

REVIEWED

By SLGFD at 10:51 am, Dec 10, 2021

HENDERSON COUNTY NORTH CAROLINA

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2021

Prepared by: Finance Department
Finance Director: Samantha Reynolds

HENDERSON COUNTY, NORTH CAROLINA

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INTRODUCTORY SECTION

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HENDERSON COUNTY
FINANCE DEPARTMENT

HISTORIC COURTHOUSE ANNEX
113 NORTH MAIN STREET
HENDERSONVILLE, NC 28792

PHONE: 828-697-4821
FAX: 828-697-4569

November 16, 2021

To the Henderson County Board of Commissioners and the
Citizens of Henderson County, North Carolina

The Annual Comprehensive Financial Report of Henderson County, North Carolina, for fiscal year ended June 30, 2021 is hereby submitted. Laws of the State of North Carolina, along with policies and procedures of the North Carolina Local Government Commission, require that all local governments in the State publish a complete set of financial statements annually. The financial statements must be presented in conformity with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants.

However, responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with Henderson County. To provide a reasonable basis for making these representations, the management of Henderson County has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft or misuse and compile sufficient reliable information for the preparation of the financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the County's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute assurance, that the financial statements will be free from material misstatement.

To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of the operation of the various funds of Henderson County. All disclosures necessary to enable the reader to gain an understanding of the County's financial activities have been included.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The goal of the independent audit was to provide reasonable assurance that the financial statements of Henderson County for the fiscal year ended June 30, 2021 are free of material misstatements. The audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. Based upon the audit, there was a reasonable basis for rendering an unmodified

opinion that Henderson County's financial statements for the year ended June 30, 2021 are fairly presented in conformity with GAAP.

The County is required to undergo an annual "Single Audit" in conformity with the provisions of the Revised State Single Audit Implementation Act of 1996 and the U.S. Office of Management and Budget Uniform Guidance designed to meet the needs of federal and state grantor agencies. The standards governing Single Audit engagements require the independent auditor to report on not only the fair presentation of the financial statements but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal and state grant awards. These reports, along with the schedule of expenditures of Federal and State awards, findings, and recommendations, if any, are published in a separate compliance report.

For financial reporting purposes, in accordance with the Governmental Accounting Standard Board, the County includes all funds of the primary government, as well as any component units. Component units are legally separate entities for which the primary government is financially accountable. For the fiscal year ended June 30, 2021, there are two discretely presented component units, the Henderson County Hospital Corporation and the Henderson County Tourism Development Authority, which are required to be presented in the County's combined financial statements.

The Henderson County Hospital Corporation (the "Hospital") is a not-for-profit corporation that operates Margaret R. Pardee Memorial Hospital. The Hospital is governed by a fifteen-member Board of Trustees, at least one of which (but not more than two of which) is a County Commissioner. The Board of Commissioners directly appoints three seats to the Hospital Board with the remaining seats appointed by the Board following nominations by either the UNC Health Care System or the existing Board of Trustees. The Hospital, which has a June 30 year-end, is reported in the financial statements in a manner similar to a Proprietary Fund. The County retains title to the Hospital facilities and leases them back to the Hospital for its operations. The Hospital has title to all personal property. The County has also issued revenue bond debt on behalf of the Hospital.

The Henderson County Tourism Development Authority (the "TDA") is authorized by State statute to collect an occupancy tax of 5 percent on gross revenues from hotel/motel/bed and breakfast occupancy within the corporate limits. Net collections are remitted to the Henderson County Tourism Development Authority. The TDA, which has a June 30 year-end, is presented as if it were a governmental type fund. The County is financially accountable for the TDA, which is reported as a discrete component unit separate from the financial information of the primary government. The Chairman and members of the TDA are appointed by the County Commissioners and other municipalities within the County.

The Henderson County Industrial Facility and Pollution Control Financing Authority is a component unit of Henderson County; however, this authority has no financial transactions or account balances and is therefore not reported in the financial statements. While not active, this authority is allowable under NC General Statute §159C-1 as a method of tax free financing.

The Henderson County Governmental Financing Corporation is also a component unit of Henderson County. The Corporation is governed by a board of directors whose three members serve for three years, or until successors are elected. The three members are appointed by the Henderson County Board of Commissioners. The Corporation has no assets or liabilities. All rights, title and interest to all financing contracts with the County have been assigned to various bank trustees. Allowable under NC General Statute §160A-20, the Corporation is utilized during installment purchase agreements, where the purchase price is secured by the items or property upon which the services are performed rather than pledging tax revenues for repayment. All financing arrangements with the County have been disclosed in the accompanying notes to the combined financial statements.

DESCRIPTION OF THE COUNTY

Henderson County was established in 1838 and is located in the western portion of North Carolina. It is one of 100 counties established in North Carolina under North Carolina General Statute 153A-10. It has land area of 375 square miles and a population of 116,495. There are five municipalities within the County, the largest being the City of Hendersonville, which serves as the county seat. The County has a commissioner/manager form of government. The five members of the Board of Commissioners are elected from districts on a partisan basis and serve staggered four-year terms. Commissioners hold policy-making and legislative authority. They are responsible for adopting the annual budget ordinance and appointing the County Manager to serve as Chief Executive Officer. The County Manager is responsible for the enforcement of laws and ordinances, preparation and administration of the annual budget, delivery of services, implementing policies, managing daily operations, and the appointment of department heads and employees.

The County provides the citizens with a wide range of services that include public safety, health and human services, environmental protection, cultural and recreational programs, community and economic development and education. This report encompasses the County's activities in maintaining these services and includes financial support to outside agencies, boards and commissions to assist their efforts in serving citizens. Among those receiving the largest support are the Henderson County Board of Public Education, Blue Ridge Community College, the Henderson County Partnership for Economic Development, and the Vaya Health Managed Care Organization (MCO).

ECONOMIC CONDITIONS AND OUTLOOK

The County, located just south of Asheville, North Carolina, is within one hour driving time of Asheville and Greenville or Spartanburg, South Carolina. The cities of Charlotte, North Carolina and Knoxville, Tennessee are approximately two hours driving distance away. The County's current economic condition is based on several factors, including the construction and remodeling values of new and existing homes and businesses, new and expanding manufacturing facilities, and unemployment rates.

A balanced economic base of agriculture, tourism and manufacturing contributes to growth in the local economy. There are currently 455 farms with an average farm size of 90 acres. There are over 41,000 acres of active farm and forestry land which utilizes 17 percent of the County's 375 square mile land base. The main agricultural income in the County is generated from fruit and vegetable production, including apples, tomatoes, sweet corn, bell peppers, wine grapes, blackberries and other produce earning a combined \$60 million in a normal crop year. Henderson County ranks 1st in NC for apples, producing 80% of the crop for the #7 apple state in the U.S.; tomatoes and sweet corn each range from 1st to 2nd in NC. The Green Industry (greenhouses, nurseries, ornamentals and sod) earns about \$35 million, ranking #2 overall in NC. The County also generates roughly \$11 million from livestock, dairy, hay, grain, forage and soybeans and \$4 million from other farm sources, for a total of \$111 million in farm production revenues in a normal year. Agribusiness generates over \$650 million in additional revenue from "value added" production, processing, packing, storage, wineries, wholesaling, shipping, and other ag-related services. The total annual income from all agriculture/agribusiness industries is estimated at over \$750 million and employs over 4,669 or about 10 percent of the total employment in Henderson County.

The County's tourism industry has experienced increasing growth due to its location, temperate climate, friendly towns, outdoor amenities and much more. As of 2020, the most recent data available from the state of NC, the tourism industry continues to employ more than 2,500 in Henderson County and ranks 17th in travel impact among North Carolina's 100 Counties. The Henderson County Tourism Development Authority promotes the county and all of its bounty through a variety of marketing and public relations programs and supports the growth of tourism assets. Henderson is home to the Flat Rock Playhouse - State Theater of North Carolina, the Carl Sandburg Home National Historic Site, Crest of the Blue Ridge AVA, special events, outdoor experiences, numerous camps, agri-tourism and many other attractions and cultural experiences. The most current value determined by the Economic Development Partnership of NC, VisitNC.org, of the economic impact of tourism to the County is estimated to be \$324.77 million. This provides an annual tax savings of approximately \$460 to each County resident.

HENDERSON COUNTY, NORTH CAROLINA CHART OF NEW CONSTRUCTION VALUES AND UNEMPLOYMENT RATES

Fiscal Year	Permits	Dollar Value	Unemployment Rates
2021	711	\$261,508,498	4.3
2020	679	\$247,816,440	7.5
2019	707	\$177,002,006	3.6
2018	844	\$234,272,352	3.6
2017	542	\$176,306,457	3.6
2016	598	\$133,800,121	4.3
2015	626	\$163,289,635	5.1
2014	427	\$116,820,046	4.9

The number of permits issued in fiscal year 2021 for new residential and commercial construction increased by 4.7 percent from the previous fiscal year. The total dollar value of those new permits increased by \$13.7 million or 5.5 percent. This increase was due to higher valued residential

projects permitted during the year. The local unemployment rate decreased in fiscal year 2021 due to economic recoveries from restrictions and effects of the coronavirus.

The County continues to offer and provide economic incentive payments to companies based on the number of new hires and the total new taxable investment planned in an effort to attract new industry and to help existing industry to expand. The primary reasons and criteria for offering these incentives are to attract industry with higher paying jobs that have operations which will cause little or no environmental impact. The expansion of existing industry has been a primary focus and recipient of economic incentive payments provided by the Board of Commissioners.

The following table lists the major manufacturing employers in the County:

Company Name	Product	Approximate Number of Employees
Wilsonart International, Inc.	High-Pressure Laminate Countertops	553
Meritor Heavy Vehicle Systems, LLC	Commercial Truck Axles	552
	Jacquard Weaving, Digital Printing &	
Manual Wood Workers, Inc.	Cut and Sew	510
Continental Automotive Systems	Automotive Brake Systems	430
Current, by GE	LED Light Fixtures	320
UPM Raflatac, Inc.	Pressure Sensitive Label Stock	300

MAJOR INITIATIVES

FOR THE YEAR. The Board of Commissioners adopted a balanced budget for the fiscal year with a county-wide ad valorem property tax rate of 56.1 cents per \$100 dollars of taxable valuation. Total General Fund revenues increased by \$26.9 million or 19% over the previous fiscal year. Total General Fund decreased increased by \$19.2 million or 14.4 percent over FY2020. Total General Fund Balance increased by \$16,951,693 to \$80,317,355. Unassigned Fund Balance, the amount available for appropriation in the General Fund, increased by \$13,881,923 to \$45,308,015. Other major Governmental Funds – General Capital Projects Fund and COVID-19 Fund ended the fiscal year in a positive financial position. The School Capital Project funded ended the fiscal year in a deficit. The deficit balance in this fund represents the capital outlay spent on a school building project that was financed in a previous fiscal year.

The net position of the Solid Waste Landfill Fund increased by 317,607 in FY2021. The net position of the Justice Academy Sewer Fund decreased slightly in FY2021 due an increase in operating expenditures.

The construction and renovation of the Hendersonville High School, which will replace the current existing high school, continued in FY21. The new facility has an approved project budget of \$60 million, which was financed by the County in May 2020.

Design and construction of a new building and renovation of existing buildings on the Blue Ridge Community College campus continued during FY2021. The facility has an approved project budget of \$25 million, which was financed by the County in February 2021.

The Board's Debt Capacity Policy states that total outstanding debt may not exceed 3 percent of the total assessed property value for the fiscal year and total debt service payments may not exceed 15 percent of total General Fund expenditures. Both debt capacity measures were met for FY2021.

FOR THE FUTURE. For FY2022, the Board maintained the ad valorem tax rate of 56.1 cents per \$100 dollars of assessed valuation on taxable property. NC General Statute §105-286 requires Counties to reappraise all real property at least once every eight years. The County conducts a reappraisal of real property every four years in order to promote a fair and equitable tax base. The latest property reappraisal was conducted in 2019, with the reappraisal becoming effective in FY2020.

Sales tax revenues were budgeted conservatively and at the same level as total actual receipts in received in prior years. Operating expenditures for most County departments and other outside agencies were essentially held flat, but additional personnel were added in areas experiencing increased service demands. Overall funding for the public schools and the community college was increased from FY2021. The Board budgeted \$15.4 million in Unassigned General Fund Balance to balance the FY2022 budget. For employees, a cost of living increase and performance pay was included in the FY2022 budget.

FACTORS AFFECTING FINANCIAL CONDITION

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the County operates.

FUND BALANCE. Fund balance should always be measured based on the portion that is available for appropriation at the end of the fiscal year. The Board's Fund Balance Policy is to have at least 12 percent in General Fund Unassigned Fund Balance available for appropriation at fiscal year-end. However, for the FY2021 and FY2022 budgets, the Board has made an exception to reduce the fund balance policy to 10%. For the last several years, while fund balance appropriations have been used to balance the County's budget, actual results have not required the use of fund balance reserves. Henderson County had \$45.3 million in Unassigned General Fund Balance or 29.81 percent of total General Fund expenditures including transfers out to other funds. The Local Government Commission of the North Carolina Department of State Treasurer recommends that local governments have at least 8 percent of General Fund Expenditures in Unassigned General Fund Balance available for appropriation.

OTHER POSTEMPLOYMENT BENEFITS. Henderson County maintains a retiree medical plan in which the County pays 100 percent of the employee-only coverage for retirees who become eligible for benefits under Title XVIII (Medicare) or Title XIX (Medicaid) of the Social Security Act. In general, retirees must have at least 25 years of service with the County or are at least 50, but not Medicare eligible, or have a minimum of 10 years of service with the County and have a combined age and years of service total of at least 70. Retired employees meeting

these criteria will be provided hospitalization in the same manner as active County employees. The County pays 100 percent of the payments for any retiree with 30 or more years of service with the County or a combined age and years of service total of at least 80. Reduced contribution rates are made by the County for retirees with a combined age and years of service that total between 70 and 79 at retirement. The County adopted procedures under Governmental Accounting Standards Board (GASB) Statements No. 43 and 45 for reporting and accounting for other post-employment benefits (OPEB).

OTHER INFORMATION

INDEPENDENT AUDIT. State statutes require an annual audit by independent certified public accountants. The firm of Martin Starnes & Associates, CPAs, P.A. was selected by the government's Board of Commissioners. In addition to meeting the requirements set forth in state statutes, the audit was also designed to meet the requirements of the Revised State Single Audit Implementation Act of 1996. and the related U. S. Office of Management and Budget. Auditing standards generally accepted in the United States of America and the standards set forth in Government Auditing Standards, issued by the Comptroller General of the United States, were used by the auditors in conducting the engagement. The auditor's report on the general-purpose financial statements and combining and individual fund statements and schedules are included in the financial section of this report. The auditor's reports on internal controls and compliance with applicable laws and regulations can be found in the compliance section of this report.

AWARDS. The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Henderson County, North Carolina, for the year ended June 30, 2020. This was the 32nd consecutive year Henderson County has received this prestigious award. To be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements. This report continues to conform to the Certificate of Achievement program requirements and will be submitted to the GFOA for consideration thereof.

USE OF THE REPORT. The Government Finance Officers Association reports a growing awareness that the annual financial report should be management's report to its governing body, constituents, oversight bodies, resource providers, investors and creditors. We agree with this direction, and in keeping with our past practice, have made available a copy of this report to each of you, bond rating agencies, the Local Government Commission, and other financial institutions which have expressed an interest in Henderson County's financial affairs.

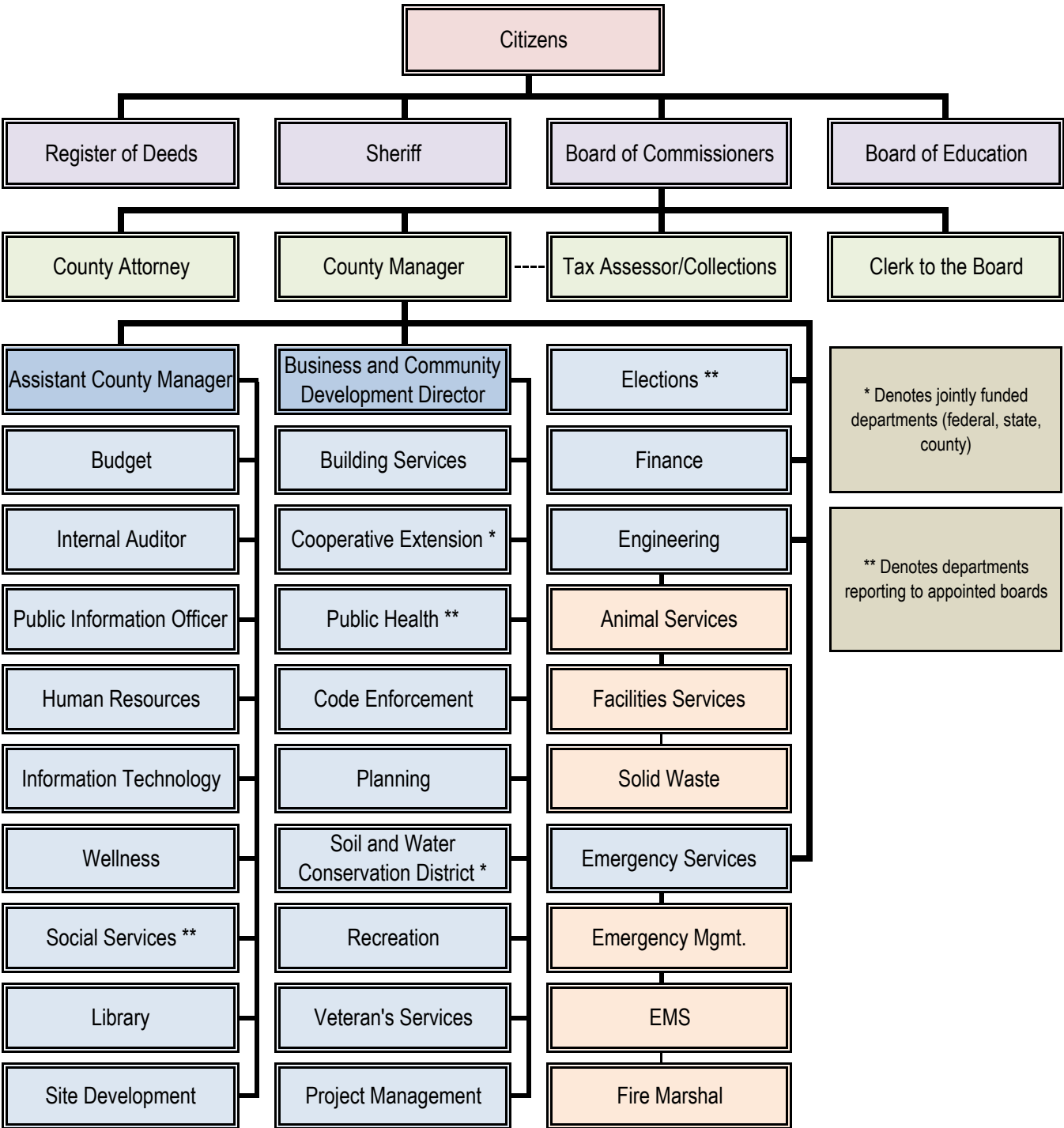
ACKNOWLEDGMENTS. Each County department's commitment to the goals, vision, and mission of Henderson County is reflected in the services provided to the citizens. The cooperation of all County departments in carrying out the financial activities encompassed in this report is appreciated. A combined effort of Martin Starnes & Associates, CPAs, P.A., the Henderson County Finance Department Staff and County Departments made preparation of this comprehensive annual financial report possible. Each has my sincere appreciation for their contributions made towards the completion of this report.

In closing, I wish to thank the Board of Commissioners for their leadership and support in positioning Henderson County as a fiscally sound, well-governed community. Without the support of the Board of Commissioners and County Management, preparation of this report would not have been possible.

Sincerely,

A handwritten signature in blue ink that reads "Samantha R. Reynolds". The signature is written in a cursive style with a large initial 'S'.

Finance Director



HENDERSON COUNTY, NORTH CAROLINA

List of Principal Officials

June 30, 2021

Board of Commissioners

Chairman.....	William G. Lapsley
Vice Chairman	Rebecca McCall
Commissioner	J. Michael Edney
Commissioner	Daniel Andreotta
Commissioner	David Hill

County Officials

County Manager.....	Steven D. Wyatt
Assistant County Manager.....	Amy R. Brantley
Animal Services Director.....	Brad Rayfield
Building Services Director.....	Crystal Lyda
Business and Community Development Director.....	John Mitchell
Clerk to the Board.....	Denisa Lauffer
Clerk of Superior Court	J. Tyler Ray
Code Enforcement Director	Matt Champion
County Attorney.....	C. Russell Burrell
County Cooperative Extension Director	Terry Kelley
County Engineer	Marcus Jones
County Tax Administrator.....	Darlene Burgess
Elections Director	Karen Hebb
Emergency Services Director.....	Jimmy Brissie
Fire Marshal.....	Kevin Waldrup
EMS Manager	Michael Barnett
Facilities Services Director	Andrew Griffin
Finance Director.....	Samantha Reynolds
Human Resources Director	Karen Ensley
Information Technology Director	Mark Seelenbacher
Library Director	Trina Rushing
Management Assistant/Internal Auditor.....	Megan Powell
Planning	Autumn Radcliff
Property Addressing Coordinator.....	Vacant
Public Health Director	Steven E. Smith
Public Information Officer.....	Kathryn Finotti
Public Transportation Planner.....	Janna Bianculli
Purchasing Agent	Doug Guffey
Recreation Director	Carleen Dixon
Register of Deeds.....	Lee King
Sheriff	Lowell S. Griffin
Social Services Director.....	Jerrie McFalls
Soil and Water Conservation District Director	Jonathan Wallin
Solid Waste & Utilities ManagerGreg Wiggins
Veteran Services Officer	Michael A. Murdock
Wellness Clinic Director	Jamie Gibbs



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**County of Henderson
North Carolina**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2020

Christopher P. Morill

Executive Director/CEO

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FINANCIAL SECTION

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

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

Independent Auditor's Report

To the Board of Commissioners
Henderson County
Hendersonville, North Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Henderson County, North Carolina, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Henderson County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Henderson County Hospital Corporation, which represents 98.97%, 98.40%, and 97.28%, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Henderson County Hospital Corporation, is based solely on the report 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 from material misstatement. The financial statements of the Henderson County Hospital Corporation and the Henderson County Tourism Development Authority were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, 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 business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Henderson County, North Carolina, as of June 30, 2021, and the respective changes in financial position, and cash flows, where applicable thereof, and the respective budgetary comparison for the General Fund and the COVID-19 Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in note 9 to the financial statements, for the fiscal year ended June 30, 2021, Henderson County adopted new accounting guidance, Governmental Accounting Standards Board (GASB) No. 84, *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Other Post-Employment Benefits' Schedule of Changes in the Total OPEB Liability and Related Ratios, the Local Government Employees' Retirement System Schedules of County's Proportionate Share of Net Pension Asset (Liability) and County Contributions, the Register of Deeds' Supplemental Pension Fund Schedule of County's Proportionate Share of the Net Pension Asset and Schedule of County Contributions, and the Law Enforcement Officers' Special Separation Allowance Schedules of the Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered-Employee Payroll, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and the other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consist of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of Henderson County, North Carolina. The introductory information, combining and individual fund financial statements, budgetary schedules, other schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 16, 2021 on our consideration of Henderson County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Henderson County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Henderson County's internal control over financial reporting and compliance.

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, North Carolina
November 16, 2021

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HENDERSON COUNTY, NORTH CAROLINA

Management's Discussion and Analysis

June 30, 2021

As management of Henderson County, we offer readers of Henderson County's financial statements this narrative overview and analysis of the financial activities of Henderson County for the fiscal year ended June 30, 2021. We encourage readers to read the information presented here, in conjunction with additional information that we have furnished in the County's financial statements, which follow this narrative.

Financial Highlights

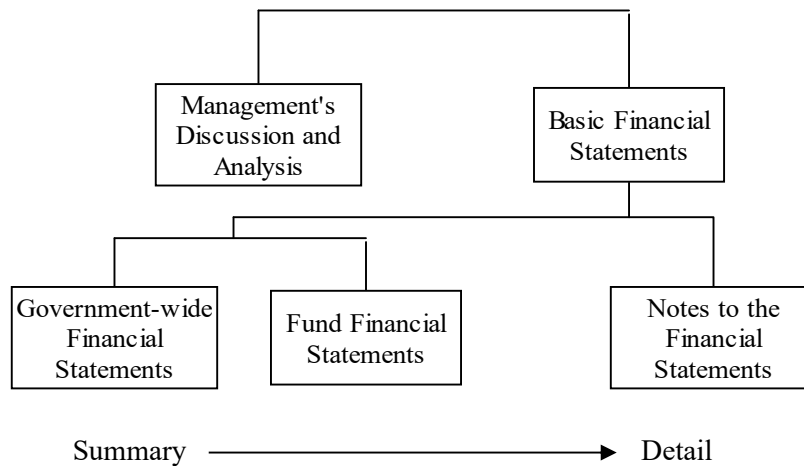
- The assets and deferred outflows of resources of Henderson County exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$35,140,808 (*net position*). In accordance with North Carolina law, liabilities of the County include approximately \$138,794,973 in long-term debt associated with assets belonging to the Henderson County Board of Public Education and Blue Ridge Community College. As these assets are not reflected in the County's financial statements and the full amount of the long-term debt is reported, the County reports a net deficit in unrestricted net position.
- The County's total net position decreased by \$37,034,734. Net position in the governmental activities decreased by \$17,401,203. This decrease was due to the expenditure of limited obligation bond indebtedness on school capital projects and expenditures of restricted CARES Act allocated funds. Net position in the business-type activities decreased by \$19,633,531. This decrease was due to the transfer of the Cane Creek Water and Sewer District to the Metropolitan Sewerage District of Buncombe County one July 1, 2020.
- As of the close of the current fiscal year, Henderson County's governmental funds reported combined ending fund balances of \$139,604,885, an increase of \$4,615,937 in comparison with the prior year. Approximately 46.5% of this total amount, or \$64,981,672, is non-spendable or restricted.
- At the end of the current fiscal year, available fund balance for the General Fund was \$66,926,259, or 35.41%, of total General Fund expenditures. Available fund balance includes the total fund balance in the general fund, less non-spendable amounts for inventories and prepaid items and the amount calculated as Stabilization for State Statute, as described in the notes accompanying the financial statements.
- Henderson County's total limited obligation and installment note debt increased \$7,301,197 (4.1%) during the current fiscal year due to additional limited obligation debt incurred during the fiscal year.

Overview of the Financial Statements

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

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

The first two statements (Exhibits A and B) in the basic financial statements are the **government-wide financial statements**. They provide both short and long-term information about the County's financial status.

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

The next section of the basic financial statements is the **notes**. The notes to the financial statements explain in detail some of the data contained in those statements. Following the notes is the **required supplemental information**. This section contains funding information about the County's pension and benefit plans. After the required supplemental information, **supplemental schedules** are provided to show details about the County'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 County'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 County's financial status as a whole. The two government-wide statements report the County's net position and how they have changed. Net position is the difference between the County's total assets and deferred outflows of resources and total liabilities and deferred inflows of resources. Measuring net position is one way to gauge the County's financial condition.

The government-wide financial statements are divided into the following three types of activities:

Governmental Activities. These activities of the County include general government, public safety, human services, economic and physical development, environmental protection, education, and cultural and recreational. Property taxes and state and federal grant funds finance most of these activities.

Business-Type Activities. The County charges fees to recover the costs associated with providing certain services. The activities include solid waste and sewage disposal.

Component Units. The government-wide financial statements include not only the County of Henderson itself (known as the primary government), but also a legally separate Hospital Corporation and Tourism Development Authority for which Henderson County is financially accountable. Financial information for these component units are reported separately from the financial information for the primary government itself.

The government-wide financial statements directly follow the management's discussion and analysis of this report.

Fund Financial Statements

The fund financial statements provide a more detailed look at the County's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Henderson County, 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 County's budget ordinance. All of the funds of Henderson County can be divided into three categories: governmental funds, proprietary funds, and fiduciary 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 County'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*. This method also has a current financial resources 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 County's programs. The relationship between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

The County 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 County, the management of the County, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the County to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the County complied with the budget ordinance and whether or not the County 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.

Proprietary Funds. The Enterprise Fund is the only proprietary-type fund that the County utilizes. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses enterprise funds to account for its solid waste disposal and sewage disposal operations. These funds are the same as those shown in the business-type activities in the Statement of Net Position and the Statement of Activities.

Fiduciary Funds. Custodial Funds – Custodial funds are used to report fiduciary activities that are not required to be reported in pension (and other employee benefit) trust funds, investment trust funds, or private-purpose trust funds. Custodial funds are used to account for assets the County holds on behalf of others that meet certain criteria. The County only has custodial funds. There are seven individual custodial funds.

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 directly follow the basic financial statements of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning Henderson County's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found directly following the notes of this report.

Government-Wide Financial Analysis

Henderson County's Net Position Figure 2

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Assets and Deferred Outflows:						
Current and other assets	\$ 166,581,955	\$ 150,836,013	\$ 2,422,853	\$ 5,859,845	\$ 169,004,808	\$ 156,695,858
Restricted non-current assets	300,620	239,520	-	-	300,620	239,520
Capital assets	111,006,227	113,819,171	8,946,356	29,527,485	119,952,583	143,346,656
Total assets	277,888,802	264,894,704	11,369,209	35,387,330	289,258,011	300,282,034
Deferred outflows of resources	29,367,811	14,810,935	549,943	264,157	29,917,754	15,075,092
Total assets and deferred outflows	307,256,613	279,705,639	11,919,152	35,651,487	319,175,765	315,357,126
Liabilities and Deferred Inflows:						
Long-term liabilities	238,997,627	205,084,753	2,542,310	4,726,192	241,539,937	209,810,945
Other liabilities	40,093,192	29,265,304	1,092,853	3,004,046	41,186,045	32,269,350
Total liabilities	279,090,819	234,350,057	3,635,163	7,730,238	282,725,982	242,080,295
Deferred inflows of resources	1,257,816	1,179,306	51,159	54,888	1,308,975	1,234,194
Total liabilities and deferred inflows	280,348,635	235,529,363	3,686,322	7,785,126	284,034,957	243,314,489
Net Position:						
Net investment in capital assets	66,452,828	71,671,165	8,146,355	25,945,573	74,599,183	97,616,738
Restricted	22,033,213	19,872,490	-	-	22,033,213	19,872,490
Unrestricted	(61,578,063)	(47,367,379)	86,475	1,920,788	(61,491,588)	(45,446,591)
Total net position	\$ 26,907,978	\$ 44,176,276	\$ 8,232,830	\$ 27,866,361	\$ 35,140,808	\$ 72,042,637

As noted earlier, net position may serve, over time, as one useful indicator of a government's financial condition. The assets and deferred outflows of resources of Henderson County exceeded its liabilities and deferred inflows of resources by \$35,140,808, as of June 30, 2021. The County's net position decreased by \$37,034,734 for the fiscal year ended June 30, 2021. Net position of the County is reported in three categories: net investment in capital assets of \$74,599,183, restricted net position of \$22,032,313, and unrestricted net position of (\$61,491,588).

The net investment in capital assets category is defined as the County's investment in County-owned capital assets (e.g. land, buildings, automotive equipment, and office and other equipment); less any related debt still outstanding that was issued to acquire those assets. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of outstanding related debt, the resources needed to repay that debt must be provided by other resources since the capital assets cannot be used to liquidate these liabilities.

Restricted net position consists of restrictions for Register of Deeds, Register of Deeds' pension plan, stabilization for state statute, human services, public safety, education, public transit, economic and physical development, and cultural and recreational.

As with many counties in the State of North Carolina, the County's deficit in unrestricted net position is due primarily to the portion of the County's outstanding debt incurred for the Henderson County Board of Public Education (the "school system") and Blue Ridge Community College (the "community college"). Under North Carolina law, the County is responsible for providing capital funding for the school system and the community college. The County has chosen to meet its legal obligation to provide the school system and the community college capital funding by using a mixture of County funds and the issuance of debt. These assets funded by the County are owned by the County and leased to the school system and the community college over the term of the debt, but are recorded as assets of the school system and the community college, which are the primary users of the assets. Since the County, as the issuing government, acquires no capital assets, the County has incurred a liability without a corresponding increase in assets. At the end of the fiscal year, approximately \$138 million of outstanding debt on the County's financial statements was related to assets included in the school system and the community college's financial statements. Principal and interest requirements will be provided by an appropriation in the year in which they become due.

The impact of the inclusion of the school system and community college debt without the corresponding assets was offset by the following positive operational initiatives and results:

- Continued diligence in the collection of all revenue sources, both current and delinquent
- A strong property tax collection rate of 99.26%
- Other budgetary control efforts, including the cutoff of departmental spending prior to fiscal year-end
- Actual expenditures, transfers, and other financing uses in the General Fund were less than the budgeted amount by \$21,538,889.
- Revenues, transfers, and other financing sources in the General Fund exceeded expenditures and other financing uses by \$16,957,693.

Governmental Activities. Governmental activities decreased the County's net position by \$17,401,203, or 47.0%, of the total decrease in the net position of the Henderson County. This decrease is primarily due to an increase expenditure related to a financing of a major capital project for the renovation and building of public school and community college buildings. Spending also increased for expenditures related to COVID-19 response and mitigation.

