

# **HENDERSON COUNTY NORTH CAROLINA**

## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED JUNE 30, 2020**

Prepared by: Finance Department  
Finance Director: Samantha Reynolds



# HENDERSON COUNTY, NORTH CAROLINA

## COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2020

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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

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October 30, 2020

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

The Comprehensive Annual Financial Report of Henderson County, North Carolina, for fiscal year ended June 30, 2020 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, 2020 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, 2020 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, 2020, there is one blended component unit, the Cane Creek Water and Sewer District, and 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 water and sewer district exists to provide and maintain water and sewer systems for county residents within the district. The County's Board of Commissioners serves as the governing board for the district. The district is reported as an Enterprise Fund in the County's financial statements for fiscal year 2020. Effective July 1, 2020, the Cane Creek Water and Sewer District was transferred to the Metropolitan Sewerage District of Buncombe County by Consolidation Agreement and will not be included with Henderson County's combined financial statements going forward.

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 117,417. 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 434 farms with an average farm size of 45 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, vegetable and berry production, including apples, tomatoes, sweet corn, bell peppers, grapes, blackberries and other produce earning \$34.1 million (ranking 8th overall in NC, with apples, tomatoes and sweet corn each ranking 1<sup>st</sup>) and the Green Industry (greenhouses, nurseries, ornamentals and sod) earning \$25.3 million, ranking #3 overall in NC. The County also produces over \$7.8 million from livestock, dairy, hay, grain, forage and soybeans and \$6.5 million from other farm sources, for a total of \$73.7 million in farm production revenues. Agribusiness generates over \$600 million in additional revenue from "value added" production, processing, packing, storage, wholesaling, shipping, and other ag-related services. The total annual income from all agriculture/agribusiness industries is estimated at \$675 million and employs over 4,669 or about 10 percent of the total employment in Henderson County.

Tourism continues to be the second largest industry in North Carolina. The County's tourism industry has experienced steady growth due to its location, seasonal climate, variety of activities to experience and its encompassing marketing strategy. The tourism industry employs more than 2,500 in Henderson County which ranks 14<sup>th</sup> in travel impact among North Carolina's 100 Counties. The benefit derived from tourists visiting the County increased by 3.64 percent over the previous calendar year, which was a thirty-three-year record. The Henderson County Tourism Development Authority does an excellent job of promoting the County and surrounding areas. The County is home to the Flat Rock Playhouse - State Theater of North Carolina, the Carl Sandburg Home National Historic Site, 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**

| <b>Fiscal Year</b> | <b>Permits</b> | <b>Dollar Value</b> |             | <b>Unemployment Rates</b> |
|--------------------|----------------|---------------------|-------------|---------------------------|
| 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 2020 for new residential and commercial construction decreased by 3.9 percent from the previous fiscal year. The total dollar value of those new permits increased by \$70 million or 40 percent. This increase was due to higher valued commercial projects permitted during the year. The local unemployment rate increased in fiscal year 2020 due to economic impacts from restrictions from and effects of the coronavirus, beginning Spring 2020.

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:

| <b>Company Name</b>            | <b>Product</b>                                      | <b>Approximate<br/>Number of<br/>Employees</b> |
|--------------------------------|---|--|
| Continental Automotive Systems | Automotive Brake Systems                            | 650  |
| Wilsonart International        | High-Pressure Laminate Countertops                  | 604  |
| Meritor                        | Commercial Truck Axles                              | 550  |
| Manual Wood Workers, Inc.      | Jacquard Weaving, Digital Printing & Cut<br>and Sew | 500  |
| Current, by GE                 | LED Light Fixtures                                  | 350  |
| UPM Raflatac, Inc.             | Pressure Sensitive Label Stock                      | 308  |
| Borg-Warner Thermal System     | Engine Thermal Management Systems                   | 230  |

### **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. This rate was decreased from the 56.5 cents per \$100 dollars from the previous fiscal year following a County-wide property revaluation. Total General Fund revenues increased by \$15.9 million or 11.21% over the previous fiscal year. Total General Fund expenditures increased by \$9.50 million or 6.8 percent over FY2019. Total General Fund Balance increased by \$7,394,908 to \$63,349,613. Unassigned Fund Balance, the amount available for appropriation in the General Fund, increased by \$3,571,280 to \$31,426,092. All other Governmental Funds ended the fiscal year in a positive financial position, with the exception of the COVID-19 Fund. This fund was set up to track and account for funding sources received and spent on the response and mitigation of the coronavirus during the pandemic. The deficit balance in this fund represents the portion of funds expended for which the County is seeking reimbursement. The net position of the Solid Waste Landfill Fund decreased, and the Cane Creek Water and Sewer District Fund increased in FY2020. The Solid Waste Landfill Fund's net position decreased over FY2019 primarily due to construction costs for projects completed during the year and workers' compensation claims for the fund. The net position of the Cane Creek Water and Sewer District increased primarily due developer deeded capital contributions

for sewer line projects expansion in the District during FY2020. The net position of the Justice Academy Sewer Fund decreased slightly in FY2020 due an increase in operating expenditures.

Design and construction of the new Edneyville Elementary School, which replaced the current Edneyville Elementary school, began in FY2018. The new 87,000 square foot school has an approved project budget of \$26.8 million, which was financed by the County in early FY2019. Construction reached completion during FY2020.

The design, construction and renovation of the Hendersonville High School, which will replace the current existing high school, began in FY20. The new facility has an approved project budget of \$60 million, which was financed by the County in May 2020.

Design of a new building and renovation of existing buildings is currently being designed by Clark Nexsen on the Blue Ridge Community College Campus. The current projected cost of this project is \$23 million and is expected to be financed by the County, once approved, in FY2021.

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 FY2020.

**FOR THE FUTURE.** For FY2021, 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.

Projected revenues for FY2021 were budgeted conservatively due to the unknown lasting effects of the Coronavirus pandemic. Sales tax revenues were budgeted at reduced levels from what has been received in prior years. Operating expenditures for all County departments and other outside agencies were essentially held flat or reduced. Overall funding for the public schools and the community college was decreased from FY2020. Funding for current expenses and debt service for each increased while funding for the respective Maintenance and Repair, Technology and Safety initiatives was reduced, to be re-evaluated at a later time. The Board budgeted \$13.6 million in Unassigned General Fund Balance to balance the FY2021 budget. For employees, a cost of living increase and performance pay was included in the FY2021 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 FY2020 and FY2021 budget, 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 \$31.4 million in Unassigned General Fund Balance or 20.87 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's Circular A-133. 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, 2019. This was the 31<sup>st</sup> 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.

