

**Financial Statements
For the Year Ended June 30, 2011**

Town of Sylva, North Carolina

Town Council

Maurice Moody, Mayor

Danny Allen

Harold Hensley

Stacy Knotts

Ray Lewis

Christina Matheson

Management

Dan Schaeffer, Interim Town Manager

Lynn Bryant, Finance Officer

Town of Sylva, North Carolina

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BURLESON & EARLEY, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members of the Governing Council
Town of Sylva
Sylva, North Carolina

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, and each major fund and the aggregate remaining fund information of the Town of Sylva, North Carolina, as of and for the year then ended June 30, 2011, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Sylva management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of the Town of Sylva's ABC Board. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Town of Sylva ABC Board, is based solely on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the Town of Sylva ABC Board were not audited in accordance with *Government Auditing Standards*. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of the other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, and each major fund and the aggregate remaining fund information of the Town of Sylva, North Carolina as of June 30, 2011, and the respective changes in financial position and budgetary comparisons for the General Fund, the Fisher Creek Special Revenue Fund and the Revolving Loan Special Revenue Fund for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2011 on our consideration of the Town of Sylva's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's Discussion and the Schedules of Funding Progress, Employer Contributions, and notes to the required schedules for the Law enforcement Officers' Special Separation Allowance and the Other Postemployment Benefits' Schedule of Funding Progress and Employer Contributions are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit this information and express no opinion thereon.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements of the Town of Sylva, North Carolina. The combining and individual fund financial statements, budgetary and other schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements, budgetary and other schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Burleson & Earley, P.A.
Certified Public Accountants
September 30, 2011

Town of Sylva, North Carolina Management's Discussion and Analysis

As management of the Town of Sylva (the Town), we offer readers of the Town of Sylva's financial statements this narrative overview and analysis of the financial activities of the Town of Sylva for the fiscal year ended June 30, 2011. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the Town's financial statements, which follow this narrative.

Financial Highlights

- The assets of the Town of Sylva *exceeded* its liabilities at the close of the fiscal year by \$11,698,208 (net assets).
- The government's total net assets increased by \$330,378. Revenues decreased by 13% and expenses decreased by 20% from the prior year resulting in this positive result on net assets in the current year.
- As of the close of the current fiscal year, the Town of Sylva's governmental funds reported combined ending fund balance of \$7,361,771, an *increase* of \$114,045 in comparison with the prior year's decrease of (\$1,605,937). Approximately 24 percent or \$1,792,580, is available for spending at the government's discretion (**unassigned general fund balance**).
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$1,792,580, or 69 percent of the total general fund expenditures for the fiscal year. The Town of Sylva's Cash Management Policy states that the Town will maintain at least a 40 percent unassigned fund balance. The Town's general fund balance increased by \$251,649 compared to a decrease of (\$167,535) last year. Of this increase, \$71,700 represents monies that were added to the Fire Department Capital Reserve Fund at year end. This fund balance increase mainly resulted from conservative budgeting and limiting capital and debt spending.
- Total long-term debt of \$2,023,746 decreased by \$202,700 from the previous year. This decrease resulted from repayments of vehicle leases and the loan for the fire department renovation project, net of increases in the liabilities for postemployment benefits.
- Taxes remained at \$.30 per \$100.

Overview of the Financial Statements

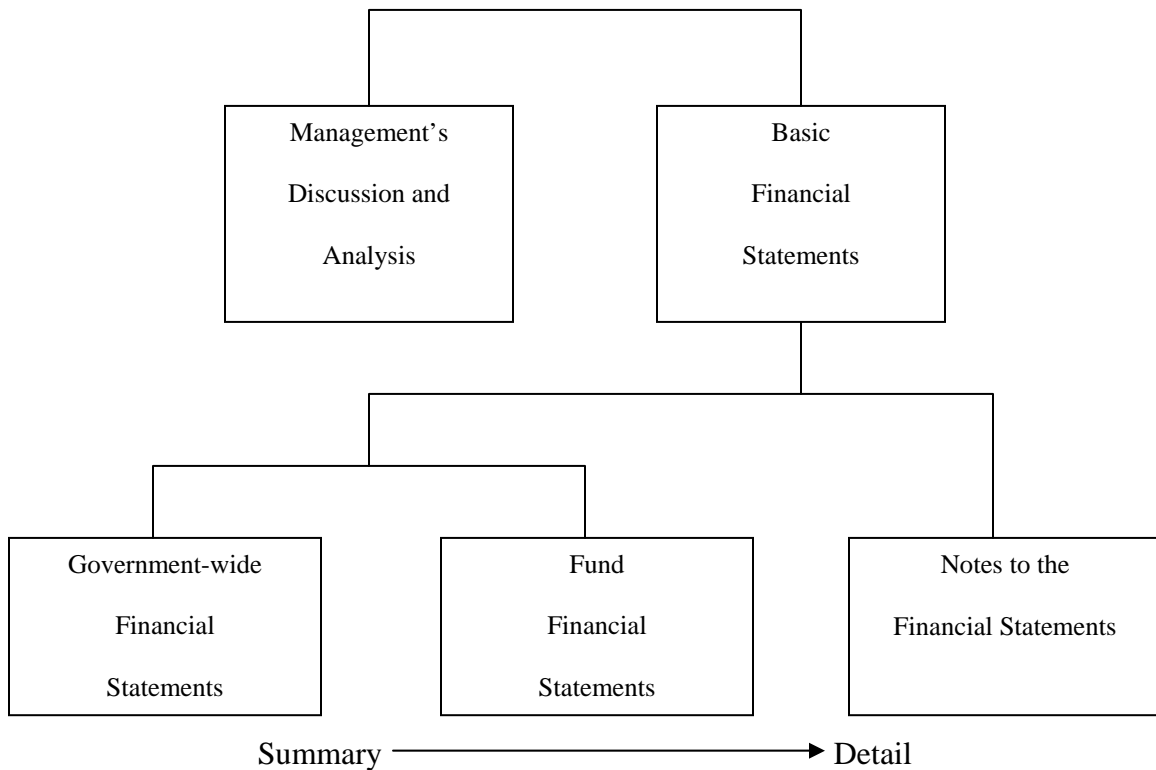
This discussion and analysis are intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements consist of these three components (see Figure 1):

- 1) Government-wide financial statements
- 2) Fund financial statements
- 3) Notes to the financial statements

The basic financial statements present two different views of the Town through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of the Town of Sylva.

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

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

The next statements (Exhibits 3 through 5) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the Town government. These statements provide more detail than the government-wide statements. The governmental funds statements and the budgetary comparison statements are the two parts to the Fund Financial Statements.

The next section of the basic financial statements is the **notes**. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, **supplemental information** is provided to show details about the Town's individual funds. Budgetary information required by the General Statutes also can be found in this part of the statements.

Government-wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the Town's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the Town's financial status as a whole.

The two government-wide statements report the Town's net assets and how they have changed. Net assets are the difference between the Town's total assets and total liabilities. Measuring net assets is one way to gauge the Town's financial condition.

The government-wide statements are divided into two types of activities:

Governmental activities - The governmental activities include most of the Town's basic services such as public safety, streets, sanitation and recreation. Property taxes and state revenues such as local option sales tax, finance most of these activities.

Component unit - Although legally separate from the Town, the Sylva ABC Board is an important component of the Town. The Town exercises control over the Board by appointing its members and the ABC Board is required to distribute a portion of its profits to the Town of Sylva and Jackson County.

Fund Financial Statements

The fund financial statements provide a more detailed look at the Town'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. The Town, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the Town's budget ordinance. All of the Town's funds can be divided into governmental funds.

Governmental Funds – Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the Town's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting* that provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the Town's programs. The relationship between government activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

The Town adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the Town, the management of the Town, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the Town to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the Town complied with the budget ordinance and whether or not the Town 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 shows 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 to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges. To account for the difference between the budgetary basis of accounting and the modified accrual basis, a reconciliation showing the differences in the reported activities is shown at the end of the budgetary statement.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are on pages 17-35 of this report.

Other Information – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the Town’s progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 36 of this report, followed by other supplementary information.

Government-Wide Financial Analysis

**The Town of Sylva’s Net Assets
Figure 2**

	Government Activities		Total	
	2011	2010	\$ Change	% Change
Current assets	\$ 7,789,970	\$ 7,679,438	\$ 110,532	1%
Capital assets	6,039,896	6,045,027	(5,131)	0%
Total assets	13,829,866	13,724,465	105,401	1%
Long-term liabilities outstanding	2,023,745	2,226,446	(202,701)	-9%
Other liabilities	107,913	130,186	(22,273)	-17%
Total liabilities	2,131,658	2,356,632	(224,974)	-10%
Net assets:				
Invested in capital assets, net of related debt	4,168,070	4,268,060	(99,990)	-2%
Restricted	3,068,337	2,359,118	709,219	30%
Unrestricted	4,461,801	4,740,655	(278,854)	-6%
Total net assets	\$ 11,698,208	\$ 11,367,833	\$ 330,375	3%

As noted earlier, net assets may serve over time as one useful indicator of a government’s financial condition. The assets of the Town exceeded liabilities by \$11,698,208 as of June 30, 2011. The Town’s net assets *increased* by \$330,378 for the fiscal year ended June 30, 2011. The largest portion of net assets, (38%) reflects the Town’s unrestricted net assets. However the second largest portion of net assets, (36%) reflects the Town’s investment in capital assets (e.g. land, construction in progress, buildings, improvements, equipment, vehicles and motorized equipment and infrastructure); less any related debt still outstanding that was issued to acquire those items. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Sylva’s investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the Town of Sylva’s net assets, \$3,068,337, (26%), represents resources that are subject to external restrictions on how they may be used.