Business-Type Activities. Business-type activities decreased the County's net position by \$19,633,531, or a 53.0%, of the total decrease in the net position of the Henderson County. The decrease is attributable to the transfer of the Cane Creek Sewer District to the Metropolitan Sewerage District of Buncombe County on July 1, 2020. (See Figure 3.)

Henderson County's Change in Net Position
Figure 3

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues:						
Charges for services	\$ 10,427,440	\$ 11,292,745	\$ 7,931,839	\$ 9,107,907	\$ 18,359,279	\$ 20,400,652
Operating grants and contributions	26,905,070	20,578,425	221,608	188,106	27,126,678	20,766,531
Capital grants and contributions	-	-	-	415,200	-	415,200
General revenues:						
Property taxes	105,130,794	102,455,897	-	-	105,130,794	102,455,897
Other taxes	41,582,932	35,019,954	-	-	41,582,932	35,019,954
Other	648,923	1,380,303	39,577	78,423	688,500	1,458,726
Total revenues	<u>184,695,159</u>	<u>170,727,324</u>	<u>8,193,024</u>	<u>9,789,636</u>	<u>192,888,183</u>	<u>180,516,960</u>
Expenses:						
General government	63,444,909	55,059,890	-	-	63,444,909	55,059,890
Public safety	54,187,004	47,963,085	-	-	54,187,004	47,963,085
Environmental protection	542,544	574,971	-	-	542,544	574,971
Economic and physical development	3,244,957	3,484,865	-	-	3,244,957	3,484,865
Human services	31,354,317	27,726,210	-	-	31,354,317	27,726,210
Cultural and recreational	5,463,273	5,163,897	-	-	5,463,273	5,163,897
Education	35,587,493	34,147,992	-	-	35,587,493	34,147,992
Interest on long-term debt	5,569,287	3,892,073	-	-	5,569,287	3,892,073
Solid waste disposal	-	-	7,871,642	8,278,924	7,871,642	8,278,924
Other	-	-	72,494	1,838,050	72,494	1,838,050
Total expenses	<u>199,393,784</u>	<u>178,012,983</u>	<u>7,944,136</u>	<u>10,116,974</u>	<u>207,337,920</u>	<u>188,129,957</u>
Change in net position position before transfers and special items	(14,698,625)	(7,285,659)	248,888	(327,338)	(14,449,737)	(7,612,997)
Transfers	<u>(2,702,578)</u>	<u>(54,000)</u>	<u>2,702,578</u>	<u>54,000</u>	<u>-</u>	<u>-</u>
Special item - Cane Creek	-	-	(22,584,997)	-	(22,584,997)	-
Change in net position	(17,401,203)	(7,339,659)	(19,633,531)	(273,338)	(37,034,734)	(7,612,997)
Net Position:						
Beginning of year - July 1	44,176,276	51,515,935	27,866,361	28,139,699	72,042,637	79,655,634
Restatement	<u>132,905</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>132,905</u>	<u>-</u>
Beginning, restated	<u>44,309,181</u>	<u>51,515,935</u>	<u>27,866,361</u>	<u>28,139,699</u>	<u>72,175,542</u>	<u>79,655,634</u>
End of year - June 30	<u>\$ 26,907,978</u>	<u>\$ 44,176,276</u>	<u>\$ 8,232,830</u>	<u>\$ 27,866,361</u>	<u>\$ 35,140,808</u>	<u>\$ 72,042,637</u>

Financial Analysis of the County's Funds

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

Governmental Funds. The focus of Henderson County's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing Henderson County's financing requirements. Specifically, fund balance available for appropriation 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 Henderson County. At the end of the current fiscal year, available fund balance of the General Fund was \$66,926,259, while total fund balance was \$80,317,355. Available fund balance represents the spendable portion of fund balance. Spendable portions of fund balance may be comprised of restricted, committed, assigned or unassigned amounts, as disclosed in the notes accompanying the financial statements. The governing body of Henderson County has determined that the County should maintain an available fund balance of 10% of General Fund expenditures in case of unforeseen needs or opportunities, in addition to meeting the cash flow needs of the County. The County currently has an available fund balance of 35.41% of total General Fund expenditures, while total fund balance represents 52.84% of that same amount.

At June 30, 2021, the governmental funds of the County reported a combined fund balance of \$139,604,885, a 3.52% increase from last year. This was due to a positive budget to actual variance in the County's General Fund for FY2021 as compared to the previous fiscal year. For the General Fund, both ad valorem property tax and local option sales tax collections were significantly more than had originally been budgeted. Budgeted amounts were estimated conservatively due to the unknown continued impact from the pandemic. Collections of these taxes comprise the majority of the increase to fund balance for the General Fund.

The General Capital Projects Fund accounts for financial resources to be used for the acquisition and construction for major capital facilities and capital projects within the County. The fund balance increased in the current year by \$17,699,309 due to the issuance of debt in the current year.

The School Capital Projects Fund accounts for financial resources to be used for the acquisition or construction of school capital facilities. The fund balance decreased in the current year by \$27,255,213 due to progress in the construction of the Hendersonville High School construction and renovation project.

The COVID-19 Fund accounts for financial resources to be utilized in the prevention and response of the coronavirus pandemic. The positive change in net position in the fund represents the portion of funds recognized as revenues from Coronavirus Relief Funds and transfers in from the General Fund to cover amounts the County is seeking reimbursement for through Federal Emergency Management Assistance (FEMA) grants. The remaining net position is unexpended Provider Relief Support that was applied again lost revenues for the Emergency Medical Services Department as well as interest earned on the American Relief Plan Act funds received by the County in May 2021.

General Fund Budgetary Highlights. The County's financial position improved significantly for FY2021 due to better than anticipated revenue collections in several categories, coupled with actual General Fund expenditures coming in well under budget at fiscal year-end. County departments' diligence in monitoring their operational budgets, particularly during the coronavirus pandemic, resulted in total expenditures being \$21.5 million under budget at fiscal year-end. On the revenue side, the largest positive budget variances were in the ad valorem property taxes, local option sales taxes, which combined to be \$11,327,941 over budget. Separately, a total of \$14.5 million in General Fund balance was appropriated to balance the FY2021 budget. None of the \$14.5 million was utilized due to total revenues

and other financing sources having a positive budget variance combined with total expenditures and other financing uses having a significant positive budget variance.

Total fiscal year 2021 General Fund revenues increased by \$11 million, or 7%, over the prior fiscal year, as compared to General Fund expenditures, which increased by \$1.44 million, or 1%, over fiscal year 2020. The increase in revenues over the previous fiscal year is due to increased collection percentages for ad valorem property taxes and increased collections of local option sales tax revenues. The increase in expenditures is primarily due an increase in debt service payments made during the fiscal year. Total General Fund balance increased \$16,957,693, while the amount of unassigned fund balance that is available for appropriation increased by \$13,907,981 at fiscal year-end.

The County revised the budget for various reasons during the fiscal year. 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.

Total amendments to the General Fund increased revenues by \$21,640,366. The budgetary increase is primarily attributable to increases during the year for restricted intergovernmental revenues, local options sales taxes and occupancy tax collections. Increasing revenue collections were realized in six of the nine major revenue categories with the largest variance being in the Local Option Sales Taxes category. This category had a positive actual to budget variance of \$7,349,890. The second largest variance was in Ad Valorem Taxes, which had a positive actual to budget variance of \$3,978,051. Total General Fund revenues had a total positive actual to budget variance of \$9,830,618.

Proprietary Funds. The County's proprietary funds provide the same type of information found in the government-wide statements, but in more detail. Unrestricted net position of all the proprietary funds at the end of the fiscal year amounted to \$86,475. During the fiscal year 2021, proprietary fund net position decreased \$19,633,531. The majority of the decrease in total net position for the proprietary funds is due to the transfer of the Cane Creek Water and Sewer District to the Metropolitan Sewerage District on July 1, 2020.

Capital Asset and Debt Administration

Capital Assets. The County's investment in capital assets for its governmental and business-type activities as of June 30, 2021 totals \$119,952,583 (net of accumulated depreciation). These assets include land, buildings, plant and distribution systems, equipment, automotive equipment, and construction in progress. On July 1, 2020, the Cane Creek Water and Sewer Department merged with the Metropolitan Sewerage District of Buncombe County (MSD). Included in the merger was a transfer of all related capital assets. This transfer resulted in a significant decrease in business-type capital assets of \$20,780,103, net of depreciation.

**Henderson County's Capital Assets
(net of depreciation)**

Figure 4

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land	\$ 15,349,827	\$ 15,349,827	\$ 6,038,035	\$ 6,413,080	\$ 21,387,862	\$ 21,762,907
Buildings	86,419,418	89,613,321	-	-	86,419,418	89,613,321
Plant and distribution systems	-	-	2,022,746	18,698,103	2,022,746	18,698,103
Equipment	2,564,319	2,529,180	663,499	538,627	3,227,818	3,067,807
Vehicles and motor equipment	4,841,928	4,060,916	222,076	317,872	5,064,004	4,378,788
Construction in progress	1,830,735	2,265,927	-	3,559,803	1,830,735	5,825,730
Total	\$ 111,006,227	\$ 113,819,171	\$ 8,946,356	\$ 29,527,485	\$ 119,952,583	\$ 143,346,656

Additional information on the County's capital assets can be found in the note 3A to the basic financial statements.

Long-Term Debt. As of June 30, 2021, Henderson County had total bonded debt outstanding of \$172,619,799 backed by real estate. The County also has multiple direct placement installment notes outstanding of which the majority is related to debt issued for the construction and renovation of school, County, and community college facilities.

A summary of long-term debt is shown in Figure 5.

**Henderson County's Limited Obligation Bonds
And Installment Notes Payable**

Figure 5

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Limited obligation bonds	\$ 172,619,799	\$ 160,208,120	\$ -	\$ 70,578	\$ 172,619,799	\$ 160,278,698
Direct placement - installment purchase	10,728,573	13,057,144	800,001	3,511,334	11,528,574	16,568,478
Total	\$ 183,348,372	\$ 173,265,264	\$ 800,001	\$ 3,581,912	\$ 184,148,373	\$ 176,847,176

Henderson County's total long-term debt increased by \$7,301,197 during the past fiscal year.

The bond ratings are a clear indication of the sound financial condition of the County, which helps to keep interest cost low on the County's outstanding debt. Henderson County has maintained current bond ratings with Standard & Poor's and Moody's, as follows:

Standard & Poor's	AA
Moody's	Aa2

The State of North Carolina limits the amount of general obligation debt that a unit of government can issue to 8% of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for Henderson County is \$1,154,303,271. As of June 30, 2021, Henderson

County's limited obligation and installment notes payable indebtedness was \$184,148,373, which is 16.0% of the legal debt margin.

Additional information regarding Henderson County's long-term debt can be found in the note 3B to the basic financial statements.

Economic Factors and Next Year's Budget and Rates

The County of Henderson has approved a \$167,108,391 General Fund budget for fiscal year 2022. The fiscal year 2022 ad valorem property tax rate remained at 56.10 cents per \$100 of assessed property valuation. Sales tax was budgeted at \$28,132,879, which increased from the prior year's conservative estimate made due to uncertainties surrounding the pandemic. Most County departments and outside agencies were essentially held flat, but additional personnel were added in areas experiencing increased service demands, including public safety. The following factors were considered when developing the FY2022 budget:

- An essentially flat operational budget for most County departments and other outside agencies
- An increase in funding for the public schools and the community college, including funds appropriated for maintenance, repair, technology and security initiatives
- An increase in sales tax revenue projections based on prior year actual receipts.
- Maintaining an adequate Unassigned General Fund balance meeting Local Government Commission requirement
- An increase in service demands for some County departments.

Budget Highlights for the Fiscal Year Ending June 30, 2022

Governmental Activities. For FY2022, the Board maintained the General Fund ad valorem tax rate at 56.10 cents per \$100 of assessed property valuation. Sales tax revenues were increased and budgeted conservatively based on prior fiscal year actual receipts. Although budgeted conservatively in the FY2021, actual sales tax collections were far in excess of original estimates. Unassigned General Fund Balance of \$15.6 million was appropriated to balance the budget and to primarily cover increases for education, public safety and increased debt service. County departments were charged with essentially holding their operating budgets flat. A cost of living increase and performance pay were included in the FY2022 budget for employees. The Board budgeted revenues and expenditures for all other Governmental Activity Funds conservatively.

Business-Type Activities. The solid waste tipping fee for the Solid Waste Landfill Enterprise Fund remained constant at \$60 per ton for FY2022. This fee was last increased in FY2016. No Retained Earnings were appropriated to balance the budget. The Fund is also charged with covering the annual debt service required on \$2 million in financing that was secured for a major capital improvements project which has been completed. Solid waste revenues are estimated to offset the projected operating costs for the waste facilities during FY2022.

As of July 1, 2020, the Cane Creek Water and Sewer District was transferred to Metropolitan Sewerage Districts of Buncombe County (MSD) based on a consolidation agreement entered into on June 17, 2020. As of the date of the transfer, ownership and the related responsibility to operate, maintain, repair, and replace the system is with MSD. The Cane Creek Water and Sewer District no longer exists.

Requests for Information

This financial report is designed to provide an overview of Henderson County's finances for all of those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be directed to the Henderson County Finance Director, Historic Courthouse Annex, 113 North Main Street, Hendersonville, North Carolina 28792.

BASIC FINANCIAL STATEMENTS – OVERVIEW

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HENDERSON COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION
JUNE 30, 2021

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Henderson County Hospital Corporation	Henderson County Tourism Development Authority
Assets:					
Current assets:					
Cash and cash equivalents	\$ 90,113,570	\$ 1,792,581	\$ 91,906,151	\$ 42,791,842	\$ 2,027,456
Investments	-	-	-	51,164,042	-
Taxes receivable, net	945,734	-	945,734	-	-
Receivables, net	15,200,452	630,272	15,830,724	37,182,319	369,938
Pledges receivable	-	-	-	613,326	-
Inventories	57,958	-	57,958	5,682,774	-
Prepaid items	232,368	-	232,368	4,843,910	-
Restricted cash and cash equivalents	60,031,873	-	60,031,873	-	-
Restricted investments	-	-	-	2,765,841	-
Total current assets	166,581,955	2,422,853	169,004,808	145,044,054	2,397,394
Non-current assets:					
Net pension asset	300,620	-	300,620	-	-
Capital assets:					
Land and construction in progress	17,180,562	6,038,035	23,218,597	11,976,056	-
Other capital assets, net of depreciation	93,825,665	2,908,321	96,733,986	61,187,844	2,365
Total capital assets	111,006,227	8,946,356	119,952,583	73,163,900	2,365
Other assets	-	-	-	13,163,529	-
Total non-current assets	111,306,847	8,946,356	120,253,203	86,327,429	2,365
Total assets	277,888,802	11,369,209	289,258,011	231,371,483	2,399,759
Deferred Outflows of Resources					
OPEB deferrals	13,656,119	302,911	13,959,030	-	-
Pension deferrals	14,283,409	247,032	14,530,441	-	-
Charge on refunding	1,428,283	-	1,428,283	-	-
Total deferred outflows of resources	29,367,811	549,943	29,917,754	-	-
Liabilities:					
Current liabilities:					
Accounts payable and accrued expenses	10,310,357	812,013	11,122,370	53,333,161	17,908
Liabilities to be paid from restricted assets	3,367,730	-	3,367,730	-	-
Unavailable revenues	-	10,060	10,060	-	-
Advances from grantors - payable from restricted assets	11,403,438	-	11,403,438	-	-
Third-party payer settlements	-	-	-	6,009,428	-
Due within one year	15,011,667	270,780	15,282,447	4,242,723	2,482
Total current liabilities	40,093,192	1,092,853	41,186,045	63,585,312	20,390
Long-term liabilities:					
Net pension liability - LGERS	20,781,745	408,671	21,190,416	-	-
Total pension liability - LEOSSA	7,839,267	-	7,839,267	-	-
Total OPEB liability	38,768,105	590,842	39,358,947	-	-
Other long-term liabilities	-	-	-	8,742,179	-
Due in more than one year	171,608,510	1,542,797	173,151,307	13,487,462	22,333
Total long-term liabilities	238,997,627	2,542,310	241,539,937	22,229,641	22,333
Total liabilities	279,090,819	3,635,163	282,725,982	85,814,953	42,723
Deferred Inflows of Resources					
Prepaid taxes	476,052	-	476,052	-	-
OPEB deferrals	633,453	14,051	647,504	-	-
Pension deferrals	148,311	37,108	185,419	-	-
Other deferred inflows	-	-	-	387,320	-
Total deferred inflows of resources	1,257,816	51,159	1,308,975	387,320	-

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

HENDERSON COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION
JUNE 30, 2021

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Henderson County Hospital Corporation	Henderson County Tourism Development Authority
Net Position:					
Net investment in capital assets	66,452,828	8,146,355	74,599,183	54,699,042	2,365
Restricted for:					
Stabilization by state statute	13,742,366	-	13,742,366	-	369,938
Register of Deeds	175,803	-	175,803	-	-
Register of Deeds' pension plan	288,418	-	288,418	-	-
Public safety	3,072,522	-	3,072,522	-	-
Human services	2,868,718	-	2,868,718	-	-
Education	900	-	900	-	-
Cultural and recreational	334,245	-	334,245	-	-
Economic and physical development	1,550,241	-	1,550,241	-	-
By donor	-	-	-	1,057,589	-
Tourism promotion	-	-	-	-	1,984,733
Unrestricted	(61,578,063)	86,475	(61,491,588)	89,412,579	-
Total net position	<u>\$ 26,907,978</u>	<u>\$ 8,232,830</u>	<u>\$ 35,140,808</u>	<u>\$ 145,169,210</u>	<u>\$ 2,357,036</u>

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

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HENDERSON COUNTY, NORTH CAROLINA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

		Program Revenues		
		Charges for	Operating	Capital
	Expenses	Services	Grants and	Grants and
			Contributions	Contributions
Functions/Programs:				
Primary Government:				
Governmental Activities:				
General government	\$ 63,444,909	\$ 2,121,156	\$ 2,832,956	\$ -
Public safety	54,187,004	6,342,345	6,044,301	-
Environmental protection	542,544	-	196,483	-
Economic and physical development	3,244,957	1,120,462	1,515,763	-
Human services	31,354,317	733,016	14,585,672	-
Cultural and recreational	5,463,273	110,461	334,682	-
Education	35,587,493	-	1,395,213	-
Interest on long-term debt	5,569,287	-	-	-
Total governmental activities	<u>199,393,784</u>	<u>10,427,440</u>	<u>26,905,070</u>	<u>-</u>
Business-Type Activities:				
Landfill	7,871,642	7,883,089	221,608	-
Justice Academy Sewer	<u>72,494</u>	<u>48,750</u>	<u>-</u>	<u>-</u>
Total business-type activities	<u>7,944,136</u>	<u>7,931,839</u>	<u>221,608</u>	<u>-</u>
Total primary government	<u>\$ 207,337,920</u>	<u>\$ 18,359,279</u>	<u>\$ 27,126,678</u>	<u>\$ -</u>
Component Units:				
Henderson County Hospital Corporation	\$ 283,794,602	\$ 288,988,820	\$ 5,158,459	\$ -
Henderson County Tourism Development Authority	<u>2,130,331</u>	<u>91,379</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 285,924,933</u>	<u>\$ 289,080,199</u>	<u>\$ 5,158,459</u>	<u>\$ -</u>

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

HENDERSON COUNTY, NORTH CAROLINA

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2021

	Net (Expense) Revenue and Changes in Net Position				
	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Henderson County Hospital Corporation	Henderson County Tourism Development Authority
Functions/Programs:					
Primary Government:					
Governmental Activities:					
General government	\$ (58,490,797)	\$ -	\$ (58,490,797)		
Public safety	(41,800,358)	-	(41,800,358)		
Environmental protection	(346,061)	-	(346,061)		
Economic and physical development	(608,732)	-	(608,732)		
Human services	(16,035,629)	-	(16,035,629)		
Cultural and recreational	(5,018,130)	-	(5,018,130)		
Education	(34,192,280)	-	(34,192,280)		
Interest on long-term debt	(5,569,287)	-	(5,569,287)		
Total governmental activities	(162,061,274)	-	(162,061,274)		
Business-Type Activities:					
Landfill	-	233,055	233,055		
Justice Academy Sewer	-	(23,744)	(23,744)		
Total business-type activities	-	209,311	209,311		
Total primary government	(162,061,274)	209,311	(161,851,963)		
Component Units:					
Henderson County Hospital Corporation				\$ 10,352,677	\$ -
Henderson County Tourism Development Authority				-	(2,038,952)
Total				10,352,677	(2,038,952)
General Revenues:					
Taxes:					
Property taxes, levied for general purpose	105,130,794	-	105,130,794	-	-
Local option sales tax	36,283,238	-	36,283,238	-	-
Other taxes and licenses	5,299,694	-	5,299,694	-	2,958,948
Investment earnings, unrestricted	648,923	21,990	670,913	5,594,876	15,656
Gain on sale	-	17,587	17,587	-	-
Miscellaneous, unrestricted	-	-	-	759,715	38,425
Total general revenues	147,362,649	39,577	147,402,226	6,354,591	3,013,029
Special item - disposal of Cane Creek Water and Sewer District	-	(22,584,997)	(22,584,997)	-	-
Transfers	(2,702,578)	2,702,578	-	-	-
Total general revenues, special items and transfers	144,660,071	(19,842,842)	124,817,229	6,354,591	3,013,029
Change in net position	(17,401,203)	(19,633,531)	(37,034,734)	16,707,268	974,077
Net Position:					
Net position - beginning, as previously reported	44,176,276	27,866,361	72,042,637	128,461,942	1,382,959
Prior period adjustment - change in accounting principle	132,905	-	132,905	-	-
Net position - beginning, as restated	44,309,181	27,866,361	72,175,542	128,461,942	1,382,959
End of year - June 30	\$ 26,907,978	\$ 8,232,830	\$ 35,140,808	\$ 145,169,210	\$ 2,357,036

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

HENDERSON COUNTY, NORTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2021

	General Fund	General Capital Projects Fund	School Capital Projects Fund	COVID-19 Fund	Other Governmental Funds	Total Governmental Funds
Assets:						
Cash and cash equivalents	\$ 76,190,818	\$ -	\$ -	\$ -	\$ 13,922,752	\$ 90,113,570
Taxes receivable, net	945,734	-	-	-	-	945,734
Other receivables, net	13,530,323	53,998	437,436	-	1,178,695	15,200,452
Inventories	57,958	-	-	-	-	57,958
Prepaid items	232,368	-	-	-	-	232,368
Restricted assets:						
Cash and investments	187,674	22,391,246	23,906,322	11,552,866	1,993,765	60,031,873
Total assets	<u>\$ 91,144,875</u>	<u>\$ 22,445,244</u>	<u>\$ 24,343,758</u>	<u>\$ 11,552,866</u>	<u>\$ 17,095,212</u>	<u>\$ 166,581,955</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:						
Liabilities:						
Accounts payable and accrued liabilities	\$ 1,937,928	\$ -	\$ -	\$ -	\$ 347,397	\$ 2,285,325
Liabilities to be paid from restricted assets	-	1,905,823	1,445,194	-	16,713	3,367,730
Advances from grantors - payable from restricted assets	-	-	-	11,403,438	-	11,403,438
Accrued payroll liabilities	<u>7,040,705</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,040,705</u>
Total liabilities	<u>8,978,633</u>	<u>1,905,823</u>	<u>1,445,194</u>	<u>11,403,438</u>	<u>364,110</u>	<u>24,097,198</u>
Deferred Inflows of Resources:						
Property taxes receivable	945,734	-	-	-	-	945,734
Unavailable revenues	-	-	-	-	1,028,533	1,028,533
Prepaid taxes	473,600	-	-	-	2,452	476,052
Other receivables	<u>429,553</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>429,553</u>
Total deferred inflows of resources	<u>1,848,887</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,030,985</u>	<u>2,879,872</u>
Fund Balances:						
Non-spendable:						
Inventory	57,958	-	-	-	-	57,958
Prepaid items	232,368	-	-	-	-	232,368
Restricted:						
Stabilization by state statute	13,100,770	53,998	437,436	-	150,162	13,742,366
Restricted, all other	5,768,652	22,391,246	23,906,322	149,428	2,084,349	54,299,997
Committed	-	-	-	-	13,602,609	13,602,609
Assigned for subsequent year's expenditures	15,558,631	-	-	-	-	15,558,631
Assigned, all other	264,903	-	-	-	-	264,903
Unassigned	<u>45,334,073</u>	<u>(1,905,823)</u>	<u>(1,445,194)</u>	<u>-</u>	<u>(137,003)</u>	<u>41,846,053</u>
Total fund balances	<u>80,317,355</u>	<u>20,539,421</u>	<u>22,898,564</u>	<u>149,428</u>	<u>15,700,117</u>	<u>139,604,885</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 91,144,875</u>	<u>\$ 22,445,244</u>	<u>\$ 24,343,758</u>	<u>\$ 11,552,866</u>	<u>\$ 17,095,212</u>	

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

HENDERSON COUNTY, NORTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS JUNE 30, 2021

Amounts reported in the governmental activities in the Statement of Net Position (Exhibit A) are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		111,006,227
Deferred inflows in the governmental funds are used to offset accounts receivable not expected to be available within 90 days of year-end. These receivables are a component of net position in the Statement of Net Position.		2,403,820
Net pension asset		300,620
Net pension liability LGERS		(20,781,745)
Total pension liability LEOSSA		(7,839,267)
OPEB Liability		(38,768,105)
Deferred inflows of resources related to pensions are not reported in the funds.		
ROD	(44,316)	
LGERS	26,428	
LEOSSA	<u>(130,423)</u>	(148,311)
Deferred inflows of resources related to OPEB are not reported in the funds.		(633,453)
Deferred outflows of resources related to pensions are not reported in the funds.		
ROD	32,114	
LGERS	11,496,590	
LEOSSA	<u>2,754,705</u>	14,283,409
Deferred outflows of resources related to OPEB are not reported in the funds.		13,656,119
Long-term liabilities and compensated absences are not due and payable in the current period, and, therefore, are not reported in the funds.		(186,620,177)
Deferred charges related to advance refunding bond issued - included on government-wide Statement of Net Position, but are not current financial resources.		1,428,283
Some liabilities, including accrued interest, are not due and payable in the current period and, therefore, are not reported in the funds.		<u>(984,327)</u>
Net position of governmental activities		<u>\$ 26,907,978</u>

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

HENDERSON COUNTY, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2021

	General Fund	General Capital Projects Fund	School Capital Projects Fund	COVID-19 Fund	Other Governmental Funds	Total Governmental Funds
Revenues:						
Ad valorem taxes	\$ 92,607,262	\$ -	\$ -	\$ -	\$ 12,707,478	\$ 105,314,740
Local option sales taxes	36,283,238	-	-	-	-	36,283,238
Other taxes and licenses	4,803,459	-	-	-	-	4,803,459
Unrestricted intergovernmental revenues	58,798	-	-	-	-	58,798
Restricted intergovernmental revenues	16,630,174	36,779	-	4,240,042	358,735	21,265,730
Permits and fees	2,447,566	-	-	-	-	2,447,566
Sales and services	7,143,769	-	-	-	686,053	7,829,822
Investment earnings	586,663	692	12,087	24,999	24,482	648,923
Miscellaneous	4,220,391	54,077	437,437	-	693,176	5,405,081
Total revenues	<u>164,781,320</u>	<u>91,548</u>	<u>449,524</u>	<u>4,265,041</u>	<u>14,469,924</u>	<u>184,057,357</u>
Expenditures:						
Current:						
General government	19,959,824	-	-	-	765,147	20,724,971
Public safety	33,067,217	-	-	4,106,943	12,084,336	49,258,496
Environmental protection	452,678	-	-	-	-	452,678
Economic and physical development	2,895,522	-	-	-	817,937	3,713,459
Human services	27,938,218	-	-	-	287,262	28,225,480
Cultural and recreational	5,056,341	-	-	-	-	5,056,341
Education	35,326,181	-	-	-	255,005	35,581,186
Capital outlay	-	8,370,888	29,841,677	-	-	38,212,565
Debt service:						
Principal retirement	16,367,571	-	-	-	-	16,367,571
Interest and other charges	6,515,232	79,457	-	-	-	6,594,689
Total expenditures	<u>147,578,784</u>	<u>8,450,345</u>	<u>29,841,677</u>	<u>4,106,943</u>	<u>14,209,687</u>	<u>204,187,436</u>
Revenues over (under) expenditures	<u>17,202,536</u>	<u>(8,358,797)</u>	<u>(29,392,153)</u>	<u>158,098</u>	<u>260,237</u>	<u>(20,130,079)</u>
Other Financing Sources (Uses):						
Transfers from other funds:						
From General Fund	-	1,351,058	-	311,829	77,604	1,740,491
From Capital Reserve Fund	4,184,699	132,715	-	-	-	4,317,414
From other funds	-	-	2,136,940	-	-	2,136,940
Transfers to other funds	(4,429,542)	(225,683)	-	-	(3,593,620)	(8,248,845)
Issuance of debt	-	20,850,000	-	-	-	20,850,000
Bond premium	-	3,950,016	-	-	-	3,950,016
Total other financing sources (uses)	<u>(244,843)</u>	<u>26,058,106</u>	<u>2,136,940</u>	<u>311,829</u>	<u>(3,516,016)</u>	<u>24,746,016</u>
Net change in fund balances	<u>16,957,693</u>	<u>17,699,309</u>	<u>(27,255,213)</u>	<u>469,927</u>	<u>(3,255,779)</u>	<u>4,615,937</u>
Fund Balances:						
Fund balance - beginning, as previously reported	63,349,613	2,840,112	50,153,777	(320,499)	18,833,040	134,856,043
Prior period adjustment - change in accounting principle	10,049	-	-	-	122,856	132,905
Fund balance - beginning, as restated	<u>63,359,662</u>	<u>2,840,112</u>	<u>50,153,777</u>	<u>(320,499)</u>	<u>18,955,896</u>	<u>134,988,948</u>
End of year - June 30	<u>\$ 80,317,355</u>	<u>\$ 20,539,421</u>	<u>\$ 22,898,564</u>	<u>\$ 149,428</u>	<u>\$ 15,700,117</u>	<u>\$ 139,604,885</u>

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

HENDERSON COUNTY, NORTH CAROLINA**RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021**

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

Total net change in fund balances - total governmental funds	\$ 4,615,937
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Exhibit D reports revenues using a current financial resources basis, which generally means revenue is recognized when collected, or is expected to be collected, within 90 days of year-end. Exhibit B reports revenues when the earning process is complete, regardless of when it is collected. This measurement difference causes timing of revenue recognition differences for the following revenue types:

EMS revenues and other revenues	150,052
Property tax revenues and other fees and services	(183,946)
Unavailable revenues	869,290

Capital outlays are reported as expenditures in the governmental funds statement. However, in the Statement of Activities, capital outlay is not an expense, rather it is an increase in capital assets.	3,165,230
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Depreciation expense allocates the costs of capital assets over their useful lives. It is not reported as an expenditure in the governmental funds statement.	(5,780,580)
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Gain/loss on the disposal of capital assets not recognized on modified accrual basis	(197,594)
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Expenses related to compensated absences that do not require current financial resources are not reported as expenditures in the governmental funds statement.	(105,123)
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Pension expense - LEOSSA	(594,991)
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Pension expense - LGERS	(2,888,297)
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Pension expense - ROD	17,739
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OPEB plan expense	(5,993,215)
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Accrued interest that does not require current financial resources are not reported as expenditures in the governmental funds statement.	27,487
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The issuance of long-term debt provides current financial resources to governmental funds, but does not effect net assets.	(20,850,000)
--	--------------

The transfer of long-term debt between governmental and business-type activities are not reported in the governmental funds statement.	(2,648,578)
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Issuance and amortization of debt premiums is a reduction of expenses on the Statement of Activities.	(2,952,101)
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Expenses reported on fund financial statements that are capitalized on government-wide statements - refunding costs	(420,084)
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Principal repayments are reported as expenditures in the governmental funds statement. However, in the Statement of Activities, these transactions are not an expense, rather they are a decrease in liabilities.	16,367,571
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Total change in net position of governmental activities	<u>\$ (17,401,203)</u>
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The accompanying notes are an integral part of the financial statements.