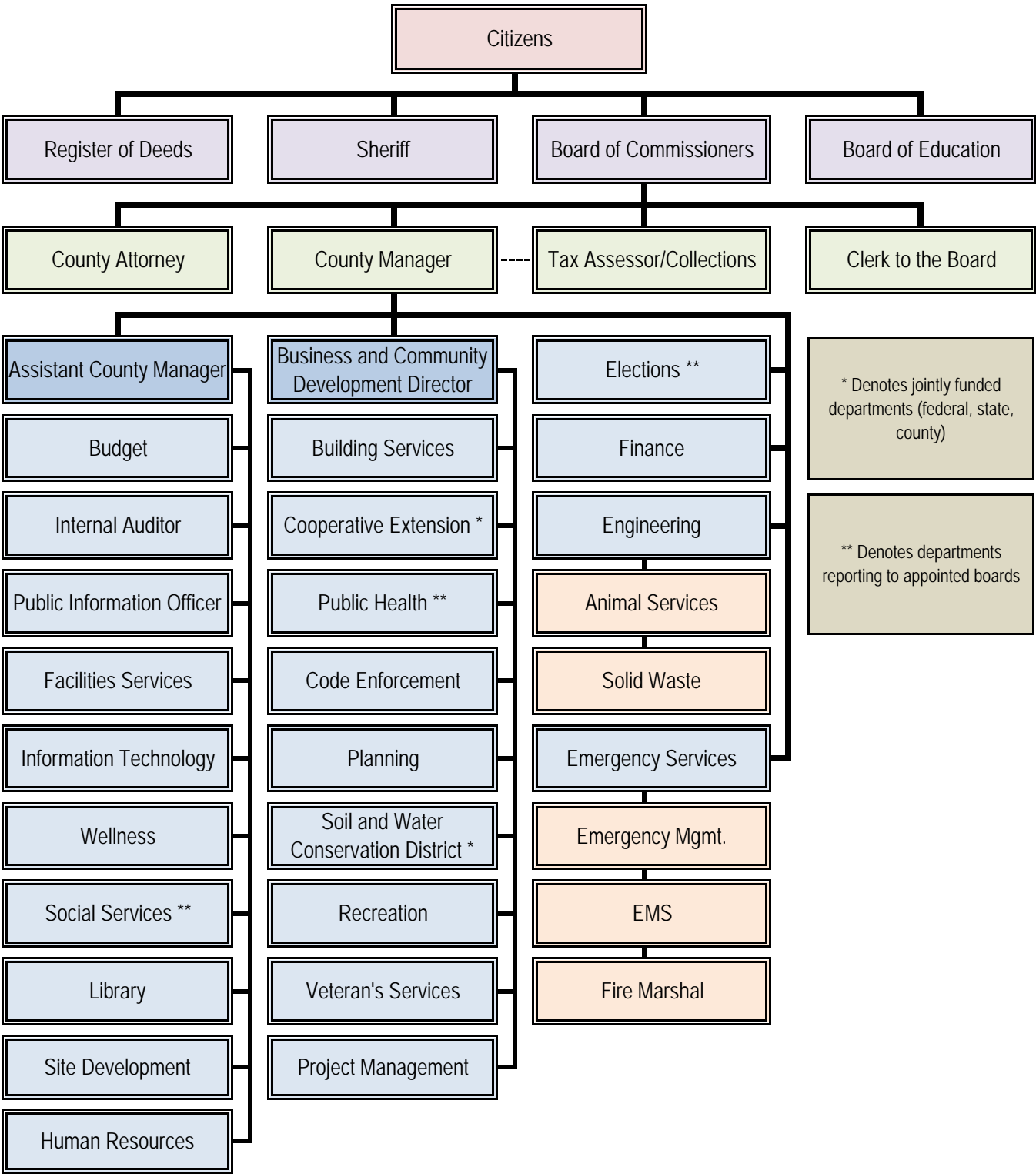
**ACKNOWLEDGMENTS.** Each County department's commitment to the goals, vision, and mission of Henderson County is reflected in the services provided to the citizens. The cooperation of all County departments in carrying out the financial activities encompassed in this report is appreciated. A combined 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,



Samantha R. Reynolds, CPA  
Finance Director



## HENDERSON COUNTY, NORTH CAROLINA

### List of Principal Officials

June 30, 2020

#### **Board of Commissioners**

Chairman..... Grady Hawkins  
Vice Chairman ..... William G. Lapsley  
Commissioner ..... J. Michael Edney  
Commissioner ..... Rebecca McCall  
Commissioner ..... Charles D. Messer (In memorium)

#### **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..... Teresa L. Wilson  
Clerk of Superior Court ..... J. Tyler Ray  
Code Enforcement Director ..... Toby Linville  
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 ..... Jerry Tucker  
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..... Sam Starr  
Public Health Director ..... Steven E. Smith  
Public Information Officer..... Kathryn Finotti  
Public Transportation Planner..... Janna Peterson  
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 Manager ..... Greg Wiggins  
Veteran Services Officer ..... Michael A. Murdock  
Wellness Clinic Director ..... Jamie Gibbs



Government Finance Officers Association

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**County of Henderson  
North Carolina**

For its Comprehensive Annual  
Financial Report  
For the Fiscal Year Ended

June 30, 2019

*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, 2020, 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 99.02%, 98.69%, and 98.97%, 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 upon 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, 2020, 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.

