

**TRANSYLVANIA COUNTY  
NORTH CAROLINA**

**ANNUAL COMPREHENSIVE FINANCIAL REPORT**

**FOR THE YEAR ENDED JUNE 30, 2023**



**TRANSYLVANIA COUNTY  
NORTH CAROLINA**

**Annual Comprehensive Financial Report**

**For the Year Ended June 30, 2023**

**Prepared by the Finance Department**



**TRANSYLVANIA COUNTY  
NORTH CAROLINA**

**JUNE 30, 2023**

**BOARD OF COUNTY COMMISSIONERS**

JASON CHAPPELL, CHAIR

JAKE DALTON, VICE CHAIR

LARRY CHAPMAN

TERESA MCCALL

**PRINCIPAL OFFICIALS**

COUNTY MANAGER  
Jaime Laughter

FINANCE DIRECTOR  
Meagan O'Neal



# TRANSYLVANIA COUNTY, NORTH CAROLINA

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**BOARD OF COMMISSIONERS**  
Jason Chappell, Chair  
Jake Dalton, Vice-Chairman  
Larry Chapman  
Teresa McCall  
Chase McKelvey



**COUNTY MANAGER**  
Jaime Laughter  
828-884-3100  
Fax 828-884-3119

**101 South Broad Street**  
**Brevard, NC 28712**

July 30, 2024

To the Board of Commissioners and Citizens of Transylvania County, North Carolina:

The Annual Comprehensive Financial Report of Transylvania County for the fiscal year ended June 30, 2023, is hereby submitted. Laws of the State of North Carolina along with policies and procedures of the North Carolina Local Government Commission require that all local governments in the state publish a complete set of financial statements annually. The financial statements must be presented in conformity with generally accepted accounting principles (GAAP) and audited by licensed certified public accountants in accordance with auditing standards generally accepted in the United States of America.

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

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

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

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

## **PROFILE OF TRANSYLVANIA COUNTY**

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

According to the NC Office of State Budget and Management, the certified population estimate for Transylvania County as of June 30, 2023, was 33,549. There are two municipalities within the county: the City of Brevard, which lies near the center of the county and serves as its seat, and the Town of Rosman. The county has a commissioner/manager form of government. The five members of the Board of Commissioners are elected from the county at large on a partisan basis for four-year staggered terms. Commissioners hold policy-making and legislative authority and are responsible for adopting the annual budget ordinance. In addition to electing the Chairman each year, the Commissioners appoint the County Manager, Tax Administrator, County Attorney, and Clerk to the Board. The County Manager is responsible for preparing and presenting the annual budget, implementing policies, managing daily operations, and hiring and supervising department heads. The voters of Transylvania County also separately elect the offices of Sheriff and Register of Deeds who fulfill certain constitutional duties.

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

## **ECONOMIC OUTLOOK**

Transylvania County has a diversified economy based primarily on five sectors: (1) travel and tourism, (2) human services including health care, education, and government, (3) retail, (4) construction and real estate development, and (5) manufacturing. Other contributors include agriculture, financial services, and utilities.

The most recent property tax revaluation occurred in 2021 and resulted in an 15% overall increase in the tax base, which reflected the nationwide growth in the market values of real property. In addition to this, the County continues to see measurable growth in some industries and growth in the County's median income, average weekly wage and median single family home sales.

## **MAJOR INITIATIVES**

### **Strategic Plan**

In August 2019, the Board of Commissioners amended the Transylvania County Strategic Plan and renewed their commitment to furthering the goals outlined in that plan. Initiated by the Board, the process began with a review of the goals and strategies outlined in the plan. Based on that review, the Board considered there was a consensus to keep those goals in place and that it could be clarified further by consolidating some goals and strategies together. This led to the finalization of a renewed five-point plan.

1. Economic Development: Diversify the local economic tax base, increase jobs for citizens that pay a living wage, and create a stable local economy that capitalizes on the unique quality of life and environment found in our community.



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

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

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

### **Major Capital Planning**

Since fiscal 2017, the Board of County Commissioners has implemented a property tax rate designed in part to offset the major capital planning needs for County facilities. Initially, this rate increase was designed to generate \$1,200,000 annually in property tax revenue specifically for an informal list of capital projects. In FY 2020, the rate was increased further to generate a total of \$2,400,000 annually in revenue.

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

Additionally, in FY 2020 the County implemented a property tax increase in the ad valorem tax rate County-wide to enter the beginning stages of major planned overhauls of Brevard High School and Rosman High/Middle School. The estimated revenue from this increase has been \$6.2 million annually, the estimate of the annual payment for general obligation school bonds. The approval to issue \$68,000,000 of general obligation bonds was won through a public information campaign at the November 2018 elections. Unfortunately, escalating costs of construction have pushed the project into uncertainty and a County and Board of Education workgroup has been tasked with establishing a path forward.

The county has recently received various grants to support capital in addition to the capital planning already completed and this will support the opening of a new main EMS base in 2024 and infrastructure improvements in partnership with the City of Brevard and Town of Rosman that support housing and economic development.

Plans to construct a new County courthouse or renovate the existing facilities, originally constructed in the mid-1800s are moving forward with a programming review that will explore alternative construction methods and phasing to help balance inflationary costs from prior studies. Changes in legal proceedings, use of electronic hearing appear poised to shift the need for space originally planned for in the County's continuous research of how best to address this issue.

## OTHER INFORMATION

**CERTIFICATE OF ACHIEVEMENT:** The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Transylvania County for its annual comprehensive financial report (ACFR) for the fiscal year ended June 30, 2022. This was the 36th year that the County has achieved this distinction. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized ACFR. 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 ACFR continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

### ACKNOWLEDGMENTS:

The preparation of this report could not have been accomplished without the contributions of the Finance Office staff, whose knowledge, diligence, and dedication lay a reliable foundation for all the County's financial records. Anita Barnard, Barbara Maas, Christy Stansel, Jennifer Galloway and Teresa Curto have earned my most sincere gratitude along with Budget and Management Analyst Jennifer Wright in Administration. It has been an honor to be selected as Finance Officer for the County and join this great team of people.

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

Respectfully submitted,



Meagan O'Neal  
Finance Director



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

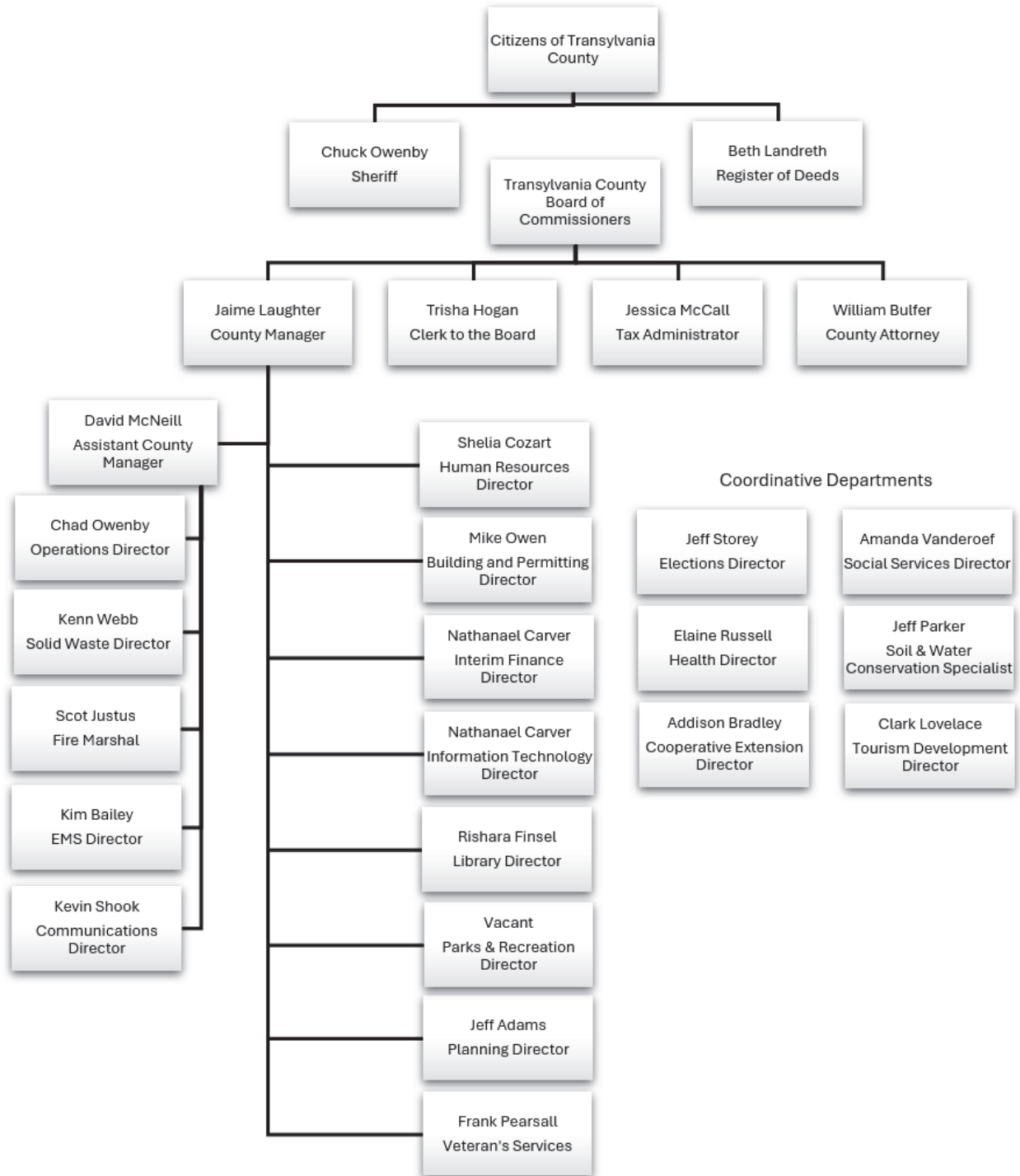
**Transylvania County  
North Carolina**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2022

*Christopher P. Morrill*

Executive Director/CEO



**FINANCIAL  
SECTION**

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

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

## **Independent Auditor's Report**

To the Board of Commissioners  
Transylvania County, North Carolina

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Transylvania County, North Carolina, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Transylvania County, North Carolina, as of June 30, 2023, and the respective changes in financial position, and cash flows thereof and the respective budgetary comparison for the General Fund and the Opioid Settlement Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the County, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions. The financial statements of the Transylvania County Tourism Development Authority were not audited in accordance with *Government Auditing Standards*.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise a substantial doubt about the County's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Law Enforcement Officers' Special Separation Allowance Schedule of the Change in Total Pension Liability and Total Pension Liability as a Percentage of Covered Employee Payroll, the Other Post-Employment Benefits' Schedules of Changes in the Total OPEB Liability and Related Ratios, the Local Governmental Employees' Retirement System Schedules of the County's Proportionate Share of Net Pension Liability (Asset) and County Contributions, and the Register of Deeds' Supplemental Pension Fund Schedule of the County's Proportionate Share of the Net Pension



Liability (Asset) and Schedule of County Contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Transylvania County's basic financial statements. The combining and individual fund financial statements, budgetary schedules, and supplemental ad valorem tax schedules, as well as the accompanying Schedule of Expenditures of Federal and State Awards, as required by Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the State Single Audit Implementation Act, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied to the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements, budgetary schedules, supplemental ad valorem tax schedules, and the Schedule of Expenditures of Federal and State Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the introductory information and the statistical section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated July 30, 2024 on our consideration of Transylvania County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over

financial reporting and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of Transylvania County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Transylvania County's internal control over financial reporting and compliance.

*Martin Starnes & Associates, CPAs, P.A.*

Martin Starnes & Associates, CPAs, P.A.  
Hickory, North Carolina  
July 30, 2024

## 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, 2023. We encourage readers to consider the information presented here in conjunction with the information provided in our letter of transmittal and in the financial statements that follow this narrative.

### Financial Highlights

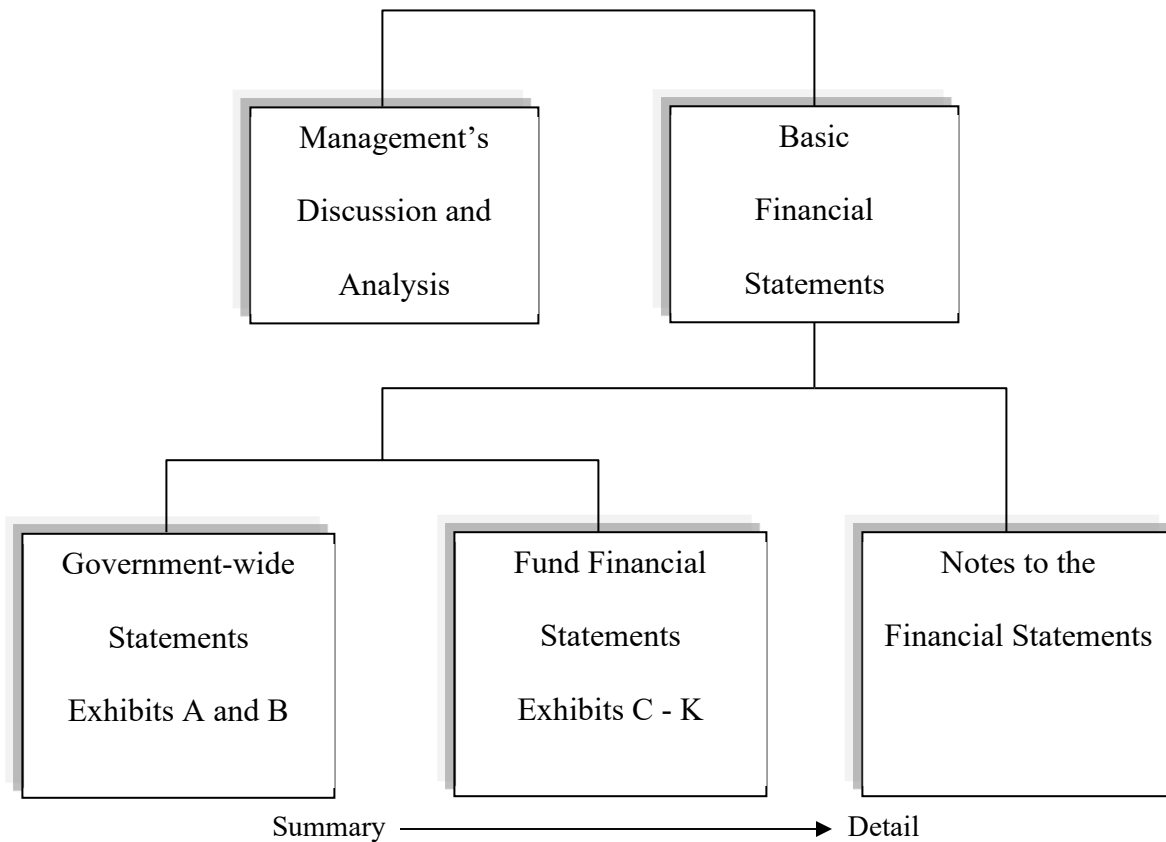
- Transylvania County's assets and deferred outflows exceeded its liabilities and deferred inflows of resources by \$117,527,967. The net position of the County increased over the prior fiscal year by \$16,599,712, (16.99%).
- The County's General Fund balance increased by \$5,738,202, or by 15.41%. Of this total, \$3,940,988 (9.2%) was non-spendable and \$9,548,578 (22.2%) was restricted. \$21,628,262 was assigned or committed representing 50.3% of the County General Fund's balance. \$7,862,205 was unassigned (18.3%).
- At the close of the fiscal year, the County's governmental funds reported combined fund balances of \$72,350,699 reflecting an increase of \$15,628,516 over the prior year or 27.6%. Approximately 25.6% of the balance is restricted or non-spendable, totaling \$18,545,095. Another 11.2%, or \$48,357,881, is either committed or assigned for specific purposes, leaving the remaining \$5,447,723 (7.5%) unassigned.
- As of June 30, 2023, the County had long-term outstanding debt of \$1,558,730, a decrease of \$389,000 or 19.97%. This decrease in long-term obligations is related to the retirement of long-term debt.

## Overview of the Financial Statements

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

### Required Components of Annual Financial Report

Figure 1



### Government-wide Financial Statements

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

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

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

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

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

The government-wide financial statements appear on pages 18 to 21 of this report.

## **Fund Financial Statements**

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

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

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

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

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

Please refer to pages 44-48 in the Notes for further explanation of these classifications.

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

**Proprietary Fund** - Transylvania County has two different kinds of proprietary funds. *Enterprise Funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. Transylvania County uses an enterprise fund to account for the County’s landfill operations. This fund is the same as the function shown in the business-type activities in the Statement of Net Position and the Statement of Activities. *Internal Service Funds* are an accounting device used to accumulate and allocate costs internally among the functions of Transylvania County. The County uses one internal service fund to account for the self-insurance plan. Because this operation benefits predominantly governmental rather than business-type activities, the internal service fund has been included within the governmental activities in the government-wide financial statements.

**Fiduciary Funds** – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Transylvania County has three fiduciary funds, all of which are custodial funds: The Municipal Tax Fund, the Jail Inmate Fund, and the Cooperative Extension Fund (Exhibit J and K).

## Notes to the Financial Statements

The notes explain in detail some of the data contained in the statements and are essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements start on page 34 of this report.

### Other Information

In addition to the basic financial statements and accompanying notes, this report includes certain required supplemental information beginning on page 83 about funding of Transylvania County's pension and other post-employment benefit obligations. The next section provides more detailed information about the major and non-major governmental, proprietary, and custodial funds, as well as an analysis of the current tax levy and schedule of ad valorem taxes receivable. The final section of the report contains statistical tables which present trends for financial performance and resources and other key economic, demographic, and operating indicators.

### Government-Wide Financial Analysis

Total net position, and particularly changes in net position over time, may serve as an indicator of a government's financial condition. As of June 30, 2023, Transylvania County's government-wide assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$117,527,967 – reflecting an increase of \$16,599,712, including prior period adjustment of \$3,204,670 (see Figure 2, below).

#### Transylvania County Summary of Net Position

Figure 2

	Governmental Activities		Business-Type Activities		Government-Wide Total	
	2023	2022	2023	2022	2023	2022
Current and other assets	\$ 85,014,961	\$ 66,663,381	\$ 14,099,754	\$ 13,038,692	\$ 99,114,715	\$ 79,702,073
Noncurrent assets	845,691	78,458	-	-	845,691	78,458
Capital assets	40,252,340	39,207,079	3,650,100	3,395,641	43,902,440	42,602,720
<b>Total Assets</b>	<b>126,112,992</b>	<b>105,948,918</b>	<b>17,749,854</b>	<b>16,434,333</b>	<b>143,862,846</b>	<b>122,383,251</b>
Deferred outflows of resources	9,759,988	6,327,294	472,644	309,160	10,232,632	6,636,454
Long-term liabilities outstanding	19,518,235	10,227,704	8,784,164	7,757,224	28,302,399	17,984,928
Other liabilities	7,399,090	7,424,910	561,215	380,359	7,960,305	7,805,269
<b>Total Liabilities</b>	<b>26,917,325</b>	<b>17,652,614</b>	<b>9,345,379</b>	<b>8,137,583</b>	<b>36,262,704</b>	<b>25,790,197</b>
Deferred inflows of resources	301,938	5,241,093	2,869	264,830	304,807	5,505,923
<b>Net Position:</b>						
Net investment in capital assets	38,763,951	37,460,724	3,579,759	3,194,266	42,343,710	40,654,990
Restricted	12,353,981	11,194,536	-	-	12,353,981	11,194,536
Unrestricted	57,535,785	40,727,245	5,294,491	5,146,814	62,830,276	45,874,059
<b>Total Net Position</b>	<b>\$108,653,717</b>	<b>\$ 89,382,505</b>	<b>\$ 8,874,250</b>	<b>\$ 8,341,080</b>	<b>\$117,527,967</b>	<b>\$ 97,723,585</b>

Overall, the County's net position increased by 16.99% This is an aggregate of two changes in net position for the County overall. The net position of governmental activities increased by \$16,066,542, and the net position of business-type activities increased by \$533,170.

Of the government's net position:

- ❖ Investment in capital assets represented \$42,343,710 (36.03%) of the government wide total net position and represented the County's extensive investment in land, buildings, furniture and fixtures, vehicles, and other equipment.
- ❖ \$12,353,981 (10.51%) represents resources that are subject to external restrictions on how the funds may be used. These restrictions are legally binding and are imposed by general statutes, grants or contracts.
- ❖ Stabilization funds required by the state government make up \$8,340,250 of that classification, which also includes smaller amounts restricted to fire district taxes, court fees, the Emergency Telephone system, the Register of Deeds pension plan, and other various grants and donations.



**Transylvania County Summary of Changes in Net Position**  
**Figure 3**

	Governmental		Business-Type		Total	
	Activities		Activities			
	2023	2022	2023	2022	2023	2022
<b>Revenues:</b>						
<i>Program Revenues</i>						
Charges for services	\$ 5,970,611	\$ 5,638,481	\$ 2,921,332	\$ 2,886,550	\$ 8,891,943	\$ 8,525,031
Operating grants	12,510,059	12,126,900	89,602	79,593	12,599,661	12,206,493
Capital Grants	600,000	125,000	3,059,241	2,338,641	3,659,241	2,463,641
<i>General Revenues</i>						
Property taxes	46,192,672	45,017,239	-	-	46,192,672	45,017,239
Other taxes	17,823,702	16,839,271	-	-	17,823,702	16,839,271
Grants and contributions unrestrict.	549,921	523,366	-	-	549,921	523,366
Interest	2,501,405	116,600	194,532	12,960	2,695,937	129,560
<b>Total Revenues</b>	<b>86,148,370</b>	<b>80,386,857</b>	<b>6,264,707</b>	<b>5,317,744</b>	<b>92,413,077</b>	<b>85,704,601</b>
<b>Expenses</b>						
General Government	11,330,489	10,707,793	-	-	11,330,489	10,707,793
Public Safety	23,571,826	21,532,655	-	-	23,571,826	21,532,655
Transportation	591,348	578,573	-	-	591,348	578,573
Economic and Physical Development	3,254,918	3,246,525	-	-	3,254,918	3,246,525
Human Services	11,089,849	10,468,611	-	-	11,089,849	10,468,611
Culture and Recreation	2,833,541	2,506,844	-	-	2,833,541	2,506,844
Education	16,204,467	14,940,995	-	-	16,204,467	14,940,995
Interest on long-term debt	42,718	53,240	-	-	42,718	53,240
Landfill	-	-	6,894,209	4,253,930	6,894,209	4,253,930
<b>Total Expenses</b>	<b>68,919,156</b>	<b>64,035,236</b>	<b>6,894,209</b>	<b>4,253,930</b>	<b>75,813,365</b>	<b>68,289,166</b>
<b>Change in Net Position Before Transfers</b>	17,229,214	16,351,621	(629,502)	1,063,814	16,599,712	17,415,435
<b>Transfers</b>	(1,162,672)	(2,453,493)	1,162,672	2,453,493	-	-
<b>Net Position, July 1</b>	89,382,505	75,548,631	8,341,080	4,821,012	97,723,585	80,369,643
<b>Restatement</b>	3,204,670	(64,254)	-	2,761	3,204,670	(61,493)
<b>Restated Net Position, July 1</b>	92,587,175	75,484,377	8,341,080	4,823,773	100,928,255	80,308,150
<b>Change in Net Position</b>	16,066,542	13,898,128	533,170	3,517,307	16,599,712	17,415,435
<b>Net Position, June 30</b>	<b>\$108,653,717</b>	<b>\$ 89,382,505</b>	<b>\$ 8,874,250</b>	<b>\$ 8,341,080</b>	<b>\$117,527,967</b>	<b>\$ 97,723,585</b>

**Governmental activities** – Transylvania County’s governmental activities closed the year with a net position of \$108,653,717, an increase of \$16,066,542, plus a prior period adjustment of \$3,204,670.

The primary factors attributable to this increase were as follows:

- Increased inflows from property taxation
- Increases in operating and support grants provided by federal and state governmental agencies
- Lower outflows related to education due to delays in planned annual capital projects
- An increase in investment income due to market forces

**Business-type activities** – Transylvania County’s business-type activities closed the year with a net position of \$8,874,250, an increase of \$533,170.

The primary factors driving this change were as follows:

- Capital contributions and grants in the amount of \$3,059,241
- Interest investments in the amount of \$194,532
- Transfers from governmental funds totaling \$1,162,672

### **Financial Analysis of the County’s Funds**

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

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

The County’s governmental fund types are divided into two categories, major and non-major. For 2023, the County had four major funds: the General Fund, Opioid Settlement Fund, Education Capital Project Fund, the General Capital Projects Fund and the Multi-Year Grant Ordinance Fund. The non-major governmental funds consist of Special Revenue Funds, the Capital Reserve Fund, and the Permanent Fund.

The General Fund is the chief operating fund of Transylvania County. At the end of the current fiscal year, the total fund balance equaled \$42,980,033, with \$3,940,988 non-spendable and \$9,548,578 restricted.

- ❖ \$8,292,013 was restricted for stabilization by state statute.
- ❖ \$1,256,565 was restricted by General Statutes for court facilities and by restrictions imposed by state agencies on proceeds for the Department of Social Services and Department of Public Health.
- ❖ \$1,938,667 was committed by the Board of Commissioners for pension payments for retired law enforcement officers.
- ❖ \$19,689,595 was assigned for specific uses including:
  - \$11,814,500 for the County’s informal capital improvement plan
  - \$2,323,719 for accrued vacation liabilities
  - \$1,832,636 for expenditures authorized in the following fiscal year
  - \$1,238,637 for other economic and physical development
- ❖ \$7,862,205, or 18.29 percent of the total, was unassigned and therefore available for spending at the government’s discretion.

As a measure of the General Fund’s liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 13% percent of total

General Fund outlays. Total General Fund balance represented more than 71% percent of the General Fund's actual expenditures for fiscal year 2023.

The General Fund balance increased by 15.41%, or \$5,738,202.

The major factors in the performance of the General Fund for the year ended June 30, 2023 were as follows:

- ❖ Actual revenues exceeded the prior year by 1%, or \$398,540, driven by the following factors:
  - The largest increase of all categories was Investment Earnings, which brought in \$1,285,562 due to increased interest rates and maintaining maximum funding in the investment accounts.
- ❖ Actual expenditures were \$1,466,866 higher than fiscal 2022, driven by the following factors:
  - \$1,055,000 higher expenditures on public safety functions, or 5.82% caused by personnel and pension increases, as well as purchasing several vehicles that were not received in prior years.
  - Higher expenditures in Transportation were attributed to the purchase of new expansion vans.
- ❖ The General Fund's support for other governmental and proprietary funds decreased over FY 2022, with total transfers totaling \$9,504,891, a decrease of \$5,817,296 (38%).
  - The largest transfers were into the Education Capital fund for a total of \$8,263,893. These transfers include legacy annual education capital projects and restricted education capital funding from FY 22 and prior that have been delayed into the education capital fund to allow for multi-year tracking. This is a result of a pattern of annually approved projects remaining incomplete across fiscal years.

The combined fund balances of all other governmental funds increased by \$9,890,314 in FY 2023. This increase of 12.14% is primarily related to the Education Capital Fund, presented as a major fund, having a fund balance increase of \$9,712,371.

As of June 30, 2023, Transylvania County's governmental funds reported a total ending balance of \$72,350,699, an increase of \$15,628,516 or 27.55%.

The Education Capital Project Fund's fund balance increased by \$9,712,371, or 67.34%, due to transfers in from the General Fund and Capital Reserve Fund, as well as general delays in project expenditures due to turnover of key staff at Transylvania County Schools charged with managing project processes.

- ❖ Transylvania County began appropriating education capital projects greater than \$50,000 by project in their budget ordinances beginning in FY20. Capital expenditures requested by Transylvania Schools for Furniture Fixtures and Equipment, Vehicles and projects less than \$50,000 that are approved in the budget are paid in monthly installments. Projects greater than \$50,000 approved in the budget required documentation submittal in order to allocate the funds and either pay contracts or reimburse TCS. It was initially anticipated that these projects would be completed annually as they were submitted by TCS in annual requests. Projects that had not been drawn down for projects were tracked in restricted fund balance along with restricted sales tax collections required to be used for Education Capital under state statute. The County also created the Education Capital Fund in FY20 as a means to track the larger bond funded projects anticipated to be funded after the 2018 bond vote with the original expectation based on school construction timelines that the bonds would be sold in early 2020 for construction to commence in spring 2020. This would have initiated payments on the bonds.

- ❖ In FY 23, there were still funds in restricted fund balance and in the current budget initially approved for annual capital projects of \$50,000 for TCS from FY20 and FY 21 that had still not been drawn down by TCS with documentation. At the same time, the original bond projects were delayed and had gone to bid in 2021 with expected bond sale in late summer 2021. The bids were over the allowable bond sale and the bond sale process had to be halted. In spring 2023, Transylvania School staff began questioning how sales tax required to be used for education capital during Board of Education meetings. After presenting the history of the funds, current project status, county staff identified the multi-year project balances and restricted sales tax revenue carrying forward in general fund balance separately from the education capital fund as a source of confusion. Commissioners approved consolidating the restricted sales tax for education capital and the outstanding prior year project balances into the Education Capital Fund in spring 2023.

The General Capital Projects Fund's fund balance decreased by \$504,790, or 16.29%, due to forward movement on capital projects in the County.

The Multi-Year Grant Fund Project Ordinance's fund balance decreased by \$79,114 due to use of the multi-year grants on ongoing projects.

The Opioid Settlement Fund's fund balance increased by \$424,836 due to settlement funds received over the past two years.

### **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.

It is important for readers to note that the County has an enterprise capital project fund for Water and Sewer development presented as a sub-unit of the Solid Waste Fund. The County does not operate a Water and Sewer system, but in the event it needs to do so, it has chosen to present a current capital project fund in enterprise accounting to maintain consistency over time.

### **Solid Waste Fund**

The net position of the County's enterprise activity, the Solid Waste Fund increased by \$533,170.

Operating revenues for the Solid Waste Fund increased by \$78,854 in FY 2023, to a total of \$2,971,866. This was driven primarily by an increase in Scale Sales at the Landfill, as well as a concentrated effort to eliminate counterfeit stickers distributed and used at convenience centers throughout the county.

Solid Waste activities generated an operating loss of \$970,991. This was \$53,838 higher than the prior year, or 5.87%. One of the largest increases in operating expenditures was an increase in landfill closure and post closure costs, which increased by \$102,026, or 21% over prior year. This is due to the current Woodruff Landfill Cell nearing capacity.

A transfer from the General Fund of \$1,162,672 was intended to supplement and mitigate the operating loss in the Solid Waste Fund.

## Governmental Activities

### Internal Service Fund

In 2022, in the interest of clarifying and improving financial reporting, the County established a governmental internal service fund for the operation of the County's group insurance plan. This plan represents inflows and outflows related to the collection of premiums from employees and the employer, and vendor payments of health claims and administrative fees paid on behalf of employees.

In the County's internal service fund, charges for services, representing employee and employer premiums paid totaled \$5,035,131. Operating expenditures, representing health claims and administrative fees paid to Blue Cross Blue Shield totaled \$6,233,431.

### General Fund Budgetary Highlights:

The County's financial performance in the General Fund played a significant role in the stronger financial position of the County at fiscal year-end. Most notable were positive variances of over 16% against the final budget in Human Services and over 18% in Transportation, which can be attributed to the diligence of management in monitoring operational budgets.

## Capital Asset and Debt Administration

**Capital assets:** Transylvania County's capital assets for its governmental and business-type activities as of June 30, 2023, totaled \$43,902,440 (net of accumulated depreciation). These assets consisted of buildings, land, machinery and equipment, furniture and fixtures, park facilities, and vehicles (see Figure 4). Additional information regarding Transylvania County's capital assets can be found in note 3.A. of the Notes, beginning on page 54 of this report.

### Transylvania County's Capital Assets (net of depreciation)

	Governmental Activities		Business-Type Activities		Totals	
	2023	2022	2023	2022	2023	2022
Land	\$ 3,976,648	\$ 3,976,648	\$ 1,130,910	\$ 1,130,910	\$ 5,107,558	\$ 5,107,558
Landfill cells	-	-	271,722	399,185	271,722	399,185
Buildings	29,786,021	30,917,368	391,630	438,359	30,177,651	31,355,727
Improvements	1,132,369	301,057	219,459	232,632	1,351,828	533,689
FF&E	1,278,495	1,470,888	799,559	393,928	2,078,054	1,864,816
Vehicles	2,183,250	1,789,924	461,419	546,389	2,644,669	2,336,313
Leases	353,000	696,510	68,475	-	421,475	696,510
Subscriptions	168,153	-	-	-	168,153	-
Construction in progress	1,374,404	231,884	306,926	96,895	1,681,330	328,779
<b>Total</b>	<b>\$ 40,252,340</b>	<b>\$ 39,384,279</b>	<b>\$ 3,650,100</b>	<b>\$ 3,238,298</b>	<b>\$ 43,902,440</b>	<b>\$ 42,622,577</b>

**Long-term Debt:** The County’s outstanding debt totaled \$1,588,730 at year end with the outstanding balance totaling only 2.57% of the government-wide net position. The decrease in outstanding debt is related primarily to the repayment of long-term obligations.

The County anticipates issuing general obligation bonds to offset the cost of Renovations overseen by Transylvania County Schools after the results of a joint study work group are made in FY 24. The voters rendered a verdict in favor of these bonds at the November 2018 election, but the original projects were delayed due to increased cost causing both boards to commit to the study group. It also intends to issue an additional installment financing to complete construction of an ambulance base in FY 2024.

**Transylvania County's Outstanding Debt**  
**Figure 5**

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Installment financings	\$ 913,489	\$ 1,227,319	\$ -	\$ -	\$ 913,489	\$ 1,227,319
Lease liabilities	411,774	519,036	70,341	201,375	482,115	720,411
Subscription liabilities	163,126	-	-	-	163,126	-
<b>Total</b>	<b>\$ 1,488,389</b>	<b>\$ 1,746,355</b>	<b>\$ 70,341</b>	<b>\$ 201,375</b>	<b>\$ 1,558,730</b>	<b>\$ 1,947,730</b>

On June 30, 2023, the County had a legal debt margin of \$568,967,079.

Additional information regarding Transylvania County’s long-term debt can be found in note 3.B. of the Notes, beginning on page 75 of this report.