HENDERSON COUNTY, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL GENERAL FUND FOR THE YEAR ENDED JUNE 30, 2021

	General Fund			
	Budgeted Amounts			Variance from Final Budget Over/Under
	Original	Final	Actual	
Revenues:				
Ad valorem taxes	\$ 88,629,211	\$ 88,629,211	\$ 92,607,262	\$ 3,978,051
Local option sales taxes	19,541,298	28,933,348	36,283,238	7,349,890
Other taxes and licenses	1,270,000	4,403,021	4,803,459	400,438
Unrestricted intergovernmental revenues	50,000	50,000	58,798	8,798
Restricted intergovernmental revenues	14,799,052	18,506,139	16,630,174	(1,875,965)
Permits and fees	1,853,425	1,853,425	2,447,566	594,141
Sales and services	7,441,777	7,454,077	7,143,769	(310,308)
Investment earnings	750,000	750,000	586,663	(163,337)
Miscellaneous	1,309,191	4,371,481	4,220,391	(151,090)
Total revenues	135,643,954	154,950,702	164,781,320	9,830,618
Expenditures:				
Current:				
General government	19,234,870	21,205,723	19,959,824	1,245,899
Public safety	36,695,555	37,596,061	33,067,217	4,528,844
Environmental protection	487,944	869,786	452,678	417,108
Economic and physical development	2,550,505	11,679,824	2,895,522	8,784,302
Human services	30,424,311	33,633,498	27,938,218	5,695,280
Cultural and recreational	5,844,248	5,913,860	5,056,341	857,519
Intergovernmental:				
Education	35,326,181	35,326,181	35,326,181	-
Debt service:				
Principal retirement	13,303,806	16,367,575	16,367,571	4
Interest and other charges	6,709,824	6,525,165	6,515,232	9,933
Total expenditures	150,577,244	169,117,673	147,578,784	21,538,889
Revenues over (under) expenditures	(14,933,290)	(14,166,971)	17,202,536	31,369,507
Other Financing Sources (Uses):				
Transfers from other funds	2,635,051	4,085,665	4,184,699	99,034
Transfers to other funds	(1,329,605)	(4,429,542)	(4,429,542)	-
Appropriated fund balance	13,627,844	14,510,848	-	(14,510,848)
Total other financing sources (uses)	14,933,290	14,166,971	(244,843)	(14,411,814)
Net change in fund balance	\$ -	\$ -	16,957,693	\$ 16,957,693
Fund Balance:				
Fund balance - beginning, as previously reported			63,349,613	
Prior period adjustment - change in accounting principle			10,049	
Fund balance - beginning, as restated			63,359,662	
End of year - June 30			\$ 80,317,355	

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

HENDERSON COUNTY, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL ANNUALLY BUDGETED MAJOR SPECIAL REVENUE FUND FOR THE YEAR ENDED JUNE 30, 2021

	COVID-19 Fund			
	Budgeted Amounts			Variance from
	Original	Final	Actual	Final Budget Over/Under
Revenues:				
Restricted intergovernmental:				
CARES Act allocation	\$ -	\$ 3,834,060	\$ 3,834,060	\$ -
Other grants	-	255,153	405,982	150,829
Investment earnings	-	17,732	24,999	7,267
Total revenues	-	4,106,945	4,265,041	158,096
Expenditures:				
Current:				
Public safety:				
CARES Act expenditures	-	3,404,571	3,982,249	(577,678)
Other grant expenditures	-	1,014,203	124,694	889,509
Total expenditures	-	4,418,774	4,106,943	311,831
Revenues over (under) expenditures	-	(311,829)	158,098	469,927
Other Financing Sources (Uses):				
Transfers in:				
General Fund	-	311,829	311,829	-
Net change in fund balance	\$ -	\$ -	469,927	\$ 469,927
Fund Balance:				
Beginning of year - July 1			(320,499)	
End of year - June 30			\$ 149,428	

HENDERSON COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION PROPRIETARY FUNDS JUNE 30, 2021

	Enterprise Funds			
	Major			
	Landfill Fund	Cane Creek Water and Sewer District Fund	Justice Academy Sewer Fund	Total
Assets:				
Current assets:				
Cash and cash equivalents	\$ 1,061,100	\$ -	\$ 731,481	\$ 1,792,581
Accounts receivable, net	626,522	-	3,750	630,272
Total current assets	1,687,622	-	735,231	2,422,853
Capital assets:				
Land and construction in progress	6,031,371	-	6,664	6,038,035
Other capital assets, net of depreciation	2,723,649	-	184,672	2,908,321
Total non-current assets	8,755,020	-	191,336	8,946,356
Total assets	10,442,642	-	926,567	11,369,209
Deferred Outflows of Resources:				
OPEB deferrals	302,911	-	-	302,911
Pension deferrals	247,032	-	-	247,032
Total deferred outflows of resources	549,943	-	-	549,943
Liabilities:				
Current liabilities:				
Accounts payable and accrued expenses	810,202	-	1,811	812,013
Unavailable revenues	10,060	-	-	10,060
Current portion of compensated absences	5,033	-	-	5,033
Current portion of long-term obligations	265,747	-	-	265,747
Total current liabilities	1,091,042	-	1,811	1,092,853
Non-current liabilities:				
Liabilities payable from restricted assets:				
Accrued landfill closure and post-closure care costs	830,831	-	-	830,831
Compensated absences	45,298	-	-	45,298
Total OPEB liability	590,842	-	-	590,842
Net pension liability - LGERS	408,671	-	-	408,671
Long-term obligations	666,668	-	-	666,668
Total non-current liabilities	2,542,310	-	-	2,542,310
Total liabilities	3,633,352	-	1,811	3,635,163
Deferred Inflows of Resources:				
OPEB deferrals	14,051	-	-	14,051
Pension deferrals	37,108	-	-	37,108
Total deferred inflows of resources	51,159	-	-	51,159
Net Position:				
Net investment in capital assets	7,955,019	-	191,336	8,146,355
Unrestricted	(646,945)	-	733,420	86,475
Total net position	\$ 7,308,074	\$ -	\$ 924,756	\$ 8,232,830

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

HENDERSON COUNTY, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION - PROPRIETARY FUNDS FOR THE YEAR ENDED JUNE 30, 2021

	Enterprise Funds			
	Major			
	Landfill Fund	Cane Creek Water and Sewer District	Justice Academy Sewer Fund	Total
Operating Revenues:				
Charges for services	\$ 7,883,089	\$ -	\$ 48,750	\$ 7,931,839
Operating Expenses:				
Salaries and employee benefits	1,352,725	-	-	1,352,725
Other operating expenses	5,700,302	-	55,630	5,755,932
Repairs and maintenance	542,757	-	6,000	548,757
Depreciation	247,923	-	10,864	258,787
Total operating expenses	7,843,707	-	72,494	7,916,201
Operating income (loss)	39,382	-	(23,744)	15,638
Non-Operating Revenues (Expenses):				
Grant revenue	221,608	-	-	221,608
Interest income	12,965	-	9,025	21,990
Interest expense	(27,935)	-	-	(27,935)
Gain/(loss) on sale of capital assets	17,587	-	-	17,587
Total non-operating revenues (expenses)	224,225	-	9,025	233,250
Income (loss) before transfers and special item	263,607	-	(14,719)	248,888
Transfers:				
Transfers in	54,000	2,648,578	-	2,702,578
Special item - disposal of Cane Creek Water and Sewer District	-	(22,584,997)	-	(22,584,997)
Change in net position	317,607	(19,936,419)	(14,719)	(19,633,531)
Net Position:				
Beginning of year - July 1	6,990,467	19,936,419	939,475	27,866,361
End of year - June 30	\$ 7,308,074	\$ -	\$ 924,756	\$ 8,232,830

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

HENDERSON COUNTY, NORTH CAROLINA

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS FOR THE YEAR ENDED JUNE 30, 2021

	Enterprise Funds			
	Major			
	Landfill Fund	Cane Creek Water and Sewer District	Justice Academy Sewer Fund	Total
Cash Flows from Operating Activities:				
Cash received from customers	\$ 7,723,923	\$ -	\$ 48,750	\$ 7,772,673
Cash paid for goods and services	(6,236,356)	-	(61,624)	(6,297,980)
Cash paid to employees for services	(1,167,304)	-	-	(1,167,304)
Net cash provided (used) by operating activities	320,263	-	(12,874)	307,389
Cash Flows from Non-Capital Financing Activities:				
Transfers in	54,000	-	-	54,000
Proceeds from non-capital grants	221,608	-	-	221,608
Net cash provided (used) by non-capital financing activities	275,608	-	-	275,608
Cash Flows from Capital and Related Financing Activities:				
Acquisition and construction of capital assets	(457,761)	-	-	(457,761)
Ownership transfer of bank accounts	-	(2,182,349)	-	(2,182,349)
Proceeds from sale of long-term asset	17,587	-	-	17,587
Long-term debt payments	(133,333)	-	-	(133,333)
Interest paid	(27,935)	-	-	(27,935)
Net cash provided (used) by capital and related financing activities	(601,442)	(2,182,349)	-	(2,783,791)
Cash Flows from Investing Activities:				
Interest on investments	12,965	-	9,025	21,990
Net increase (decrease) in cash and cash equivalents	7,394	(2,182,349)	(3,849)	(2,178,804)
Cash and Cash Equivalents:				
Beginning of year - July 1	1,053,706	2,182,349	735,330	3,971,385
End of year - June 30	\$ 1,061,100	\$ -	\$ 731,481	\$ 1,792,581

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

HENDERSON COUNTY, NORTH CAROLINA

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS FOR THE YEAR ENDED JUNE 30, 2021

	Enterprise Funds			
	Major			
	Landfill Fund	Cane Creek Water and Sewer District	Justice Academy Sewer Fund	Total
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating income (loss)	\$ 39,382	\$ -	\$ (23,744)	\$ 15,638
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	247,923	-	10,864	258,787
Disposal of Cane Creek Water and Sewer District	-	-	-	-
(Increase) decrease in deferred outflows of resources for pensions	(38,490)	-	-	(38,490)
Increase (decrease) in net pension liability	97,338	-	-	97,338
Increase (decrease) in deferred inflows of resources for pensions	98	-	-	98
Landfill closure and post-closure care costs	(132,414)	-	-	(132,414)
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable	(169,226)	-	-	(169,226)
Increase (decrease) in accounts payable and accrued liabilities	139,117	-	6	139,123
(Increase) decrease in deferred outflows of resources - OPEB	(247,296)	-	-	(247,296)
Increase (decrease) in deferred inflows of resources - OPEB	(3,827)	-	-	(3,827)
Increase (decrease) in other post-employment benefits	384,060	-	-	384,060
Increase (decrease) in unavailable revenues	10,060	-	-	10,060
Increase (decrease) in accrued vacation pay	(6,462)	-	-	(6,462)
Total adjustments	280,881	-	10,870	291,751
Net cash provided (used) by operating activities	\$ 320,263	\$ -	\$ (12,874)	\$ 307,389
Non-Cash Capital and Related Financing Activities:				
Ownership transfer of Cane Creek Water and Sewer District	\$ -	\$ (22,584,997)	\$ -	\$ (22,584,997)

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

HENDERSON COUNTY, NORTH CAROLINA**STATEMENT OF FIDUCIARY NET POSITION****FIDUCIARY FUNDS****JUNE 30, 2021**

	<u>Custodial Funds</u>
Assets:	
Cash and cash equivalents	\$ 437,196
Receivables, net	<u>382,285</u>
Total assets	<u>819,481</u>
 Liabilities:	
Accounts payable and accrued liabilities	<u>35,755</u>
 Net Position:	
Restricted for:	
Individuals, organizations and other governments	<u>783,726</u>
Total net position	<u><u>\$ 783,726</u></u>

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

HENDERSON COUNTY, NORTH CAROLINA
STATEMENT OF CHANGES OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Custodial Funds</u>
Additions:	
Ad valorem taxes for other governments	\$ 13,766,128
Cooperative extension receipts	74,740
Contributions from employees	284,555
Program fees collected	533,629
Investment earnings	<u>1,850</u>
Total additions	<u>14,660,902</u>
 Deductions:	
Tax distributions to other governments	13,624,813
Employee flex benefits	284,555
Distributions to programs	<u>528,040</u>
Total deductions	<u>14,437,408</u>
 Net increase (decrease) in fiduciary net position	 <u>223,494</u>
 Net Position:	
Net position - beginning, as previously reported	-
Prior period adjustment - change in accounting principle	<u>560,232</u>
Net position - beginning, as restated	<u>560,232</u>
 Net position - ending	 <u>\$ 783,726</u>

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

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HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

1. Summary of Significant Accounting Policies

The accounting policies of Henderson County (the "County") and its discretely presented component units conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies:

A. Reporting Entity

The County, which is governed by a five-member Board of Commissioners, is one of the 100 counties established in North Carolina under North Carolina General Statute 153A-10. As required by accounting principles generally accepted in the United States of America, these financial statements present the County and its component units, legally separate entities for which the County is financially accountable. The blended component unit, although it is a legally separate entity, is, in substance, part of the County's operations.

Blended Component Unit

Cane Creek Water and Sewer District

The Cane Creek Water and Sewer District (the "District") existed to provide and maintain water and sewer systems for County residents within the District. Effective July 1, 2020, the Cane Creek Water and Sewer District was transferred to Metropolitan Sewerage District of Buncombe County (MSD) based on a consolidation agreement entered in to on July 17, 2020. As of the date of the transfer, ownership and the related responsibility to operate, maintain, repair, and replace the system is with MSD. The Cane Creek Water and Sewer District no longer exists.

Discretely Presented Component Units

Henderson County Hospital Corporation, Inc.

The Henderson County Hospital Corporation (the "Hospital") is a not-for-profit corporation that operates the Margaret R. Pardee Memorial Hospital. The Hospital is governed by a fifteen-member Board of Trustees, at least one of which (but not more than two of which) is a County Commissioner. The Board of County Commissioners directly appoints three seats to the Hospital Board with the remaining seats appointed by the Board following nominations by either the UNC Health Care System or the existing Board of Trustees. The Hospital, which has a June 30 year-end, is presented as if it were a Proprietary Fund. The County has also issued revenue bond debt on behalf of the Hospital.

Complete financial statements for the Hospital can be obtained from the Hospital's administrative offices:

Margaret R. Pardee Memorial Hospital and Affiliates
715 Fleming Street
Hendersonville, North Carolina 28791

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Henderson County Tourism Development Authority

The Henderson County Tourism Development Authority (the “TDA”) is authorized by state statute, SL 1987-172, to collect an occupancy tax of 5.0% on gross revenues from hotel/motel room occupancy within the corporate limits. Net collections are remitted to the Henderson County Tourism Development Authority. The TDA, which has a June 30 year-end, is presented as if it were a governmental fund type. The County is financially accountable for the TDA, which is reported as a discrete component unit separate from the financial information of the primary government. The members of the TDA Board are appointed by the County Commissioners, the municipalities and the Henderson County Chamber of Commerce. The County Commissioners appoint the TDA Board Chairman.

Complete financial statements for the TDA can be obtained from the TDA's administrative offices:

Henderson County Tourism Development Authority
201 South Main Street
Hendersonville, NC 28792

Henderson County Industrial Facility and Pollution Control Financing Authority

The Henderson County Industrial Facility and Pollution Control Financing Authority (the “Authority”) exists to issue and service revenue bond debt of private business for economic development purposes. The Authority is governed by a seven-member Board of Commissioners, all of whom are appointed by the County Commissioners. The County can remove any commissioner of the Authority with or without cause. The Authority has no financial transactions or account balances; therefore, it is not presented in the basic financial statements. The Authority does not issue separate financial statements.

Henderson County Governmental Financing Corporation

The Henderson County Governmental Financing Corporation (the “Corporation”) is a non-profit corporation chartered in 2000 with the specific purpose of assisting the County in arranging various types of financing arrangements. The Corporation is governed by a Board of Directors whose three members serve for three years or until successors are elected. The three members are appointed by the Henderson County Board of Commissioners. The Corporation has no position or liabilities. All rights, title, and interest to all financing contracts with the County have been assigned to various bank trustees. All financing arrangements with the County have been disclosed in the accompanying notes to the combined financial statements. The Corporation has no financial transactions or account balances; therefore, it is not presented in the basic financial statements. The Corporation does not issue separate financial statements.

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

B. Basis of Presentation, Basis of Accounting

Basis of Presentation, Measurement Focus – Basis of Accounting

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

The Statement of Activities presents a comparison between direct expenses and program revenues for the different business-type activities of the County and for each function of the County's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the Statement of Activities. Program revenues include (1) fees and charges paid by the recipients of goods or services offered by the programs, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

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

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

The County reports the following major governmental funds:

General Fund. The General Fund is the general operating fund of the County. The General Fund accounts for all financial resources except those that are required to be accounted for in another fund.

General Capital Projects Fund. This fund accounts for the financial resources to be used for acquisition and construction for major capital facilities and capital projects within the county.

School Capital Projects Fund. This fund accounts for resources utilized in construction of school facilities.

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

COVID-19 Fund. This special revenue fund is used to account for all the revenues received under the CARES Act and American Rescue plan, which are restricted for necessary expenditures incurred due to the public health emergency with respect to the coronavirus disease.

The County reports the following major enterprise funds:

Landfill Fund. This fund accounts for the maintenance and post-closure of the County's landfill, transfer station operations, and recycling.

Cane Creek Water and Sewer District Fund. This fund was used to account for the operations of the water and sewer system in the Cane Creek District. On July 17, 2020, the Cane Creek Water and Sewer District merged with the Metropolitan Sewerage District of Buncombe County (MSD). The Cane Creek Water and Sewer District Fund no longer exists.

Justice Academy Sewer Fund. This fund accounts for sewer operations from the Western North Carolina Justice Academy financed by user fees.

The County also reports the following fund types:

Special Revenue Funds. Special revenue funds are used to account for specific revenue sources (other than expendable trusts, or major capital projects) that are legally restricted to expenditures for specified purposes. The County maintains five nonmajor special revenue funds: Revaluation Reserve Fund, Emergency Telephone Systems Fund (E-911), Fire Districts Fund, Public Transit Fund, and Miscellaneous Other Governmental Activities Fund.

Debt Service Fund. The Debt Service Fund accounts for funds set aside to meet certain long-term debt requirements.

Capital Project Funds. The capital project funds account for financial resources to be used for the acquisition and construction for major capital facilities (other than those by proprietary funds, special assessments, or trust funds). The County has three non-major capital project funds within the governmental fund types: General Capital Reserve Fund, HCPS-MRTS Fund, and BRCC-MRTS Fund.

Fiduciary Funds. Custodial Funds – Custodial funds are used to report fiduciary activities that are not required to be reported in pension (and other employee benefit) trust funds, investment trust funds, or private-purpose trust funds. Custodial funds are used to account for assets the County holds on behalf of others that meet certain criteria. The County maintains the following custodial funds: the Agriculture Fund, which is used to account for monies held by the County on behalf of the Cooperative Extension Agency and the Municipal Tax Collections Fund, which is used to account for monies collected from ad valorem taxes for the benefit of municipalities located in the County and monies collected from gross receipts taxes for the benefit of municipalities located in the County. The County also has a Flexible Spending Fund, Fireman's Association Fund, HC AG Business Fund, Jail Inmate Commissary Fund, and Domestic Violence Fund. These funds collect contributions and program fees on behalf and for the benefit of others.

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Measurement Focus, Basis of Accounting

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

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

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County enterprise funds are charges to customers for sales and services. The County also recognizes as operating revenues the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital position. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. Long-term debt issued and acquisitions under capital leases are reported as other financing sources. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt acquisitions under capital leases are reported as other financing sources.

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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

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

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

C. Budgetary Data

The County's budgets are adopted as required by North Carolina General Statutes. An annual budget ordinance is adopted for all funds except the capital project funds listed below. All annual appropriations lapse at fiscal year-end. Project ordinances are adopted for the General Capital Projects Fund and the School Capital Projects Fund.

All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and at the object level for the multi-year funds. The Budget Officer is authorized to transfer authorized appropriations within a function and to amend the authorized budget for pass-through funds, including federal and state grants. During the year, several amendments to the original budget were necessary; the effects of which were not material. 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.

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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

Deposits and Investments

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

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

The County and the Hospital's investments with a maturity of more than one year at acquisition and non-money market investments are reported at fair value. The NCCMT Government Portfolio, is a SEC-registered (2a-7) fund which invests in treasuries and government agencies and is rated AAAm by S&P and AAA-mf by Moody's Investor Services. The Government Portfolio is reported at fair value. Because the NCCMT Government Portfolio has a weighted average maturity of less than 90 days, it is presented as an investment with a maturity of less than 6 months. Money market investments that have a remaining maturity at the time of purchase of one year or less are reported at amortized cost. Non-participating interest earning investment contracts are reported at cost.

Cash and Cash Equivalents

The County pools their 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 Margaret R. Pardee Hospital considers demand deposits and investments purchased with an original maturity of three months or less, which are not limited as to use, to be cash and cash equivalents.

Restricted Assets

The restricted cash reported in the governmental activities consists of the following:

- \$11,552,866 in CARES Fund is classified as a restricted asset because it represents unspent grant proceeds.
- \$23,906,322 in the School Capital Projects Fund is classified as a restricted asset because it represents unspent debt proceeds that are restricted for the purpose of the installment debt.

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

- \$22,391,246 in the General Capital Projects Fund is classified as a restricted asset because it represents unspent debt proceeds that are restricted for the purpose of the installment debt.
- \$288,088 in the Miscellaneous Other Governmental Activities Fund is classified as restricted asset because it represents the balances restricted for DSS representative payees, fines and forfeitures to be paid to the Board of Education, and the improvement guarantees for future development. \$1,705,677 in the Tax Revaluation Fund is classified as a restricted asset because its use is restricted per North Carolina General Statute 153A-150.
- \$187,674 in the General Fund is classified as a restricted asset because it represents the deed of trust fees collected that are required to be remitted to the state and amounts restricted for automation enhancement.

Ad Valorem Taxes Receivable

In accordance with state law [G.S. 105-347 and G.S. 159-13(a)], the County levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, penalties and interest do not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2020. The County does not currently allow discounts that apply to taxes paid prior to the due date.

Allowances for Doubtful Accounts

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

Inventories and Prepaid Items

The inventories of the County and the Hospital are valued at cost (first-in, first-out), which approximates market values. The County's General Fund inventory consists of expendable supplies that are recorded as expenditures when purchased. The inventory of the Hospital consists of materials and supplies held for consumption or resale. The cost of the inventory carried in the Hospital is recorded as an expense as it is consumed or sold.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. Prepaid items for the County's governmental funds are treated using the consumption method.

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets received prior to June 30, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 30, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. Minimum capitalization cost is \$5,000. General infrastructure position acquired prior to July 1, 2003 consist of water and sewer system position that were acquired or that received substantial improvements subsequent to July 1, 1980 and are reported at estimated historical cost. 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 of the County are depreciated on a straight-line basis over the following estimated useful lives:

Assets	Estimated Useful Lives
Buildings	40 years
Plant and distribution systems	40 years
Improvements	25 years
Furniture, equipment, and computer equipment	5-10 years
Vehicles	6 years

For the Hospital, depreciation is computed by the straight-line method over the estimated useful lives of the position as follows:

Assets	Estimated Useful Lives
Buildings	20 years
Equipment	10 years
Leasehold improvements	10-20 years
Computers	3 years

Long-Term Obligations

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

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Compensated Absences

The vacation policies of the County provide for the accumulation of up to thirty (30) days earned vacation leave, with such leave being fully vested when earned. The paid time-off policy of the Hospital provides for the accumulation of up to 520 hours earned leave, with such leave being fully vested when earned. For the County's government-wide and proprietary funds and the Hospital, an expense and a liability for compensated absences and the salary-related payments are recorded as leave when earned. Compensated absences typically have been liquidated in the General Fund and are accounted for on a LIFO basis, assuming that employees are taking leave time as it is earned.

The sick leave policies of the County and the Hospital provide for an unlimited accumulation of earned sick leave. Sick leave does not vest, but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Since none of the entities have any obligation for the accumulated sick leave until it is actually taken, no accrual for sick leave has been made by the County or its component unit.

Deferred Outflows/Inflows of Resources

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

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

Estimates

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

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Net Position/Fund Balances

Net Position

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

Fund Balances

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

The governmental fund types classify fund balances as follows:

Non-Spendable Fund Balance

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

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

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

Restricted Fund Balance

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

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

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Register of Deeds – portion of fund balance constituting the Automation Enhancement and Preservation Fund, funded by 10% of the fees collected and maintained by the Register of Deeds' office. The funds are available for appropriation, but are legally restricted for computer and imaging technology in the Register of Deeds' office.

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

Restricted for Economic and Physical Development – portion of fund balance restricted by revenue source for public transit.

Restricted for Human Services – portion of fund balance restricted by revenue source for adoption assistance and for public health. Funds are from the adoption assistance incentives and Medicaid maximization.

Restricted for Cultural and Recreational – portion of fund balance restricted by the donors for the library.

Restricted for Education – portion of fund balance restricted by the governing board for education purposes.

Restricted fund balance at June 30, 2021 is as follows:

Purpose	General Fund	Other Governmental Funds	General Capital Projects Fund	School Capital Projects Fund	COVID-19 Fund	Total Restricted
Restricted, all other:						
Register of Deeds	\$ 175,803	\$ -	\$ -	\$ -	\$ -	\$ 175,803
Public safety	2,403,221	519,873	-	-	149,428	3,072,522
Economic and physical development	-	1,550,241	-	-	-	1,550,241
Human services	2,855,383	13,335	-	-	-	2,868,718
Cultural and recreational	334,245	-	-	-	-	334,245
Education	-	900	20,485,423	22,461,128	-	42,947,451
Total	<u>\$ 5,768,652</u>	<u>\$ 2,084,349</u>	<u>\$ 20,485,423</u>	<u>\$ 22,461,128</u>	<u>\$ 149,428</u>	<u>\$ 50,948,980</u>

Restricted net position on Exhibit A varies from restricted fund balance on Exhibit C by the amount of unspent debt proceeds of \$46,297,568, less accounts payable from those restricted assets of \$3,351,017, and the restriction for the Register of Deeds' pension plan of \$288,418 for a net difference of \$42,658,133.

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Committed Fund Balance

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

Committed for Revaluation – represents the portion of fund balance committed by the governing body for future tax revaluation purposes.

Committed for General Government – represents the portion of fund balance committed by the governing body for future debt service purposes.

Committed for Economic and Physical Development – portion of fund balance committed by the governing board for economic development incentives and projects.

Committed for Education – portion of fund balance committed by the governing board for education projects.

Committed fund balance at June 30, 2021 is as follows:

Purpose	Other Governmental Funds
Committed:	
Revaluation	\$ 1,688,964
General government	5,447,468
Economic and physical development	3,391,634
Education	3,074,543
Total	<u>\$ 13,602,609</u>

Assigned Fund Balance

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

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

Assigned for Public Safety – portion of fund balance budgeted by the Board for public safety related activities such as police, fire, and EMS.

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Assigned fund balance at June 30, 2021 is as follows:

<u>Purpose</u>	<u>General Fund</u>
Assigned:	
Subsequent year's expenditures	\$ 15,558,631
Public safety	<u>264,903</u>
Total	<u>\$ 15,823,534</u>

Unassigned Fund Balance – Portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds. Only the General Fund may report a positive unassigned fund balance. However, in governmental funds other than the General Fund, if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative fund balance.

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

Henderson County has adopted a minimum fund balance policy for the General Fund, which instructs management to conduct business of the County in such a manner that available fund balance is at least equal to or greater than 10% of actual expenditures. Any portion of the General Fund balance in excess of 10% of actual expenditures may be appropriated for future use for a specific purpose.

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	\$ 80,317,355
Less:	
Inventories	(57,958)
Prepaid items	(232,368)
Stabilization by state statute	<u>(13,100,770)</u>
Total available fund balance	<u>\$ 66,926,259</u>

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Defined Benefit Cost-Sharing Plans

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

2. Stewardship, Compliance, and Accountability

A. Deficit Net Position of Individual Funds

At year-end, the County reported deficit fund balance or net position in the following fund:

Fire Districts Fund	<u>\$ (47,900)</u>
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Corrective Action Plan. The deficit in the Fire Districts Fund is a result of the timing of accrual of collections received after the end of fiscal year, made following the final payout of collections to fire districts. In the event any amounts are disbursed in excess of collections, that excess, usually minimal, will be netted against future collections and subsequent disbursements to fire districts.

3. Detail Notes On All Funds

A. Assets

Deposits

All of the County's and the Hospital's deposits are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits exceeding the federal depository insurance coverage level are collateralized with securities held by the County or the Hospital's agent in these units' names. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the County and the Hospital, these deposits are considered to be held by their agents in the entities' 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

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

information with the County or the Hospital, or with the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the County or the Hospital 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 County has no formal policy regarding custodial credit risk for deposits but relies on the State Treasurer to enforce strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method and to monitor them for compliance. The State Treasurer enforces standards of minimum capitalization for all pooling method financial institutions. The County and the Hospital rely on the State Treasurer to monitor those financial institutions. The County analyzes the financial soundness of any other financial institution used by the County. The County complies with the provisions G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2021, the County's deposits had a carrying amount of \$15,554,283, and a bank balance of \$16,556,241. Of the bank balance, \$500,000 was covered by federal depository insurance, and the balance was covered by collateral held under the Pooling Method. At June 30, 2021, the County had \$6,000 cash on hand.

At June 30, 2021, the Hospital's deposits had a carrying amount of approximately \$42,500,000 and a bank balance of approximately \$44,500,000. Of the bank balance, approximately \$500,000 was covered by federal depository insurance, and the balance was covered by collateral held under the Pooling Method.

Investments

At June 30, 2021, the County had the following investments and maturities:

Investment Type	Valuation		Less Than 6 Months	6-12 Months	1-5 Years
	Measurement Method	Book Value			
U.S. government agencies	Fair Value-Level 2	\$ 30,162,685	\$ -	\$ -	\$ 30,162,685
Commercial paper	Fair Value-Level 2	39,950,204	24,975,840	14,974,364	-
North Carolina Capital Management					
Trust - Government Portfolio	Fair Value-Level 1	66,702,048	66,702,048	-	-
Total		<u>\$ 136,814,937</u>	<u>\$ 91,677,888</u>	<u>\$ 14,974,364</u>	<u>\$ 30,162,685</u>

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

US Government Agencies:

	<u>Fair Value</u>
Federal Home Loan Bank	\$ 327,555
Federal National Mortgage Association	19,051,834
Federal Home Loan Mortgage Corporation	10,783,296
	<u>\$ 30,162,685</u>

Commercial Paper:

	<u>Fair Value</u>
Credit Suisse First Boston NY	\$ 24,964,063
JPMorgan Securities LLC	4,995,858
Natixis	4,995,125
Salvation Army	4,995,158
	<u>\$ 39,950,204</u>

*Because the NCCMT Government has a weighted average maturity of less than 90 days, it is presented as an investment with a maturity of less than 6 months. The NCCMT Government Portfolio has an AAAM rating from S&P and AAA-mf by Moody's Investor Service.

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

Level of fair value hierarchy: Level 1: Debt securities valued using directly observable, quoted prices (unadjusted) in active markets for identical assets. Level 2 debt securities are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities relationship to benchmark quoted prices.

Interest Rate Risk. As a means of limiting its exposure to fair value losses arising from interest rates, the County's investment policy limits at least half of the County's investment portfolio to maturities of less than 12 months. Also, the County's investment policy requires purchases of securities to be laddered with staggered maturity dates and limits all securities to a final maturity of no more than five years. The County's formal investment policy does not address limits on investment maturities as a means of managing its exposure to fair value losses arising from rising interest rates.

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Credit Risk. The County limits investments to the provisions of G.S. 159-30 and restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated. State law limits investments in commercial paper to the top rating issued by nationally recognized statistical rating organizations (NRSROs). As of June 30, 2021, the County's investments in commercial paper were rated P1 by Standard & Poor's, F1 by Fitch Ratings, and A1 by Moody's Investor Service. The County's investments in the NC Capital Management Trust Government Portfolio carried a credit rating of AAAm by Standard & Poor's and AAA-mf by Moody's Investor Service as of June 30, 2021. The County's investment in U.S. government agencies (Federal Home Loan Mortgage Corporation, Federal National Mortgage Association, and Federal Home Loan Banks) were rated AAA by Standard & Poor's and Aaa by Moody's Investment Service as of June 30, 2021. The County has no formal policy on credit risk.

Concentration of Credit Risk. Concentration risk is the risk when one of the issuers is 5% or greater of the total investment portfolio, excluding deposits. More than 5% of the County's investments are in U.S. Government Agencies. Investments in Federal Home Loan Mortgage Corporation are 8% and Federal National Mortgage Association are 14% of the total investment portfolio. More than 5% of the County's investments are in commercial paper. Investments in Credit Suisse First Boston NY are 18% of the total investment portfolio. The County has no formal policy on the concentration of credit risk.

At June 30, 2021, the Hospital's investments consisted of the following:

Investment Type	Valuation Measurement	Fair Value	Less than Year	1-3 Years	No Maturity Date
	Method				
U.S. government agencies	Fair Value-Level 2	\$ 5,370,982	\$ 4,987,822	\$ 383,160	\$ -
North Carolina Capital Management Trust	Fair Value-Level 1	4,658	-	-	4,658
Equity securities and funds	Fair Value-Level 1	45,751,155	-	-	45,751,155
Stocks and mutual funds	Fair Value-Level 1	2,078,255	-	-	2,078,255
Fixed income investments	Fair Value-Level 1	603,974	-	-	603,974
Cash and cash equivalents	Fair Value-Level 1	120,859	-	-	120,859
Total		<u>\$ 53,929,883</u>	<u>\$ 4,987,822</u>	<u>\$ 383,160</u>	<u>\$ 48,558,901</u>

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

Level of fair value hierarchy: Level 1: Debt securities valued using directly observable, quoted prices (unadjusted) in active markets for identical assets. Level 2 debt securities are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities relationship to benchmark quoted prices.

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Interest Rate Risk. As a means of limiting its exposure to fair value losses arising from rising interest rates, the Hospital's investment policy requires purchases of all securities with a final maturity date longer than 12 months to be approved by the Hospital's Board of Directors.