### ***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 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 October 30, 2020 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  
October 30, 2020

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# HENDERSON COUNTY, NORTH CAROLINA

## Management's Discussion and Analysis

June 30, 2020

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, 2020. 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

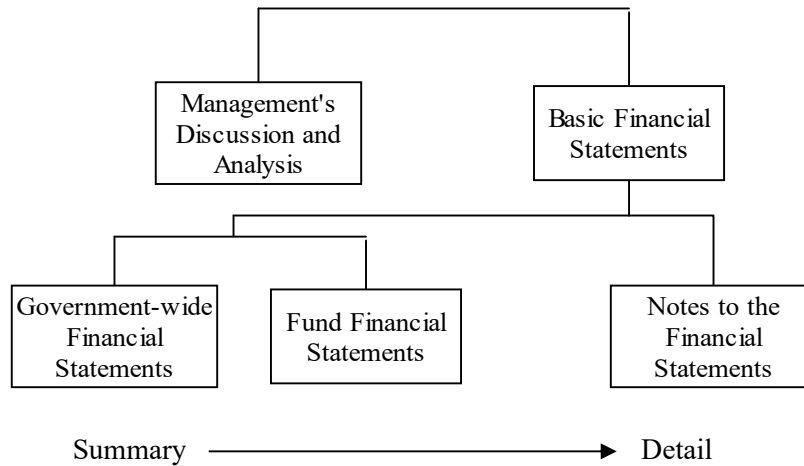
- The assets and deferred outflows of resources of Henderson County exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$72,042,637 (*net position*). In accordance with North Carolina law, liabilities of the County include approximately \$128,144,144 in long-term 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 \$7,612,997. Net position in the governmental activities decreased by \$7,339,659. This decrease was due to an increase in limited obligation bond indebtedness and an increase in spending in general government and public safety. Net position in the business-type activities decreased by \$273,338.
- As of the close of the current fiscal year, Henderson County's governmental funds reported combined ending fund balances of \$134,856,043, an increase of \$47,441,708 in comparison with the prior year. Approximately 57.3% of this total amount, or \$77,339,492, is non-spendable or restricted.
- At the end of the current fiscal year, available fund balance for the General Fund was \$51,235,710, or 26.18%, 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 Stature, as described in the notes accompanying the financial statements.
- Henderson County's total limited obligation and installment note debt increased \$48,712,299 (38.0%) during the current fiscal year due to additional limited obligation and installment financing 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 K) 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.* Fiduciary funds are used to account for resources held for the benefit of parties outside the government. The County has one fiduciary fund, which is an agency fund. Within the agency fund are eight individual 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          |                |
|--|-------------------------|----------------|--------------------------|---------------|----------------|----------------|
|  | 2020                    | 2019           | 2020                     | 2019          | 2020           | 2019           |
| <b>Assets and Deferred Outflows:</b>     |                         |                |                          |               |                |                |
| Current and other assets                 | \$ 150,836,013          | \$ 100,603,890 | \$ 5,859,845             | \$ 5,956,354  | \$ 156,695,858 | \$ 106,560,244 |
| Restricted non-current assets            | 239,520                 | 229,764        | -                        | -             | 239,520        | 229,764        |
| Capital assets                           | 113,819,171             | 116,894,695    | 29,527,485               | 27,050,120    | 143,346,656    | 143,944,815    |
| Total assets                             | 264,894,704             | 217,728,349    | 35,387,330               | 33,006,474    | 300,282,034    | 250,734,823    |
| Deferred outflows of resources           | 14,810,935              | 15,191,639     | 264,157                  | 266,340       | 15,075,092     | 15,457,979     |
| Total assets and deferred outflows       | 279,705,639             | 232,919,988    | 35,651,487               | 33,272,814    | 315,357,126    | 266,192,802    |
| <b>Liabilities and Deferred Inflows:</b> |                         |                |                          |               |                |                |
| Long-term liabilities                    | 205,084,753             | 154,176,455    | 4,726,192                | 3,187,856     | 209,810,945    | 157,364,311    |
| Other liabilities                        | 29,265,304              | 25,731,135     | 3,004,046                | 1,885,046     | 32,269,350     | 27,616,181     |
| Total liabilities                        | 234,350,057             | 179,907,590    | 7,730,238                | 5,072,902     | 242,080,295    | 184,980,492    |
| Deferred inflows of resources            | 1,179,306               | 1,496,463      | 54,888                   | 60,213        | 1,234,194      | 1,556,676      |
| Total liabilities and deferred inflows   | 235,529,363             | 181,404,053    | 7,785,126                | 5,133,115     | 243,314,489    | 186,537,168    |
| <b>Net Position:</b>                     |                         |                |                          |               |                |                |
| Net investment in                        |                         |                |                          |               |                |                |
| capital assets                           | 71,671,165              | 74,509,728     | 25,945,573               | 25,042,072    | 97,616,738     | 99,551,800     |
| Restricted                               | 19,872,490              | 16,355,698     | -                        | -             | 19,872,490     | 16,355,698     |
| Unrestricted                             | (47,367,379)            | (39,349,491)   | 1,920,788                | 3,097,627     | (45,446,591)   | (36,251,864)   |
| Total net position                       | \$ 44,176,276           | \$ 51,515,935  | \$ 27,866,361            | \$ 28,139,699 | \$ 72,042,637  | \$ 79,655,634  |

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 \$72,042,637, as of June 30, 2020. The County's net position decreased by \$7,612,997 for the fiscal year ended June 30, 2020. Net position of the County is reported in three categories: net investment in capital assets of \$97,616,738, restricted net position of \$19,872,490, and unrestricted net position of (\$45,446,591).

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, emergency telephone, human services, public safety, public transit, 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 \$128 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 99.06%
- 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 \$9,262,299.
- Revenues, transfers, and other financing sources in the General Fund exceeded expenditures and other financing uses by \$7,394,908.

**Governmental Activities.** Governmental activities decreased the County's net position by \$7,339,659, or 96.4%, of the total decrease in the net position of the Henderson County. This decrease is primarily due to an increase debt issuance in general government and an increase in spending in public safety. The increase in debt issuance was a result of a financing of a major capital project for the renovation and building of a public school building. Spending also increased due to a maintenance, repair, security and technology initiative, funded for both the public schools and the community college. The increase in spending in public safety was from expenditures related to COVID-19 response and mitigation.

**Business-Type Activities.** Business-type activities decreased the County's net position by \$273,338, or a 3.6%, of the total decrease in the net position of the Henderson County. The decrease is attributable to an increase in operating expenses, including construction projects completed during the year and workers' compensation claims. (See Figure 3.)