**Budget Highlights for the Fiscal Year Ending June 30, 2024**

Long-term needs were the dominating factor in the planning, recommendation, and adoption of a budget ordinance for Transylvania County for the year ending June 30, 2024. Public safety and the long-term needs of the Transylvania County Landfill, which has current permitted cell capacity through 2026 were the primary factors. These challenges required a strategic approach to ensure that adequate resources were available to address the statutory requirements and mandates unique to North Carolina County governments.

**Governmental Activities:**

General Fund appropriations rose by \$1,539,758 from FY 2023’s revised budget to FY 2024’s final adopted budget, or approximately 2%. This was driven by two primary factors: (1) planned increases in support for local education agencies (Transylvania County Schools and Blue Ridge Community College) and 2) funds set aside for future cost of living increases and implementation of a salary study update to the 2019 plan that would renew the County’s high level of investment in its human capital.

The County continued in FY 2024 financial steps it had taken in FY 2023 to increase financial support for volunteer fire departments and rescue agencies and the County’s enterprise fund landfill operations. Generally, the County anticipated that these increases in budget would be offset by increased revenues from property tax and sales tax. Most other revenue classifications for the County were not expected to increase.

### **Business-type Activities**

The Board also approved a budget for landfill activities and the Solid Waste department at \$3,948,851, a decrease of approximately 11%. As in prior years, the Board and Management were aware that it would not be possible to generate sufficient revenues to cover the cost of landfill operations, given the rural and geographically isolated nature of its landfill operation. Accordingly, the FY 2024 budget ordinance planned a transfer of \$1,185,925 from the General Fund to the Solid Waste Fund.

Overall, future expansion needs of the Transylvania County landfill will continue to reflect increasing expenditures in the enterprise fund over the long term with significant investment required to maintain solid waste operations in the county.

### **Requests for Information**

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

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**BASIC  
FINANCIAL  
STATEMENTS**

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TRANSYLVANIA COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION  
JUNE 30, 2023

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Transylvania County Tourism Development Authority
<b>Assets:</b>				
Current assets:				
Cash and investments	\$ 65,785,169	\$ 6,676,714	\$ 72,461,883	\$ 1,513,086
Taxes receivable, net	98,644	-	98,644	-
Accounts receivable, net	4,160,253	165,444	4,325,697	500
Lease receivable	31,037	-	31,037	-
Due from primary government	-	-	-	211,368
Internal balances	56,996	(56,996)	-	-
Due from other governments	7,993,226	592,080	8,585,306	-
Long-term receivable	3,887,149	-	3,887,149	-
Inventories	12,711	-	12,711	-
Prepaid items	2,370,860	-	2,370,860	2,918
Cash and investments, restricted	618,916	6,722,512	7,341,428	-
Total current assets	85,014,961	14,099,754	99,114,715	1,727,872
Non-current assets:				
Net pension asset (ROD)	53,782	-	53,782	-
Accounts receivable, non-current	791,909	-	791,909	-
Capital assets:				
Land and other non-depreciable assets	5,351,052	1,437,836	6,788,888	-
Depreciable assets, net	34,901,288	2,212,264	37,113,552	43,725
Total capital assets	40,252,340	3,650,100	43,902,440	43,725
Non-current assets, net	41,098,031	3,650,100	44,748,131	43,725
Total assets	126,112,992	17,749,854	143,862,846	1,771,597
<b>Deferred Outflows of Resources:</b>				
Pension deferrals	9,442,855	455,953	9,898,808	-
OPEB deferrals	317,133	16,691	333,824	-
Total deferred outflows of resources	9,759,988	472,644	10,232,632	-
<b>Liabilities:</b>				
Current liabilities:				
Accounts payable and accrued liabilities	2,523,231	474,496	2,997,727	30,861
Prepaid fees	419,160	-	419,160	-
Due to component unit	211,368	-	211,368	-
Due to other governments	5,302	-	5,302	-
Advances from grantors	2,495,899	-	2,495,899	-
Accrued interest payable	5,395	-	5,395	-
Current portion of long-term liabilities	1,738,735	86,719	1,825,454	44,124
Total current liabilities	7,399,090	561,215	7,960,305	74,985

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

TRANSYLVANIA COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION  
JUNE 30, 2023

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Transylvania County Tourism Development Authority
Non-current liabilities:				
Net pension liability (LGERS)	12,903,723	679,143	13,582,866	-
Total pension liability (LEOSSA)	2,757,992	-	2,757,992	-
Total OPEB liability	2,640,169	138,956	2,779,125	-
Due in more than one year	1,216,351	7,966,065	9,182,416	-
Total non-current liabilities	19,518,235	8,784,164	28,302,399	-
Total liabilities	26,917,325	9,345,379	36,262,704	74,985
<b>Deferred Inflows of Resources:</b>				
Prepaid taxes	41,338	-	41,338	-
Lease deferrals	29,695	-	29,695	-
Pension deferrals	230,905	2,869	233,774	-
Total deferred inflows of resources	301,938	2,869	304,807	-
<b>Net Position:</b>				
Net investment in capital assets	38,763,951	3,579,759	42,343,710	(399)
Restricted for:				
Stabilization by state statute	8,340,250	-	8,340,250	211,868
Permanently restricted for perpetual maintenance - non-expendable	108,367	-	108,367	-
Register of Deeds Pension Plan	80,948	-	80,948	-
General government	5,246	-	5,246	-
Court facilities	53,919	-	53,919	-
Public safety	502,778	-	502,778	-
Fire departments	1,122,033	-	1,122,033	-
Emergency telephone system	702,088	-	702,088	-
Health department programs	100,000	-	100,000	-
Social services	27,820	-	27,820	-
Health services	429,414	-	429,414	-
Recreation programs and facilities	248,623	-	248,623	-
Donor intent	632,495	-	632,495	-
Tourism promotion	-	-	-	1,485,143
Unrestricted	57,535,785	5,294,491	62,830,276	-
Total net position	\$ 108,653,717	\$ 8,874,250	\$ 117,527,967	\$ 1,696,612

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

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TRANSYLVANIA COUNTY, NORTH CAROLINA

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2023

	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
<b>Functions/Programs:</b>				
<b>Primary Government:</b>				
<b>Governmental Activities:</b>				
General government	\$ 11,330,489	\$ 1,081,407	\$ 415,384	\$ -
Public safety	23,571,826	4,084,421	801,401	600,000
Transportation	591,348	5,622	268,962	-
Economic and physical development	3,254,918	2,865	2,695,860	-
Human services	11,089,849	649,296	7,906,800	-
Cultural and recreational	2,833,541	147,000	421,652	-
Education	16,204,467	-	-	-
Interest and fees	42,718	-	-	-
Total governmental activities	<u>68,919,156</u>	<u>5,970,611</u>	<u>12,510,059</u>	<u>600,000</u>
<b>Business-Type Activities:</b>				
Solid waste	<u>6,894,209</u>	<u>2,921,332</u>	<u>89,602</u>	<u>3,059,241</u>
Total primary government	<u>\$ 75,813,365</u>	<u>\$ 8,891,943</u>	<u>\$ 12,599,661</u>	<u>\$ 3,659,241</u>
<b>Component Unit:</b>				
Tourism Development Authority	<u>\$ 2,361,329</u>	<u>\$ 33,747</u>	<u>\$ -</u>	<u>\$ -</u>

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

TRANSYLVANIA COUNTY, NORTH CAROLINA

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2023

	Net (Expense) Revenue and Changes in Net Position			Component
	Primary Government			Unit
	Governmental Activities	Business-Type Activities	Total	Transylvania County Tourism Development Authority
<b>Functions/Programs:</b>				
<b>Primary Government:</b>				
<b>Governmental Activities:</b>				
General government	\$ (9,833,698)	\$ -	\$ (9,833,698)	
Public safety	(18,086,004)	-	(18,086,004)	
Transportation	(316,764)	-	(316,764)	
Economic and physical development	(556,193)	-	(556,193)	
Human services	(2,533,753)	-	(2,533,753)	
Cultural and recreational	(2,264,889)	-	(2,264,889)	
Education	(16,204,467)	-	(16,204,467)	
Interest and fees	(42,718)	-	(42,718)	
Total governmental activities	<u>(49,838,486)</u>	<u>-</u>	<u>(49,838,486)</u>	
<b>Business-Type Activities:</b>				
Solid waste	<u>-</u>	<u>(824,034)</u>	<u>(824,034)</u>	
Total primary government	<u>(49,838,486)</u>	<u>(824,034)</u>	<u>(50,662,520)</u>	
<b>Component Unit:</b>				
Tourism Development Authority				<u>\$ (2,327,582)</u>
<b>General Revenues:</b>				
Taxes:				
Ad valorem taxes	46,192,672	-	46,192,672	-
Local option sales taxes	14,614,137	-	14,614,137	-
Deed stamp excise tax	132,799	-	132,799	-
Real estate transfer tax	1,070,702	-	1,070,702	-
Occupancy tax	2,006,064	-	2,006,064	1,978,427
Unrestricted intergovernmental revenues	549,921	-	549,921	-
Investment earnings, unrestricted	<u>2,501,405</u>	<u>194,532</u>	<u>2,695,937</u>	<u>76,435</u>
Total general revenues excluding transfers	67,067,700	194,532	67,262,232	2,054,862
<b>Transfers</b>	<u>(1,162,672)</u>	<u>1,162,672</u>	<u>-</u>	<u>-</u>
Total general revenues and transfers	<u>65,905,028</u>	<u>1,357,204</u>	<u>67,262,232</u>	<u>2,054,862</u>
Change in net position	<u>16,066,542</u>	<u>533,170</u>	<u>16,599,712</u>	<u>(272,720)</u>
<b>Net Position:</b>				
Beginning of year - July 1	89,382,505	8,341,080	97,723,585	1,969,332
Restatement	<u>3,204,670</u>	<u>-</u>	<u>3,204,670</u>	<u>-</u>
Beginning of year - July 1, restated	<u>92,587,175</u>	<u>8,341,080</u>	<u>100,928,255</u>	<u>1,969,332</u>
End of year - June 30	<u>\$ 108,653,717</u>	<u>\$ 8,874,250</u>	<u>\$ 117,527,967</u>	<u>\$ 1,696,612</u>

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

TRANSYLVANIA COUNTY, NORTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2023

	Major					Nonmajor	Total Governmental Funds
	General Fund	Education Capital Project Fund	General Capital Projects Fund	Multi-Year Grant Ordinance Fund	Opioid Settlement Fund	Other Governmental Funds	
<b>Assets:</b>							
Cash and investments	\$ 33,265,713	\$ 24,135,697	\$ 2,727,826	\$ -	\$ -	\$ 2,148,428	\$ 62,277,664
Taxes receivable, net	88,092	-	-	-	-	10,552	98,644
Accounts receivable, net	646,642	-	-	-	4,300,218	5,302	4,952,162
Lease receivable	31,037	-	-	-	-	-	31,037
Long-term receivable	3,887,149	-	-	-	-	-	3,887,149
Due from other funds	2,379,194	-	-	-	-	-	2,379,194
Due from other governments	5,266,177	273,928	-	2,410,186	-	42,935	7,993,226
Inventories	12,711	-	-	-	-	-	12,711
Prepaid items	39,786	-	-	2,331,074	-	-	2,370,860
Cash and investments, restricted	85,713	-	-	-	424,836	108,367	618,916
<b>Total assets</b>	<b>\$ 45,702,214</b>	<b>\$ 24,409,625</b>	<b>\$ 2,727,826</b>	<b>\$ 4,741,260</b>	<b>\$ 4,725,054</b>	<b>\$ 2,315,584</b>	<b>\$ 84,621,563</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>							
<b>Liabilities:</b>							
Accounts payable and accrued liabilities	\$ 1,850,228	\$ -	\$ 133,904	\$ 29,986	\$ -	\$ 2,000	\$ 2,016,118
Due to other funds	-	-	-	2,379,194	-	-	2,379,194
Due to component unit	211,368	-	-	-	-	-	211,368
Due to other governments	-	-	-	-	-	5,302	5,302
Advances from grantors	85,713	-	-	2,410,186	-	-	2,495,899
Prepaid fees	419,160	-	-	-	-	-	419,160
<b>Total liabilities</b>	<b>2,566,469</b>	<b>-</b>	<b>133,904</b>	<b>4,819,366</b>	<b>-</b>	<b>7,302</b>	<b>7,527,041</b>
<b>Deferred Inflows of Resources:</b>							
Unavailable revenues	-	273,928	-	-	4,300,218	-	4,574,146
Leases	29,695	-	-	-	-	-	29,695
Property taxes receivable	88,092	-	-	-	-	10,552	98,644
Prepaid taxes	37,925	-	-	-	-	3,413	41,338
<b>Total deferred inflows of resources</b>	<b>155,712</b>	<b>273,928</b>	<b>-</b>	<b>-</b>	<b>4,300,218</b>	<b>13,965</b>	<b>4,743,823</b>
<b>Fund Balances:</b>							
Non-spendable, not in spendable form:							
Inventories	12,711	-	-	-	-	-	12,711
Prepaid items	39,786	-	-	2,331,074	-	-	2,370,860
Lease receivable	1,342	-	-	-	-	-	1,342
Long-term receivable	3,887,149	-	-	-	-	-	3,887,149
Perpetual maintenance	-	-	-	-	-	108,367	108,367
Restricted:							
Stabilization by state statute	8,292,013	-	-	-	-	48,237	8,340,250
Restricted, all other	1,256,565	-	-	-	424,836	2,143,015	3,824,416
Committed	1,938,667	24,135,697	2,593,922	-	-	-	28,668,286
Assigned	19,689,595	-	-	-	-	-	19,689,595
Unassigned	7,862,205	-	-	(2,409,180)	-	(5,302)	5,447,723
<b>Total fund balances</b>	<b>42,980,033</b>	<b>24,135,697</b>	<b>2,593,922</b>	<b>(78,106)</b>	<b>424,836</b>	<b>2,294,317</b>	<b>72,350,699</b>
<b>Total liabilities, deferred inflows of resources, and fund balance</b>	<b>\$ 45,702,214</b>	<b>\$ 24,409,625</b>	<b>\$ 2,727,826</b>	<b>\$ 4,741,260</b>	<b>\$ 4,725,054</b>	<b>\$ 2,315,584</b>	<b>\$ 84,621,563</b>

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



TRANSYLVANIA COUNTY, NORTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2023

	<u>Total Governmental Funds</u>
Total fund balances	\$ 72,350,699
Amounts reported for governmental activities in the Statement of Net Position (Exhibit A) are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	40,252,340
Net pension asset	53,782
Net pension liability - LGERS	(12,903,723)
Total pension liability - LEOSSA	(2,757,992)
Total OPEB liability	(2,780,769)
Assets and liabilities of the Internal Service Fund used by management to account for insurance costs are included in governmental activities in the Statement of Net Position	3,057,388
Deferred outflows of resources related to pensions are not reported in the funds.	9,442,855
Deferred inflows of resources related to pensions are not reported in the funds.	(230,905)
Deferred outflows of resources related to OPEB are not reported in the funds.	317,133
Liabilities for earned, but deferred, inflows of resources in fund statements	4,672,790
Some liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:	
Bonds and installment financing	(913,489)
Lease liabilities	(411,774)
Subscription liabilities	(163,126)
Compensated absences	(1,326,097)
Interest payable	(5,395)
Net position of governmental activities	<u>\$ 108,653,717</u>

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

## TRANSYLVANIA COUNTY, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2023

	Major				Nonmajor		Total Governmental Funds
	General Fund	Education Capital Project Fund	General Capital Projects Fund	Multi-Year Grant Ordinance Fund	Opioid Settlement Fund	Other Governmental Funds	
<b>Revenues:</b>							
Ad valorem taxes	\$ 43,029,095	\$ -	\$ -	\$ -	\$ -	\$ 3,177,686	\$ 46,206,781
Local option sales taxes	11,606,582	-	-	-	-	3,007,555	14,614,137
Other taxes and licenses	3,209,565	-	-	-	-	-	3,209,565
Unrestricted intergovernmental revenues	549,921	-	-	-	-	-	549,921
Restricted intergovernmental revenues	6,401,238	-	600,000	2,926,892	415,458	336,171	10,679,759
Permits and fees	819,753	-	-	-	-	-	819,753
Sales and services	4,069,476	-	-	-	-	249,480	4,318,956
Donations and grants	69,369	-	-	-	-	2,487	71,856
Interest earned on investments	1,385,562	710,710	110,695	50,189	9,378	102,815	2,369,349
Miscellaneous	766,825	-	-	-	-	-	766,825
Total revenues	<u>71,907,386</u>	<u>710,710</u>	<u>710,695</u>	<u>2,977,081</u>	<u>424,836</u>	<u>6,876,194</u>	<u>83,606,902</u>
<b>Expenditures:</b>							
Current:							
General government	9,232,779	-	-	-	-	163,874	9,396,653
Public safety	19,197,085	-	1,215,485	-	-	3,338,352	23,750,922
Transportation	692,241	-	-	-	-	-	692,241
Economic and physical development	3,100,222	-	-	141,608	-	-	3,241,830
Human services	10,030,760	-	-	474,531	-	91,120	10,596,411
Cultural and recreational	2,803,736	-	-	-	-	-	2,803,736
Intergovernmental:							
Education	14,994,143	1,210,324	-	-	-	-	16,204,467
Debt service:							
Principal repayments	550,637	-	-	-	-	-	550,637
Interest	45,250	-	-	-	-	-	45,250
Total expenditures	<u>60,646,853</u>	<u>1,210,324</u>	<u>1,215,485</u>	<u>616,139</u>	<u>-</u>	<u>3,593,346</u>	<u>67,282,147</u>
Revenues over (under) expenditures	<u>11,260,533</u>	<u>(499,614)</u>	<u>(504,790)</u>	<u>2,360,942</u>	<u>424,836</u>	<u>3,282,848</u>	<u>16,324,755</u>
<b>Other Financing Sources (Uses):</b>							
Lease liabilities issued	96,493	-	-	-	-	-	96,493
Subscription liabilities issued	196,178	-	-	-	-	-	196,178
Transfers in	3,516,127	10,211,985	-	-	-	78,326	13,806,438
Transfers out	(9,504,891)	-	-	(2,440,056)	-	(3,024,163)	(14,969,110)
Sale of surplus assets	173,762	-	-	-	-	-	173,762
Total other financing sources (uses)	<u>(5,522,331)</u>	<u>10,211,985</u>	<u>-</u>	<u>(2,440,056)</u>	<u>-</u>	<u>(2,945,837)</u>	<u>(696,239)</u>
Net change in fund balances	5,738,202	9,712,371	(504,790)	(79,114)	424,836	337,011	15,628,516
<b>Fund Balances:</b>							
Beginning of year - July 1	<u>37,241,831</u>	<u>14,423,326</u>	<u>3,098,712</u>	<u>1,008</u>	<u>-</u>	<u>1,957,306</u>	<u>56,722,183</u>
End of year - June 30	<u>\$ 42,980,033</u>	<u>\$ 24,135,697</u>	<u>\$ 2,593,922</u>	<u>\$ (78,106)</u>	<u>\$ 424,836</u>	<u>\$ 2,294,317</u>	<u>\$ 72,350,699</u>

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

## TRANSYLVANIA COUNTY, NORTH CAROLINA

### RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2023

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

Net change in fund balances - total governmental funds (Exhibit D)	\$ 15,628,516
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues/expenditures in the funds.	2,094,855
Expenses related to interest expense that do not require current financial resources are not reported as expenditures in the governmental funds statement.	2,532
Pension expense - LEOSSA	(108,502)
Pension expense - LGERS	(1,563,009)
Pension expense - ROD	(3,752)
OPEB plan expense	254,217
Compensated absences expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds statement.	158,086
Capital outlays are reported as expenditures in the governmental funds statement. However, in the Statement of Activities, capital outlay is not an expense, rather it is an increase in capital assets.	3,292,162
Depreciation and amortization expense allocates the costs of capital assets over their useful lives. It is not reported as an expenditure in the governmental funds statement.	(2,976,009)
The sale/disposal of capital assets is reported as a revenue in the governmental funds statement without subtracting the net book value of the capital assets sold.	(10,380)
Debt principal repayments are reported as expenditures in the governmental funds statement. However, in the Statement of Activities, these transactions are not an expense, rather they are a decrease in liabilities.	550,637
Proceeds from issuance of debt are reported as revenues in the governmental funds statement. However, in the Statement of Activities, it is not a revenue, rather it is an increase in liabilities.	(292,671)
Net revenue (loss) of internal service funds determined to be governmental type	<u>(960,140)</u>
Change in net position of governmental activities (Exhibit B)	<u>\$ 16,066,542</u>

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

TRANSYLVANIA COUNTY, NORTH CAROLINA

GENERAL FUND AND THE ANNUALLY BUDGETED MAJOR SPECIAL REVENUE FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2023

	General Fund			
	Budgeted Amounts		Actual	Variance with Final Budget Over/Under
	Original	Final		
<b>Revenues:</b>				
Ad valorem taxes	\$ 42,223,962	\$ 42,223,962	\$ 43,029,095	\$ 805,133
Local option sales taxes	13,450,762	11,108,541	11,606,582	498,041
Other taxes and licenses	3,725,830	3,725,830	3,209,565	(516,265)
Unrestricted intergovernmental revenues	578,000	578,000	549,921	(28,079)
Restricted intergovernmental revenues	7,951,179	8,021,562	6,401,238	(1,620,324)
Permits and fees	781,115	781,115	819,753	38,638
Sales and services	3,652,705	3,824,610	4,069,476	244,866
Investment earnings	100,000	100,000	1,385,562	1,285,562
Donations	25,246	65,746	69,369	3,623
Miscellaneous	424,046	496,495	766,825	270,330
Total revenues	<u>72,912,845</u>	<u>70,925,861</u>	<u>71,907,386</u>	<u>981,525</u>
<b>Expenditures:</b>				
Current:				
General government	10,099,815	10,094,904	9,232,779	862,125
Public safety	19,437,534	21,207,616	19,197,085	2,010,531
Transportation	816,238	852,451	692,241	160,210
Economic and physical development	3,323,851	3,508,566	3,100,222	408,344
Human services	12,363,410	12,080,316	10,030,760	2,049,556
Cultural and recreational	2,518,554	2,977,588	2,803,736	173,852
Intergovernmental:				
Education	15,992,343	14,994,143	14,994,143	-
Debt service:				
Principal retirement	413,832	561,619	550,637	10,982
Interest and fees	55,591	55,591	45,250	10,341
Total expenditures	<u>65,021,168</u>	<u>66,332,794</u>	<u>60,646,853</u>	<u>5,685,941</u>
Revenues over (under) expenditures	<u>7,891,677</u>	<u>4,593,067</u>	<u>11,260,533</u>	<u>6,667,466</u>
<b>Other Financing Sources (Uses):</b>				
Lease liabilities issued	-	-	96,493	96,493
Subscription liabilities issued	-	196,178	196,178	-
Transfers in	-	1,076,071	3,516,127	2,440,056
Transfers out	(7,362,672)	(9,549,932)	(9,504,891)	45,041
Assigned and committed funds	(2,230,000)	(2,230,000)	-	2,230,000
Sale of capital assets	20,000	50,000	173,762	123,762
Appropriated fund balance	1,680,995	5,864,616	-	(5,864,616)
Total other financing sources (uses)	<u>(7,891,677)</u>	<u>(4,593,067)</u>	<u>(5,522,331)</u>	<u>(929,264)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>5,738,202</u>	<u>\$ 5,738,202</u>
<b>Fund Balance:</b>				
Beginning of year - July 1			<u>37,241,831</u>	
End of year - June 30			<u>\$ 42,980,033</u>	

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

TRANSYLVANIA COUNTY, NORTH CAROLINA

GENERAL FUND AND THE ANNUALLY BUDGETED MAJOR SPECIAL REVENUE FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2023

	<u>Opioid Settlement Fund</u>			Variance with Final Budget Over/Under
	<u>Budgeted Amounts</u>		<u>Actual</u>	
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Ad valorem taxes	\$ -	\$ -	\$ -	\$ -
Local option sales taxes	-	-	-	-
Other taxes and licenses	-	-	-	-
Unrestricted intergovernmental revenues	-	-	-	-
Restricted intergovernmental revenues	-	-	415,458	415,458
Permits and fees	-	-	-	-
Sales and services	-	-	-	-
Investment earnings	-	-	9,378	9,378
Donations	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>424,836</u>	<u>424,836</u>
<b>Expenditures:</b>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Transportation	-	-	-	-
Economic and physical development	-	-	-	-
Human services	-	-	-	-
Cultural and recreational	-	-	-	-
Intergovernmental:				
Education	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fees	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>424,836</u>	<u>424,836</u>
<b>Other Financing Sources (Uses):</b>				
Lease liabilities issued	-	-	-	-
Subscription liabilities issued	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Assigned and committed funds	-	-	-	-
Sale of capital assets	-	-	-	-
Appropriated fund balance	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>424,836</u>	<u>\$ 424,836</u>
<b>Fund Balance:</b>				
Beginning of year - July 1			<u>-</u>	
End of year - June 30			<u>\$ 424,836</u>	

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

TRANSYLVANIA COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2023

	<u>Business-Type Activities</u>	<u>Governmental Activities</u>
	<u>Enterprise Fund</u>	<u>Internal Service Fund</u>
	<u>Solid Waste Fund</u>	<u>Self-Insurance Fund</u>
<b>Assets:</b>		
Current assets:		
Cash and investments	\$ 6,676,714	\$ 3,507,505
Accounts receivable, net	165,444	-
Due from other governments	592,080	-
Cash and investments, restricted	6,722,512	-
Total current assets	<u>14,156,750</u>	<u>3,507,505</u>
Capital assets:		
Land and other non-depreciable assets	1,437,836	-
Depreciable assets, net of depreciation	<u>2,212,264</u>	<u>-</u>
Capital assets, net	<u>3,650,100</u>	<u>-</u>
Total assets	<u>17,806,850</u>	<u>3,507,505</u>
<b>Deferred Outflows of Resources:</b>		
Pension deferrals	455,953	-
OPEB deferrals	<u>16,691</u>	<u>-</u>
Total deferred outflows of resources	<u>472,644</u>	<u>-</u>
<b>Liabilities:</b>		
Current liabilities:		
Accounts payable and accrued liabilities	474,496	507,113
Current portion of compensated absences	39,573	-
Current portion of total OPEB liability	7,400	-
Current portion of long-term liabilities	<u>39,746</u>	<u>-</u>
Total current liabilities	<u>561,215</u>	<u>507,113</u>
Non-current liabilities:		
Accrued landfill closure and post-closure care costs	7,931,073	-
Total OPEB liability	138,956	-
Compensated absences	4,397	-
Due in more than one year	30,595	-
Net pension liability	<u>679,143</u>	<u>-</u>
Total non-current liabilities	<u>8,784,164</u>	<u>-</u>
Total liabilities	<u>9,345,379</u>	<u>507,113</u>

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

TRANSYLVANIA COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2023

	<u>Business-Type Activities</u>	<u>Governmental Activities</u>
	<u>Enterprise Fund</u>	<u>Internal Service Fund</u>
	<u>Solid Waste Fund</u>	<u>Self-Insurance Fund</u>
<b>Deferred Inflows of Resources:</b>		
Pension deferrals	2,869	-
<b>Net Position:</b>		
Net investment in capital assets	3,579,759	-
Unrestricted	5,351,487	3,000,392
Total net position	8,931,246	<u>\$ 3,000,392</u>
Adjustment to reflect the consolidation of Internal Service Fund activities related to enterprise funds change	<u>(56,996)</u>	
Ending net position of business-type activities	<u>\$ 8,874,250</u>	

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

## TRANSYLVANIA COUNTY, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES  
IN FUND NET POSITION - PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2023

	<u>Business-Type Activities</u>	<u>Governmental Activities</u>
	<u>Enterprise Fund</u>	<u>Internal Service Fund</u>
	<u>Solid Waste Fund</u>	<u>Self-Insurance Fund</u>
<b>Operating Revenues:</b>		
Charges for services	\$ 2,971,866	\$ 5,280,465
<b>Operating Expenses:</b>		
Landfill operations:		
Salaries and employee benefits	1,421,943	-
Landfill closure and post-closure care costs	581,558	-
Other operating expenses	1,472,599	6,423,195
Depreciation and amortization	466,757	-
Total operating expenses	<u>3,942,857</u>	<u>6,423,195</u>
Operating income (loss)	<u>(970,991)</u>	<u>(1,142,730)</u>
<b>Non-Operating Revenues (Expenses):</b>		
Investment earnings	194,532	132,056
Other non-operating expenses	(2,941,533)	-
Other non-operating revenues	89,602	-
Interest and other charge	(4,237)	-
Loss on disposal of capital assets	(5,582)	-
Total non-operating revenues (expenses)	<u>(2,667,218)</u>	<u>132,056</u>
Income (loss) before capital contributions and transfers	<u>(3,638,209)</u>	<u>(1,010,674)</u>
<b>Capital Contributions and Transfers In (Out):</b>		
Transfers in	1,162,672	-
Capital contributions	3,059,241	-
Total transfers in (out)	<u>4,221,913</u>	<u>-</u>
Change in net position	583,704	(1,010,674)
<b>Net Position:</b>		
Beginning of year - July 1	<u>8,341,080</u>	<u>4,011,066</u>
End of year - June 30	8,924,784	<u>\$ 3,000,392</u>
Adjustment to reflect the consolidation of Internal Service Fund	<u>(50,534)</u>	
Change in net position	<u>\$ 533,170</u>	

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



## TRANSYLVANIA COUNTY, NORTH CAROLINA

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2023

	<u>Business-Type Activities</u>	<u>Governmental Activities</u>
	<u>Enterprise Fund</u>	<u>Internal Service Fund</u>
	<u>Solid Waste Fund</u>	<u>Self-Insurance Fund</u>
<b>Cash Flows from Operating Activities:</b>		
Cash received from customers	\$ 2,828,493	\$ -
Cash received from interfund services provided	-	5,280,465
Cash paid for goods and services	(1,319,634)	(6,387,136)
Cash paid from other sources	(2,941,533)	-
Cash paid to employees for services	(1,243,081)	-
Net cash provided (used) by operating activities	<u>(2,675,755)</u>	<u>(1,106,671)</u>
<b>Cash Flows from Non-Capital Financing Activities:</b>		
Solid waste disposal tax	89,602	-
Interfund transfer in (out)	1,162,672	-
Net cash provided (used) by non-capital financing activities	<u>1,252,274</u>	<u>-</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>		
Acquisition and construction of capital assets	(726,798)	-
Capital contributions	3,059,241	-
Principal paid on long-term debt	(131,034)	-
Net cash provided (used) by capital and related financing activities	<u>2,201,409</u>	<u>-</u>
<b>Cash Flows from Investing Activities:</b>		
Interest on investments	190,295	132,056
Net increase (decrease) in cash and cash equivalents	968,223	(974,615)
<b>Cash and Cash Equivalents:</b>		
Beginning of year - July 1	12,431,003	4,482,120
End of year - June 30	<u>\$ 13,399,226</u>	<u>\$ 3,507,505</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>		
Operating income (loss)	\$ (970,991)	\$ (1,142,730)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Miscellaneous expense	(2,941,533)	-
Depreciation and amortization	466,757	-
Landfill closure and post-closure care costs	581,558	-
(Increase) decrease in accounts receivable	18,105	-
(Increase) decrease in due from other governments	(161,478)	-
Increase (decrease) in accounts payable and accrued liabilities	260,334	36,059
(Increase) decrease in deferred outflows of resources for pensions	(150,220)	-
(Increase) decrease in deferred outflows of resources for OPEB	(13,264)	-
Increase (decrease) in total pension liability	494,445	-
Increase (decrease) in OPEB	(115)	-
Increase (decrease) in deferred inflows of resources for pensions	(261,961)	-
Increase (decrease) in accrued compensated absences	2,608	-
Net cash provided (used) by operating activities	<u>\$ (2,675,755)</u>	<u>\$ (1,106,671)</u>

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

**TRANSYLVANIA COUNTY, NORTH CAROLINA**

**STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2023**

	<b>Custodial Funds</b>
	<hr/>
<b>Assets:</b>	
Cash and investments	\$ 99,831
Taxes receivable from other governments, net	626
Accounts receivable and accrued revenues	25,574
Total assets	<hr/> 126,031 <hr/>
<b>Liabilities:</b>	
Intergovernmental payables	<hr/> 27,512 <hr/>
<b>Net Position:</b>	
Restricted for:	
Individuals, organizations, and other governments	<hr/> \$ 98,519 <hr/>

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

**TRANSYLVANIA COUNTY, NORTH CAROLINA**

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2023**

	<b>Custodial Funds</b>
<b>Additions:</b>	
Ad valorem taxes for other governments	\$ 443,800
Collections on behalf of others	171,701
Total additions	<u>615,501</u>
<b>Deductions:</b>	
Tax distributions to other governments	443,503
Payments on behalf of others	150,118
Total deductions	<u>593,621</u>
Net increase (decrease) in fiduciary net position	21,880
<b>Net Position:</b>	
Beginning of year - July 1	<u>76,639</u>
End of year - June 30	<u>\$ 98,519</u>

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

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# TRANSYLVANIA COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

### 1. Summary of Significant Accounting Policies

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

#### A. Reporting Entity

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

#### Component Unit

##### Discretely Presented Component Unit

##### Transylvania County Tourism Development Authority

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

#### B. Basis of Presentation

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

# TRANSYLVANIA COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

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

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

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

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

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

The County reports the following major governmental funds:

**General Fund.** The General Fund is the primary operating fund of the County. It is used to account for all financial resources except those that are required to be accounted for in another fund. The General Fund also accounts for funds designated for the Law Enforcement Officers' Separation Allowance, the post-employment health benefits, and the 457 deferred compensation plan.

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

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

# TRANSYLVANIA COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

**Multi-Year Grant Ordinance Fund.** This special revenue fund accounts for funds received from the Local Fiscal Recovery Funds appropriated to the County by the American Rescue Plan Act (U.S. Public Law 117-2).

**Opioid Settlement Fund.** This special revenue fund accounts for the monies received from the Opioid Settlement.

### **Proprietary Funds**

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

**Internal Service Fund** – Internal service funds are used to account for the financing of goods or services provided by one department to other departments of the government and to other governmental units on a cost reimbursement basis. The measurement focus is upon determination of net income, financial position, and changes in financial position. The generally accepted accounting principles here are those applicable to similar businesses in the private sector and, thus, these funds are maintained on the accrual basis. The County maintains one internal service fund, the Self-Insurance Internal Service Fund, which is self-insured.