Custodial Risk. The Hospital manages its custodial credit risk by ensuring its deposits are either insured or collateralized.

Credit Risk. State law limits investments in commercial paper to the top rating issued by nationally recognized statistical rating organizations (NRSROs). The Hospital manages credit risk through quarterly reviews of the portfolio by the Finance Committee of the Hospital's Board of Directors and limits the credit risk of investments through its investment policy. The Hospital's investments in the NC Capital Management Trust Government Portfolio carried a credit rating of AAAm by Standard & Poor's and AAA-mf by Moody's Investor Service as of June 30, 2021.

During the year ended September 30, 2007, the Hospital began investing in common and preferred stocks through North Carolina Department of State Treasurer's Public Equity portfolio, as permitted by North Carolina General Statute 147-69.2(b)(8). The Hospital's investments in US Government Agencies (Fannie Mae) are rated AAA by Standard & Poor's and AAA by Moody's Investors Service.

Property Tax – Use-Value Assessment on Certain Lands

In accordance with the General Statutes, agriculture, horticulture, and forestland may be taxed by the County at the present use-value as opposed to market value. When the property loses its eligibility for use-value taxation, the property tax is recomputed at market value for the current year and the three preceding fiscal years, along with the accrued interest from the original due date. This tax is immediately due and payable.

The following are property taxes that could become due if present use-value eligibility is lost. These amounts have not been recorded in the financial statements.

Year Ended June 30	Tax	Interest	Total
2018	\$ 2,250,354	\$ 585,092	\$ 2,835,446
2019	2,290,264	389,345	2,679,609
2020	2,275,114	182,009	2,457,123
2021	2,272,229	-	2,272,229
Total	<u>\$ 9,087,961</u>	<u>\$ 1,156,446</u>	<u>\$ 10,244,407</u>

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Receivables

Receivables at the government-wide level at June 30, 2021 were as follows:

	<u>Accounts</u>	<u>Taxes</u>	<u>Due From Other Governments</u>	<u>Total</u>
Governmental Activities:				
General	\$ 4,283,186	\$ 1,631,875	\$ 10,138,915	\$ 16,053,976
Other governmental	<u>1,089,589</u>	<u>-</u>	<u>580,540</u>	<u>1,670,129</u>
Total receivables	5,372,775	1,631,875	10,719,455	17,724,105
Allowance for doubtful accounts	<u>(891,778)</u>	<u>(686,141)</u>	<u>-</u>	<u>(1,577,919)</u>
Total governmental activities	<u>\$ 4,480,997</u>	<u>\$ 945,734</u>	<u>\$ 10,719,455</u>	<u>\$ 16,146,186</u>
Business-Type Activities:				
Landfill	\$ 625,865	\$ -	\$ 657	\$ 626,522
Justice Academy	<u>3,750</u>	<u>-</u>	<u>-</u>	<u>3,750</u>
Total receivables	<u>\$ 629,615</u>	<u>\$ -</u>	<u>\$ 657</u>	<u>\$ 630,272</u>

Due from other governments consisted of the following:

Governmental Activities:	
Local option sales tax	\$ 8,856,690
Franchise tax	116,899
Sales tax reimbursement	617,619
Motor vehicle tax	636,813
Other taxes	<u>491,434</u>
Total	<u>10,719,455</u>
Business-Type Activities:	
Sales tax reimbursement	<u>657</u>
Total	<u>\$ 10,720,112</u>

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Capital Assets

Capital asset activity for the year ended June 30, 2021 was as follows:

	Balance July 1, 2020	Increases	Decreases	Transfers	Balance June 30, 2021
Governmental Activities:					
Non-Depreciable Capital Assets:					
Land	\$ 15,349,827	\$ -	\$ -	\$ -	\$ 15,349,827
Construction in progress	2,265,927	314,483	-	(749,675)	1,830,735
Total non-depreciable capital assets	<u>17,615,754</u>	<u>314,483</u>	<u>-</u>	<u>(749,675)</u>	<u>17,180,562</u>
Depreciable Capital Assets:					
Buildings	138,118,785	61,760	-	645,206	138,825,751
Equipment	8,981,488	568,516	(25,600)	104,469	9,628,873
Vehicles and motor equipment	10,131,064	2,220,471	(1,255,274)	-	11,096,261
Total depreciable capital assets	<u>157,231,337</u>	<u>2,850,747</u>	<u>(1,280,874)</u>	<u>749,675</u>	<u>159,550,885</u>
Less Accumulated Depreciation:					
Buildings	48,505,464	3,900,869	-	-	52,406,333
Equipment	6,452,308	636,993	(24,747)	-	7,064,554
Vehicles and motor equipment	6,070,148	1,242,718	(1,058,533)	-	6,254,333
Total accumulated depreciation	<u>61,027,920</u>	<u>\$ 5,780,580</u>	<u>\$ (1,083,280)</u>	<u>\$ -</u>	<u>65,725,220</u>
Total depreciable capital assets	<u>96,203,417</u>				<u>93,825,665</u>
Total depreciable capital assets, net	<u>\$ 113,819,171</u>				<u>\$ 111,006,227</u>

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

General government	\$ 2,861,609
Public safety	2,206,036
Economic and physical development	106,473
Human services	433,835
Cultural and recreational	172,627
Total	<u>\$ 5,780,580</u>

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

	Balance July 1, 2020	Increases	Decreases	Transfers	Balance June 30, 2021
Business-Type Activities:					
Landfill:					
Non-Depreciable Capital Assets:					
Land	\$ 6,031,371	\$ -	\$ -	\$ -	\$ 6,031,371
Construction in progress	50,595	137,734	-	(188,329)	-
Total non-depreciable capital assets	<u>6,081,966</u>	<u>137,734</u>	<u>-</u>	<u>(188,329)</u>	<u>6,031,371</u>
Depreciable Capital Assets:					
Plant and distribution systems	3,408,012	-	-	188,329	3,596,341
Furniture and maintenance equipment	1,413,986	320,027	(8,381)	-	1,725,632
Vehicles	1,088,608	-	(64,796)	-	1,023,812
Total depreciable capital assets	<u>5,910,606</u>	<u>320,027</u>	<u>(73,177)</u>	<u>188,329</u>	<u>6,345,785</u>
Less Accumulated Depreciation:					
Plant and distribution systems	1,680,277	77,990	-	-	1,758,267
Furniture and maintenance equipment	960,666	109,848	(8,381)	-	1,062,133
Vehicles	806,447	60,085	(64,796)	-	801,736
Total accumulated depreciation	<u>3,447,390</u>	<u>\$ 247,923</u>	<u>\$ (73,177)</u>	<u>\$ -</u>	<u>3,622,136</u>
Total depreciable capital assets, net	<u>2,463,216</u>				<u>2,723,649</u>
Landfill capital assets, net	<u>8,545,182</u>				<u>8,755,020</u>
Cane Creek Water and Sewer District:					
Non-Depreciable Capital Assets:					
Land	324,450	\$ -	\$ (324,450)	\$ -	-
Construction in progress	3,559,803	-	(3,559,803)	-	-
Total non-depreciable capital assets	<u>3,884,253</u>	<u>-</u>	<u>(3,884,253)</u>	<u>-</u>	<u>-</u>
Depreciable Capital Assets:					
Plant and distribution systems	24,522,379	-	(24,522,379)	-	-
Furniture and maintenance equipment	538,837	-	(538,837)	-	-
Vehicles	192,874	-	(192,874)	-	-
Total depreciable capital assets	<u>25,254,090</u>	<u>-</u>	<u>(25,254,090)</u>	<u>-</u>	<u>-</u>
Less Accumulated Depreciation:					
Plant and distribution systems	7,747,547	-	(7,747,547)	-	-
Furniture and maintenance equipment	453,530	-	(453,530)	-	-
Vehicles	157,163	-	(157,163)	-	-
Total accumulated depreciation	<u>8,358,240</u>	<u>\$ -</u>	<u>\$ (8,358,240)</u>	<u>\$ -</u>	<u>-</u>
Total depreciable capital assets, net	<u>16,895,850</u>				<u>-</u>
Cane Creek Water and Sewer District capital assets, net	<u>20,780,103</u>				<u>-</u>

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

	Balance July 1, 2020	Increases	Decreases	Balance June 30, 2021
Justice Academy Water and Sewer District:				
Non-Depreciable Capital Assets:				
Land	6,664	\$ -	\$ -	6,664
Depreciable Capital Assets:				
Plant and distribution systems	434,523	-	-	434,523
Furniture and maintenance equipment	17,234	-	-	17,234
Total depreciable capital assets	451,757	-	-	451,757
Less Accumulated Depreciation:				
Plant and distribution systems	238,987	10,864	-	249,851
Furniture and maintenance equipment	17,234	-	-	17,234
Total accumulated depreciation	256,221	10,864	-	267,085
Total depreciable capital assets, net	195,536	\$ (10,864)	\$ -	184,672
Justice Academy Water and Sewer District capital assets, net	202,200			191,336
Business-type activities capital assets, net	\$ 29,527,485			\$ 8,946,356

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Capital asset activity for the Henderson County Hospital Corporation for the year ended June 30, 2021 was as follows:

	Balance July 1, 2020	Increases	Transfers/ Decreases	Balance June 30, 2021
Non-Depreciable Capital Assets:				
Land	\$ 8,588,824	\$ 460,000	\$ -	\$ 9,048,824
Construction in progress	441,965	12,794,239	(10,308,972)	2,927,232
Total non-depreciable capital assets	<u>9,030,789</u>	<u>13,254,239</u>	<u>(10,308,972)</u>	<u>11,976,056</u>
Depreciable Capital Assets:				
Land improvements	4,004,442	-	-	4,004,442
Buildings and fixed equipment	120,082,696	3,702,680	-	123,785,376
Moveable equipment	137,279,534	6,363,290	(209,859)	143,432,965
Total depreciable capital assets	<u>261,366,672</u>	<u>10,065,970</u>	<u>(209,859)</u>	<u>271,222,783</u>
Less Accumulated Depreciation:				
Land improvements	1,753,370	161,095	-	1,914,465
Buildings and fixed equipment	81,969,721	4,023,250	-	85,992,971
Moveable equipment	117,794,606	4,520,609	(187,712)	122,127,503
Total accumulated depreciation	<u>201,517,697</u>	<u>8,704,954</u>	<u>(187,712)</u>	<u>210,034,939</u>
Total depreciable capital assets, net	<u>59,848,975</u>	<u>\$ 14,615,255</u>	<u>\$ (10,331,119)</u>	<u>61,187,844</u>
Total capital assets, net	<u>\$ 68,879,764</u>			<u>\$ 73,163,900</u>

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

B. Liabilities

Payables

Payables at the government-wide level at June 30, 2021 were as follows:

	Vendors	Salaries and Benefits	Accrued Interest	Insurance Claims Incurred, But Not Reported	Total
Governmental Activities:					
General	\$ 1,937,928	\$ 6,801,812	\$ 984,327	\$ 238,893	\$ 9,962,960
Other governmental	331,413	15,984	-	-	347,397
Total governmental activities	<u>\$ 2,269,341</u>	<u>\$ 6,817,796</u>	<u>\$ 984,327</u>	<u>\$ 238,893</u>	<u>\$ 10,310,357</u>
Business-Type Activities:					
Landfill	\$ 787,520	\$ 22,682	\$ -	\$ -	\$ 810,202
Justice Academy Sewer	1,811	-	-	-	1,811
Total business-type activities	<u>\$ 789,331</u>	<u>\$ 22,682</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 812,013</u>

Pension Plan Obligations

Local Governmental Employees' Retirement System

Plan Description. The County is a participating employer in the state-wide Local Governmental Employees' Retirement System (LGERS), a cost-sharing, multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS membership is comprised of general employees and local law enforcement officers (LEOs) of participating local governmental entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Local Governmental Employees' Retirement System is included in the Annual Comprehensive Financial Report for the State of North Carolina. The State's Annual Comprehensive Financial Report 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, by calling (919) 981-5454, or a www.osc.nc.gov.

Benefits Provided. LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

at the 60 with five years of creditable service (age 55 for firefighters). Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age (15 years of creditable service for firefighters and rescue squad members who are killed in the line of duty) or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

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

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. County employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The County's contractually required contribution rate for the year ended June 30, 2021 was 10.90% of compensation for law enforcement officers and 10.15% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the plan from the County were \$4,402,896 for the year ended June 30, 2021.

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

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

At June 30, 2021, the County reported a liability of \$21,190,416 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019. The total pension liability was then rolled forward to the measurement date of June 30, 2020 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension liability was based on a projection of

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

the County's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2021 (measured as of June 30, 2020), the County's proportion was 0.593%, which was an decrease of 0.005% from its proportion as of June 30, 2020 (measured as of June 30, 2019).

For the year ended June 30, 2021, the County recognized pension expense of \$7,350,141. At June 30, 2021, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,675,978	\$ -
Changes of assumptions	1,576,983	-
Net difference between projected and actual earnings on pension plan investments	2,981,983	-
Changes in proportion and differences between County contributions and proportionate share of contributions	105,782	10,680
County's contributions subsequent to the measurement date	4,402,896	-
Total	<u>\$ 11,743,622</u>	<u>\$ 10,680</u>

\$4,402,896 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ending June 30, 2022. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending	
June 30	Total
2022	\$ 2,079,673
2023	2,757,708
2024	1,610,151
2025	882,514
2026	-
Thereafter	-
Total	<u>\$ 7,330,046</u>

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Actuarial Assumptions. The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.50 to 8.10 percent, including inflation and productivity factor
Investment rate of return	7.00 percent, net of pension plan investment expense, including inflation

The plan currently uses mortality rate based on the *RP-2014 Total Data Set for Healthy Annuitants Mortality Table* that vary by age, gender, employee group (i.e. general, law enforcement officer), and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2019 valuation, with the exception of the discount rate, were based on the results of an actuarial experience study as of December 31, 2014.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over the multiple horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2020 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed income	29.0%	1.4%
Global equity	42.0%	5.3%
Real estate	8.0%	4.3%
Alternatives	8.0%	8.9%
Credit	7.0%	6.0%
Inflation protection	<u>6.0%</u>	4.0%
Total	<u>100.00%</u>	

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

The information above is based on 30-year expectations developed with the consulting actuary for the 2020 asset, liability, and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

Discount Rate. The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the County's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the County's proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the County's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
County's proportionate share of the net pension liability (asset)	<u>\$ 42,993,046</u>	<u>\$ 21,190,416</u>	<u>\$ 3,070,898</u>

Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in the separately issued Annual Comprehensive Financial Report for the State of North Carolina.

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Law Enforcement Officers' Special Separation Allowance

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

All full-time County law enforcement officers are covered by the Separation Allowance. At December 31, 2019, the Separation Allowance's membership consisted of 147 active plan members and 21 retired members receiving benefits.

A separate report was not issued for the plan.

Summary of Significant Accounting Policies

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

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

Actuarial Assumptions

The entry age normal actuarial cost method was used in the December 31, 2019 valuation. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Salary increases	3.25 to 7.75 percent, including inflation and productivity factor
Discount rate	1.93 percent

The discount rate used to measure the TPL is the S&P Municipal Bond 20-Year High Grade Rate Index.

The actuarial assumptions used in the December 31, 2019 valuation were based on the results of an experience study completed by the Actuary for the Local Government Employees' Retirement System for the five-year period ended December 31, 2019.

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Deaths After Retirement (Healthy): Mortality rates are based on the Safety Mortality Table for Retirees. Rates for all members are multiplied by 97% and set forward by 1 year.

Deaths Prior to Retirement: Mortality rates are based on the Safety Mortality Table for Employees.

Death After Retirement (Survivors of Deceased Members): Mortality rates are based on the Below-Median Teachers Mortality Table for Contingent Survivors. Rates for male members are set forward 3 years. Rates for female members are set forward 1 year. Because the contingent survivor tables have no rates prior to age 45, the Below-Median Teachers Mortality Table for employees is used for all ages less than 45.

Deaths After Retirement (Disabled Members at Retirement): Mortality rates are based on the Non-Safety Mortality Table for Disabled Retirees. Rates are set back 3 years for all ages.

Contributions

The County is required by Article 12D of G. S. Chapter 143 to provide these retirement benefits and has chosen to fund the benefit payments on a pay-as-you-go basis through appropriations made in the General Fund operating budget. There were no contributions made by employees. The County's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. The County paid \$308,081 as benefits came due for the reporting period.

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

At June 30, 2021, the County reported a total pension liability of \$7,839,267. The total pension liability was measured as of December 31, 2020 based on a December 31, 2019 actuarial valuation. The total pension liability was rolled forward to December 31, 2020 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2021, the County recognized pension expense of \$925,028.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 833,033	\$ 44,796
Changes of assumptions	1,736,215	85,627
County's benefit payments and plan administrative expense made subsequent to the measurement date	<u>185,457</u>	<u>-</u>
Total	<u><u>\$ 2,754,705</u></u>	<u><u>\$ 130,423</u></u>

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

The County paid \$185,457 in benefit payments made subsequent to the measurement date that are reported as deferred outflows of resources related to pensions, which will be recognized as a decrease of the total pension liability in the year ending June 30, 2022. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending	
June 30	Total
2022	\$ 534,258
2023	538,818
2024	522,630
2025	470,309
2026	372,810
Thereafter	-
Total	<u>\$ 2,438,825</u>

Sensitivity of the County's Total Pension Liability to Changes in the Discount Rate. The following presents the County's total pension liability calculated using the discount rate of 1.93%, as well as what the County's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (0.93%) or 1-percentage-point higher (2.93%) than the current rate:

	1% Decrease (0.93%)	Discount Rate (1.93%)	1% Increase (2.93%)
Total pension liability	<u>\$ 8,433,643</u>	<u>\$ 7,839,267</u>	<u>\$ 7,292,855</u>

Schedule of Changes in Total Pension Liability Law Enforcement Officer's Special Separation Allowance

	2021
Beginning balance	\$ 5,212,267
Service cost	229,878
Interest on total pension liability	164,898
Differences between expected and actual experience in the measurement of the total pension liability	627,325
Changes of assumptions or other inputs	1,912,980
Benefit payments	<u>(308,081)</u>
Ending balance of the total pension liability	<u>\$ 7,839,267</u>

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Changes of Assumptions. Changes of assumptions and other inputs reflect a change in the discount rate from 3.26 percent at December 31, 2020 to 1.93 percent at December 31, 2021.

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

The actuarial assumptions used in the December 31, 2019 valuation were based on the results of an actuarial experience study completed by the Actuary for the Local Government Employee' Retirement System for the five-year period ended December 31, 2019.

Supplemental Retirement Income Plan for Law Enforcement Officers

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

Funding Policy. Article 12E of G.S. Chapter 143 requires that the County 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. The County contributed \$1,079,474 for the reporting year. No amounts were forfeited.

Register of Deeds' Supplemental Pension Fund

Plan Description. The County also contributes to the Register of Deeds' Supplemental Pension Fund (Fund), a non-contributory, defined benefit plan administered by the North Carolina Department of State Treasurer. The RODSPF provides supplemental pension benefits to any eligible county Register of Deeds who is retired under the Local Governmental Employees' Retirement System (LGERS) or an equivalent locally sponsored plan. Article 3 of G.S. Chapter 161 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Registers of Deeds' Supplemental Pension Fund is included in the Annual Comprehensive Financial Report for the State of North Carolina. The State's Annual Comprehensive Financial Report includes financial statements and required supplementary information for the Registers of Deeds' Supplemental Pension Fund. That report may be obtained by writing the Office of the State

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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

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

Contributions. Benefits and administrative expenses are funded by investment income and 1.5% of the receipts collected by each County Commission under Article 1 of Chapter 161 of the North Carolina General Statutes. The statutory contribution currently has no relationship to the actuary's required contribution. The actuarially determined contribution this year and for the foreseeable future is zero. Registers of Deeds do not contribute. Contribution provisions are established by the General Statute 161-50 and may be amended only by the North Carolina General Assembly. Contributions to the pension plan from the County were \$15,265 for the year ended June 30, 2021.

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

At June 30, 2021, the County reported an asset of \$300,620 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2020. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2019. The total pension liability was then rolled forward to the measurement date of June 30, 2020 utilizing update procedures incorporating the County's share of contributions to the pension plan, relative to contributions to the pension plan of all participating RODSPF employers. At June 30, 2020 (measurement date), the County's proportion was 1.312%, which was an increase of 0.098% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the County recognized pension expense of (\$2,468). At June 30, 2021, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 6,126
Net difference between projected and actual earnings on pension plan investments	-	25,723
Changes in proportion and differences between County contributions and proportionate share of contributions	16,849	12,467
County's contributions subsequent to the measurement date	15,265	-
Total	<u>\$ 32,114</u>	<u>\$ 44,316</u>

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

\$15,265 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ending June 30, 2022. Other amounts reported as deferred inflows or outflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending	
June 30	Total
2022	\$ (2,282)
2023	(7,096)
2024	(11,609)
2025	(6,480)
2026	-
Thereafter	-
Total	<u><u>\$ (27,467)</u></u>

Actuarial Assumptions. The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.50 to 7.75 percent, including inflation and productivity factor
Investment rate of return	3.75 percent, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the December 31, 2019 valuation were based on the results of an actuarial experience as of December 31, 2014.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. These projections are combined to produce the long-term expected rate of return by

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The adopted asset allocation policy for the RODSPF is 100% in the fixed income asset class. The estimate of arithmetic real rate of return for the fixed income asset class as of June 30, 2020 is 1.4%.

The information above is based on 30-year expectations developed with the consulting actuary for the 2020 asset, liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

Discount Rate. The discount rate used to measure the total pension liability was 3.75%. The projection of cash flows used to determine the discount rate assumed that contributions from employers will be made at statutorily required rates. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the County's Proportionate Share of the Net Pension Asset to Changes in the Discount Rate. The following presents the County's proportionate share of the net pension asset calculated using the discount rate of 3.75%, as well as what the County's proportionate share of the net pension asset would be if it were calculated using a discount rate that is 1-percentage-point lower (2.75%) or 1-percentage-point higher (4.75%) than the current rate.

	1% Decrease (2.75%)	Discount Rate (3.75%)	1% Increase (4.75%)
County's proportionate share of the net pension liability (asset)	<u>\$ (255,339)</u>	<u>\$ (300,620)</u>	<u>\$ (338,935)</u>

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

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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

The net pension liability for LGERS and ROD was measure as of December 31, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liability for LEOSSA was measured as of June 30, 2020, with an actuarial valuation date of December 31, 2019. The County's proportion of the net pension liability was based on the County's share of contributions to the pension plan relative to the contribution of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>LGERS</u>	<u>ROD</u>	<u>LEOSSA</u>	<u>Total</u>
Proportionate share of net pension liability (asset)	\$ 21,190,416	\$ (300,620)	\$ -	\$ 20,889,796
Proportion of the net pension liability (asset)	0.59300%	1.31172%	N/A	-
Total pension liability	-	-	7,839,267	7,839,267
Pension expense	7,350,141	2,468	925,028	8,277,637

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

At June 30, 2021, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>LGERS</u>	<u>ROD</u>	<u>LEOSSA</u>	<u>Total</u>
Deferred Outflows of Resources:				
Pensions - difference between expected and actual experience	\$ 2,675,978	\$ -	\$ 833,033	\$ 3,509,011
Pensions - difference between projected and actual investment earnings	2,981,983	-	-	2,981,983
Changes of assumptions	1,576,983	-	1,736,215	3,313,198
Pensions - change in proportion and difference between employer contributions and proportionate share of contributions	105,782	16,849	-	122,631
County contributions (LGERS, ROD)/ benefit payments and administration costs (LEOSSA) subsequent to the measurement date	<u>4,402,896</u>	<u>15,265</u>	<u>185,457</u>	<u>4,603,618</u>
Total	<u>\$11,743,622</u>	<u>\$ 32,114</u>	<u>\$2,754,705</u>	<u>\$14,530,441</u>
Deferred Inflows of Resources:				
Pensions - difference between expected and actual experience	\$ -	\$ 6,126	\$ 44,796	\$ 50,922
Pensions - difference between projected and actual investment earnings	-	25,723	\$ -	25,723
Changes of assumptions	-	-	85,627	85,627
Pensions - change in proportion and difference between employer contributions and proportionate share of contributions	<u>10,680</u>	<u>12,467</u>	<u>-</u>	<u>23,147</u>
Total	<u>\$ 10,680</u>	<u>\$ 44,316</u>	<u>\$ 130,423</u>	<u>\$ 185,419</u>

Post-Employment Benefits

Deferred Compensation Plan

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

Investments are managed by the Plan's trustee under one of four investment options, or a combination thereof. The choice of the investment option(s) is made by the participants.

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

The County has complied with changes in the laws, which govern the County's deferred compensation plans, requiring all position of the plans to be held in trust for the exclusive benefit of the participants and their beneficiaries. In accordance with GASB Statement 32, "Accounting and Financial Reporting for Internal Revenue Code 457 Deferred Compensation Plans", the County's Deferred Compensation Plans are not reported as County agency funds.

Other Post-Employment Benefits - Healthcare Benefits

Plan Description. In addition to providing pension benefits, the County has elected to provide a healthcare benefits plan to retirees of the County who have at least thirty (30) years of service with the County or are at least 55, but not Medicare eligible, with a minimum of ten (10) years of service with the County and have a combined age and years of service total of at least 70. Retired employees meeting the criteria discussed herein will be provided hospitalization in the same manner as the active County employees. The County pays 100% of the payments for any retiree with thirty (30) or more years of service with the County or a combined age and years of service total of at least 80. The plan is available to qualified retirees until age 65 or until Medicare eligible, whichever is sooner. Reduced contribution rates are made by the County for retirees with combined age and years of service that total 70 or 75 at retirement. Retirees can purchase coverage for their dependents at the County's group rates. Currently, 73 retirees are eligible for post-retirement health benefits. For the fiscal year ended June 30, 2021, the County made payments for post-retirement health benefit premiums of \$1,590,179. The County is self-insured and contracts with a private carrier to administer the healthcare plan. A separate report was not issued for the plan. This is a single employer defined benefit plan. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75. Management of the HCB Plan is vested in the Henderson County Board of Commissioners.

County Contributions Based on Years of Creditable Service	
Years of Creditable Service	
Less than 10 years of actual service w/ HC	0%
Age plus years of service is 70-74 w/ 10 years actual service w/ HC	50%
Age plus years of service is 75-79 w/ 10 years actual service w/ HC	75%
Age plus years of service is 80 or greater w/ 10 years actual service w/ HC	100%

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Membership of the plan consisted of the following at June 30, 2020, the date of the latest actuarial valuation:

Inactive plan members or beneficiaries currently receiving benefit payments	80
Inactive plan members entitled to but not yet receiving benefit payments	-
Active plan members	<u>802</u>
	<u>882</u>

Total OPEB Liability

The County's total OPEB liability of \$39,358,947 was measured as of June 30, 2020 and was determined by an actuarial valuation as of June 30, 2020.

Actuarial Assumptions and Other Inputs. The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Inflation	2.50 percent
Salary increases	
General employees & firefighters	3.50 to 7.75 percent, including wage inflation
Law enforcement officers	3.50 to 7.35 percent, including wage inflation
Municipal Bond Index Rate	
Prior measurement date	3.50 percent
Measurement date	2.21 percent
Healthcare Cost Trends	
Pre-Medicare	7.00 percent for 2020 decreasing to an ultimate rate of 4.50% by 2030
Medicare	5.25 percent for 2020 decreasing to an ultimate rate of 4.50% by 2024
Dental	4.00 percent

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2020	<u>\$21,660,306</u>
Changes for the year:	
Service cost	1,073,501
Interest	769,175
Changes of benefit terms	4,222,575
Differences between expected and actual experience	8,571,865
Changes of assumptions or other inputs	4,589,399
Benefit payments	<u>(1,527,874)</u>
Net changes	<u>17,698,641</u>
Balance at June 30, 2021	<u><u>\$39,358,947</u></u>

Changes in assumptions and other inputs reflect a change in the Municipal Bond Index Rate from 3.50% to 2.21%.

The County selected a Municipal Bond Index Rate equal to the Bone Buyer 20-Year General Obligation Bond Index published at the last Thursday of June by The Bond Buyer, and the Municipal Bond Index Rate as of the measurement date as the discount rate used to measure the total OPEB liability.

Mortality rates were based on the RP-2014 mortality tables, with adjustments for LGERS experience and generational mortality improvements using Scale MP-2015.

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increases used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period January 1, 2010 – December 31, 2014, adopted by the LGERS Board.

The remaining actuarial assumptions (e.g., initial per capita costs, healthcare cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2020 valuation were based on a review of recent plan experience done concurrently with the June 30, 2020 valuation.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate. The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.21 percent) or 1-percentage-point higher (3.21 percent) than the current discount rate:

	1% Decrease (1.21%)	Current (2.21%)	1% Increase (3.21%)
Total OPEB liability	<u>\$ 43,240,291</u>	<u>\$ 39,358,947</u>	<u>\$ 35,855,575</u>

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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

	1% Decrease	Current Discount Rate	1% Increase
Total OPEB liability	<u>\$34,657,673</u>	<u>\$ 39,358,947</u>	<u>\$44,976,586</u>

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

For the year ended June 30, 2021, the County recognized OPEB expense of \$7,716,331. At June 30, 2021, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 7,593,753	\$ 208,930
Changes of assumptions	4,775,098	438,574
Benefit payments and plan administrative expense made subsequent to the measurement date	<u>1,590,179</u>	<u>-</u>
Total	<u>\$ 13,959,030</u>	<u>\$ 647,504</u>

\$1,590,179 reported as deferred outflows of resources related to OPEB resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total OPEB liability in the year ending June 30, 2022. Other amounts reported as deferred inflows and outflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30	Total
2022	\$ 1,651,080
2023	1,651,080
2024	1,651,080
2025	1,728,538
2026	1,793,938
Thereafter	<u>3,245,631</u>
Total	<u>\$ 11,721,347</u>

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Other Employment Benefits

The County has elected to provide death benefits to employees through the Death Benefit Plan for Members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multi-employer, state-administered, cost-sharing plan funded on a one-year term cost basis.

Lump-sum death benefits are provided to beneficiaries 1) who die in active service after one year of contributing membership in the System, or 2) 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. This payment is equal to the employee's 12 highest months' salary in a row during the 24 months prior to his or her death. The death benefit payments to beneficiaries must be a minimum of \$25,000 and will not exceed \$50,000. Because all death benefit payments are made from the Death Benefit Plan and not by the County, the County does not determine the number of eligible participants. The County has no liability beyond the payment of monthly contributions. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount. Contributions are determined as a percentage of monthly payrolls based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. The County considers these contributions to be immaterial.

Landfill Closure and Post-Closure Care Costs

Federal and state laws and regulations require the County to place a final cover on its landfills when they stop accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Current federal and state regulations required all unlined landfills to stop accepting waste by January 1, 1998. The County's unlined Stoney Mountain Road Landfill stopped accepting waste on that date. Although certain closure and post-closure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and post-closure care costs as an operating expense in each period.

Due to a redetermination of post-closure costs being performed after the landfill stopped accepting waste, the estimated post-closure costs decreased significantly from the amount estimated in prior years. The \$963,245 reported as landfill post-closure care liability at June 30, 2021 represents the cumulative amount reported at that date for costs yet to be incurred. The County will recognize the remaining estimated cost of post-closure care as incurred. These amounts are based on what it would cost to perform all post-closure care in 2021. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

Henderson County Hospital Corporation Pension Plan

Please see the separately issued financial report of Henderson County Hospital Corporation for a complete description of the Hospital pension plan.

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Deferred Outflows and Inflows of Resources

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Charge on refunding of debt	\$ 1,428,283	\$ -
Pensions - difference between expected and actual experience:		
LGERS	2,675,978	-
Register of Deeds	-	6,126
OPEB	7,593,753	208,930
LEOSSA	833,033	44,796
Pensions - difference between projected and actual investment earnings:		
LGERS	2,981,983	-
Register of Deeds	-	25,723
Changes of Assumptions:		
LGERS	1,576,983	-
LEOSSA	1,736,215	85,627
OPEB	4,775,098	438,574
Pensions - change in proportion and difference between employer contributions and proportionate share of contributions:		
LGERS	105,782	10,680
Register of Deeds	16,849	12,467
Contributions to pension plans in 2020-2021 fiscal year - LGERS, LEOSSA, ROD, OPEB	6,193,797	-
Prepaid taxes not yet earned (General Fund)	-	473,600
Prepaid fire district tax, net (Special Revenue Fund)	-	2,452
Taxes receivable, net (General Fund)	-	945,734
Other receivables (General Fund)	-	429,553
Total	<u><u>\$ 29,917,754</u></u>	<u><u>\$ 2,684,262</u></u>

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Risk Management

The County is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County participates in two self-funded risk financing pools administered by the North Carolina Association of County Commissioners Joint Risk Management Agency. Through these pools, the County obtains property coverage equal to the replacement cost of owned property subject to total insured values, with sub-limits on coverage for specified perils; general, auto, professional, employment practices, and law enforcement liability coverage of \$2 million per occurrence; auto physical damage for owned vehicles at actual cash value; crime coverage of \$250,000 per occurrence; and workers' compensation coverage up to the statutory limits. All real and personal property owned by the County is subject to a blanket limit of \$133.752 million per occurrence.

All property coverage and some liability coverage are subject to per occurrence deductibles, as selected by the County. The pools are audited annually by certified public accountants, and audited financial statements are available to the County upon request.