**Henderson County's Change in Net Position**  
**Figure 3**

|  | <b>Governmental Activities</b> |                      | <b>Business-Type Activities</b> |                      | <b>Total</b>         |                      |
|--|--------------------------------|----------------------|---------------------------------|----------------------|----------------------|----------------------|
|  | <b>2020</b>                    | <b>2019</b>          | <b>2020</b>                     | <b>2019</b>          | <b>2020</b>          | <b>2019</b>          |
| <b>Revenues:</b>                                 |                                |                      |                                 |                      |                      |                      |
| Program revenues:                                |                                |                      |                                 |                      |                      |                      |
| Charges for services                             | \$ 11,292,745                  | \$ 10,293,529        | \$ 9,107,907                    | \$ 9,420,725         | \$ 20,400,652        | \$ 19,714,254        |
| Operating grants and contributions               | 20,578,425                     | 20,498,762           | 188,106                         | 176,439              | 20,766,531           | 20,675,201           |
| Capital grants and contributions                 | -                              | -                    | 415,200                         | 205,880              | 415,200              | 205,880              |
| General revenues:                                |                                |                      |                                 |                      |                      |                      |
| Property taxes                                   | 102,455,897                    | 89,476,936           | -                               | -                    | 102,455,897          | 89,476,936           |
| Other taxes                                      | 35,019,954                     | 33,258,638           | -                               | -                    | 35,019,954           | 33,258,638           |
| Other  | 1,380,303                      | 1,637,047            | 78,423                          | 89,091               | 1,458,726            | 1,726,138            |
| Total revenues                                   | <u>170,727,324</u>             | <u>155,164,912</u>   | <u>9,789,636</u>                | <u>9,892,135</u>     | <u>180,516,960</u>   | <u>165,057,047</u>   |
| <b>Expenses:</b>                                 |                                |                      |                                 |                      |                      |                      |
| General government                               | 55,059,890                     | 35,879,549           | -                               | -                    | 55,059,890           | 35,879,549           |
| Public safety                                    | 47,963,085                     | 42,376,765           | -                               | -                    | 47,963,085           | 42,376,765           |
| Environmental protection                         | 574,971                        | 394,269              | -                               | -                    | 574,971              | 394,269              |
| Economic and physical development                | 3,484,865                      | 3,154,416            | -                               | -                    | 3,484,865            | 3,154,416            |
| Human services                                   | 27,726,210                     | 27,094,741           | -                               | -                    | 27,726,210           | 27,094,741           |
| Cultural and recreational                        | 5,163,897                      | 5,139,529            | -                               | -                    | 5,163,897            | 5,139,529            |
| Education  | 34,147,992                     | 33,822,562           | -                               | -                    | 34,147,992           | 33,822,562           |
| Interest on long-term debt                       | 3,892,073                      | 4,211,698            | -                               | -                    | 3,892,073            | 4,211,698            |
| Solid waste disposal                             | -                              | -                    | 8,278,924                       | 7,451,184            | 8,278,924            | 7,451,184            |
| Other  | -                              | -                    | 1,838,050                       | 1,743,912            | 1,838,050            | 1,743,912            |
| Total expenses                                   | <u>178,012,983</u>             | <u>152,073,529</u>   | <u>10,116,974</u>               | <u>9,195,096</u>     | <u>188,129,957</u>   | <u>161,268,625</u>   |
| Change in net position position before transfers | (7,285,659)                    | 3,091,383            | (327,338)                       | 697,039              | (7,612,997)          | 3,788,422            |
| Transfers  | (54,000)                       | (54,000)             | 54,000                          | 54,000               | -                    | -                    |
| Change in net position                           | (7,339,659)                    | 3,037,383            | (273,338)                       | 751,039              | (7,612,997)          | 3,788,422            |
| <b>Net Position:</b>                             |                                |                      |                                 |                      |                      |                      |
| Beginning of year - July 1                       | <u>51,515,935</u>              | <u>48,478,552</u>    | <u>28,139,699</u>               | <u>27,388,660</u>    | <u>79,655,634</u>    | <u>75,867,212</u>    |
| End of year - June 30                            | <u>\$ 44,176,276</u>           | <u>\$ 51,515,935</u> | <u>\$ 27,866,361</u>            | <u>\$ 28,139,699</u> | <u>\$ 72,042,637</u> | <u>\$ 79,655,634</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 \$51,235,710, while total fund balance was \$63,349,613. 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 12% 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 26.18% of total General Fund expenditures, while total fund balance represents 42.07% of that same amount.

At June 30, 2020, the governmental funds of the County reported a combined fund balance of \$134,856,043, a 54.27% increase from last year. This was due to an increase in ad valorem taxes collected in FY2020 following a County-wide property revaluation. Combined fund balance also increased because of the issuance of debt and remaining unspent debt proceeds as well as a positive budget to actual variance in the County's General Fund for FY2020 as compared to the previous fiscal 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 increased in the current year by \$36,073,450 due to the issuance of debt in the current year.

The COVID-19 Fund accounts for financial resources to be utilized in the prevention and response of the coronavirus pandemic. The deficit in the fund represents the portion of funds expended in response to the coronavirus pandemic for which the County is seeking reimbursement through Federal Emergency Management Assistance (FEMA) grants. Any expenditures unreimbursed through FEMA will be funded via alternate revenue sources.

**General Fund Budgetary Highlights.** The County's financial position improved for FY2020 due to better than anticipated revenue collections in most of the major revenue 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 \$9.2 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 and miscellaneous categories, which combined to be \$10,409,518 over budget. Separately, a total of \$13.5 million in General Fund balance was appropriated to balance the FY2020 budget. None of the \$13.5 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 2020 General Fund revenues increased by \$15.9 million, or 11.2%, over the prior fiscal year, as compared to General Fund expenditures, which decreased by \$10.6 million, or 13.4%, over fiscal year 2019. The increase in expenditures over the previous fiscal year is primarily within transfers to other funds. This is attributed in large part to the County's maintenance, repair, technology and security

initiative funding for the public schools and the community college. The public schools and the community college were also provided with increased funding as requested for education. Total General Fund balance increased \$7,394,908, while the amount of unassigned fund balance that is available for appropriation increased by \$4,225,420 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 \$3,901,810. The budgetary increase is primarily attributable to increases during the year for restricted intergovernmental revenues, other taxes and licenses, and miscellaneous revenues. Increasing revenue collections were realized in seven 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 \$6,338,706. The second largest variance was in Ad Valorem Taxes, which had a positive actual to budget variance of \$2,549,615. Total General Fund revenues had a total positive actual to budget variance of \$11,985,282.