The County reports the following additional fund types:

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

The County reports the following nonmajor governmental funds:

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

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

# TRANSYLVANIA COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

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

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

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

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

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

**Capital Reserve Fund.** This fund accounts for the monies received for various education projects of the County.

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

### C. Measurement Focus and Basis of Accounting

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

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

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and



# TRANSYLVANIA COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation/amortization on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

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

The County considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem property taxes are not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable for property other than motor vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of September 1, 2013, state law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, the state of North Carolina is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts. Property taxes are due when vehicles are registered. The billed taxes are applicable to the fiscal year in which they are received. Uncollected taxes that were billed in periods prior to September 1, 2013, and for limited registration plates are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

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

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

# TRANSYLVANIA COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

### **D. Budgetary Data**

The County's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund, the Fire Districts Fund, the Emergency Telephone Systems Fund, the Narcotics Task Force Fund, the Representative Payee Fund, the Fines and Forfeitures Fund, the Opioid Settlement Fund, the State Deed Fee Fund, the Silvermont Reserve Fund and the Solid Waste Fund. All annual appropriations lapse at the fiscal year-end. Project ordinances are adopted for the Education Capital Project Fund, the General Capital Projects Fund, the Multi-Year Grant Ordinance Fund, and the Water and Sewer Development Fund. The County's Self Insurance Plan operates under a financial plan that was adopted by the governing board at the time the County's budget ordinance was approved, as is required by the General Statutes.

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

### **E. Estimates**

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

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

#### **Deposits and Investments**

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

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

# TRANSYLVANIA COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

NCCMT Government Portfolio, an SEC-registered (2a-7) money market mutual fund, is measured at fair value. Because the NCCMT Government Portfolio has a weighted average maturity of less than 90 days, it is presented as an investment with a maturity of less than 6 months.

### **Cash and Cash Equivalents**

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

### **Restricted Assets**

Business-type activities report amounts set aside for the future estimated costs of closure and post-closure of the County's two landfills as restricted assets in the Enterprise Fund. As of June 30, 2023, \$6,722,512 was restricted.

*Governmental Activities.* The advance from grantors of \$85,713 in the General Fund represents funds restricted by the grantor for specified expenditures that have not been spent. The \$424,836 in the Opioid Settlement Fund represents unexpended settlement proceeds. The restricted cash of \$108,367 in the Silvermont Reserve Fund represent funds restricted by donors.

### **Ad Valorem Taxes Receivable**

In accordance with state law [G.S. 105-347 and G.S. 159-13(a)], the County levies ad valorem taxes on property other than motor vehicles on July 1<sup>st</sup>, the beginning of the fiscal year. The taxes are due on September 1<sup>st</sup> (lien date); however, penalties and interest do not accrue until the following January 6<sup>th</sup>. These taxes are based on the assessed values as of January 1, 2022.

### **Lease Receivable**

The County's lease receivable is measured at the present value of lease payments expected to be received during the lease term. There are no variable components under the lease agreement. A deferred inflow of resources is recorded for the lease. The deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable. The deferred inflow of resources is amortized on a straight-line basis over the term of the lease.

### **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.

# TRANSYLVANIA COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

### Inventories and Prepaid Items

The inventories of the County are valued at cost (first-in, first-out), which approximates market. The County's General Fund inventory consists of expendable supplies that are recorded as expenditures when purchased. If significant, the amount of inventory on hand at year end is reported on the balance sheet in the governmental funds. However, in the Government-wide Statement of Activities the cost of these inventories is expensed as the items are used.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

### Capital Assets

Purchased or constructed capital assets are recorded at cost or estimated historical cost. Donated capital assets received prior to June 30, 2015, are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 30, 2015, are recorded at acquisition value. Minimum capitalization costs are \$5,000 for all land, buildings, improvements, furniture, equipment, and vehicles. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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

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

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

# TRANSYLVANIA COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

The County's capital assets also include certain right-to-use assets. These right-to-use assets arrive in association with agreements where the County reports a lease (only applies when the County is the lessee) or agreements where the County reports an Information Technology (IT) Subscription in accordance with the requirements of GASB 87 and GASB 96, respectively.

The right-to-use lease assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made at or prior to the state of the lease term, less lease incentives received from the lessor at or prior to the start of the lease term, and plus ancillary charges necessary to place the lease asset into service. The right-to-use lease assets are amortized on a straight-line basis over the life of the related lease.

The right-to-use IT subscription assets are initially measured at an amount equal to the initial measurement of the subscription liability plus any subscription payments made at the start of the subscription term, if applicable, plus capitalizable initial implementation costs at the start of the subscription term, less any incentives received from the IT subscription vendor at the start of the subscription term. Subscription payments, as well as payments for capitalizable implementation costs made before the start of the subscription term should be reported as a prepayment (asset). Such prepayments should be reduced by any incentives received from the same vendor before the start of the subscription term if a right of offset exists. The net amount of the prepayments and incentives should be reported as an asset or liability, as appropriate, before the start of the subscription term at which time the amount should be included in the initial measurement of the subscription asset. The right-to-use subscription assets should be amortized on a straight-line basis over the subscription term.

### **Deferred Outflows and Inflows of Resources**

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflow of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net assets that applies to a future period and so will not be recognized as an expense or expenditure until then. The County has two items that meet this criterion – pension and OPEB related deferrals.

In addition to liabilities, the Statement of Net Position can also report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net assets that applies to a future period and so will not be recognized as revenue until then. The County has several items that meet the criteria for this category – prepaid taxes, property taxes receivable, unavailable revenues (reported only on the Balance Sheet of the Governmental Funds), lease deferrals, and pension related deferrals.

### **Opioid Settlement Funds**

In April 2022, drug manufacturer Johnson & Johnson, and three drug distributors, McKesson, AmerisourceBergen, and Cardinal Health, finalized a \$26 billion-dollar nationwide settlement related to multiple opioid lawsuits. These funds will be disbursed to each participating state over an 18-year period according to an allocation agreement reached with all participating

# TRANSYLVANIA COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

states. The majority of these funds are intended for opioid abatement and the distribution of the funds will be front loaded.

North Carolina's Memorandum of Agreement (MOA) between the state and local governments for the settlement funds allocates the funds as follows:

- 15% directly to the state ("State Abatement Fund")
- 80% to abatement funds established by Local Governments ("Local Abatement Funds")
- 5% to a County Incentive Fund.

As of June 30, 2023, the County has received \$415,458 as part of this settlement. Per the terms of the MOA, the County created a special revenue fund, the Opioid Settlement Fund, to account for these funds. All funds are to be used for opioid abatement and remediation activities. Funds are restricted until expended. No funds have been expended as of June 30, 2023. The MOA offered the County two options of expending the funds. The County opted for Option A, which allows the County to fund one or more high-impact strategies from a list of evidence-based strategies to combat the opioid epidemic.

### **Reimbursements for Pandemic-related Expenditures**

In FY 2020/21, the American Rescue Plan Act (ARPA) established the Coronavirus State and Local Fiscal Recovery Funds to support urgent COVID-19 response efforts and replace lost revenue for eligible state, local, territorial, and tribal governments. The County was allocated \$6,678,883 of fiscal recovery funds to be paid in two equal installments. The first installment of \$3,339,442 was received in May 2021, the second installment was received in May 2022. In Fiscal Year 2022, County staff and the Board of Commissioners elected to use \$310,841 of the ARPA funds for cover health insurance costs directly related to COVID-19 and \$3,979,184 as standard allowance revenue replacement- a total of \$4,290,025. In Fiscal Year 2023, the County elected to use the remainder of its ARPA allowance for revenue replacement, including restricted interest earnings - a total of \$2,440,056. Revenue replacement funds were transferred into the General Fund.

### **Long-Term Obligations**

In the government-wide financial statements and in the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or business-type activities on the Statement of Net Position.

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

### **Net Position/Fund Balance**

#### **Net Position**

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

# TRANSYLVANIA COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

### **Fund Balances**

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

The governmental fund types classify fund balances as follows:

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

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

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

*Lease Receivable, net* – portion of fund balance that is not an available resource because it represents the year-end balance of the lease receivable in excess of the deferred inflow of resources for the lease receivable, which is not a spendable resource.

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

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

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

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

# TRANSYLVANIA COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

*Restricted for Donor Intent* – portion of fund balance restricted by revenue source for donor intent purposes.

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

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

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

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

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

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

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

*Restricted for General Government* – portion of fund balance that is restricted for general government expenditures.

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

Restricted fund balance per Exhibit C differs from Restricted Net Position per Exhibit A by Register of Deeds pension plan of \$80,948 and permanently restricted for perpetual maintenance – non-expendable of \$108,367, for a total difference of \$189,315.



**TRANSYLVANIA COUNTY, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2023**

Restricted fund balance at June 30, 2023 is as follows:

<u>Purpose</u>	<u>General Fund</u>	<u>Opioid Settlement Fund</u>	<u>Nonmajor Special Revenue Funds</u>	<u>Permanent Funds</u>	<u>Total</u>
<b>Restricted, All Other:</b>					
Court facilities	\$ 53,919	\$ -	\$ -	\$ -	\$ 53,919
General government	-	-	5,246	-	5,246
Donor intent	632,495	-	-	-	632,495
Public safety	442,331	-	60,447	-	502,778
Fire departments	-	-	1,122,033	-	1,122,033
Emergency telephone system	-	-	702,088	-	702,088
Health department programs	100,000	-	-	-	100,000
Social services	27,820	-	-	-	27,820
Health services	-	424,836	4,578	-	429,414
Recreation endowment	-	-	-	248,623	248,623
<b>Total</b>	<u>\$ 1,256,565</u>	<u>\$ 424,836</u>	<u>\$ 1,894,392</u>	<u>\$ 248,623</u>	<u>\$ 3,824,416</u>

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

*Committed for Public Safety* – portion of fund balance committed by the governing body for public safety expenditures.

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

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

<u>Purpose</u>	<u>General Fund</u>	<u>Education Capital Project Fund</u>	<u>General Capital Projects Fund</u>	<u>Total</u>
<b>Committed:</b>				
Public school capital projects	\$ -	\$ 24,135,697	\$ -	\$ 24,135,697
Public safety	-	-	2,593,922	2,593,922
Law Enforcement Officers' Special Separation Allowance	1,938,667	-	-	1,938,667
<b>Total</b>	<u>\$ 1,938,667</u>	<u>\$ 24,135,697</u>	<u>\$ 2,593,922</u>	<u>\$ 28,668,286</u>

# TRANSYLVANIA COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

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

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

*Assigned for Employee Health Insurance* – portion of fund balance that has been budgeted by the Board for self-insurance.

*Assigned for Accrued Vacation* – portion of fund balance that has been budgeted by the Board for compensated absences.

*Assigned for Capital Improvement Plan* – portion of fund balance that has been budgeted by the Board for capital improvement projects.

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

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

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

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

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

**TRANSYLVANIA COUNTY, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2023**

Assigned fund balance at June 30, 2023 is as follows:

<b>Purpose</b>	<b>General Fund</b>
<b>Assigned:</b>	
Subsequent year's expenditures	\$ 1,832,636
Employee health insurance	1,000,000
Accrued vacation	2,323,719
Capital improvement plan	11,814,500
Special projects	1,257,764
Public safety projects	181,339
Economic and physical development	1,238,637
Environmental protection	35,000
Recreation programs and facilities	<u>6,000</u>
Total	<u><u>\$ 19,689,595</u></u>

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

Transylvania County has a revenue spending policy that provides guidance for programs with multiple revenue sources. The Finance Officer will use resources in the following order: bond/debt proceeds, federal funds, state funds, local non-County funds, and County funds. For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in order by committed fund balance, assigned fund balance and, lastly, unassigned fund balance. The Finance Officer has the authority to deviate from this policy if it is in the best interest of the County or when required by grant or other contractual agreements.

The County has not officially adopted a fund balance policy.

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

Total fund balance - General Fund	\$ 42,980,033
<b>Less:</b>	
Prepays	(39,786)
Inventories	(12,711)
Lease receivable	(1,342)
Long-term note receivable	(3,887,149)
Stabilization by state statute	<u>(8,292,013)</u>
Total available fund balance	<u><u>\$ 30,747,032</u></u>

# TRANSYLVANIA COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

### **Defined Benefit Cost-Sharing Plans**

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

### **G. Revenues, Expenditures, and Expenses**

#### **Compensated Absences**

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

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

#### **Claims**

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

### **2. Stewardship, Compliance, and Accountability**

#### **Significant Violations of Finance-Related Legal and Contractual Provisions**

##### **Deficit Fund Balance**

At June 30, 2023, the Multi-Year Grant Ordinance Fund had a deficit fund balance of \$78,106. The deficit in the fund represents a portion of funds expended in response to a NCDOT project that the County is funding upfront and will be reimbursed through NCDPS to the County. The deficit will be eliminated as the proceeds are obtained.

# TRANSYLVANIA COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

### Excess of Expenditures over Appropriations

Excess of expenditures over appropriations are in violation of state law [GS159-28(b)]. Violations for the year ended June 30, 2023 are as follows:

General Fund:	
Transfers	\$ (3,939)
Nonmajor Funds:	
Representative Payee Fund	(6,120)

### Non-Compliance with North Carolina General Statutes

N.C. General Statute 159-34 requires the County to have an audit as soon as possible after the close of each fiscal year. The 2023 audit was significantly delayed due to significant employee turnover in key finance personnel. See corrective action plan at finding #2023-001.

### 3. Detail Notes on All Funds

#### A. Assets

##### Deposits

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

At June 30, 2023, the County's deposits had a carrying amount of \$2,852,622 and a bank balance of \$3,314,071. Of the bank balance, \$450,031 was covered by federal depository insurance and \$2,864,040 by collateral held under the Pooling Method. Cash on hand was \$3,906 at June 30, 2023.

# TRANSYLVANIA COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

### Investments

At June 30, 2023, the County had the following investments and maturities:

<u>Investment Type</u>	<u>Valuation Measurement Method</u>	<u>Fair Value</u>	<u>Less Than 1 Year</u>	<u>1-3 Years</u>
NC Capital Management				
Trust Government Portfolio	Fair Value - Level 1	\$ 19,214,972	\$ 19,214,972	N/A
U.S. Treasuries	Fair Value - Level 1	6,722,511	978,418	\$ 5,744,093
North Carolina Investment Pool	Fair Value - Level 1	51,109,131	51,109,131	N/A
Total		<u>\$ 77,046,614</u>	<u>\$ 71,302,521</u>	<u>\$ 5,744,093</u>

Because the NCCMT Government Portfolio has a weighted average maturity of less than 90 days, it is presented as an investment with a maturity of less than 6 months.

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

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

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

*Credit Risk.* The County limits investments to the provisions of G.S. 159-30 and restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated. To best mitigate against credit risk, the County requires a diversification of investments. The County's investments carried the following credit ratings as of June 30, 2023.

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

# TRANSYLVANIA COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

### Property Tax – Use-Value Assessment on Certain Lands

In accordance with the General Statutes, agriculture, horticulture, and forestland may be taxed by the County at the present-use value as opposed to market value. When the property loses its eligibility for use-value taxation, the property tax is recomputed at market value for the current year and the three preceding fiscal years, along with the accrued interest from the original due date. Interest accrues at the rate of 8 percent per year. This tax is immediately due and payable. The following are property taxes that could become due if present use-value eligibility is lost. These amounts have not been recorded in the financial statements.

<b>Year Ended</b>				
<b>June 30</b>	<b>Tax</b>	<b>Interest</b>	<b>Total</b>	
2020	\$ 1,528,051	\$ 244,488	\$ 1,772,539	
2021	1,542,665	123,413	1,666,078	
2022	1,352,988	-	1,352,988	
2023	1,560,982	-	1,560,982	
Total	<u>\$ 5,984,686</u>	<u>\$ 367,901</u>	<u>\$ 6,352,587</u>	

### Receivables

Receivables at the government-wide level at June 30, 2023 were as follows:

	<b>Accounts</b>	<b>Taxes</b>	<b>Lease</b>	<b>Due from</b>	
	<b>Receivable</b>	<b>Receivable</b>	<b>Receivable</b>	<b>Other</b>	<b>Total</b>
				<b>Governments</b>	
<b>Governmental Activities:</b>					
General	\$ 646,642	\$ 210,473	\$ 31,037	\$ 5,266,177	\$ 6,154,329
Other governmental	<u>4,305,520</u>	<u>19,653</u>	<u>-</u>	<u>2,727,049</u>	<u>7,052,222</u>
Total receivables	4,952,162	230,126	31,037	7,993,226	13,206,551
Allowance for doubtful accounts	<u>-</u>	<u>(131,482)</u>	<u>-</u>	<u>-</u>	<u>(131,482)</u>
Total governmental activities	<u>\$ 4,952,162</u>	<u>\$ 98,644</u>	<u>\$ 31,037</u>	<u>\$ 7,993,226</u>	<u>\$ 13,075,069</u>
Custodial funds	\$ -	\$ 1,835	\$ -	\$ 25,574	\$ 27,409
Allowance for doubtful accounts	<u>-</u>	<u>(1,209)</u>	<u>-</u>	<u>-</u>	<u>(1,209)</u>
Total custodial funds	<u>\$ -</u>	<u>\$ 626</u>	<u>\$ -</u>	<u>\$ 25,574</u>	<u>\$ 26,200</u>
<b>Business-Type Activities:</b>					
Solid waste	\$ 173,218	\$ -	\$ -	\$ 592,080	\$ 765,298
Allowance for doubtful accounts	<u>(7,774)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(7,774)</u>
Total business-type activities	<u>\$ 165,444</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 592,080</u>	<u>\$ 757,524</u>

# TRANSYLVANIA COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

### Lease Receivable

On July 1, 2021, the County entered into a 60-month lease as lessor for the use of the County's communications towers by Verizon, Inc. An initial lease receivable was recorded in the amount of \$87,089. As of June 30, 2023, the value of the lease receivable is \$10,039. The lessee is required to make monthly fixed payments of \$3,265 during the year ended June 30, 2023, with an escalation of 3% for each future fiscal year. The lease has an interest rate of 2.9400%. The value of the deferred inflow as of June 30, 2023 was \$9,634 and the County recognized lease revenue of \$40,354 during the fiscal year. The lessee has an extension option for 60 months.

On July 1, 2021, the County entered into a 60-month lease as lessor for the use of the County's communication towers by US Cellular, Co. An initial lease receivable was recorded in the amount of \$86,089. As of June 30, 2023, the value of the lease receivable is \$20,998. The lessee is required to make monthly fixed payments of \$2,851 with a 3% escalation at the beginning of each calendar year. The lease has an interest rate of 2.4900%. The value of the deferred inflow as of June 30, 2023 was \$20,061 and the County recognized lease revenue of \$35,767 during the fiscal year. The lessee has one extension option for 60 months.

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

#### Governmental Activities:

Local option sales tax	\$ 3,470,894
Sales taxes receivable	719,480
NCDHHS	719,477
NCDMV Motor vehicle taxes	247,637
NC 911	24,938
NC Lottery	273,928
Municipalities	12,820
NC Dept. of Public Safety	2,410,186
Other agencies	<u>113,866</u>
Total governmental activities	<u>\$ 7,993,226</u>

#### Custodial Funds:

Other intergovernmental receivable	<u>\$ 25,574</u>
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#### Business-Type Activities:

NCDOR	\$ 24,771
NCDEQ	<u>567,309</u>
Total business-type activities	<u>\$ 592,080</u>



# TRANSYLVANIA COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

### Notes Receivable

The County issued a note receivable on November 14, 2017, in the amount of \$4,700,000 at 0% interest, pursuant to an agreement entered into by the County, the City of Brevard and the Transylvania Economic Alliance for the expansion of economic development opportunities within the City of Brevard and Transylvania County. Total principal of the note receivable, if not paid sooner, is due on November 14, 2037, unless building is sold by the Alliance at which time total principal is due upon sale. The amount outstanding at June 30, 2023 is \$3,887,149.

### Capital Assets

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

	<u>July 1, 2022</u>	<u>Restatement</u>	<u>July 1, 2022, as restated</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>June 30, 2023</u>
<b>Non-Depreciable/ Amortizable Assets:</b>							
Land	\$ 3,976,648	\$ -	\$ 3,976,648	\$ -	\$ -	\$ -	\$ 3,976,648
Construction in progress	231,884	-	231,884	1,266,282	-	(123,762)	1,374,404
Total non-depreciable/ amortizable assets	<u>4,208,532</u>	<u>-</u>	<u>4,208,532</u>	<u>1,266,282</u>	<u>-</u>	<u>(123,762)</u>	<u>5,351,052</u>
<b>Depreciable/Amortizable Assets:</b>							
Buildings	46,607,950	-	46,607,950	146,364	-	123,762	46,878,076
Improvements	2,308,474	(6,507)	2,301,967	290,159	-	-	2,592,126
Equipment	8,520,452	-	8,520,452	130,473	-	-	8,650,925
Vehicles	6,869,649	-	6,869,649	1,163,319	(111,301)	-	7,921,667
Right-to-use lease assets	696,510	-	696,510	99,387	(22,033)	-	773,864
Subscription assets	-	-	-	196,178	-	-	196,178
Total depreciable/ amortizable assets	<u>65,003,035</u>	<u>(6,507)</u>	<u>64,996,528</u>	<u>2,025,880</u>	<u>(133,334)</u>	<u>123,762</u>	<u>67,012,836</u>
<b>Less Accumulated Depreciation/Amortization:</b>							
Buildings	15,690,582	(1,876)	15,688,706	1,403,349	-	-	17,092,055
Improvements	2,007,417	(650,300)	1,357,117	102,640	-	-	1,459,757
Equipment	7,049,564	(61,969)	6,987,595	384,835	-	-	7,372,430
Vehicles	5,079,725	(31,850)	5,047,875	801,843	(111,301)	-	5,738,417
Right-to-use lease assets	177,200	-	177,200	255,317	(11,653)	-	420,864
Subscription assets	-	-	-	28,025	-	-	28,025
Total accumulated depreciation/amortization	<u>30,004,488</u>	<u>(745,995)</u>	<u>29,258,493</u>	<u>2,976,009</u>	<u>(122,954)</u>	<u>-</u>	<u>32,111,548</u>
Depreciable/amortizable assets, net	<u>34,998,547</u>	<u>739,488</u>	<u>35,738,035</u>	<u>(950,129)</u>	<u>(10,380)</u>	<u>123,762</u>	<u>34,901,288</u>
Capital assets, net	<u>\$ 39,207,079</u>	<u>\$ 739,488</u>	<u>\$ 39,946,567</u>	<u>\$ 316,153</u>	<u>\$ (10,380)</u>	<u>\$ -</u>	<u>\$ 40,252,340</u>

# TRANSYLVANIA COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

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

General government	\$ 1,024,971
Public safety	1,447,721
Transportation	27,932
Human services	187,376
Cultural and recreational	<u>288,009</u>
Total depreciation/amortization expense	<u>\$ 2,976,009</u>

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

	<u>July 1, 2022</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2023</u>
<b>Solid Waste:</b>				
<b>Non-Depreciable/Amortizable Assets:</b>				
Land	\$ 1,130,910	\$ -	\$ -	\$ 1,130,910
Construction in progress	<u>96,895</u>	<u>210,031</u>	<u>-</u>	<u>306,926</u>
Total non-depreciable/amortizable assets	<u>1,227,805</u>	<u>210,031</u>	<u>-</u>	<u>1,437,836</u>
<b>Depreciable/Amortizable Assets:</b>				
Buildings	735,384	-	-	735,384
Land improvements	869,575	15,697	-	885,272
Equipment	2,712,192	421,694	-	3,133,886
Vehicles	1,278,992	79,376	-	1,358,368
Landfill cells - Woodruff	8,205,437	-	-	8,205,437
Right-to-use lease assets	<u>298,611</u>	<u>-</u>	<u>(151,879)</u>	<u>146,732</u>
Total depreciable/amortizable assets	<u>14,100,191</u>	<u>516,767</u>	<u>(151,879)</u>	<u>14,465,079</u>
<b>Less Accumulated Depreciation/Amortization:</b>				
Buildings	297,025	46,729	-	343,754
Land improvements	636,943	28,870	-	665,813
Equipment	2,318,264	16,063	-	2,334,327
Vehicles	732,603	164,346	-	896,949
Landfill cells - Woodruff	7,806,252	127,463	-	7,933,715
Right-to-use lease assets	<u>141,268</u>	<u>83,286</u>	<u>(146,297)</u>	<u>78,257</u>
Total accumulated depreciation/amortization	<u>11,932,355</u>	<u>466,757</u>	<u>(146,297)</u>	<u>12,252,815</u>
Depreciable/amortizable assets, net	<u>2,167,836</u>			<u>2,212,264</u>
Capital assets, net	<u>\$ 3,395,641</u>			<u>\$ 3,650,100</u>

# TRANSYLVANIA COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

### Construction Commitments

A summary of the remaining commitments on the County's open construction projects is as follows:

<b>Project:</b>	<b><u>Spent-to-date</u></b>	<b><u>Remaining Commitment</u></b>
<b>Governmental Activities:</b>		
EMS Base Project	\$ 1,344,089	\$ 3,724,999
<b>Business-Type Activities:</b>		
Rosman Sewer	<u>\$ 3,430,857</u>	<u>\$ 2,056,755</u>

### B. Liabilities

#### Payables

Payables at Exhibit A at June 30, 2023 were as follows:

	<u>Vendors</u>	<u>Salaries and Benefits</u>	<u>Due to Other Governments</u>	<u>Accrued Insurance Claims Incurred, But Not Reported</u>	<u>Total</u>
<b>Governmental Activities:</b>					
General	\$ 579,060	\$ 780,595	\$ -	\$ 490,573	\$ 1,850,228
Other governmental	673,003	-	5,302	-	678,305
Total governmental activities	<u>\$ 1,252,063</u>	<u>\$ 780,595</u>	<u>\$ 5,302</u>	<u>\$ 490,573</u>	<u>\$ 2,528,533</u>
<b>Business-Type Activities:</b>					
Solid waste	<u>\$ 438,620</u>	<u>\$ 35,876</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 474,496</u>

### Pension Plan and Other Post-Employment Obligations

#### Local Governmental Employees' Retirement System

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

# TRANSYLVANIA COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at [www.osc.nc.gov](http://www.osc.nc.gov).

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

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

**Contributions.** Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. County employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The County's contractually required contribution rate for the year ended June 30, 2023, was 13.10% of compensation for law enforcement officers and 12.10% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the County were \$2,396,455 for the year ended June 30, 2023.

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

# TRANSYLVANIA COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

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

At June 30, 2023, the County reported a liability of \$13,582,866 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021. The total pension liability was then rolled forward to the measurement date of June 30, 2022 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension liability was based on a projection of the County's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2023, the County's proportion was 0.24077% (measured as of June 30, 2022), which was a decrease of 0.00010% from its proportion as of June 30, 2022 (measured as of June 30, 2021).

For the year ended June 30, 2023, the County recognized pension expense of \$4,041,729. At June 30, 2023, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 585,273	\$ 57,383
Changes of assumptions	1,355,265	-
Net difference between projected and actual earnings on pension plan investments	4,489,279	-
Changes in proportion and differences between County contributions and proportionate share of contributions	292,793	-
County contributions subsequent to the measurement date	2,396,455	-
Total	\$ 9,119,065	\$ 57,383

\$2,396,455 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ending June 30, 2024. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year Ending June 30</b>	<b>Amount</b>
2024	\$ 2,205,997
2025	1,808,116
2026	512,339
2027	2,138,775
2028	-
Thereafter	-
Total	\$ 6,665,227

# TRANSYLVANIA COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

**Actuarial Assumptions.** The total pension liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increase	3.25 to 8.25 percent, including inflation and productivity factor
Investment rate of return	6.50 percent, net of pension plan investment expense, including inflation

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

The actuarial assumptions and methods used in the December 31, 2021 actuarial valuation was based on the results of an actuarial experience study prepared as of December 31, 2019, and adopted by the Board of Trustees on January 28, 2021.

Future ad hoc COLA amounts are not considered to be substantively automatic and are, therefore, not included in the measurement.

The projected long-term investment returns, and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income returns projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2022, are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Expected Real Rate of Return</b>
Fixed income	33.0%	0.9%
Global equity	38.0%	6.5%
Real estate	8.0%	5.9%
Alternatives	8.0%	8.2%
Opportunistic fixed income	7.0%	5.0%
Sensitive	<u>6.0%</u>	2.7%
Total	<u>100.00%</u>	

# TRANSYLVANIA COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

The information above is based on 30-year expectations developed with an investment consulting firm as part of a study that was completed in early 2022, and is part of the asset, liability, and investment policy of the North Carolina Retirement Systems. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 2.25%. Return projections do not include any excess return expectations over benchmark averages. All rates of return and inflation are annualized.

**Discount Rate.** The discount rate used to measure the total pension liability was 6.50%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the County’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate.** The following presents the County’s proportionate share of the net pension liability calculated using the discount rate of 6.50 percent, as well as what the County’s proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.50 percent) or 1-percentage-point higher (7.50 percent) than the current rate:

	1% Decrease (5.50%)	Discount Rate (6.50%)	1% Increase (7.50%)
County's proportionate share of the net pension liability (asset)	\$ 24,515,324	\$ 13,582,866	\$ 4,573,886

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

### **Law Enforcement Officers’ Special Separation Allowance**

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

# TRANSYLVANIA COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

The Separation Allowance covers all full-time law enforcement officers of the County. At June 30, 2022 valuation, the Separation Allowance's membership consisted of:

Retirees receiving benefits	14
Active plan members	<u>57</u>
Total	<u><u>71</u></u>

### Summary of Significant Accounting Policies

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

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

### Actuarial Assumptions

The entry age normal, level percent of payroll actuarial cost method was used in the June 30, 2022 valuation. The total pension liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increases	3.30 to 7.80 percent, including inflation and productivity factor
Discount rate	4.05 percent

*Discount Rate – 4.05%.* Pursuant to GASB 73, the discount rate should be a yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale). The Bond Buyer 20-Bond GO index is often cited as an appropriate benchmark. That index was 4.05% on December 31, 2022. A discount rate of 2.06% was used at the prior measurement date.

The actuarial assumptions used in the June 30, 2022 were based on the results of an experience study completed for the Local Governmental Employees' Retirement System for the five-year period ending December 31, 2019.

*Deaths Before Retirement:* Pub-2010 Safety Employees Male and Female Mortality tables projected generationally with MP-2019.

*Deaths After Retirement (Healthy):* Pub-2010 Safety Retirees Mortality Table projected generationally using MP-2019. The male and female rates are set forward 1 year and adjusted by 97% for all ages.

*Deaths After Retirement (Disabled):* Pub-2010 General Disabled Retirees Mortality Table projected generationally using MP-2019. The male and female rates are set back 3 years.



# TRANSYLVANIA COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

**Contributions.** The County is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned on a pay-as-you-go basis through appropriations made in the General Fund operating budget. There were no contributions made by employees. The County’s obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings. The County paid \$206,926 as benefits came due for the reporting period.

### **Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflow of Resources Related to Pensions**

At June 30, 2023, the County reported a total pension liability of \$2,757,992. The total pension liability was measured as of December 31, 2022 based on a June 30, 2022 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2022 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2023, the County recognized pension expense of \$342,794.

At June 30, 2023, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 521,938	\$ 17,794
Changes of assumptions	96,405	156,141
County benefit payments and plan administrative expense made subsequent to the measurement date	131,778	-
Total	\$ 750,121	\$ 173,935

The County paid \$131,778 in benefit payments made and administrative expenses subsequent to the measurement date that are reported as deferred outflows of resources related to pensions which will be recognized as a decrease of the total pension liability in the year ending June 30, 2024. Other amounts reported as deferred inflows and deferred outflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year Ending June 30</b>	<b>Amount</b>
2024	\$ 140,508
2025	153,853
2026	98,617
2027	51,430
2028	-
Thereafter	-
Total	\$ 444,408

## TRANSYLVANIA COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

*Sensitivity of the County's Total Pension Liability to Changes in the Discount Rate.* The following presents the County's total pension liability calculated using the discount rate of 4.05 percent, as well as what the County's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.05 percent) or 1-percentage-point higher (5.05 percent) than the current rate:

	<b>1% Decrease (3.05%)</b>	<b>Discount Rate (4.05%)</b>	<b>1% Increase (5.05%)</b>
Total pension liability	\$ 2,957,803	\$ 2,757,992	\$ 2,575,016

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

	<b>2023</b>
Beginning balance	\$ 2,457,496
Service cost	121,270
Interest on the total pension liability	48,646
Difference between expected and actual experience in the measurement of the total pension liability	526,681
Changes of assumptions or other inputs	(189,175)
Benefit payments	(206,926)
Ending balance of the total pension liability	<u>\$ 2,757,992</u>

*Changes of Assumptions.* Changes of assumption and other inputs reflect a change in the Municipal Bond Index Rate from 4.05% at December 31, 2021 to 2.06% at December 31, 2022.

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

#### **Supplemental Retirement Income Plan for Law Enforcement Officers**

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

## TRANSYLVANIA COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

Section 401(k) plan that includes the Supplemental Retirement Income Plan for Law Enforcement Officers. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

**Funding Policy.** Article 12E of G.S. Chapter 143 requires the County to contribute each month an amount equal to 5 percent of each officer's salary, and all amounts contributed are vested immediately. The law enforcement officers may make voluntary contributions to the Plan.

The County made contributions of \$186,568 for the reporting year. No amounts were forfeited.

#### **Register of Deeds' Supplemental Pension Fund**

**Plan Description.** Transylvania County also contributes to the Registers of Deeds' Supplemental Pension Fund (RODSPF), a non-contributory, cost-sharing multiple-employer defined benefit plan administered by the North Carolina Department of State Treasurer. RODSPF provides supplemental pension benefits to any eligible county register of deeds who is retired under the Local Governmental Employees' Retirement System (LGERS) or an equivalent locally sponsored plan. Article 3 of G.S. Chapter 161 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor one appointed by the State Senate, one appointed by the state House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Registers of Deeds' Supplemental Pension Fund is included in the Annual Comprehensive Financial Report (ACFR) for the state of North Carolina. The state's ACFR includes financial statements and required supplementary information for the Registers of Deeds' Supplemental Pension Fund. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at [www.osc.nc.gov](http://www.osc.nc.gov).