Both of the pools are reinsured through a multi-state public entity captive for single occurrence losses in excess of \$500,000, up to a \$2 million limit for liability coverage, and single occurrence losses in excess of \$750,000 for workers' compensation. Through the captive, the Liability and Property Pool is reinsured for \$2,000,000 of annual aggregate losses in excess of \$250,000 per occurrence for property, auto physical damage, and crime coverage, with additional limits of \$498 million purchased through a group of commercial carriers through the multi-state public entity captive.

Medical liability insurance for local inmates of the Detention Center is purchased through a commercial carrier. The County is insured for individual losses in excess of \$2,000,000, subject to a \$250,000 limit per person, and an annual aggregate of \$10,000,000, subject to a \$250,000 limit.

The County has flood insurance coverage in zones A and V at \$1,000,000 per occurrence with a \$1,000,000 annual aggregate and a shared reinsurance limit with other members of CRL, Inc. of a \$20,000,000 annual aggregate. For zones other than A and V, there is a \$5,000,000 limit per occurrence with a \$5,000,000 annual aggregate and a shared reinsurance limit with other members of CRL, Inc. of a \$200,000,000 annual aggregate. There is a \$25,000,000 flood deductible per occurrence.

In accordance with G.S. 159-29, the County's employees that have access to \$100 or more at any given time of the County's funds are performance bonded through a commercial surety bond. The Tax Collector and the Deputy Tax Collector are bonded for \$1,000,000 and \$250,000 respectively while the Finance Director and the Register of Deeds are bonded for \$1,000,000 and \$50,000 respectively. The remaining employees who have access to funds are bonded at \$25,000 each.

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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

The County provides employee health and dental benefits through a self-insured plan provided by Blue Cross/Blue Shield of North Carolina (BCBSNC). Claims are administered and paid directly from the plan by BCBSNC. Specific stop/loss is set at \$190,000 per individual health insurance claim with an unlimited lifetime maximum.

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

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

	Year Ended June 30	
	2020	2021
Unpaid claims:		
Beginning of year - July 1	\$ 733,030	\$ 393,409
Incurred claims	(12,494,378)	(11,374,970)
Claim payments	<u>12,154,757</u>	<u>11,220,454</u>
End of year - June 30	<u><u>\$ 393,409</u></u>	<u><u>\$ 238,893</u></u>

Claims typically have been liquidated in the General Fund and the Landfill Fund.

Claims and Judgments

At June 30, 2021, the County was a defendant to various lawsuits. In the opinion of the County's management and the County attorney, the ultimate effect of these legal matters will not have a material adverse effect on the County's financial position.

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Long-Term Obligations

Installment Financing Contracts

The County has direct placement installment financing contracts with the Henderson County Governmental Financing Corporation, a component unit, for construction of educational and public safety facilities. These contracts were funded by execution and delivery of certificates of participation. The outstanding contracts at June 30, 2021 are as follows:

\$7,500,000 2010 County Buildings Recovery Zone Economic Development bonds, due in annual principal payments of \$500,000, including interest charged at an annual rate of 4.80%. Payments will continue through November 19, 2025.	<u>\$ 2,500,000</u>
Total installment contracts	<u>\$ 2,500,000</u>

The County's outstanding contracts from direct placements related to the Henderson County Detention Center of \$2,500,000 is secured by a deed of trust for the benefit of the bank, pursuant to which the County grants a lien on the site. The contracts contain a provision that in an event of default, there will be foreclosure of the collateral. The County liability is limited to the collateral.

Annual debt service requirements to maturity for the County's direct placement installment financing are as follows:

Year Ending June 30	Principal	Interest
2022	\$ 500,000	\$ 120,000
2023	500,000	96,000
2024	500,000	72,000
2025	500,000	48,000
2026	500,000	24,000
Total	<u>\$ 2,500,000</u>	<u>\$ 360,000</u>

Installment Purchases

As authorized by state law [G.S.160A-20 and 153A-158.1], the County has financed various direct placement property acquisitions for use by the Henderson County Public School by installment purchase. The installment purchase was issued pursuant to a deed of trust that requires legal title remain with the County as long as the debt is outstanding. The County has entered into a lease with the Henderson County Board of Public Education that transfers the rights and responsibilities for maintenance and insurance of the property to the Board of Education. The lease calls for nominal annual lease payments and also contains a bargain purchase option. The lease term is the same as that of the installment purchase obligation. Due to the economic substance of the transaction, the capital position associated with the installment purchase obligation is recorded by the Board of Education.

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Other direct placement installment purchase contracts payable at June 30, 2021 are comprised of the following individual issues:

Governmental Activities:

\$32,000,000 Elementary Schools project financing contract due in semi-annual principal payments of \$914,286, including interest charged at an annual rate of 3.72%. Payments will continue through September 30, 2025.

\$ 8,228,573

Total installment purchases indebtedness

\$ 8,228,573

The County's outstanding contracts from direct placements related to the Clear Creek Elementary School and Etowah Elementary School projects of \$8,228,573 is secured by a deed of trust for the benefit of the bank, pursuant to which the County grants a lien on the sites. The contracts contain a provision that in an event of default, there will be foreclosure of the collateral. The County liability is limited to the collateral.

Annual debt service requirements to maturity for the County's direct placement governmental installment purchases are as follows:

Year Ending June 30	Principal	Interest
2022	\$ 1,828,571	\$ 199,337
2023	1,828,571	152,434
2024	1,828,571	105,531
2025	1,828,571	58,629
2026	914,289	11,726
Total	\$ 8,228,573	\$ 527,657

Landfill:

\$2,000,000 solid waste system improvements with annual principal payments of \$133,333, including interest that is payable at 3.2%. Payments will continue through December 9, 2026.

\$ 800,001

Total installment purchases indebtedness

\$ 800,001

The County's outstanding contracts from direct placements related to the Henderson County solid waste facility of \$800,001 is secured by a deed of trust for the benefit of the bank, pursuant to which the County grants a lien on the site. The contracts contain a provision that in an event of default, there will be foreclosure of the collateral. The County liability is limited to the collateral.

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Annual debt service requirements to maturity for the County's direct placement business-type installment purchases are as follows:

Year Ending June 30	Landfill	
	Principal	Interest
2022	\$ 133,333	\$ 25,600
2023	133,333	21,333
2024	133,333	17,067
2025	133,333	12,800
2026	133,333	8,533
2027	133,336	4,267
Total	<u>\$ 800,001</u>	<u>\$ 89,600</u>

Limited Obligation Indebtedness

The County's limited obligation bonds are serviced by the General Capital Projects Fund. They are collateralized by the full faith credit and taxing power of the County. The limited obligation bonds were issued to provide funds for the acquisition and construction of a library and schools. These bonds, which are recorded in the General Capital Projects Fund, are collateralized by full faith credit and taxing power of the County. Principal and interest payments are appropriated when due.

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

The County's limited obligation bonds payable at June 30, 2021 are comprised of the following individual issues:

Governmental Activities:

\$16,455,000 Series 2012 limited obligation bonds, due in annual principal payments ranging from \$405,000 to \$1,730,000. Payment is due annually on June 30. Interest is payable annually at 1.98%. Refunding of 2005 COPS.	\$ 5,680,000
\$24,696,000 Series 2013 limited obligation bonds, due in annual principal payments ranging from \$309,000 to \$2,428,000. Payment is due semi-annually on December 1 and June 1 at a fixed rate of 2.01%.	11,149,000
\$26,785,000 Series 2015 limited obligation bonds, due in annual principal payments ranging from \$840,000 to \$1,950,000. Payment is due semi-annually on March 15 and September 15 at an interest rate ranging from 3.375%- 5%.	22,215,000
\$14,600,000 Series 2016A limited obligation bonds, due in annual principal payments of \$975,000. Payment is due annually beginning in 2023 on June 30th at an interest rate ranging from 2.50% to 5.00%.	14,600,000
\$4,680,000 Series 2016B limited obligation bonds, due in annual principal payments ranging from \$935,000 to \$940,000. Payment is due annually on June 30th at an interest rate ranging from 1.379% to 2.582%.	935,000
\$12,475,000 Series 2017A limited obligation bonds, due in annual principal payments ranging from \$560,000 to \$630,000. Payment is due semi-annually on December 1st and June 1st at an interest rate ranging from 5% to 3%	10,025,000
\$24,225,000 Series 2018A limited obligation bonds, due in annual principal payments ranging from \$1,090,000 to \$1,220,000. Payment is due semi-annually on December 1st and June 1st at an interest rate ranging from 5% to 3.375%	20,695,000

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

\$52,525,000 Series 2020 limited obligation bonds,
due in annual principal payments ranging from \$2,625,000
to \$2,630,000. Payment is due semi-annually on December 1st
and June 1st at an interest rate ranging from 2.75% to 5.00% 49,895,000

\$20,850,000 Series 2021 limited obligation bonds,
due in annual principal payments ranging from \$415,000
to \$1,080,000. Payment is due semi-annually on December 1st
and June 1st at an interest rate ranging from 3.00% to 4.00% 20,435,000

Total governmental limited obligation bonds payable \$ 155,629,000

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

Governmental Activities:

Year Ending June 30	Principal	Interest
2022	\$ 11,358,000	\$ 6,079,821
2023	11,359,000	5,699,896
2024	11,317,000	5,319,011
2025	11,273,000	4,922,931
2026	9,912,000	4,507,615
2027-2031	39,925,000	16,720,217
2032-2036	41,660,000	7,537,520
2037-2038	18,825,000	1,620,194
Total	<u>\$ 155,629,000</u>	<u>\$ 52,407,205</u>

At June 30, 2021, the County had no bonds authorized, but unissued, and a legal debt margin of \$1,154,303,271.

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Long-Term Obligation Activity

A summary of changes in long-term debt follows:

	Balance July 1, 2020	Increases	Decreases	Transfer	Balance June 30, 2021	Current Portion of Balance
Governmental Activities:						
Limited obligation bonds	\$ 146,169,422	\$ 20,850,000	\$ (11,461,000)	\$ 70,578	\$ 155,629,000	\$ 11,358,000
Add unamortized bond premium	14,038,698	3,950,016	(997,915)	-	16,990,799	997,915
Total limited obligation bonds	160,208,120	24,800,016	(12,458,915)	70,578	172,619,799	12,355,915
Other long-term obligations:						
Direct placement - installment purchases	10,057,144	-	(4,406,571)	2,578,000	8,228,573	1,828,571
Direct placement - installment contracts	3,000,000	-	(500,000)	-	2,500,000	500,000
Net pension liability (LGRS)	16,012,207	4,769,538	-	-	20,781,745	-
Compensated absences	3,166,682	1,179,286	(1,074,163)	-	3,271,805	327,181
Total OPEB liability	21,453,524	18,809,300	(1,494,719)	-	38,768,105	-
Total pension liability (LEOSSA)	5,212,267	2,627,000	-	-	7,839,267	-
Total governmental activities	<u>\$ 219,109,944</u>	<u>\$ 52,185,140</u>	<u>\$ (19,934,368)</u>	<u>\$ 2,648,578</u>	<u>\$ 254,009,294</u>	<u>\$ 15,011,667</u>
Business-Type Activities:						
Landfill:						
Direct placement - installment purchases	\$ 933,334	\$ -	\$ (133,333)	\$ -	\$ 800,001	\$ 133,333
Accrued landfill closure and post-closure care cost	1,095,659	-	(132,414)	-	963,245	132,414
Net pension liability (LGRS)	311,333	97,338	-	-	408,671	-
Total OPEB liability	206,782	417,215	(33,155)	-	590,842	-
Compensated absences	56,793	19,330	(25,792)	-	50,331	5,033
Total Landfill	<u>2,603,901</u>	<u>533,883</u>	<u>(324,694)</u>	<u>-</u>	<u>2,813,090</u>	<u>270,780</u>
Cane Creek Water and Sewer District:						
Limited obligation bonds	70,578	-	-	(70,578)	-	-
Direct placement - installment purchases	2,578,000	-	-	(2,578,000)	-	-
Total Cane Creek Water and Sewer District	<u>2,648,578</u>	<u>-</u>	<u>-</u>	<u>(2,648,578)</u>	<u>-</u>	<u>-</u>
Total business-type activities	<u>\$ 5,252,479</u>	<u>\$ 533,883</u>	<u>\$ (324,694)</u>	<u>\$ (2,648,578)</u>	<u>\$ 2,813,090</u>	<u>\$ 270,780</u>

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

The County transferred debt balances from Cane Creek Water and Sewer District to the governmental activities to close out the balances with the disposal of the district.

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Discretely Presented Component Unit:

	Balance July 1, 2020	Increases	Decreases	Balance June 30, 2021	Current Portion of Balance
Revenue bonds	\$ 18,073,040	\$ 1,368,337	\$ 2,608,745	\$ 16,832,632	\$ 3,508,311
Capitalized leases	1,639,021	-	741,468	897,553	734,412
Total	<u>\$ 19,712,061</u>	<u>\$ 1,368,337</u>	<u>\$ 3,350,213</u>	<u>\$ 17,730,185</u>	<u>\$ 4,242,723</u>

Capital Leases

The Hospital 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 date of their inception. The leases have bargain purchase options.

At June 30, 2021, the cost of assets held under capital leases was approximately \$3,823,000, less accumulated depreciation and amortization of approximately \$2,966,000.

Scheduled future debt service requirements of long-term debt for years subsequent to June 30, 2021 are as follows:

Year Ending June 30	Principal
2022	\$ 734,412
2023	163,141
Total minimum lease payments	<u>\$ 897,553</u>

Revenue Bonds

On September 4, 2013, the County issued a \$9,545,000 County of Henderson, North Carolina Hospital Revenue Refunding Bond, Series 2013 (the 2013 Bond) and loaned the proceeds to the Hospital. The proceeds of the Series 2013 Bond were used to refund the then outstanding Series 2008 Bond and Series 2010 Bond.

On December 18, 2014, the County issued a \$5,000,000 County of Henderson, North Carolina, Hospital Revenue Bond, Series 2014 (the 2014 Bond) and loaned the proceeds to the Hospital. The proceeds of the loan were used to provide funds for constructing and equipping facilities and pay costs related to bond issuance. The principal amount is payable annually through October 1, 2029 and interest is payable bi-annually at 2.45%.

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

On July 21, 2016, the County issued \$8,342,209 County of Henderson, North Carolina, Tax-Exempt Hospital Revenue Bonds, Series 2016A (the 2016A Bonds). Also, on July 21, 2016, the County issued \$8,657,791 County of Henderson, North Carolina Taxable Hospital Revenue Bonds, and Series 2016B (the 2016B Bonds). The proceeds of the 2016A Bonds and the 2016B Bonds were loaned to the Hospital to provide funds for constructing and equipping facilities and pay costs related to bonds issuance. The principal amount is payable annually through June 1, 2023 and interest is payable bi-annually at 1.62% for the 2016A Bonds. The principal amount is payable annually through June 1, 2031 and interest is payable bi-annually at 2.93% for the 2016B Bonds.

The master indenture and loan agreements underlying the bonds contain certain financial covenants including minimum long-term debt service coverage ratio and minimum days' cash on hand as well as a requirement to file the audit report within 180 days of period end. The Hospital has been in compliance with covenants as to rates, fees, and charges in Section 6.06 of the master trust indenture, which requires that the debt service ratio each fiscal year be no less than 1.20.

Annual debt service requirements to maturity for Hospital debt obligations are as follows:

Year Ending June 30	Principal	Interest
2022	\$ 3,508,311	\$ 399,499
2023	2,103,530	341,400
2024	1,316,045	312,302
2025	1,352,643	275,276
2026	1,391,079	237,203
2027-2031	7,161,024	581,053
Total	<u>\$ 16,832,632</u>	<u>\$ 2,146,733</u>

Net Investment in Capital Assets

Net investment in capital assets at June 30, 2021 is computed as follows:

	Governmental Activities	Business-Type Activities
Capital assets, net of accumulated depreciation	\$ 111,006,227	\$ 8,946,356
Long-term debt	(183,348,372)	(800,001)
Long-term debt for assets not owned by the County	138,794,973	-
Net investment in capital assets	<u>\$ 66,452,828</u>	<u>\$ 8,146,355</u>

Unspent debt proceeds of \$46,297,568 and deferred outflows - charge on refunding of \$1,428,283 are both related to schools and are not included in the net investment in capital assets calculation.

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Construction Commitments

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

Project	Remaining Commitment
Hendersonville High School project	\$ 16,417,989
BRCC Patton project	17,469,065
Total	<u>\$ 33,887,054</u>

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Interfund Balances and Activity

Transfers to/from other funds for the year ended June 30, 2021 consist of the following:

	Transfers		Purpose
	From	To	
General Capital Reserve Fund	\$ 132,715		
General Capital Projects Fund		\$ 132,715	Fund capital expansion
General Fund	1,351,058		
General Capital Projects Fund		1,351,058	Fund capital expansion
General Fund	275,605		
Public Transit Fund		275,605	Program contribution
General Fund	1,632,050		
HCPS-MRTS Capital Project Fund		1,632,050	Fund public school maintenance, repair, technology and safety costs
General Fund	800,000		
BRCC-MRTS Capital Project Fund		800,000	Fund BRCC maintenance, repair, technology and safety costs
General Fund	54,000		
Landfill Fund		54,000	Fund capital expansion
HCPS-MRTS Capital Project Fund	1,123,474		
School Capital Project Fund		1,123,474	Fund capital expansion
BRCC-MRTS Capital Project Fund	1,013,466		
School Capital Project Fund		1,013,466	Fund capital expansion
General Fund	5,000		
General Capital Reserve Fund		5,000	Fund reserve for future capital expansion
General Capital Reserve Fund	1,323,965		
General Fund		1,323,965	Fund capital projects
School Capital Projects Fund	225,683		
General Fund		225,683	Fund capital projects
Debt Service Fund	2,635,051		
General Fund		2,635,051	Fund debt service reserve
General Fund	311,829		
COVID-19 Fund	-	311,829	Fund expenditures eligible for FEMA
Total	<u>\$ 10,883,896</u>	<u>\$ 10,883,896</u>	

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

4. Joint Ventures

The County, in conjunction with the State of North Carolina and Henderson County Board of Education, participates in a joint venture to operate Blue Ridge Community College ("Community College"). Each of the three participants appoints four members of the 13-member Board of Trustees of the Community College. The President of the Community College's student government association serves as a non-voting, ex-officio member of the Board of Trustees. The Community College is included as a component unit of the State. The County has the basic responsibility for providing funding for the facilities of the Community College and also provides some financial support for the Community College's operations. In addition to providing annual appropriations for facilities, the County periodically issues general obligation bonds to provide financing for new and restructured facilities. The County has an ongoing financial responsibility for the Community College, because of the statutory responsibilities to provide funding for the Community College's facilities. The County contributed \$4,498,181 to the Community College for operational expenses during the fiscal year ended June 30, 2021. In addition, the County made debt service payments of \$2,302,992, including interest, during the year ended June 30, 2021, on limited obligation bonds and certificates of participation (COPs) issued for the Community College facilities. In addition, the County funded a newly implemented facilities Maintenance and Repair, Technology and Security Initiative for \$2,116,172 for approved projects of the Community College, of which \$1,013,466 was spent in FY21. The participating governments do not have any equity interest in the joint venture; therefore, no equity interest has been reflected in the County's financial statements at June 30, 2021. Complete financial statements for the Community College may be obtained from the Community College's administrative offices at Blue Ridge Community College, Flat Rock, North Carolina.

The County, in conjunction with 22 other counties, is a member of the Vaya Health Managed Care Organization (MCO), which provides mental health, development disability, and substance abuse services to residents of the twenty-three County area. Each participating government appoints members to the governing board of the MCO. The County has ongoing financial responsibility to provide maintenance of effort funding to assist in providing mental health services primarily within the County. The County contributed \$528,612 towards this maintenance of effort in the form of grants to service providers during the fiscal year ended June 30, 2021. None of the 23 participating governments has any equity interest in the LME, so no equity has been reflected in the financial statements at June 30, 2021. Complete financial statements for the LME may be obtained from the LME's administrative office at 200 Ridgefield Court, Asheville, North Carolina.

5. Jointly Governed Organization

The County, in conjunction with other counties and municipalities, established the Land of Sky Regional Council of Governments (Council). The participating governments established the Council to coordinate funding received from various federal and state agencies. Each participating government appoints one member to the Council's governing board.

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

6. Summary Disclosure of Significant Commitments and Contingencies

Federal and State-Assisted Programs

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

Coronavirus Disease (COVID-19)

During the fiscal year 2020, the World Health Organization declared the spread of Coronavirus Disease (COVID-19), a worldwide pandemic. The COVID-19 pandemic has had significant effects on global markets, supply chains, businesses, and communities. Specific to the County, COVID-19 may continue to impact various parts of its fiscal year 2021-22 operations and financial results. Management believes the County is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as events associated with the pandemic continue to develop.

7. Special Items

On June 17th, 2020, Henderson County entered into a Consolidation Agreement with the Metropolitan Sewerage District of Buncombe County (MSD) for the transfer of ownership of the Cane Creek Water and Sewer District to MSD, and the related responsibility to operate, maintain, repair, and replace the system. The transfer occurred on July 1, 2020. At the time of transfer, the total net position for the Cane Creek Water and Sewer Fund totaled \$19,936,419, the majority of which comprised of net investment in capital assets. MSD assumed all assets and liabilities for the water and sewer district, except debt of \$2,648,578 which was transferred to the Governmental Activities and paid off prior to June 30, 2021.

8. Subsequent Events

Henderson County was awarded \$22,806,876 from the Federal American Rescue Plan (ARP). Prior to year end the County received \$11,403,438. The remaining amount of \$11,403,438 is expected to be received within the next 12 months.

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

9. Change in Accounting Principle

The County implemented Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*, effective July 1, 2020. The statement establishes criteria for identifying fiduciary activities of all state and local governments and provides guidance on how to report fiduciary activities within the financial statements. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. The statement also describes four fiduciary funds that should be reported if criteria outlined in the statement are met: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. The use of agency funds was eliminated. The statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources.

As part of implementing the statement, the County performed a comprehensive review of its fiduciary relationships and applied the criteria within the guidance. As a result, fund balance and net position were restated as follows:

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Governmental Activities Net Position - Increase (Decrease)	General Fund Balance - Increase (Decrease)	Nonmajor Special Revenue Fund Balance - Increase (Decrease)	Fiduciary Net Position - Custodial Fund - Increase (Decrease)	
\$ -	\$ -	\$ -	\$ -	239,061
				Cash, taxes receivable and liabilities related to ad valorem and vehicle property taxes collected by the County on behalf of various municipalities were reclassified out of the Agency Fund into a newly created Municipal Tax Collections Custodial Fund. The portion of liabilities and attributable taxes receivable at the beginning of the year were restated as custodial net position.
-	-	-	-	83,049
				Cash and liabilities related to receipts collected by the county on behalf of the Cooperative Extension were reclassified out of the Agency Fund into a newly created Agriculture Custodial Fund. The portion of liabilities at the beginning of the year were restated as custodial net position.
-	-	-	-	110,529
				Cash and liabilities related to receipts collected by the county on behalf of the Firemen were reclassified out of the Agency Fund into a newly created Fireman's Association Custodial Fund. The portion of liabilities at the beginning of the year were restated as custodial net position.
-	-	-	-	37,516
				Cash and liabilities related to receipts collected by the county on behalf of the Henderson County Agri-Businesses were reclassified out of the Agency Fund into a newly created HC AG Business Custodial Fund. The portion of liabilities at the beginning of the year were restated as custodial net position.
-	-	-	-	82,063
				Cash and liabilities related to receipts collected by the county on behalf of the jail inmates commissary were reclassified out of the Agency Fund into a newly created Jail Inmate Commissary Custodial Fund. The portion of liabilities at the beginning of the year were restated as custodial net position.
-	-	-	-	8,014
				Cash and liabilities related to receipts collected by the county on behalf of victims of domestic violence were reclassified out of the Agency Fund into a newly created Domestic Violence Custodial Fund. The portion of liabilities at the beginning of the year were restated as custodial net position.
10,049	10,049	-	-	-
				Cash and liabilities related to the deed of trust fees collected required to be remitted to the State were reclassified out of the Agency Fund into the General Fund. The portion of liabilities in the Agency Fund representing cash available at the beginning of the year were restated as fund balance.
				Cash and receivables from fines and forfeitures, improvement guarantees, and under the Social Security Administration's Representative Payee Program net of liabilities owed were reclassified out of the Agency Fund into a newly created Miscellaneous Other Governmental Activities Special Revenue Fund. The portion of liabilities in the Agency Fund representing net cash available at the beginning of the year were restated as fund balance.
122,856	-	122,856	-	
<u>\$ 132,905</u>	<u>\$ 10,049</u>	<u>\$ 122,856</u>	<u>\$ 560,232</u>	

REQUIRED SUPPLEMENTAL FINANCIAL DATA

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

- Law Enforcement Officer’s Special Allowance – Schedule of Changes in Total Pension Liability
- Law Enforcement Officer’s Special Allowance – Schedule of Total Liability as a Percentage of Covered-Employee Payroll
- Schedule of Changes in the Total OPEB Liability and Related Ratios
- Local Government Employees’ Retirement System – Proportionate Share of Net Pension Liability (Asset)
- Local Government Employees’ Retirement System – Contributions
- Register of Deeds’ Supplemental Pension Fund – Proportionate Share of Net Pension Liability (Asset)
- Register of Deeds’ Supplemental Pension Fund - Contributions

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HENDERSON COUNTY, NORTH CAROLINA**SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY****LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE****REQUIRED SUPPLEMENTARY INFORMATION****LAST FIVE FISCAL YEARS**

	Law Enforcement Officers' Special Separation Allowance				
	2021	2020	2019	2018	2017
Beginning balance	\$ 5,212,267	\$ 4,735,595	\$ 4,644,992	\$ 4,561,820	\$ 4,609,945
Service cost	229,878	198,328	200,837	161,720	179,379
Interest on the total pension liability	164,898	166,301	141,245	169,905	159,386
Differences between expected and actual experience	627,325	309,396	263,037	(173,704)	-
Changes of assumptions or other inputs	1,912,980	136,434	(164,110)	245,524	(96,170)
Benefit payments	(308,081)	(333,787)	(350,406)	(320,273)	(290,720)
Ending balance of the total pension liability	<u>\$ 7,839,267</u>	<u>\$ 5,212,267</u>	<u>\$ 4,735,595</u>	<u>\$ 4,644,992</u>	<u>\$ 4,561,820</u>

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

Pension schedules are intended to show information for ten years.

Additional year's information will be displayed as it becomes available.

HENDERSON COUNTY, NORTH CAROLINA

SCHEDULE OF TOTAL LIABILITY AS A PERCENTAGE OF COVERED-EMPLOYEE PAYROLL
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
REQUIRED SUPPLEMENTARY INFORMATION
LAST FIVE FISCAL YEARS

	Law Enforcement Officers' Special Separation Allowance				
	2021	2020	2019	2018	2017
Total pension liability	\$ 7,839,267	\$ 5,212,267	\$ 4,735,595	\$ 4,644,992	\$ 4,561,820
Covered-employee payroll*	8,710,220	8,022,244	7,566,598	6,908,636	7,221,929
Total pension liability as a percentage of covered-employee payroll	90.00%	64.97%	62.59%	67.23%	63.17%

Notes to the Schedules:

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

Pension schedules are intended to show information for ten years.

Additional year's information will be displayed as it becomes available.

* Valuation payroll

HENDERSON COUNTY, NORTH CAROLINA

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS REQUIRED SUPPLEMENTARY INFORMATION LAST FOUR FISCAL YEARS

	Total OPEB Liability			
	2021	2020	2019	2018
Beginning balance	\$ 21,660,306	\$ 20,227,240	\$ 19,284,840	\$ 19,572,675
Service cost	1,073,501	997,087	955,028	1,023,125
Interest on TOL and cash flows	769,175	763,735	671,611	577,569
Changes of benefit terms	4,222,575	-	-	-
Differences between expected and actual experience	8,571,865	144,390	(211,456)	(171,424)
Changes of assumptions or other inputs	4,589,399	727,218	373,320	(942,686)
Benefit payments	(1,527,874)	(1,199,364)	(846,103)	(774,419)
Ending balance of the total OPEB liability	<u>\$ 39,358,947</u>	<u>\$ 21,660,306</u>	<u>\$ 20,227,240</u>	<u>\$ 19,284,840</u>
Covered-employee payroll	\$ 39,115,867	\$ 36,660,629	\$ 36,660,629	\$ 31,515,633
Total OPEB liability as a percentage of covered-employee payroll	100.62%	59.08%	55.17%	61.19%

Notes to Schedule:

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

Fiscal Year	Rate
2021	2.21%
2020	3.50%
2019	3.89%
2018	3.56%

HENDERSON COUNTY, NORTH CAROLINA

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

	Local Government Employees' Retirement System			
	2021	2020	2019	2018
County's proportion of the net pension liability (asset) (%)	0.59300%	0.59773%	0.58639%	0.56991%
County's proportion of the net pension liability (asset) (\$)	\$ 21,190,416	\$ 16,323,540	\$ 13,911,176	\$ 8,706,645
County's covered payroll	\$ 41,836,270	\$ 39,956,572	\$ 39,907,050	\$ 39,475,827
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	50.65%	40.85%	34.86%	22.06%
Plan fiduciary net position as a percentage of the total pension liability**	88.61%	90.86%	91.63%	94.18%

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

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

Pension schedules are intended to show information for ten years. Additional year's information will be displayed as it becomes available.

HENDERSON COUNTY, NORTH CAROLINA

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

	Local Government Employees' Retirement System			
	2017	2016	2015	2014
County's proportion of the net pension liability (asset) (%)	0.58474%	0.55923%	0.54613%	0.54613%
County's proportion of the net pension liability (asset) (\$)	\$ 12,410,141	\$ 2,509,790	\$ (3,220,780)	\$ 6,384,919
County's covered payroll	\$ 33,738,533	\$ 33,231,069	\$ 31,738,665	\$ 30,640,057
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	36.78%	7.55%	-10.15%	20.84%
Plan fiduciary net position as a percentage of the total pension liability**	91.47%	98.09%	102.64%	94.35%

HENDERSON COUNTY, NORTH CAROLINA

HENDERSON COUNTY'S CONTRIBUTIONS REQUIRED SUPPLEMENTARY INFORMATION LAST EIGHT FISCAL YEARS

Local Government Employees' Retirement System				
	2021	2020	2019	2018
Contractually required contribution	\$ 4,402,896	\$ 3,810,275	\$ 3,159,386	\$ 2,883,778
Contributions in relation to the contractually required contribution	<u>4,402,896</u>	<u>3,810,275</u>	<u>3,159,386</u>	<u>2,883,778</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered payroll	\$ 42,852,437	\$ 41,836,270	\$ 39,956,572	\$ 39,907,050
Contributions as a percentage of covered payroll	10.27%	9.11%	7.91%	7.23%

Pension schedules are intended to show information for ten years. Additional year's information will be displayed as it becomes available.

HENDERSON COUNTY, NORTH CAROLINA

HENDERSON COUNTY'S CONTRIBUTIONS REQUIRED SUPPLEMENTARY INFORMATION LAST EIGHT FISCAL YEARS

Local Government Employees' Retirement System				
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 2,763,724	\$ 2,291,770	\$ 2,356,655	\$ 2,246,169
Contributions in relation to the contractually required contribution	<u>2,763,724</u>	<u>2,291,770</u>	<u>2,356,655</u>	<u>2,246,169</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered payroll	\$ 39,475,827	\$ 33,738,533	\$ 33,231,069	\$ 31,738,665
Contributions as a percentage of covered payroll	7.00%	6.79%	7.09%	7.08%

HENDERSON COUNTY, NORTH CAROLINA

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

	Register of Deeds' Supplemental Pension Fund			
	2021	2020	2019	2018
County's proportion of the net pension liability (asset) (%)	1.31172%	1.21325%	1.38721%	1.42083%
County's proportion of the net pension liability (asset) (\$)	\$ (300,620)	\$ (239,520)	\$ (229,764)	\$ (242,521)
County's covered payroll	\$ 89,266	\$ 86,520	\$ 90,827	\$ 79,713
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	-336.77%	-276.84%	-252.97%	-304.24%
Plan fiduciary net position as a percentage of the total pension liability **	173.62%	164.11%	153.31%	153.77%

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

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

Pension schedules are intended to show information for ten years. Additional year's information will be displayed as it becomes available.

HENDERSON COUNTY, NORTH CAROLINA

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

	Register of Deeds' Supplemental Pension Fund			
	2017	2016	2015	2014
County's proportion of the net pension liability (asset) (%)	1.42155%	1.36491%	1.31871%	1.25345%
County's proportion of the net pension liability (asset) (\$)	\$ (265,773)	\$ (316,304)	\$ (298,899)	\$ (267,737)
County's covered payroll	\$ 73,231	\$ 73,416	\$ 69,039	\$ 68,676
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	-362.92%	-430.84%	-432.94%	-389.86%
Plan fiduciary net position as a percentage of the total pension liability **	160.17%	197.29%	193.88%	190.50%

HENDERSON COUNTY, NORTH CAROLINA

HENDERSON COUNTY'S CONTRIBUTIONS REQUIRED SUPPLEMENTARY INFORMATION LAST EIGHT FISCAL YEARS

Register of Deeds' Supplemental Pension Fund				
	2021	2020	2019	2018
Contractually required contribution	\$ 15,265	\$ 12,560	\$ 11,532	\$ 11,871
Contributions in relation to the contractually required contribution	<u>15,265</u>	<u>12,560</u>	<u>11,532</u>	<u>11,871</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered payroll	\$ 92,039	\$ 89,266	\$ 86,520	\$ 90,827
Contributions as a percentage of covered payroll	16.59%	14.07%	13.33%	13.07%

Pension schedules are intended to show information for ten years. Additional year's information will be displayed as it becomes available.