**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 \$1,920,788. During the fiscal year 2020, proprietary fund net position decreased \$273,338. The majority of the decrease in total net position for the proprietary funds is attributable to increase in operating expenses, including construction projects completed during the year and workers' compensation claims for the Landfill fund.

## 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, 2020 totals \$143,346,656 (net of accumulated depreciation). These assets include land, buildings, plant and distribution systems, equipment, automotive equipment, and construction in progress.

**Henderson County's Capital Assets  
(net of depreciation)  
Figure 4**

|                                | Governmental Activities |                       | Business-Type Activities |                      | Total                 |                       |
|--------------------------------|-------------------------|-----------------------|--------------------------|----------------------|-----------------------|-----------------------|
|                                | 2020                    | 2019                  | 2020                     | 2019                 | 2020                  | 2019                  |
| Land                           | \$ 15,349,827           | \$ 15,349,827         | \$ 6,413,080             | \$ 6,362,485         | \$ 21,762,907         | \$ 21,712,312         |
| Buildings                      | 89,613,321              | 93,502,269            | -                        | -                    | 89,613,321            | 93,502,269            |
| Plant and distribution systems | -                       | -                     | 18,698,103               | 18,889,628           | 18,698,103            | 18,889,628            |
| Equipment                      | 2,529,180               | 2,386,627             | 538,627                  | 662,542              | 3,067,807             | 3,049,169             |
| Vehicles and motor equipment   | 4,060,916               | 3,839,728             | 317,872                  | 171,472              | 4,378,788             | 4,011,200             |
| Construction in progress       | 2,265,927               | 1,816,244             | 3,559,803                | 963,993              | 5,825,730             | 2,780,237             |
| Total                          | <u>\$ 113,819,171</u>   | <u>\$ 116,894,695</u> | <u>\$ 29,527,485</u>     | <u>\$ 27,050,120</u> | <u>\$ 143,346,656</u> | <u>\$ 143,944,815</u> |

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, 2020, Henderson County had total bonded debt outstanding of \$160,278,794 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                 |                       |
|---|-------------------------|-----------------------|--------------------------|---------------------|-----------------------|-----------------------|
|   | 2020                    | 2019                  | 2020                     | 2019                | 2020                  | 2019                  |
| Limited obligation bonds                | \$ 160,208,120          | \$ 109,273,324        | \$ 70,578                | \$ 176,190          | \$ 160,278,698        | \$ 109,449,514        |
| Direct placement - installment purchase | 13,057,144              | 16,853,505            | 3,511,334                | 1,831,858           | 16,568,478            | 18,685,363            |
| Total                                   | <u>\$ 173,265,264</u>   | <u>\$ 126,126,829</u> | <u>\$ 3,581,912</u>      | <u>\$ 2,008,048</u> | <u>\$ 176,847,176</u> | <u>\$ 128,134,877</u> |

Henderson County's total long-term debt increased by \$48,712,395 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 was granted a rating increase with 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 \$1,135,189,591. As of June 30, 2020, Henderson County's limited obligation and installment notes payable indebtedness was \$176,847,272, which is 15.6% 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 \$151,906,849 General Fund budget for fiscal year 2021. The fiscal year 2021 ad valorem property tax rate remained at 56.10 cents per \$100 of assessed property valuation. Sales tax was budgeted at \$19,541,298, a 21.5 percent decrease over the FY2020 budget amount. Most County departments and outside agencies were essentially held flat. The following factors were considered when developing the FY2020 budget:

- Unknown financial impact from the coronavirus pandemic on County resources, revenues and expenditures contributed to a conservative budget process for FY2021
- 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
- Maintaining an adequate Unassigned General Fund balance meeting Local Government Commission requirement

## **Budget Highlights for the Fiscal Year Ending June 30, 2021**

**Governmental Activities.** For FY2021, the Board maintained the General Fund ad valorem tax rate at 56.10 cents per \$100 of assessed property valuation. Due to the unknown and anticipated impacts of the coronavirus pandemic on the area, sales tax revenues were decreased and budgeted conservatively in an anticipation of potential decreased economic activity. Unassigned General Fund Balance of \$13.6 million was appropriated to balance the budget and to primarily cover any potential decreases in funding sources and to cover increased debt service. New projects and initiatives were put on hold until a future time until the effects of the pandemic on County resources are known. County departments were charged with essentially holding their operating budgets flat. A cost of living increase and performance pay were included in the FY2021 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 FY2021. 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 FY2021.

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 in to 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 will not exist or be disclosed in the Henderson County financial statements in FY2021 and going forward.

## **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.

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## **BASIC FINANCIAL STATEMENTS – OVERVIEW**

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# HENDERSON COUNTY, NORTH CAROLINA

