfers From / To Other Funds</u>	Transfers	
	From	To
General Fund	\$ 1,040,301	\$ 841,398
Emergency Telephone System Fund	841,398	
Law Officers Separation Fund		58,016
Revaluation Fund		79,729
Solid Waste Fund		902,556
	\$ 1,881,699	\$ 1,881,699



TRANSYLVANIA COUNTY, NC

1861

**STATISTICAL
SECTION**

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>
Governmental Activities			
Invested in Capital Assets, Net of Related Debt	\$10,072,375	\$ 9,988,250	\$13,773,087
Restricted	1,085,594	877,435	1,256,692
Unrestricted	3,343,347	8,043,490	8,560,294
Total Governmental Activities Net Assets	<u>\$14,501,316</u>	<u>\$18,909,175</u>	<u>\$23,590,073</u>
Business-Type Activities			
Invested in Capital Assets, Net of Related Debt	\$ 3,440,486	\$ 4,357,971	\$ 3,945,072
Restricted			
Unrestricted	(1,328,514)	(1,244,471)	(1,215,349)
Total Business-Type Activities Net assets	<u>\$ 2,111,972</u>	<u>\$ 3,113,500</u>	<u>\$ 2,729,723</u>
Primary Government			
Invested in Capital Assets, Net of Related Debt	\$13,512,861	\$14,346,221	\$17,718,159
Restricted	1,085,594	877,435	1,256,692
Unrestricted	2,014,833	6,799,019	7,344,945
Total Primary Government Net Assets	<u>\$16,613,288</u>	<u>\$22,022,675</u>	<u>\$26,319,796</u>

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

TABLE 1

<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
\$ 19,969,409	\$ 20,369,159	\$ 24,185,021	\$ 35,138,758
1,257,831	1,697,216	1,794,717	1,091,782
11,723,898	16,158,930	16,912,463	8,613,469
<u>\$ 32,951,138</u>	<u>\$ 38,225,305</u>	<u>\$ 42,892,201</u>	<u>\$ 44,844,009</u>
\$ 3,378,918	\$ 2,792,276	\$ 4,939,310	\$ 4,624,518
(795,452)	194,584	(1,090,548)	(92,919)
<u>\$ 2,583,466</u>	<u>\$ 2,986,860</u>	<u>\$ 3,848,762</u>	<u>\$ 4,531,599</u>
\$ 23,348,327	\$ 23,161,435	\$ 29,124,331	\$ 39,763,276
1,257,831	1,697,216	1,794,717	1,091,782
10,928,446	16,353,514	15,821,915	8,520,550
<u>\$ 35,534,604</u>	<u>\$ 41,212,165</u>	<u>\$ 46,740,963</u>	<u>\$ 49,375,608</u>

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

UNAUDITED

	<u>2003</u>	<u>2004</u>
Expenses		
Governmental Activities:		
General Government	\$ 3,762,987	\$ 3,753,997
Public Safety	6,882,825	7,549,974
Transportation	105,250	97,957
Economic and Physical Development	666,510	950,117
Human Services	8,354,877	8,741,038
Cultural and Recreational	1,052,587	1,215,723
Education	6,933,582	7,248,509
Interest on Long-Term Obligations	1,247,439	1,180,734
Total Governmental Activities Expenses	<u>\$ 29,006,057</u>	<u>\$ 30,738,049</u>
Business-Type Activities:		
Landfill	\$ 1,561,728	\$ 1,514,363
Total Business-Type Activities Expenses	<u>\$ 1,561,728</u>	<u>\$ 1,514,363</u>
Total Primary Government Expenses	<u>\$ 30,567,785</u>	<u>\$ 32,252,412</u>
Program Revenues		
Governmental Activities:		
Charges for Services:		
General Government	\$ 730,307	\$ 913,288
Public Safety	1,427,925	1,620,895
Transportation	-	-
Economic and Physical Development	-	107,213
Human Services	384,414	505,408
Cultural and Recreation	39,541	58,858
Education	-	-
Operating Grants and Contributions		
General Government	120,473	12,467
Public Safety	362,339	411,849
Transportation	163,384	201,891
Economic and Physical Development	12,506	123,673
Human Services	4,380,750	4,370,408
Cultural and Recreation	1,938	169,348
Education	-	174,007
Capital Grants and Contributions		
General Government	51,768	-
Economic and Physical Development	32,953	101,946
Cultural and Recreation	120,954	-
Education	7,910	-
Total Governmental Activities Program Revenues	<u>\$ 7,837,162</u>	<u>\$ 8,771,251</u>

TABLE 2

	2005	2006	2007	2008	2009
\$	4,356,272	\$ 4,566,521	\$ 5,472,674	\$ 4,985,239	\$ 5,042,645
	7,972,158	8,306,170	9,051,987	10,399,235	11,042,467
	103,255	356,525	378,991	364,740	358,399
	1,411,719	3,696,917	1,502,285	1,594,400	1,531,068
	9,045,258	8,858,593	9,308,209	9,522,922	9,448,473
	1,149,713	1,322,900	1,699,971	1,814,530	1,968,016
	7,618,423	8,702,160	9,564,457	10,900,358	10,449,456
	1,106,923	1,034,391	959,451	636,426	907,694
	<u>\$ 32,763,721</u>	<u>\$ 36,844,177</u>	<u>\$ 37,938,025</u>	<u>\$ 40,217,850</u>	<u>\$ 40,748,218</u>
\$	1,939,662	\$ 2,524,570	\$ 2,372,572	\$ 1,458,440	\$ 1,678,773
\$	1,939,662	\$ 2,524,570	\$ 2,372,572	\$ 1,458,440	\$ 1,678,773
\$	<u>34,703,383</u>	<u>\$ 39,368,747</u>	<u>\$ 40,310,597</u>	<u>\$ 41,676,290</u>	<u>\$ 42,426,991</u>
\$	679,241	\$ 730,655	\$ 547,176	\$ 1,403,077	\$ 1,055,880
	1,618,968	1,894,494	1,452,371	1,405,633	1,444,322
	-	-	-	-	-
	-	-	-	-	11,467
	395,941	638,343	798,598	376,346	548,544
	61,783	74,981	42,173	40,176	98,220
	198,733	-	-	-	-
	9,366	17,033	217,053	361,235	39,379
	630,181	248,510	890,735	629,245	1,089,375
	71,184	80,412	-	219,801	341,357
	840,253	2,992,009	1,401,118	686,949	459,808
	4,771,482	4,414,362	3,666,631	4,833,149	5,063,846
	115,575	12,429	247,177	146,458	120,228
	12,611	322,070	546,646	124,754	137,268
	57,921	80,857	4,760	50,695	-
	-	-	-	-	-
	434,460	3,019,745	141,404	-	-
	-	6,094	-	-	-
\$	<u>9,897,699</u>	<u>\$ 14,531,994</u>	<u>\$ 9,955,842</u>	<u>\$ 10,277,518</u>	<u>\$ 10,409,694</u>