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

**Contributions.** Benefits and administrative expenses are funded by investment income and 1.5% of the receipts collected by each County Commission under Article 1 of Chapter 161 of the North Carolina General Statutes. The statutory contribution currently has no relationship to the actuary's required contribution. The actuarially determined contribution this year and for the foreseeable future is zero. Registers of Deeds do not contribute. Contribution provisions are established by General Statute 161-50 and may be amended only by the North Carolina General Assembly. Contributions to the pension plan from the County were \$3,712 for the year ended June 30, 2023.

# TRANSYLVANIA COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

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

At June 30, 2023, the County reported an asset of \$53,782 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2022. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2021. The total pension liability was then rolled forward to the measurement date of June 30, 2022 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension asset was based on the County's share of contributions to the pension plan, relative to contributions to the pension plan of all participating RODSPF employers. At June 30, 2023, the County's proportion was 0.40621% (measured as of June 30, 2022), which was a decrease of 0.00215% from its proportion as of June 30, 2022 (measured as of June 30, 2021).

For the year ended June 30, 2023, the County recognized pension expense of \$7,462. At June 30, 2023, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 414	\$ 975
Changes of assumptions	2,848	-
Net difference between projected and actual earnings on pension plan investments	22,354	-
Changes in proportion and differences between County contributions and proportionate share of contributions	294	1,481
County contributions subsequent to the measurement date	3,712	-
Total	\$ 29,622	\$ 2,456

\$3,712 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ending June 30, 2024. Other amounts reported as deferred inflows and deferred outflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year Ending June 30</b>	<b>Amount</b>
2024	\$ 5,291
2025	5,099
2026	7,442
2027	5,622
2028	-
Thereafter	-
Total	\$ 23,454

# TRANSYLVANIA COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

**Actuarial Assumptions.** The total pension liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increase	3.25 to 8.25 percent, including inflation and productivity factor
Investment rate of return	3.00 percent, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the December 31, 2021 valuation were based on the results of an actuarial experience review for LGERS for the period of January 1, 2015, through December 31, 2019.

Future ad hoc COLA amounts are not considered to be substantively automatic and are, therefore, not included in the measurement.

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple-year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The adopted asset allocation policy for the RODSPF is 99.9% in the fixed income asset class. The best estimate of arithmetic real rate of return for the fixed income asset class as of June 30, 2022 is 1.1%.

The information above is based on 30-year expectations developed with an investment consulting firm as part of a study completed in early 2022, and is part of the asset, liability and investment policy of the North Carolina Retirement Systems. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 2.25%. Return projections do not include any excess return expectations over benchmark averages. All rates of return and inflation are annualized.

# TRANSYLVANIA COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

**Discount Rate.** The discount rate used to measure the total pension liability was 3.00%. The projection of cash flows used to determine the discount rate assumed that contributions from employers will be made at statutorily required rates. Based on these assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the County’s Proportionate Share of the Net Pension Asset to Changes in the Discount Rate.** The following presents the County’s proportionate share of the net pension asset calculated using the discount rate of 3.00 percent, as well as what the County’s proportionate share of the net pension asset would be if it were calculated using a discount rate that is 1-percentage-point lower (2.00 percent) or 1-percentage-point higher (4.00 percent) than the current rate:

	<b>1% Decrease (2.00%)</b>	<b>Discount Rate (3.00%)</b>	<b>1% Increase (4.00%)</b>
County's proportionate share of the net pension liability (asset)	\$ (61,992)	\$ (53,782)	\$ (91,535)

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

### **Deferred Compensation Plan**

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

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

The net pension liability (asset) for LGERS and ROD was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2021. The total pension liability for LEOSSA was measured as of December 30, 2022, with an actuarial valuation date of June 30, 2022. The County’s proportion of the net pension liability was based on the County’s share of contributions to the pension plan relative to the contribution of all participating entities.

## TRANSYLVANIA COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

Following is information related to the proportionate share and pension expense:

	<b>LGERS</b>	<b>LEOSSA</b>	<b>ROD</b>	<b>Total</b>
Proportionate share of net pension liability (asset)	\$ 13,582,866	N/A	\$ (53,782)	\$13,529,084
Proportion of the net pension liability (asset)	0.24077%	N/A	0.40621%	-
Total pension liability	-	2,757,992	-	2,757,992
Pension expense	4,041,729	342,794	7,462	4,391,985

At June 30, 2023, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>LGERS</b>	<b>LEOSSA</b>	<b>ROD</b>	<b>Total</b>
<b>Deferred Outflows of Resources:</b>				
Differences between expected and actual experience	\$ 585,273	\$ 521,938	\$ 414	\$ 1,107,625
Changes of assumptions	1,355,265	96,405	2,848	1,454,518
Net difference between projected and actual earnings on pension plan investments	4,489,279	-	22,354	4,511,633
Changes in proportion and differences between County contributions and proportionate share of contributions	292,793	-	294	293,087
County contributions (LGERS, ROD) and benefit payments and administration costs (LEOSSA) subsequent to the measurement date	<u>2,396,455</u>	<u>131,778</u>	<u>3,712</u>	<u>2,531,945</u>
Total	<u>\$ 9,119,065</u>	<u>\$ 750,121</u>	<u>\$ 29,622</u>	<u>\$ 9,898,808</u>
<b>Deferred Inflows of Resources:</b>				
Differences between expected and actual experience	\$ 57,383	\$ 17,794	\$ 975	\$ 76,152
Changes of assumptions	-	156,141	-	156,141
Changes in proportion and differences between County contributions and proportionate share of contributions	<u>-</u>	<u>-</u>	<u>1,481</u>	<u>1,481</u>
Total	<u>\$ 57,383</u>	<u>\$ 173,935</u>	<u>\$ 2,456</u>	<u>\$ 233,774</u>

# TRANSYLVANIA COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

### Other Post-Employment Benefits

#### Healthcare Benefits

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

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

Membership of the Retiree Health Benefit Plan consisted of the following at June 30, 2022, the date of the latest actuarial valuation:

Retirees and dependents receiving benefits	34
Active plan members	<u>19</u>
Total	<u><u>53</u></u>

**Funding Policy.** The County pays a portion of the cost of coverage for the healthcare benefits paid to qualified retirees under a County resolution that may be amended by the Board of Commissioners. The County's members pay a monthly fee for dependent coverage. The County has chosen to fund the healthcare benefits on a pay-as-you-go basis. As of June 30, 2023, the County has committed \$0 for the payment of future retiree health benefits.



## TRANSYLVANIA COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

#### Total OPEB Liability

The County's total OPEB liability of \$2,927,125 was measured as of June 30, 2022 and was determined by an actuarial valuation as of that date.

Actuarial assumptions and other inputs. The total OPEB liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Inflation	2.50 percent
Wage inflation	3.25 percent
Salary increases, including wage inflation	
General employees	3.30 - 8.30 percent
Law enforcement officers	3.30 - 7.80 percent
Municipal bond index rate	
Prior measurement date	2.16 percent
Measurement date	3.69 percent
Healthcare cost trend rates	
Pre-medicare medical and prescription drug	7.50 percent for 2022 decreasing to an ultimate rate of 4.50 percent by 2030+
Dental	4.00 percent

#### Changes in the Total OPEB Liability

	<b>Total OPEB Liability</b>
Balance at July 1, 2022	\$ 2,929,428
Changes for the year:	
Service cost	32,843
Interest	59,924
Differences between expected and actual experience	38,252
Changes of assumptions or other inputs	(64,914)
Benefit payments	(68,408)
Net changes	(2,303)
Balance at June 30, 2023	\$ 2,927,125

Changes in assumptions and other inputs reflect a change in the Municipal Bond Index Rate from 2.16% to 3.69%.

*Law Enforcement Officers – Deaths Before Retirement:* Pub-2010 Safety Employees Male and Female Mortality tables projected generationally with MP-2019.

## TRANSYLVANIA COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

*Law Enforcement Officers – Deaths After Retirement (Healthy):* Pub-2010 Safety Employees Male and Female Mortality tables projected generationally with MP-2019. The male and female rates are set forward 1 year and adjusted by 97% for all ages.

*Law Enforcement Officers – Deaths After Retirement (Disabled):* Pub-2010 Safety Employees Male and Female Mortality tables projected generationally with MP-2019. The male and female rates are set back 3 years.

*General Employees – Deaths Before Retirement:* Pub-2010 Safety Employees Male and Female Mortality tables projected generationally with MP-2019.

*General Employees – Deaths After Retirement (Healthy):* Pub-2010 Safety Employees Male and Female Mortality tables projected generationally with MP-2019. The male rates are set forward 2 years and adjusted with the following factors: 80 and younger, 96.0%; age 81, 96.8%; age 82, 97.6%; age 83, 98.4%; age 84, 99.2%; age 85 and older, 100.0%. The female rates are set forward 2 years and adjusted with the following factors: 91 and younger, 100.0%; age 92, 102.5%; age 93, 105.0%; age 94, 107.5%; age 95 and older, 110.0%.

*General Employees – Deaths After Retirement (Disabled):* Pub-2010 Safety Employees Male and Female Mortality tables projected generationally with MP-2019. The male rates are set forward 3 years, and the female rates are set back 1 year.

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increases used in the June 30, 2022 valuation were based on the North Carolina Local Governmental Employees’ Retirement System (NCLGERS) experience study for the five year period of January 1, 2015 through December 31, 2019.

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2022 valuation were based on a review of recent plan experience done concurrently with the June 30, 2022 valuation.

*Sensitivity of the Total OPEB Liability to Changes in the Discount Rate.* The following presents the total OPEB liability of the County, as well as what the County’s total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.69 percent) or 1-percentage-point higher (4.69 percent) than the current discount rate:

	<b>1% Decrease (2.69%)</b>	<b>Discount Rate (3.69%)</b>	<b>1% Increase (4.69%)</b>
Total OPEB liability	\$ 3,052,102	\$ 2,927,125	\$ 2,808,318

**TRANSYLVANIA COUNTY, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2023**

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

	<b>1% Decrease</b>	<b>Current</b>	<b>1% Increase</b>
Total OPEB liability	\$ 2,809,642	\$ 2,927,125	\$ 3,051,552

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

For the year ended June 30, 2023, the County recognized OPEB expense of \$71,605. At June 30, 2023, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Benefit payments and plan administrative expense made subsequent to the measurement date	\$ 333,824	\$ -

\$333,824 reported as deferred outflows of resources related to OPEB resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total OPEB liability in the year ending June 30, 2024. Other amounts reported as deferred inflows and deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows:

<b>Year Ending June 30</b>	<b>Total</b>
2024	\$ -

**Other Employment Benefits**

The County has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees’ Retirement System (the “Death Benefit Plan”), a multiple-employer, state-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death, are eligible for death benefits. Lump-sum death benefit payments to beneficiaries are equal to the employee’s 12 highest months’ salary in a row during the 24 months prior to the employee’s death, but no less than \$25,000 and no more

# TRANSYLVANIA COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

than \$50,000. Because all death benefit payments are made from the Death Benefit Plan and not by the County, the County does not determine the number of eligible participants. The County has no liability beyond the payment of monthly contributions. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount. Contributions are determined as a percentage of monthly payroll based upon rates established annually by the state. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. The County considers these contributions to be immaterial.

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

Federal and state laws and regulations require the County to place a final cover on its Woodruff Road Landfill Facility when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. In addition, North Carolina General Statutes recently began requiring counties to provide financial assurance sufficient to cover a minimum of \$2,000,000 in costs for potential assessment and corrective action (PACA) at the facility. Although closure and post-closure care costs will be paid only near or after the date that the landfill stops accepting waste, the County appropriates funds annually for a portion of these costs, based on landfill capacity used as of each balance sheet date. In FY 2014, the County also included a portion of the PACA costs. Of the \$7,931,073 reported as landfill closure and post-closure care and PACA liability at June 30, 2023, \$7,731,073 is for closure and post-closure care costs and \$200,000 is for PACA costs. Both are a cumulative amount reported to date based on the use of 94 percent of the total estimated capacity of the landfill.

These amounts are based on what it would cost to perform all closure and post-closure care and PACA in 2023. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. The County expects the portion of the Woodruff Road Landfill Facility currently being used to reach its permitted capacity in approximately 6 years.

The County has met the requirements of a local government financial test that is one option under federal and state laws and regulations that help determine if a unit is financially able to meet closure and post-closure care and PACA requirements. In addition, the County has elected to establish a reserve fund to accumulate resources for the payment of the closure and post-closure care costs. As of June 30, 2023, the County had funds of \$6,722,512 in a local bank restricted for this purpose. The County expects that future inflation costs will be paid from the interest earnings in this account. However, if interest earnings are inadequate or additional post-closure care requirements are determined (due to changes in technology or applicable laws or regulations, for example), these costs may need to be covered by charges to future landfill users or by future tax revenues.

# TRANSYLVANIA COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

### Deferred Outflows and Inflows of Resources

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

<u>Source</u>	<u>Amount</u>
Pension deferrals	\$ 9,898,808
OPEB deferrals	333,824
Total	<u>\$ 10,232,632</u>

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

<u>Source</u>	<u>Amount</u>
Prepaid taxes (General Fund)	\$ 37,925
Prepaid taxes (Special Revenue Fund)	3,413
Taxes receivable, net (General Fund)	88,092
Taxes receivable, net (Special Revenue Fund)	10,552
Unavailable revenues- leases (General Fund)	29,695
Unavailable revenues (Education Capital Project Fund)	273,928
Unavailable revenues (Opioid Settlement Fund)	4,300,218
Pension deferrals	233,774
Total	<u>\$ 4,977,597</u>

### Risk Management

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

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

# TRANSYLVANIA COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

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

	<u>2023</u>	<u>2022</u>
Unpaid claims, beginning	\$ 465,218	\$ 448,549
Incurred claims	4,484,412	3,192,440
Claim payments	<u>(4,459,057)</u>	<u>(3,175,771)</u>
Unpaid claims, ending	<u>\$ 490,573</u>	<u>\$ 465,218</u>

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

In accordance with G.S. 159-29, the Finance Director, the County Manager, and the Tax Collector are individually bonded for \$200,000 each. In addition, the Register of Deeds is bonded for \$50,000, and the Sheriff is bonded for \$25,000. All other County employees who are not required to be bonded individually have fidelity coverage through the Crime Section of the County's liability insurance policy referenced above. Effective with the bond renewal on July 1, 2023 the County increased the bonding for the Finance Director to \$1,000,000 in order to comply with S.L. 2022-53, Section 9(a).

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

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

### **Long-Term Obligations**

#### **Leases**

The County has entered into agreements to lease certain equipment. The lease agreements qualify as other than short-term leases under GASB 87 and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception.

On August 1, 2020, the County entered into a 60-month lease as lessee for the use of Stryker PowerPro XT ambulance cots. An initial lease liability was recorded in the amount of \$347,003. As of June 30, 2023, the value of the lease liability is \$173,757. The County is required to make annual fixed payments of \$89,493. The lease has an interest rate of 2%. The value of the right-to-use asset as of June 30, 2023 is \$347,003 with an accumulated amortization of \$219,738.

## TRANSYLVANIA COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

On December 1, 2021, the County entered into a 60-month lease as lessee for the use of a Kyocera Copier #1. An initial lease liability was recorded in the amount of \$115,135. As of June 30, 2023, the value of the lease liability is \$36,876. The County is required to make monthly fixed payments of \$3,387. The lease has an interest rate of 2.0780%. The value of the right-to-use asset as of June 30, 2023 is \$115,135 with an accumulated amortization of \$78,950.

On May 5, 2019, the County entered into a 60-month lease as lessee for the use of a Kyocera Copier #2. An initial lease liability was recorded in the amount of \$11,705. As of June 30, 2023, the value of the lease liability is \$8,044. The County is required to make monthly fixed payments of \$199. The lease has an interest rate of 0.8100%. The value of the right-to-use asset as of June 30, 2023 is \$11,705 with an accumulated amortization of \$3,707.

On April 1, 2022, the County entered into a 60-month lease as lessee for the use of a DSS Postage Meter. An initial lease liability was recorded in the amount of \$12,929. As of June 30, 2023, the value of the lease liability is \$9,953. The County is required to make quarterly fixed payments of \$660. The lease has an interest rate of 2.800%. The value of the right-to-use asset as of June 30, 2023 is \$12,929 with an accumulated amortization of \$3,079.

On January 1, 2022, the County entered into a 60-month lease as lessee for the use of a Sheriff Postage Meter. An initial lease liability was recorded in the amount of \$3,712. As of June 30, 2023, the value of the lease liability is \$2,616. The County is required to make quarterly fixed payments of \$192. The lease has an interest rate of 1.3700%. The value of the right-to-use asset as of June 30, 2023 is \$3,712 with an accumulated amortization of \$1,113.

On July 1, 2021, the County entered into a 60-month lease as lessee for the use of laundry equipment #1 at its detention center. An initial lease liability was recorded in the amount of \$57,367. As of June 30, 2023, the value of the lease liability is \$38,246. The County is required to make annual fixed payments of \$9,775. The lease has an interest rate of .8900%. The value of the right-to-use asset as of June 30, 2023 is \$57,367 with an accumulated amortization of \$21,715.

On July 1, 2021, the County entered into a 60-month lease as lessee for the use of laundry equipment #2 at its detention center. An initial lease liability was recorded in the amount of \$13,064. As of June 30, 2023, the value of the lease liability is \$7,839. The County is required to make annual fixed payments of \$2,660. The lease has an interest rate of .8900%. The value of the right-to-use asset as of June 30, 2023 is \$13,064 with an accumulated amortization of \$5,226.

On September 1, 2008, the County entered into a 30-year lease as lessee for the use of land at 2117 Old Rosman Hwy. An initial lease liability was recorded in the amount of \$53,053. As of June 30, 2023, the value of the lease liability is \$48,782. The County is required to make annual payments that escalate each year. For the year ended June 30, 2023 the annual payment was \$2,863. The lease has an interest rate of 2.6000%. The value of the right-to-use asset as of June 30, 2023, is \$53,053 with an accumulated amortization of \$6,168.

## TRANSYLVANIA COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

On July 1, 2021, the County entered into a 9-year lease as a lessee for the use of land at Island Ford Rd. An initial lease liability was recorded in the amount of \$8,726. As of June 30, 2023, the value of the lease liability is \$6,993. The County is required to make annual payments that escalate each year. The lease has an interest rate of 2.0500%. The value of the right-to-use asset as of June 30, 2023 is \$8,726 with an accumulated amortization of \$2,168.

On July 1, 2021, the County entered into a 60-month lease as lessee for the use of office space at 522 S. Caldwell St., Brevard. An initial lease liability was recorded in the amount of \$102,450. As of June 30, 2023, the value of the lease liability is \$54,086. The County is required to make fixed monthly payments of \$2,314. The lease has an interest rate of .8900%. The value of the right-to-use asset as of June 30, 2023 is \$102,450 with an accumulated amortization of \$54,640.

On April 1, 2021, the County entered into a 50-month lease as lessee for the use of an excavator. An initial lease liability was recorded in the amount of \$146,732. As of June 30, 2023, the value of the lease liability is \$70,341. The County is required to make fixed monthly payments of \$3,442. The lease has an interest rate of 2.9810%. The value of the right-to-use asset as of June 30, 2023 is \$146,732 with an accumulated amortization of \$78,257.

On July 1, 2022, the County entered into a 24-month lease as lessee for the use of the Chamber Office Space. An initial lease liability was recorded in the amount of \$48,720. As of June 30, 2023, the value of the lease liability is \$24,582. The County is required to make fixed monthly payments of \$2,073. The lease has an interest rate of 2.1940%. The value of the right-to-use asset as of June 30, 2023 is \$48,720 with an accumulated amortization of \$24,360.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2023, were as follows:

#### Governmental Activities

Year Ending	Principal	Interest	Total
<u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 200,906	\$ 7,160	\$ 208,066
2025	128,969	3,729	132,698
2026	20,881	1,623	22,504
2027	16,851	1,343	18,194
2028	3,405	1,130	4,535
2029-2033	16,654	4,374	21,028
2034-2038	19,495	2,179	21,674
2039	4,613	120	4,733
Total	<u>\$ 411,774</u>	<u>\$ 21,658</u>	<u>\$ 433,432</u>



# TRANSYLVANIA COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

### Business-Type Activities

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 39,746	\$ 1,557	\$ 41,303
2025	30,595	381	30,976
Total	<u>\$ 70,341</u>	<u>\$ 1,938</u>	<u>\$ 72,279</u>

### Subscriptions

The County has entered into subscription-based information technology arrangements (SBITAs). The SBITAs qualify as other than short-term SBITAs under GASB 96 and, therefore, have been recorded at the present value of the future minimum subscription payments as of the date of their inception.

On December 1, 2022, the County entered into a 48-month subscription for the use of DarkTrace. An initial subscription liability was recorded in the amount of \$196,178. As of June 30, 2023, the value of the lease liability is \$163,126. The County is required to make fixed monthly payments of \$57,444. The lease has an interest rate of 2.7960%. The value of the right-to-use asset as of June 30, 2023 is \$196,178 with an accumulated amortization of \$28,025.

The future minimum subscription obligations and the net present value of these minimum payments as of June 30, 2023, were as follows:

### Governmental Activities

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 52,883	\$ 4,561	\$ 57,444
2025	54,362	3,082	57,444
2026	55,881	1,562	57,443
Total	<u>\$ 163,126</u>	<u>\$ 9,205</u>	<u>\$ 172,331</u>

### Installment Financing Contracts

The County entered into an installment financing contract on November 6, 2008, with RBC Bank in the amount of \$2,900,000. The proceeds from this installment financing contract were used to complete the Public Safety Facility. The contract requires 60 quarterly payments of \$48,333 by the County and concurrent interest payments at an interest rate of 4.25 percent. The balance outstanding at June 30, 2023 totaled \$96,667.

The County entered into an installment financing contract on September 30, 2015, with Branch Banking & Trust Company in the amount of \$1,807,457. The proceeds from this installment financing contract were used to complete the County building. The contract requires four annual payments of \$30,124 by the County and concurrent interest payments at an interest rate of 2.64 percent. The balance outstanding at June 30, 2023 totaled \$816,822.

## TRANSYLVANIA COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

The County's outstanding notes from direct placements related to governmental activities of \$96,667 contain provisions that an event of default would result in (a) declare the entire principal amount of the Installment Payments and all accrued interest and other charged immediately due and payable without notice or demand to the County; (b) proceed by appropriate court action to enforce performance by the County of the applicable covenants of this Contract or to recover for the breach thereof; (c) exercise all the rights and remedies of a secured party or creditor under the Uniform Commercial Code of the state of North Carolina and the general laws of the state of North Carolina with respect to the enforcement of the security interest granted or reserved hereunder, including, without limitation, to the extent permitted by law, take possession of any collateral without any court order or other process of law and without liability for entering the Property and sell, lease, sublease or make other disposition of the same in a commercially reasonable manner for the account of the County, and apply the proceeds of any such sale, lease, sublease or other disposition, after deducting all costs and expenses, including court costs and attorneys' fees, incurred with the recovery, repair, storage and other sale, lease, sublease or other disposition costs, toward the balance due under this Contract and, thereafter, shall pay any remaining proceeds to the County; (d) take possession of any proceeds of the Property, including Net Proceeds; or (e) pursue any other remedy available at law or equity to the Bank.

The County's outstanding notes from direct placements related to governmental activities of \$816,822 are secured with mortgaged property. The County's outstanding notes from direct placements related to governmental activities of \$816,822 contain provisions that an event of default would result in (a) declare the unpaid principal components of the Installment Payments immediately due and payable; (b) proceed by appropriate court action to enforce the County's performance of the applicable covenants of the financing agreement or to recover for the breach thereof; (c) as provided in the Project Fund Agreement, pay over any balance remaining in the Project Fund to be applied against outstanding Required Payments in any manner the bank may reasonably deem appropriate; and (d) avail itself of all available remedies under the financing agreement, including execution and foreclosure as provided in Sections 8.03 and 8.04 of the financing agreement, and recovery of attorneys' fees and other expenses.

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

<b>Year Ending</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
<u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 217,164	\$ 21,911	\$ 239,075
2025	120,497	17,190	137,687
2026	120,497	14,009	134,506
2027	120,497	10,828	131,325
2028	120,497	7,647	128,144
2029-2030	<u>214,337</u>	<u>5,750</u>	<u>220,087</u>
Total	<u>\$ 913,489</u>	<u>\$ 77,335</u>	<u>\$ 990,824</u>

At June 30, 2023, the County had a legal debt margin of \$568,967,079.

# TRANSYLVANIA COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

### 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, 2023:

	<u>July 1, 2022</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2023</u>	<u>Current Portion</u>
<b>Governmental Activities:</b>					
Direct placement - Installment financing	\$ 1,227,319	\$ -	\$ 313,830	\$ 913,489	\$ 217,164
Lease liabilities	519,036	96,493	203,755	411,774	200,906
Subscription liabilities	-	196,178	33,052	163,126	52,883
Net pension liability - LGERS	3,509,275	9,394,448	-	12,903,723	-
Total pension liability - LEO	2,457,496	300,496	-	2,757,992	-
Total OPEB liability	2,782,957	-	2,188	2,780,769	140,600
Compensated absences	1,484,183	80,971	239,057	1,326,097	1,127,182
<b>Total</b>	<u>\$ 11,980,266</u>	<u>\$ 10,068,586</u>	<u>\$ 791,882</u>	<u>\$ 21,256,970</u>	<u>\$ 1,738,735</u>
<b>Business-Type Activities:</b>					
Total OPEB liability	\$ 146,471	\$ -	\$ 115	\$ 146,356	\$ 7,400
Net pension liability - LGERS	184,698	494,445	-	679,143	-
Accrued landfill closure and post-closure care costs	7,349,515	581,558	-	7,931,073	-
Lease liabilities	201,375	-	131,034	70,341	39,746
Compensated absences	41,362	3,593	985	43,970	39,573
<b>Total</b>	<u>\$ 7,923,421</u>	<u>\$ 1,079,596</u>	<u>\$ 132,134</u>	<u>\$ 8,870,883</u>	<u>\$ 86,719</u>

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

### C. Net Investment in Capital Assets

The total net investment in capital assets as of June 30, 2023, is composed of the following elements:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Capital assets, net of accumulated depreciation and amortization	\$ 40,252,340	\$ 3,650,100
Less: capital debt		
Gross debt	<u>1,488,389</u>	<u>70,341</u>
<b>Net investment in capital assets</b>	<u>\$ 38,763,951</u>	<u>\$ 3,579,759</u>

# TRANSYLVANIA COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

### D. Interfund Balances and Activity

Transfers from/to other funds for the year ended June 30, 2023 consist of the following:

From the General Fund to the Education Capital Project Fund to provide resources in advance of debt issuance	\$ 8,263,893
From the General Fund to the Disaster Response Fund, to close out fund	78,326
From the General Fund to the Solid Waste Fund to supplement other funding sources	1,162,672
From the Capital Reserve Fund to the Education Capital Project Fund to fund education projects for local schools	1,948,092
From the Multi-year Grant Ordinance Fund to the General Fund to provide reimbursement of grant-related expenditures	2,440,056
From the Capital Reserve Fund to the General Fund for FF&E and vehicle expenditures	<u>1,076,071</u>
Total	<u><u>\$ 14,969,110</u></u>

The due to/from other funds at June 30, 2023 consist of the following:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Multi-Year Grant Ordinance Fund	<u>\$ 2,379,194</u>

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

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

### 4. Joint Ventures

Transylvania County and the Transylvania County Board of Education are working together on a plan to repair and renovate nine school sites utilizing \$68 million in bond funds passed by vote in November 2018. The plan will include a multi-year funding plan incorporating bonds and cash to accomplish the needs identified in a third party building assessment and recommended by a joint work study group. The two boards will receive recommendations from the study group for consideration. A funding plan will then be developed to move forward initial project needs identified, which may include bond funds, cash and/or additional financing.

# TRANSYLVANIA COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

Transylvania County, the City of Brevard and the Transylvania Economic Alliance entered into an agreement dated November 14, 2017 concerning the expansion of economic development opportunities within the City of Brevard and Transylvania County. Under the terms of the agreement, the City of Brevard conveyed a parcel of land to the Alliance and the County agreed to finance the construction of a manufacturing facility. In return, the Alliance entered into promissory notes with both entities with the value of the City's note being forgiven after five years or the sale of the facility and the County's portion being paid down by proceeds from lease of facility or through the sale of the facility by the Alliance to a private entity. The facility opened formally to private use under the management of the Alliance in January 2019. The Alliance and the county have sought and received a Golden Leaf grant to fund a phase 2 expansion on the building. The county would fund and construct the expansion with a promissory note on the expansion.

The County, in conjunction with 21 other counties, is a member of the Vaya Health Local Management Entity (LME), which provides mental health, development disability, and substance abuse services to residents of the twenty-two County area. Each participating government appoints members to the governing board of the LME. The County has ongoing financial responsibility to provide maintenance of effort funding to assist in providing mental health services primarily within the County. The County contributed \$99,261 towards this maintenance of effort in the form of grants to service providers during the fiscal year ended June 30, 2023. None of the 22 participating governments has any equity interest in the LME, so no equity has been reflected in the financial statements at June 30, 2023. Complete financial statements for the LME may be obtained from the LME's administrative office at 200 Ridgefield Court, Asheville, North Carolina.

### 5. Related Party Transactions

The County and its discretely presented component unit engaged in the following transaction during the year ended June 30, 2023:

#### Related Party Transactions:

##### Transylvania County Tourism Development Authority:

Payments of occupancy tax due to the Authority from the County	<u>\$ 211,368</u>
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Payments of occupancy tax paid to the Authority from the County	<u>\$ 1,978,427</u>
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### 6. Summary Disclosure of Significant Commitments and Contingencies

#### Federal and State-Assisted Programs

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

# TRANSYLVANIA COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

### 7. Claims and Judgments

At June 30, 2023, the County was a defendant to various lawsuits. In the opinion of the County's Management and the County Attorney, the ultimate effect of these legal matters will not have a material adverse effect on the County's financial position.

### 8. Prior Period Adjustment

During the fiscal year ended June 30, 2023, the County determined that certain capital assets were incorrectly over-depreciated, as well as one asset disposal excluded from the prior year capital asset disposal. Beginning capital asset balances and related net position have been adjusted for that reporting error in the amount of \$739,488 for governmental activities. Additionally, the financial statements included another prior period adjustment to beginning net position of the governmental activities on the Statement of Activities (full accrual statements) in the amount of \$2,465,182. The adjustment relates to new information on how to account for the Opioid Settlement Fund receivable and allowance recognition.

### 9. Significant Effects of Subsequent Events

On July 13, 2023, the County issued \$5,500,000 in installment purchase proceeds to assist with funding the EMS Base Station project. The first payment is due in December 2023.

## **REQUIRED SUPPLEMENTARY FINANCIAL DATA**

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

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

## TRANSYLVANIA COUNTY, NORTH CAROLINA

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

<b>Law Enforcement Officers' Special Separation Allowance</b>				
	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>
Beginning balance	\$ 2,457,496	\$ 2,436,592	\$ 2,019,715	\$ 1,975,412
Service cost	121,270	120,367	73,338	78,197
Interest on the total pension liability	48,646	49,997	63,798	69,997
Differences between expected and actual experience in the measurement of the total pension liability	526,681	13,521	227,895	(36,800)
Changes of assumptions or other inputs	(189,175)	6,998	177,281	52,429
Benefit payments	(206,926)	(169,979)	(125,435)	(119,520)
Ending balance of the total pension liability	<u>\$ 2,757,992</u>	<u>\$ 2,457,496</u>	<u>\$ 2,436,592</u>	<u>\$ 2,019,715</u>

The amounts presented for each fiscal year were determined as of the prior fiscal year ending December 31.

This schedule is intended to show information for ten years.

Additional years' information will be displayed as it becomes available.



## TRANSYLVANIA COUNTY, NORTH CAROLINA

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

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

## TRANSYLVANIA COUNTY, NORTH CAROLINA

**SCHEDULE OF TOTAL PENSION LIABILITY AS A  
 PERCENTAGE OF COVERED-EMPLOYEE PAYROLL  
 LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE  
 LAST SEVEN FISCAL YEARS**

	<b>Law Enforcement Officers' Special Separation Allowance</b>			
	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>
Total pension liability	\$ 2,757,992	\$ 2,457,496	\$ 2,436,592	\$ 2,019,715
Covered-employee payroll	3,204,938	3,153,924	3,153,924	2,804,103
Total pension liability as a percentage of covered-employee payroll	86.05%	77.92%	77.26%	72.03%

**Notes to the Schedules:**

Transylvania County has no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 73 to pay related benefits.

This schedule is intended to show information for ten years.

Additional years' information will be displayed as it becomes available.

## TRANSYLVANIA COUNTY, NORTH CAROLINA

**SCHEDULE OF TOTAL PENSION LIABILITY AS A  
 PERCENTAGE OF COVERED-EMPLOYEE PAYROLL  
 LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE  
 LAST SEVEN FISCAL YEARS**

	<b>Law Enforcement Officers' Special Separation Allowance</b>		
	<b>2019</b>	<b>2018</b>	<b>2017</b>
Total pension liability	\$ 1,975,412	\$ 2,066,762	\$ 1,694,384
Covered-employee payroll	2,979,305	3,025,120	2,838,700
Total pension liability as a percentage of covered-employee payroll	66.30%	68.32%	59.69%

## TRANSYLVANIA COUNTY, NORTH CAROLINA

**OTHER POST-EMPLOYMENT BENEFITS  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS  
 LAST SIX FISCAL YEARS**

<b>Other Post-Employment Benefits</b>			
	<b>2023</b>	<b>2022</b>	<b>2021</b>
Service cost	\$ 32,843	\$ 31,517	\$ 36,475
Interest	59,924	65,875	121,331
Differences between expected and actual experience	38,252	(241,312)	(542,388)
Changes of assumptions or other inputs	(64,914)	6,380	177,169
Benefit payments	(68,408)	(68,918)	(246,620)
Net change in total OPEB liability	(2,303)	(206,458)	(454,033)
Total OPEB liability - beginning	2,929,428	3,135,886	3,589,919
Total OPEB liability - ending	<u>\$ 2,927,125</u>	<u>\$ 2,929,428</u>	<u>\$ 3,135,886</u>
Covered-employee payroll	\$ 1,390,566	\$ 1,248,555	\$ 1,248,555
Total OPEB liability as a percentage of covered-employee payroll	210.50%	234.63%	251.16%

**Notes to the Required Schedules:**

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

<b>Fiscal Year</b>	<b>Rate</b>
2018	3.56%
2019	3.89%
2020	3.50%
2021	2.21%
2022	2.16%
2023	3.69%

Transylvania County has no assets accumulated in a trust that meet the criteria of GASB codification P22.101 or P52.101 to pay related benefits.