HENDERSON COUNTY, NORTH CAROLINA**HENDERSON COUNTY'S CONTRIBUTIONS
REQUIRED SUPPLEMENTARY INFORMATION
LAST EIGHT FISCAL YEARS**

Register of Deeds' Supplemental Pension Fund				
	2017	2016	2015	2014
Contractually required contribution	\$ 12,345	\$ 11,612	\$ 10,922	\$ 10,767
Contributions in relation to the contractually required contribution	<u>12,345</u>	<u>11,612</u>	<u>10,922</u>	<u>10,767</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered payroll	\$ 79,713	\$ 73,231	\$ 73,416	\$ 69,039
Contributions as a percentage of covered payroll	15.49%	15.86%	14.88%	15.60%

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SUPPLEMENTARY INFORMATION

**COMBINING AND INDIVIDUAL FUND FINANCIAL
STATEMENTS AND SCHEDULES**

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The General Fund

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

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HENDERSON COUNTY, NORTH CAROLINA

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2020**

	2021			2020
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Ad Valorem Taxes:				
Taxes - current		\$ 92,195,940		\$ 89,239,981
Penalties, interest, and advertising		411,322		438,166
Total	\$ 88,629,211	92,607,262	\$ 3,978,051	89,678,147
Local Option Sales Taxes:				
Article 39 one percent		14,552,457		12,467,379
Article 40 one-half of one percent		9,230,423		8,058,682
Article 42 one-half of one percent		8,206,064		7,028,891
Article 44 one-half of one percent		588,839		577,927
Medicaid hold harmless		3,705,455		3,090,819
Total	28,933,348	36,283,238	7,349,890	31,223,698
Other Taxes and Licenses:				
Deed stamp excise tax		1,413,338		950,604
Gross receipts rental tax		44,972		55,852
Privilege licenses		340,247		349,220
Occupancy tax		3,004,902		2,167,288
Total	4,403,021	4,803,459	400,438	3,522,964
Unrestricted Intergovernmental Revenues:				
Payment in lieu of taxes	50,000	58,798	8,798	59,153
Restricted Intergovernmental Revenues:				
Federal and state grants		16,341,013		15,982,865
Controlled substance tax		18,864		17,047
Court facility fee		76,225		92,538
ABC net revenues		93,336		250,016
ABC bottles taxes		100,736		39,085
Total	18,506,139	16,630,174	(1,875,965)	16,381,551
Permits and Fees:				
Inspection fees		1,510,274		1,724,513
Register of Deeds		721,115		570,738
Enforcement fees		214,667		129,431
Stormwater permit fees		-		4,785
Watershed fees		1,510		4,760
Total	1,853,425	2,447,566	594,141	2,434,227

HENDERSON COUNTY, NORTH CAROLINA

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2020**

	2021			2020
	Budget	Actual	Variance Over/Under	Actual
Sales and Services:				
Rents, concessions, and fees		3,602,889		3,843,903
Jail fees		335,181		466,111
Ambulance fees		3,095,238		3,680,093
Recreation fees		110,461		156,033
Total	<u>7,454,077</u>	<u>7,143,769</u>	<u>(310,308)</u>	<u>8,146,140</u>
Investment Earnings	<u>750,000</u>	<u>586,663</u>	<u>(163,337)</u>	<u>1,174,097</u>
Miscellaneous:				
Sale of materials		193,438		70,547
Other		4,026,953		2,962,983
Total	<u>4,371,481</u>	<u>4,220,391</u>	<u>(151,090)</u>	<u>3,033,530</u>
Total revenues	<u>154,950,702</u>	<u>164,781,320</u>	<u>9,830,618</u>	<u>155,653,507</u>
Expenditures:				
General Government:				
Governing Body:				
Salaries and employee benefits		296,740		257,946
Operating expenditures		304,505		138,488
Donations and dues		479,861		520,948
Total	<u>1,130,478</u>	<u>1,081,106</u>	<u>49,372</u>	<u>917,382</u>
Administration:				
Salaries and employee benefits		1,753,632		1,630,508
Operating expenditures		3,230,675		2,395,312
Total	<u>5,289,710</u>	<u>4,984,307</u>	<u>305,403</u>	<u>4,025,820</u>
Elections:				
Salaries and employee benefits		546,270		520,088
Operating expenditures		281,948		579,628
Total	<u>1,074,966</u>	<u>828,218</u>	<u>246,748</u>	<u>1,099,716</u>
Finance:				
Salaries and employee benefits		884,721		819,889
Operating expenditures		65,810		83,344
Total	<u>974,071</u>	<u>950,531</u>	<u>23,540</u>	<u>903,233</u>

HENDERSON COUNTY, NORTH CAROLINA

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2020**

	2021			2020
	Budget	Actual	Variance Over/Under	Actual
Taxes:				
Salaries and employee benefits		1,591,400		1,561,436
Operating expenditures		527,430		525,593
Total	2,438,612	2,118,830	319,782	2,087,029
Legal:				
Salaries and employee benefits		785,369		746,960
Contracted services		35,701		27,397
Total	852,231	821,070	31,161	774,357
Register of Deeds:				
Salaries and employee benefits		431,384		396,160
Operating expenditures		187,078		101,936
Total	679,112	618,462	60,650	498,096
Public Buildings:				
Salaries and employee benefits		1,340,041		1,303,685
Operating expenditures		2,496,520		2,613,276
Capital outlay		25,983		194,308
Total	4,747,631	3,862,544	885,087	4,111,269
Garage and Grounds:				
Salaries and employee benefits		296,722		369,488
Operating expenditures		89,557		64,227
Capital outlay		16,883		54,748
Total	547,021	403,162	143,859	488,463
Court Facilities:				
Operating expenditures		100,530		134,179
Total	153,000	100,530	52,470	134,179
Data Processing:				
Salaries and employee benefits		1,112,428		968,575
Operating expenditures		1,995,204		1,891,626
Capital outlay		17,319		109,819
Total	3,318,891	3,124,951	193,940	2,970,020
Wellness Clinic:				
Salaries and employee benefits		828,003		739,311
Operating expenditures		238,110		252,987
Total	1,129,004	1,066,113	62,891	992,298
Total general government	21,205,723	19,959,824	2,374,903	19,001,862

HENDERSON COUNTY, NORTH CAROLINA

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2020**

	2021			2020
	Budget	Actual	Variance Over/Under	Actual
Public Safety:				
Sheriff and Communications:				
Salaries and employee benefits		15,221,660		14,493,848
Operating expenditures		2,169,212		2,144,929
Capital outlay		731,706		844,464
Total	19,105,823	18,122,578	983,245	17,483,241
Jail:				
Salaries and employee benefits		3,827,459		3,625,541
Operating expenditures		1,132,935		1,241,156
Capital outlay		26,642		-
Total	5,787,896	4,987,036	800,860	4,866,697
Emergency Management:				
Salaries and employee benefits		321,848		270,857
Operating expenditures		312,851		226,855
Capital outlay		8,000		137,856
Total	734,336	642,699	91,637	635,568
Fire Services:				
Salaries and employee benefits		460,388		469,258
Operating expenditures		206,041		220,860
Capital outlay		-		26,025
Total	756,189	666,429	89,760	716,143
Inspections:				
Salaries and employee benefits		938,692		917,386
Operating expenditures		103,392		102,112
Capital outlay		-		26,784
Total	1,096,817	1,042,084	54,733	1,046,282
Code Enforcement Services:				
Salaries and employee benefits		213,497		255,820
Operating expenditures		27,335		33,549
Total	316,878	240,832	76,046	289,369
Erosion Control:				
Salaries and employee benefits		186,342		(1,063)
Operating expenditures		3,700		-
Total	209,673	190,042	19,631	(1,063)

HENDERSON COUNTY, NORTH CAROLINA

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2020**

	2021			2020
	Budget	Actual	Variance Over/Under	Actual
Emergency Medical Services:				
Salaries and employee benefits		4,797,466		5,609,885
Operating expenditures		720,196		640,343
Capital outlay		630,174		614,746
Total	7,351,868	6,147,836	1,204,032	6,864,974
Animal Control:				
Salaries and employee benefits		504,693		484,661
Operating expenditures		141,628		169,127
Total	726,217	646,321	79,896	653,788
Rescue Squad:				
Operating expenditures		381,360		281,361
Total	381,360	381,360	-	281,361
Total public safety	37,596,061	33,067,217	3,399,840	32,836,360
Environmental Protection:				
Soil and Water Conservation:				
Salaries and employee benefits		341,171		323,466
Operating expenditures		46,431		183,377
Total	761,931	387,602	374,329	506,843
Forestry Service	107,855	65,076	42,779	27,339
Total environmental protection	869,786	452,678	417,108	534,182
Economic and Physical Development:				
Planning:				
Salaries and employee benefits		583,006		584,629
Operating expenditures		32,062		21,846
Total	771,424	615,068	156,356	606,475
Agricultural Extension:				
Salaries and employee benefits		375,684		384,246
Operating expenditures		65,790		62,014
Total	471,342	441,474	29,868	446,260
Land Records Management:				
Salaries and employee benefits		243,661		410,072
Operating expenditures		4,604		14,112
Capital outlay		25,285		-
Total	278,506	273,550	4,956	424,184

HENDERSON COUNTY, NORTH CAROLINA

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2020**

	2021			2020
	Budget	Actual	Variance Over/Under	Actual
Agri-Business Development:				
Salaries and employee benefits		163,231		153,262
Operating expenditures		37,689		53,109
Total	202,073	200,920	1,153	206,371
Other Transfers:				
Heritage museum	100,000	100,000	-	100,000
Economic development contracts	9,856,479	1,264,510	8,591,969	854,247
Total	9,956,479	1,364,510	8,591,969	954,247
Total economic and physical development	11,679,824	2,895,522	8,784,302	2,637,537
Human Services:				
Health:				
General and Administration:				
Salaries and employee benefits		6,067,046		5,688,127
Operating expenditures		1,342,705		1,077,143
Capital outlay		51,115		59,801
Total	10,505,057	7,460,866	3,044,191	6,825,071
Total public health	10,505,057	7,460,866	3,044,191	6,825,071
Environmental Health:				
Salaries and employee benefits		1,136,675		1,091,110
Operating expenditures		53,095		83,057
Capital outlay		41,137		24,092
Total	1,426,537	1,230,907	195,630	1,198,259
Home and Community Block Grant:				
Operating expenditures		883,415		850,402
Total	883,415	883,415	-	850,402
Medical Services:				
Operating expenditures		110,550		69,200
Total	110,550	110,550	-	69,200
Social Services:				
Mental Health:				
Operating expenditures		528,612		528,612
Total	528,612	528,612	-	528,612

HENDERSON COUNTY, NORTH CAROLINA

GENERAL FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2021 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2020

	2021			2020
	Budget	Actual	Variance Over/Under	Actual
Administration:				
Salaries and employee benefits		12,286,756		11,887,988
Operating expenditures		1,649,454		1,325,295
Capital outlay		-		12,644
Total	15,097,398	13,936,210	1,161,188	13,225,927
TANF Program:				
County participation only	1,000	363	637	-
Income Maintenance Program:				
Supplemental aid to the aged		231,121		289,994
Supplemental aid to the disabled		499,201		516,057
Crisis intervention payments		205,025		212,810
Total	1,653,467	935,347	718,120	1,018,861
LIEAP Operations:				
LIEAP Operations	454,950	433,032	21,918	327,122
Foster Care:				
State boarding home		526,533		510,033
Foster care - children		571,499		432,766
Adoption assistance		296,369		328,577
Total	1,383,400	1,394,401	(11,001)	1,271,376
Other Assistance:				
Social work contracts	163,888	151,751	12,137	119,435
Medicaid transportation	50,000	19,281	30,719	28,981
Aid to the blind	10,500	7,506	2,994	7,201
Adult day care	86,256	58,120	28,136	77,840
General assistance	101,000	67,406	33,594	59,998
JOBS program	15,000	286	14,714	2,859
EDTAP program	196,095	12,400	183,695	209,124
Emergency assistance	3,500	3,173	327	3,208
Other assistance	586,434	341,517	244,917	286,782
Total	1,212,673	661,440	551,233	795,428
Total social services	20,331,500	17,889,405	2,442,095	17,167,326

HENDERSON COUNTY, NORTH CAROLINA

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2020**

	2021			2020
	Budget	Actual	Variance Over/Under	Actual
Veteran Services:				
Salaries and employee benefits		50,041		44,653
Operating expenditures		1,882		2,271
Total	58,817	51,923	6,894	46,924
Juvenile Justice Grant:				
Operating expenditures	317,622	311,152	6,470	285,105
Total human services	33,633,498	27,938,218	5,695,280	26,442,287
Cultural and Recreational:				
Library:				
Salaries and employee benefits		2,442,396		2,479,603
Operating expenditures		617,433		699,874
Total	3,439,506	3,059,829	379,677	3,179,477
Parks and Recreation:				
Salaries and employee benefits		1,186,942		1,192,485
Operating expenditures		648,538		652,974
Capital outlay		161,032		25,767
Total	2,474,354	1,996,512	477,842	1,871,226
Total cultural and recreational	5,913,860	5,056,341	857,519	5,050,703
Intergovernmental:				
Education:				
Public schools - current expense		28,928,000		28,328,000
Public schools - capital expense		1,900,000		1,500,000
Community colleges - capital expense		4,498,181		4,298,181
Total education	35,326,181	35,326,181	-	34,126,181
Debt Service:				
Principal	16,367,575	16,367,571	4	12,503,845
Interest	6,525,165	6,515,232	9,933	4,232,069
Total debt service	22,892,740	22,882,803	9,937	16,735,914
Total expenditures	169,117,673	147,578,784	21,538,889	137,365,026
Revenues over (under) expenditures	(14,166,971)	17,202,536	31,369,507	18,288,481

HENDERSON COUNTY, NORTH CAROLINA

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2020**

	<u>2021</u>			<u>2020</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
Other Financing Sources (Uses):				
Transfers in	4,085,665	4,184,699	99,034	1,154,962
Transfers (out)	(4,429,542)	(4,429,542)	-	(12,048,535)
Appropriated fund balance	14,510,848	-	(14,510,848)	-
Total other financing sources (uses)	<u>14,166,971</u>	<u>(244,843)</u>	<u>(14,411,814)</u>	<u>(10,893,573)</u>
Net changes in fund balance	<u>\$ -</u>	<u>16,957,693</u>	<u>\$ 16,957,693</u>	<u>7,394,908</u>
Fund Balance:				
Fund balance - beginning, as previously reported		63,349,613		55,954,705
Prior period adjustment - change in accounting principle		<u>10,049</u>		<u>-</u>
Fund balance - beginning, as restated		<u>63,359,662</u>		<u>55,954,705</u>
End of year - June 30		<u>\$ 80,317,355</u>		<u>\$ 63,349,613</u>

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Other Major Governmental Funds

General Capital Projects Fund – accounts for the financial resources to be used for acquisition and construction for major capital facilities and capital projects within the county.

School Capital Projects Fund – accounts for local funds and financing proceeds used to fund County School construction projects.

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HENDERSON COUNTY, NORTH CAROLINA

GENERAL CAPITAL PROJECTS FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2021

		Actual		
	Project Authorization	Prior Years	Current Year	Total to Date
Revenues:				
Restricted intergovernmental revenues	\$ 1,705,229	\$ 868,653	\$ 36,779	\$ 905,432
Investment earnings	127,952	127,905	692	128,597
Miscellaneous	234,838	470,339	54,077	524,416
Total	<u>2,068,019</u>	<u>1,466,897</u>	<u>91,548</u>	<u>1,558,445</u>
Expenditures:				
General government	<u>46,523,240</u>	<u>17,924,131</u>	<u>8,370,888</u>	<u>26,295,019</u>
Debt Service:				
Interest and fees	<u>314,951</u>	<u>235,494</u>	<u>79,457</u>	<u>314,951</u>
Total expenditures	<u>46,838,191</u>	<u>18,159,625</u>	<u>8,450,345</u>	<u>26,609,970</u>
Revenues over (under) expenditures	<u>(44,770,172)</u>	<u>(16,692,728)</u>	<u>(8,358,797)</u>	<u>(25,051,525)</u>
Other Financing Sources (Uses):				
Transfers (out):				
To General Fund	(586,069)	(291,555)	(225,683)	(517,238)
Transfers in:				
From General Fund	4,498,527	5,804,453	1,351,058	7,155,511
From Capital Reserve Fund	401,265	493,550	132,715	626,265
From Public Transit Fund	296,977	296,977	-	296,977
Total transfers in (out)	<u>4,610,700</u>	<u>6,303,425</u>	<u>1,258,090</u>	<u>7,561,515</u>
Debt issued	33,325,000	12,475,000	20,850,000	33,325,000
Bond premium	5,315,686	1,365,670	3,950,016	5,315,686
Appropriated fund balance	1,518,786	-	-	-
Total other financing sources (uses)	<u>44,770,172</u>	<u>20,144,095</u>	<u>26,058,106</u>	<u>46,202,201</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 3,451,367</u>	17,699,309	<u>\$ 21,150,676</u>
Fund Balance:				
Beginning of year - July 1			<u>2,840,112</u>	
End of year - June 30			<u>\$ 20,539,421</u>	

HENDERSON COUNTY, NORTH CAROLINA
MAJOR - SCHOOL CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2021

		Actual		
	Project Authorization	Prior Years	Current Year	Total to Date
Revenues:				
Investment earnings	\$ -	\$ 585,993	\$ 12,087	\$ 598,080
Miscellaneous	-	387,023	437,437	824,460
Total revenues	-	973,016	449,524	1,422,540
Expenditures:				
Capital outlay:				
General education	96,785,797	43,125,149	29,841,677	72,966,826
Debt Service:				
Interest and fees	526,366	526,366	-	526,366
Total expenditures	97,312,163	43,651,515	29,841,677	73,493,192
Revenues over (under) expenditures	(97,312,163)	(42,678,499)	(29,392,153)	(72,070,652)
Other Financing Sources (Uses):				
Installment financing issued	24,225,000	24,225,000	-	24,225,000
Bonds issued	52,525,000	52,525,000	-	52,525,000
Bond premiums issued	10,496,830	10,496,830	-	10,496,830
Transfers in:				
From Capital Reserve Fund	250,850	250,850	-	250,850
From HCPS-MRTS Project Fund	6,302,810	3,609,666	1,123,474	4,733,140
From BRCC-MRTS Project Fund	3,511,673	1,395,501	1,013,466	2,408,967
Total other financing sources (uses)	97,312,163	92,502,847	2,136,940	94,639,787
Net change in fund balance	\$ -	\$ 49,824,348	(27,255,213)	\$ 22,569,135
Fund Balance:				
Beginning of year - July 1			50,153,777	
End of year - June 30			\$ 22,898,564	

Nonmajor Governmental Funds

Special Revenue Funds – account for the proceeds of special revenue sources that are legally restricted to expenditure for specific purposes.

Revaluation Reserve Fund – accounts for the accumulation of funds necessary to cover the cost of real property revaluation.

Emergency Telephone Systems Fund (E-911) – accounts for the funds received for the operation of the County’s Emergency 911 Communications Center.

Public Transit Fund – accounts for federal and state grant funds and local government contributions used to provide public transportation services in the County.

Fire Districts Fund – accounts for the collection and distribution of real property and registered motor vehicle taxes for the fire districts

Miscellaneous Other Governmental Activities Fund – accounts for the collections of improvement guarantees, fines and forfeitures, and DSS Representative Payees within the County.

Capital Project Funds – account for financial resources to be used for acquisition and construction for major capital facilities.

General Capital Reserve Fund – accounts for the accumulation of undedicated resources to fund future projects of the County.

HCPS – MRTS Capital Project Fund – accounts for the financial resources to be used for the maintenance, repair, security and technology initiative for the Henderson County Public Schools

BRCC – MRTS Capital Project Fund – accounts for the financial resources to be used for the maintenance, repair, security and technology initiative for the Blue Ridge Community College

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HENDERSON COUNTY, NORTH CAROLINA

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2021

	Nonmajor Special Revenue Funds	Nonmajor Capital Project Funds	Debt Service Fund	Total Nonmajor Governmental Funds
Assets:				
Cash and investments	\$ 2,009,107	\$ 6,466,177	\$ 5,447,468	\$ 13,922,752
Accounts receivable, net	1,178,695	-	-	1,178,695
Restricted cash	1,993,765	-	-	1,993,765
Total assets	<u>\$ 5,181,567</u>	<u>\$ 6,466,177</u>	<u>\$ 5,447,468</u>	<u>\$ 17,095,212</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable and accrued liabilities	\$ 347,397	\$ -	\$ -	\$ 347,397
Liabilities to be paid from restricted assets	16,713	-	-	16,713
Total liabilities	<u>364,110</u>	<u>-</u>	<u>-</u>	<u>364,110</u>
Deferred Inflows of Resources:				
Prepaid taxes	2,452	-	-	2,452
Unavailable revenues	1,028,533	-	-	1,028,533
Total deferred inflows of resources	<u>1,030,985</u>	<u>-</u>	<u>-</u>	<u>1,030,985</u>
Fund Balances:				
Restricted:				
Stabilization by state statute	150,162	-	-	150,162
Restricted, all other	2,084,349	-	-	2,084,349
Committed	1,688,964	6,466,177	5,447,468	13,602,609
Unassigned	(137,003)	-	-	(137,003)
Total fund balances	<u>3,786,472</u>	<u>6,466,177</u>	<u>5,447,468</u>	<u>15,700,117</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 5,181,567</u>	<u>\$ 6,466,177</u>	<u>\$ 5,447,468</u>	<u>\$ 17,095,212</u>

HENDERSON COUNTY, NORTH CAROLINA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2021

	Nonmajor Special Revenue Funds	Nonmajor Capital Project Funds	Debt Service Fund	Total Nonmajor Governmental Funds
Revenues:				
Ad valorem taxes	\$ 12,707,478	\$ -	\$ -	\$ 12,707,478
Restricted intergovernmental revenues	358,735	-	-	358,735
Sales and services	686,053	-	-	686,053
Investment earnings	24,482	-	-	24,482
Miscellaneous	693,176	-	-	693,176
Total revenues	<u>14,469,924</u>	<u>-</u>	<u>-</u>	<u>14,469,924</u>
Expenditures:				
Current:				
General government	765,147	-	-	765,147
Public safety	12,084,336	-	-	12,084,336
Economic and physical development	817,937	-	-	817,937
Human services	287,262	-	-	287,262
Education	255,005	-	-	255,005
Total expenditures	<u>14,209,687</u>	<u>-</u>	<u>-</u>	<u>14,209,687</u>
Revenues over (under) expenditures	<u>260,237</u>	<u>-</u>	<u>-</u>	<u>260,237</u>
Other Financing Sources (Uses):				
Transfers from:				
General Fund	275,605	2,437,050	(2,635,051)	77,604
Transfers to:				
General Capital Projects Fund	-	(132,715)	-	(132,715)
School Capital Projects Fund	-	(2,136,940)	-	(2,136,940)
General Fund	-	(1,323,965)	-	(1,323,965)
Total other financing sources (uses)	<u>275,605</u>	<u>(1,156,570)</u>	<u>(2,635,051)</u>	<u>(3,516,016)</u>
Net change in fund balances	<u>535,842</u>	<u>(1,156,570)</u>	<u>(2,635,051)</u>	<u>(3,255,779)</u>
Fund Balances:				
Fund balance - beginning, as previously reported	3,127,774	7,622,747	8,082,519	18,833,040
Prior period adjustment - change in accounting principle	<u>122,856</u>	<u>-</u>	<u>-</u>	<u>122,856</u>
Fund balance - beginning, as restated	<u>3,250,630</u>	<u>7,622,747</u>	<u>8,082,519</u>	<u>18,955,896</u>
End of year - June 30	<u>\$ 3,786,472</u>	<u>\$ 6,466,177</u>	<u>\$ 5,447,468</u>	<u>\$ 15,700,117</u>

HENDERSON COUNTY, NORTH CAROLINA

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2021

	Nonmajor Special Revenue Funds					
	Revaluation Reserve Fund	Emergency Telephone System Fund (E-911)	Public Transit Fund	Fire Districts Fund	Miscellaneous Other Governmental Activities Fund	Totals June 30, 2021
Assets:						
Cash and investments	\$ -	\$ 526,068	\$ 1,405,909	\$ 77,130	\$ -	\$ 2,009,107
Accounts receivable, net	-	57,171	1,032,421	89,103	-	1,178,695
Restricted cash	1,705,677	-	-	-	288,088	1,993,765
Total assets	<u>\$ 1,705,677</u>	<u>\$ 583,239</u>	<u>\$ 2,438,330</u>	<u>\$ 166,233</u>	<u>\$ 288,088</u>	<u>\$ 5,181,567</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:						
Liabilities:						
Accounts payable and accrued liabilities	\$ -	\$ 6,195	\$ 117,348	\$ 211,681	\$ 12,173	\$ 347,397
Liabilities to be paid from restricted assets	16,713	-	-	-	-	16,713
Total liabilities	<u>16,713</u>	<u>6,195</u>	<u>117,348</u>	<u>211,681</u>	<u>12,173</u>	<u>364,110</u>
Deferred Inflows of Resources:						
Prepaid taxes	-	-	-	2,452	-	2,452
Unavailable revenues	-	-	1,028,533	-	-	1,028,533
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>1,028,533</u>	<u>2,452</u>	<u>-</u>	<u>1,030,985</u>
Fund Balances:						
Restricted:						
Stabilization by state statute	-	57,171	3,888	89,103	-	150,162
Restricted, all other	-	519,873	1,288,561	-	275,915	2,084,349
Committed	1,688,964	-	-	-	-	1,688,964
Unassigned	-	-	-	(137,003)	-	(137,003)
Total fund balances	<u>1,688,964</u>	<u>577,044</u>	<u>1,292,449</u>	<u>(47,900)</u>	<u>275,915</u>	<u>3,786,472</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,705,677</u>	<u>\$ 583,239</u>	<u>\$ 2,438,330</u>	<u>\$ 166,233</u>	<u>\$ 288,088</u>	<u>\$ 5,181,567</u>

HENDERSON COUNTY, NORTH CAROLINA

**NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2021**

	Nonmajor Special Revenue Funds					
	Revaluation Reserve Fund	Emergency Telephone System Fund (E-911)	Public Transit Fund	Fire Districts Fund	Miscellaneous Other Governmental Activities Fund	Totals June 30, 2021
Revenues:						
Ad valorem taxes	\$ 1,076,716	\$ -	\$ -	\$ 11,630,762	\$ -	\$ 12,707,478
Restricted intergovernmental revenues	-	-	358,735	-	-	358,735
Sales and services	-	686,053	-	-	-	686,053
Investment earnings	18,170	3,840	-	322	2,150	24,482
Miscellaneous	-	-	-	-	693,176	693,176
Total revenues	<u>1,094,886</u>	<u>689,893</u>	<u>358,735</u>	<u>11,631,084</u>	<u>695,326</u>	<u>14,469,924</u>
Expenditures:						
Current:						
General government	765,147	-	-	-	-	765,147
Public safety	-	406,484	-	11,677,852	-	12,084,336
Economic and physical development	-	-	817,937	-	-	817,937
Human Services	-	-	-	-	287,262	287,262
Education	-	-	-	-	255,005	255,005
Total expenditures	<u>765,147</u>	<u>406,484</u>	<u>817,937</u>	<u>11,677,852</u>	<u>542,267</u>	<u>14,209,687</u>
Revenues over (under) expenditures	329,739	283,409	(459,202)	(46,768)	153,059	260,237
Other Financing Sources (Uses):						
Transfers from:						
General Fund	-	-	275,605	-	-	275,605
Net change in fund balances	<u>329,739</u>	<u>283,409</u>	<u>(183,597)</u>	<u>(46,768)</u>	<u>153,059</u>	<u>535,842</u>
Fund Balances:						
Fund balance - beginning, as previously reported	1,359,225	293,635	1,476,046	(1,132)	-	3,127,774
Prior period adjustment - change in accounting principle	-	-	-	-	122,856	122,856
Fund balance - beginning, as restated	<u>1,359,225</u>	<u>293,635</u>	<u>1,476,046</u>	<u>(1,132)</u>	<u>122,856</u>	<u>3,250,630</u>
End of year - June 30	<u>\$ 1,688,964</u>	<u>\$ 577,044</u>	<u>\$ 1,292,449</u>	<u>\$ (47,900)</u>	<u>\$ 275,915</u>	<u>\$ 3,786,472</u>

HENDERSON COUNTY, NORTH CAROLINA**REVALUATION RESERVE FUND****SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES****IN FUND BALANCE - BUDGET AND ACTUAL****FOR THE YEAR ENDED JUNE 30, 2021****WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2020**

	2021			2020
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Ad valorem taxes	\$ 1,076,716	\$ 1,076,716	\$ -	\$ 1,249,657
Investment earnings	-	18,170	18,170	21,851
Total revenues	<u>1,076,716</u>	<u>1,094,886</u>	<u>18,170</u>	<u>1,271,508</u>
Expenditures:				
Current:				
General government	<u>1,076,716</u>	<u>765,147</u>	<u>311,569</u>	<u>838,654</u>
Net change in fund balance	<u>\$ -</u>	<u>329,739</u>	<u>\$ 329,739</u>	<u>432,854</u>
Fund Balance:				
Beginning of year - July 1		<u>1,359,225</u>		<u>926,371</u>
End of year - June 30		<u>\$ 1,688,964</u>		<u>\$ 1,359,225</u>

HENDERSON COUNTY, NORTH CAROLINA

EMERGENCY TELEPHONE SYSTEM FUND (E-911)
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2020

	2021			2020
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Investment earnings	\$ -	\$ 3,840	\$ 3,840	\$ 7,172
Subscriber charges	686,053	686,053	-	667,564
Total revenues	686,053	689,893	3,840	674,736
Expenditures:				
Current:				
Public safety	736,053	406,484	329,569	714,932
Revenues over (under) expenditures	(50,000)	283,409	333,409	(40,196)
Other Financing Sources (Uses):				
Appropriated fund balance	50,000	-	(50,000)	-
Net change in fund balance	\$ -	283,409	\$ 283,409	(40,196)
Fund Balance:				
Beginning of year - July 1		293,635		333,831
End of year - June 30		\$ 577,044		\$ 293,635
PSAP Reconciliation:				
Amounts reported on the Emergency Telephone System Fund budget to actual are different from the PSAP revenue - expenditure report because:				
Ending fund balance, reported on budget to actual		\$ 577,044		
Cumulative prior period revenues and expenditures not reported in the fund (difference in beginning fund balance - budget to actual vs. revised PSAP report)		(44,793)		
Ending balance, PSAP revenue - expenditure report		\$ 532,251		

HENDERSON COUNTY, NORTH CAROLINA**PUBLIC TRANSIT FUND****SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES****IN FUND BALANCE - BUDGET AND ACTUAL****FOR THE YEAR ENDED JUNE 30, 2021****WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2020**

	2021			2020
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Restricted intergovernmental	\$ 1,250,076	\$ 358,735	\$ (891,341)	\$ 648,941
Expenditures:				
Current:				
Economic and physical development	1,832,765	817,937	1,014,828	729,118
Revenues over (under) expenditures	(582,689)	(459,202)	123,487	(80,177)
Other Financing Sources (Uses):				
Transfers out:				
To General Capital Projects Fund	-	-	-	(296,977)
Transfers in:				
General Fund	275,605	275,605	-	259,799
Appropriated fund balance	307,084	-	(307,084)	-
Total other financing sources (uses)	582,689	275,605	(307,084)	(37,178)
Net change in fund balance	\$ -	(183,597)	\$ (183,597)	(117,355)
Fund Balance:				
Beginning of year - July 1		1,476,046		1,593,401
End of year - June 30		\$ 1,292,449		\$ 1,476,046

HENDERSON COUNTY, NORTH CAROLINA**FIRE DISTRICTS FUND****SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES****IN FUND BALANCE - BUDGET AND ACTUAL****FOR THE YEAR ENDED JUNE 30, 2021****WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2020**

	<u>2021</u>			<u>2020</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
Revenues:				
Ad valorem taxes	\$ 11,662,519	\$ 11,630,762	\$ (31,757)	\$ 11,285,046
Investment earnings	<u>19,950</u>	<u>322</u>	<u>(19,628)</u>	<u>1,138</u>
Total revenues	<u>11,682,469</u>	<u>11,631,084</u>	<u>(51,385)</u>	<u>11,286,184</u>
Expenditures:				
Current:				
Public safety	<u>11,682,469</u>	<u>11,677,852</u>	<u>4,617</u>	<u>11,287,316</u>
Net change in fund balance	<u>\$ -</u>	<u>(46,768)</u>	<u>\$ (46,768)</u>	<u>(1,132)</u>
Fund Balance:				
Beginning of year - July 1		<u>(1,132)</u>		<u>-</u>
End of year - June 30		<u>\$ (47,900)</u>		<u>\$ (1,132)</u>