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

UNAUDITED

	<u>2003</u>	<u>2004</u>
Business-Type Activities:		
Charges for Services:		
Charges for Services - Landfill	\$ 1,167,114	\$ 1,275,719
Operating Grants and Contributions		
Operating Grants and Contributions - Landfill	11,151	-
Capital Grants and Contributions		
Capital Grants and Contributions - Landfill	-	-
Total Business-Type Activities Program Revenues	<u>\$ 1,178,265</u>	<u>\$ 1,275,719</u>
Total Primary Government Program Revenues	<u>\$ 9,015,427</u>	<u>\$ 10,046,970</u>
Net (Expense)/Revenue		
Governmental Activities	\$ (21,168,895)	\$ (21,966,798)
Business-Type Activities	(383,463)	(238,644)
Total Primary Government Net (Expense)/Revenue	<u>\$ (21,552,358)</u>	<u>\$ (22,205,442)</u>
General Revenues and Other Changes in Net Assets		
Governmental Activities:		
Taxes by Source:		
Property Tax	\$ 17,839,194	\$ 19,160,255
Local Option Sales Tax	5,657,367	6,847,773
Other Taxes and Licenses	963,169	1,089,108
Grants and Contributions Not Restricted to Specific	165,853	214,673
Unrestricted Investment Earnings	287,620	261,103
Miscellaneous	57,753	10,425
Transfers	(650,760)	(1,208,678)
Total Governmental Activities	<u>\$ 24,320,196</u>	<u>\$ 26,374,659</u>
Business-Type activities:		
Unrestricted Investment Earnings	\$ 38,404	\$ 31,494
Miscellaneous	-	-
Transfers	650,760	1,208,678
Total Business-Type Activities	<u>\$ 689,164</u>	<u>\$ 1,240,172</u>
Total Primary Government	<u>\$ 25,009,360</u>	<u>\$ 27,614,831</u>
Change in Net Assets:		
Governmental Activities	\$ 3,151,301	\$ 4,407,861
Business-Type Activities	305,701	1,001,528
Total Primary Government	<u>\$ 3,457,002</u>	<u>\$ 5,409,389</u>

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 (CONTINUED)

2005	2006	2007	2008	2009
\$ 1,466,228	\$ 1,394,442	\$ 1,504,980	\$ 1,593,221	\$ 1,383,173
-	-	-	-	12,728
-	-	-	107,343	-
\$ 1,466,228	\$ 1,394,442	\$ 1,504,980	\$ 1,700,564	\$ 1,395,901
\$ 11,363,927	\$ 15,926,436	\$ 11,460,822	\$ 11,978,082	\$ 11,805,595
\$ (22,866,022) (473,434)	\$ (22,312,183) (1,130,128)	\$ (27,982,183) (867,592)	\$ (29,940,332) 242,124	\$ (30,338,524) (282,872)
\$ (23,339,456)	\$ (23,442,311)	\$ (28,849,775)	\$ (29,698,208)	\$ (30,621,396)
\$ 18,577,018 6,973,895 1,222,898 218,655 524,310 30,142 -	\$ 21,714,091 7,603,939 1,675,570 233,423 1,000,240 326,985 (881,000)	\$ 22,672,983 8,145,834 1,694,466 241,239 1,605,838 26,532 (1,130,492)	\$ 23,582,218 8,234,107 1,440,731 260,889 1,544,020 45,263 (500,000)	\$ 24,437,262 6,720,265 763,293 520,299 672,317 74,920 (902,556)
\$ 27,546,918	\$ 31,673,248	\$ 33,256,400	\$ 34,607,228	\$ 32,285,800
\$ 49,143 40,514 -	\$ 89,958 12,913 881,000	\$ 140,494 - 1,130,492	\$ 119,778 - 500,000	\$ 49,630 13,523 902,556
\$ 89,657	\$ 983,871	\$ 1,270,986	\$ 619,778	\$ 965,709
\$ 27,636,575	\$ 32,657,119	\$ 34,527,386	\$ 35,227,006	\$ 33,251,509
\$ 4,680,896 (383,777)	\$ 9,361,065 (146,257)	\$ 5,274,217 403,394	\$ 4,666,896 861,902	\$ 1,947,276 682,837
\$ 4,297,119	\$ 9,214,808	\$ 5,677,611	\$ 5,528,798	\$ 2,630,113

TRANSYLVANIA COUNTY, NORTH CAROLINA
GOVERNMENTAL ACTIVITIES TAX REVENUE 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	963,169	1,089,108	1,222,898	1,675,570
Total	<u><u>\$ 24,459,730</u></u>	<u><u>\$ 27,097,136</u></u>	<u><u>\$ 26,773,811</u></u>	<u><u>\$ 30,993,600</u></u>

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>
\$ 22,672,983	\$ 23,582,218	\$ 24,437,262
8,145,834	8,234,107	6,720,265
1,694,466	1,440,731	763,293
<u>\$ 32,513,283</u>	<u>\$ 33,257,056</u>	<u>\$ 31,920,820</u>

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

UNAUDITED

	2000	2001	2002	2003
General Fund				
Reserved for:				
Court Facilities	\$ 85,206	\$ 107,045	\$ 133,285	\$ 156,168
Enhancement Fund			14,096	47,500
Law Enforcement	6,590	6,885	8,365	9,550
Inventories	12,882	10,703	5,113	4,361
Prepaid Items	2,888	3,529	420	410
Animal Shelter	1,642	1,667	1,992	2,042
Senior Games	1,997	2,767	2,934	1,747
Museum		152,431	178,958	178,840
JHPC-MJM Book				
JHPC-Donations				
Soil and Water Conservation				
Health Department	304,396	321,468	87,313	87,313
Soil Study		7,730	15,460	23,190
Public Safety Facility		4,500,000	4,500,000	4,500,000
Economic Development		75,000	111,000	220,000
E911 System				
New Library				
Library - NC Room				
Tax Contingency				
150th County Anniversary				
Donations to Sheriff's Office				
Emergency Management Grant				
EMS				
Voting Machines				
Co-operative Extension Grants				
Health Department Grants				
St. Phillips Grant				
Special Child Adoption				
Toy Run Donations				
Sports Complex				
SRS - Title III Project				
State Statute	1,760,315	2,264,985	2,030,255	2,237,703
Encumbrances	362,100	331,317	158,250	177,256
Total Reserved	<u>\$ 2,538,016</u>	<u>\$ 7,785,527</u>	<u>\$ 7,247,441</u>	<u>\$ 7,646,080</u>
Unreserved:				
Designated for Subsequent				
Years Expenditures	\$ 4,041,481		\$ 2,591,970	
Designated for Self Insurance	411,841	\$ 272,895	231,850	\$ 577,659
Designated for Compensated Absences	469,460	487,901	487,673	525,414
Undesignated	11,338,566	11,498,478	10,995,397	15,136,515
Total Unreserved	<u>\$ 16,261,348</u>	<u>\$ 12,259,274</u>	<u>\$ 14,306,890</u>	<u>\$ 16,239,588</u>
Total General Fund	<u>\$ 18,799,364</u>	<u>\$ 20,044,801</u>	<u>\$ 21,554,331</u>	<u>\$ 23,885,668</u>
All Other Governmental Funds				
Reserved For:				
Animal Shelter				
Other general capital projects				
Public safety facility				
Silvermont				\$ 108,367
Compensated Absences				
State Statute	29,268	66,843	37,920	44,834
Encumbrances	26,455	127,685		8,500
Total Reserved	<u>\$ 55,723</u>	<u>\$ 194,528</u>	<u>\$ 37,920</u>	<u>\$ 161,701</u>
Unreserved, Reported In Non-Major Funds:				
Designated For Subsequent Years				
Expenditures	\$ 135,331	\$ 93,843	\$ 1,403,915	\$ 790,630
Special Revenue Funds				
Capital Projects Funds				
Permanent Fund				
Undesignated/(Deficit)				3,431,589
Special Revenue Funds	430,818	549,574	532,051	472,169
Capital Projects Funds	6,733,236	4,573,220	3,958,230	356,424
Permanent Fund				182,472
Total Unreserved	<u>\$ 7,299,385</u>	<u>\$ 5,216,637</u>	<u>\$ 5,894,196</u>	<u>\$ 5,233,284</u>
Total All Other Governmental Funds	<u>\$ 7,355,108</u>	<u>\$ 5,411,165</u>	<u>\$ 5,932,116</u>	<u>\$ 5,394,985</u>