## TRANSYLVANIA COUNTY, NORTH CAROLINA

**OTHER POST-EMPLOYMENT BENEFITS  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS  
 LAST SIX FISCAL YEARS**

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

**TRANSYLVANIA COUNTY, NORTH CAROLINA**

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

	<b>Local Governmental Employees' Retirement System</b>				
	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
County's proportion of the net pension liability (asset) (%)	0.24077%	0.24087%	0.23004%	0.21633%	0.21395%
County's proportion of the net pension liability (asset) (\$)	\$13,582,866	\$ 3,693,973	\$ 8,220,309	\$ 5,907,804	\$ 5,075,626
County's covered payroll	\$18,704,586	\$18,306,434	\$17,525,902	\$15,202,874	\$14,316,146
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	72.62%	20.18%	46.90%	38.86%	35.45%
Plan fiduciary net position as a percentage of the total pension liability**	84.14%	95.51%	88.61%	90.86%	91.63%

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

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

**TRANSYLVANIA COUNTY, NORTH CAROLINA**

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

	<b>Local Governmental Employees' Retirement System</b>				
	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
County's proportion of the net pension liability (asset) (%)	0.22859%	0.21772%	0.21686%	0.21288%	0.21400%
County's proportion of the net pension liability (asset) (\$)	\$ 3,492,222	\$ 4,620,747	\$ 973,254	\$ (1,255,453)	\$ 2,579,522
County's covered payroll	\$14,615,583	\$13,754,619	\$13,295,491	\$12,789,506	\$11,643,680
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	23.89%	33.59%	7.32%	-9.82%	22.15%
Plan fiduciary net position as a percentage of the total pension liability**	94.18%	91.47%	98.09%	102.64%	94.35%

TRANSYLVANIA COUNTY, NORTH CAROLINA

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

	<b>Local Governmental Employees' Retirement System</b>				
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contractually required contribution	\$ 2,396,455	\$ 2,156,669	\$ 1,875,300	\$ 1,595,317	\$ 1,197,774
Contributions in relation to the contractually required contribution	<u>2,396,455</u>	<u>2,156,669</u>	<u>1,875,300</u>	<u>1,595,317</u>	<u>1,197,774</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered payroll	\$ 19,552,611	\$ 18,704,586	\$ 18,306,434	\$ 17,525,902	\$ 15,202,874
Contributions as a percentage of covered payroll	12.26%	11.53%	10.24%	9.10%	7.88%



TRANSYLVANIA COUNTY, NORTH CAROLINA

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

	<b>Local Governmental Employees' Retirement System</b>				
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 1,095,723	\$ 1,082,984	\$ 932,593	\$ 939,521	\$ 903,438
Contributions in relation to the contractually required contribution	<u>1,095,723</u>	<u>1,082,984</u>	<u>932,593</u>	<u>939,521</u>	<u>903,438</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered payroll	\$ 14,316,146	\$ 14,615,583	\$ 13,754,619	\$ 13,295,491	\$ 12,789,506
Contributions as a percentage of covered payroll	7.65%	7.41%	6.78%	7.07%	7.06%

**TRANSYLVANIA COUNTY, NORTH CAROLINA**

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

	<b>Register of Deeds' Supplemental Pension Fund</b>				
	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
County's proportion of the net pension liability (asset) (%)	0.40621%	0.40836%	0.38667%	0.39774%	0.36639%
County's proportion of the net pension liability (asset) (\$)	\$ (53,782)	\$ (78,458)	\$ (88,617)	\$ (78,522)	\$ (60,685)
Plan fiduciary net position as a percentage of the total pension liability**	139.04%	156.53%	173.62%	164.11%	153.31%

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

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

**TRANSYLVANIA COUNTY, NORTH CAROLINA**

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

	<b>Register of Deeds' Supplemental Pension Fund</b>				
	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
County's proportion of the net pension liability (asset) (%)	0.42666%	0.42072%	0.41405%	0.40700%	0.40500%
County's proportion of the net pension liability (asset) (\$)	\$ (72,827)	\$ (78,658)	\$ (95,952)	\$ (92,215)	\$ (86,472)
Plan fiduciary net position as a percentage of the total pension liability**	153.77%	160.17%	197.29%	193.88%	190.50%

**TRANSYLVANIA COUNTY, NORTH CAROLINA**

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

**Register of Deeds' Supplemental Pension Fund**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contractually required contribution	\$ 3,712	\$ 4,657	\$ 4,901	\$ 3,702	\$ 3,452
Contributions in relation to the contractually required contribution	<u>3,712</u>	<u>4,657</u>	<u>4,901</u>	<u>3,702</u>	<u>3,452</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**TRANSYLVANIA COUNTY, NORTH CAROLINA**

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

	<b>Register of Deeds' Supplemental Pension Fund</b>				
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 3,463	\$ 3,707	\$ 3,437	\$ 3,313	\$ 3,322
Contributions in relation to the contractually required contribution	<u>3,463</u>	<u>3,707</u>	<u>3,437</u>	<u>3,313</u>	<u>3,322</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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# **MAJOR GOVERNMENTAL FUNDS**

## **GENERAL FUND**

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

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## **MAJOR CAPITAL PROJECT FUNDS**

### **EDUCATION CAPITAL PROJECT FUND**

### **GENERAL CAPITAL PROJECT FUND**

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

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

## **MAJOR SPECIAL REVENUE FUNDS**

### **MULTI-YEAR GRANT ORDINANCE FUND**

### **OPIOID SETTLEMENT FUND**

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**The Multi-year Grant Ordinance Fund accounts for funds received from the Local Fiscal Recovery Funds appropriated to the County by the American Rescue Plan Act (U.S. Public Law 117-2).**

**Opioid Settlement Fund accounts for monies or disbursements received from the National Opioid Settlement Agreement with pharmaceutical and drug distribution companies due to the opioid epidemic.**

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## TRANSYLVANIA COUNTY, NORTH CAROLINA

**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
<b>Ad Valorem Taxes:</b>			
Taxes	\$ 42,131,462	\$ 42,926,408	\$ 794,946
Penalties and interest	92,500	102,687	10,187
Total	<u>42,223,962</u>	<u>43,029,095</u>	<u>805,133</u>
<b>Local Option Sales Taxes:</b>			
Article 39 and 44	5,948,234	6,260,307	312,073
Article 40, one-half of one percent	2,312,724	2,538,724	226,000
Article 42, one-half of one percent	1,206,536	1,279,687	73,151
Medicaid hold harmless	1,641,047	1,527,864	(113,183)
Total	<u>11,108,541</u>	<u>11,606,582</u>	<u>498,041</u>
<b>Other Taxes and Licenses:</b>			
Deed stamp excise tax	227,114	132,799	(94,315)
Real estate transfer tax	1,198,716	1,070,702	(128,014)
Occupancy tax	2,300,000	2,006,064	(293,936)
Total	<u>3,725,830</u>	<u>3,209,565</u>	<u>(516,265)</u>
<b>Unrestricted Intergovernmental Revenues:</b>			
Payments in lieu of taxes - outside sources	265,000	261,658	(3,342)
ABC profit distribution & 5 cent bottle liquor	203,000	205,614	2,614
Video programming services tax	110,000	82,649	(27,351)
Total	<u>578,000</u>	<u>549,921</u>	<u>(28,079)</u>
<b>Restricted Intergovernmental Revenues:</b>			
State grants	947,473	976,747	29,274
Federal grants	6,521,387	5,077,062	(1,444,325)
Court facility fees	35,000	29,709	(5,291)
State aid to public libraries	92,069	92,069	-
Other restricted funds	425,633	225,651	(199,982)
Total	<u>8,021,562</u>	<u>6,401,238</u>	<u>(1,620,324)</u>
<b>Permits and Fees:</b>			
Register of Deeds	109,401	84,798	(24,603)
Other	34,726	69,395	34,669
Building permits	636,988	665,560	28,572
Total	<u>781,115</u>	<u>819,753</u>	<u>38,638</u>

## TRANSYLVANIA COUNTY, NORTH CAROLINA

**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Sales and Services:</b>			
Rents, concessions, and fees	2,160,205	1,991,441	(168,764)
Ambulance fees	1,252,500	1,269,565	17,065
Recreation department	106,000	117,494	11,494
Town of Rosman	2,400	-	(2,400)
City of Brevard	250,000	250,000	-
Lease revenues	24,785	92,804	68,019
Inmate services	28,720	601,231	572,511
Total	<u>3,824,610</u>	<u>4,322,535</u>	<u>497,925</u>
<b>Investment Earnings</b>	<u>100,000</u>	<u>1,385,562</u>	<u>1,285,562</u>
<b>Miscellaneous:</b>			
Joint Historical Preservation	-	20	20
Donations	65,746	69,369	3,623
Other	496,495	766,805	270,310
Total	<u>562,241</u>	<u>836,194</u>	<u>273,953</u>
Total revenues	<u>70,925,861</u>	<u>72,160,445</u>	<u>1,234,584</u>
<b>Expenditures:</b>			
<b>General Government:</b>			
<b>Administration:</b>			
Salaries and employee benefits	962,658	969,438	(6,780)
Other operating expenditures	2,384,205	2,248,586	135,619
Capital outlay	-	96,493	(96,493)
Total	<u>3,346,863</u>	<u>3,314,517</u>	<u>32,346</u>
<b>Elections:</b>			
Salaries and employee benefits	316,237	308,282	7,955
Other operating expenditures	132,571	91,940	40,631
Capital outlay	12,000	-	12,000
Total	<u>460,808</u>	<u>400,222</u>	<u>60,586</u>
<b>Finance:</b>			
Salaries and employee benefits	554,494	545,824	8,670
Other operating expenditures	112,850	105,345	7,505
Total	<u>667,344</u>	<u>651,169</u>	<u>16,175</u>

TRANSYLVANIA COUNTY, NORTH CAROLINA

**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Taxes:</b>			
Salaries and employee benefits	1,242,027	1,196,208	45,819
Other operating expenditures	188,511	152,743	35,768
Total	<u>1,430,538</u>	<u>1,348,951</u>	<u>81,587</u>
<b>Register of Deeds:</b>			
Salaries and employee benefits	414,699	407,370	7,329
Other operating expenditures	663,861	590,156	73,705
Capital outlay	5,515	4,850	665
Total	<u>1,084,075</u>	<u>1,002,376</u>	<u>81,699</u>
<b>Public Buildings:</b>			
Salaries and employee benefits	1,036,120	1,017,475	18,645
Other operating expenditures	583,870	463,843	120,027
Capital outlay	591,688	191,875	399,813
Total	<u>2,211,678</u>	<u>1,673,193</u>	<u>538,485</u>
<b>Information Technology:</b>			
Salaries and employee benefits	392,147	361,276	30,871
Other operating expenditures	305,273	284,897	20,376
Capital outlay	196,178	196,178	-
Total	<u>893,598</u>	<u>842,351</u>	<u>51,247</u>
Total general government	<u>10,094,904</u>	<u>9,232,779</u>	<u>862,125</u>
<b>Public Safety:</b>			
<b>Sheriff and Jail:</b>			
Salaries and employee benefits	8,480,779	8,418,342	62,437
Other operating expenditures	1,706,411	1,701,718	4,693
Capital outlay	778,887	427,017	351,870
Total	<u>10,966,077</u>	<u>10,547,077</u>	<u>419,000</u>
<b>Emergency Management:</b>			
Salaries and employee benefits	445,975	438,653	7,322
Other operating expenditures	117,750	81,001	36,749
Capital outlay	57,000	58,545	(1,545)
Total	<u>620,725</u>	<u>578,199</u>	<u>42,526</u>

## TRANSYLVANIA COUNTY, NORTH CAROLINA

**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Fire and Rescue Units:</b>			
Contracted services	1,965,126	1,874,404	90,722
<b>Emergency Medical Services:</b>			
Salaries and employee benefits	2,752,356	2,298,749	453,607
Other operating expenditures	524,165	413,532	110,633
Capital outlay	505,630	447,947	57,683
Total	<u>3,782,151</u>	<u>3,160,228</u>	<u>621,923</u>
<b>Medical Examiner:</b>			
Contracted services	35,000	9,300	25,700
<b>Emergency Communications:</b>			
Salaries and employee benefits	1,418,357	1,136,402	281,955
Other operating expenditures	889,039	645,854	243,185
Capital outlay	257,500	44,940	212,560
Total	<u>2,564,896</u>	<u>1,827,196</u>	<u>737,700</u>
<b>Animal Control:</b>			
Salaries and employee benefits	444,918	430,575	14,343
Other operating expenditures	118,351	102,371	15,980
Capital outlay	47,500	36,940	10,560
Total	<u>610,769</u>	<u>569,886</u>	<u>40,883</u>
<b>Inspections:</b>			
Salaries and employee benefits	629,272	603,810	25,462
Other operating expenditures	33,600	26,985	6,615
Total	<u>662,872</u>	<u>630,795</u>	<u>32,077</u>
Total public safety	<u>21,207,616</u>	<u>19,197,085</u>	<u>2,010,531</u>
<b>Transportation:</b>			
Salaries and employee benefits	478,385	375,474	102,911
Other operating expenditures	208,182	185,433	22,749
Capital outlay	165,884	131,334	34,550
Total transportation	<u>852,451</u>	<u>692,241</u>	<u>160,210</u>

TRANSYLVANIA COUNTY, NORTH CAROLINA

**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Economic and Physical Development:</b>			
<b>Planning:</b>			
Salaries and employee benefits	216,484	189,433	27,051
Other operating expenditures	100,665	27,868	72,797
Total	<u>317,149</u>	<u>217,301</u>	<u>99,848</u>
<b>Economic Development:</b>			
Operating expenditures	<u>315,000</u>	<u>315,000</u>	<u>-</u>
<b>Cooperative Extension:</b>			
Salaries and employee benefits	181,220	172,470	8,750
Other operating expenditures	12,500	14,277	(1,777)
Total	<u>193,720</u>	<u>186,747</u>	<u>6,973</u>
<b>Soil and Water Conservation:</b>			
Salaries and employee benefits	209,025	202,215	6,810
Other operating expenditures	232,672	200,532	32,140
Total	<u>441,697</u>	<u>402,747</u>	<u>38,950</u>
<b>TDA Remittances:</b>			
Other operating expenditures	<u>2,241,000</u>	<u>1,978,427</u>	<u>262,573</u>
Total economic and physical development	<u>3,508,566</u>	<u>3,100,222</u>	<u>408,344</u>
<b>Human Services:</b>			
<b>Health:</b>			
Administration:			
Salaries and employee benefits	2,914,102	2,679,284	234,818
Other operating expenditures	1,454,397	476,373	978,024
Capital outlay	26,000	26,000	-
Total	<u>4,394,499</u>	<u>3,181,657</u>	<u>1,212,842</u>
<b>Social Services:</b>			
Administration:			
Salaries and employee benefits	4,360,191	3,895,259	464,932
Other operating expenditures	519,557	551,882	(32,325)
Capital outlay	49,130	49,000	130
Total	<u>4,928,878</u>	<u>4,496,141</u>	<u>432,737</u>

## TRANSYLVANIA COUNTY, NORTH CAROLINA

**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Public Assistance:</b>			
Special assistance to adults:			
County participation only	212,097	186,057	26,040
Workfirst recipient benefits:			
Other operating expenditures	750	-	750
Other assistance:			
Other program expenditures	1,244,098	997,075	247,023
Total	<u>1,456,945</u>	<u>1,183,132</u>	<u>273,813</u>
<b>Child Development:</b>			
Salaries and employee benefits	795,883	683,843	112,040
Other operating expenditures	95,550	84,417	11,133
Total	<u>891,433</u>	<u>768,260</u>	<u>123,173</u>
Total social services	<u>7,277,256</u>	<u>6,447,533</u>	<u>829,723</u>
<b>Other Services:</b>			
Juvenile crime prevention	150,000	126,057	23,943
Children's Center	20,000	38,492	(18,492)
Other services	238,561	237,021	1,540
Total	<u>408,561</u>	<u>401,570</u>	<u>6,991</u>
Total human services	<u>12,080,316</u>	<u>10,030,760</u>	<u>2,049,556</u>
<b>Cultural and Recreational:</b>			
<b>Parks and Recreation:</b>			
Salaries and employee benefits	669,797	633,690	36,107
Other operating expenditures	269,949	228,376	41,573
Capital outlay	468,100	404,750	63,350
Total	<u>1,407,846</u>	<u>1,266,816</u>	<u>141,030</u>
<b>Library:</b>			
Salaries and employee benefits	1,331,423	1,305,811	25,612
Other operating expenditures	238,319	231,109	7,210
Total	<u>1,569,742</u>	<u>1,536,920</u>	<u>32,822</u>
Total cultural and recreational	<u>2,977,588</u>	<u>2,803,736</u>	<u>173,852</u>

TRANSYLVANIA COUNTY, NORTH CAROLINA

**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Education:</b>			
Public schools - current	13,086,152	13,086,152	-
Public schools - capital outlay	1,076,071	1,076,071	-
Blue Ridge Community College	831,920	831,920	-
Total education	<u>14,994,143</u>	<u>14,994,143</u>	<u>-</u>
<b>Debt Service:</b>			
Principal retirement	561,619	550,637	10,982
Interest and fees	55,591	45,250	10,341
Total	<u>617,210</u>	<u>595,887</u>	<u>21,323</u>
Total expenditures	<u>66,332,794</u>	<u>60,646,853</u>	<u>5,685,941</u>
Revenues over (under) expenditures	<u>4,593,067</u>	<u>11,513,592</u>	<u>6,920,525</u>
<b>Other Financing Sources (Uses):</b>			
Lease liabilities issued	-	96,493	96,493
Subscription liabilities issued	196,178	196,178	-
Transfers in:			
Multi-Year Grant Ordinance Fund	-	2,440,056	2,440,056
Capital reserve fund	1,076,071	1,076,071	-
Transfers out:			
Capital project funds	(8,263,893)	(8,263,893)	-
Special revenue funds	(74,387)	(78,326)	(3,939)
Enterprise funds	(1,162,672)	(1,162,672)	-
Capital project funds	(48,980)	-	48,980
Sale of capital assets	50,000	173,762	123,762
Assigned and committed funds	(2,230,000)	-	2,230,000
Appropriated fund balance	5,864,616	-	(5,864,616)
Total other financing sources (uses)	<u>(4,593,067)</u>	<u>(5,522,331)</u>	<u>(929,264)</u>
Net change in fund balance	<u>\$ -</u>	<u>5,991,261</u>	<u>\$ 5,991,261</u>
<b>Fund Balance:</b>			
Beginning of year - July 1		37,241,831	
<b>Reconciliation from Budgetary Basis to Modified Accrual Basis:</b>			
Current year loan receivable repayments		<u>(253,059)</u>	
End of year - June 30		<u>\$ 42,980,033</u>	

## TRANSYLVANIA COUNTY, NORTH CAROLINA

**EDUCATION CAPITAL PROJECT FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2023**

	Project Authorization	Actual			Variance Over/Under
		Prior Years	Current Year	Total to Date	
<b>Revenues:</b>					
Public school building capital fund proceeds	\$ 770,000	\$ -	\$ -	\$ -	\$ (770,000)
Investment earnings	-	24,450	710,710	735,160	735,160
Total revenues	<u>770,000</u>	<u>24,450</u>	<u>710,710</u>	<u>735,160</u>	<u>(34,840)</u>
<b>Expenditures:</b>					
Brevard High School 2019-2021 Renovation Project	41,466,976	2,077,667	-	2,077,667	39,389,309
Rosman Middle and High School 2019-2021 Renovation Project	24,726,877	1,204,622	-	1,204,622	23,522,255
Pisgah Forest Elementary School Piping Project	1,200,000	2,017	273,928	275,945	924,055
FY23 Education projects	1,593,000	-	661,348	661,348	931,652
FY22 Education projects	469,000	-	-	-	469,000
FY21 Education projects	508,614	-	275,048	275,048	233,566
FY20 Education projects	68,987	-	-	-	68,987
Contingency	1,806,147	-	-	-	1,806,147
Total expenditures	<u>71,839,601</u>	<u>3,284,306</u>	<u>1,210,324</u>	<u>4,494,630</u>	<u>67,344,971</u>
Revenues over (under) expenditures	<u>(71,069,601)</u>	<u>(3,259,856)</u>	<u>(499,614)</u>	<u>(3,759,470)</u>	<u>(67,379,811)</u>
<b>Other Financing Sources (Uses):</b>					
Transfers in from General Fund	71,069,601	17,683,182	8,263,893	25,947,075	(45,122,526)
Transfer in from Capital Reserve Fund	-	-	1,948,092	1,948,092	1,948,092
Total other financing sources (uses)	<u>71,069,601</u>	<u>17,683,182</u>	<u>10,211,985</u>	<u>27,895,167</u>	<u>(43,174,434)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 14,423,326</u>	<u>9,712,371</u>	<u>\$ 24,135,697</u>	<u>\$ 24,135,697</u>
<b>Fund Balance:</b>					
Beginning of year - July 1			<u>14,423,326</u>		
End of year - June 30			<u>\$ 24,135,697</u>		



## TRANSYLVANIA COUNTY, NORTH CAROLINA

**GENERAL CAPITAL PROJECT FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Project Authorization</u>	<u>Actual</u>			<u>Variance Over/Under</u>
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	
<b>Revenues:</b>					
Golden Leaf grant	\$ 1,500,000	\$ -	\$ -	\$ -	\$ (1,500,000)
NC OSBM directed grant	725,000	125,000	600,000	725,000	-
Investment earnings	-	1,721	110,695	112,416	112,416
Miscellaneous revenues	<u>600,595</u>	<u>600,595</u>	<u>-</u>	<u>600,595</u>	<u>-</u>
Total revenues	<u>2,975,595</u>	<u>727,316</u>	<u>710,695</u>	<u>1,438,011</u>	<u>(1,537,584)</u>
<b>Expenditures:</b>					
EMS Base Project capital outlay	5,069,088	128,604	1,215,485	1,344,089	3,724,999
Sylvan Valley Industrial Center Expansion capital outlay	5,250,000	-	-	-	5,250,000
Contingency	<u>374,904</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>374,904</u>
Total expenditures	<u>10,693,992</u>	<u>128,604</u>	<u>1,215,485</u>	<u>1,344,089</u>	<u>9,349,903</u>
Revenues over (under) expenditures	<u>(7,718,397)</u>	<u>598,712</u>	<u>(504,790)</u>	<u>93,922</u>	<u>7,812,319</u>
<b>Other Financing Sources (Uses):</b>					
Transfer in	3,600,000	2,500,000	-	2,500,000	(1,100,000)
Proceeds from financing	<u>4,118,397</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,118,397)</u>
Total other financing sources (uses)	<u>7,718,397</u>	<u>2,500,000</u>	<u>-</u>	<u>2,500,000</u>	<u>(5,218,397)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 3,098,712</u>	<u>(504,790)</u>	<u>\$ 2,593,922</u>	<u>\$ 2,593,922</u>
<b>Fund Balance:</b>					
Beginning of year - July 1			<u>3,098,712</u>		
End of year - June 30			<u>\$ 2,593,922</u>		

## TRANSYLVANIA COUNTY, NORTH CAROLINA

**MULTI-YEAR GRANT ORDINANCE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2023**

	Project Authorization	Actual			Variance Over/Under
		Prior Years	Current Year	Total to Date	
<b>Revenues:</b>					
American Rescue Plan Act distributions	\$ 6,743,042	\$ 4,290,025	\$ 2,388,858	\$ 6,678,883	\$ (64,159)
NCDHHS ARPA project distributions	1,559,096	7,394	474,374	481,768	(1,077,328)
Streamflow Rehabilitation Program (StRAP) grant	307,371	-	63,660	63,660	(243,711)
Transportation Infrastructure Resilience Grant	2,365,016	-	-	-	(2,365,016)
EWP project revenues	597,176	-	-	-	(597,176)
NCDPS Unmet Needs Grant	75,000	-	-	-	(75,000)
Transit Grant	30,000	-	-	-	(30,000)
Community Appearance	60,000	-	-	-	(60,000)
Investment earnings	51,198	1,008	50,189	51,197	(1)
Total revenues	<u>11,787,899</u>	<u>4,298,427</u>	<u>2,977,081</u>	<u>7,275,508</u>	<u>(4,512,391)</u>
<b>Expenditures:</b>					
American Rescue Plan Act expenditures:					
Public health response: COVID-19 employee costs	<u>375,000</u>	<u>310,841</u>	<u>-</u>	<u>310,841</u>	<u>64,159</u>
NCDHHS ARPA project expenditures:					
ARPA COVID-19 PH regional Workforce	1,000,000	7,394	461,598	468,992	531,008
NCDHHS Agreements	<u>559,096</u>	<u>-</u>	<u>12,933</u>	<u>12,933</u>	<u>546,163</u>
Total NCDHHS ARPA project expenditures	<u>1,559,096</u>	<u>7,394</u>	<u>474,531</u>	<u>481,925</u>	<u>1,077,171</u>
EWP project expenditures	<u>889,547</u>	<u>-</u>	<u>45,170</u>	<u>45,170</u>	<u>844,377</u>
Streamflow Rehabilitation Program (StRAP) expenditures	<u>90,000</u>	<u>-</u>	<u>62,496</u>	<u>62,496</u>	<u>27,504</u>
TIRG Hart Road project expenditures	<u>2,365,016</u>	<u>-</u>	<u>33,942</u>	<u>33,942</u>	<u>2,331,074</u>
Community Appearance	<u>60,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>60,000</u>
Transit Grant	<u>30,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>30,000</u>
Total expenditures	<u>5,368,659</u>	<u>318,235</u>	<u>616,139</u>	<u>934,374</u>	<u>4,434,285</u>
Revenues over (under) expenditures	6,419,240	3,980,192	2,360,942	6,341,134	(8,946,676)
<b>Other Financing Sources (Uses):</b>					
Transfers out	<u>(6,419,240)</u>	<u>(3,979,184)</u>	<u>(2,440,056)</u>	<u>(6,419,240)</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 1,008</u>	<u>(79,114)</u>	<u>\$ (78,106)</u>	<u>\$ (78,106)</u>
<b>Fund Balance:</b>					
Beginning of year - July 1			<u>1,008</u>		
End of year - June 30			<u>\$ (78,106)</u>		

**TRANSYLVANIA COUNTY, NORTH CAROLINA**

**OPIOID SETTLEMENT FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
Opioid settlement funds	\$ -	\$ 415,458	\$ 415,458
Investment earnings	-	<u>9,378</u>	<u>9,378</u>
Total revenues	<u>-</u>	<u>424,836</u>	<u>424,836</u>
 Net change in fund balance	 <u>\$ -</u>	 424,836	 <u>\$ 424,836</u>
<b>Fund Balance:</b>			
Beginning of year - July 1		<u>-</u>	
End of year - June 30		<u>\$ 424,836</u>	

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## **NONMAJOR GOVERNMENTAL FUNDS**

### **SPECIAL REVENUE FUNDS**

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

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**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.**

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

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

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

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

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

### **CAPITAL PROJECT FUNDS**

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**Capital project funds are used to account for various projects the County has committed.**

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**Capital Reserve Fund – This fund accounts for the monies received for various education projects of the County.**

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## TRANSYLVANIA COUNTY, NORTH CAROLINA

NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2023

	<b>Nonmajor Special Revenue Funds</b>	<b>Nonmajor Capital Project Fund</b>	<b>Permanent Fund</b>	<b>Total</b>
<b>Assets:</b>				
Cash and investments	\$ 1,899,805	\$ -	\$ 248,623	\$ 2,148,428
Accounts receivable, net	5,302	-	-	5,302
Taxes receivable, net	10,552	-	-	10,552
Due from other governments	42,935	-	-	42,935
Cash and investments, restricted	-	-	108,367	108,367
Total assets	<u>\$ 1,958,594</u>	<u>\$ -</u>	<u>\$ 356,990</u>	<u>\$ 2,315,584</u>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable and accrued liabilities	\$ 2,000	\$ -	\$ -	\$ 2,000
Due to other governments	5,302	-	-	5,302
Total liabilities	<u>7,302</u>	<u>-</u>	<u>-</u>	<u>7,302</u>
<b>Deferred Inflows of Resources:</b>				
Property taxes receivable	10,552	-	-	10,552
Prepaid taxes	3,413	-	-	3,413
Total deferred inflows of resources	<u>13,965</u>	<u>-</u>	<u>-</u>	<u>13,965</u>
<b>Fund Balances:</b>				
Non-spendable, not in spendable form:				
Perpetual maintenance - non-expendable	-	-	108,367	108,367
Stabilization by state statute	48,237	-	-	48,237
Restricted, all other	1,894,392	-	248,623	2,143,015
Unassigned	(5,302)	-	-	(5,302)
Total fund balances	<u>1,937,327</u>	<u>-</u>	<u>356,990</u>	<u>2,294,317</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,958,594</u>	<u>\$ -</u>	<u>\$ 356,990</u>	<u>\$ 2,315,584</u>

## TRANSYLVANIA COUNTY, NORTH CAROLINA

**NONMAJOR GOVERNMENTAL FUNDS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES  
 FOR THE YEAR ENDED JUNE 30, 2023**

	<b>Nonmajor Special Revenue Funds</b>	<b>Nonmajor Capital Project Fund</b>	<b>Permanent Fund</b>	<b>Total</b>
<b>Revenues:</b>				
Ad valorem taxes	\$ 3,177,686	\$ -	\$ -	\$ 3,177,686
Other taxes and licenses	-	3,007,555	-	3,007,555
Sales and services	249,480	-	-	249,480
Restricted intergovernmental revenues	336,171	-	-	336,171
Interest earned on investments	73,444	16,608	12,763	102,815
Local appropriations	2,487	-	-	2,487
Total revenues	<u>3,839,268</u>	<u>3,024,163</u>	<u>12,763</u>	<u>6,876,194</u>
<b>Expenditures:</b>				
Current:				
General government	163,874	-	-	163,874
Public safety	3,338,352	-	-	3,338,352
Human services	91,120	-	-	91,120
Total expenditures	<u>3,593,346</u>	<u>-</u>	<u>-</u>	<u>3,593,346</u>
Revenues over (under) expenditures	<u>245,922</u>	<u>3,024,163</u>	<u>12,763</u>	<u>3,282,848</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in	78,326	-	-	78,326
Transfers out	-	(3,024,163)	-	(3,024,163)
Total other financing sources (uses)	<u>78,326</u>	<u>(3,024,163)</u>	<u>-</u>	<u>(2,945,837)</u>
Net change in fund balances	324,248	-	12,763	337,011
<b>Fund Balances:</b>				
Beginning of year - July 1	<u>1,613,079</u>	<u>-</u>	<u>344,227</u>	<u>1,957,306</u>
End of year - June 30	<u>\$ 1,937,327</u>	<u>\$ -</u>	<u>\$ 356,990</u>	<u>\$ 2,294,317</u>



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## TRANSYLVANIA COUNTY, NORTH CAROLINA

## NONMAJOR SPECIAL REVENUE FUNDS

## COMBINING BALANCE SHEET

JUNE 30, 2023

	<u>Fire Districts Fund</u>	<u>Emergency Telephone System Fund</u>	<u>Disaster Response Fund</u>	<u>Narcotics Task Force Fund</u>
<b>Assets:</b>				
Cash and investments	\$ 1,125,446	\$ 704,088	\$ -	\$ 60,447
Accounts receivable	-	-	-	-
Taxes receivable, net	10,552	-	-	-
Due from other governments	<u>17,997</u>	<u>24,938</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 1,153,995</u>	<u>\$ 729,026</u>	<u>\$ -</u>	<u>\$ 60,447</u>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ -	\$ 2,000	\$ -	\$ -
Due to other governments	-	-	-	-
Total liabilities	<u>-</u>	<u>2,000</u>	<u>-</u>	<u>-</u>
<b>Deferred Inflows of Resources:</b>				
Property taxes receivable	10,552	-	-	-
Prepaid taxes	<u>3,413</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	<u>13,965</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balances:</b>				
Restricted:				
Stabilization by state statute	17,997	24,938	-	-
Restricted, all other	1,122,033	702,088	-	60,447
Unassigned	-	-	-	-
Total fund balances	<u>1,140,030</u>	<u>727,026</u>	<u>-</u>	<u>60,447</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 1,153,995</u>	<u>\$ 729,026</u>	<u>\$ -</u>	<u>\$ 60,447</u>

TRANSYLVANIA COUNTY, NORTH CAROLINA

NONMAJOR SPECIAL REVENUE FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2023

	<u>Representative Payee Fund</u>	<u>Fines and Forfeitures Fund</u>	<u>State Deed Fee Fund</u>	<u>Total</u>
<b>Assets:</b>				
Cash and investments	\$ 4,578	\$ -	\$ 5,246	\$ 1,899,805
Accounts receivable	-	5,302	-	5,302
Taxes receivable, net	-	-	-	10,552
Due from other governments	-	-	-	42,935
	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 4,578</u>	<u>\$ 5,302</u>	<u>\$ 5,246</u>	<u>\$ 1,958,594</u>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ 2,000
Due to other governments	-	5,302	-	5,302
Total liabilities	<hr/>	<hr/>	<hr/>	<hr/>
	-	5,302	-	7,302
<b>Deferred Inflows of Resources:</b>				
Property taxes receivable	-	-	-	10,552
Prepaid taxes	-	-	-	3,413
Total deferred inflows of resources	<hr/>	<hr/>	<hr/>	<hr/>
	-	-	-	13,965
<b>Fund Balances:</b>				
Restricted:				
Stabilization by state statute	-	5,302	-	48,237
Restricted, all other	4,578	-	5,246	1,894,392
Unassigned	-	(5,302)	-	(5,302)
Total fund balances	<hr/>	<hr/>	<hr/>	<hr/>
	4,578	-	5,246	1,937,327
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 4,578</u>	<u>\$ 5,302</u>	<u>\$ 5,246</u>	<u>\$ 1,958,594</u>