HENDERSON COUNTY, NORTH CAROLINA

MISCELLANEOUS OTHER GOVERNMENTAL ACTIVITIES FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021

	2021		
	Budget	Actual	Variance Over/Under
Revenues:			
Improvement guarantees	\$ 137,031	\$ 137,031	\$ -
Representative payee revenues	274,494	300,240	25,746
Fines and forfeitures	274,957	255,905	(19,052)
Investment earnings	6,116	2,150	(3,966)
Total revenues	<u>692,598</u>	<u>695,326</u>	<u>2,728</u>
Expenditures:			
Current:			
General government	594,959	-	594,959
Human services	323,440	287,262	36,178
Education	<u>275,457</u>	<u>255,005</u>	<u>20,452</u>
Total expenditures	<u>1,193,856</u>	<u>542,267</u>	<u>651,589</u>
Revenues over (under) expenditures	<u>(501,258)</u>	<u>153,059</u>	<u>654,317</u>
Other Financing Sources (Uses):			
Appropriated fund balance	<u>501,258</u>	<u>-</u>	<u>(501,258)</u>
Net change in fund balance	<u>\$ -</u>	<u>153,059</u>	<u>\$ 153,059</u>
Fund Balance:			
Fund balance - beginning, as previously reported		-	
Prior period adjustment - change in accounting principle		<u>122,856</u>	
Fund balance - beginning, as restated		<u>122,856</u>	
End of year - June 30		<u>\$ 275,915</u>	

HENDERSON COUNTY, NORTH CAROLINA**NONMAJOR CAPITAL PROJECT FUNDS****COMBINING BALANCE SHEET****JUNE 30, 2021**

	Nonmajor Capital Project Funds			
	General Capital Reserve Fund	HCPS- MRTS Fund	BRCC- MRTS Fund	Totals June 30, 2021
Assets:				
Cash and investments	\$ 3,391,634	\$ 1,569,670	\$ 1,504,873	\$ 6,466,177
Fund Balances:				
Committed	\$ 3,391,634	\$ 1,569,670	\$ 1,504,873	\$ 6,466,177

HENDERSON COUNTY, NORTH CAROLINA

NONMAJOR CAPITAL PROJECT FUNDS COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES FOR THE YEAR ENDED JUNE 30, 2021

	Nonmajor Capital Project Funds			
	General Capital Reserve Fund	HCPS- MRTS Fund	BRCC- MRTS Fund	Totals June 30, 2021
Other Financing Sources (Uses):				
Transfers from:				
General Fund	\$ 5,000	\$ 1,632,050	\$ 800,000	\$ 2,437,050
Transfers to:				
General Capital Projects Fund	(132,715)	-	-	(132,715)
School Capital Projects Fund	-	(1,123,474)	(1,013,466)	(2,136,940)
General Fund	(1,323,965)	-	-	(1,323,965)
Total other financing sources (uses)	<u>(1,451,680)</u>	<u>508,576</u>	<u>(213,466)</u>	<u>(1,156,570)</u>
Net change in fund balances	(1,451,680)	508,576	(213,466)	(1,156,570)
Fund Balances:				
Beginning of year - July 1	<u>4,843,314</u>	<u>1,061,094</u>	<u>1,718,339</u>	<u>7,622,747</u>
End of year - June 30	<u>\$ 3,391,634</u>	<u>\$ 1,569,670</u>	<u>\$ 1,504,873</u>	<u>\$ 6,466,177</u>

HENDERSON COUNTY, NORTH CAROLINA**GENERAL CAPITAL RESERVE FUND****SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES****IN FUND BALANCE - BUDGET AND ACTUAL****FOR THE YEAR ENDED JUNE 30, 2021****WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2020**

	2021			2020
	Budget	Actual	Variance Over/Under	Actual
Other Financing Sources (Uses):				
Transfers out:				
To General Fund	\$ (1,325,857)	\$ (1,323,965)	\$ 1,892	\$ (963,707)
To General Capital Projects Fund	(132,715)	(132,715)	-	(118,550)
Transfers in:				
From General Fund	5,000	5,000	-	1,756,920
Appropriated fund balance	<u>1,453,572</u>	<u>-</u>	<u>(1,453,572)</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>(1,451,680)</u>	<u>(1,451,680)</u>	<u>674,663</u>
Net change in fund balance	<u>\$ -</u>	<u>(1,451,680)</u>	<u>\$ (1,451,680)</u>	<u>674,663</u>
Fund Balance:				
Beginning of year - July 1		<u>4,843,314</u>		<u>4,168,651</u>
End of year - June 30		<u>\$ 3,391,634</u>		<u>\$ 4,843,314</u>

HENDERSON COUNTY, NORTH CAROLINA**HCPS - MRTS CAPITAL PROJECT FUND****SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES****IN FUND BALANCE - BUDGET AND ACTUAL****FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2021**

		<u>Actual</u>		
	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>
Other Financing Sources (Uses):				
Transfers in:				
From General Fund	\$ 6,302,810	\$ 4,670,760	\$ 1,632,050	\$ 6,302,810
Transfers out:				
To Schools Capital Projects Fund	<u>(6,302,810)</u>	<u>(3,609,666)</u>	<u>(1,123,474)</u>	<u>(4,733,140)</u>
Total other financing sources (uses)	<u>-</u>	<u>1,061,094</u>	<u>508,576</u>	<u>1,569,670</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 1,061,094</u>	508,576	<u>\$ 1,569,670</u>
Fund Balance:				
Beginning of year - July 1			<u>1,061,094</u>	
End of year - June 30			<u>\$ 1,569,670</u>	

HENDERSON COUNTY, NORTH CAROLINA**BRCC - MRTS CAPITAL PROJECT FUND****SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES****IN FUND BALANCE - BUDGET AND ACTUAL****FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2021**

		Actual		
	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>
Other Financing Sources (Uses):				
Transfers in:				
From General Fund	\$ 3,913,840	\$ 3,113,840	\$ 800,000	\$ 3,913,840
Transfers out:				
To Schools Capital Projects Fund	<u>(3,913,840)</u>	<u>(1,395,501)</u>	<u>(1,013,466)</u>	<u>(2,408,967)</u>
Total other financing sources (uses)	<u>-</u>	<u>1,718,339</u>	<u>(213,466)</u>	<u>1,504,873</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 1,718,339</u>	<u>(213,466)</u>	<u>\$ 1,504,873</u>
Fund Balance:				
Beginning of year - July 1			<u>1,718,339</u>	
End of year - June 30			<u>\$ 1,504,873</u>	

Debt Service Fund

The Debt Service Fund is used to account for all expenditures for principal and interest for certain long-term debt payments. The other governmental fund types provide the resources to the Debt Service Fund to make the payments through transfers.

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HENDERSON COUNTY, NORTH CAROLINA**DEBT SERVICE FUND****SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES****IN FUND BALANCE - BUDGET AND ACTUAL****FOR THE YEAR ENDED JUNE 30, 2021****WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2020**

	<u>2021</u>			<u>2020</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
Other Financing Sources (Uses):				
Transfers in:				
From General Fund	\$ (2,635,051)	\$ (2,635,051)	\$ -	\$ 640,629
Appropriated fund balance	<u>2,635,051</u>	<u>-</u>	<u>(2,635,051)</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>(2,635,051)</u>	<u>(2,635,051)</u>	<u>640,629</u>
Net change in fund balance	<u>\$ -</u>	<u>(2,635,051)</u>	<u>\$ (2,635,051)</u>	<u>640,629</u>
Fund Balance:				
Beginning of year - July 1		<u>8,082,519</u>		<u>7,441,890</u>
End of year - June 30		<u>\$ 5,447,468</u>		<u>\$ 8,082,519</u>

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Enterprise Funds

Enterprise funds account for the operations financed and operated in a manner similar to private business enterprises – where the intent of the government’s board is that the costs of providing goods or services to the general public on a continuing basis be financed primarily through user charges.

Individual Fund Descriptions:

Landfill Fund – accounts for solid waste collection and disposal operations including recycling in the County that is financed through solid waste user fees.

Cane Creek Water and Sewer District Fund – accounts for water and sewer operations in the Cane Creek District financed by user fees. On July 17, 2020, the Cane Creek Water and Sewer District merged with the Metropolitan Sewerage District of Buncombe County (MSD). The Cane Creek Water and Sewer District Fund no longer exists.

Justice Academy Sewer Fund – accounts for sewer operations for the Western North Carolina Justice Academy financed by user fees.

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HENDERSON COUNTY, NORTH CAROLINA

LANDFILL FUND

SCHEDULE OF REVENUES AND EXPENDITURES

BUDGET AND ACTUAL (NON-GAAP)

FOR THE YEAR ENDED JUNE 30, 2021

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2020

	2021			2020
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Operating revenues	\$ 7,901,832	\$ 7,883,089	\$ (18,743)	\$ 7,502,519
Non-operating revenues:				
Grant revenues	339,104	221,608	(117,496)	188,106
Sale of capital assets	20,000	17,587	(2,413)	-
Interest income	25,000	12,965	(12,035)	25,650
Total revenues	<u>8,285,936</u>	<u>8,135,249</u>	<u>(150,687)</u>	<u>7,716,275</u>
Expenditures:				
Salaries and employee benefits	1,218,394	1,226,250	(7,856)	1,735,001
Other operating expenditures	6,011,754	5,567,888	443,866	5,617,836
Repairs and maintenance	616,000	542,757	73,243	419,046
Capital outlay	<u>330,454</u>	<u>457,761</u>	<u>(127,307)</u>	<u>282,455</u>
Total expenditures	<u>8,176,602</u>	<u>7,794,656</u>	<u>381,946</u>	<u>8,054,338</u>
Debt Service:				
Interest paid	30,001	29,867	134	31,471
Principal retirement	<u>133,333</u>	<u>133,333</u>	<u>-</u>	<u>133,333</u>
Total debt service	<u>163,334</u>	<u>163,200</u>	<u>134</u>	<u>164,804</u>
Revenues over (under) expenditures	(54,000)	177,393	(532,767)	(502,867)
Other Financing Sources (Uses):				
Transfers in:				
From General Fund	<u>54,000</u>	<u>54,000</u>	<u>-</u>	<u>54,000</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>231,393</u>	<u>\$ 231,393</u>	<u>\$ (448,867)</u>
Reconciliation of Modified Accrual Basis to Full Accrual Basis:				
Reconciling items:				
Capital outlay, capitalized		457,761		
Principal paid on debt		133,333		
Change in accrued interest		1,932		
Change in compensated absences		6,462		
Change in net pension liability		(97,338)		
Change in deferred outflows of resources - pension		38,490		
Change in deferred inflows of resources - pension		(98)		
Pension expense		58,946		
Change in other post-employment benefits		(384,060)		
Change in deferred outflows of resources - OPEB		247,296		
Change in deferred inflows of resources - OPEB		3,827		
Post-closure care costs		(132,414)		
Depreciation		<u>(247,923)</u>		
Total reconciling items		<u>86,214</u>		
Change in net position		<u>\$ 317,607</u>		

HENDERSON COUNTY, NORTH CAROLINA**CANE CREEK WATER AND SEWER DISTRICT FUND****SCHEDULE OF REVENUES AND EXPENDITURES****BUDGET AND ACTUAL (NON-GAAP)****FOR THE YEAR ENDED JUNE 30, 2021****WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2020**

	2021			2020
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Operating revenues	\$ -	\$ -	\$ -	\$ 1,564,138
Non-operating revenues:				
Interest income	-	-	-	38,582
Total revenues	-	-	-	1,602,720
Expenditures:				
Water and sewer administration:				
Operating expenditures	-	-	-	981,755
Repairs and maintenance	-	-	-	92,792
Capital outlay	-	-	-	3,110,393
Total water and sewer administration	-	-	-	4,184,940
Debt Service:				
Interest paid	-	-	-	49,215
Principal retirement	-	-	-	290,612
Total debt service	-	-	-	339,827
Revenues over (under) expenditures	-	-	-	(2,922,047)
Other Financing Sources (Uses):				
Installment purchase debt issued	-	-	-	1,997,809
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ -	\$ -	\$ (924,238)
Reconciliation of Modified Accrual Basis to Full Accrual Basis:				
Reconciling items:				
Disposal of Cane Creek Water and Sewer District		(17,287,841)		
Transfer debt to governmental activities		(2,648,578)		
Total reconciling items		(19,936,419)		
Change in net position		\$ (19,936,419)		

HENDERSON COUNTY, NORTH CAROLINA**JUSTICE ACADEMY SEWER FUND****SCHEDULE OF REVENUES AND EXPENDITURES****BUDGET AND ACTUAL (NON-GAAP)****FOR THE YEAR ENDED JUNE 30, 2021****WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2020**

	2021			2020
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Operating revenues	\$ 45,000	\$ 48,750	\$ 3,750	\$ 41,250
Non-operating revenues:				
Interest income	15,000	9,025	(5,975)	14,191
Total revenues	60,000	57,775	(2,225)	55,441
Expenditures:				
Water and sewer administration:				
Operating expenditures	55,300	55,630	(330)	47,904
Repairs and maintenance	4,700	6,000	(1,300)	2,905
Total expenditures	60,000	61,630	(1,630)	50,809
Revenues over (under) expenditures	\$ -	(3,855)	\$ (3,855)	\$ 4,632
Reconciliation of Modified Accrual Basis to Full Accrual Basis:				
Reconciling items:				
Depreciation		(10,864)		
Total reconciling items		(10,864)		
Change in net position		\$ (14,719)		

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Fiduciary Funds

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

Individual Fund Descriptions:

Agriculture Fund – Accounts for externally funded programs for the Henderson County Cooperative Extension office for the benefit of Henderson County.

Flexible Spending Fund – Accounts for funds withheld from and distributed on behalf of Henderson County employees in accordance with provisions of Internal Revenue Code Section 125.

Fireman's Association Fund – Accounts for funding and transactions on behalf of the Fireman's Association of Henderson County for the benefit of Henderson County fire districts and their employees.

HC AG Business Fund – Accounts for sponsorships used to supplement Henderson County Agri-Business Program for the benefit of Henderson County agricultural entities and organizations of Henderson County.

Jail Inmate Commissary Fund – Account for commissary funds received and disbursed for the benefit of inmates in the Henderson County Detention Center.

Domestic Violence Fund – Account for funds received and disbursed for the benefit of domestic violence victims in Henderson County.

Municipal Tax Collections – To account for collection and remittance of real property tax and registered motor vehicle taxes for the benefit of Henderson County municipalities.

HENDERSON COUNTY, NORTH CAROLINA**COMBINING STATEMENT OF FIDUCIARY NET POSITION****CUSTODIAL FUNDS****JUNE 30, 2021**

	<u>Agriculture Fund</u>	<u>Flexible Spending Fund</u>	<u>Fireman's Association Fund</u>	<u>HC AG Business Fund</u>
Assets:				
Cash and cash equivalents	\$ 124,084	\$ -	\$ 136,916	\$ 37,995
Receivables, net	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>124,084</u>	<u>-</u>	<u>136,916</u>	<u>37,995</u>
Liabilities:				
Accounts payable and accrued liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>500</u>
Net Position:				
Restricted for:				
Individuals, organizations and other governments	<u>\$ 124,084</u>	<u>\$ -</u>	<u>\$ 136,916</u>	<u>\$ 37,495</u>

HENDERSON COUNTY, NORTH CAROLINA**COMBINING STATEMENT OF FIDUCIARY NET POSITION****CUSTODIAL FUNDS****JUNE 30, 2021**

	<u>Jail Inmate Commissary Fund</u>	<u>Domestic Violence Fund</u>	<u>Municipal Tax Collections</u>	<u>Total Custodial Funds</u>
Assets:				
Cash and cash equivalents	\$ 96,841	\$ 8,014	\$ 33,346	\$ 437,196
Receivables, net	<u>-</u>	<u>-</u>	<u>382,285</u>	<u>382,285</u>
Total assets	<u>96,841</u>	<u>8,014</u>	<u>415,631</u>	<u>819,481</u>
Liabilities:				
Accounts payable and accrued liabilities	<u>-</u>	<u>-</u>	<u>35,255</u>	<u>35,755</u>
Net Position:				
Restricted for:				
Individuals, organizations and other governments	<u>\$ 96,841</u>	<u>\$ 8,014</u>	<u>\$ 380,376</u>	<u>\$ 783,726</u>

HENDERSON COUNTY, NORTH CAROLINA

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION CUSTODIAL FUNDS FOR THE YEAR ENDED JUNE 30, 2021

	<u>Agriculture Fund</u>	<u>Flexible Spending Fund</u>	<u>Fireman's Association Fund</u>	<u>HC AG Business Fund</u>
Additions:				
Ad valorem taxes for other governments	\$ -	\$ -	\$ -	\$ -
Cooperative extension receipts	74,740	-	-	-
Contributions from employees	-	284,555	-	-
Program fees collected	-	-	71,219	50,861
Investment earnings	-	-	1,850	-
Total additions	<u>74,740</u>	<u>284,555</u>	<u>73,069</u>	<u>50,861</u>
Deductions:				
Tax distributions to other governments	-	-	-	-
Employee flex benefits	-	284,555	-	-
Distributions to programs	<u>33,705</u>	<u>-</u>	<u>46,682</u>	<u>50,882</u>
Total deductions	<u>33,705</u>	<u>284,555</u>	<u>46,682</u>	<u>50,882</u>
Net increase (decrease) in fiduciary net position	<u>41,035</u>	<u>-</u>	<u>26,387</u>	<u>(21)</u>
Net Position:				
Net position - beginning, as previously reported	-	-	-	-
Prior period adjustment - change in accounting principle	<u>83,049</u>	<u>-</u>	<u>110,529</u>	<u>37,516</u>
Net position - beginning, as restated	<u>83,049</u>	<u>-</u>	<u>110,529</u>	<u>37,516</u>
Net Position - Ending	<u>\$ 124,084</u>	<u>\$ -</u>	<u>\$ 136,916</u>	<u>\$ 37,495</u>

HENDERSON COUNTY, NORTH CAROLINA

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION CUSTODIAL FUNDS FOR THE YEAR ENDED JUNE 30, 2021

	<u>Jail Inmate Commissary Fund</u>	<u>Domestic Violence Fund</u>	<u>Municipal Tax Collections</u>	<u>Total Custodial Funds</u>
Additions:				
Ad valorem taxes for other governments	\$ -	\$ -	\$ 13,766,128	\$ 13,766,128
Cooperative extension receipts	-	-	-	74,740
Contributions from employees	-	-	-	284,555
Program fees collected	411,549			533,629
Investment earnings	-	-	-	1,850
Total additions	<u>411,549</u>	<u>-</u>	<u>13,766,128</u>	<u>14,660,902</u>
Deductions:				
Tax distributions to other governments	-	-	13,624,813	13,624,813
Employee flex benefits	-	-	-	284,555
Distributions to programs	<u>396,771</u>	<u>-</u>	<u>-</u>	<u>528,040</u>
Total deductions	<u>396,771</u>	<u>-</u>	<u>13,624,813</u>	<u>14,437,408</u>
Net increase (decrease) in fiduciary net position	<u>14,778</u>	<u>-</u>	<u>141,315</u>	<u>223,494</u>
Net Position:				
Net position - beginning, as previously reported	-	-	-	-
Prior period adjustment - change in accounting principle	<u>82,063</u>	<u>8,014</u>	<u>239,061</u>	<u>560,232</u>
Net position - beginning, as restated	<u>82,063</u>	<u>8,014</u>	<u>239,061</u>	<u>560,232</u>
Net Position - Ending	<u>\$ 96,841</u>	<u>\$ 8,014</u>	<u>\$ 380,376</u>	<u>\$ 783,726</u>

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Additional Financial Data

This section contains additional information on taxes receivable and the tax levy.

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HENDERSON COUNTY, NORTH CAROLINA

SCHEDULE OF AD VALOREM TAXES RECEIVABLE - GENERAL FUND JUNE 30, 2021

Fiscal Year	Uncollected Balance July 1, 2020	Additions	Collections and Credits	Uncollected Balance June 30, 2021
2020-2021	\$ -	\$ 94,030,016	\$ 93,334,212	\$ 695,804
2019-2020	1,007,310	-	691,670	315,640
2018-2019	213,806	-	79,520	134,286
2017-2018	95,839	-	33,288	62,551
2016-2017	59,380	-	12,471	46,909
2015-2016	52,311	-	6,566	45,745
2014-2015	48,345	-	2,398	45,947
2013-2014	88,067	-	3,330	84,737
2012-2013	108,540	-	3,019	105,521
2011-2012	97,536	-	2,801	94,735
2010-2011	100,353	-	100,353	-
Total	\$ 1,871,487	\$ 94,030,016	\$ 94,269,628	1,631,875
Less: allowance for uncollectible accounts: General Fund				<u>(686,141)</u>
Ad valorem taxes receivable net: General Fund				<u>\$ 945,734</u>
Reconciliation with Revenues:				
Ad valorem taxes - General Fund				\$ 92,607,262
Ad valorem taxes - Revaluation Fund				<u>1,076,716</u>
Total ad valorem taxes				93,683,978
Reconciling items:				
Interest and other fees				240,228
Late list penalty				171,094
Other miscellaneous adjustments				73,975
Amounts written off per statute of limitations				<u>100,353</u>
Total collections and credits				<u>\$ 94,269,628</u>

HENDERSON COUNTY, NORTH CAROLINA

ANALYSIS OF CURRENT TAX LEVY FOR THE YEAR ENDED JUNE 30, 2021

	County-Wide			Total Levy	
	Property Valuation	Rate	Amount of Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original Levy:					
Property taxed at current year's rate	\$ 16,759,130,763	\$ 0.5610	\$ 94,018,724	\$ 86,451,570	\$ 7,567,154
Discoveries:					
Current year taxes	51,405,444	0.5610	288,385	288,385	-
Penalties	-		171,094	171,094	-
Total	51,405,444		459,479	459,479	-
Releases	(79,890,660)	0.5610	(448,187)	(413,239)	(34,948)
Total property valuation	\$ 16,730,645,547				
Net Levy			94,030,016	86,497,810	7,532,206
Uncollected taxes at June 30, 2021			(695,804)	(689,303)	(6,501)
Current Year's Taxes Collected			\$ 93,334,212	\$ 85,808,507	\$ 7,525,705
Current Levy Collection Percentage			99.26%	99.20%	99.91%

HENDERSON COUNTY, NORTH CAROLINA**ANALYSIS OF CURRENT TAX LEVY - COUNTY-WIDE LEVY
FOR THE YEAR ENDED JUNE 30, 2021****Secondary Market Disclosures:**

Assessed valuation:

Assessment ratio (1) 93.92%

Real property	\$ 13,732,325,814
Personal property	2,671,648,195
Public service companies (2)	<u>326,671,538</u>

Total assessed valuation	<u>\$ 16,730,645,547</u>
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Tax rate per \$100	<u>\$ 0.5610</u>
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Levy (includes discoveries, releases and abatements) (3)	\$ 94,030,016
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In addition to the County-wide rate, the following table lists the levies by the County on behalf of fire protection districts for the fiscal year ended June 30, 2021:

Fire protection districts	<u>11,599,438</u>
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Total	<u>\$ 105,629,454</u>
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(1) Percentage of appraised value has been established by statute.

(2) Valuation of railroads, telephone companies, and other utilities
as determined by the North Carolina Property Tax Commission.

(3) The levy includes interest and penalties.

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Statistical Section

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

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

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

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Schedule 1
Henderson County
Net Position by Component,
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Governmental activities										
Net investment in capital assets	\$ 47,218,294	\$ 73,911,997	\$ 73,306,086	\$ 77,601,835	\$ 76,145,803	\$ 70,393,139	\$ 70,562,443	\$ 74,509,728	\$ 71,671,165	\$ 66,452,828
Restricted	10,996,211	10,873,904	12,822,921	10,346,944	11,451,067	11,882,299	13,491,150	16,355,698	19,872,490	22,033,213
Unrestricted	(51,095,871)	(61,681,174)	(52,396,535)	(40,465,616)	(32,157,779)	(26,929,929)	(35,575,041)	(39,349,491)	(47,367,379)	(61,578,063)
Total governmental activities	\$ 7,118,634	\$ 23,104,727	\$ 33,732,472	\$ 47,483,163	\$ 55,439,091	\$ 55,345,509	\$ 48,478,552	\$ 51,515,935	\$ 44,176,276	\$ 26,907,978
Business-type activities										
Net investment in capital assets	\$ 18,050,922	\$ 18,124,127	\$ 19,160,584	\$ 19,798,146	\$ 22,164,549	\$ 24,244,707	\$ 25,186,584	\$ 25,042,072	\$ 25,945,573	\$ 8,146,355
Unrestricted	4,896,151	4,220,072	2,839,915	2,811,796	2,448,361	2,068,469	2,202,076	3,097,627	1,920,788	86,475
Total business-type activities	\$ 22,947,073	\$ 22,344,199	\$ 22,000,499	\$ 22,609,942	\$ 24,612,910	\$ 26,313,176	\$ 27,388,660	\$ 28,139,699	\$ 27,866,361	\$ 8,232,830
Primary government										
Net investment in capital assets	\$ 65,269,216	\$ 92,036,124	\$ 92,466,670	\$ 97,399,981	\$ 98,310,352	\$ 94,637,846	\$ 95,749,027	\$ 99,551,800	\$ 97,616,738	\$ 74,599,183
Restricted	10,996,211	10,873,904	12,822,921	10,346,944	11,451,067	11,882,299	13,491,150	16,355,698	19,872,490	22,033,213
Unrestricted	(46,199,720)	(57,461,102)	(49,556,620)	(37,653,820)	(29,709,418)	(24,861,460)	(33,372,965)	(36,251,864)	(45,446,591)	(61,491,588)
Total primary government net position	\$ 30,065,707	\$ 45,448,926	\$ 55,732,971	\$ 70,093,105	\$ 80,052,001	\$ 81,658,685	\$ 75,867,212	\$ 79,655,634	\$ 72,042,637	\$ 35,140,808

Note: The significant increase in total net position of the County from FY2012 to FY2016 is primarily due to an increase in new facilities reported as capital assets net of debt combined with a significant decrease in the total unrestricted category of net position for governmental activities of the County for the same period of time.

Schedule 2
Henderson County
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Expenses										
Governmental activities:										
General government	\$ 16,036,914	\$ 17,913,612	\$ 14,762,338	\$ 16,786,995	\$ 21,583,048	\$ 36,563,329	\$ 29,246,192	\$ 35,879,549	\$ 55,059,890	\$ 63,444,909
Public safety	30,342,623	31,153,291	33,519,129	32,758,736	35,139,967	38,211,707	39,956,163	42,376,765	47,963,085	54,187,004
Environmental protection	678,682	921,122	424,250	338,819	531,160	365,917	380,516	394,269	574,971	542,544
Economic and physical development	3,001,446	2,832,831	2,628,397	3,704,639	3,460,283	3,048,352	3,782,014	3,154,416	3,484,865	3,244,957
Human Services	27,200,233	26,875,838	27,594,630	27,818,854	28,776,382	28,971,340	26,485,642	27,094,741	27,726,210	31,354,317
Cultural and recreation	3,497,027	2,554,407	4,496,879	4,553,125	4,598,332	4,765,661	4,851,900	5,139,529	5,163,897	5,463,273
Education	22,798,061	24,025,977	25,261,561	26,745,692	28,853,556	29,320,894	31,398,959	33,822,562	34,147,992	35,587,493
Interest on long term debt	4,981,375	3,614,839	2,969,032	2,459,209	2,918,468	3,505,326	3,590,235	4,211,698	3,892,073	5,569,287
Total governmental activities	<u>108,536,361</u>	<u>109,891,917</u>	<u>111,656,216</u>	<u>115,166,069</u>	<u>125,861,196</u>	<u>144,752,526</u>	<u>139,691,621</u>	<u>152,073,529</u>	<u>178,012,983</u>	<u>199,393,784</u>
Business-type activities:										
Landfill	4,673,770	4,826,309	5,001,377	4,976,754	5,003,935	5,980,357	6,897,973	7,451,184	8,278,924	7,871,642
Cane Creek water and sewer	1,039,398	882,351	1,609,949	1,307,043	1,460,943	1,494,231	1,442,393	1,701,044	1,776,378	-
Other business-type activities	42,970	53,247	46,677	52,100	44,392	46,468	40,000	42,868	61,672	72,494
Total business-type activities	<u>5,756,138</u>	<u>5,761,907</u>	<u>6,658,003</u>	<u>6,335,897</u>	<u>6,509,270</u>	<u>7,521,056</u>	<u>8,380,366</u>	<u>9,195,096</u>	<u>10,116,974</u>	<u>7,944,136</u>
Total primary government expenses	<u>\$ 114,292,499</u>	<u>\$ 115,653,824</u>	<u>\$ 118,314,219</u>	<u>\$ 121,501,966</u>	<u>\$ 132,370,466</u>	<u>\$ 152,273,582</u>	<u>\$ 148,071,987</u>	<u>\$ 161,268,625</u>	<u>\$ 188,129,957</u>	<u>\$ 207,337,920</u>
Program Revenues										
Governmental activities										
Charges for services:										
General government	\$ 631,150	\$ 711,063	\$ 672,612	\$ 783,476	\$ 798,409	\$ 1,645,719	\$ 1,873,496	\$ 1,927,430	\$ 1,928,402	\$ 2,121,156
Public safety	4,010,900	4,560,959	5,208,326	5,586,244	5,837,106	6,142,725	6,472,797	6,052,109	7,075,860	6,342,345
Economic and physical development	1,305,720	1,376,578	1,440,014	1,461,757	1,329,370	1,361,476	1,448,581	1,422,180	1,449,536	1,120,462
Human services	557,456	472,234	504,719	537,524	599,761	638,328	607,698	643,984	682,914	733,016
Cultural and recreation	167,661	157,272	180,563	195,252	227,410	232,412	217,401	247,826	156,033	110,461
Operating grants and contributions:										
General government	2,127,237	2,064,465	461,373	534,848	730,585	1,899,583	-	1,698,578	1,856,774	2,832,956
Public safety	2,128,666	1,454,505	2,773,066	4,552,886	802,363	1,479,324	2,115,379	1,633,342	539,610	6,044,301
Environmental protection	47,133	47,255	57,655	100,086	-	101,476	102,681	75,267	103,842	196,483
Economic and physical development	363,456	1,004,929	1,027,427	1,093,432	1,557,603	896,409	1,128,121	1,345,525	1,118,098	1,515,763
Human services	16,014,799	15,971,818	15,853,571	18,388,282	16,964,187	16,722,441	13,688,029	14,632,368	15,499,466	14,585,672
Cultural and recreation	197,661	202,240	206,592	213,366	298,926	294,362	286,229	409,997	469,476	334,682
Education	1,021,661	935,017	954,977	883,468	1,261,483	815,492	910,920	703,685	991,159	1,395,213
Capital grants and contributions:										
General government	-	-	-	-	1,125,364	1,916,161	-	-	-	-
Economic and physical development	337,184	-	-	-	-	-	-	-	-	-
Education	120,744	-	-	-	-	-	-	-	-	-
Total governmental activities program revenues	<u>29,031,428</u>	<u>28,958,335</u>	<u>29,340,895</u>	<u>34,330,621</u>	<u>31,532,567</u>	<u>34,145,908</u>	<u>28,851,332</u>	<u>30,792,291</u>	<u>31,871,170</u>	<u>37,332,510</u>
Business-type activities:										
Charges for services	5,661,118	5,562,362	5,875,638	6,601,142	7,297,142	8,137,833	8,627,148	9,420,725	9,107,907	7,931,839
Operating grants and contributions	115,892	246,534	150,304	168,144	157,751	159,490	161,908	176,439	188,106	221,608
Capital grants and contributions	672,883	106,573	283,260	183,052	945,795	832,040	611,400	205,880	415,200	-
Total business-type activities program revenues	<u>6,449,893</u>	<u>5,915,469</u>	<u>6,309,202</u>	<u>6,952,338</u>	<u>8,400,688</u>	<u>9,129,363</u>	<u>9,400,456</u>	<u>9,803,044</u>	<u>9,711,213</u>	<u>8,153,447</u>
Total primary government program revenues	<u>\$ 35,481,321</u>	<u>\$ 34,873,804</u>	<u>\$ 35,650,097</u>	<u>\$ 41,282,959</u>	<u>\$ 39,933,255</u>	<u>\$ 43,275,271</u>	<u>\$ 38,251,788</u>	<u>\$ 40,595,335</u>	<u>\$ 41,582,383</u>	<u>\$ 45,485,957</u>

Schedule 2
Henderson County
Changes in Net Position
Last Ten Fiscal Years
 (accrual basis of accounting)