TABLE 4

2004	2005	2006	2007	2008	2009
\$ 187,062	\$ 214,799	\$ 244,517	\$ 277,890	\$ 314,694	\$ 330,033
70,689	20,751	46,399	78,537	100,870	121,710
10,735	13,995	13,730	15,855	13,430	37,405
5,991	10,355	25,969	26,797	40,635	33,663
11,755	10,928	16,839	2,138	14,874	8,936
2,146	302,496	2,671	7,477	8,399	8,467
2,869	2,827	4,843	6,014	6,864	6,772
50,840	50,490	50,140	50,140	30,140	15,140
	2,300	3,643	4,090	4,537	5,656
		513	456	456	456
			49,172	61,891	81,315
87,313	87,313	87,313	87,313	87,313	86,820
30,920					
8,500,000	14,135,000	11,931,653	11,300,003		
370,000	400,000	390,000	322,796	368,994	225,928
150,533	272,758			238,029	579,726
100,000					
25,000	25,000	25,000	25,000		
	30,000	60,000	90,000	120,000	150,000
				16,831	12,448
					16,362
					1,015
	500,000	250,000	6,333		4,396
					44,441
					743
					18,516
					1,471
					8,346
					20,075
3,843,718	4,382,520	8,317,081	4,766,353	3,950,194	2,775,567
189,598	48,957	21,438	-	151,815	175,769
<u>\$ 13,639,169</u>	<u>\$ 20,510,489</u>	<u>\$ 21,491,749</u>	<u>\$ 17,116,364</u>	<u>\$ 5,529,966</u>	<u>\$ 4,771,176</u>
\$ 3,911,584	\$ 5,000		\$ 1,094,463	\$ 759,613	\$ 929,152
1,140,521	1,558,428	\$ 1,448,481	1,223,022	1,491,907	1,432,718
569,984	621,341	657,393	725,009	812,540	818,385
7,926,117	4,377,022	6,145,790	10,524,826	8,575,637	9,758,729
<u>\$ 13,548,206</u>	<u>\$ 6,561,791</u>	<u>\$ 8,251,664</u>	<u>\$ 13,567,320</u>	<u>\$ 11,639,697</u>	<u>\$ 12,938,984</u>
<u>\$ 27,187,375</u>	<u>\$ 27,072,280</u>	<u>\$ 29,743,413</u>	<u>\$ 30,683,684</u>	<u>\$ 17,169,663</u>	<u>\$ 17,710,160</u>
		\$ 750,000	\$ 750,000	\$ 750,000	\$ 750,000
			290,454	13,293,949	2,328,808
\$ 108,367	\$ 108,367	108,367	108,367	108,367	3,247,766
185	266				108,367
54,639	765,410	2,226,001	106,877	105,953	80,426
4,917	22,902	4,370			
<u>\$ 168,108</u>	<u>\$ 896,945</u>	<u>\$ 3,088,738</u>	<u>\$ 1,255,698</u>	<u>\$ 14,258,269</u>	<u>\$ 6,515,367</u>
\$ 1,788,497	\$ 473,350				
		\$ 60,895	\$ 224,052	\$ 249,086	\$ 160,744
		2,711,370		1,200	1,200
				30,000	
	(111,471)				
604,352	492,127	870,888	1,193,880	1,205,703	557,518
1,854,273	2,448,913	(3,128,502)	3,280,163	2,796,275	26,564
158,200	199,706	231,235	273,870	252,424	266,928
<u>\$ 4,405,322</u>	<u>\$ 3,502,625</u>	<u>\$ 745,886</u>	<u>\$ 4,971,965</u>	<u>\$ 4,534,688</u>	<u>\$ 1,012,954</u>
<u>\$ 4,573,430</u>	<u>\$ 4,399,570</u>	<u>\$ 3,834,624</u>	<u>\$ 6,227,663</u>	<u>\$ 18,792,957</u>	<u>\$ 7,528,321</u>

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

UNAUDITED

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
Revenues				
Taxes by Source:				
Property Tax	\$ 16,034,970	\$ 16,668,483	\$ 16,882,008	\$ 17,796,669
Sales Tax	5,098,949	5,193,189	5,104,541	5,657,367
Other Taxes and Licenses	816,663	843,489	884,493	1,052,198
Intergovernmental	7,029,481	7,360,071	7,254,339	6,101,296
Permits and Fees	448,999	354,670	394,110	450,611
Sales and Services	1,993,890	2,249,745	2,515,314	1,185,191
Donations and grants				
Investment Earnings	1,614,117	1,455,244	608,142	355,470
Miscellaneous	35,598	334,899	52,149	166,029
Total Revenues	<u>\$ 33,072,667</u>	<u>\$ 34,459,790</u>	<u>\$ 33,695,096</u>	<u>\$ 32,764,831</u>
Expenditures				
Current:				
General Government	\$ 4,804,860	\$ 5,371,143	\$ 5,598,610	\$ 3,673,868
Public Safety	6,456,023	6,432,166	6,630,716	6,917,023
Economic and Physical Development	464,311	484,628	632,546	665,363
Human Services	7,897,652	8,382,008	8,584,303	8,266,669
Cultural and Recreational	939,320	948,709	1,074,803	1,013,909
Education	5,451,135	6,042,051	6,165,722	6,933,582
Capital Outlay	15,821,161	3,293,872	288,752	420,099
Debt Service:				
Principal	1,087,005	1,315,000	1,375,000	1,471,015
Interest	1,170,605	1,382,185	1,322,935	1,260,673
Bond issuance costs				
Total Expenditures	<u>\$ 44,092,072</u>	<u>\$ 33,651,762</u>	<u>\$ 31,673,387</u>	<u>\$ 30,622,201</u>
Excess of Revenues Over (Under) Expenditures	\$ (11,019,405)	\$ 808,028	\$ 2,021,709	\$ 2,142,630
Other Financing Sources (Uses)				
Transfers In	\$ 4,509,902	\$ 3,666,376	\$ 226,867	\$ 808,735
Transfers Out	(4,539,902)	(5,204,584)	(541,927)	(1,459,495)
Bond Proceeds	9,800,000		600,000	
Proceeds from Financing				
Payment to Refunded Bond Escrow Agent				
Proceeds From Sale of Assets	6,959	31,674		
Proceeds From Lawsuit				
Total Other Financing Sources (Uses)	<u>\$ 9,776,959</u>	<u>\$ (1,506,534)</u>	<u>\$ 284,940</u>	<u>\$ (650,760)</u>
Net Change in Fund Balances	<u>\$ (1,242,446)</u>	<u>\$ (698,506)</u>	<u>\$ 2,306,649</u>	<u>\$ 1,491,870</u>
Capital Asset Expenditures	<u>\$ 15,821,161</u>	<u>\$ 3,293,872</u>	<u>\$ 288,752</u>	<u>\$ 420,099</u>
Debt Service as a Percentage of Noncapital Expenditures	<u>8.0%</u>	<u>8.9%</u>	<u>8.6%</u>	<u>9.0%</u>