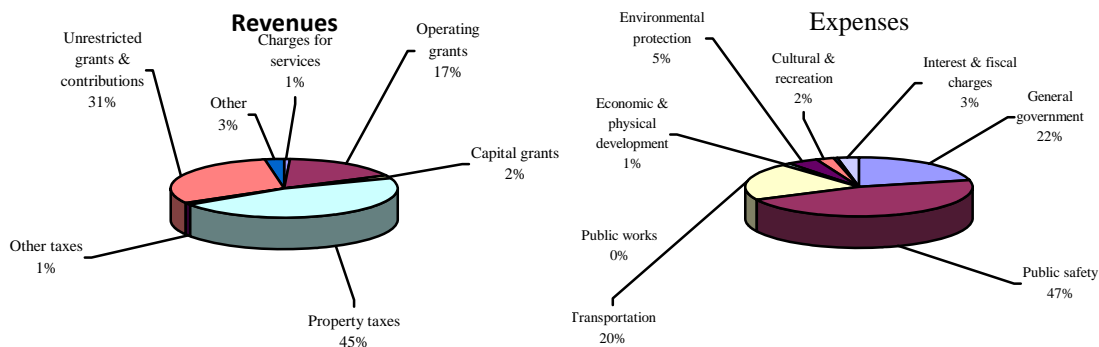
Several particular aspects of the Town’s financial operations positively influenced the total unrestricted governmental net assets:

- Conservative budgeting of State revenues and holding expenditures to minimal growth
- Limiting capital spending to reserve funds
- No additional debt added

Town of Sylva Changes in Net Assets

Figure 3

	2011	2010	\$ Change	% Change
Revenues:				
Program Revenues:				
Charges for services	\$ 20,643	\$ 18,274	\$ 2,369	13%
Operating grants and contributions	488,544	454,972	33,572	7%
Capital grants and contributions	48,257	515,497	(467,240)	-91%
General Revenues:				
Property taxes	1,319,357	1,394,643	(75,286)	-5%
Other taxes	30,633	18,339	12,294	67%
Grants and contributions not restricted to specific programs	880,556	804,206	76,350	9%
Other	76,943	77,522	(579)	-1%
Total Revenues	2,864,933	3,283,453	(418,520)	-13%
Expenses:				
General government	541,875	510,802	31,073	6%
Public safety	1,175,594	1,252,724	(77,130)	-6%
Transportation	519,212	505,853	13,359	3%
Economic and physical development	28,893	611,351	(582,458)	-95%
Environmental protection	117,453	114,221	3,232	3%
Cultural and recreation	61,402	70,641	(9,239)	-13%
Public works	10,030	16,900	(6,870)	-41%
Interest and fiscal charges	80,096	85,615	(5,519)	-6%
Total Expenses	2,534,555	3,168,107	(633,552)	-20%
Change in net assets	330,378	115,346	215,032	186%
Net assets, July 1	11,367,830	11,252,484	115,346	1%
Net assets, June 30	\$ 11,698,208	\$ 11,367,830	\$ 330,378	3%



Governmental activities: Governmental activities increased the Town’s net assets by \$330,378 thereby accounting for 3 percent growth in the net assets of the Town of Sylva. A reduction in expenditures helped to contribute to this growth.

Financial Analysis of the Town Funds

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

Governmental Funds – The focus of the Town’s governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the Town’s financing requirements. Specifically, unreserved fund balance can be a useful measure of a government’s net resources available for spending at the end of the fiscal year.

The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$1,792,580, while total fund balance reached \$2,828,930. 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 sixty-nine percent of total General Fund expenditures.

At June 30, 2011, the governmental funds of Town of Sylva reported a combined fund balance of \$7,361,771, a 1 percent increase over last year. This increase is primarily from general fund operations. Since a healthy fund balance helps to avoid cash flow interruptions, reduces the need for short-term borrowing and provides a financial buffer for emergencies or unforeseen events. The Town’s Reserve Policy requires that the Town will maintain an unassigned fund of at least forty percent (40%) of the general operating budget. In addition a target goal has been established for the Town; this goal sets forth that the Town maintain an average available fund balance equal to other units similar in size.

General Fund Budgetary Highlights – During the fiscal year, the Town revised the budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain services.

The Town of Sylva estimates revenues, especially intergovernmental revenues, with a conservative approach due to their volatile nature. A few General Fund revenues proved to be greater than originally budgeted. The most notable increase came from the sales tax distributions which were up by 12 percent from the previous year. Total General Fund expenditures decreased by 18 percent. General Government, Transportation, and Environmental Protection saw minimal changes from the prior year.

Capital Asset and Debt Administration

Capital Assets – The Town’s investment in capital assets for its governmental and business-type activities as of June 30, 2011, totals \$6,039,896 (net of accumulated depreciation). These assets include land, construction in progress, buildings, other improvements, infrastructure, equipment, and vehicles.

Major capital asset transactions during the year include the following additions:

- Fire Department Renovation Project ~ work in progress
- Purchase of extrication equipment and a vehicle for the fire department.
- Paving Evalina Street and Central Drive.

**Town of Sylva's Capital Assets
(net of accumulated depreciation)
Figure 4**

	Government Activities		Total	
	2011	2010	\$ Change	% Change
Land	\$ 1,316,749	\$ 1,316,749	\$ -	0.00%
Construction in progress	1,953,826	1,808,662	145,164	8.03%
Buildings	577,437	604,672	(27,235)	-4.50%
Other improvements	175,341	182,994	(7,653)	-4.18%
Computer equipment	6,353	9,449	(3,096)	-32.77%
Equipment	104,791	99,848	4,943	4.95%
Vehicles and motorized equipment	262,640	326,826	(64,186)	-19.64%
Infrastructure	1,642,759	1,705,276	(62,517)	-3.67%
Total	\$ 6,039,896	\$ 6,054,476	\$ (14,580)	-51.78%

Additional information on the Town's capital assets can be found on page 24 in notes to the Basic Financial Statements.

Long-term Debt

As of June 30, 2011, the Town of Sylva had a long-term debt outstanding of \$2,023,745. Of this, \$166,487 is due within one year and \$1,857,258 is due in subsequent years. Debt decreased from the previous year by 9 percent. This decrease resulted from repayments of vehicle leases and the loan for the fire department renovation project, net of increases in the liabilities for postemployment benefits.

Additional information regarding the Town's debt can be found starting on Page 32 in the Notes to the Basic Financial Statements.

Economic Factors and Next Year's Budgets and Rates

Current economic forecasting remains a challenge. Economic recovery is anticipated to be slow. Unemployment numbers are a major concern. Even with this unstable, unpredictable, and sluggish economy, the Town of Sylva has continued to provide services at the same level its taxpayers have come to expect.

Budget Highlights for the Fiscal Year Ending June 30, 2012

Governmental Activities:

The Town of Sylva has approved a \$2,649,614 budget for fiscal year 2012, which represents a 7% percent increase from 2011 final budget. The increase is due in part to three grants that were applied for on behalf of DSA and several capital expenditures funded partly with Powell Bill and General Fund reserves.

Revenues:

- The tax rate remained at 30 cents per \$100 valuation. The levy on real property, vehicles and personal property comprise 49 percent of the General Fund revenues. The amount of value subject to levy is \$430,492,955 which is an increase of 1 percent from the 2011 fiscal year estimated levy.
- State-collected revenues such as Local Option Sales Tax, Franchise Tax on Utilities, Natural Gas, and Telecommunication, as well as Powell Bill for street maintenance make up a

significant part of the General Fund budget. Due to the unstable economic conditions, minimal, flat and no growth was used to estimate revenues for fiscal year end 2012. This conservative approach led to a \$32,250 increase when compared to the 2011 fiscal year budget.

- General Fund Investment earnings once again are projected to be very minimal. With interest rates remaining at less than 1 percent annual yield.
- Fund balances continue to be monitored to ensure that the Town has good cash flow and that funds are available for unforeseen emergencies or economic down turns. The appropriated fund balance accounted for \$116,200 which is an increase of \$50,813 from the 2011 fiscal year budget. The majority of this appropriated fund balance resulted from capital reserve and Powell Bill reserves being used for capital equipment purchases.

Expenditures:

- Town employees making less than \$50,000 a year received a salary increase of \$1,028. Medical Insurance rates decreased by about \$2,500 from the previous year. Dental and Life Insurance premiums remained the same. The Town continues to pay these benefits for all full time employees. The Town also continues to match employee contributions to the 401K plan up to 5 percent of their wages. The local government employee's retirement system (LGERS) rates continued to increase by \$6,800. Two new temporary positions were added for a DSA Director and a Downtown Police Officer. The Town continues to set money aside to prefund retiree health insurance. This money is accounted for in the General Fund and has not been invested in a legally binding trust account.

Capital equipment expenditures increased this year due to necessity. Reserve funds and sale of capital assets were use to fund these expenditures.