## TRANSYLVANIA COUNTY, NORTH CAROLINA

**NONMAJOR SPECIAL REVENUE FUNDS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES  
 FOR THE YEAR ENDED JUNE 30, 2023**

	<b>Fire Districts Fund</b>	<b>Emergency Telephone System Fund</b>	<b>Disaster Response Fund</b>	<b>Narcotics Task Force Fund</b>
<b>Revenues:</b>				
Ad valorem taxes	\$ 3,177,686	\$ -	\$ -	\$ -
Sales and services	-	-	-	-
Restricted intergovernmental	-	299,259	36,912	-
Investment earnings	44,242	22,665	-	6,537
Local appropriations	-	-	-	2,487
Total revenues	<u>3,221,928</u>	<u>321,924</u>	<u>36,912</u>	<u>9,024</u>
<b>Expenditures:</b>				
General government	-	-	-	-
Public safety	3,124,474	106,080	-	107,798
Human services	-	-	-	-
Total expenditures	<u>3,124,474</u>	<u>106,080</u>	<u>-</u>	<u>107,798</u>
Revenues over (under) expenditures	97,454	215,844	36,912	(98,774)
<b>Other Financing Sources (Uses):</b>				
Transfers in	<u>-</u>	<u>-</u>	<u>78,326</u>	<u>-</u>
Net change in fund balances	97,454	215,844	115,238	(98,774)
<b>Fund Balances:</b>				
Beginning of year - July 1	<u>1,042,576</u>	<u>511,182</u>	<u>(115,238)</u>	<u>159,221</u>
End of year - June 30	<u>\$ 1,140,030</u>	<u>\$ 727,026</u>	<u>\$ -</u>	<u>\$ 60,447</u>

## TRANSYLVANIA COUNTY, NORTH CAROLINA

**NONMAJOR SPECIAL REVENUE FUNDS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES  
 FOR THE YEAR ENDED JUNE 30, 2023**

	<b>Representative Payee Fund</b>	<b>Fines and Forfeitures Fund</b>	<b>State Deed Fee Fund</b>	<b>Total</b>
<b>Revenues:</b>				
Ad valorem taxes	\$ -	\$ -	\$ -	\$ 3,177,686
Sales and services	80,360	136,644	32,476	249,480
Restricted intergovernmental	-	-	-	336,171
Investment earnings	-	-	-	73,444
Local appropriations	-	-	-	2,487
Total revenues	<u>80,360</u>	<u>136,644</u>	<u>32,476</u>	<u>3,839,268</u>
<b>Expenditures:</b>				
General government	-	136,644	27,230	163,874
Public safety	-	-	-	3,338,352
Human services	91,120	-	-	91,120
Total expenditures	<u>91,120</u>	<u>136,644</u>	<u>27,230</u>	<u>3,593,346</u>
Revenues over (under) expenditures	(10,760)	-	5,246	245,922
<b>Other Financing Sources (Uses):</b>				
Transfers in	-	-	-	78,326
Net change in fund balances	(10,760)	-	5,246	324,248
<b>Fund Balances:</b>				
Beginning of year - July 1	<u>15,338</u>	<u>-</u>	<u>-</u>	<u>1,613,079</u>
End of year - June 30	<u>\$ 4,578</u>	<u>\$ -</u>	<u>\$ 5,246</u>	<u>\$ 1,937,327</u>

## TRANSYLVANIA COUNTY, NORTH CAROLINA

### FIRE DISTRICTS FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2023

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
Ad valorem taxes:			
Current year	\$ 3,171,381	\$ 3,170,585	\$ (796)
Prior year	-	4,684	4,684
Penalties and interest	-	2,417	2,417
Investment earnings	-	44,242	44,242
Total revenues	<u>3,171,381</u>	<u>3,221,928</u>	<u>50,547</u>
<b>Expenditures:</b>			
Public safety:			
Sylvan Valley Fire District	602,706	552,985	49,721
Rosman Fire District	296,117	296,117	-
Little River Fire District	408,456	408,456	-
Connestee Falls Fire District	636,506	636,506	-
Cedar Mountain Fire District	85,918	85,918	-
Lake Toxaway Fire District	1,093,495	1,000,943	92,552
Balsam Grove Fire District	55,628	55,628	-
North Transylvania Fire District	87,921	87,921	-
Total expenditures	<u>3,266,747</u>	<u>3,124,474</u>	<u>142,273</u>
Revenues over (under) expenditures	(95,366)	97,454	192,820
<b>Other Financing Sources (Uses):</b>			
Appropriated fund balance	<u>95,366</u>	-	<u>(95,366)</u>
Net change in fund balance	<u>\$ -</u>	97,454	<u>\$ 97,454</u>
<b>Fund Balance:</b>			
Beginning of year - July 1		<u>1,042,576</u>	
End of year - June 30		<u>\$ 1,140,030</u>	

## TRANSYLVANIA COUNTY, NORTH CAROLINA

**EMERGENCY TELEPHONE SYSTEM FUND  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
 IN FUND BALANCE - BUDGET AND ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
Restricted intergovernmental	\$ 299,259	\$ 299,259	\$ -
Investment earnings	-	22,665	22,665
Total revenues	<u>299,259</u>	<u>321,924</u>	<u>22,665</u>
<b>Expenditures:</b>			
Public safety:			
Phone and furniture	16,530	-	16,530
Software and hardware	220,760	54,908	165,852
Hardware	41,969	41,969	-
Training	20,000	9,203	10,797
Total expenditures	<u>299,259</u>	<u>106,080</u>	<u>193,179</u>
Net change in fund balance	<u>\$ -</u>	215,844	<u>\$ 215,844</u>
<b>Fund Balance:</b>			
Beginning of year - July 1		<u>511,182</u>	
End of year - June 30		<u>\$ 727,026</u>	

**PSAP RECONCILIATION  
 FOR THE YEAR ENDED JUNE 30, 2023**

Amounts reported on the Emergency Telephone System Fund budget to actual are different from the PSAP Revenue - Expenditure Report because:

Ending fund balance, reported on Budget to Actual	\$ 727,026
Eligible prior-year expenditures not reported in Emergency Telephone System Fund	<u>30,983</u>
Ending balance, PSAP Revenue - Expenditure Report	<u>\$ 758,009</u>

## TRANSYLVANIA COUNTY, NORTH CAROLINA

**DISASTER RESPONSE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Project Authorization</u>	<u>Actual</u>		<u>Total to Date</u>	<u>Variance Over/Under</u>
		<u>Prior Years</u>	<u>Current Year</u>		
<b>Revenues:</b>					
FEMA	\$ 250,000	\$ 111,008	\$ 36,912	\$ 147,920	\$ (102,080)
CARES Act NCDOT	345,325	407,760	-	407,760	62,435
Total revenues	<u>595,325</u>	<u>518,768</u>	<u>36,912</u>	<u>555,680</u>	<u>(39,645)</u>
<b>Expenditures:</b>					
FEMA:					
Public safety:					
Salaries and benefits	254,000	134,213	-	134,213	119,787
Operating expenses	-	119,370	-	119,370	(119,370)
Total FEMA expenditures	<u>254,000</u>	<u>253,583</u>	<u>-</u>	<u>253,583</u>	<u>417</u>
CARES Act Transit:					
Transportation:					
Salaries and benefits	272,843	267,230	-	267,230	5,613
Operating expenses	137,697	142,511	-	142,511	(4,814)
Total CARES Act Transit expenditures	<u>410,540</u>	<u>409,741</u>	<u>-</u>	<u>409,741</u>	<u>799</u>
Total expenditures	<u>664,540</u>	<u>663,324</u>	<u>-</u>	<u>663,324</u>	<u>1,216</u>
Revenues over (under) expenditures	(69,215)	(144,556)	36,912	(107,644)	(38,429)
<b>Other Financing Sources (Uses):</b>					
Transfer in	69,215	29,318	78,326	107,644	38,429
Net change in fund balance	<u>\$ -</u>	<u>\$ (115,238)</u>	115,238	<u>\$ -</u>	<u>\$ -</u>
<b>Fund Balance:</b>					
Beginning of year - July 1			<u>(115,238)</u>		
End of year - June 30			<u>\$ -</u>		



## TRANSYLVANIA COUNTY, NORTH CAROLINA

**NARCOTICS TASK FORCE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
City of Brevard appropriation	\$ 19,000	\$ 2,487	\$ (16,513)
Investment earnings	<u>-</u>	<u>6,537</u>	<u>6,537</u>
Total revenues	<u>19,000</u>	<u>9,024</u>	<u>(9,976)</u>
<b>Expenditures:</b>			
Public safety:			
Operating expenses	2,000	1,858	142
Capital outlay	<u>106,000</u>	<u>105,940</u>	<u>60</u>
Total expenditures	<u>108,000</u>	<u>107,798</u>	<u>202</u>
Revenues over (under) expenditures	(89,000)	(98,774)	(9,774)
<b>Other Financing Sources (Uses):</b>			
Appropriated fund balance	<u>89,000</u>	<u>-</u>	<u>(89,000)</u>
Net change in fund balance	<u>\$ -</u>	<u>(98,774)</u>	<u>\$ (98,774)</u>
<b>Fund Balance:</b>			
Beginning of year - July 1		<u>159,221</u>	
End of year - June 30		<u>\$ 60,447</u>	

**TRANSYLVANIA COUNTY, NORTH CAROLINA**

**REPRESENTATIVE PAYEE SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
Representative payee revenues	\$ 85,000	\$ 80,360	\$ (4,640)
<b>Expenditures:</b>			
Human services:			
Operating expenses	<u>85,000</u>	<u>91,120</u>	<u>(6,120)</u>
Net change in fund balance	<u>\$ -</u>	<u>(10,760)</u>	<u>\$ (10,760)</u>
<b>Fund Balance:</b>			
Beginning of year - July 1		<u>15,338</u>	
End of year - June 30		<u>\$ 4,578</u>	

**TRANSYLVANIA COUNTY, NORTH CAROLINA**

**FINES AND FORFEITURES SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
Fines and forfeitures	\$ 136,644	\$ 136,644	\$ -
<b>Expenditures:</b>			
General government:			
Operating expenses	<u>136,644</u>	<u>136,644</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
<b>Fund Balance:</b>			
Beginning of year - July 1		<u>-</u>	
End of year - June 30		<u><u>\$ -</u></u>	

**TRANSYLVANIA COUNTY, NORTH CAROLINA**

**STATE DEED FEE SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
1.5% state fees collected	\$ 85,000	\$ 32,476	\$ (52,524)
<b>Expenditures:</b>			
General government:			
Operating expenses	<u>85,000</u>	<u>27,230</u>	<u>57,770</u>
Net change in fund balance	<u>\$ -</u>	5,246	<u>\$ 5,246</u>
<b>Fund Balance:</b>			
Beginning of year - July 1		<u>-</u>	
End of year - June 30		<u>\$ 5,246</u>	

**TRANSYLVANIA COUNTY, NORTH CAROLINA**

**CAPITAL RESERVE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2023**

	<u>2023</u>		<u>Variance Over/Under</u>
	<u>Budget</u>	<u>Actual</u>	
<b>Revenues:</b>			
Sales tax	\$ 3,024,163	\$ 3,007,555	\$ (16,608)
Interest earnings	-	16,608	16,608
Total revenues	<u>3,024,163</u>	<u>3,024,163</u>	<u>-</u>
<b>Other Financing Sources (Uses):</b>			
Transfer to General Fund	(1,076,071)	(1,076,071)	-
Transfer to Education Capital Project Fund	<u>(1,948,092)</u>	<u>(1,948,092)</u>	<u>-</u>
Total other financing sources (uses)	<u>(3,024,163)</u>	<u>(3,024,163)</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	-	<u>\$ -</u>
<b>Fund Balance:</b>			
Beginning of year - July 1		<u>-</u>	
End of year - June 30		<u>\$ -</u>	

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## **PERMANENT FUND**

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

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

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**TRANSYLVANIA COUNTY, NORTH CAROLINA**

**PERMANENT FUND - SILVERMONT RESERVE  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
Investment earnings	\$ 2,500	\$ 12,763	\$ 10,263
<b>Other Financing Sources (Uses):</b>			
Transfer out	(2,500)	-	2,500
Net change in fund balance	\$ -	12,763	\$ 12,763
<b>Fund Balance:</b>			
Beginning of year - July 1		344,227	
End of year - June 30		\$ 356,990	

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## **ENTERPRISE FUND**

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

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

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## TRANSYLVANIA COUNTY, NORTH CAROLINA

**MAJOR ENTERPRISE FUND**  
**SOLID WASTE FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES -**  
**BUDGET AND ACTUAL (NON-GAAP)**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
Operating revenues:			
Charges for services			
Solid waste charges	\$ 2,400,300	\$ 2,886,196	\$ 485,896
Recycling	102,000	85,670	(16,330)
Other operating revenues	2,300	-	(2,300)
Total operating revenues	<u>2,504,600</u>	<u>2,971,866</u>	<u>467,266</u>
Non-operating revenues:			
Investment earnings	50,000	95,203	45,203
Miscellaneous revenue	86,650	89,602	2,952
Total non-operating revenues	<u>136,650</u>	<u>184,805</u>	<u>48,155</u>
Total revenues	<u>2,641,250</u>	<u>3,156,671</u>	<u>515,421</u>
<b>Expenditures:</b>			
Landfill administration and operations:			
Salaries and employee benefits	1,309,831	1,350,450	(40,619)
Other operating expenditures	1,892,856	1,398,840	494,016
Interest and fees paid	-	4,237	(4,237)
Debt principal	131,034	131,034	-
Capital outlay	1,277,684	800,557	477,127
Total expenditures	<u>4,611,405</u>	<u>3,685,118</u>	<u>926,287</u>
Revenues over (under) expenditures	<u>(1,970,155)</u>	<u>(528,447)</u>	<u>1,441,708</u>
<b>Other Financing Sources (Uses):</b>			
Transfer in	1,162,672	1,162,672	-
Appropriated fund balance	807,483	-	807,483
Total other financing sources (uses)	<u>1,970,155</u>	<u>1,162,672</u>	<u>(807,483)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 634,225</u>	<u>\$ 634,225</u>

TRANSYLVANIA COUNTY, NORTH CAROLINA

MAJOR ENTERPRISE FUND  
SOLID WASTE FUND  
SCHEDULE OF REVENUES AND EXPENDITURES -  
BUDGET AND ACTUAL (NON-GAAP)  
FOR THE YEAR ENDED JUNE 30, 2023

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:</b>			
Revenues and other financing sources over (under) expenditures and other financing uses		\$ 634,225	
Reconciling items:			
Capital outlay		726,798	
Principal payments		131,034	
Items charged to capital outlay, not capitalized		(2,941,533)	
Change in net pension liability LGERS		(494,445)	
Change in deferred outflows of resources - pension LGERS		150,220	
Change in deferred inflows of resources - pension LGERS		261,961	
Change in OPEB liability		115	
Change in deferred outflows of resources - OPEB		13,264	
Change in compensated absences payable		(2,608)	
Change in closure and post-closure care costs		(581,558)	
Investment earnings from Water and Sewer Development Fund		99,329	
Capital contributions, revenue from:			
Water and Sewer Development Fund		3,059,241	
Loss on capital asset disposal		(5,582)	
Depreciation and amortization		<u>(466,757)</u>	
Change in net position		<u>\$ 583,704</u>	

## TRANSYLVANIA COUNTY, NORTH CAROLINA

**WATER AND SEWER DEVELOPMENT FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Project Authorization</u>	<u>Actual</u>			<u>Variance Over/Under</u>
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	
<b>Revenues:</b>					
NC Industrial Development Funds	\$ 880,750	\$ 301,141	\$ 579,610	\$ 880,751	\$ 1
NCDEQ Grant	3,902,612	-	2,209,631	2,209,631	(1,692,981)
Appalachian Regional Commission	300,000	-	270,000	270,000	(30,000)
Private grant	-	2,037,500	-	2,037,500	2,037,500
Investment earnings	-	3,508	99,329	102,837	102,837
Total revenues	<u>5,083,362</u>	<u>2,342,149</u>	<u>3,158,570</u>	<u>5,500,719</u>	<u>417,357</u>
<b>Expenditures:</b>					
Town of Rosman Sanitary Sewer Expansion Project	<u>5,487,612</u>	<u>489,324</u>	<u>2,941,533</u>	<u>3,430,857</u>	<u>2,056,755</u>
Revenues over (under) expenditures	(404,250)	1,852,825	217,037	2,069,862	2,474,112
<b>Other Financing Sources (Uses):</b>					
Transfers in from General Fund	<u>404,250</u>	<u>1,723,429</u>	<u>-</u>	<u>1,723,429</u>	<u>1,319,179</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 3,576,254</u>	217,037	<u>\$ 3,793,291</u>	<u>\$ 3,793,291</u>
<b>Fund Balance:</b>					
Beginning of year - July 1			<u>3,576,254</u>		
End of year - June 30			<u>\$ 3,793,291</u>		

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## **INTERNAL SERVICE FUND**

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**Internal Service Funds are used to account for the financing of goods or services provided by one department to other departments of the government and to other governmental units on a cost reimbursement basis.**

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**Self-Insurance Internal Service Fund – this fund accounts for the operations of its self-funded intragovernmental group insurance plan.**

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## TRANSYLVANIA COUNTY, NORTH CAROLINA

**SELF-INSURANCE INTERNAL SERVICE FUND**  
**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN**  
**FUND NET POSITION - FINANCIAL PLAN AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Financial Plan</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
Operating revenues:			
Charges for services:			
Health plan contributions	\$ 5,741,401	\$ 5,245,899	\$ (495,502)
Retiree contributions	55,000	34,566	(20,434)
Total charges for services	<u>5,796,401</u>	<u>5,280,465</u>	<u>(515,936)</u>
Investment earnings	<u>-</u>	<u>132,056</u>	<u>132,056</u>
Total revenues	<u>5,796,401</u>	<u>5,412,521</u>	<u>(383,880)</u>
<b>Expenditures:</b>			
Insurance premiums	4,388,564	4,284,237	104,327
Administrative costs and stop loss	1,345,000	1,537,115	(192,115)
Retiree/OPEB costs	-	232,248	(232,248)
IBNR claims	326,400	200,175	126,225
Wellness clinic	<u>160,520</u>	<u>169,420</u>	<u>(8,900)</u>
Total operating expenses	<u>6,220,484</u>	<u>6,423,195</u>	<u>(202,711)</u>
Revenues over (under) expenditures	(424,083)	(1,010,674)	(586,591)
<b>Other Financing Sources (Uses):</b>			
Appropriated fund balance	<u>424,083</u>	<u>-</u>	<u>(424,083)</u>
Change in net position	<u>\$ -</u>	<u>(1,010,674)</u>	<u>\$ (1,010,674)</u>
<b>Net Position:</b>			
Beginning of year - July 1		<u>4,011,066</u>	
End of year - June 30		<u>\$ 3,000,392</u>	

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

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## **CUSTODIAL FUNDS**

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

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

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

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

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## TRANSYLVANIA COUNTY, NORTH CAROLINA

COMBINING STATEMENT OF FIDUCIARY NET POSITION  
CUSTODIAL FUNDS

JUNE 30, 2023

	<u>Municipal Tax Fund</u>	<u>Jail Inmate Pay Fund</u>	<u>Cooperative Extension Fund</u>	<u>Total Custodial Funds</u>
<b>Assets:</b>				
Cash and cash equivalents	\$ 36,973	\$ 52,303	\$ 10,555	\$ 99,831
Taxes receivable from other governments, net	626	-	-	626
Due from other governments	<u>25,574</u>	<u>-</u>	<u>-</u>	<u>25,574</u>
Total assets	<u>63,173</u>	<u>52,303</u>	<u>10,555</u>	<u>126,031</u>
<b>Liabilities:</b>				
Due to other governments	<u>27,512</u>	<u>-</u>	<u>-</u>	<u>27,512</u>
<b>Net Position</b>				
Restricted for:				
Individuals, organizations, and other governments	<u>\$ 35,661</u>	<u>\$ 52,303</u>	<u>\$ 10,555</u>	<u>\$ 98,519</u>

## TRANSYLVANIA COUNTY, NORTH CAROLINA

**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
 CUSTODIAL FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2023**

	<b>Municipal Tax Fund</b>	<b>Jail Inmate Pay Fund</b>	<b>Cooperative Extension Fund</b>	<b>Total Custodial Funds</b>
<b>Additions:</b>				
Ad valorem taxes for other governments	\$ 443,800	\$ -	\$ -	\$ 443,800
Collections on behalf of others	<u>-</u>	<u>152,038</u>	<u>19,663</u>	<u>171,701</u>
Total additions	<u>443,800</u>	<u>152,038</u>	<u>19,663</u>	<u>615,501</u>
<b>Deductions:</b>				
Tax distributions to other governments	443,503	-	-	443,503
Payments on behalf of others	<u>-</u>	<u>132,455</u>	<u>17,663</u>	<u>150,118</u>
Total deductions	<u>443,503</u>	<u>132,455</u>	<u>17,663</u>	<u>593,621</u>
Change in net position	297	19,583	2,000	21,880
<b>Net Position:</b>				
Beginning of year - July 1	<u>35,364</u>	<u>32,720</u>	<u>8,555</u>	<u>76,639</u>
End of year - June 30	<u>\$ 35,661</u>	<u>\$ 52,303</u>	<u>\$ 10,555</u>	<u>\$ 98,519</u>



## **OTHER SCHEDULES**

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

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**Schedule of Ad Valorem Taxes Receivable**

**Analysis of Current Tax Levy**

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## TRANSYLVANIA COUNTY, NORTH CAROLINA

GENERAL FUND  
SCHEDULE OF AD VALOREM TAXES RECEIVABLE  
JUNE 30, 2023

Year Ended June 30	Uncollected Balance July 1, 2022	Additions	Collections and Credits	Uncollected Balance June 30, 2023
2023	\$ -	\$ 42,980,741	\$ 42,892,480	\$ 88,261
2022	69,206	-	33,808	35,398
2021	37,970	-	10,553	27,417
2020	24,570	-	4,935	19,635
2019	15,006	-	2,200	12,806
2018	9,162	-	1,245	7,917
2017	6,466	-	1,186	5,280
2016	6,028	-	969	5,059
2015	4,394	-	839	3,555
2014	5,490	-	345	5,145
2013	6,317	-	6,317	-
Total	<u>\$ 184,609</u>	<u>\$ 42,980,741</u>	<u>\$ 42,954,877</u>	<u>210,473</u>
Less allowance for uncollectible ad valorem taxes receivable:				
General Fund				<u>122,381</u>
<b>Ad Valorem Taxes Receivable, Net:</b>				
General Fund				<u>\$ 88,092</u>
<b>Reconciliation of Collections and Credits with Revenues:</b>				
Ad valorem taxes - General Fund				\$ 43,029,095
Reconciling items:				
Interest				(101,332)
Tax refunds				21,709
Abatements - prior years				443
Advertising				(1,355)
Taxes written off				<u>6,317</u>
Total collections and credits				<u>\$ 42,954,877</u>

## TRANSYLVANIA COUNTY, NORTH CAROLINA

ANALYSIS OF CURRENT TAX LEVY  
COUNTY-WIDE LEVY  
FOR THE YEAR ENDED JUNE 30, 2023

	County-Wide			Total Levy	
	Property Valuation	Rate	Amount of Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
<b>Original Levy:</b>					
County-wide:					
Property tax	\$ 6,857,567,789	\$ 0.6033	\$ 41,371,707	\$ 39,337,255	\$ 2,034,452
Public utilities	146,837,786	0.6033	885,872	885,872	-
Motor vehicles taxed at prior year's rate	102,613,781	0.6033	619,069	-	619,069
Late list penalties	-		13,260	13,260	-
Total original levy	<u>7,107,019,356</u>		<u>42,889,908</u>	<u>40,236,387</u>	<u>2,653,521</u>
<b>Discoveries:</b>					
Current year taxes	<u>22,856,231</u>	0.6033	<u>137,892</u>	<u>137,892</u>	<u>-</u>
<b>Abatements and Discounts</b>	<u>(6,368,485)</u>		<u>(47,059)</u>	<u>(38,421)</u>	<u>(8,638)</u>
Total property valuation	<u>\$ 7,123,507,102</u>				
<b>Net Levy</b>			42,980,741	40,335,858	2,644,883
Uncollected taxes at June 30, 2023			<u>88,261</u>	<u>88,261</u>	<u>-</u>
<b>Current Year's Taxes Collected</b>			<u>\$ 42,892,480</u>	<u>\$ 40,247,597</u>	<u>\$ 2,644,883</u>
<b>Current Levy Collection Percentage</b>			<u>99.79%</u>	<u>99.78%</u>	<u>100.00%</u>

## **STATISTICAL SECTION**

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

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

### **Financial Trends**

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

### **Revenue Capacity**

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

### **Debt Capacity**

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

### **Demographic and Economic Information**

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

### **Operating Information**

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

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

TABLE 1  
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**UNAUDITED**

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<b>Governmental Activities</b>					
Net Investment in Capital Assets	\$ 37,861,994	\$ 38,390,675	\$ 38,026,155	\$ 38,746,154	\$ 38,830,835
Restricted	4,304,835	4,549,498	5,629,711	5,249,302	5,588,888
Unrestricted	<u>12,931,706</u>	<u>13,915,036</u>	<u>16,237,241</u>	<u>18,156,797</u>	<u>17,160,525</u>
Total Governmental Activities Net Position	<u>\$ 55,098,535</u>	<u>\$ 56,855,209</u>	<u>\$ 59,893,107</u>	<u>\$ 62,152,253</u>	<u>\$ 61,580,248</u>
<b>Business-Type Activities</b>					
Net Investment in Capital Assets	\$ 3,498,127	\$ 3,851,511	\$ 3,625,348	\$ 3,601,564	\$ 3,402,883
Unrestricted	<u>818,626</u>	<u>1,399,206</u>	<u>1,647,102</u>	<u>1,763,972</u>	<u>1,978,038</u>
Total Business-Type Activities Net Position	<u>\$ 4,316,753</u>	<u>\$ 5,250,717</u>	<u>\$ 5,272,450</u>	<u>\$ 5,365,536</u>	<u>\$ 5,380,921</u>
<b>Primary Government</b>					
Net Investment in Capital Assets	\$ 41,360,121	\$ 42,242,186	\$ 41,651,503	\$ 42,347,718	\$ 42,233,718
Restricted	4,304,835	4,549,498	5,629,711	5,249,302	5,588,888
Unrestricted	<u>13,750,332</u>	<u>15,314,242</u>	<u>17,884,343</u>	<u>19,920,769</u>	<u>19,138,563</u>
Total Primary Government Net Position	<u>\$ 59,415,288</u>	<u>\$ 62,105,926</u>	<u>\$ 65,165,557</u>	<u>\$ 67,517,789</u>	<u>\$ 66,961,169</u>

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

TABLE 1  
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**UNAUDITED**

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
<b>Governmental Activities</b>					
Net Investment in Capital Assets	\$ 38,987,944	\$ 38,826,167	\$ 38,739,070	\$ 37,460,724	\$ 38,763,951
Restricted	5,758,161	6,107,015	8,619,146	11,194,536	12,353,981
Unrestricted	<u>22,357,615</u>	<u>23,036,400</u>	<u>28,190,415</u>	<u>40,727,245</u>	<u>57,535,785</u>
Total Governmental Activities Net Position	<u>\$ 67,103,720</u>	<u>\$ 67,969,582</u>	<u>\$ 75,548,631</u>	<u>\$ 89,382,505</u>	<u>\$ 108,653,717</u>
<b>Business-Type Activities</b>					
Net Investment in Capital Assets	\$ 3,181,547	\$ 2,917,459	\$ 2,715,354	\$ 3,194,266	\$ 3,579,759
Unrestricted	<u>2,200,436</u>	<u>2,089,329</u>	<u>2,105,658</u>	<u>5,146,814</u>	<u>5,294,491</u>
Total Business-Type Activities Net Position	<u>\$ 5,381,983</u>	<u>\$ 5,006,788</u>	<u>\$ 4,821,012</u>	<u>\$ 8,341,080</u>	<u>\$ 8,874,250</u>
<b>Primary Government</b>					
Net Investment in Capital Assets	\$ 42,169,491	\$ 41,743,626	\$ 41,454,424	\$ 40,654,990	\$ 42,343,710
Restricted	5,758,161	6,107,015	8,619,146	11,194,536	12,353,981
Unrestricted	<u>24,558,051</u>	<u>25,125,729</u>	<u>30,296,073</u>	<u>45,874,059</u>	<u>62,830,276</u>
Total Primary Government Net Position	<u>\$ 72,485,703</u>	<u>\$ 72,976,370</u>	<u>\$ 80,369,643</u>	<u>\$ 97,723,585</u>	<u>\$ 117,527,967</u>

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

TABLE 2  
Page 1 of 2

**UNAUDITED**

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<b>Expenses</b>					
Governmental Activities:					
General Government	\$ 4,670,679	\$ 5,195,765	\$ 5,617,567	\$ 5,591,288	\$ 5,337,831
Public Safety	14,233,023	14,908,286	15,700,514	16,364,189	16,549,027
Transportation	481,390	426,860	436,509	472,854	438,101
Economic and Physical Development	772,724	1,330,900	1,178,119	1,250,752	3,689,164
Human Services	8,598,738	8,795,596	9,037,670	9,591,901	8,750,207
Cultural and Recreational	2,072,839	2,113,365	2,435,648	2,529,905	2,451,013
Education	12,714,735	13,046,493	12,649,134	13,797,948	14,630,014
Interest on Long-Term Obligations	358,285	276,292	222,024	153,568	111,948
Total Governmental Activities Expenses	<u>43,902,413</u>	<u>46,093,557</u>	<u>47,277,185</u>	<u>49,752,405</u>	<u>51,957,305</u>
Business-Type Activities:					
Solid Waste Department	3,755,492	1,452,623	2,085,608	2,371,592	2,480,832
Total Governmental Activities Expenses	<u>3,755,492</u>	<u>1,452,623</u>	<u>2,085,608</u>	<u>2,371,592</u>	<u>2,480,832</u>
Total Primary Government Expenses	<u>\$ 47,657,905</u>	<u>\$ 47,546,180</u>	<u>\$ 49,362,793</u>	<u>\$ 52,123,997</u>	<u>\$ 54,438,137</u>
<b>Program Revenues</b>					
Governmental Activities:					
Charges for Services:					
General Government	\$ 335,719	\$ 243,347	\$ 377,649	\$ 383,751	\$ 460,006
Public Safety	2,713,820	3,117,738	3,321,413	3,438,424	3,123,749
Transportation	4,739	4,592	4,458	7,584	7,186
Economic and Physical Development	12,926	10,442	11,843	14,636	63,448
Human Services	475,871	413,551	452,565	470,649	524,480
Cultural and Recreational	130,999	75,250	91,236	95,276	110,850
Operating Grants and Contributions:					
General Government	36,599	35,954	37,754	34,713	29,734
Public Safety	745,266	602,807	526,811	511,487	508,296
Transportation	274,445	259,300	222,422	400,036	322,609
Economic and Physical Development	57,374	70,006	50,128	101,782	49,852
Human Services	5,331,666	5,874,581	5,910,356	6,049,701	4,979,877
Cultural and Recreational	97,787	166,849	120,076	156,178	117,451
Education	811,018	667,751	205,430	288,609	739,363
Capital Grants and Contributions:					
Public Safety	-	-	-	-	-
Economic and Physical Development	105,588	289,415	-	-	-
Cultural and Recreational	-	-	181,350	-	212,000
Total Governmental Activities Program Revenues	<u>11,133,817</u>	<u>11,831,583</u>	<u>11,513,491</u>	<u>11,952,826</u>	<u>11,248,901</u>
Business-Type Activities:					
Charge for Services - Proprietary	1,303,374	1,440,395	1,706,101	1,790,349	1,790,349
Operating Grants and Contributions - Proprietary	19,863	57,327	19,982	46,596	46,596
Capital Grants and Contributions - Proprietary	-	-	-	-	-
Total Business-Type Activities Program Revenues	<u>1,323,237</u>	<u>1,497,722</u>	<u>1,726,083</u>	<u>1,836,945</u>	<u>1,836,945</u>
Total Primary Government Program Revenues	<u>\$ 12,457,054</u>	<u>\$ 13,329,305</u>	<u>\$ 13,239,574</u>	<u>\$ 13,789,771</u>	<u>\$ 13,085,846</u>
<b>Net (Expense)/Revenue</b>					
Governmental Activities	\$ (32,768,596)	\$ (34,261,974)	\$ (35,763,694)	\$ (37,799,579)	\$ (40,708,404)
Business-Type Activities	<u>(2,432,255)</u>	<u>45,099</u>	<u>(359,525)</u>	<u>(534,647)</u>	<u>(643,887)</u>
Total Primary Government Net (Expense)/Revenue	<u>\$ (35,200,851)</u>	<u>\$ (34,216,875)</u>	<u>\$ (36,123,219)</u>	<u>\$ (38,334,226)</u>	<u>\$ (41,352,291)</u>
<b>General Revenues and Other Changes in Net Position</b>					
Governmental Activities:					
Property Taxes	\$ 29,529,739	\$ 30,292,321	\$ 30,710,092	\$ 32,363,790	\$ 33,311,358
Local Option Sales Tax	6,560,048	7,011,688	7,380,626	7,896,435	8,409,583
Other Taxes and Licenses	484,691	610,459	637,714	719,510	782,387
Grants and Contributions Not Restricted	386,657	437,463	383,029	398,562	390,616
Investment Earnings	12,720	11,812	65,131	132,715	403,904
Miscellaneous	-	129,530	-	-	-
Transfers	(679,117)	(972,139)	(375,000)	(626,117)	(626,117)
Total Governmental Activities:	<u>36,294,738</u>	<u>37,521,134</u>	<u>38,801,592</u>	<u>40,884,895</u>	<u>42,671,731</u>
Business-Type Activities:					
Investment Earnings	303	530	6,258	1,616	17
Transfers	679,117	972,139	375,000	626,117	624,722
Total Business-Type Activities	<u>679,420</u>	<u>972,669</u>	<u>381,258</u>	<u>627,733</u>	<u>624,739</u>
Total Primary Government	<u>\$ 36,974,158</u>	<u>\$ 38,493,803</u>	<u>\$ 39,182,850</u>	<u>\$ 41,512,628</u>	<u>\$ 43,296,470</u>
<b>Change in Net Position</b>					
Governmental Activities	\$ 3,526,142	\$ 3,259,160	\$ 3,037,898	\$ 3,085,316	\$ 1,964,722
Business-Type Activities	<u>(1,752,835)</u>	<u>1,017,768</u>	<u>21,733</u>	<u>93,086</u>	<u>154,911</u>
Total Primary Government	<u>\$ 1,773,307</u>	<u>\$ 4,276,928</u>	<u>\$ 3,059,631</u>	<u>\$ 3,178,402</u>	<u>\$ 2,119,633</u>