TABLE 5

2004	2005	2006	2007	2008	2009
\$ 18,930,038	\$ 18,899,554	\$ 21,747,101	\$ 22,785,337	\$ 23,639,386	\$ 24,448,844
6,847,773	6,973,895	7,603,939	8,145,834	8,234,107	6,720,265
1,177,514	1,318,894	1,675,570	1,694,466	1,440,731	763,293
6,995,503	7,825,317	9,759,300	7,091,932	7,299,455	7,727,445
520,916	475,629	560,452	681,158	588,976	382,955
1,255,516	1,148,395	1,296,000	2,007,284	2,772,465	2,620,231
				50,695	22,443
261,103	608,142	1,136,247	1,688,093	1,632,630	714,057
125,583	487,187	2,943,137	334,452	121,115	191,117
<u>\$ 36,113,946</u>	<u>\$ 37,737,013</u>	<u>\$ 46,721,746</u>	<u>\$ 44,428,556</u>	<u>\$ 45,779,560</u>	<u>\$ 43,590,650</u>
\$ 3,664,853	\$ 4,457,415	\$ 4,644,586	\$ 5,555,278	\$ 5,265,368	\$ 4,981,840
7,491,625	7,889,570	8,142,194	9,196,175	10,294,586	11,621,984
946,704	1,410,642	1,563,634	1,499,832	1,599,827	1,523,660
8,722,587	8,976,222	9,120,233	9,556,843	9,760,521	9,728,524
1,060,833	1,106,312	1,270,693	1,494,744	1,598,213	1,858,012
7,248,509	7,618,423	8,702,160	9,564,457	10,900,358	10,449,456
583,822	3,876,297	8,050,961	719,161	4,236,863	13,490,731
1,506,015	1,561,015	1,601,015	1,666,015	1,706,015	2,032,681
1,194,893	1,127,408	1,055,820	982,313	905,710	646,781
				86,843	
<u>\$ 32,419,841</u>	<u>\$ 38,023,304</u>	<u>\$ 44,151,296</u>	<u>\$ 40,234,818</u>	<u>\$ 46,354,304</u>	<u>\$ 56,333,669</u>
\$ 3,694,105	\$ (286,291)	\$ 2,570,450	\$ 4,193,738	\$ (574,744)	\$(12,743,019)
\$ 701,854	\$ 4,381,595	\$ 7,987,805	\$ 3,897,037	\$ 16,881,080	\$ 921,127
(1,943,339)	(4,414,402)	(8,907,205)	(5,086,937)	(17,441,441)	(1,881,699)
				15,810,000	2,900,000
				(15,668,890)	
27,532	30,142	117,637	51,157	45,263	74,920
		337,500			
<u>\$ (1,213,953)</u>	<u>\$ (2,665)</u>	<u>\$ (464,263)</u>	<u>\$ (1,138,743)</u>	<u>\$ (373,988)</u>	<u>\$ 2,014,348</u>
<u>\$ 2,480,152</u>	<u>\$ (288,956)</u>	<u>\$ 2,106,187</u>	<u>\$ 3,054,995</u>	<u>\$ (948,732)</u>	<u>\$(10,728,671)</u>
<u>\$ 583,822</u>	<u>\$ 3,876,297</u>	<u>\$ 6,508,430</u>	<u>\$ 1,713,907</u>	<u>\$ 5,171,929</u>	<u>\$ 14,891,453</u>
<u>8.5%</u>	<u>7.9%</u>	<u>7.1%</u>	<u>6.9%</u>	<u>6.6%</u>	<u>6.5%</u>

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

UNAUDITED

Fiscal Year Ended June 30	Assessed Real Property				Business & Personal Property
	Residential Property	Commercial Property	Industrial Property	Present-Use Value Property	
1999	\$ 1,411,729,884	\$ 131,248,161	\$ 85,638,916	\$ 11,985,060	\$ 332,448,543
2000	1,583,981,195	146,339,292	85,258,876	13,661,781	316,710,110
2001	1,534,404,946	143,033,380	89,395,862	13,735,488	333,652,848
2002	1,561,041,297	145,995,973	67,875,236	11,784,690	314,999,105
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	2,862,463,961	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

Source: Annual County Report of Valuation and Property Tax Levies
 Note: Property in the County was last reassessed for fiscal year 2003.
 Tax 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 Tax Value</u>	<u>Assessed Value as a Percentage of Actual Value</u>
\$ 125,385,325	\$ 74,718,260	\$ 2,173,154,149	0.6410	\$ 2,173,154,149	100.0%
137,460,632	79,245,310	2,362,657,196	0.6410	2,362,657,196	100.0%
225,031,188	76,114,292	2,415,368,004	0.6410	2,415,368,004	100.0%
231,722,384	78,168,787	2,411,587,472	0.6410	2,411,587,472	100.0%
236,319,223	87,322,500	3,585,902,607	0.4600	3,585,902,607	100.0%
241,741,806	90,801,903	3,610,615,139	0.4800	3,610,615,139	100.0%
243,046,468	91,674,837	3,626,133,905	0.4800	3,626,133,905	100.0%
256,279,819	94,873,485	3,724,048,517	0.5400	3,724,048,517	100.0%
281,028,678	102,736,690	3,858,582,620	0.5400	3,858,582,620	100.0%
290,866,014	103,348,541	4,030,401,292	0.5400	4,030,401,292	100.0%
284,380,776	104,032,339	4,146,664,737	0.5400	4,146,664,737	100.0%

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

UNAUDITED

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003 ⁽¹⁾</u>	<u>2004</u>	<u>2005</u>
County Rates:						
Transylvania County	0.6410	0.6410	0.6410	0.4600	0.4800	0.4800
Municipality Rates:						
City of Brevard	0.5200	0.5200	0.5200	0.4950	0.4950	0.4950
Town of Rosman	0.4200	0.5200	0.5200	0.4600	0.4600	0.4600
Fire District Rates:						
Etowah-Horseshoe	0.0562	0.0552	0.0552	0.0409	0.0380	0.0322
Brevard	0.0250	0.0250	0.0250	0.0255	0.0255	0.0250
Rosman	0.0698	0.0698	0.0687	0.0486	0.0486	0.0690
Little River	0.0812	0.0812	0.0812	0.0620	0.0600	0.0776
Connestee Falls	0.0625	0.0625	0.0625	0.0477	0.0440	0.0562
Cedar Mountain	0.0704	0.0704	0.0704	0.0793	0.0793	0.0928
Lake Toxaway	0.0405	0.0405	0.0376	0.0219	0.0228	0.0299
Balsam Grove	0.1218	0.1218	0.1218	0.1012	0.1012	0.1391
North Transylvania	0.1022	0.1022	0.1022	0.0843	0.0843	0.1268