Requests for Information

This report is designed to provide a summary of the Town of Sylva'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 directed to:

Lynn Allen Bryant
Finance Officer
83 Allen Street
(828)586-2719
Sylva, NC 28779
lbryant@townofsylva.org

BASIC FINANCIAL STATEMENTS

Town of Sylva, North Carolina
Statement of Net Assets
June 30, 2011

	<u>Primary Government</u> <u>Governmental</u> <u>Activities</u>	<u>Component Unit</u> <u>Town of Sylva</u> <u>ABC Board</u>
Assets		
Cash and cash equivalents	\$ 6,704,579	\$ 723,157
Receivables (net)		
Taxes receivable	67,072	
Accrued interest	15,740	
Accounts	50	312
Due from other governments	77,934	
Due from component unit	66,855	
Inventories		284,713
Prepaid expenses		6,082
Notes receivable	213,738	
Restricted cash and cash equivalents	644,002	
Capital assets:		
Land and other non-depreciable assets	3,270,575	
Other capital assets, net of depreciation	2,769,321	223,629
Total capital assets	<u>6,039,896</u>	<u>223,629</u>
Total assets	<u>13,829,866</u>	<u>1,237,893</u>
Liabilities		
Accounts payable	\$ 42,279	\$ 143,722
Accrued liabilities	47,189	194,950
Unearned revenues	18,445	
Due to primary government		
Long-term liabilities:		
Due within one year	166,487	
Due in more than one year	1,857,258	
Total liabilities	<u>2,131,658</u>	<u>338,672</u>
Net Assets		
Investment in capital assets, net of related debt	4,168,070	223,629
Restricted for:		
Capital projects	158,565	
Economic development	948,609	
Stabilization by state statute	144,809	
Transportation (Powell Bill)	75,448	
Capital reserves	414,435	
Water quality	1,326,471	
Other purposes		201,207
Unrestricted	4,461,801	474,385
Total net assets	<u>\$ 11,698,208</u>	<u>\$ 899,221</u>

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

Town of Sylva, North Carolina
Statement of Activities
For the Year Ended June 30, 2011

Exhibit 2

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Governmental Activities	Component Unit Town of Sylva ABC Board
Primary government:						
Governmental Activities:						
General government	\$ 541,875	\$ 5,880	\$ 19,362	\$ -	\$ (516,633)	\$ -
Public safety	1,175,594	7,721	401,952	30,903	(735,018)	-
Transportation	519,212		67,230	17,354	(434,628)	-
Economic and physical development	28,892		-	-	(28,892)	-
Environmental protection	117,453	1,742			(115,711)	-
Culture and recreation	61,402	5,300			(56,102)	-
Public works	10,030				(10,030)	-
Interest and fiscal charges	80,096				(80,096)	-
Total primary government	\$2,534,554	\$ 20,643	\$ 488,544	\$ 48,257	\$ (1,977,110)	\$ -
Component unit:						
ABC Board	\$2,651,444	\$ 2,651,035	\$ -	\$ -		\$ (409)
General revenues:						
Taxes:						
Property taxes, levied for general purpose					1,319,357	-
Other taxes and licenses					30,633	-
Grants and contributions not restricted to specific programs					880,556	-
Unrestricted investment earnings					43,002	2,105
Miscellaneous, unrestricted					33,940	-
Total general revenues and special items					2,307,488	2,105
Change in net assets					330,378	1,696
Net assets, beginning					11,367,830	897,525
Net assets, ending					\$ 11,698,208	\$ 899,221

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

Town of Sylva, North Carolina
Balance Sheet
Governmental Funds
June 30, 2011

	<u>Major Funds</u>				Total Governmental Funds
	General Fund	Fisher Creek Fund	Revolving Loan Fund	Other Non- Major Funds	
Assets					
Current assets:					
Cash and cash equivalents	\$ 2,326,538	\$ 3,547,437	\$ 825,878	\$ 4,726	\$ 6,704,579
Receivables, net:					
Taxes	67,072				67,072
Accounts	50	1,154			1,204
Due from other governments	77,934				77,934
Due from component funds	66,855				66,855
Notes receivable			213,738		213,738
Restricted cash and cash equivalents	489,883			154,119	644,002
	<hr/>				
Total assets	\$ 3,028,332	\$ 3,548,591	\$ 1,039,616	\$ 158,845	\$ 7,775,384
	<hr/>				
Liabilities					
Accounts payable	\$ 41,806	\$ 193	\$ -	\$ 280	\$ 42,279
Accrued liabilities	40,149				40,149
Deferred revenue	117,447		213,738		331,185
Total liabilities	199,402	193	213,738	280	413,613
	<hr/>				
Fund Balances					
Restricted for:					
Stabilization by state statute	144,809				144,809
Streets	75,448				75,448
Capital reserve for Fire Department	260,780				260,780
Capital reserve for general operations	153,655				153,655
Capital projects				158,565	158,565
Water quality		1,326,471			1,326,471
Committed					
Economic development	122,731		825,878		948,609
Conservation		2,221,927			2,221,927
Assigned					
Subsequent year's expenditures	116,200				116,200
Other postemployment benefits	131,491				131,491
LEO separation allowance	31,236				31,236
Unassigned	1,792,580		-	-	1,792,580
Total fund balances	2,828,930	3,548,398	825,878	158,565	7,361,771
	<hr/>				
Total liabilities and fund balances	\$ 3,028,332	\$ 3,548,591	\$ 1,039,616	\$ 158,845	
	<hr/>				

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in funds	6,039,896
Accrued interest receivable on ad valorem taxes receivable	14,586
Liabilities for earned but deferred revenues in fund statements	312,740

Some liabilities are not due and payable in the current period and therefore are not reported in the funds:

Accrued interest on long-term obligations	(7,040)
Long-term obligations	(2,023,745)

\$ 11,698,208

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

Town of Sylva, North Carolina
Statement of Revenue, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2011

Exhibit 4

	Major Funds				Total Governmental Funds
	General Fund	Fisher Creek Fund	Revolving Loan Fund	Other Non- Major Funds	
Revenues:					
Ad valorem taxes	\$ 1,300,065	\$ -	\$ -	\$ -	\$ 1,300,065
Other taxes and licenses	30,238				30,238
Unrestricted intergovernmental revenues	1,254,010	-		30,903	1,284,913
Restricted intergovernmental revenues	145,402				145,402
Permits and fees	13,051				13,051
Investment earnings	6,043	24,104	12,367	489	43,003
Miscellaneous	28,143		3,392		31,535
Total revenues	2,776,952	24,104	15,759	31,392	2,848,207
Expenditures:					
Current:					
General government	447,944				447,944
Public safety	1,172,617			145,164	1,317,781
Transportation	453,474				453,474
Economic and physical development	20,630	4,050		4,287	28,967
Environmental protection	114,155				114,155
Public works	10,030				10,030
Culture and recreation	54,171				54,171
Debt service:					
Principal	225,509				225,509
Interest and fees	82,131				82,131
Total expenditures	2,580,661	4,050	-	149,451	2,734,162
Revenues over (under) expenditures	196,291	20,054	15,759	(118,059)	114,045
Other financing sources (uses):					
Transfers from other funds	55,358				55,358
Transfers to other funds	-			(55,358)	(55,358)
Total other financing sources (uses)	55,358	-	-	(55,358)	-
Net change in fund balance	251,649	20,054	15,759	(173,417)	114,045
Fund balances					
Beginning of year, July 1	2,577,281	3,528,344	810,119	331,982	7,247,726
End of year, June 30	\$ 2,828,930	\$ 3,548,398	\$ 825,878	\$ 158,565	\$ 7,361,771

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

Town of Sylva, North Carolina **Exhibit 5**
Reconciliation of the Statement of Revenue, Expenditures, and
Changes in Fund Balance of the Governmental Fund to the Statement of Activities
For the Year Ended June 30, 2011

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

Net changes in fund balances - governmental fund	\$ 114,045
--	------------

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimate useful lives and reported as depreciation expense.

Capital outlay	220,421
Depreciation	(225,553)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net assets:

Repayment of long-term debt	225,509
-----------------------------	---------

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Change in accrued interest receivable	10,236
Change in deferred/unearned revenue	6,492

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:

Net change in:	
Compensated absences	12,103
Net pension obligation	4,843
OPEB liability	(39,753)
Accrued interest payable	2,035
	2,035

Total change in net assets of governmental activities	\$ 330,378
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The accompanying notes are an integral part of the financial statements.

Town of Sylva, North Carolina
General Fund

Exhibit 6

**Statement of Revenue, Expenditures, and Changes in Fund Balance-Budget and Actual
For the Year Ended June 30, 2011**

	General Fund			Variance with Final Budget Positive (Negative)
	Budget		Actual Amounts	
	Original	Final		
Revenues:				
Ad valorem taxes	\$ 1,281,550	\$ 1,288,550	\$ 1,300,065	\$ 11,515
Other tax and licenses	28,850	28,850	30,238	1,388
Unrestricted intergovernmental revenues	1,161,593	1,181,774	1,254,010	72,236
Restricted intergovernmental revenues	115,600	223,855	145,402	(78,453)
Permits and fees	9,300	9,300	13,051	3,751
Investment earnings	10,000	3,240	6,043	2,803
Miscellaneous	10,250	16,855	28,143	11,288
Total revenues	<u>2,617,143</u>	<u>2,752,424</u>	<u>2,776,952</u>	<u>24,528</u>
Expenditures:				
General government	484,110	562,409	447,944	114,465
Public safety	1,149,575	1,260,111	1,172,617	87,494
Transportation	470,109	474,379	453,474	20,905
Economic and physical development	23,500	23,500	20,630	2,870
Environmental protection	114,638	114,638	114,155	483
Public works	14,000	11,750	10,030	1,720
Culture and recreation	54,215	76,936	54,171	22,765
Debt service:				
Principal	193,689	225,549	225,509	40
Interest and fees	82,968	82,132	82,131	1
Total expenditures	<u>2,586,804</u>	<u>2,831,404</u>	<u>2,580,661</u>	<u>250,743</u>
Revenues over (under) expenditures	30,339	(78,980)	196,291	275,271
Other financing sources (uses):				
Transfers from other funds	-	6,405	55,358	48,953
Appropriated fund balance	(30,339)	72,575	-	(72,575)
Total other financing sources (uses):	<u>(30,339)</u>	<u>78,980</u>	<u>55,358</u>	<u>(23,622)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	251,649	<u>\$ 251,649</u>
Fund balances				
Beginning of year, July 1			<u>2,577,281</u>	
End of year, June 30			<u>\$ 2,828,930</u>	

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

Fisher Creek				Revolving Loan Fund			
Budget		Actual Amounts	Variance with Final Budget Positive (Negative)	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
Original	Final			Original	Final		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
		-	-			-	-
		-	-			-	-
		-	-			-	-
18,000	18,000	24,104	6,104	-	-	12,367	12,367
		-	-			3,392	3,392
<u>18,000</u>	<u>18,000</u>	<u>24,104</u>	<u>6,104</u>	<u>-</u>	<u>-</u>	<u>15,759</u>	<u>15,759</u>
		-	-			-	-
		-	-			-	-
		-	-			-	-
32,000	32,000	4,050	27,950	5,000	5,000	-	5,000
		-	-			-	-
		-	-			-	-
		-	-			-	-
		-	-			-	-
<u>32,000</u>	<u>32,000</u>	<u>4,050</u>	<u>27,950</u>	<u>5,000</u>	<u>5,000</u>	<u>-</u>	<u>5,000</u>
(14,000)	(14,000)	20,054	34,054	(5,000)	(5,000)	15,759	20,759
		-	-			-	-
14,000	14,000		(14,000)	5,000	5,000	-	(5,000)
<u>14,000</u>	<u>14,000</u>	<u>-</u>	<u>(14,000)</u>	<u>5,000</u>	<u>5,000</u>	<u>-</u>	<u>(5,000)</u>
<u>\$ -</u>	<u>\$ -</u>	20,054	<u>\$ 20,054</u>	<u>\$ -</u>	<u>\$ -</u>	15,759	<u>\$ 15,759</u>
		<u>3,528,344</u>				<u>810,119</u>	
		<u>\$ 3,548,398</u>				<u>\$ 825,878</u>	

Town of Sylva, North Carolina
Notes to Financial Statements

Note 1 – Summary of Significant Accounting Policies

The accounting policies of the Town of Sylva, North Carolina (the Town) conform to accounting principles generally accepted in the United States of America as applicable to governments. The following is a summary of the more significant accounting policies:

A. Reporting Entity

The Town is a municipal corporation, which is governed by an elected mayor and a five-member board of commissioners. As required by accounting principles generally accepted in the United States of America, these financial statements present the Town and its component unit, a legally separate entity for which the Town is financially accountable. The discretely presented component unit presented below is reported in a separate column in the Town's financial statement in order to emphasize that it is legally separate from the Town.