## STATEMENT OF NET POSITION JUNE 30, 2020

|   | Primary Government      |                          |               | Component Units                       |  |
|---|-------------------------|--------------------------|---------------|---------------------------------------|--|
|   | Governmental Activities | Business-Type Activities | Total         | Henderson County Hospital Corporation | Henderson County Tourism Development Authority |
| <b>Assets:</b>  |                         |                          |               |                                       |  |
| Current assets:   |                         |                          |               |                                       |  |
| Cash and cash equivalents                               | \$ 76,474,932           | \$ 3,971,385             | \$ 80,446,317 | \$ 63,371,132                         | \$ 1,231,957                                   |
| Investments   | -                       | -                        | -             | 28,976,049                            | -  |
| Taxes receivable, net                                   | 1,129,680               | -                        | 1,129,680     | -                                     | -  |
| Receivables, net  | 12,605,762              | 1,888,460                | 14,494,222    | 28,605,281                            | 202,250  |
| Pledges receivable                                      | -                       | -                        | -             | 798,611                               | -  |
| Inventories   | 65,959                  | -                        | 65,959        | 5,299,325                             | -  |
| Prepaid items   | 232,368                 | -                        | 232,368       | 4,802,491                             | -  |
| Restricted cash and cash equivalents                    | 60,327,312              | -                        | 60,327,312    | -                                     | -  |
| Restricted investments                                  | -                       | -                        | -             | 2,664,727                             | 4,000  |
| Total current assets                                    | 150,836,013             | 5,859,845                | 156,695,858   | 134,517,616                           | 1,438,207                                      |
| Non-current assets:                                     |                         |                          |               |                                       |  |
| Net pension asset                                       | 239,520                 | -                        | 239,520       | -                                     | -  |
| Capital assets:   |                         |                          |               |                                       |  |
| Land and construction in progress                       | 17,615,754              | 9,972,883                | 27,588,637    | 9,030,789                             | -  |
| Other capital assets, net of depreciation               | 96,203,417              | 19,554,602               | 115,758,019   | 59,848,975                            | 7,104  |
| Total capital assets                                    | 113,819,171             | 29,527,485               | 143,346,656   | 68,879,764                            | 7,104  |
| Other assets  | -                       | -                        | -             | 11,813,141                            | -  |
| Total non-current assets                                | 114,058,691             | 29,527,485               | 143,586,176   | 80,692,905                            | 7,104  |
| Total assets  | 264,894,704             | 35,387,330               | 300,282,034   | 215,210,521                           | 1,445,311                                      |
| <b>Deferred Outflows of Resources</b>                   |                         |                          |               |                                       |  |
| OPEB deferrals  | 2,507,298               | 55,615                   | 2,562,913     | -                                     | -  |
| Pension deferrals                                       | 10,455,270              | 208,542                  | 10,663,812    | -                                     | -  |
| Charge on refunding                                     | 1,848,367               | -                        | 1,848,367     | -                                     | -  |
| Total deferred outflows of resources                    | 14,810,935              | 264,157                  | 15,075,092    | -                                     | -  |
| <b>Liabilities:</b>                                     |                         |                          |               |                                       |  |
| Current liabilities:                                    |                         |                          |               |                                       |  |
| Accounts payable and accrued expenses                   | 13,392,501              | 2,477,759                | 15,870,260    | 62,450,647                            | 24,531   |
| Liabilities to be paid from restricted assets           | 42,555                  | -                        | 42,555        | -                                     | -  |
| Unearned revenues                                       | -                       | -                        | -             | -                                     | 4,000  |
| Advances from grantors - payable from restricted assets | 1,805,057               | -                        | 1,805,057     | -                                     | -  |
| Third-party payer settlements                           | -                       | -                        | -             | 2,965,814                             | -  |
| Due within one year                                     | 14,025,191              | 526,287                  | 14,551,478    | 3,350,213                             | 3,382  |
| Total current liabilities                               | 29,265,304              | 3,004,046                | 32,269,350    | 68,766,674                            | 31,913   |
| Long-term liabilities:                                  |                         |                          |               |                                       |  |
| Net pension liability - LGERS                           | 16,012,207              | 311,333                  | 16,323,540    | -                                     | -  |
| Total pension liability - LEOSSA                        | 5,212,267               | -                        | 5,212,267     | -                                     | -  |
| Total OPEB liability                                    | 21,453,524              | 206,782                  | 21,660,306    | -                                     | -  |
| Other long-term liabilities                             | -                       | -                        | -             | 1,141,279                             | -  |
| Due in more than one year                               | 162,406,755             | 4,208,077                | 166,614,832   | 16,361,848                            | 30,439   |
| Total long-term liabilities                             | 205,084,753             | 4,726,192                | 209,810,945   | 17,503,127                            | 30,439   |
| Total liabilities                                       | 234,350,057             | 7,730,238                | 242,080,295   | 86,269,801                            | 62,352   |
| <b>Deferred Inflows of Resources</b>                    |                         |                          |               |                                       |  |
| Prepaid taxes   | 183,247                 | -                        | 183,247       | -                                     | -  |
| OPEB deferrals  | 805,998                 | 17,878                   | 823,876       | -                                     | -  |
| Pension deferrals                                       | 190,061                 | 37,010                   | 227,071       | -                                     | -  |
| Other deferred inflows                                  | -                       | -                        | -             | 478,778                               | -  |
| Total deferred inflows of resources                     | 1,179,306               | 54,888                   | 1,234,194     | 478,778                               | -  |

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

HENDERSON COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION  
JUNE 30, 2020

|                                   | Primary Government         |                             |               | Component Units                                |   |
|-----------------------------------|----------------------------|-----------------------------|---------------|--|---|
|                                   | Governmental<br>Activities | Business-Type<br>Activities | Total         | Henderson<br>County<br>Hospital<br>Corporation | Henderson<br>County Tourism<br>Development<br>Authority |
| <b>Net Position:</b>              |                            |                             |               |  |   |
| Net investment in capital assets  | 71,671,165                 | 25,945,573                  | 97,616,738    | 48,426,492                                     | 7,104   |
| Restricted for:                   |                            |                             |               |  |   |
| Stabilization by state statute    | 12,167,018                 | -                           | 12,167,018    | -  | 198,250   |
| Register of Deeds                 | 194,896                    | -                           | 194,896       | -  | -   |
| Register of Deeds' pension plan   | 270,679                    | -                           | 270,679       | -  | -   |
| Public safety                     | 2,338,548                  | -                           | 2,338,548     | -  | -   |
| Human services                    | 3,092,217                  | -                           | 3,092,217     | -  | -   |
| Cultural and recreational         | 334,245                    | -                           | 334,245       | -  | -   |
| Economic and physical development | 1,474,887                  | -                           | 1,474,887     | -  | -   |
| By donor                          | -                          | -                           | -             | 1,400,627                                      | -   |
| Tourism promotion                 | -                          | -                           | -             | -  | 1,177,605   |
| Unrestricted                      | (47,367,379)               | 1,920,788                   | (45,446,591)  | 78,634,823                                     | -   |
| Total net position                | \$ 44,176,276              | \$ 27,866,361               | \$ 72,042,637 | \$ 128,461,942                                 | \$ 1,382,959  |