Source: Transylvania County Tax Department

Note: ⁽¹⁾ Real Property was revalued on January 1, 2002

TABLE 7

2006	2007	2008	2009
0.5400	0.5400	0.5400	0.5400
0.4950	0.4950	0.4950	0.4950
0.4600	0.4600	0.4600	0.4600
0.0316	0.0305	0.0291	
0.0248	0.0257	0.0301	0.0331
0.0740	0.0758	0.0756	0.0877
0.0797	0.0797	0.0797	0.0797
0.0604	0.0604	0.0649	0.0697
0.1015	0.1059	0.1059	0.1154
0.0305	0.0305	0.0323	0.0359
0.1391	0.1391	0.1391	0.1391
0.1242	0.1242	0.1242	0.1242



TRANSYLVANIA COUNTY, NC

1861

TABLE 8

**TRANSYLVANIA COUNTY, NORTH CAROLINA
PRINCIPAL PROPERTY TAXPAYERS
JUNE 30, 2009**

UNAUDITED

Taxpayer	2009			2000		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Duke Energy Corp	\$ 45,548,546	1	1.10%	\$ 34,856,243	3	1.51%
Citizens Telephone Company	35,984,106	2	0.87%	31,496,037	4	1.37%
Excelsior Packaging Group	17,673,374	3	0.43%			
Haywood Electric Member Corp	16,716,231	4	0.40%	8,138,491	9	0.35%
Ingles Markets, Inc. #67	14,360,103	5	0.35%			
Brevard Retirement Investors	12,893,170	6	0.31%			
McKeogh Land Company, Inc.	11,683,280	7	0.28%			
Panther Tail Mountain Properties, LLC	9,045,600	8	0.22%			
Teton Village House, FLLC	8,751,730	9	0.21%			
Straus Park Development Co.	8,233,800	10	0.20%	15,303,180	5	0.66%
E.I. Dupont de Nemours & Co.				457,200,359	1	19.83%
Ecusta Division-P.H. Glatfelter Co.				120,891,129	2	5.24%
Lake Toxaway Company				14,081,169	6	0.61%
Coats American Inc.				12,223,846	7	0.53%
Sapphire Lakes Inc.				11,612,339	8	0.50%
Crescent Resources, Inc.				7,879,330	10	0.0034
Totals	<u>\$ 180,889,940</u>		<u>4.37%</u>	<u>\$ 713,682,123</u>		<u>30.94%</u>

Source: Transylvania County Tax Department

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

UNAUDITED

Fiscal Year Ended June 30	Original Tax Levy for Fiscal Year	Adjustments to Original Tax Levy for Fiscal Year	Adjusted Tax Levy for Fiscal Year
2000	\$ 13,759,049	\$ 1,355,637	\$ 15,114,686
2001	15,421,522	36,139	15,457,661
2002	15,952,236	111,668	16,063,904
2003	16,585,498	(7,618)	16,577,880
2004	17,208,376	68,264	17,276,640
2005	17,311,662	11,737	17,323,399
2006	20,079,449	13,366	20,092,815
2007	20,713,127	14,771	20,727,898
2008	21,631,776	19,473	21,651,249
2009	22,346,453	18,914	22,365,367

Source: Transylvania County Tax Department

TABLE 9

Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
Amount	Percentage of Levy		Amount	Percentage of Levy
\$ 14,720,441	97.39%	\$ 360,325	\$ 15,080,766	99.78%
15,115,332	97.79%	303,640	15,418,972	99.75%
15,351,301	95.56%	646,288	15,997,589	99.59%
15,949,830	96.21%	559,064	16,508,894	99.58%
16,812,337	97.31%	194,151	17,006,488	98.44%
17,014,243	98.22%	334,291	17,348,534	100.15%
19,707,116	98.08%	389,871	20,096,987	100.02%
20,575,914	99.27%	113,808	20,689,722	99.82%
21,543,523	99.50%	82,302	21,625,825	99.88%
22,248,962	99.48%			

TABLE 10

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

UNAUDITED

Fiscal Year Ended June 30	Governmental Activities			Business-type Activities	Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Other Bonds	Installment Financing Contract	Other Bonds			
2000	\$ 28,335,000	-	-	-	\$28,335,000	3.89%	986
2001	27,020,000	-	-	-	27,020,000	3.51%	921
2002	26,245,000	\$ 600,000	-	-	26,845,000	3.54%	904
2003	24,210,000	563,985	-	-	24,773,985	3.28%	824
2004	22,740,000	527,970	-	-	23,267,970	3.24%	790
2005	21,215,000	491,956	-	-	21,706,956	2.89%	731
2006	19,650,000	455,941	-	-	20,105,941	2.38%	673
2007	18,020,000	419,926	-	-	18,439,926	2.10%	607
2008	16,460,000	383,911	-	-	16,843,911	1.77%	548
2009	14,560,000	347,897	\$ 2,803,332	-	17,711,229		572

Note: Details regarding the County's outstanding debt can be found in the notes to the basic financial statements.
See the Schedule of Demographic and Economic Statistics for personal income and population data.
Calendar year 2008 personal income not available to calculate fiscal year 2009.

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

UNAUDITED

Fiscal Year Ended June 30	General Obligation Bonds	Less: Amounts Available in Debt Service Funds	Total	Percentage of Personal Income	Percentage of Actual Taxable Value of Property	Per Capita
2000	28,335,000	-	28,335,000	3.89%	1.20%	986
2001	27,020,000	-	27,020,000	3.51%	1.12%	921
2002	26,245,000	-	26,245,000	3.46%	1.09%	884
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	-	16,460,000	1.73%	0.41%	535
2009	14,560,000	-	14,560,000		0.35%	470

Note: 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.
See the Schedule of Demographic and Economic Statistics for population data.

Calendar year 2008 personal income not available to calculate fiscal year 2009.

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

UNAUDITED

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
Debt Limit	\$ 184,458	\$ 192,206	\$ 198,857	\$ 284,088
Total Net Debt Applicable to Debt Limit	28,954	27,316	26,221	24,763
Legal Debt Margin	<u>\$ 155,504</u>	<u>\$ 164,890</u>	<u>\$ 172,636</u>	<u>\$ 259,325</u>
Total Net Debt Applicable to Debt Limit as a Percentage of Debt Limit	<u>15.7%</u>	<u>14.2%</u>	<u>13.2%</u>	<u>8.7%</u>

Note: NC Statute GS 159-55 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.