Town of Sylva ABC Board

The members of the ABC Board's governing board are appointed by the Town. In addition, the ABC Board is required by state statute to distribute its surpluses to the General Fund of the Town and Jackson County. The ABC Board, which has a June 30 year-end, is presented as if it were a Proprietary Fund (discrete presentation). Complete financial statements for the ABC Board may be obtained from the entity's administrative office located at Town of Sylva ABC Board, 50-D West Main Street, Sylva, N.C., 28779.

B. Basis of Presentation

Government-wide Statements: The Statement of Net Assets and the Statement of Activities display information about the primary government and its component unit. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the Town'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 Town's funds. Separate statements for each fund category, governmental, are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as non-major funds.

The Town reports the following major governmental funds:

General Fund. The General Fund is the general operating fund of the Town. The General Fund accounts for all financial resources except those that are required to be accounted for in another fund. The primary revenue sources are ad valorem taxes, state grants, and various other taxes and licenses. The primary expenditures are for public safety, transportation, and general government services. The Town also has a UDAG fund that supports economic development and two separate capital reserve funds that are consolidated with the general fund in accordance with the guidance of GASB 54. The budgetary comparison for the UDAG fund has been included in the supplementary information.

Fisher Creek Special Revenue Fund. This fund was established to account for revenues and expenses associated with the conservation easement for the Fisher Creek Watershed Property.

Revolving Loan Special Revenue Fund. This fund was established to provide low interest loans to businesses that will in turn, generate employment and economic growth. The fund was established with moneys from the Urban Development Assistance Grant (UDAG) Special Revenue Fund. The fund sustains itself through the repayment of the loans and interest.

The Town reports the following non-major governmental funds:

Fire Department Renovation Fund. The fund was established to account for the financial resources to be used for the renovation of the Fire Department.

Signage Fund. The fund was established to account for the financial resources to be used for the installation of way finding and information signage in downtown Sylva.

C. Measurement Focus and Basis of Accounting

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

Government-wide Financial Statements. The government-wide financial statements are reported using the economic resources measurement focus. The government-wide 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 Town gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, 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 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 taxes.

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 accrued vacation, which are recognized as expenditures to the extent they have matured. General capital asset

acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

The Town considers all revenues available if they are collected within 60 days after year-end, except for property taxes. Ad valorem taxes receivable are not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of January 1, 1993, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, Jackson County is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts in the County, including the Town of Sylva. For motor vehicles registered under the staggered system, property taxes are due the first day of the fourth month after the vehicles are registered. The billed taxes are applicable to the fiscal year in which they become due. Therefore, the Town's vehicle taxes for vehicles registered in Jackson County from March 2010 through February 2011 apply to the fiscal year ended June 30, 2011. Uncollected taxes that were billed during this period are shown as a receivable in these financial statements and are offset by deferred revenues.

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

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. The Town has elected not to follow subsequent private-sector guidance.

D. Budgetary Data

The Town's budget is adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General fund, the Revolving Loan Special Revenue fund, and the Fisher Creek Special Revenue fund. Additionally, the Town has adopted a budget for the UDAG fund. A budgetary comparison for the UDAG fund has been included in the supplemental information. All annual appropriations lapse at the fiscal-year end. Project ordinances are adopted for all other project specific Special Revenue and Capital Project Funds. 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. Amendments are required for any revisions that alter total expenditures of any fund or that change functional appropriations. The governing board must approve any revision of the original budget. 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. Assets, Liabilities and Net Assets/Fund Balance

Deposits and Investments: All deposits of the Town and of the ABC Board are made in board-designated official depositories and are secured as required by State law (G.S. 159-31). The Town and the ABC Board may designate, as an official depository, any bank or saving association whose principal office is located in

North Carolina. Also, the Town and the ABC Board may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts, and certificates of deposit.

State law (G.S. 159-30(c)) authorizes the Town and the ABC Board 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 nonguaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances; and the North Carolina Cash Management Trust (NCCMT), an SEC-registered (2a7) money market mutual fund.

The Town and the ABC Board's investments with a maturity of more than one year at acquisition and non-money market investments are reported at fair value as determined by quoted market prices. The securities of the NCCMT Cash Portfolio's are valued at fair value, which is the NCCMT's share price. The NCCMT Term Portfolio's securities are valued at fair value, Money market investments that have a remaining maturity at the time of purchase of one year or less and non-participating interest earnings and investment contracts are reported at amortized cost.

Cash and Cash Equivalents: The Town 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. The ABC Board considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash and cash equivalents.

Restricted Cash: The restricted cash and cash equivalents in the Governmental Funds represents the balance of proceeds available under the loan agreement to finance the renovations at the fire department. Investment earnings are payable to the Town. Powell Bill funds are also classified as restricted cash because it can be expended only for the purposes of maintaining, repairing, constructing, reconstructing or widening of local streets per G.S 136-41.1 through 136-41.4.

Ad Valorem Taxes Receivable: In accordance with State law (G.S. 105-347 and G.S. 159-13(a)), the Town levies ad valorem taxes on property other than motor vehicles on July 1st, the beginning of the fiscal year. The taxes are due on September 1st (lien date); however interest does not accrue until the following January 6th. These taxes are based on the assessed values as of January 1, 2010.

Allowances for Doubtful Accounts: All receivables that historically experience uncollectible accounts are shown net of an allowance for doubtful accounts. This amount is estimated by analyzing the percentage of receivables that were written off in prior years.

Inventories and Prepaid Expenses: The inventories of the ABC Board are valued at the lower of cost (first-in, first-out) or market, which consists of merchandise held for resale. The cost of these inventories is expensed when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses in both the government-wide and fund financial statements and expensed as the items are used.

Capital Assets: Purchased or constructed capital assets are reported at cost. Donated capital assets are recorded at their estimated fair value at the date of donation. It is the policy of the Town to capitalize all capital assets costing more than \$5,000. 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.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Asset Class	Estimated Useful Lives
Building	50 years
Other improvements	10-20 years
Equipment	5-15 years
Vehicles motorized equipment	5-15 years
Infrastructure	20-50 years

Capital assets of the ABC Board are depreciated using the straight-line method over the following estimated useful lives:

Asset Class	Estimated Useful Lives
Buildings	20 years
Equipment	3-10 years
Leasehold improvements	10 years

Long-Term Obligations: In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets.

Compensated Absences: The vacation policy of the Town provides for the accumulation of up to thirty (30) days earned vacation leave with such leave being fully vested when earned. The ABC Board’s vacation policy provides for accumulation of up to two weeks of vacation each year; however, any unused vacation accrued at December 31 each year may not be carried over and is canceled. For the Town’s government-wide statements an expense and liability for compensated absences and the salary-related payments are recorded as the leave is earned. The Town has assumed a last-in, first-out method of using accumulated time, assuming that employees are taking leave time as it is earned.

The Town’s sick leave policy provides for an unlimited accumulation of earned sick leave and the ABC Board’s policy provides for accumulation of up to thirty (30) days. 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 neither the Town nor the ABC Board has any obligation for the accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

Net Assets: Net assets in government-wide financial statements are classified as invested in capital assets, net of related debt; restricted; and unrestricted. Restricted net assets represent constraints on resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through state statutes.

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:

Nonspendable 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.

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

Restricted for Stabilization by State Statute – portion of fund balance that is restricted by State Statute (G.S. 159-8(a)).

Restricted for streets - Powell Bill – portion of fund balance that is restricted for street construction and maintenance expenditures. This amount represents the balance of the total unexpended Powell Bill finds.

Restricted for Capital Reserve for Fire Department – the portion of fund balance restricted by the Board for the fire department capital needs.

Restricted for Capital Reserve for General Operations – the portion of fund balance restricted by the Board for Town capital needs.

Restricted for water quality – Fisher Creek – portion of fund balance that is restricted for water quality related to the Fisher Creek conservation easement. This amount represents 40% of the initial grant less expenditures up to year end.

Restricted for capital projects – portion of fund balance that is restricted by revenue source for capital projects.

Committed Fund Balance – portion of fund balance that can only be used for specific purposes by majority vote by quorum of the Town’s governing body (highest level of decision-making authority). Any changes or removal of specific purpose requires majority action by the governing body.

Committed for Economic Development – the portion of fund balance assigned by the Board for economic development.

Committed for conservation – the portion of fund balance received for the conservation easement at Fisher Creek.

Assigned Fund Balance – portion of fund balance that the Town intends to use for specific purposes.

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 appropriations; however the budget ordinance authorizes the manager to modify the appropriations between objects of expenditures within a department without limitations. The authority also permits the transfer of amounts up to \$2,000 between departments with an official report provided to the board at their next meeting.