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, 2020

|  |                | Program Revenues |               |               |
|--|----------------|------------------|---------------|---------------|
|  |                | Charges for      | Operating     | Capital       |
|  | Expenses       | Services         | Grants and    | Grants and    |
|  |                |                  | Contributions | Contributions |
| <b>Functions/Programs:</b>                     |                |                  |               |               |
| <b>Primary Government:</b>                     |                |                  |               |               |
| <b>Governmental Activities:</b>                |                |                  |               |               |
| General government                             | \$ 55,059,890  | \$ 1,928,402     | \$ 1,856,774  | \$ -          |
| Public safety                                  | 47,963,085     | 7,075,860        | 539,610       | -             |
| Environmental protection                       | 574,971        | -                | 103,842       | -             |
| Economic and physical development              | 3,484,865      | 1,449,536        | 1,118,098     | -             |
| Human services                                 | 27,726,210     | 682,914          | 15,499,466    | -             |
| Cultural and recreational                      | 5,163,897      | 156,033          | 469,476       | -             |
| Education                                      | 34,147,992     | -                | 991,159       | -             |
| Interest on long-term debt                     | 3,892,073      | -                | -             | -             |
| Total governmental activities                  | 178,012,983    | 11,292,745       | 20,578,425    | -             |
| <b>Business-Type Activities:</b>               |                |                  |               |               |
| Landfill                                       | 8,278,924      | 7,502,519        | 188,106       | -             |
| Cane Creek Water and Sewer                     | 1,776,378      | 1,564,138        | -             | 415,200       |
| Justice Academy Sewer                          | 61,672         | 41,250           | -             | -             |
| Total business-type activities                 | 10,116,974     | 9,107,907        | 188,106       | 415,200       |
| Total primary government                       | \$ 188,129,957 | \$ 20,400,652    | \$ 20,766,531 | \$ 415,200    |
| <b>Component Units:</b>                        |                |                  |               |               |
| Henderson County Hospital Corporation          | \$ 258,255,950 | \$ 258,184,057   | \$ 5,383,825  | \$ -          |
| Henderson County Tourism Development Authority | 2,456,763      | 45,570           | -             | -             |
| Total  | \$ 260,712,713 | \$ 258,229,627   | \$ 5,383,825  | \$ -          |

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

# HENDERSON COUNTY, NORTH CAROLINA

## STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2020

|  | 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 |
| <b>Functions/Programs:</b>                     |   |                          |                 |                                       |  |
| <b>Primary Government:</b>                     |   |                          |                 |                                       |  |
| <b>Governmental Activities:</b>                |   |                          |                 |                                       |  |
| General government                             | \$ (51,274,714)                                   | \$ -                     | \$ (51,274,714) |                                       |  |
| Public safety                                  | (40,347,615)                                      | -                        | (40,347,615)    |                                       |  |
| Environmental protection                       | (471,129)   | -                        | (471,129)       |                                       |  |
| Economic and physical development              | (917,231)   | -                        | (917,231)       |                                       |  |
| Human services                                 | (11,543,830)                                      | -                        | (11,543,830)    |                                       |  |
| Cultural and recreational                      | (4,538,388)                                       | -                        | (4,538,388)     |                                       |  |
| Education                                      | (33,156,833)                                      | -                        | (33,156,833)    |                                       |  |
| Interest on long-term debt                     | (3,892,073)                                       | -                        | (3,892,073)     |                                       |  |
| Total governmental activities                  | (146,141,813)                                     | -                        | (146,141,813)   |                                       |  |
| <b>Business-Type Activities:</b>               |   |                          |                 |                                       |  |
| Landfill                                       | -   | (588,299)                | (588,299)       |                                       |  |
| Cane Creek Water and Sewer                     | -   | 202,960                  | 202,960         |                                       |  |
| Justice Academy Sewer                          | -   | (20,422)                 | (20,422)        |                                       |  |
| Total business-type activities                 | -   | (405,761)                | (405,761)       |                                       |  |
| Total primary government                       | (146,141,813)                                     | (405,761)                | (146,547,574)   |                                       |  |
| <b>Component Units:</b>                        |   |                          |                 |                                       |  |
| Henderson County Hospital Corporation          |   |                          |                 | \$ 5,311,932                          | \$ -   |
| Henderson County Tourism Development Authority |   |                          |                 | -                                     | (2,411,193)                                    |
| Total  |   |                          |                 | 5,311,932                             | (2,411,193)                                    |
| <b>General Revenues:</b>                       |   |                          |                 |                                       |  |
| <b>Taxes:</b>                                  |   |                          |                 |                                       |  |
| Property taxes, levied for general purpose     | 102,455,897                                       | -                        | 102,455,897     | -                                     | -  |
| Local option sales tax                         | 31,223,698  | -                        | 31,223,698      | -                                     | -  |
| Other taxes and licenses                       | 3,796,256   | -                        | 3,796,256       | -                                     | 2,134,215                                      |
| Investment earnings, unrestricted              | 1,380,303   | 78,423                   | 1,458,726       | 989,635                               | 28,171   |
| Miscellaneous, unrestricted                    | -   | -                        | -               | 79,931                                | 11,651   |
| Total general revenues                         | 138,856,154                                       | 78,423                   | 138,934,577     | 1,069,566                             | 2,174,037                                      |
| Transfers                                      | (54,000)  | 54,000                   | -               | -                                     | -  |
| Total general revenues and transfers           | 138,802,154                                       | 132,423                  | 138,934,577     | 1,069,566                             | 2,174,037                                      |
| Change in net position                         | (7,339,659)                                       | (273,338)                | (7,612,997)     | 6,381,498                             | (237,156)                                      |
| <b>Net Position:</b>                           |   |                          |                 |                                       |  |
| Beginning of year - July 1                     | 51,515,935  | 28,139,699               | 79,655,634      | 122,080,444                           | 1,620,115                                      |
| End of year - June 30                          | \$ 44,176,276                                     | \$ 27,866,361            | \$ 72,042,637   | \$ 128,461,942                        | \$ 1,382,959                                   |