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Net (Expense)/Revenue										
Governmental activities	\$ (79,504,933)	\$ (80,933,582)	\$ (82,212,479)	\$ (80,835,348)	\$ (94,328,629)	\$ (110,606,618)	\$ (110,840,289)	\$ (121,281,238)	\$ (146,141,813)	\$ (162,061,274)
Business-type activities	693,755	153,562	(451,643)	616,341	1,891,418	1,608,307	1,020,090	607,948	(405,761)	209,311
Total primary government net (expense)/revenue	\$ <u>(78,811,178)</u>	\$ <u>(80,780,020)</u>	\$ <u>(82,664,122)</u>	\$ <u>(80,219,007)</u>	\$ <u>(92,437,211)</u>	\$ <u>(108,998,311)</u>	\$ <u>(109,820,199)</u>	\$ <u>(120,673,290)</u>	\$ <u>(146,547,574)</u>	\$ <u>(161,851,963)</u>
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes	\$ 68,689,187	\$ 69,628,114	\$ 72,197,460	\$ 71,844,544	\$ 77,117,336	\$ 85,178,794	\$ 87,077,402	\$ 89,476,936	\$ 102,455,897	\$ 105,130,794
Local option sales tax	17,504,095	18,596,584	19,760,279	21,620,139	23,366,239	25,389,345	27,475,944	29,331,611	31,223,698	36,283,238
Other taxes and licenses	1,761,555	1,170,234	999,760	1,077,072	1,180,218	1,318,447	1,330,639	3,927,027	3,796,256	5,299,694
Investment earnings	761,199	675,387	(170,434)	444,340	674,764	660,977	1,005,343	1,637,047	1,380,303	648,923
Gain on sale	-	-	-	3,407,477	-	-	-	-	-	-
Miscellaneous	-	6,000,125	107,159	-	-	-	-	-	-	-
Transfers	112,105	849,231	(54,000)	(49,480)	(54,000)	(54,000)	(54,000)	(54,000)	(54,000)	(2,702,578)
Total governmental activities:	<u>88,828,141</u>	<u>96,919,675</u>	<u>92,840,224</u>	<u>98,344,092</u>	<u>102,284,557</u>	<u>112,493,563</u>	<u>116,835,328</u>	<u>124,318,621</u>	<u>138,802,154</u>	<u>144,660,071</u>
Business-type activities:										
Investment earnings	98,272	92,795	53,943	45,849	57,550	37,959	48,049	89,091	78,423	21,990
Gain/Loss on sale	-	-	-	-	-	-	-	-	-	17,587
Transfers	(112,105)	(849,231)	54,000	49,481	54,000	54,000	54,000	54,000	54,000	2,702,578
Special Item - disposal of CCWSD	0	0	0	0	0	0	0	0	0	(22,584,997)
Total business-type activities	<u>(13,833)</u>	<u>(756,436)</u>	<u>107,943</u>	<u>95,330</u>	<u>111,550</u>	<u>91,959</u>	<u>102,049</u>	<u>143,091</u>	<u>132,423</u>	<u>(19,842,842)</u>
Total primary government	\$ <u>88,814,308</u>	\$ <u>96,163,239</u>	\$ <u>92,948,167</u>	\$ <u>98,439,422</u>	\$ <u>102,396,107</u>	\$ <u>112,585,522</u>	\$ <u>116,937,377</u>	\$ <u>124,461,712</u>	\$ <u>138,934,577</u>	\$ <u>124,817,229</u>
Change in Net Position										
Governmental activities	\$ 9,323,208	\$ 15,986,093	\$ 10,627,745	\$ 17,508,744	\$ 7,955,928	\$ 1,886,945	\$ 5,995,039	\$ 3,037,383	\$ (7,339,659)	\$ (17,401,203)
Business-type activities	679,922	(602,874)	(343,700)	711,671	2,002,968	1,700,266	1,122,139	751,039	(273,338)	(19,633,531)
Total primary government	\$ <u>10,003,130</u>	\$ <u>15,383,219</u>	\$ <u>10,284,045</u>	\$ <u>18,220,415</u>	\$ <u>9,958,896</u>	\$ <u>3,587,211</u>	\$ <u>7,117,178</u>	\$ <u>3,788,422</u>	\$ <u>(7,612,997)</u>	\$ <u>(37,034,734)</u>

Schedule 3
Henderson County
Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Fund										
Non-spendable:										
Inventories	\$ 61,586	\$ 58,923	\$ 57,349	\$ 50,999	\$ 54,995	\$ 56,255	\$ 51,217	\$ 68,606	\$ 65,959	\$ 57,958
Prepays	124,902	152,058	178,654	227,910	210,479	260,721	228,858	251,163	232,368	232,368
Restricted:										
Stabilization for State statute	6,749,449	6,726,943	8,032,109	8,327,441	9,406,310	9,556,154	10,622,402	11,333,471	11,815,576	13,100,770
Restricted, all other	161,443	199,106	177,966	210,668	181,130	208,471	107,884	2,520,979	5,721,901	5,768,652
Committed:										
Assigned for subsequent year's expenditures	5,617,206	6,730,029	8,729,065	9,467,043	7,267,852	11,927,320	14,792,344	13,458,280	13,627,844	15,558,631
Assigned all other	77,195	175,128	220,978	224,033	179,625	512,301	432,647	467,394	459,873	264,903
Unassigned:	<u>28,032,866</u>	<u>25,332,238</u>	<u>24,141,639</u>	<u>23,683,102</u>	<u>27,732,716</u>	<u>27,817,837</u>	<u>27,593,418</u>	<u>27,854,812</u>	<u>31,426,092</u>	<u>45,334,073</u>
Total General Fund	<u>\$ 40,824,647</u>	<u>\$ 39,374,425</u>	<u>\$ 41,537,760</u>	<u>\$ 42,191,196</u>	<u>\$ 45,033,107</u>	<u>\$ 50,339,059</u>	<u>\$ 53,828,770</u>	<u>\$ 55,954,705</u>	<u>\$ 63,349,613</u>	<u>\$ 80,317,355</u>
All Other Governmental Funds										
Non-spendable:										
Prepays	\$ -	\$ -	\$ -	\$ -	\$ 2,337	\$ 28,365	\$ -	\$ -	\$ -	\$ -
Restricted:										
Stabilization for State statute	608,963	284,997	619,125	351,130	662,353	498,849	1,233,222	362,117	425,693	641,596
Restricted, all other	3,476,356	3,662,858	3,993,721	1,457,705	8,493,457	6,742,264	6,146,804	20,351,211	59,152,246	45,180,328
Committed:										
Special revenue and debt service funds	1,319,314	1,510,873	552,441	3,714,300	3,564,211	3,932,534	7,229,944	8,368,261	9,441,744	7,136,432
Capital project funds	1,628,356	9,148,014	9,295,256	7,686,242	4,637,656	5,206,297	3,329,029	4,168,651	7,622,747	6,466,177
Assigned all other:	310,293	-	-	-	-	-	-	-	-	-
Unassigned:	<u>47,907</u>	<u>(71,825)</u>	<u>(196,705)</u>	<u>(51,791)</u>	<u>(250,075)</u>	<u>(70,469)</u>	<u>(1,013,595)</u>	<u>(1,790,610)</u>	<u>(5,137,132)</u>	<u>(137,003)</u>
Total all other governmental funds	<u>\$ 7,391,189</u>	<u>\$ 14,534,917</u>	<u>\$ 14,263,838</u>	<u>\$ 13,157,586</u>	<u>\$ 17,109,939</u>	<u>\$ 16,337,840</u>	<u>\$ 16,925,404</u>	<u>\$ 31,459,630</u>	<u>\$ 71,505,298</u>	<u>\$ 59,287,530</u>

Schedule 4
Henderson County
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenues										
Taxes:										
Property	\$ 68,869,266	\$ 69,683,310	\$ 72,442,683	\$ 72,424,338	\$ 77,170,890	\$ 85,314,390	\$ 87,326,125	\$ 89,571,316	\$ 102,212,850	\$ 105,314,740
Sales	17,504,095	18,596,584	19,760,279	21,620,139	23,366,239	25,389,345	27,475,944	29,331,611	31,223,698	36,283,238
Other	1,647,165	1,020,464	931,782	1,029,292	1,140,741	1,264,544	1,275,186	3,870,415	3,522,964	4,803,459
Total taxes	88,020,526	89,300,358	93,134,744	95,073,769	101,677,870	111,968,279	116,077,255	122,773,342	136,959,512	146,401,437
Intergovernmental	20,506,382	20,714,436	20,706,830	25,071,921	20,645,727	19,815,299	17,084,955	17,828,262	17,758,510	21,324,528
Permits and Fees	1,570,092	1,638,646	1,619,034	1,826,678	1,733,166	1,982,065	2,257,302	2,037,070	2,434,227	2,447,566
Sales and Services	5,204,757	5,657,362	6,362,816	6,708,720	7,079,053	8,030,057	8,362,671	8,186,940	8,813,704	7,829,822
Investment Earnings	761,199	675,311	(170,434)	444,340	674,764	660,977	1,005,343	1,637,047	1,380,303	648,923
Capital Contribution from Hospital Corporation	-	-	-	-	1,125,364	1,916,161	-	-	-	0
Miscellaneous	2,158,119	1,112,638	836,742	742,227	1,066,521	2,845,046	1,948,467	2,718,028	3,250,733	5,405,081
Total Revenues	118,221,075	119,098,751	122,489,732	129,867,655	134,002,465	147,217,884	146,735,993	155,180,689	170,596,989	184,057,357
Expenditures										
General Government	11,345,895	13,818,252	12,558,117	13,889,012	15,013,218	15,580,807	16,465,343	20,165,981	21,755,645	20,724,971
Public Safety	30,683,571	30,360,366	31,855,136	32,437,433	35,111,117	37,219,677	39,235,486	41,749,275	45,769,058	49,258,496
Environmental Protection	579,882	770,928	353,846	349,239	535,599	351,476	370,056	383,970	534,182	452,678
Economic and Physical Development	3,333,698	2,778,708	2,573,661	3,729,355	3,434,656	2,918,600	3,553,267	3,130,268	3,366,655	3,713,459
Human Services	26,736,224	26,102,907	27,215,341	28,095,417	28,615,327	28,251,082	25,968,885	26,408,664	26,442,287	28,225,480
Culture and Recreation	3,829,304	4,087,986	4,343,834	4,510,926	4,472,608	4,623,841	4,662,296	5,055,989	5,050,703	5,056,341
Education	22,798,061	24,025,977	25,214,625	26,739,498	28,845,578	29,307,235	31,387,446	33,818,212	34,126,181	35,581,186
Capital Outlay	3,231,758	3,862,734	2,754,492	7,524,391	26,458,990	30,153,759	18,877,839	16,941,011	29,524,764	38,212,565
Debt Service:										
Principal	10,189,756	10,630,317	10,924,205	13,962,623	10,937,860	11,434,004	11,942,938	12,937,416	12,503,845	16,367,571
Interest	5,084,218	3,967,959	3,166,375	2,604,552	3,191,203	3,397,491	3,981,832	4,679,878	4,470,655	6,594,689
Advanced payment to escrow agent	-	4,841,690	-	-	-	-	-	-	-	-
Total Expenditures	117,812,367	125,247,824	120,959,632	133,842,446	156,616,156	163,237,972	156,445,388	165,270,664	183,543,975	204,187,436
Excess of revenues over (under) expenditures	408,708	(6,149,073)	1,530,100	(3,974,791)	(22,613,691)	(16,020,088)	(9,709,395)	(10,089,975)	(12,946,986)	(20,130,079)
Other Financing Sources (Uses)										
Transfers in	1,339,807	6,848,652	2,873,913	5,538,729	1,603,723	4,847,926	5,416,049	4,064,289	19,724,151	8,194,845
Transfers out	(1,205,208)	(5,999,421)	(2,927,913)	(5,588,209)	(1,657,723)	(4,901,926)	(5,470,049)	(4,118,289)	(19,778,151)	(8,248,845)
Refunding bonds issued		41,151,000								
Payment to bond escrow agent		(36,110,000)								
Bond premium					2,676,955	1,327,941	1,365,670	2,579,136	7,917,694	3,950,016
Insurance proceeds		6,000,125	107,159							
Sale of capital assets				3,407,477						
Debt issued	249,378	413,539	308,997	163,978	26,785,000	19,280,000	12,475,000	24,225,000	52,525,000	20,850,000
Contribution to TDA		(461,316)								
Total other financing sources (uses)	383,977	11,842,579	362,156	3,521,975	29,407,955	20,553,941	13,786,670	26,750,136	60,388,694	24,746,016
Net change in fund balances	\$ 792,685	\$ 5,693,506	\$ 1,892,256	\$ (452,816)	\$ 6,794,264	\$ 4,533,853	\$ 4,077,275	\$ 16,660,161	\$ 47,441,708	\$ 4,615,937
Debt service as a percentage of noncapital expenditures	13.35%	12.03%	12.13%	12.84%	10.63%	9.89%	10.94%	11.09%	9.39%	11.40%

Schedule 5
Henderson County
Assessed Value and Actual Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year	Residential Property	Real Property Commercial Property	Industrial Property	Present-use Value (1)	Personal Property	Public Service Companies (2)	Total Taxable Assessed Value	Total Direct Tax Rate (3)	Estimated Actual Taxable Value (4)
2012 (5)	\$ 8,476,402,185	\$ 1,411,863,040	\$ 195,764,850	\$ 152,004,206	\$ 1,617,858,308	\$ 199,963,948	\$ 12,053,856,537	0.5136	\$ 12,599,412,233
2013	8,047,908,421	1,718,687,844	421,967,800	150,329,169	1,657,680,403	207,220,867	12,203,794,504	0.5136	12,652,975,121
2014	8,033,802,827	1,746,583,200	418,162,600	155,632,463	2,040,880,296	215,774,689	12,610,836,075	0.5136	12,234,028,012
2015	8,111,706,126	1,764,809,652	425,506,400	162,212,486	1,902,281,108	224,319,411	12,590,835,183	0.5136	12,515,740,739
2016 (5)	8,553,915,460	1,877,718,659	465,591,800	171,609,823	2,122,436,861	331,897,512	13,523,170,115	0.5136	14,340,583,366
2017	8,999,404,353	1,466,201,559	489,145,200	159,921,601	2,075,570,365	257,772,292	13,448,015,370	0.5650	15,502,035,009
2018	8,768,274,624	2,021,385,100	315,281,700	158,711,006	2,147,663,504	271,152,631	13,682,468,565	0.5650	16,741,060,278
2019 (5)	9,045,390,430	2,058,175,000	325,226,500	167,889,595	2,300,479,220	309,543,524	14,206,704,269	0.5650	17,382,484,117
2020	10,080,135,336	2,806,775,700	376,120,900	175,237,500	2,597,185,414	331,897,513	16,367,352,363	0.5610	16,477,753,310
2021	10,467,439,798	2,708,573,700	386,115,100	170,197,216	2,671,648,195	326,671,538	16,730,645,547	0.5610	16,843,496,977

Source: County Assessor's Annual County Report of Valuation and Property Tax Levies

Notes:

- (1) Present use value property is agricultural, horticultural and forestland for which the owner has applied for the property to be taxed at its present use. The difference in taxes on the present use basis and the taxes that would have been payable is a lien on the property and is deferred. The taxes become due if the property ceases to qualify for present use value. The preceding three fiscal years taxes are then required to be paid.
 - (2) Public service companies valuations are provided to the County by the North Carolina Department of Revenue. These amounts include both real and personal property.
 - (3) Per \$100 of value.
 - (4) The estimated market value is calculated by dividing the assessed value by an assessment-to-sales ratio determined by the N.C. Department of Revenue. The ratio is based on actual property sales which took place during the fiscal year. The ratio for the most recent fiscal year is not yet available.
 - (5) Property in Henderson County is reassessed every four years. The last reassessment was on January 1, 2019 and was the basis for FY2020 taxes.
- * Indicates valuation was included in Commercial Property Valuation

Schedule 6
Henderson County
Direct and Overlapping Property Tax Rates,
Last Ten Fiscal Years
(rate per \$100 of assessed value)

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Henderson County	\$ 0.5136	\$ 0.5136	\$ 0.5136	\$ 0.5136	\$ 0.5136	\$ 0.5650	\$ 0.5650	\$ 0.5650	\$ 0.5610	\$ 0.5651
Municipality Rates:										
Hendersonville	0.4100	0.4100	0.4400	0.4600	0.4600	0.4700	0.4700	0.4900	0.4900	0.4900
Laurel Park	0.3600	0.3600	0.3900	0.4300	0.4300	0.4300	0.4300	0.4300	0.4350	0.4350
Fletcher	0.3250	0.3250	0.3250	0.3400	0.3400	0.3400	0.3400	0.3400	0.3400	0.3400
Mills River	0.0874	0.0974	0.0974	0.1124	0.1800	0.1800	0.1800	0.1800	0.1900	0.1900
Flat Rock	0.0840	0.0840	0.0840	0.1100	0.1100	0.1100	0.1100	0.1100	0.1300	0.1300
Saluda	0.6250	0.6050	0.6050	0.6050	0.6050	0.6050	0.6050	0.6450	0.6650	0.6650
Downtown - Main Street	0.2800	0.2800	0.2800	0.2800	0.2800	0.2800	0.2800	0.2800	0.2600	0.2600
Downtown - Seventh Ave.	0.1200	0.1200	0.1200	0.1200	0.1200	0.1200	0.1200	0.1200	0.1700	0.1700
Fire Districts:										
Bat Cave	0.1000	0.1000	0.1000	0.1200	0.1200	0.1200	0.1200	0.1200	0.1200	0.1200
Blue Ridge	0.0950	0.0950	0.0950	0.1200	0.1200	0.1200	0.1200	0.1200	0.1300	0.1300
Dana	0.1100	0.1100	0.1100	0.1300	0.1300	0.1300	0.1300	0.1300	0.1400	0.1400
Edneyville	0.0950	0.0950	0.0950	0.1050	0.1050	0.1050	0.1050	0.1050	0.1150	0.1150
Etowah-Horse Shoe	0.0950	0.0950	0.0950	0.1050	0.1050	0.1050	0.1050	0.1050	0.1150	0.1150
Fletcher	0.1000	0.1000	0.1000	0.1150	0.1150	0.1150	0.1150	0.1150	0.1150	0.1150
Gerton	0.1250	0.1250	0.1250	0.1250	0.1250	0.1250	0.1250	0.1250	0.1250	0.1350
Green River	0.0650	0.0650	0.0700	0.0800	0.0800	0.0800	0.0800	0.0800	0.0900	0.0900
Mills River	0.0750	0.0750	0.0750	0.0900	0.0900	0.0900	0.0900	0.0900	0.1100	0.1100
Mountain Home	0.1050	0.1050	0.1050	0.1200	0.1200	0.1200	0.1200	0.1200	0.1200	0.1200
Raven Rock	0.0850	0.0850	0.0850	0.1000	0.1000	0.1000	0.1000	0.1000	0.1150	0.1150
Valley Hill	0.0800	0.0800	0.0850	0.0950	0.0950	0.0950	0.0950	0.0950	0.1000	0.1000
Valley Hill II	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Source: Henderson County Tax Collector

N/A - information no longer available for this fire district

**Schedule 7
Henderson County
Principal Property Tax Payers,
Current Year and Ten Years Ago**

Taxpayer	Type of Business	Fiscal Year 2021			Fiscal Year 2011		
		Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Duke Energy Carolinas LLC	Public Service	183,248,562	1	1.10%	\$ 117,649,427	1	0.89%
Continental Teves Inc.	Manufacturing	138,285,487	2	0.83%	56,603,630	3	0.43%
GF Linamar	Manufacturing	134,230,359	3	0.80%	N/A	N/A	N/A
Kimberly Clark	Manufacturing	103,532,502	4	0.62%	51,419,653	5	0.39%
Meritor Heavy Vehicle Systems	Manufacturing	85,245,292	5	0.51%	68,145,828	2	0.52%
Sierra Nevada Brewing Co	Manufacturing	84,738,593	6	0.51%	N/A	N/A	N/A
Public Service Co of NC	Public Service	81,665,674	7	0.49%	23,651,796	7	0.18%
Ingles Markets	Retail - Grocery	67,157,000	8	0.40%	N/A	N/A	N/A
Wilsonart	Manufacturing	61,393,918	9	0.37%	30,973,653	8	0.23%
UPM Raflatac Inc	Manufacturing	44,680,235	10	0.27%	54,518,925	4	0.41%
Totals		\$ <u>984,177,622</u>			\$ <u>402,962,912</u>		

Source: Henderson County Assessor

N/A - information not available

Schedule 8
Henderson County
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Taxes Levied for the Fiscal Year		Adjustments	Total Adjusted Levy	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date		Uncollected			
	(Original Levy)				Amount	Percentage of Original Levy		Amount	Percentage of Adjusted Levy				
2012	\$	61,296,106	\$	(268,085)	\$	61,028,021	\$	58,085,624	95.18%	2,836,876	60,922,500	99.83%	105,521
2013		61,814,359		(215,538)		61,598,821		59,928,822	97.29%	1,585,262	61,514,084	99.86%	84,737
2014		62,467,870		(155,714)		62,312,153		60,535,291	97.17%	1,730,915	62,266,206	99.93%	45,947
2015		64,735,610		(228,522)		64,964,132		63,251,387	97.04%	1,667,000	64,918,387	99.93%	45,745
2016		65,114,773		(341,011)		64,773,762		63,736,547	97.88%	990,306	64,726,853	99.93%	46,909
2017		68,212,928		(404,105)		67,808,823		66,808,823	98.62%	937,449	67,746,272	99.91%	62,551
2018		75,988,661		(614,822)		76,603,483		75,144,181	98.89%	1,325,016	76,469,197	99.70%	134,286
2019		80,032,082		523,222		80,555,304		79,825,336	99.74%	414,328	79,825,336	99.09%	315,640
2020		92,450,097		(1,016,113)		92,100,391		91,093,081	97.82%	683,973	91,093,081	98.90%	1,007,310
2021		94,307,108		(448,187)		93,858,922		93,163,118	98.79%	-	93,163,118	99.26%	695,804
											\$	2,544,450	

Source: Henderson County Tax Collector

Schedule 9
Henderson County
Ratios of Outstanding Debt by Type,
Last Ten Fiscal Years

Fiscal Year	Governmental Activities					Business - Type Activities		Total Primary Government	Per Capita (1)	Percentage of Personal Income (1)
	General Obligation Bonds	Limited Obligation Bonds	Installment Contracts	Installment Purchases	Other	Limited Obligation Bonds	Installment Purchases			
2012	\$ -	\$ 14,319,221	\$ 56,140,000	\$ 43,416,940	\$ -	\$ 1,548,921	\$ 2,000,000	\$ 118,766,940	\$ 1,107	3.06%
2013	-	52,909,398	16,328,539	39,377,603	-	1,315,723	1,866,667	111,797,930	1,038	2.88%
2014	-	50,159,087	12,112,073	35,644,329	-	1,083,014	1,733,334	100,731,837	926	2.44%
2015	-	47,326,776	7,894,338	28,810,887	-	850,303	1,600,000	86,482,304	783	1.99%
2016	-	72,372,527	5,105,319	24,852,515	-	617,593	1,466,667	104,414,621	934	2.30%
2017	-	85,726,512	4,500,000	20,985,654	-	411,239	1,333,334	112,956,739	993	2.37%
2018	-	91,623,603	4,000,000	17,125,879	-	293,224	1,200,000	114,242,706	991	2.26%
2019	-	109,273,324	3,500,000	13,353,505	-	176,190	1,831,858	128,134,877	1,098	2.41%
2020	-	160,208,120	3,000,000	10,057,144	-	70,674	3,511,334	176,847,272	1,506	*
2021	-	172,619,799	2,500,000	8,228,573	-	-	800,001	184,148,373	*	*

Note: Details regarding the County's outstanding debt can be found in the notes to the financial statements.

(1) See Schedule 13 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year. Personal income data is not yet available for FY2019 or FY2020.

* - Information not yet available.

Schedule 10
Henderson County
Ratios of General Bonded Debt Outstanding,
Last Ten Fiscal Years

Fiscal Year	General/Limited Obligation Bonded Debt Outstanding			Total	Percentage of Personal Income(1)	Percentage of Actual Taxable Value of Property(2)	Per Capita(1)
	General Obligation Bonds	Limited Obligation Bonds	Less: Amounts Restricted to Repaying Principal (3)				
2012	-	15,868,142	2,295,000	13,573,142	0.35%	0.11%	127
2013	-	54,225,121	2,889,000	51,336,121	1.32%	0.42%	476
2014	-	51,242,101	2,971,000	48,271,101	1.17%	0.38%	444
2015	-	48,177,079	4,413,996	43,763,083	1.00%	0.35%	396
2016	-	72,990,120	7,159,000	65,831,120	1.45%	0.49%	589
2017	-	86,137,751	7,132,000	79,005,751	1.66%	0.59%	694
2018	-	91,916,827	7,683,000	84,233,827	1.67%	0.62%	731
2019	-	109,449,514	8,813,000	100,636,514	1.89%	0.71%	863
2020	-	160,278,794	11,046,096	149,232,698	*	0.91%	1,271
2021	-	172,619,799	11,358,000	161,261,799	*	0.96%	1,384

Notes: Details regarding the County's outstanding debt can be found in the notes to the Financial Statements.

(1) See Schedule 13 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year. Personal income data is not yet available for 2018.

(2) See Schedule 5 for assessed property tax valuation data.

(3) Includes annual debt service requirements for limited obligation indebtedness for the next fiscal year.

* - Information not yet available.

Schedule 11
Henderson County
Legal Debt Margin Information,
Last Ten Fiscal Years
(dollars in thousands)

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Assessed Value of Property	\$ 12,053,856	\$ 12,203,794	\$ 12,610,836	\$ 12,523,976	\$ 13,182,825	\$ 13,423,998	\$ 13,682,469	\$ 14,206,704	\$ 16,367,352	\$ 16,730,646
Debt Limit, 8% of Assessed Value (Statutory Limitation)	964,308	976,304	1,008,867	1,001,918	1,054,626	1,073,920	1,094,597	1,136,536	1,309,388	1,338,452
Amount of Debt Applicable to Limit:										
Less: Gross debt	114,767	111,798	100,732	86,482	104,414	112,957	114,243	128,135	176,847	184,148
Less: Debt outstanding for water and sewer purposes	1,485	3,182	2,816	2,450	617	411	293	941	2,649	-
Total net debt applicable to limit	113,282	108,616	97,916	84,032	103,797	112,546	113,950	127,194	174,198	184,148
Legal Debt Margin	\$ 851,026	\$ 867,688	\$ 910,951	\$ 917,886	\$ 950,829	\$ 961,374	\$ 980,647	\$ 1,009,342	\$ 1,135,190	\$ 1,154,304
Total debt applicable to the limit as a percentage of debt limit	11.75%	11.13%	9.71%	8.39%	9.84%	10.48%	10.41%	11.19%	13.30%	13.76%

Note: N.C. Statute G.S. 159-55 limits the County's outstanding debt to 8% of the appraised value of property subject to taxation. The following deductions are made from gross debt to arrive at net debt applicable to the limit: debt incurred for water, sewer, gas or electric power purposes; uncollected special assessments, refunding bonds not yet issued; and revenue bonds. The legal debt margin is the difference between the debt limit and the County's net debt outstanding applicable to the limit, and represents the county's legal borrowing authority.

Schedule 12
Henderson County
Direct and Overlapping Governmental Activities Debt
As of June 30, 2021

<u>Governmental Unit</u>	<u>Net General Bonded Debt</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
Total County direct debt	\$ 183,348,371	100.00%	\$ 183,348,371
Overlapping:			
City of Hendersonville (1)	852,000	100.00%	852,000
Town of Fletcher	7,890,407	100.00%	7,890,407
Total overlapping debt			<u>8,742,407</u>
Total direct and overlapping debt			<u>\$ 192,090,778</u>

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the city. This schedule estimates the portion of the outstanding debt of those governments that is borne by the residents and businesses of the city or town reported. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

Schedule 13
Henderson County
Demographic and Economic Statistics
Last Ten Calendar Years

<u>Year</u>	<u>Population(1)</u>	<u>Personal Income (2) (thousands of dollars)</u>	<u>Per Capita Personal Income (2)</u>	<u>Public School Enrollment(3)</u>	<u>Unemployment Rate(4)</u>	<u>Number of Building Inspections Performed(5)</u>
2012	107,250	\$ 3,879,445	\$ 35,975	13,197	8.20%	16,114
2013	107,740	3,879,409	35,600	13,316	6.60%	18,918
2014	108,745	4,125,012	37,376	13,446	4.90%	19,742
2015	110,472	4,356,310	38,904	13,537	5.10%	21,437
2016	111,803	4,544,609	39,950	13,506	4.30%	24,420
2017	113,799	4,764,710	41,179	13,320	3.60%	25,161
2018	115,225	5,052,354	43,276	13,536	3.60%	27,397
2019	116,680	5,323,876	45,342	13,387	3.60%	31,153
2020	117,425	*	*	13,231	7.50%	29,565
2021	116,495	*	*	12,781	4.30%	28,879

Notes:

- (1) N.C. State Data Center. Estimates are as of the beginning of the fiscal year
- (2) Bureau of Economic Analysis, U. S. Department of Commerce. Figures are for the prior calendar year
- (3) N.C. Department of Public Instruction, Final Average Daily Membership for fiscal year
- (4) N. C. Employment Security Commission, Unemployment Rate at end of fiscal year
- (5) Total number of inspections performed by Henderson County Inspections Department. Does not include inspections by municipalities

* Information not yet available.

Schedule 14
Henderson County
Principal Employers
Current Year and Ten Years Ago

Employer	2021			2011		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Henderson County Public Schools	1783	1	3.36%	1852	1	4.26%
Margaret R. Pardee Hospital	1481	2	2.79%	1253	2	2.88%
Ingles Markets, Inc. (1)	1344	3	2.54%	750	4	1.72%
Advent Health (1)	1300	4	2.45%	1125	3	2.59%
Henderson County	852	5	1.61%	738	5	1.70%
Wilsonart International Inc.	553	6	1.04%	680	6	1.56%
Meritor Heavy Vehicle Systems LLC	552	7	1.04%	550	7	1.26%
Manual Wood Workers, Inc.	510	8	0.96%	*	*	*
Continental Automotive Systems	430	9	0.81%	*	*	*
Sierra Nevada	409	10	0.77%	*	*	*

* Information not available

Countywide Total Employment June 2021: 53,003

(1) Information provided for 2019. Current year data unavailable.

Schedule 15
Henderson County
Full-time Equivalent County Government Employees by Function/Program
Last Ten Fiscal Years

Function/Program	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General government	97	100	100	104	105	103	109	112	118	116
Public safety	261	269	277	281	299	302	310	330	335	337
Environmental protection	22	22	22	20	19	19	21	22	22	23
Economic and physical development	22	22	23	24	24	25	25	26	26	26
Human Services	272	267	269	268	281	284	286	291	293	292
Cultural and recreation	49	50	49	51	51	51	52	55	58	58
Total	<u>723</u>	<u>730</u>	<u>740</u>	<u>748</u>	<u>779</u>	<u>784</u>	<u>803</u>	<u>836</u>	<u>852</u>	<u>852</u>

Source: Human Resources Department

Note: This schedule represents number of persons employed as of June 30 of each year.
Full-time personnel work from 1950 to 2080 base hours per year (less vacation and sick leave).

Schedule 16
Henderson County
Operating Indicators by Function
Last Ten Fiscal Years

Function	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<u>General Government</u>										
# of Registered Voters	78,326	76,224	77,321	76,099	79,621	81,736	84,393	80,364	81,959	84,641
<u>Public Safety</u>										
# of building permits issued	5,077	6,025	6,430	6,542	6,430	6,771	9,598	9,398	9,120	10,433
# of calls processed	133,353	140,288	146,494	152,408	177,818	181,115	187,067	184,837	188,878	191,639
<u>Human Services</u>										
# of food & lodging sites inspected	1,479	1,545	1,497	1,595	1,563	1,256	1,600	1,718	1,291	1,004
# of Health clients served	12,090	11,344	12,447	13,152	14,693	15,428	15,781	15,979	14,990	143,892
<u>Economic and Physical Development</u>										
Number of major subdivision plan reviews	3	5	4	6	4	5	13	13	9	
<u>Cultural and Recreation</u>										
Library book circulation	947,866	981,738	951,697	910,636	927,596	1,056,328	1,031,647	1,006,065	851,571	827,294
<u>Education</u>										
Total \$ spent per ADM	\$ 2,162	\$ 2,226	\$ 2,306	\$ 2,346	\$ 2,366	\$ 2,480	2,615	2,984	3,113	3,182
<u>Enterprise Fund - Landfill</u>										
Solid waste generated # tons/day	218	240	249	258	294	318	343	371	363	388

Source: Fiscal year data for various governmental and business-type functions.

Note: Health client totals do not include Foreign Travel services. FY2021 totals include client served due to COVID operations. The number of calls dispatched is up considerably in 2016 and 2017 from calls dispatched to the Sheriff's Dept. The increase in building permits issued from 2012 through 2017 for new residential and commercial construction is due to a continually improving local economy. The amount of solid waste tonnage generated per day is up considerably in FY2016 due to an increased flow of waste into the County's transfer station from residential and commercial activity.

Schedule 17
Henderson County
Capital Asset Statistics by Function
Last Ten Fiscal Years

Function	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<u>Public Safety</u>										
Sheriff's Department:										
Stations	1	1	1	1	1	1	1	1	1	1
Vehicles	176	168	158	180	184	176	185	192	208	202
<u>Cultural and Recreation</u>										
Park Acreage	323	349	331	332	332	332	332	409	409	409
Parks	8	10	11	12	12	12	12	14	14	14
Ballfields and courts	36	35	37	37	37	37	37	43	43	43
Libraries	6	6	6	6	6	6	6	6	6	6

Source: Various County Departments