Other postemployment benefits – portion of fund balance that is appropriated for other postemployment benefits for retirees.

LEO separation allowance – portion of fund balance that is appropriated for law enforcement officers’ special separation allowance.

Unassigned Fund Balance – the portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds.

The Town has adopted a minimum fund balance policy for the general fund which instructs management to conduct the business of the Town in such a manner that available fund balance is at least equal to or greater

than 40% of budgeted expenditures. In addition, the Town has set a target goal of maintaining an average available fund balance for similar sized municipalities. Once this goal is met the Board may transfer funds to the general fund capital reserve.

Note 2 – Detail Notes on All Funds

A. Assets

Deposits

All the deposits of the Town and the ABC Board are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the Town’s or ABC Board’s agent in the unit’s name. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer’s agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Town and the ABC Board, these deposits are considered to be held by the Town and ABC Board in their names. 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 Town or the ABC Board or their escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the Town or the ABC Board under the Pooling Method, the potential exists for under-collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The Town and the ABC Board do not have a deposit policy for custodial credit risk.

On June 30, 2011, the Town’s deposits had a carrying amount of \$6,715,974 and a bank balance of \$6,726,055. Of this balance, \$1,000,000 was covered by federal depository insurance and \$5,726,055 was covered by collateral held under the Pooling Method. The Town also has cash on hand of \$300 at June 30, 2011. The ABC Board’s deposits had a carrying amount of \$720,957 and a bank balance of \$713,260. Of this balance, \$250,000 was covered by the federal depository insurance and \$463,260 was covered by collateral held under the Pooling Method. The ABC Board also has cash on hand of \$2,200 at June 30, 2011.

Investments

At June 30, 2011, the Town had \$632,307 invested with the North Carolina Capital Management Trust’s Cash Portfolio which carried a credit rating of AAAM by Standard and Poor’s. The Town has no policy regarding credit risk.

Receivables – Allowances for Doubtful Accounts

The amounts in the Balance Sheet and the Statement of Net Assets for receivables are net of the following allowances for doubtful accounts:

	<u>June 30, 2011</u>
General Fund	
Taxes receivable	\$ <u>34,500</u>
Revolving Loan Fund	
Notes receivable	\$ <u>24,168</u>

Note Receivable

The note receivable of \$213,738 represents a loan made to one company from Urban Development Action Grant revenues. The major criteria for receiving such a loan are that the money will be spent for economic development projects. The note receivable has an interest rate of 5% and is to be repaid monthly over a period of seven years. The receivable is collateralized by deed of trust on the Company's property and by a security interest in machinery, equipment, furniture and fixtures acquired for use in businesses.

Capital Assets

Capital asset activity for the Town for the year ended June 30, 2011 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 1,316,749	\$ -	\$ -	\$ 1,316,749
Construction in progress	1,808,662	145,164	-	1,953,826
Total capital assets not being depreciated	3,125,411	145,164	-	3,270,575
Capital Assets Being Depreciated:				
Buildings	1,303,322	-	-	1,303,322
Other improvements	526,749	-	-	526,749
Computer Equipment	32,939	-	-	32,939
Equipment	224,960	30,175	13,464	241,671
Vehicles and motorized equipment	1,687,377	15,181	22,133	1,680,425
Infrastructure	2,736,853	29,902	-	2,766,755
Total capital assets being depreciated	6,512,200	75,258	35,597	6,551,861
Less Accumulated Depreciation For:				
Buildings	698,650	27,235	-	725,885
Other improvements	343,755	7,653	-	351,408
Computer Equipment	23,490	3,096	-	26,586
Equipment	134,561	15,783	13,464	136,880
Vehicles and motorized equipment	1,360,551	79,367	22,133	1,417,785
Infrastructure	1,031,577	92,419	-	1,123,996
Total accumulated depreciation	3,592,584	225,553	35,597	3,782,540
Total capital assets being depreciated, net	2,919,616			2,769,321
Governmental Activities Capital Assets, Net	\$ 6,045,027			\$ 6,039,896

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

General government	\$ 55,723
Public Safety	67,028
Transportation	92,273
Environmental protection	3,298
Culture and recreation	<u>7,231</u>
Total depreciation expense	<u>\$ 225,553</u>

Component Unit:

The capital assets of the ABC Board for the year ended June 30, 2011 are as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Capital Assets Not Being Depreciated:				
Land	\$ 12,301	\$ -	\$ -	\$ 12,301
Total capital assets not being depreciated	<u>12,301</u>	<u>-</u>	<u>-</u>	<u>12,301</u>
Capital Assets Being Depreciated:				
Buildings	284,809	3,991	-	288,800
Equipment	90,532	3,419	3,825	90,126
Leasehold Improvements	7,733	16,431	4,530	19,634
Total capital assets being depreciated	<u>383,074</u>	<u>23,841</u>	<u>8,355</u>	<u>398,560</u>
Less accumulated depreciation for:				
Buildings	112,396	8,418		120,814
Equipment	55,285	11,344	3,825	62,804
Leasehold Improvements	7,733	411	4,530	3,614
Total accumulated depreciation	<u>175,414</u>	<u>20,173</u>	<u>8,355</u>	<u>187,232</u>
Total capital assets being depreciated, net	<u>207,660</u>	<u>3,668</u>	<u>-</u>	<u>211,328</u>
ABC Board Capital Assets, Net	<u>\$ 219,961</u>			<u>\$ 223,629</u>

B. Liabilities

Pension Plan Obligations

Local Governmental Employees' Retirement System

Plan Description. The Town and the ABC Board contribute to the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS provides retirement and disability benefits to plan members and beneficiaries.

Article 3 of G.S. 12 Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Local Governmental Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be

obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Funding Policy. Plan members are required to contribute six percent of their annual covered salary. The Town and the ABC Board are required to contribute at an actuarially determined rate. For the Town, the current rate for employees not engaged in law enforcement and for law enforcement officers is 11.38% and 11.37%, respectively, of annual covered payroll. For the ABC Board, the current rate for employees not engaged in law enforcement is 4% of annual covered payroll. The contribution requirements of members and the Town and the ABC Board are established and may be amended by the North Carolina General Assembly. The Town's contributions to LGERS for the years ended June 30, 2011, 2010, and 2009 were \$102,595, \$87,647, and \$81,923, respectively. The ABC Board's contributions to LGERS for the years ended June 30, 2011, 2010, and 2009 were \$14,290, \$10,904, and \$10,857, respectively. The contributions made by the Town and the ABC Board equaled the required contributions for each year.

Law Enforcement Officers Special Separation Allowance

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

All full-time law enforcement officers of the Town are covered by the Separation Allowance. At December 31, 2010, the Separation Allowance's membership consisted of:

Retirees receiving benefits	2
Terminated plan members entitled but not yet receiving benefits	-
Active plan members	<u>13</u>
Total	<u>15</u>

Summary of Significant Accounting Policies:

Basis of Accounting. The Town 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 of basis of accounting. Benefits are recognized when due and payable in accordance with the terms of the plan. Expenditures are paid as they come due.

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

The annual required contribution for the current year was determined as part of the December 31, 2010 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 5.00% investment rate of return (net of administrative expenses) and (b) included an inflation component of 3.75%. The assumptions did not include post-retirement benefit increases. The unfunded actuarial

accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at December 31, 2010 was 20 years.

Annual Pension Cost and Net Pension Obligation. The Town’s annual pension cost and net pension obligation to the separation allowance for the current year were as follows:

Annual required contribution	\$ 20,901
Interest on net pension obligation	250
Adjustment to annual required contribution	(268)
Annual pension cost	<u>20,883</u>
Contributions made	<u>25,726</u>
Increase in net pension obligation	(4,843)
Net pension obligation beginning of year	<u>4,998</u>
Net pension obligation end of year	<u><u>\$ 155</u></u>

3 Year Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2009	\$ 16,277	86.21%	\$ 4,997
2010	\$ 17,751	99.99%	\$ 4,998
2011	\$ 20,883	123.19%	\$ 155

Funded Status and Funding Progress. As of December 31, 2010, the most recent actuarial valuation date, the plan was 17.58 percent funded. The actuarial accrued liability for benefits was \$177,054, and the actuarial value of assets was \$31,119, which are designated monies in the general fund, resulting in an unfunded actuarial accrued liability (UAAL) of \$145,935.

The covered payroll (annual payroll of active employees covered by the plan) was \$470,169, and the ratio of the UAAL to the covered payroll was 31.04 percent.

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

Supplemental Retirement Income Plan for Law Enforcement Officers

Plan Description. The Town contributes to the Supplemental Retirement Income Plan (Plan), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcement officers employed by the Town. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Supplemental Retirement Income Plan for Law Enforcement Officers is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State’s CAFR includes the pension trust fund financial statements for the Internal Revenue Code Section 401 (k) plan that includes the Supplemental Retirement Income Plan for Law Enforcement Officers. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 28699-1410, or by calling (919) 981-5454.

Funding Policy. Article 12E of G.S. Chapter 143 requires the Town to contribute each month an amount equal to 5% of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2011, were \$25,866, which consisted of \$24,269 from the Town and \$1,597 from the law enforcement officers.

Firemen's and Rescue Squad Workers' Pension Fund

Plan Description. The State of North Carolina contributes, on behalf of the Town of Sylva, to the Firemen's and Rescue Squad Workers' Pension Fund (Fund), a cost-sharing multiple-employer defined benefit pension plan with a special funding situation administered by the State of North Carolina. The Fund provides pension benefits for eligible fire and rescue squad workers that have elected to become members of the fund. Article 86 of G.S. Chapter 58 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Firemen's and Rescue Squad Workers' Pension Fund is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for the Fund. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Funding Policy. The state, a non-employer contributor, funds the plan through appropriations. The Town contributes \$10 per month for each member of the fire department. Contribution requirements of plan members and the State of North Carolina are established and may be amended by the North Carolina General Assembly.