TABLE 12

2004	2005	2006	2007	2008	2009
\$ 287,026	\$ 287,748	\$ 297,598	\$ 306,056	\$ 319,586	\$ 331,061
23,257	21,720	20,112	18,446	16,849	17,711
<u>\$ 263,769</u>	<u>\$ 266,028</u>	<u>\$ 277,486</u>	<u>\$ 287,610</u>	<u>\$ 302,737</u>	<u>\$ 313,350</u>
<u>8.1%</u>	<u>7.5%</u>	<u>6.8%</u>	<u>6.0%</u>	<u>5.3%</u>	<u>5.3%</u>

Legal Debt Margin Calculation for Fiscal Year 2008

Total Assessed Value	<u>\$ 4,138,268</u>
Debt Limit (8% of Total Assessed Value)	<u>\$ 331,061</u>
Amount of Debt Applicable to Debt Limit:	
Total Bonded Debt	\$ 14,908
Installment contracts	2,803
Total Amount of Debt Applicable to Debt Limit	<u>\$ 17,711</u>
Legal Debt Margin	<u>\$ 313,350</u>

TABLE 13

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

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⁾
2000	28,750	727,796	24,959	3,894	1.90%	316
2001	29,334	770,741	26,234	3,812	3.40%	266
2002	29,699	759,283	25,830	3,792	4.80%	266
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					

Data Sources:

- ⁽¹⁾ Population projections from the N.C. Planning Office.
- ⁽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 for 2000-2008. Prior year's information provided by local school board.
- ⁽⁴⁾ Unemployment rates from 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.

TABLE 14

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

UNAUDITED

Employer	2009			2000		
	Number of Employees	Rank	Percentage of Total County Employment	Number of Employees	Rank	Percentage of Total County Employment
Transylvania Community Hospital	606	1	4.70%	500	4	3.70%
Transylvania County Board of Education	515	2	4.00%	510	3	3.80%
Transylvania County Government	333	3	2.60%	315	6	2.30%
Brevard College	270	4	2.10%	300	7	2.20%
M-B Industries	185	5	1.40%	210	8	1.60%
Ingles	180	6	1.40%			
Wal-Mart Associates, Inc	150	7	1.20%	190	9	1.40%
Gaia Herbs	126	8	1.00%			
Transylvania Vocational Services	125	9	1.00%	150	10	1.10%
Brian Center Retirement Home	110	10	0.90%			
P H Glatfelter - Ecusta Division				961	1	7.10%
Sterling Diagnostic Imaging				625	2	4.60%
Coats North America				350	5	2.60%
Totals	<u>2,600</u>		<u>20.30%</u>	<u>4,111</u>		<u>30.40%</u>

Source: Transylvania County Economic Development Department, Employment Security Commission, and contact with various employers.

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

UNAUDITED

<u>Function</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
Governmental Activities				
General Government	43	44	44	44
Public Safety	106	106	108	108
Transportation	9	9	9	9
Economic and Physical Development	2	2	2	3
Environmental Protection	2	2	2	2
Human Services	104	105	95	96
Cultural and Recreational	21	21	21	21
Business-Type Activities				
Solid Waste	18	18	18	18
Total	<u>305</u>	<u>307</u>	<u>299</u>	<u>301</u>

Source: County Finance Department

Note: This schedule represents number of persons employed as of June 30 of each year.

TABLE 15

<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
45	46	46	45	45	47
110	111	113	116	126	125
9	9	9	9	9	9
4	4	3	3	3	3
2	2	2	2	2	2
92	94	92	92	93	100
21	28	31	32	33	28
18	19	18	18	18	19
<u>301</u>	<u>313</u>	<u>314</u>	<u>317</u>	<u>329</u>	<u>333</u>

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

UNAUDITED

<u>Function/Program</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
General government				
Registered Voters	23,508	21,927	22,359	22,371
Number of Tax Bills (excl motor vehicles)	29,525	30,227	30,918	28,979
Public Safety				
Crime Rate/1000 Citizens (calendar year)	14.55	14.37	13.20	16.14
911 Calls	22,440	22,090	22,386	23,581
Building Permits Issued	1,694	1,495	1,278	1,293
Planning				
Subdivisions approved	8	4	3	3
Culture and Recreation				
Library Material Circulation	227,035	237,488	235,058	242,653
Solid Waste				
Tons disposed	20,187	22,495	24,034	26,365

TABLE 16

<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
22,235	21,406	22,336	21,880	22,203	22,926
29,556	29,666	30,017	30,139	30,856	30,650
17.12	13.35	13.71	17.04	18.11	N/A
24,506	27,085	28,896	30,629	32,585	35,142
1,309	1,238	1,297	1,238	1,215	1,036
3	6	14	12	12	24
241,340	243,966	259,873	303,650	314,667	329,208
28,928	28,302	26,732	28,090	28,912	23,828

**TRANSYLVANIA COUNTY
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS**

UNAUDITED

<u>Function/Program</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
Public Safety:					
Sheriff Department					
Stations	1	1	1	1	1
Patrol vehicles	N/A	N/A	50	54	51
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	6
Recreation centers	1	1	1	1	1

TABLE 17

<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
1	1	1	1	1
49	54	61	64	64
1	1	1	1	1
4	4	4	4	4
55	55	55	55	55
6	6	7	7	7
1	1	1	1	1



TRANSYLVANIA COUNTY, NC

1861

**COMPLIANCE
SECTION**



TRANSYLVANIA COUNTY, NC

1861

CARLAND & ANDERSEN INCORPORATED

RONALD G. CARLAND, CPA
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CERTIFIED PUBLIC ACCOUNTANTS

89 NORTH CALDWELL STREET
BREVARD, NORTH CAROLINA 28712

MEMBERS:
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

NORTH CAROLINA ASSOCIATION OF
CERTIFIED PUBLIC ACCOUNTANTS

Report On Internal Control Over Financial Reporting And On Compliance and Other Matters Based On An Audit Of Financial Statements Performed In Accordance With *Government Auditing Standards*

To the Board of County 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 aggregated remaining fund information of Transylvania County, North Carolina, as of and for the year ended June 30, 2009, which collectively comprise Transylvania County's basic financial statements, and have issued our report thereon dated October 19, 2009. 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.

Internal Control Over Financial Reporting

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the County's ability to initiate, authorize; record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the County's financial statements that is more than inconsequential will not be prevented or detected by the County's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the County's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

We noted certain matters that we reported to management of Transylvania County, in a separate letter dated October 30, 2009.

This report is intended solely for the information and use of management, others within the organization, members of the Board of County Commissioners, and federal and State awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Culard & Anderson Incorporated

October 19, 2009

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Report On Compliance With Requirements Applicable To Each Major Federal Program And Internal Control Over Compliance In Accordance With OMB Circular A-133 and the State Single Audit Implementation Act

To the Board of County Commissioners
Transylvania County, North Carolina

Compliance

We have audited the compliance of Transylvania County, North Carolina, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that are applicable to each of its major federal programs for the year ended June 30, 2009. Transylvania County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Transylvania County's management. Our responsibility is to express an opinion on Transylvania County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the State Single Audit Implementation Act. Those standards, OMB Circular A-133, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Transylvania County's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Transylvania County's compliance with those requirements.