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

TABLE 2  
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**UNAUDITED**

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
<b>Expenses</b>					
Governmental Activities:					
General Government	\$ 6,539,571	\$ 11,187,376	\$ 8,559,311	\$ 10,707,793	\$ 11,330,489
Public Safety	18,080,312	20,353,781	21,026,946	21,532,655	23,571,826
Transportation	473,479	425,220	513,884	578,573	591,348
Economic and Physical Development	3,909,273	2,281,527	2,821,683	3,246,525	3,254,918
Human Services	9,275,906	9,901,274	10,453,187	10,468,611	11,089,849
Cultural and Recreational	2,429,616	2,738,556	2,402,400	2,506,844	2,833,541
Education	14,811,808	16,122,166	16,623,947	14,940,995	16,204,467
Interest on Long-Term Obligations	84,009	69,953	56,828	53,240	42,718
Total Governmental Activities Expenses	<u>55,603,974</u>	<u>63,079,853</u>	<u>62,458,186</u>	<u>64,035,236</u>	<u>68,919,156</u>
Business-Type Activities:					
Solid Waste Department	2,648,519	2,968,718	3,057,960	4,253,930	6,894,209
Total Governmental Activities Expenses	<u>2,648,519</u>	<u>2,968,718</u>	<u>3,057,960</u>	<u>4,253,930</u>	<u>6,894,209</u>
Total Primary Government Expenses	<u>\$ 58,252,493</u>	<u>\$ 66,048,571</u>	<u>\$ 65,516,146</u>	<u>\$ 68,289,166</u>	<u>\$ 75,813,365</u>
<b>Program Revenues</b>					
Governmental Activities:					
Charges for Services:					
General Government	\$ 461,517	\$ 197,979	\$ 311,432	\$ 1,567,413	\$ 1,081,407
Public Safety	3,613,503	2,923,983	3,131,439	3,299,437	4,084,421
Transportation	4,610	10,152	37	2,190	5,622
Economic and Physical Development	59,850	4,370	2,575	2,500	2,865
Human Services	562,131	593,746	601,563	629,423	649,296
Cultural and Recreational	106,772	80,785	108,142	137,518	147,000
Operating Grants and Contributions:					
General Government	45,851	82,570	1,421,064	4,627,292	415,384
Public Safety	1,394,008	1,748,036	539,973	979,707	801,401
Transportation	371,524	295,517	520,115	371,008	268,962
Economic and Physical Development	155,233	24,908	-	1,105	2,695,860
Human Services	5,272,651	4,797,017	5,637,232	6,024,413	7,906,800
Cultural and Recreational	112,549	317,131	320,530	123,375	421,652
Education	142,339	132,099	176,334	-	-
Capital Grants and Contributions:					
Public Safety	-	-	-	125,000	600,000
Economic and Physical Development	-	-	-	-	-
Cultural and Recreational	-	-	-	-	-
Total Governmental Activities Program Revenues	<u>12,302,538</u>	<u>11,208,293</u>	<u>12,770,436</u>	<u>17,890,381</u>	<u>19,080,670</u>
Business-Type Activities:					
Charge for Services - Proprietary	1,959,273	1,874,376	2,207,317	2,886,550	2,921,332
Operating Grants and Contributions - Proprietary	11,417	37,199	76,165	79,593	89,602
Capital Grants and Contributions - Proprietary	-	-	-	2,338,641	3,059,241
Total Business-Type Activities Program Revenues	<u>1,970,690</u>	<u>1,911,575</u>	<u>2,283,482</u>	<u>5,304,784</u>	<u>6,070,175</u>
Total Primary Government Program Revenues	<u>\$ 14,273,228</u>	<u>\$ 13,119,868</u>	<u>\$ 15,053,918</u>	<u>\$ 23,195,165</u>	<u>\$ 25,150,845</u>
<b>Net (Expense)/Revenue</b>					
Governmental Activities	\$ (43,301,436)	\$ (59,034,278)	\$ (49,687,930)	\$ (46,144,855)	\$ (49,838,486)
Business-Type Activities	<u>(677,829)</u>	<u>(1,057,143)</u>	<u>(774,478)</u>	<u>1,050,854</u>	<u>(824,034)</u>
Total Primary Government Net (Expense)/Revenue	<u>\$ (43,979,265)</u>	<u>\$ (60,091,421)</u>	<u>\$ (50,462,408)</u>	<u>\$ (45,094,001)</u>	<u>\$ (50,662,520)</u>
<b>General Revenues and Other Changes in Net Position</b>					
Governmental Activities:					
Property Taxes	\$ 33,780,721	\$ 40,556,105	\$ 41,617,678	\$ 45,017,239	\$ 46,192,672
Local Option Sales Tax	9,274,860	9,841,680	12,273,052	13,296,729	14,614,137
Other Taxes and Licenses	1,811,145	1,857,306	3,341,157	3,542,542	3,209,565
Grants and Contributions Not Restricted	396,150	545,280	545,696	523,366	549,921
Investment Earnings	633,733	388,301	9,361	116,600	2,501,405
Miscellaneous	-	-	-	-	-
Transfers	(506,901)	(551,250)	(570,150)	(2,453,493)	(1,162,672)
Total Governmental Activities:	<u>45,389,708</u>	<u>52,637,422</u>	<u>57,216,794</u>	<u>60,042,983</u>	<u>65,905,028</u>
Business-Type Activities:					
Investment Earnings	171,990	130,698	18,552	12,960	194,532
Transfers	506,901	551,250	570,150	2,453,493	1,162,672
Total Business-Type Activities	<u>678,891</u>	<u>681,948</u>	<u>588,702</u>	<u>2,466,453</u>	<u>1,357,204</u>
Total Primary Government	<u>\$ 46,068,599</u>	<u>\$ 53,319,370</u>	<u>\$ 57,805,496</u>	<u>\$ 62,509,436</u>	<u>\$ 67,262,232</u>
<b>Change in Net Position</b>					
Governmental Activities	\$ 5,523,472	\$ 865,862	\$ 7,528,864	\$ 13,898,128	\$ 16,066,542
Business-Type Activities	<u>1,062</u>	<u>(375,195)</u>	<u>(185,776)</u>	<u>3,517,307</u>	<u>533,170</u>
Total Primary Government	<u>\$ 5,524,534</u>	<u>\$ 490,667</u>	<u>\$ 7,343,088</u>	<u>\$ 17,415,435</u>	<u>\$ 16,599,712</u>

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

TABLE 3  
 Page 1 of 2

**UNAUDITED**

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Property Tax	\$ 29,529,739	\$ 30,292,321	\$ 32,363,790	\$ 33,311,358	\$ 33,311,358
Local Option Sales Tax	6,560,048	7,011,688	7,896,435	8,409,583	8,409,583
Other Taxes and Licenses	<u>484,691</u>	<u>610,459</u>	<u>719,510</u>	<u>782,387</u>	<u>782,387</u>
Total	<u>\$ 36,574,478</u>	<u>\$ 37,914,468</u>	<u>\$ 40,979,735</u>	<u>\$ 42,503,328</u>	<u>\$ 42,503,328</u>

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

TABLE 3  
 Page 2 of 2

**UNAUDITED**

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Property Tax	\$ 33,780,721	\$ 40,556,105	\$ 41,617,678	\$ 45,017,239	\$ 46,192,672
Local Option Sales Tax	9,274,860	9,841,680	12,273,052	13,296,729	14,614,137
Other Taxes and Licenses	<u>886,876</u>	<u>1,857,306</u>	<u>3,449,707</u>	<u>3,542,542</u>	<u>3,209,565</u>
Total	<u>\$ 43,942,457</u>	<u>\$ 52,255,091</u>	<u>\$ 57,340,437</u>	<u>\$ 61,856,510</u>	<u>\$ 64,016,374</u>

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

TABLE 4  
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**UNAUDITED**

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
General Fund					
Non Spendable	\$ 40,733	\$ 41,292	\$ 49,334	\$ 58,479	\$ 37,238
Restricted	3,494,721	3,830,798	3,740,541	4,197,315	4,589,513
Committed	2,264,227	2,577,398	2,997,152	3,458,830	4,601,399
Assigned	5,227,709	4,934,391	5,530,465	8,869,332	11,948,237
Unassigned	<u>12,519,329</u>	<u>12,777,784</u>	<u>12,458,799</u>	<u>10,856,324</u>	<u>5,415,837</u>
Total General Fund	<u>\$ 23,546,719</u>	<u>\$ 24,161,663</u>	<u>\$ 24,776,291</u>	<u>\$ 27,440,280</u>	<u>\$ 26,592,224</u>
All other governmental funds					
Non Spendable	\$ 108,367	\$ 108,367	\$ 108,367	\$ 108,367	\$ 108,367
Restricted	727,226	632,458	1,802,928	864,994	819,034
Committed:	1,066,628	339,702	-	-	2,233,372
Assigned:	160,344	235,388	226,283	436,946	239,032
Unassigned:	<u>(100,663)</u>	<u>-</u>	<u>(14,531)</u>	<u>-</u>	<u>(3,470)</u>
Total Other Gov't Funds	<u>\$ 1,961,902</u>	<u>\$ 1,315,915</u>	<u>\$ 2,123,047</u>	<u>\$ 1,410,307</u>	<u>\$ 3,396,335</u>

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

TABLE 4  
 Page 2 of 2

**UNAUDITED**

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
General Fund					
Non Spendable	\$ 4,890,501	\$ 5,019,685	\$ 4,484,389	\$ 4,232,299	\$ 3,940,988
Restricted	4,599,378	4,513,568	6,840,997	9,028,907	9,548,578
Committed	4,847,861	4,727,240	4,756,927	1,938,667	1,938,667
Assigned	15,239,620	13,767,414	14,364,665	16,896,465	19,689,595
Unassigned	<u>4,200,521</u>	<u>5,485,888</u>	<u>5,783,959</u>	<u>5,145,493</u>	<u>7,862,205</u>
Total General Fund	<u>\$ 33,777,881</u>	<u>\$ 33,513,795</u>	<u>\$ 36,230,937</u>	<u>\$ 37,241,831</u>	<u>\$ 42,980,033</u>
All other governmental funds					
Non Spendable	\$ 108,367	\$ 108,367	\$ 108,367	\$ 108,367	\$ 2,439,441
Restricted	967,933	1,314,117	1,587,288	1,972,562	2,616,088
Committed:	656,939	3,983,035	8,313,873	17,522,884	26,729,619
Assigned:	253,212	-	-	-	-
Unassigned:	<u>-</u>	<u>-</u>	<u>(263,450)</u>	<u>(123,461)</u>	<u>(2,414,482)</u>
Total Other Gov't Funds	<u>\$ 1,986,451</u>	<u>\$ 5,405,519</u>	<u>\$ 9,746,078</u>	<u>\$ 19,480,352</u>	<u>\$ 29,370,666</u>

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

TABLE 5  
Page 1 of 2

**UNAUDITED**

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<b>Revenues</b>					
Taxes:					
Property	\$ 29,550,609	\$ 30,306,310	\$ 30,716,913	\$ 32,357,674	\$ 33,305,513
Sales	6,560,048	7,011,688	7,380,626	7,896,435	8,409,583
Other	484,691	610,459	637,714	719,510	782,387
Intergovernmental	7,530,798	8,192,073	7,551,642	7,877,236	7,034,353
Permits and Fees	386,854	431,325	491,974	649,025	549,317
Sales and Services	3,131,303	3,362,263	3,576,239	3,607,609	3,413,806
Donations and Grants	315,652	134,878	45,584	36,582	315,445
Investment Earnings	9,608	8,700	62,019	129,603	402,098
Miscellaneous	155,867	278,037	231,081	180,936	326,596
Total Revenues	<u>48,125,430</u>	<u>50,335,733</u>	<u>50,693,792</u>	<u>53,454,610</u>	<u>54,539,098</u>
<b>Expenditures</b>					
General Government	4,473,554	5,182,733	5,745,339	6,183,268	5,225,762
Public Safety	13,423,846	14,583,400	15,192,363	15,922,422	16,412,183
Transportation	-	-	425,904	539,499	466,635
Economic Development	771,572	1,342,574	1,178,868	1,246,243	3,690,316
Human Services	8,870,369	9,315,804	8,957,031	9,397,368	8,816,382
Culture and Recreation	1,840,635	2,257,226	2,291,634	2,429,755	2,488,951
Education	12,714,735	13,046,493	13,191,706	13,771,992	14,604,058
Capital Outlay	1,122,909	1,012,106	1,263,390	-	-
Debt Service:					
Principal	2,240,026	2,346,832	2,225,219	1,216,987	947,936
Interest	393,358	307,469	250,913	169,710	124,181
Total Expenditures	<u>45,851,004</u>	<u>49,394,637</u>	<u>50,722,367</u>	<u>50,877,244</u>	<u>52,776,404</u>
Excess of Revenues Over (Under) Expenditures	<u>2,274,426</u>	<u>941,096</u>	<u>(28,575)</u>	<u>2,577,366</u>	<u>1,762,694</u>
<b>Other Financing Sources (Uses)</b>					
Lease Obligations Issued	-	-	17,878	-	-
Lease Liabilities Issued	-	-	-	-	-
Subscription Liabilities Issued	-	-	-	-	-
Transfers In	703,233	353,894	120,810	2,086	4,126,397
Transfers Out	(1,382,350)	(1,326,033)	(495,810)	(628,203)	(4,751,119)
Proceeds from Financing	-	-	1,807,457	-	-
Proceeds from Sale of Assets	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>(679,117)</u>	<u>(972,139)</u>	<u>1,450,335</u>	<u>(626,117)</u>	<u>(624,722)</u>
Net Change in Fund Balances	<u>\$ 1,595,309</u>	<u>\$ (31,043)</u>	<u>\$ 1,421,760</u>	<u>\$ 1,951,249</u>	<u>\$ 1,137,972</u>
Capital Asset Expenditures	<u>\$ 1,499,926</u>	<u>\$ 2,071,081</u>	<u>\$ 3,745,876</u>	<u>\$ 2,196,973</u>	<u>\$ 1,667,611</u>
Debt Service as a Percentage of Noncapital Expenditures	<u>5.9%</u>	<u>5.6%</u>	<u>5.3%</u>	<u>2.8%</u>	<u>2.1%</u>

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

TABLE 5  
Page 2 of 2

**UNAUDITED**

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
<b>Revenues</b>					
Taxes:					
Property	\$ 33,744,507	\$ 40,527,347	\$ 41,612,209	\$ 45,025,007	\$ 46,206,781
Sales	9,274,860	9,841,680	12,273,052	13,296,729	14,614,137
Other	886,876	1,857,306	3,449,707	3,542,542	3,209,565
Intergovernmental	6,982,355	7,451,234	8,659,012	12,642,452	11,229,680
Permits and Fees	646,068	542,123	725,464	822,322	819,753
Sales and Services	8,278,402	2,971,175	3,392,436	3,737,036	4,318,956
Donations and Grants	903,663	412,772	90,536	106,005	71,856
Investment Earnings	633,733	388,301	9,361	104,616	2,369,349
Miscellaneous	536,813	297,717	414,439	1,081,293	766,825
Total Revenues	<u>61,887,277</u>	<u>64,289,655</u>	<u>70,626,216</u>	<u>80,358,002</u>	<u>83,606,902</u>
<b>Expenditures</b>					
General Government	6,483,744	9,562,382	9,551,287	9,536,679	9,396,653
Public Safety	17,941,200	20,058,435	20,840,231	21,262,883	23,750,922
Transportation	547,773	367,467	591,117	568,274	692,241
Economic Development	3,905,716	2,272,459	2,813,182	3,252,077	3,241,829
Human Services	9,128,177	9,521,054	10,076,949	10,485,917	10,596,411
Culture and Recreation	2,218,231	2,424,586	2,254,688	2,367,281	2,803,737
Education	14,785,852	16,096,139	16,597,991	15,611,549	16,204,467
Capital Outlay	-	-	-	-	-
Debt Service:					
Principal	508,889	421,978	519,152	599,454	550,637
Interest	87,264	73,771	60,112	56,472	45,250
Total Expenditures	<u>55,606,846</u>	<u>60,798,271</u>	<u>63,304,709</u>	<u>63,740,586</u>	<u>67,282,147</u>
Excess of Revenues Over (Under) Expenditures	<u>6,280,431</u>	<u>6,280,431</u>	<u>7,321,507</u>	<u>16,617,416</u>	<u>16,324,755</u>
<b>Other Financing Sources (Uses)</b>					
Capital Lease Obligations Issued	-	-	455,147	-	-
Lease Liabilities Issued	-	-	-	696,510	96,493
Subscription Liabilities Issued	-	-	-	-	196,178
Transfers In	699,276	6,206,728	6,200,000	12,707,575	13,806,438
Transfers Out	(1,203,934)	(6,757,978)	(6,770,150)	(19,301,371)	(14,969,110)
Proceeds from Financing	-	-	-	-	-
Proceeds from Sale of Assets	-	-	15,860	25,038	173,762
Total Other Financing Sources (Uses)	<u>(504,658)</u>	<u>(551,250)</u>	<u>(99,143)</u>	<u>(5,872,248)</u>	<u>(696,239)</u>
Net Change in Fund Balances	<u>\$ 5,775,773</u>	<u>\$ 5,729,181</u>	<u>\$ 7,222,364</u>	<u>\$ 10,745,168</u>	<u>\$ 15,628,516</u>
Capital Asset Expenditures	<u>\$ 2,045,773</u>	<u>\$ 2,397,513</u>	<u>\$ 2,110,491</u>	<u>\$ 1,615,475</u>	<u>\$ 3,292,162</u>
Debt Service as a Percentage of Noncapital Expenditures	<u>1.1%</u>	<u>0.8%</u>	<u>0.9%</u>	<u>1.1%</u>	<u>0.9%</u>

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

TABLE 6  
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**UNAUDITED**

Fiscal Year	Assessed Real Property				Business & Personal Property	Motor Vehicles
	Residential Property	Commercial Property	Industrial Property	Present-Use Value Property		
2014	\$ 4,850,300,603	\$ 651,579,476	\$ 19,543,080	\$ 38,076,950	\$ 122,470,128	\$ 220,099,982
2015	4,872,870,761	654,896,272	19,543,080	34,227,630	123,069,054	271,843,835
2016	4,902,001,241	655,795,543	22,718,280	34,309,780	113,984,029	275,754,915
2017	4,520,762,730	615,324,830	11,262,850	35,949,970	110,981,742	291,637,199
2018	4,587,853,789	622,994,390	12,799,140	34,733,510	120,722,469	312,685,009
2019	4,878,092,313	618,619,646	14,042,640	33,288,040	125,778,314	314,061,107
2020	4,993,096,350	633,976,329	14,042,640	34,454,380	129,162,868	349,174,893
2021	5,040,167,342	640,068,822	14,042,640	35,135,730	137,973,687	363,246,692
2022	5,807,042,311	746,064,019	15,119,670	35,299,030	137,335,592	388,635,554
2023	5,884,503,014	756,969,231	15,119,670	35,111,120	157,205,682	422,318,316

Source: Annual County Report of Valuation and Property Tax Levies  
 Transylvania County Tax Department

Note: Real property was revalued on January 1, 2009 and January 1, 2016.  
 The rates are per \$100 of assessed value.



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

TABLE 6  
 Page 2 of 2

**UNAUDITED**

<u>Fiscal Year</u>		<u>Public Service Companies</u>		<u>Total Taxable Assessed Value</u>		<u>Total Direct Tax Rate</u>		<u>Estimated Actual Taxable Value</u>		<u>Sales Assessment Ratio</u>
2014	\$	116,053,034	\$	6,018,123,253	\$	0.4369	\$	5,803,397,544		104%
2015		122,471,320		6,098,921,952		0.4499		5,802,970,459		105%
2016		119,489,707		6,124,053,495		0.4499		6,130,797,372		100%
2017		125,228,705		5,711,148,026		0.5110		5,717,437,207		100%
2018		125,429,145		5,817,217,452		0.5110		5,992,806,688		97%
2019		122,520,319		6,106,402,379		0.5110		6,442,711,942		95%
2020		124,308,132		6,278,215,592		0.6360		6,801,230,194		92%
2021		116,731,987		6,347,366,900		0.6360		7,578,040,712		84%
2022		138,526,032		7,268,022,208		0.6033		8,570,780,906		85%
2023		146,838,243		7,418,065,276		0.6033		11,151,631,503		67%

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

TABLE 7  
Page 1 of 2

**UNAUDITED**

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Transylvania County					
Direct Rate*	\$ 0.4499	\$ 0.4499	\$ 0.5110	\$ 0.5110	\$ 0.5110
<u>Municipality Rates:</u>					
City of Brevard	0.4525	0.4725	0.4725	0.4725	0.5100
Town of Rosman	0.4100	0.4100	0.4400	0.4800	0.4800
<u>Fire Districts:</u>					
Brevard	0.034	0.044	0.039	0.039	0.055
Rosman	0.090	0.098	0.109	0.109	0.116
Little River	0.072	0.085	0.088	0.088	0.091
Connestee Falls	0.061	0.066	0.067	0.067	0.077
Cedar Mountain	0.110	0.112	0.133	0.133	0.138
Lake Toxaway	0.035	0.036	0.046	0.046	0.048
Balsam Grove	0.106	0.106	0.109	0.110	0.110
North Transylvania	0.128	0.128	0.128	0.128	0.128

Source: Transylvania County Tax Department

Note: Real property was revalued for FY 2022, effective Jan 1, 2021.

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

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

TABLE 7  
age 2 of 2

**UNAUDITED**

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Transylvania County					
Direct Rate*	\$ 0.5110	\$ 0.6360	\$ 0.6360	\$ 0.6033	\$ 0.6033
<u>Municipality Rates:</u>					
City of Brevard	0.5100	0.5100	0.5100	0.4500	0.4800
Town of Rosman	0.4400	0.4400	0.4400	0.4400	0.4600
<u>Fire Districts:</u>					
Brevard	0.055	0.055	0.060	0.050	0.055
Rosman	0.121	0.055	0.060	0.050	0.055
Little River	0.091	0.055	0.060	0.050	0.055
Connestee Falls	0.083	0.055	0.060	0.050	0.055
Cedar Mountain	0.138	0.055	0.060	0.050	0.055
Lake Toxaway	0.054	0.055	0.060	0.050	0.055
Balsam Grove	0.112	0.055	0.060	0.050	0.055
North Transylvania	0.140	0.055	0.060	0.050	0.055

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

TABLE 8

UNAUDITED

Taxpayer	Type of Business	Fiscal Year 2022		Fiscal Year 2013		Percentage of Total Assessed Valuation	Percentage of Total Assessed Valuation
		Assessed Valuation	Rank	Assessed Valuation	Rank		
Duke Energy Corp	Electric utility	\$ 169,649,274	1	2.29%	111,453,219	1	0.84%
MH Transylvania Regional	Hospital / Medical	38,357,550	2	0.52%			
Citizens Telephone Co (Comporium)	Communications utility	41,118,717	3	0.55%	64,528,221	4	0.58%
Haywood Electric Member Corp	Electric utility	47,380,402	4	0.64%	42,918,310	8	0.34%
Brevard Retirement Investors	Retirement home facilities	22,649,760	5	0.31%	22,498,210	3	0.37%
Lake Toxaway Company	Real estate development	16,908,360	6	0.23%			
Gaia Herbs Inc	Manufacturing	13,823,472	7	0.19%		6	0.25%
Ingles Markets Inc #67	Retail Grocery Store	13,895,849	8	0.19%	14,807,561		0.25%
Davidson River Village	Real estate development	12,257,300	9	0.17%	15,371,140	10	0.26%
Duke Ventures, LLC	Real estate development	11,873,790	10	0.16%			
Champion Cattle & Tree Farms	Real estate development				47,639,238	2	0.38%
Asheville Savings Bank	Bank				23,335,050	5	0.30%
Excelsior Packaging Group	Manufacturing				19,712,248	7	0.24%
159 Babcock Company LLC	Real estate development				17,870,570	9	
Totals		\$ 387,914,474		5.25%	380,133,767		3.81%

Source: Transylvania County Tax Assessor

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

TABLE 9

UNAUDITED

Fiscal Year Ended June 30	Adjusted Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2014	26,847,544	26,791,840	99.79%	47,987	26,839,827	99.97%
2015	27,436,607	27,399,573	99.87%	31,082	27,430,655	99.98%
2016	27,575,417	27,540,474	99.87%	25,189	27,565,663	99.96%
2017	29,228,388	29,177,546	99.83%	38,979	29,216,525	99.96%
2018	29,830,035	29,690,738	99.53%	124,430	29,815,168	99.95%
2019	29,973,389	29,919,498	99.82%	15,793	29,935,291	99.87%
2020	37,762,428	37,679,542	99.78%	41,446	37,720,988	99.89%
2021	38,563,557	38,491,453	99.81%	44,659	38,536,112	99.93%
2022	42,109,092	42,039,886	99.84%	39,543	42,079,429	99.93%
2023	42,980,741	42,892,480	99.79%	56,080	42,948,560	99.93%

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

TABLE 10  
Page 1 of 2

UNAUDITED

Governmental Activities							
Fiscal Year	General Obligation Bonds	General Obligation Bonds-Premium	Qualified School Construction Bonds	Installment Financing Contract	Capital Lease	Lease Liabilities	Subscriber Liabilities
2014	\$ 5,000,000	\$ 11,142	\$ 1,033,007	\$ 1,836,668	\$ 44,108	\$ -	-
2015	3,140,000	8,030	757,038	1,643,335	26,578	-	-
2016	1,300,000	4,918	648,890	3,197,210	20,967	-	-
2017	520,000	1,806	540,742	2,883,380	5,958	-	-
2018	-	-	432,592	2,569,548	-	-	-
2019	-	-	324,446	2,168,809	-	-	-
2020	-	-	223,079	1,854,979	-	-	-
2021	-	-	108,150	1,541,149	357,973	-	-
2022	-	-	-	1,227,319	-	519,036	-
2023	-	-	-	913,489	-	411,774	163,126

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

TABLE 10  
Page 2 of 2

UNAUDITED

Fiscal Year	Business-type Activities		Total Primary Government	Percentage of Personal Income (1)	Per Capita
	Capital Lease	Lease Liabilities			
2014	\$ -	\$ -	7,924,925	0.74%	239
2015	-	-	5,574,981	0.51%	167
2016	-	-	5,171,985	0.44%	153
2017	-	-	3,951,886	0.30%	116
2018	-	-	3,002,140	0.22%	87
2019	-	-	2,493,255	0.17%	70
2020	-	-	2,078,058	0.14%	58
2021	149,273	-	2,158,566	0.14%	60
2022	201,375	-	1,949,752	0.13%	59
2023	-	70,341	1,490,412	0.09%	45

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

TABLE 11  
Page 1 of 2

**UNAUDITED**

Fiscal Year Ended June 30	General Bonded Debt Outstanding			
	General Obligation Bonds	General Obligation Bonds-Premium	Less: Amounts Available in Debt Service Funds	Total
2014	\$ 5,000,000	\$ 11,142	- \$	5,011,142
2015	3,140,000	8,030	-	3,148,030
2016	520,000	4,918	-	524,918
2017	520,000	-	-	520,000
2018	-	-	-	-
2019	-	-	-	-
2020	-	-	-	-
2021	-	-	-	-
2022	-	-	-	-
2023	-	-	-	-

Notes: Details regarding the County's outstanding debt can be found in the notes to the basic financial statements. See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property for property value data.



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

TABLE 11  
Page 2 of 2

**UNAUDITED**

<b>Fiscal Year Ended June 30</b>	<b>Percentage of Personal Income</b>	<b>Percentage of Actual Taxable Value of Property</b>	<b>Per Capita</b>
2014	0.62%	0.08%	151
2015	0.47%	0.05%	94
2016	0.29%	0.01%	39
2017	0.11%	0.01%	15
2018	0.00%	n/a	n/a
2019	0.00%	n/a	n/a
2020	0.00%	n/a	n/a
2021	0.00%	n/a	n/a
2022	0.00%	n/a	n/a
2023	0.00%	n/a	n/a

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

TABLE 12  
Page 1 of 2

**UNAUDITED**

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Debt Limit	\$ 492,518	\$ 487,871	\$ 490,429	\$ 458,280	\$ 465,648
Total Net Debt Applicable to Debt Limit	<u>5,575</u>	<u>5,575</u>	<u>5,172</u>	<u>3,009</u>	<u>3,002</u>
Legal Debt Margin	<u>\$ 486,943</u>	<u>\$ 482,296</u>	<u>\$ 485,257</u>	<u>\$ 455,271</u>	<u>\$ 462,646</u>
Total Net Debt Applicable to Debt Limit as a Percentage of Debt Limit	<u>1.1%</u>	<u>1.1%</u>	<u>1.1%</u>	<u>0.7%</u>	<u>0.6%</u>

**Legal Debt Margin Calculation for Fiscal Year 2023**

Total Assessed Value	\$ <u>7,123,507,102</u>
Debt Limit (8% of Total Assessed Value)	\$ <u>569,880,568</u>
Amount of Debt Applicable to Debt Limit: Installment Contracts	\$ 913,489
Total Amount of Debt Applicable to Debt Limit	\$ <u>913,489</u>
Legal Debt Margin	\$ <u>568,967,079</u>

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

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

TABLE 12  
 Page 2 of 2

**UNAUDITED**

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Debt Limit	\$ 459,307	\$ 476,103	\$ 485,025	\$ 558,354	\$ 569,881
Total Net Debt Applicable to Debt Limit	<u>2,493</u>	<u>2,071</u>	<u>1,227</u>	<u>1,227</u>	<u>913</u>
Legal Debt Margin	<u>\$ 456,814</u>	<u>\$ 474,032</u>	<u>\$ 483,798</u>	<u>\$ 557,126</u>	<u>\$ 568,967</u>
Total Net Debt Applicable to Debt Limit as a Percentage of Debt Limit	<u>0.5%</u>	<u>0.4%</u>	<u>0.3%</u>	<u>0.2%</u>	<u>0.2%</u>

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

TABLE 13

**UNAUDITED**

<b>Fiscal Year Ended June 30</b>	<b>Population(1)</b>	<b>Personal Income (2)</b>	<b>Per Capita Personal Income (2)</b>	<b>Public School Enrollment(3)</b>	<b>Unemployment Rate(4)</b>
2014	33,220	\$ 1,072,817,000	\$ 32,605	3,517	6.20%
2015	33,428	1,094,188,000	33,112	3,523	6.00%
2016	33,745	1,178,560,000	35,487	3,462	4.80%
2017	34,139	1,331,011,332	38,988	3,402	4.20%
2018	34,575	1,392,127,800	40,264	3,397	4.00%
2019	35,777	1,505,138,390	42,070	3,329	4.30%
2020	35,806	1,522,292,090	42,515	3,326	5.90%
2021	33,165	1,484,034,255	44,747	3,145	4.40%
2022	33,361	1,743,178,972	52,252	3,202	3.70%
2023	33,549	1,858,815,894	55,406	3,221	3.30%

Data Sources:

- (1) Population projections from the U.S. Census survey and projection estimates
- (2) Bureau of Economic Analysis, U.S. Department of Commerce. Figures are for the prior calendar year.
- (3) N.C. Department of Public Instruction, First Month Average Daily Membership.
- (4) Unemployment rates as of the end of the fiscal year from the N.C. Department of Commerce.

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

TABLE 14

**UNAUDITED**

<b>Employer</b>	<b>FY 2023</b>		<b>FY 2014</b>	
	<b>Employees</b>	<b>Rank</b>	<b>Employees</b>	<b>Rank</b>
Transylvania County Board of Education	500-999	1	500-999	1
Transylvania County Government	250-499	2	250-499	3
Ingles Markets, Inc.	250-499	3	100-249	4
Transylvania Regional Hospital	100-249	4	250-499	2
Brevard College	100-249	5	100-249	5
Gaia Herbs	100-249	6	100-249	7
Transylvania Vocational Services	100-249	7	100-249	8
City of Brevard	100-249	8	100-249	6
Lowes Home Centers, Inc.	100-249	9	100-249	10
Wal-Mart Associates, Inc.	100-249	10	100-249	9

Information from the North Carolina Department of Commerce

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

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

TABLE 15  
 Page 1 of 2

**UNAUDITED**

<b>Function</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Governmental Activities					
General Government	48	48	48	50	51
Public Safety	137	138	139	139	141
Economic and Physical Development	3	3	3	3	3
Environmental Protection	2	2	2	2	2
Human Services	101	104	106	106	107
Cultural and Recreation	29	29	30	30	31
Total Governmental Activities	320	324	327	330	335
Business-Type Activities					
Solid Waste	16	16	16	16	17
Total Business-Type Activities	16	16	16	16	17
Total All	336	340	343	346	352

Source: County Human Resources Department

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

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

TABLE 15  
 Page 2 of 2

**UNAUDITED**

<b>Function</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
Governmental Activities					
General Government	53	53	53	53	58
Public Safety	139	140	146	146	135
Economic and Physical Development	3	3	3	3	5
Environmental Protection	2	2	2	2	2
Human Services	105	107	107	105	106
Cultural and Recreation	31	31	31	31	21
Total Governmental Activities	333	336	342	340	327
Business-Type Activities					
Solid Waste	18	18	18	18	18
Total Business-Type Activities	18	18	18	18	18
Total All	351	354	360	358	345

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

TABLE 16  
Page 1 of 2

**UNAUDITED**

<b>Function/Program</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
General government					
Registered Voters	24,017	23,643	24,376	25,003	25,763
Number of Tax Bills (excl motor vehicles)	30,136	30,073	29,999	29,934	29,930
Public Safety					
911 Calls	47,001	48,286	50,444	50,247	51,981
Building Permits Issued*	1,100	1,346	1,529	1,868	1,934
Planning					
Subdivisions reviewed	9	18	11	14	13
Cell towers permitted	0	0	2	2	1
Solid Waste					
Total Collection Site Use (rounded)	349,000	333,000	371,000	379,000	380,000
Tons disposed	21,302	24,068	27,270	26,951	58,048

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



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

TABLE 16  
Page 2 of 2

**UNAUDITED**

<b>Function/Program</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
General government					
Registered Voters	24,573	25,540	25,650	26,392	26,456
Number of Tax Bills (excl motor vehicles)	26,874	25,118	29,721	29,777	31,232
Public Safety					
911 Calls	55,763	54,180	68,159	70,601	57,559
Building Permits Issued*	2,041	2,000	1,950	2,341	2,255
Planning					
Subdivisions reviewed	9	34	31	43	49
Cell towers permitted	1	-	-	-	-
Solid Waste					
Total Collection Site Use (rounded)	385,000	285,000	275,000	275,000	285,000
Tons disposed	56,096	23,160	49,791	48,822	61,517

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

TABLE 17  
Page 1 of 2

**UNAUDITED**

<b>Function/Program</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
General Government					
Public Facilities	5	6	6	6	6
Public Safety:					
Sheriff Department					
Stations	1	1	1	1	1
Patrol vehicles	66	69	71	79	80
EMS Stations	2	2	2	2	2
Culture and Recreation:					
Libraries	1	1	1	1	1
Parks	6	6	5	5	5
Acreage	74	74	74	74	74
Athletic fields	9	9	9	8	8
Recreation centers	1	1	1	1	1

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

TABLE 17  
Page 2 of 2

**UNAUDITED**

<b>Function/Program</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
General Government					
Public Facilities	6	6	6	6	6
Public Safety:					
Sheriff Department					
Stations	1	1	1	1	1
Patrol vehicles	80	80	80	80	80
EMS Stations	2	2	2	2	2
Culture and Recreation:					
Libraries	1	1	1	1	1
Parks	5	6	6	6	6
Acreage	74	129	129	129	129
Athletic fields	8	8	8	8	8
Recreation centers	1	1	1	1	1

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## **COMPLIANCE SECTION**

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

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

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

### **Independent Auditor's Report**

To the Board of Commissioners  
Transylvania County, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Transylvania County, North Carolina, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated July 30, 2024. The financial statements of the Transylvania County Tourism Development Authority were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable non-compliance associated with the Transylvania County Tourism Development Authority.