Defined Contribution 401(k) Plan

The Town contributes to a defined contribution 401(k) plan, in which the Town has pledged to match, as funds are available, 100% of non-law enforcement employee contributions for the year ended June 30, 2011, were \$32,193, which consisted of \$15,544 for the Town and \$16,649 from the non-law enforcement employees.

Other Postemployment Benefits

Healthcare Benefits

Plan Description. In addition to providing pension benefits, the Town has elected to provide healthcare benefits to retirees of the Town. The plan provides postemployment healthcare benefits to retirees of the Town provided they are 60 years of age (or age 55 for law enforcement officers) and have at least 10 years of continuous service with the Town or have at least 30 years of continuous service to the Town at any age. Also, the Town's retirees can purchase coverage for their dependents at the Town's group rates. The Town management may amend the benefit provisions. A separate report was not issued for the plan.

Funding Policy. The Town pays the full cost of coverage for the healthcare benefits paid to qualified retirees. The Town has chosen to fund the healthcare benefits on a pay as you go basis. Postemployment expenditures are made from the General Fund, which is maintained on a modified accrual basis of accounting. No funds are set aside to pay benefits and administrative costs. These expenditures are paid as they come due. For the fiscal year ended June 30, 2011, the Town made payments for post-retirement health benefit premiums of \$32,228.

Annual OPEB Cost and Net Obligation. The Town’s annual other postemployment benefit (OPEB) cost (expense) is calculated based on the *annual retirement contribution of the employer* (ARC). The Town has elected to calculate the ARC and related information using the alternative measurement method permitted by GASB Statement 45 for employers in plans with fewer than one hundred total plan members. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components to the Town’s annual OPEB cost for the current year, the amount actually contributed to the plan, and changes in the Town’s net OPEB obligation for the postemployment healthcare benefits:

Annual required contribution	\$ 71,981
Contributions made	<u>(32,228)</u>
Increase in net OPEB obligation	39,753
Net OPEB obligation, beginning of year	<u>41,123</u>
Net OPEB obligation, end of year	<u><u>\$ 80,876</u></u>

The Town’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation as of June 30, 2011 were as follows:

For Year Ended June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2010	\$ 68,511	39.98%	\$ 41,123
2011	\$ 71,981	44.77%	\$ 80,876

Fund Status and Funding Progress. As of December 31, 2010, the actuarial accrued liability for benefits was \$441,716, all of which were unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$948,225, and the ratio of the unfunded actuarial accrues liability to the covered payroll was 46.58 percent.

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents information about the actuarial value of plan assets and the actuarial liabilities for benefits.

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

The following simplifying assumptions were made:

Retirement Age for Active Employees. Based on the historical average retirement age for the covered group, active general plan members were assumed to retire at age 60 and active law enforcement officers plan members were assumed to retire at age 55, or at the first subsequent year in which the member would qualify for benefits.

Marital Status. Marital status of members at the calculation date was assumed to continue throughout retirement.

Mortality. Life expectancies were based on mortality tables from the National Center for Health Statistics. The 2005 United States Life Table for Males and for Females were used.

Turnover. Non-group-specific age-based turnover data from GASB Statement 45 was used as the basis for assigning active members a probability of remaining employed until the assumed retirement age and for development of an expected future working lifetime assumption for purposes of allocating to periods the present value of total benefits to be paid.

Health Insurance Premiums. The 2010 health insurance premiums for retirees were used as a basis for calculation of the present value of total benefits to be paid.

Payroll Growth Rate. The expected long-term payroll growth rate was assumed to be two percent.

Based on the historical and expected returns of the Town's short-term investment portfolio, a discount rate of four percent was used. In addition, a simplified version of the entry age actuarial cost method was used. The unfunded actuarial accrued liability is being amortized over working years. The remaining amortization period at June 30, 2011, was 30 years.

Other Employment Benefits

The Town has elected to provide death benefits to law enforcement officers through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest consecutive month's salary during the 24 months prior to the employee's death, but the benefit may not exceed \$50,000 or be less than \$25,000. All death benefit payments are made from the Death Benefit Plan. The Town has no liability beyond the payment of the monthly contributions. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount. The Town considers these contributions to be immaterial.

Deferred/Unearned Revenues

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

	Unearned or Deferred Revenue	Full Accrual Unearned Revenue
General Fund:		
Prepaid taxes not yet earned	\$ 5,826	\$ 5,826
Prepaid licenses not yet earned	44,519	12,619
Taxes receivable, net	67,102	
Special Revenue Fund:		
Notes receivable	213,738	
Total	<u>\$ 331,185</u>	<u>\$ 18,445</u>

Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damages to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town carries commercial insurance for risk of loss. There have been no significant reductions in insurance coverage during the year. The Town of Sylva ABC Board is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The ABC Board has commercial property, general liability, auto liability, workers' compensation, and employee health coverage. The ABC Board also has liquor legal liability coverage.

The Town carried flood insurance with an annual aggregate limit of \$500,000, excluding the police station and town hall.

In accordance with G.S. 159-29, the Town's employees that have access to \$100 or more of the Town's funds at any given time are performance bonded through a commercial surety bond. The finance officer and tax collector are each individually bonded for \$250,000. The remaining employees that have access to funds are bonded under a blanket bond for \$10,000.

The ABC Board, in accordance with G.S. 18B-700(i), provides bond coverage for each board member and the employees designated as general manager and the finance officer in the amount of \$50,000.

Long-Term Obligations

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

In November 2009, the Town entered into an agreement to lease police vehicles which requires three annual payments of \$26,097.

The following is an analysis of the assets recorded under capital leases at June 30, 2011:

<u>Classes of Property</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Vehicles and Motorized Equipment	<u>\$96,231</u>	<u>\$26,630</u>	<u>\$69,601</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2010 were as follows:

<u>Year Ending June 30,</u>	
2012	\$ 26,094
Less: amount representing interest	(1,682)
Present value of the minimum lease payments	<u>\$ 24,412</u>

Installment Purchase – In April 2001, the Town entered into a \$147,500 installment purchase contract with the United States Department of Agriculture to finance the purchase of a fire truck and water truck. The financing contract requires annual payments of \$11,936 that began in the fiscal year 2002, including interest at a rate of 4.75%. This loan was paid off during fiscal year 2011.

In April 2003, the Town entered into a \$122,800 installment purchase contract with First Charter Bank to finance the purchase of a fire truck. The financing contract requires annual payments of \$20,555 that began in fiscal year 2006 including interest at the rate of 4.125%. This loan was paid off during fiscal year 2011.

In May 2009, the Town entered into a \$2,131,114 installment purchase contract with Branch Banking and Trust Company (BB&T) to finance the acquisition and construction of a Fire Department facility expansion. The financing contract requires semi-annual principal payments of \$71,037 that began in fiscal year 2010. Interest is also payable semi-annually at a rate of 3.89%. On February 16, 2009, the Town entered into an inter-local cooperation agreement with Jackson County (the “County”) for the renovation, expansion and financing of improvements at the Sylva fire station. The County contracts and agrees to make an annual appropriation from its annual budget to the Town in an amount sufficient to fund the principal and interest payments on the installment purchase contract related to the Fire department facility expansion.

The future minimum payments of all installment purchase contracts as of June 30, 2011, are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2012	\$ 142,075	\$ 70,465
2013	142,074	64,939
2014	142,074	59,412
2015	142,074	53,885
2016	142,074	48,359
2017-2021	710,371	158,888
2022-2025	426,672	29,015
Total installment purchase payments	<u>\$ 1,847,414</u>	<u>\$ 484,963</u>

At June 30, 2011, the Town had an approximate legal debt margin of \$34.5 million.

Changes in Long-Term Liabilities

	Beginning Balances	Increase	Decreases	Ending Balances	Current Portion of Balance
Governmental Activities:					
Installment purchase contracts	\$ 2,050,082	\$ -	\$ 202,668	\$ 1,847,414	\$ 142,075
Capital leases	47,252	-	22,840	24,412	24,412
Compensated absences	82,991	42,445	54,547	70,889	
Net pension obligation	4,998	20,883	25,726	155	
Other postemployment benefits	41,123	71,981	32,228	80,876	
	<u>\$ 2,226,446</u>	<u>\$ 135,309</u>	<u>\$ 338,009</u>	<u>\$ 2,023,746</u>	<u>\$ 166,487</u>

Compensated absences typically have been liquidated in the General fund.

Capital Assets, Net of Related Debt

Capital assets, net of related debt at June 30, 2011, are computed as follows:

Capital assets, net of accumulated depreciation	\$ 6,039,896
Less capital debt	<u>1,871,826</u>
Capital assets, net of related debt	<u>\$ 4,168,070</u>

Interfund Balances and Activity

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

Transfers to/from other funds at June 30, 2011, consisted of the following:

From the Fire Department Renovation Fund to the General Fund \$ 55,358

Transfers are used to move unrestricted revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including amounts providing matching funds for various grant programs.

Fund Balance

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	\$ 2,828,930
Less:	
Stabilization by State Statute	144,809
Streets-Powell Bill	75,448
Appropriated Fund Balance in 2012 Budget	116,200
Economic Development	122,731
Capital reserve for fire department	260,780
Capital reserve for general operations	153,655
Other Postemployment Benefits	131,491
LEO Separation Allowance	31,236
Fund Balance Policy	1,059,846
Remaining Fund Balance	<u>\$ 732,734</u>

Jointly Governed Organization

Joint Ventures

The Town and the members of the Town's fire department each appoint two members to the five-member local board of trustees for the Firemen's Relief Fund. The State Insurance Commissioner appoints one additional member to the local board of trustees. The Firemen's Relief Fund is funded by a portion of the fire and lightning insurance premiums that insurers remit to the State. The state passes these monies to the local board of the Firemen's Relief Fund. The funds are used to assist fire fighters in various ways. The participating governments do not have any equity interest in the joint venture, so no equity has been reflected in the financial statements at June 30, 2011. The Firemen's Relief Fund does not issue separate audited financial statements. Instead, the local board of trustees files an annual financial report with the State's Firemen's Association. This report can be obtained from the Association at 323 West Jones Street, Suite 401, Raleigh, North Carolina, 27603.