In our opinion, Transylvania County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

Internal Control Over Compliance

The management of Transylvania County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Transylvania County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the County's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the County's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, others within the organization, members of the Board of County Commissioners, and federal and State awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Carlud & Anderson Incorporated

October 19, 2009

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Report On Compliance With Requirements Applicable To Each Major State Program And Internal Control Over Compliance In Accordance With Applicable Sections of OMB Circular A-133 and the State Single Audit Implementation Act

To the Board of County Commissioners
Transylvania County, North Carolina

Compliance

We have audited the compliance of Transylvania County, North Carolina, with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that are applicable to each of its major State programs for the year ended June 30, 2009. Transylvania County's major State program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major State program is the responsibility of Transylvania County's management. Our responsibility is to express an opinion on Transylvania County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and applicable sections of OMB Circular A-133, as described in the *Audit Manual for Governmental Auditors in North Carolina*, and the State Single Audit Implementation Act. Those standards, applicable sections of OMB Circular A-133, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major State program occurred. An audit includes examining, on a test basis, evidence about Transylvania County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Transylvania County's compliance with those requirements.

In our opinion, Transylvania County complied, in all material respects, with the requirements referred to above that are applicable to its major State program for the year ended June 30, 2009.

Internal Control Over Compliance

The management of Transylvania County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to State programs. In planning and performing our audit, we considered Transylvania County's internal control over compliance with requirements that could have a direct and material effect on a major State program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a State program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies that adversely affects the entity's ability to administer a State program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a State program that is more than inconsequential will not be prevented or detected by the County's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a State program will not be prevented or detected by the County's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, others within the organization, members of the Board of County Commissioners, and federal and State awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Culver & Anderson Incorporated

October 19, 2009

**TRANSYLVANIA COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2009**

I. Summary of Auditor's Results

- A. An unqualified opinion was issued on the financial statements of Transylvania County.
- B. Our audit of the basic financial statements disclosed no material weaknesses over financial reporting or reportable conditions in internal control.
- C. Our audit of the basic financial statements disclosed no instances of noncompliance with laws, regulations and the provisions of contracts and grant agreements that are material to the basic financial statements.
- D. Our audit of compliance with the types of compliance requirements applicable to the County's major programs disclosed no material weaknesses or reportable conditions in internal control over major programs.
- E. An unqualified opinion was issued on Transylvania County's compliance with the types of compliance requirements applicable to its major federal programs.
- F. An unqualified opinion was issued on Transylvania County's compliance with the types of compliance requirements applicable to its major State program.
- G. Our audit disclosed no audit findings which relate to federal and State awards that are required to be reported in accordance with Section 510 (a) of Circular A-133.
- H. Major federal programs for Transylvania County for the fiscal year ended June 30, 2009 are:

<u>Program Name</u>	<u>CFDA #</u>
Food Stamp Cluster	
Food Stamp Program	10.551
State Administrative Matching	
Grants for the Food Stamp Program	10.561
Low Income Energy Assistance Block Grant	93.568
Medical Assistance Program	93.778

**TRANSYLVANIA COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2009**

I. Major State programs for Transylvania County for the fiscal year ended June 30, 2009 are:

Program Name

Medical Assistance Program

J. The threshold for determining Type A programs for Transylvania County is \$1,013,377.

K. Transylvania County qualified as a low risk auditee under Section .530 of Circular No. A-133.

II. Findings Related to the Audit of the Basic Financial Statements of Transylvania County

Transylvania County had no findings or questioned costs related to the audit of the Basic Financial Statements for the fiscal year ended June 30, 2009.

III. Findings and Questioned Costs related to the Audit of Federal and State Awards

Transylvania County had no findings or questioned costs related to the audit of federal and State awards for the fiscal year ended June 30, 2009.

**TRANSYLVANIA COUNTY, NORTH CAROLINA
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED JUNE 30, 2009**

A Corrective Action Plan has already been implemented by Transylvania County for all prior year findings.

**TRANSYLVANIA COUNTY, NORTH CAROLINA
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2009**

Transylvania County had no findings or questioned costs related to the audit of federal and State awards for the previous three fiscal years.

TRANSYLVANIA COUNTY, NORTH CAROLINA
 SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2009

<u>Grantor/Pass-through</u> <u>Grantor/Program Title</u>	<u>Federal</u> <u>CFDA</u> <u>Number</u>	<u>Fed. (Direct &</u> <u>Pass-through)</u> <u>Expenditures</u>	<u>State</u> <u>Expenditures</u>	<u>Local</u> <u>Expenditures</u>
FEDERAL AWARDS				
<u>U.S. Dept. of Agriculture</u>				
<u>Food and Nutrition Service</u>				
Passed-through N.C. Dept. of Agriculture:				
Food Distribution - Food Commodities - Noncash	10.550	\$ 6,085		
Passed-through the N.C. Dept. of Health and Human Services:				
Division of Social Services:				
Administration:				
<u>Food Stamp Cluster:</u>				
Food Stamp Program - Noncash	10.551	4,626,319		
State Administrative Matching Grants for the Food Stamp Program	10.561	<u>184,218</u>		\$ 184,218
Total Food Stamp Cluster		<u>\$ 4,810,537</u>		<u>\$ 184,218</u>
Passed-through the N.C. Dept. of Health and Human Services:				
Division of Public Health:				
Administration:				
Special Supplemental Nutrition Program for Women, Infants, & Children	10.557	\$ 107,833		
Direct Benefit Payments:				
Special Supplemental Nutrition Program for Women, Infants, & Children	10.557	476,803		
Administration:				
Child and Adult Care Food Program	10.558	22,334		
Inspections:				
Summer Food Service Program for Children	10.559	<u>669</u>		
Total Division of Public Health		<u>\$ 607,639</u>		
<u>U.S. Dept. of Housing and Urban Development</u>				
Passed-through N.C. Dept. of Commerce:				
Community Development Block Grants - Entitlement Grants	14.239	<u>\$ 32,508</u>		
<u>U.S. Dept. of Justice</u>				
<u>Office of Community Oriented Policing Services</u>				
Direct Program:				
Public Safety Partnerships and Community Policing Grants	16.710	<u>\$ 283,419</u>		
<u>U.S. Dept. of Transportation</u>				
<u>Federal Transit Administration</u>				
Passed-through N.C. Department of Transportation:				
Formula Grant for Other Than Urbanized Areas	20.509	<u>\$ 170,450</u>		
<u>U.S. Department of Education</u>				
Passed-through the N.C. Dept. of Health and Human Services:				
<u>Infants and Toddlers with Disabilities Cluster</u>				
Special Education - Preschool Handicapped	84.049	<u>\$ 114,483</u>		
<u>National Foundation on the Arts and the Humanities</u>				
Passed-through N.C. Dept. of Cultural Resources:				
Division of State Library				
Library Services and Technology Act Program (LSTA)	45.310	<u>\$ 5,500</u>		

TRANSYLVANIA COUNTY, NORTH CAROLINA
 SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2009