### **Report on Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying Schedule of Findings, Responses, and Questioned Costs as items 2023-001 and 2023-002 that we consider to be material weaknesses.

## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Transylvania County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, non-compliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of non-compliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings, Responses, and Questioned Costs as item 2023-001.

## **Transylvania County's Responses to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the County's responses to the findings identified in our audit and described in the accompanying Schedule of Findings, Responses, and Questioned Costs. The County's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

## **Purpose of this Report**

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

*Martin Starnes & Associates, CPAs, P.A.*

Martin Starnes & Associates, CPAs, P.A.  
Hickory, North Carolina  
July 30, 2024



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

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

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

### **Independent Auditor's Report**

To the Board of Commissioners  
Transylvania County, North Carolina

### **Report on Compliance for Each Major Federal Program**

#### ***Opinion on Each Major Federal Program***

We have audited Transylvania County, North Carolina's, compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission that could have a direct and material effect on each of Transylvania County's major federal programs for the year ended June 30, 2023. Transylvania County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings, Responses, and Questioned Costs.

In our opinion, Transylvania County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

#### ***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the State Single Audit Implementation Act. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Transylvania County and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Transylvania County's compliance with the compliance requirements referred to above.

### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Transylvania County's federal programs.

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material non-compliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Transylvania County's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance, and the State Single Audit Implementation Act will always detect material non-compliance when it exists. The risk of not detecting material non-compliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Non-compliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Transylvania County's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance, and the State Single Audit Implementation Act, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material non-compliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Transylvania County's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of Transylvania County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and the State Single Audit Implementation Act, but not for the purpose of expressing an opinion on the effectiveness of the Transylvania County's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Other Matters**

The results of our auditing procedures disclosed an instance of non-compliance, which is required to be reported in accordance with Uniform Guidance and which is described in the accompanying Schedule of Findings, Responses, and Questioned Costs as items 2023-003. Our opinion on each major federal program is not modified with respect to this matter.

*Government Auditing Standards* requires the auditor to perform limited procedures on the County's response to the non-compliance finding identified in our audit described in the accompanying Schedule of Findings, Responses, and Questioned Costs. The County's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

## Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, non-compliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material non-compliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings, Responses, and Questioned Costs as items 2023-003 and 2023-004 to be significant deficiencies.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

*Government Auditing Standards* require the auditor to perform limited procedures on Transylvania County's responses to the internal control over compliance findings identified in our compliance audit described in the accompanying Schedule of Findings, Responses, and Questioned Costs. Transylvania County's responses were not subjected to the other auditing procedures applied in the audit of compliance and accordingly, we express no opinion on the responses.

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

*Martin Starnes & Associates, CPAs, P.A.*

Martin Starnes & Associates, CPAs, P.A.  
Hickory, North Carolina  
July 30, 2024

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

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

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

### **Independent Auditor's Report**

To the Board of Commissioners  
Transylvania County, North Carolina

### **Report on Compliance for Each Major State Program**

#### ***Opinion on Each Major State Program***

We have audited Transylvania County, North Carolina's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of Transylvania County's major state programs for the year ended June 30, 2023. Transylvania County's major state programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings, Responses, and Questioned Costs.

In our opinion, Transylvania County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2023.

#### ***Basis for Opinion on Each Major State Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the State Single Audit Implementation Act. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Transylvania County and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major state program. Our audit does not provide a legal determination of Transylvania County's compliance with the compliance requirements referred to above.

### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Transylvania County's state programs.

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material non-compliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Transylvania County's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance, and the State Single Audit Implementation Act will always detect material non-compliance when it exists. The risk of not detecting material non-compliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Non-compliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Transylvania County's compliance with the requirements of each major state program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance, and the State Single Audit Implementation Act, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material non-compliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Transylvania County's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of Transylvania County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and the State Single Audit Implementation Act, but not for the purpose of expressing an opinion on the effectiveness of Transylvania County's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on Internal Control Over Compliance**

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be a significant deficiency.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, non-compliance with a type of compliance requirement of a state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is reasonable possibility that material non-compliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings, Responses, and Questioned Costs as item 2023-004 to be a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

*Government Auditing Standards* require the auditor to perform limited procedures on Transylvania County's response to the internal control over compliance finding identified in our compliance audit described in the accompanying Schedule of Findings, Responses, and Questioned Costs. Transylvania County's response was not subjected to the other auditing procedures applied in the audit of compliance and accordingly, we express no opinion on the response.

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

*Martin Starnes & Associates, CPAs, P.A.*

Martin Starnes & Associates, CPAs, P.A.  
Hickory, North Carolina  
July 30, 2024

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**TRANSYLVANIA COUNTY, NORTH CAROLINA**

**SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2023**

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**Section I – Summary of Auditor’s Results**

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**Financial Statements**

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

Internal control over financial reporting:

- Material weakness(es) identified? Yes
- Significant deficiency(ies) identified? No

Non-compliance material to financial statements noted? Yes

**Federal Awards**

Internal control over major federal programs:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified? Yes

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? Yes

Identification of major federal programs:

<b><u>Program Name</u></b>	<b><u>AL #</u></b>
Medicaid Cluster	93.778
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds (ARPA)	21.027

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

Auditee qualified as low-risk auditee? No

**TRANSYLVANIA COUNTY, NORTH CAROLINA**

**SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2023**

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

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**State Awards**

Internal control over major state programs:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified? Yes

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

Any findings disclosed that are required to be reported in accordance with the State Single Audit Implementation Act? Yes

Identification of major state programs:

**Program Name**

Medicaid Cluster  
Industrial Development Fund Utility Account  
State Capital and Infrastructure Funds

Auditee qualified as State low-risk auditee? No

# TRANSYLVANIA COUNTY, NORTH CAROLINA

## SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2023

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### Section II – Financial Statement Findings

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#### Material Weakness

#### Non-Compliance

#### **Finding 2023-001**

**Criteria:** N.C. General Statute 159-34 requires the County to have an audit as soon as possible after the close of each fiscal year. Year-end closeout procedures, including reconciliation of subsidiary ledgers, should be performed timely and accurately to facilitate the timely preparation of the financial statements to meet established North Carolina Local Government Commission requirements.

**Condition:** The annual audit was delayed due to turnover in financial personnel, which also caused untimely reconciliation of subsidiary ledgers. Internal controls over subsidiary ledger reconciliations are critical.

**Effect:** Delays of timely reporting and errors in financial reporting could occur. The County will not meet the required reporting deadline.

**Cause:** There was significant turnover in key financial personnel in the current year.

**Identification of a Repeat Finding:** This is a repeat finding from the immediate previous audit, 2022-001.

**Recommendation:** Management should devote sufficient training, tools, and time necessary to implement new accounting standards in a timely manner to prevent future delays in financial reporting due to new accounting standards. Management should put procedures in place to reconcile all subsidiary ledgers to the general ledger on a monthly basis.

**Name of Contact Person:** Meagan O’Neal, Finance Director

**Views of Responsible Officials and Planned Corrective Actions:** The County agrees with this finding and will adhere to the Corrective Action Plan in this audit report.

**TRANSYLVANIA COUNTY, NORTH CAROLINA**

**SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2023**

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**Section II – Financial Statement Findings (continued)**

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**Material Weakness**

**Finding 2023-002**

**Criteria:** Management should have a system in place to reduce the likelihood of errors in financial reporting.

**Condition:** During the year ended June 30, 2023, management determined that certain assets were incorrectly over-depreciated, as well as one asset disposal excluded from the prior year capital asset disposals. A prior period adjustment was required to accurately report the net position of the County as of June 30, 2022.

**Effect:** For the statements affected, the prior year financial statements were misstated.

**Cause:** Misapplication of current accounting guidance related to the accounting for capital assets.

**Recommendation:** Annual review of capital asset listing should be completed annually by department heads, finance director, and county manager for accuracy and completeness to prevent prior period adjustments in the future.

**Name of Contact Person:** Meagan O’Neal, Finance Director

**Views of Responsible Officials and Planned Corrective Actions:** The County agrees with this finding and will adhere to the Corrective Action Plan in this audit report.

# TRANSYLVANIA COUNTY, NORTH CAROLINA

## SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2023

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### Section III – Federal Awards Findings and Questioned Costs

---

#### Significant Deficiency

#### Non-Compliance

#### Finding 2023-003

**Criteria:** In accordance with Title 2 CFR 200.512(a)(1), *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), auditees are required to submit the data collection form and the reporting package to the GAC within the earlier of 30 calendar days after receipt of the auditor's report or nine months after the end of the audit period. For any 2023 submissions with fiscal periods ending between January 1, 2023 and September 30, 2023, requirement 2 CFR 200.512(1) stating that single audits are due to the Federal Audit Clearinghouse 30 days after receipt of the auditor's report(s), is waived. These audits will be considered on time if they are submitted within nine months after their fiscal period end date.

**Condition:** The County's data collection form and reporting package for the year ended June 30, 2023, were not submitted to the Federal Audit Clearinghouse (FAC) within a timely manner.

**Effect:** The County's data collection form and reporting package were not submitted, as required under Title 2 CFR 200.512(a)(1), *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

**Cause:** Due to a delay in the audit, the timing of the Uniform Guidance audit was delayed. The County did not submit the data collection form to the Federal Audit Clearinghouse (FAC) on time.

**Questioned Costs:** None. The finding represents a reporting issue; therefore, no questioned costs are applicable.

**Recommendation:** Measures should be taken to ensure the audit package and the data collection form are submitted within 30 days after receipt of the auditor's report or nine months after the end of the fiscal year end date, whichever comes first.

**Name of Contact Person:** Meagan O'Neal, Finance Director

**Views of Responsible Officials and Planned Corrective Action:** Management concurs with the condition noted above. Please refer to the Corrective Action Plan of this report.

# TRANSYLVANIA COUNTY, NORTH CAROLINA

## SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2023

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### Section III – Federal Awards Findings and Questioned Costs (continued)

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#### **U.S. Department of Health and Human Services**

Passed through the N.C. Dept. of Health and Human Services

Program Name: Medical Assistance Program

AL# 93.778

Grant Number: XIX-MAP23

#### **Significant Deficiency**

#### **Finding 2023-004**

**Criteria:** In accordance with the Division of Social Services Fiscal Manual, DSS employees should control physical access to the state network terminals or personal computers that are connected to the state mainframe.

**Condition:** Upon surprise inspection, one unattended workstation of a DSS employee was logged onto the state network.

**Context:** While performing testing of internal control over compliance related to the Division of Social Services, we noted the above condition.

**Effect:** Unauthorized access to the state system could be obtained due to the unattended logon to the system throughout the DSS building.

**Cause:** Lack of proper internal controls over data security.

**Questioned Costs:** None. The finding represents an internal control issue; therefore, no questioned costs are applicable.

**Recommendation:** Require the County Data Processing Department to implement procedures to require logout of workstations where access to the state DSS system is granted. The control procedures should include random verification of logout in instances where offices are unattended.

**Name of Contact Person:** Meagan O’Neal, Finance Director.

**Views of Responsible Officials and Planned Corrective Actions:** Management concurs with this finding and will adhere to the Corrective Action Plan in this audit report.

# TRANSYLVANIA COUNTY, NORTH CAROLINA

## SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2023

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### Section IV – State Awards Findings and Questioned Costs

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**Finding: 2023-004** – In accordance with the Division of Social Services Fiscal Manual, DSS employees should control physical access to the state network terminals or personal computers that are connected to the state mainframe. See more details at Finding 2023-004 in Section III Federal Award Findings, Responses, and Questioned Costs.

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**BOARD OF COMMISSIONERS**  
Jason Chappell, Chair  
Jake Dalton, Vice-Chairman  
Larry Chapman  
Teresa McCall  
Chase McKelvey



**COUNTY MANAGER**  
Jaime Laughter  
828-884-3100  
Fax 828-884-3119

101 South Broad Street  
Brevard, NC 28712

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## Corrective Action Plan

### Finding 2023-001:

**Name of Contact Person:** Meagan O'Neal

**Management Response:** The resignation of the Finance Director at the beginning of June 2023 caused a delay in the completion of the audit. The interim director worked to keep daily finance operations running and there was a time of transition as the new director took the position. Since starting in October 2023, the new director has implemented many changes in monthly reconciliation processes and reassigned tasks to streamline the completion of future audits. The auditor/county communication has remained open during this time of transition.

**Proposed Completion Date:** Immediately.

### Finding 2023-002:

**Name of Contact Person:** Meagan O'Neal

**Management Response:** A new process for reviewing capital assets, depreciation and disposals uncovered over depreciation that has been reported since FY2019. Upon discovering this information immediate reviews and plans were completed by the auditors and finance team to ensure all over/under depreciated items were addressed and adjusted in the FY23 audit. Scheduled review/inventory of all assets along with support from our ERP software staff will ensure all assets are tracked in the appropriate software and maintain accurate records of depreciation.

**Proposed Completion Date:** Immediately.

### Finding 2023-003:

**Name of Contact Person:** Meagan O'Neal

**Management Response:** The assessment of all finance staff duties has provided a clearer understanding of how the audit package can be timely moving forward. Processes have been put in place for reviewing accounts, budgets and reports more often to prevent a year end rush to collect data.

**Proposed Completion Date:** Immediately.

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828-884-3100  
Fax 828-884-3119

**101 South Broad Street  
Brevard, NC 28712**

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**Corrective Action Plan (continued)**

**Finding 2023-004:**

**Name of Contact Person:** Nathanael Carver

**Management Response:** Information Technology implemented a new procedure related to the County's Computer and Internet Use Policy to ensure County and State data is always secure and safe. This new procedure includes restrictions on non-used network ports, non-county technology devices accessing the network, new password requirements and a ticketing system for all IT related support. Staff were also reminded of the importance of securing workstations during their absence. Random verification of logout confirmation occurs by DSS supervisors as well as IT staff to ensure procedures are being followed.

**Proposed Completion Date:** Immediately.

**TRANSYLVANIA COUNTY, NORTH CAROLINA**

**SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2023**

**Finding:** 2022-001  
**Status:** Modified and repeated as Finding 2023-001.

**Finding:** 2022-002  
**Status:** Corrected.

**Finding:** 2022-003  
**Status:** Corrected.

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## TRANSYLVANIA COUNTY, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED JUNE 30, 2023

Grantor / Pass-Through Grantor / Program Title	Federal AL Number	State/ Pass-through Grantor's Number	Federal (Direct & Pass Through) Expenditures	State Expenditures	Passed-through to Subrecipients	Local Expenditures
<b>Federal Awards:</b>						
<u>U.S. Department of Health and Human Services:</u>						
<u>Administration for Children and Families:</u>						
Passed-through the N.C. Department of Health and Human Services:						
Temporary Assistance for Needy Families:						
Division of Social Services:						
Temporary Assistance for Needy Families WorkFirst Administration	93.558	2302NCTANF	\$ 58,592	\$ -	\$ -	\$ 45,832
Temporary Assistance for Needy Families WorkFirst Services	93.558	2302NCTANF	319,197	-	-	489,701
Division of Public Health:						
Temporary Assistance for Needy Families Payments and Penalties	93.558	2201NCTANF	-	-	-	-
Total Temporary Assistance for Needy Families:			377,789	-	-	535,533
Child Support Services Section:						
Child Support Services - IV-D Administration	93.563	2301NCCES	126,568	-	-	65,334
Child Support Enforcement - IV-D Offset Fees	93.563	2201NCCES	-	-	-	-
Child Support Enforcement - Federal	93.563	2201NCCES	-	-	-	-
Total Child Support Services Section:			126,568	-	-	65,334
Low-Income Home Energy Assistance:						
COVID-19 Low-Income Home Energy Assistance ARPA - Administration						
	93.568	2301NCLIEA	53,353	-	-	-
Low-Income Home Energy Assistance - Administration						
	93.568	2201NCLIEA	-	-	-	-
Low-Income Home Energy Assistance - Support						
	93.568	2201NCLIEA	-	-	-	-
COVID-19 Low-Income Home Energy Assistance ARPA						
	93.568	2201NCLIEA	-	-	-	-
Low-Income Home Energy Assistance - Crisis Intervention Program						
	93.568	2301NCLIEA	31,401	-	-	-
Low-Income Home Energy Assistance - LIHWAP Administration						
	93.568	2301NCLIEA	46,435	-	-	-
Low-Income Home Energy Assistance - LIHWAP CAA						
	93.568	2301NCLIEA	25,119	-	-	-
Total Low-Income Home Energy Assistance:			156,308	-	-	-
<u>Administration for Children and Families:</u>						
Passed-through the N.C. Department of Health and Human Services:						
Division of Social Services:						
<u>Foster Care, Adoption, and Guardianship Assistance Program Cluster (Note 3):</u>						
Foster Care Title IV-E - Training and Off Training	93.658	2301NCFOST	235,111	-	-	232,516
Foster Care Title IV-E - Administration	93.658	2301NCFOST	150,365	38,858	-	62,303
Foster Care Title IV-E - Direct Benefit Payments	93.658	2301NCFOST	141,428	22,383	-	128,283
Adoption Assistance - Title IV-E Optional Adoption TRN-Admin	93.659	2301NCADPT	2,947	-	-	2,926
Total Foster Care, Adoption, and Guardianship Assistance Program Cluster (Note 3):			529,851	61,241	-	426,028
Social Services Block Grant	93.667	2301NCSOSR	183,827	17,176	-	58,728
<u>Special Children Adoption Fund Cluster (Note 3):</u>						
MaryLee Allen Promoting Safe and Stable Families Program	93.556	2301NCFPSS	12,274	-	-	-
Stephanie Tubbs Jones Child Welfare Services Program	93.645	2301NCCWSS	67,534	-	-	2,103
Total Special Children Adoption Fund Cluster (Note 3)			79,808	-	-	2,103
Chafee Foster Care Independence Section:						
John H. Chafee Foster Care Program for Successful Transition to Adulthood - Administration						
	93.674	2301NCC1LP	12,978	3,244	-	-
John H. Chafee Foster Care Program for Successful Transition to Adulthood - Direct Benefits Payments						
	93.674	2301NCC1LP	11,954	-	-	-
			24,932	3,244	-	-
Division of Child Development:						
Subsidized Child Care Program Cluster (Note 3)						
<u>Child Care Development Fund Cluster:</u>						
Division of Social Services:						
Child Care Mandatory and Matching Funds of the Child Care and Development Fund - Administration						
	93.596	2301NCCCDF	65,562	-	-	-
Total Subsidized Child Care Cluster/Child Care Development Fund Cluster (Note 3):			65,562	-	-	-
Total Administration for Children and Families			1,544,645	81,661	-	1,087,726
<u>Centers for Medicare and Medicaid Services</u>						
Passed-through the N.C. Department of Health and Human Services:						
Division of Social Services:						
Division of Medical Assistance						
<u>Medicaid Cluster:</u>						
Medical Assistance Program -Administration	93.778	XIX-MAP 23	1,031,033	174,405	-	350,815
Total Medicaid Cluster			1,031,033	174,405	-	350,815

## TRANSYLVANIA COUNTY, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED JUNE 30, 2023

<u>Grantor / Pass-Through Grantor / Program Title</u>	<u>Federal AL Number</u>	<u>State/ Pass-through Grantor's Number</u>	<u>Federal (Direct &amp; Pass Through) Expenditures</u>	<u>State Expenditures</u>	<u>Passed-through to Subrecipients</u>	<u>Local Expenditures</u>
Division of Health Benefits:						
Division of Social Services:						
Children's Health Insurance Program - N.C. Health Choice - Administration	93.767	CHIP23	24,037	1,641	-	3,923
Total Centers for Medicare and Medicaid Services			1,055,070	176,046	-	354,738
<u>Centers for Disease Control and Prevention:</u>						
Passed-through the N.C. Department of Health and Human Services:						
Division of Public Health:						
Public Health Emergency Preparedness	93.069	5363260514	30,783	-	-	-
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	93.074	12642680EZ	-	-	-	-
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	6 NU52PS910218-01-01	3,313	-	-	-
COVID-19 - Immunization Cooperative Agreements	93.268	1331631EEJ	13,562	-	-	-
Immunization Cooperative Agreements	93.268	1331631EEJ	8,598	-	-	-
Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations	93.898	5 NU58DP006281-05	1,330	-	-	-
Preventive Health and Health Services Block Grant	93.991	1261550300/12615503PH	30,608	-	-	-
Sexually Transmitted Diseases (STD) Prevention and Control Grants	93.977	1311462ANB	42	-	-	-
COVID-19 - Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	6 NU50CK000530-02-06	-	-	-	-
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	6 NU50CK000530-02-06	149,847	-	-	-
COVID-19 - Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	93.354	NU90TP22192	-	-	-	-
Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	93.354	6NU90TP22104-01-01	461,598	-	-	-
Total Centers for Disease Control and Prevention			699,681	-	-	-
<u>Substance Abuse and Mental Health Services Administration</u>						
Passed-through the N.C. Department of Health and Human Services:						
CARA Act - Comprehensive Addiction and Recovery Act of 2016	93.799	18SP80395A	-	-	-	-
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	16SP21961A	-	-	-	-
<u>CDC National Center For Chronic Disease Prevention And Health Promotion</u>						
Passed-through the N.C. Department of Health and Human Services:						
Drug-Free Communities Support Program Grants	93.276	2H79SP020377-06	88,132	-	-	-
<u>Health Resources and Service Administration</u>						
Passed-through the N.C. Department of Health and Human Services:						
Provider Relief Fund	93.498	566000343	-	-	-	-
Rural Health Care Services Outreach, Rural Health Network Development and Small Health Care Provider Quality Improvement	93.912	G25RH40063	-	-	-	-
Division of Public Health:						
Maternal and Child Health Services Block Grant to the States	93.994	536260318	28,331	5,657	-	-
<u>Office of Assistant Secretary for Health:</u>						
Passed-through the N.C. Department of Health and Human Services:						
Division of Public Health:						
Office of Assistant Secretary for Health:						
Family Planning Services	93.217	536260510/536260908	32,707	-	-	-
<u>Administration for Community Living</u>						
<u>Division of Aging and Adult Services:</u>						
Passed-through the N.C. Department of Health and Human Services						
Passed-through Land-of-Sky Regional Council						
<u>Aging Cluster:</u>						
Special Programs for the Aging - Title III, Part B -- Grants for Supportive Services and Senior Centers	93.044	22/23AANCT3SS	12,306	724	13,030	-
Special Programs for the Aging - Title III, Part B -- Grants for Supportive Services and Senior Centers	93.044	22/23AANCT3SS	80,187	53,188	133,375	-
Special Programs for the Aging - Title III C Nutrition Services (Congregate Nutrition)	93.045	22/23AANCT3CM	76,881	10,767	87,648	-
Special Programs for the Aging - Title III C Nutrition Services (Home-Delivered Meals)	93.045	22/23AANCT3HD	39,641	10,408	50,049	-
Nutrition Services Incentive Program	93.053	22/23AANCNSIP	8,558	-	8,558	-
Total Aging Cluster			217,573	75,087	292,660	-

## TRANSYLVANIA COUNTY, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED JUNE 30, 2023

Grantor / Pass-Through Grantor / Program Title	Federal AL Number	State/ Pass-through Grantor's Number	Federal (Direct & Pass Through) Expenditures	State Expenditures	Passed-through to Subrecipients	Local Expenditures
National Family Caregiver Support, Title III, Part E	93.052	19AANCT3FC	8,963	598	9,561	-
Passed-through the N.C. Department of Insurance - SHIIP Division						
Medicare Enrollment Assistance Program	93.071	RQ17318461	-	3,000	-	-
Total Administration for Community Living			226,536	78,685	302,221	-
Total U.S. Department of Health and Human Services			3,675,102	342,049	302,221	1,442,464
<u>U.S. Department of Agriculture:</u>						
<u>Food and Nutrition Service:</u>						
Passed-through N.C. Department of Health and Human Services:						
Division of Social Services:						
Supplemental Nutrition Assistance Program Cluster						
Administration:						
State Administrative Matching Grants for Supplemental Nutrition Assistance Program	10.561	5NC700705	204,078	-	-	204,078
COVID-19 - State Administrative Matching Grants for Supplemental Nutrition Assistance Program ARPA	10.561	5NC700705	40,645	-	-	-
Total Supplemental Nutrition Assistance Program Cluster			244,723	-	-	204,078
Division of Public Health:						
WIC Special Supplemental Nutrition Program for Women, Infants, and Children - Administration	10.557	536260415	143,770	-	-	-
<u>Forest Service:</u>						
Passed-through N.C. Department of Agriculture and Consumer Services						
Division of Soil and Water Conservation:						
Good Neighbor Authority	10.691	18-GN-11081117-009	95,684	-	-	-
<u>Natural Resources Conservation Service:</u>						
Emergency Watershed Protection Program - Floodplain Easements - Disaster Relief Appropriations Act	10.923	NR224532XXXXC002	45,170	-	-	-
Total U.S. Department of Agriculture			529,347	-	-	204,078
<u>U.S. Department of Homeland Security:</u>						
Passed-through N.C. Department of Public Safety Management:						
Division of Emergency Management:						
Emergency Management Performance Grants	97.042	EMPG-2021-19087	20,625	-	-	-
Total U.S. Department of Homeland Security			20,625	-	-	-
<u>U.S. Department of Justice:</u>						
Office of Justice Programs:						
State Criminal Alien Assistance Program	16.606		16,512	-	-	-
Boards and Divisions Offices:						
Direct Program:						
Comprehensive Opioid, Stimulant, and other Substance Use Program	16.838	15PBJA-21-GG-04496-COAP	141,464	-	-	-
Passed-through N.C. Department of Crime Control and Public Safety:						
Crime Victim Assistance	16.575	2020-V2-GX-0061	21,106	-	21,106	-
Crime Victim Assistance	16.575	2018-V2-GX-0061	38,492	-	38,492	-
Total U.S. Department of Justice			217,574	-	59,598	-
<u>U.S. Department of Treasury:</u>						
<u>Direct Program</u>						
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds (ARPA)	21.027		2,388,859	-	-	-
Local Assistance and Tribal Consistency Fund	21.032		213,572	-	-	-
Passed through the NC Department of Environmental Quality						
Division of Water Infrastructure						
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds (ARPA) - At Risk Grant Funds	21.027	SRP-D-ARP-0028	2,209,631	-	-	-
Total U.S. Department of Treasury			4,812,062	-	-	-
<u>Appalachian Regional Commission:</u>						
Passed-through North Carolina Department of Commerce						
Appalachian Research, Technical Assistance, and Demonstration Projects	23.011	ARC-NC-19516	270,000	-	-	-
Total Appalachian Regional Commission			270,000	-	-	-

TRANSYLVANIA COUNTY, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED JUNE 30, 2023

<u>Grantor / Pass-Through Grantor / Program Title</u>	<u>Federal AL Number</u>	<u>State/ Pass-through Grantor's Number</u>	<u>Federal (Direct &amp; Pass Through) Expenditures</u>	<u>State Expenditures</u>	<u>Passed-through to Subrecipients</u>	<u>Local Expenditures</u>
<u>U.S. Department of Transportation:</u>						
Federal Transit Administration: Passed-through N.C. Department of Transportation:						
Formula Grants for Rural Areas and Tribal Transit Program - Admin	20.509	23-CT-057	70,584	4,411	-	-
Transit Services Programs Cluster:						
Enhanced Mobility of Seniors & Individuals with Disabilities	20.513	23-ED-057	12,627	-	12,627	-
Total Transit Services Programs Cluster:			12,627	-	12,627	-
Total U.S. Department of Transportation			83,211	4,411	12,627	-
Total Assistance- Federal Programs			9,607,921	346,460	374,446	1,646,542
<b>State Awards:</b>						
<u>N.C. Department of Administration:</u>						
Veterans Service						
			-	2,083	-	-
Total NC Department of Administration			-	2,083	-	-
<u>N.C. Department of Public Safety:</u>						
Division of Emergency Management						
Transportation Infrastructure Resiliency Grant		2365016	-	33,942	-	-
Division of Juvenile Justice						
Juvenile Crime Prevention Council Programs		088-XXXX	-	125,947	-	-
Total NC Department of Public Safety			-	125,947	-	-
<u>N.C. Department of Commerce:</u>						
Public Infrastructure Funds						
Industrial Development Fund Utility Account		U-510	-	579,610	-	-
Total NC Department of Commerce			-	579,610	-	-
<u>N.C. Department of Health and Human Services:</u>						
<u>Division of Aging and Adult Services:</u>						
<i>Passed-through Land-of-Sky Regional Council</i>						
Senior Center General Purpose Funding	N/A	N/A	-	3,564	-	-
Division of Social Services:						
Administration:						
Energy Assistance Private Grants			-	7,251	-	-
CPS Expansion - State			-	116,756	-	-
Direct Benefit Payments:						
SFHF Maximization			-	118,201	-	-
State Foster Home			-	28,074	-	-
Total Division of Social Services			-	270,282	-	-
Division of Public Health:						
Healthy Communities		1 NB01OT009312-02-00	-	3,746	-	-
Public Health Capacity Building			-	75,407	-	-
Public Health Pest Management			-	26,000	-	-
General Communicable Disease Control		1175451000.000	-	10,656	-	-
Food and Lodging Fees			-	4,477	-	-
HIV/STD State			-	500	-	-
TB Control		6 NU52PS910218-01-01	-	2,200	-	-
School Nurse Funding Initiative			-	50,000	-	-
Breast and Cervical Cancer Program		5 NU58DP006281-05	-	995	-	-
Family Planning - State			-	26,606	-	-
546 Communicable Disease Pandemic Recovery		2SF1249NTT	-	12,933	-	-
Child Health		B04MC40152	-	800	-	-
Total Division of Public Health			-	214,320	-	-
Total N.C. Department of Health and Human Services			-	488,166	-	-
<u>N.C. Department of Transportation:</u>						
Rural Operating Assistance Program (ROAP)						
Elderly and Disabled Transportation Assistance Program (E&DTAP)			-	77,612	-	-
Rural General Public Program (RGP)			-	82,877	-	-
Employment Transportation Assistance Program			-	11,182	-	-
Total ROAP Cluster			-	171,671	-	-
Total NC Department of Transportation			-	171,671	-	-



## TRANSYLVANIA COUNTY, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED JUNE 30, 2023

<u>Grantor / Pass-Through Grantor / Program Title</u>	<u>Federal AL Number</u>	<u>State/ Pass-through Grantor's Number</u>	<u>Federal (Direct &amp; Pass Through) Expenditures</u>	<u>State Expenditures</u>	<u>Passed-through to Subrecipients</u>	<u>Local Expenditures</u>
<u>N.C. Department of Agriculture and Consumer Services</u>						
Division of Soil and Water Conservation:						
Streamflow Rehabilitation Assistance Program (StRAP)			-	63,660	-	-
Soil and Water Technical Assistance			-	23,170	23,170	-
Soil and Water Conservation Matching Fund			-	3,600	3,600	-
			-	90,430	26,770	-
Total N.C. Department of Agriculture and Consumer Services						
<u>N.C. Office of State Budget and Management</u>						
State Directed Grant Programs:						
State Capital and Infrastructure Funds		20621	-	100,000	-	-
State Capital and Infrastructure Funds		20622	-	500,000	-	-
			-	600,000	-	-
Total N.C. Office of State Budget and Management						
<u>N.C. Department of Natural and Cultural Resources</u>						
Division of State Library						
State Aid to Public Libraries			-	92,069	-	-
			-	92,069	-	-
Total N.C. Department of Natural and Cultural Resources						
<u>N.C. Department of Public Instruction:</u>						
Public School Building Capital Fund			-	273,928	-	-
			-	2,457,846	26,770	-
Total Assistance- State Programs						
Total Federal and State Awards			<u>\$ 9,607,921</u>	<u>\$ 2,804,306</u>	<u>\$ 401,216</u>	<u>\$ 1,646,542</u>

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

The accompanying Schedule of Expenditures of Federal and State Awards (SEFSA) includes the federal and state grant activity of Transylvania County under the programs of the federal government and the state of North Carolina for the year ended June 30, 2023. The information in this SEFSA is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of Transylvania County, it is not intended Federal Awards (Uniform Guidance) and the State Single Audit to and does not present the financial position, changes in net position or cash flows of Transylvania County.

**Note 2: Summary of Significant Accounting Policies**

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

**Note 3: Cluster of Programs**

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

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