Summary Disclosure of Significant Contingencies

Federal and State Assisted Programs

The Town has received proceeds from several state and federal 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.

Contingent Liabilities

At June 30, 2011, the Town is in dispute with the contractor for the construction and improvements at the fire department. The Town has offered to forego the liquidating damages of approximately \$50,000 if allowed to forego the final payment of approximately \$27,000 that is due from the contract. It is unknown at this time if the contractor will accept this offer. In the opinion of the Town's management and the Town's attorney, the ultimate effect of these legal matters will not have a material effect on the Town's financial position.

Subsequent Event

The Town had previously received a judgment lien resulting from a hazard abatement of a local property owner. On September 9, 2011, the Town was notified of an eminent domain action against this property owner by the North Carolina Department of Transportation. Pursuant to the filing of a Motion to Intervene in that action, the Town was allowed to intervene and claim receipt on lien funds to which the property owner may have been entitled in the amount of \$23,805, the amount of the judgment lien.

REQUIRED SUPPLEMENTAL DATA

Town of Sylva, North Carolina
Law Enforcement Officers' Special Separation Allowance
Require Supplementary Financial Data - Schedule of Funding Progress
Schedule of Employer Contributions and Notes to the Required Schedules

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) - Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Funded Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
12/31/2001	\$ -	\$ 135,530	\$ 135,530	0.00%	\$ 323,923	41.84%
12/31/2002	-	134,283	134,283	0.00%	332,759	40.35%
12/31/2003	-	133,764	133,764	0.00%	336,586	39.74%
12/31/2004	-	141,713	141,713	0.00%	341,815	41.46%
12/31/2005	6,085	131,239	125,154	4.64%	393,874	31.78%
12/31/2006	17,322	109,109	91,787	15.88%	432,482	21.22%
12/31/2007	20,594	158,412	137,818	13.00%	419,320	32.87%
12/31/2008	20,860	181,966	161,106	11.46%	461,176	34.93%
12/31/2009	25,648 *	198,879	173,231	12.90%	494,398	35.04%
12/31/2010	31,236 *	177,054	145,818	17.64%	470,169	31.01%

* Represents fund balance assigned in the General Fund.

Year Ended June 30	Annual Required Contribution	Percentage Contributed
2009	\$ 16,245	86.38%
2010	18,704	94.90%
2011	20,901	123.09%

Notes to Required Schedules:

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

Valuation date	12/31/2010
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay closed
Remaining amortization period	20 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return	5.00%
Projected salary increases	4.25-7.85%
Includes inflation at	3.00%
Cost-of-living adjustments	N/A

Town of Sylva, North Carolina
Other Postemployment Benefits
Require Supplementary Financial Data - Schedule of Funding Progress and
Schedule of Employer Contributions

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial (AAL) - Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
12/31/2009	\$ -	\$ 411,926	\$ 411,926	0.00%	\$ 952,641	43.24%
12/31/2010	-	441,716	441,716	0.00%	948,225	46.58%

Year Ended June 30	Annual Required Contribution	Percentage Contributed
2010	\$ 68,511	39.98%
2011	71,981	44.77%

INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

Town of Sylva, North Carolina
General Fund
Statement of Revenue, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2011

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:			
Ad valorem taxes			
Taxes	\$ 1,280,000	\$ 1,289,862	\$ 9,862
Penalties and interest	8,550	10,203	1,653
Total ad valorem taxes	<u>1,288,550</u>	<u>1,300,065</u>	<u>11,515</u>
Other taxes and licenses:			
Privilege licenses	<u>28,850</u>	<u>30,238</u>	<u>1,388</u>
Unrestricted intergovernmental revenues			
Local option sales tax	327,500	340,482	12,982
Excise tax on natural gas	4,000	9,516	5,516
Franchise tax	186,000	202,263	16,263
Beer and wine tax	11,500	11,464	(36)
Fire Department sales tax	4,000	6,653	2,653
Telecommunications sales tax	77,000	72,583	(4,417)
Cable franchise fees	17,300	17,092	(208)
Sales tax refund	9,656	10,334	678
Fire protection	333,518	353,103	19,585
Hold harmless	76,000	85,400	9,400
Solid waste disposal tax	1,800	1,742	(58)
ABC profit distribution	130,000	139,345	9,345
Substance tax distribution	3,500	2,779	(721)
Total	<u>1,181,774</u>	<u>1,252,756</u>	<u>70,982</u>
Restricted intergovernmental revenues			
Grants	127,625	44,980	(82,645)
ABC revenues for law enforcement	12,000	13,830	1,830
ABC revenues for education	17,000	19,362	2,362
Powell Bill allocation	67,230	67,230	-
Total	<u>223,855</u>	<u>145,402</u>	<u>(78,453)</u>

Town of Sylva, North Carolina
General Fund
Statement of Revenue, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2011

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Permits and fees			
Building permits	\$ 300	\$ 1,200	\$ 900
Recreation fees	3,500	5,330	1,830
Parking fines	5,500	6,521	1,021
Total	<u>9,300</u>	<u>13,051</u>	<u>3,751</u>
Investment earnings	<u>3,240</u>	<u>4,901</u>	<u>1,661</u>
Miscellaneous	<u>16,855</u>	<u>28,143</u>	<u>11,288</u>
Total revenues	<u>2,752,424</u>	<u>2,774,556</u>	<u>22,132</u>
Expenditures:			
General government:			
Governing body:			
Salaries and employee benefits	25,050	24,582	468
Operating expenditures	178,249	80,110	98,139
Professional services	74,360	67,364	6,996
Total	<u>277,659</u>	<u>172,056</u>	<u>105,603</u>
Administration:			
Salaries and employees benefits	216,038	216,304	(266)
Operating expenditures	35,356	28,666	6,690
Total	<u>251,394</u>	<u>244,970</u>	<u>6,424</u>
Facilities maintenance:			
Salaries and employee benefits	6,340	5,970	370
Operating benefits	27,016	24,948	2,068
Total	<u>33,356</u>	<u>30,918</u>	<u>2,438</u>
Total general government	<u>562,409</u>	<u>447,944</u>	<u>114,465</u>

Town of Sylva, North Carolina
General Fund
Statement of Revenue, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2011

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Public safety:			
Police:			
Salaries and employee benefits	\$ 813,911	\$ 789,049	\$ 24,862
Operating expenditures	158,943	142,626	16,317
Capital outlay	-	-	-
Total	<u>972,854</u>	<u>931,675</u>	<u>41,179</u>
Fire:			
Salaries and employee benefits	55,177	54,136	1,041
Operating expenditures	186,724	141,451	45,273
Capital outlay	45,356	45,355	1
Total	<u>287,257</u>	<u>240,942</u>	<u>46,315</u>
Total public safety	<u>1,260,111</u>	<u>1,172,617</u>	<u>87,494</u>
Transportation:			
Streets and highways:			
Salaries and employee benefits	262,376	261,784	592
Operating expenditures	180,548	161,788	18,760
Capital outlay	31,455	29,902	1,553
Total transportation	<u>474,379</u>	<u>453,474</u>	<u>20,905</u>
Economic and physical development:			
Operating expenditures	<u>23,500</u>	<u>20,630</u>	<u>2,870</u>
Total economic and physical development	<u>23,500</u>	<u>20,630</u>	<u>2,870</u>

Town of Sylva, North Carolina
General Fund
Statement of Revenue, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2011

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Environmental protection:			
Sanitation:			
Salaries and employees benefits	\$ 78,350	\$ 78,054	\$ 296
Operating expenditures	36,288	36,101	187
Capital outlay	-	-	-
Total environmental protection	<u>114,638</u>	<u>114,155</u>	<u>483</u>
Public works:			
Cemetary:			
Contracted services	<u>11,750</u>	<u>10,030</u>	<u>1,720</u>
Culture and recreation:			
Parks and recreation:			
Salaries and employee benefits	24,740	19,610	5,130
Operating expenditures	47,196	29,561	17,635
Total	<u>71,936</u>	<u>49,171</u>	<u>22,765</u>
Libraries:			
Donation to County library	<u>5,000</u>	<u>5,000</u>	<u>-</u>
Total culture and recreation	<u>76,936</u>	<u>54,171</u>	<u>22,765</u>
Debt service:			
Principal	225,549	225,509	40
Interest and fees	82,132	82,131	1
Total debt service	<u>307,681</u>	<u>307,640</u>	<u>41</u>
Total expenditures	<u>2,831,404</u>	<u>2,580,661</u>	<u>250,743</u>

Town of Sylva, North Carolina
General Fund
Statement of Revenue, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2011

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues over (under) expenditures	\$ (78,980)	\$ 193,895	\$ 272,875
Other financing sources (uses):			
Transfers from other funds	6,405	61,763	55,358
Appropriated fund balance	72,575		(72,575)
Total	78,980	61,763	(17,217)
Net change in fund balance	-	255,658	255,658
Fund balances:			
Beginning of year, July 1		2,114,210	
End of year, June 30		\$ 2,369,868	

Town of Sylva, North Carolina
Statement of Revenue, Expenditures, and Changes in Fund Balance - Budget and Actual
UDAG Fund
For the Year Ended June 30, 2011

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Unrestricted intergovernmental revenues	\$ -	\$ 1,254	\$ 1,254
Investment earnings	-	312	312
	-	1,566	1,566
Expenditures:			
Jackson County Library	21,000	-	(21,000)
Revenues over (under) expenditures	(21,000)	1,566	22,566
Other financing sources:			
Appropriated fund balance	21,000		(21,000)
Net change in fund balance	\$ -	1,566	\$ 1,566
Fund balance:			
Beginning year, July 1		121,165	
End of year, June 30		\$ 122,731	

Town of Sylva, North Carolina
Statement of Revenue, Expenditures, and Changes in Fund Balance - Budget and Actual
Capital Reserve Fund
For the Year Ended June 30, 2011