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Fed. (Direct & Pass-through) Expenditures	State Expenditures	Local Expenditures
<u>U.S. Dept. of Health & Human Services</u>				
<u>Office of the Population Affairs</u>				
Passed-through the N.C. Dept. of Health and Human Services:				
Division of Public Health:				
Family Planning Services Title X	93.217	\$ 4,501		
Family Planning Services Title X	93.218	<u>26,724</u>		
Total Division of Public Health		<u>\$ 31,225</u>		
 <u>Administration on Aging</u>				
<u>Division of Aging and Adult Services</u>				
Passed-through Land of Sky Regional Council of Governments:				
<u>Aging Cluster (Note 3):</u>				
Special Programs for the Aging - Title III B				
Grants for Supportive Services and Senior Centers	93.044	\$ 68,348	\$ 122,878	
Special Programs for the Aging - Title III C				
Nutrition Services	93.045	<u>66,163</u>	<u>20,514</u>	
Total Aging Cluster		<u>\$ 134,511</u>	<u>\$ 143,392</u>	
 <u>Administration for Children and Families</u>				
Passed-through the N.C. Dept. of Health and Human Services:				
Division of Social Services:				
<u>Foster Care and Adoption Cluster (Note 3):</u>				
Title IV-E Foster Care - Administration	93.658	\$ 306,459	\$ 27,624	\$ 207,652
Adoption Assistance - Direct Benefit Payments	93.659	<u>409,548</u>	<u>66,958</u>	<u>69,189</u>
Total Foster Care and Adoption Cluster		<u>\$ 716,007</u>	<u>\$ 94,582</u>	<u>\$ 276,841</u>
Work First /Temporary Assistance for Needy Families (TANF)	93.558	\$ 154,648	\$ 30	
Family Preservation	93.556	556		
Work First/TANF-Direct Benefit Payments	93.558	691,176	633	\$ 265,977
N. C. Child Support Enforcement Section	93.563	209,909		108,135
Low-Income Home Energy Assistance Block Grant:				
Administration	93.568	351,833	36,120	
Child Welfare Services - State Grants	93.645	8,655	2,225	660
Independent Living Grant	93.674	4,379	1,060	
Division of Child Development:				
Subsidized Child Care (Note 3)				
<u>Child Care Development Fund Cluster:</u>				
Division of Social Services:				
Childcare Development Fund-Administration	93.596	\$ 80,000		
Division of Child Development:				
Child Care Development Block Grant	93.575	386,383		
Child Care and Development Fund -- Mandatory	93.596	148,160		
Child Care and Development Fund -- Match	93.596	<u>106,972</u>	<u>\$ 51,760</u>	
Total Child Care Development Fund Cluster		<u>\$ 721,515</u>	<u>\$ 51,760</u>	
Social Services Block Grant	93.667	\$ 168,763	\$ 47,631	\$ 52,803
TANF	93.558	2,278		
Smart Start			<u>187,835</u>	<u>155,805</u>
Total Subsidized Child Care		<u>\$ 892,556</u>	<u>\$ 287,226</u>	<u>\$ 208,608</u>

TRANSYLVANIA COUNTY, NORTH CAROLINA
 SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2009

<u>Grantor/Pass-through</u> <u>Grantor/Program Title</u>	<u>Federal</u> <u>CFDA</u> <u>Number</u>	<u>Fed. (Direct &</u> <u>Pass-through)</u> <u>Expenditures</u>	<u>State</u> <u>Expenditures</u>	<u>Local</u> <u>Expenditures</u>
<u>Centers for Medicare and Medicaid Services</u>				
Passed-through the N.C. Dept. of Health and Human Services:				
Division of Medical Assistance:				
Direct Benefit Payments:				
Medical Assistance Program	93.778	\$ 24,103,028	\$ 8,978,879	\$ 595,324
Division of Social Services:				
Administration:				
Medical Assistance Program	93.778	321,739	18,109	303,584
State Children's Insurance Program - NC Health Choic	93.767	15,408	1,407	3,712
<u>Centers for Disease Control</u>				
Passed-through the N.C. Dept. of Health and Human Services:				
Division of Public Health:				
Cooperative Agreements for State-Based				
Comprehensive				
Breast and Cervical Cancer Early Detection Prograr	93.919			
Preventative Health and Health Services Block Gran	93.991	13,957	6,453	
<u>Health Resources and Services Administration</u>				
Passed-through the N.C. Dept. of Health and Human Services:				
Division of Public Health:				
Maternal and Child Health Services Block Grant	93.994	45,158	33,872	
Immunization Grants	93.268	32,568		
Central Administration / Office of Research,				
Demonstration, and Rural Development:				
Consolidated Knowledge Development and				
Application - Project Assistance	93.283	21,288	39,326	
Total U.S. Dept. of Health and Human Services		\$ 27,748,601	\$ 9,643,314	\$ 1,762,841
Total Federal Awards		\$ 33,779,221	\$ 9,643,314	\$ 1,947,059

**TRANSYLVANIA COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

<u>Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Fed. (Direct & Pass-through) Expenditures</u>	<u>State Expenditures</u>	<u>Local Expenditures</u>
STATE AWARDS				
<u>N.C. Dept. of Cultural Resources</u>				
Division of State Library:				
State Aid to Public Libraries			\$ 89,543	
<u>N.C. Dept. of Health and Human Services</u>				
Division of Social Services:				
Smart Start			\$ 30,086	
State Aid to Counties			18,557	
State Foster Home			55,962	\$ 55,962
Foster Care			26,647	3,136
Domiciliary Care			249,204	249,204
CWS Adopt Subsidy			121,912	40,637
Work First				43,643
State County Special Assistance				13,280
County Funded Programs				93,359
Total Division of Social Service			<u>\$ 502,368</u>	<u>\$ 499,221</u>
Division of Public Health:				
General			\$ 199,932	
AIDS			500	
Communicable Disease			10,656	
Tuberculosis			2,200	
Womens Preventative Health			8,997	
Healthy Carolinians Partnership			5,727	
Child Health Training			50,000	
Total Division of Public Health			<u>\$ 278,012</u>	
Total N. C. Department of Health and Human Services			<u>\$ 780,380</u>	<u>\$ 499,221</u>
<u>Dept. of Juvenile Justice and Delinquency Prevention</u>				
Juvenile Crime Prevention Programs			\$ 105,218	
<u>N.C. Dept. of Public Instruction</u>				
Public School Building Capital Fund (Note 2)			\$ 137,268	
<u>N.C. Dept. of Transportation</u>				
Elderly and Disabled Transportation Assistance Program (E&DTAP)			\$ 45,438	
Rural General Public Program			43,905	
Other State Appropriations			18,970	
Total N.C. Department of Transportation			<u>\$ 108,313</u>	
<u>N.C. Dept. of Corrections</u>				
Criminal Justice Partnership Program			\$ 42,803	
Total State Awards			<u>\$ 1,263,525</u>	<u>\$ 499,221</u>
Total Federal and State Awards		<u>\$ 33,779,222</u>	<u>\$ 10,906,839</u>	<u>\$ 2,446,280</u>

TRANSYLVANIA COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

Notes to the Schedule of Expenditures of Federal and State Financial Awards:

1. Basis of Presentation

The accompanying schedule of expenditures of federal and State awards includes the federal and State grant activity of Transylvania County and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and the State Single Audit Implementation Act. Therefore some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements. Benefit payments are paid directly to recipients and are not included in the county's basic financial statements. However, due to the county's involvement in determining eligibility, they are considered federal awards to the county and are included on this schedule.

2. Subrecipients

Of the State expenditures presented in the schedule, Transylvania County provided State awards to subrecipients as follows:

<u>Program Title</u>	<u>State Expenditures</u>
Public School Building Capital Fund	<u>\$ 137,268</u>

3. The following are clustered by the NC Department of Health and Human Services and are treated separately for state audit requirement purposes Aging, Foster Care and Adoption, and Subsidized Child Care.