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:			
Investment earnings	\$ -	391	\$ 391
	<u>-</u>	<u>391</u>	<u>391</u>
Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Revenues over (under) expenditures	<u>-</u>	<u>391</u>	<u>391</u>
Other financing sources:			
Transfers from general fund	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u><u>\$ -</u></u>	<u>391</u>	<u><u>\$ 391</u></u>
Fund balance:			
Beginning year, July 1		<u>153,264</u>	
End of year, June 30		<u><u>\$ 153,655</u></u>	

Town of Sylva, North Carolina
Statement of Revenue, Expenditures, and Changes in Fund Balance - Budget and Actual
Fire Department Capital Reserve Fund
For the Year Ended June 30, 2011

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:			
Investment earnings	\$ -	439	\$ 439
	<u>-</u>	<u>439</u>	<u>439</u>
Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Revenues over (under) expenditures	<u>-</u>	<u>439</u>	<u>439</u>
Other financing sources:			
Appropriated fund balance	6,405	-	6,405
Transfers to general fund	(6,405)	(6,405)	-
	<u>-</u>	<u>(6,405)</u>	<u>6,405</u>
Net change in fund balance	<u>\$ -</u>	<u>(5,966)</u>	<u>\$ (5,966)</u>
Fund balance:			
Beginning year, July 1		<u>188,642</u>	
End of year, June 30		<u>\$ 182,676</u>	

Town of Sylva, North Carolina
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2011

	Capital Projects		Total Non-Major
	Fire Department	Signage Fund	Governmental
	Renovation Fund	Signage Fund	Funds
Assets			
Current assets:			
Cash and cash equivalents	\$ -	\$ 4,726	\$ 4,726
Restricted cash and cash equivalents	154,119		154,119
Total assets	\$ 154,119	\$ 4,726	\$ 158,845
Liabilities			
Accounts payable	\$ 280	\$ -	\$ 280
Total liabilities	280	-	280
Fund Balances			
Restricted for:			
Capital projects	153,839	4,726	158,565
Total fund balances	153,839	4,726	158,565
Total liabilities and fund balances	\$ 154,119	\$ 4,726	\$ 158,845

Town of Sylva, North Carolina
Combining Statement of Revenue, Expenditures, and Changes in Fund Balance
Non-major Governmental Funds
For the Year Ended June 30, 2011

	<u>Capital Projects</u>		Total Non-Major Governmental Funds
	Fire Department Renovation Fund	Signage Fund	
Revenues:			
Unrestricted intergovernmental revenues	\$ 30,903	\$ -	\$ 30,903
Investment earnings	476	13	489
Total revenues	<u>31,379</u>	<u>13</u>	<u>31,392</u>
Expenditures:			
Current:			
Public safety	145,164		145,164
Economic and physical development		4,287	4,287
Total expenditures	<u>145,164</u>	<u>4,287</u>	<u>149,451</u>
Revenues over (under) expenditures	(113,785)	(4,274)	(118,059)
Other financing sources (uses):			
Transfers to other funds	(55,358)		(55,358)
Total other financing sources (uses)	<u>(55,358)</u>	<u>-</u>	<u>(55,358)</u>
Net change in fund balance	(169,143)	(4,274)	(173,417)
Fund balances			
Beginning of year, July 1	<u>322,982</u>	<u>9,000</u>	<u>331,982</u>
End of year, June 30	<u>\$ 153,839</u>	<u>\$ 4,726</u>	<u>\$ 158,565</u>

Town of Sylva, North Carolina
Statement of Revenues and Expenditures, and Changes in Fund Balance - Budget and Actual
Non-major Governmental Fund - Capital Project Fund - Fire Department Fund
For the Year Ended June 30, 2011

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
Revenues:					
Unrestricted intergovernmental	\$ -	\$ 268	\$ 30,903	\$ 31,171	\$ 31,171
Investment earnings		2,348	476	2,824	2,824
Total revenues	<u>-</u>	<u>2,616</u>	<u>31,379</u>	<u>33,995</u>	<u>33,995</u>
Expenditures:					
Public Safety:					
Construction	<u>2,131,114</u>	<u>1,810,747</u>	<u>145,164</u>	<u>1,955,911</u>	<u>(175,203)</u>
Revenues under expenditures	<u>(2,131,114)</u>	<u>(1,808,131)</u>	<u>(113,785)</u>	<u>(1,921,916)</u>	<u>209,198</u>
Other financing sources (uses):					
Transfers to other funds			(55,358)	(55,358)	(55,358)
Installment purchase contracts	<u>2,131,114</u>	<u>2,131,114</u>		<u>2,131,114</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 322,983</u>	(169,143)	<u>\$ 153,840</u>	<u>\$ 153,840</u>
Fund balance:					
Beginning of year, July 1			<u>322,982</u>		
End of year, June 30			<u>\$ 153,839</u>		

Town of Sylva, North Carolina
Statement of Revenues and Expenditures, and Changes in Fund Balance - Budget and Actual
Non-major Governmental Fund - Capital Project Fund - Signage Fund Fund
For the Year Ended June 30, 2011

	<u>Project Authorization</u>	<u>Actual</u>			Variance
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	Favorable (Unfavorable)
Revenues:					
Restricted intergovernmental	\$ 9,000	\$ 9,000	\$ -	\$ 9,000	\$ -
Investment earnings			13	13	13
	<u>9,000</u>	<u>9,000</u>	<u>13</u>	<u>9,013</u>	<u>13</u>
Expenditures:					
Directional signage	<u>9,000</u>	<u>-</u>	<u>4,287</u>	<u>4,287</u>	<u>4,713</u>
Revenues under expenditures	<u>-</u>	<u>9,000</u>	<u>(4,274)</u>	<u>4,726</u>	<u>4,726</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 9,000</u>	<u>(4,274)</u>	<u>\$ 4,726</u>	<u>\$ 4,726</u>
Fund balance:					
Beginning of year, July 1			<u>9,000</u>		
End of year, June 30			<u>\$ 4,726</u>		

OTHER SCHEDULES

Town of Sylva, North Carolina
General Fund
Schedule of Ad Valorem Taxes Receivable
June 30, 2011

Fiscal year	Uncollected Balance June 30, 2010	Additions	Collections and Credits	Uncollected Balance June 30, 2011
2010-2011	\$ -	\$ 1,294,193	\$ 1,244,016	\$ 50,177
2009-2010	36,149		20,909	15,240
2008-2009	16,254		7,118	9,136
2007-2008	12,877		1,066	11,811
2006-2007	5,281		1,146	4,135
2005-2006	2,730		458	2,272
2004-2005	2,826		44	2,782
2003-2004	2,391		148	2,243
2002-2003	2,147		170	1,977
2001-2002	1,799		-	1,799
2000-2001	2,562		2,562	-
	<u>\$ 85,016</u>	<u>\$ 1,294,193</u>	<u>\$ 1,277,637</u>	<u>\$ 101,572</u>
Less: allowance for uncollectible accounts - general fund				<u>(34,500)</u>
Ad valorem taxes receivable - net				<u>\$ 67,072</u>
 <u>Reconciliation with revenues</u>				
Ad valorem taxes - general fund				\$ 1,300,065
 <u>Reconciliation items</u>				
Amounts written off for tax year 2000-2001 per statute of limitations				2,562
Prior year releases, refunds, and other adjustments				<u>(14,787)</u>
Subtotal				<u>(12,225)</u>
Less:				
Penalties and interest collected				<u>(10,203)</u>
Total collections and credits				<u>\$ 1,277,637</u>

**Town of Sylva, North Carolina
Analysis of Current Tax Levy
For the Year Ended June 30, 2011**

	<u>Town-Wide Levy</u>			<u>Total Levy</u>	
	<u>Property Valuation</u>	<u>Rate</u>	<u>Total Levy</u>	<u>Property excluding Registered Motor Vehicles</u>	<u>Registered Motor Vehicles</u>
Original levy					
Property taxed at current year's rate	\$ 429,337,667	0.30	\$ 1,288,013	\$ 1,244,257	\$ 43,756
	<u>429,337,667</u>		<u>1,288,013</u>	<u>1,244,257</u>	<u>43,756</u>
Discoveries					
Prior year taxes	3,087,333	0.30	9,262	9,262	
Assessments under appeal	(229,000)	0.30	(687)	(687)	
	<u>2,858,333</u>		<u>8,575</u>	<u>8,575</u>	<u>-</u>
Abatements	<u>(798,333)</u>	0.30	<u>(2,395)</u>	<u>(822)</u>	<u>(1,573)</u>
Total property valuation	<u>\$ 431,397,667</u>				
Net levy			1,294,193	1,252,010	42,183
Uncollected taxes at June 30, 2011			<u>(50,177)</u>	<u>(42,616)</u>	<u>(7,561)</u>
Current year's taxes collected			<u>\$ 1,244,016</u>	<u>\$ 1,209,394</u>	<u>\$ 34,622</u>
Current levy collection percentage			<u>96.12%</u>	<u>96.60%</u>	<u>82.08%</u>

COMPLIANCE

BURLESON & EARLEY, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

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

To the Honorable Mayor and
Members of the Governing Council
Sylva, North Carolina

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund and the aggregated remaining funds of the Town of Sylva, North Carolina, as of and for the year ended June 30, 2011, which collectively comprise the Town of Sylva's basic financial statements, and have issued our report thereon dated September 30, 2011. Our report includes a reference to other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Other auditors audited the financial statements of the Town of Sylva ABC Board, as described in our report on the Town of Sylva's financial statements. This report does not include the results of the other auditor's testing of internal control over financial reporting and compliance and other matters that are reported separately by those auditors. The financial statements of the Town of Sylva ABC Board were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

Management of the Town of Sylva is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Town of Sylva's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over financial reporting.

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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Town's financial statements will not be prevented, or detected and corrected on a timely basis.

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

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Compliance and Other Matters

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

This report is intended solely for the information and use of management, others within the entity, and the governing council and is not intended to be and should not be used by anyone other than these specified parties.

Burlison & Earley, P.A.

Certified Public Accountants

September 30, 2011