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

# HENDERSON COUNTY, NORTH CAROLINA

## BALANCE SHEET - GOVERNMENTAL FUNDS JUNE 30, 2020

|   | General<br>Fund      | School<br>Capital<br>Projects Fund | COVID-19<br>Fund    | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|---|----------------------|------------------------------------|---------------------|--------------------------------|--------------------------------|
| <b>Assets:</b>  |                      |                                    |                     |                                |                                |
| Cash and cash equivalents   | \$ 58,795,966        | \$ -                               | \$ -                | \$ 17,678,966                  | \$ 76,474,932                  |
| Taxes receivable, net   | 1,129,680            | -                                  | -                   | -                              | 1,129,680                      |
| Other receivables, net  | 12,095,077           | 214,140                            | -                   | 296,545                        | 12,605,762                     |
| Inventories   | 65,959               | -                                  | -                   | -                              | 65,959                         |
| Prepaid items   | 232,368              | -                                  | -                   | -                              | 232,368                        |
| Restricted assets:  |                      |                                    |                     |                                |                                |
| Cash and investments  | -                    | 54,466,240                         | 1,486,178           | 4,374,894                      | 60,327,312                     |
| Total assets  | <u>\$ 72,319,050</u> | <u>\$ 54,680,380</u>               | <u>\$ 1,486,178</u> | <u>\$ 22,350,405</u>           | <u>\$ 150,836,013</u>          |
| <b>Liabilities, Deferred Inflows of Resources,<br/>and Fund Balances:</b> |                      |                                    |                     |                                |                                |
| <b>Liabilities:</b>   |                      |                                    |                     |                                |                                |
| Accounts payable and accrued liabilities                                  | \$ 1,200,517         | \$ 4,526,603                       | \$ 1,620            | \$ 468,351                     | \$ 6,197,091                   |
| Liabilities to be paid from restricted assets                             | -                    | -                                  | -                   | 42,555                         | 42,555                         |
| Advances from grantors - payable from<br>restricted assets                | -                    | -                                  | 1,805,057           | -                              | 1,805,057                      |
| Accrued payroll liabilities   | 6,183,596            | -                                  | -                   | -                              | 6,183,596                      |
| Total liabilities   | <u>7,384,113</u>     | <u>4,526,603</u>                   | <u>1,806,677</u>    | <u>510,906</u>                 | <u>14,228,299</u>              |
| <b>Deferred Inflows of Resources:</b>                                     |                      |                                    |                     |                                |                                |
| Property taxes receivable   | 1,129,680            | -                                  | -                   | -                              | 1,129,680                      |
| Unavailable revenues  | -                    | -                                  | -                   | 159,243                        | 159,243                        |
| Prepaid taxes   | 176,143              | -                                  | -                   | 7,104                          | 183,247                        |
| Other receivables   | 279,501              | -                                  | -                   | -                              | 279,501                        |
| Total deferred inflows of resources                                       | <u>1,585,324</u>     | <u>-</u>                           | <u>-</u>            | <u>166,347</u>                 | <u>1,751,671</u>               |
| <b>Fund Balances:</b>   |                      |                                    |                     |                                |                                |
| Non-spendable:  |                      |                                    |                     |                                |                                |
| Inventory   | 65,959               | -                                  | -                   | -                              | 65,959                         |
| Prepaid items   | 232,368              | -                                  | -                   | -                              | 232,368                        |
| Restricted:   |                      |                                    |                     |                                |                                |
| Stabilization by state statute  | 11,815,576           | 214,140                            | -                   | 137,302                        | 12,167,018                     |
| Restricted, all other   | 5,721,901            | 54,466,240                         | -                   | 4,686,006                      | 64,874,147                     |
| Committed   | -                    | -                                  | -                   | 17,064,491                     | 17,064,491                     |
| Assigned for subsequent<br>year's expenditures                            | 13,627,844           | -                                  | -                   | -                              | 13,627,844                     |
| Assigned, all other   | 459,873              | -                                  | -                   | -                              | 459,873                        |
| Unassigned  | 31,426,092           | (4,526,603)                        | (320,499)           | (214,647)                      | 26,364,343                     |
| Total fund balances   | <u>63,349,613</u>    | <u>50,153,777</u>                  | <u>(320,499)</u>    | <u>21,673,152</u>              | <u>134,856,043</u>             |
| Total liabilities, deferred inflows of resources,<br>and fund balances    | <u>\$ 72,319,050</u> | <u>\$ 54,680,380</u>               | <u>\$ 1,486,178</u> | <u>\$ 22,350,405</u>           |                                |

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



# **HENDERSON COUNTY, NORTH CAROLINA**

## **BALANCE SHEET - GOVERNMENTAL FUNDS JUNE 30, 2020**

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.  |                  | 113,819,171          |
| 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. |                  | 1,568,424            |
| Net pension asset  |                  | 239,520              |
| Net pension liability LGERS  |                  | (16,012,207)         |
| Total pension liability LEOSSA   |                  | (5,212,267)          |
| OPEB Liability   |                  | (21,453,524)         |
| Deferred inflows of resources related to pensions are not reported in the funds.   |                  |                      |
| ROD  | (11,550)         |                      |
| LGERS  | 31,226           |                      |
| LEOSSA   | <u>(209,737)</u> | (190,061)            |
| Deferred inflows of resources related to OPEB are not reported in the funds.   |                  | (805,998)            |
| Deferred outflows of resources related to pensions are not reported in the funds.  |                  |                      |
| ROD  | 42,709           |                      |
| LGERS  | 9,610,551        |                      |
| LEOSSA   | <u>802,010</u>   | 10,455,270           |
| Deferred outflows of resources related to OPEB are not reported in the funds.  |                  | 2,507,298            |
| Long-term liabilities and compensated absences are not due and payable in the current period, and, therefore, are not reported in the funds.   |                  | (176,431,946)        |
| Deferred charges related to advance refunding bond issued - included on government-wide Statement of Net Position, but are not current financial resources.  |                  | 1,848,367            |
| Some liabilities, including accrued interest, are not due and payable in the current period and, therefore, are not reported in the funds.   |                  | <u>(1,011,814)</u>   |
| Net position of governmental activities  |                  | <u>\$ 44,176,276</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, 2020**

|   | <b>General<br/>Fund</b> | <b>School<br/>Capital<br/>Projects Fund</b> | <b>COVID-19<br/>Fund</b> | <b>Other<br/>Governmental<br/>Funds</b> | <b>Total<br/>Governmental<br/>Funds</b> |
|---|-------------------------|---|--------------------------|---|---|
| <b>Revenues:</b>                        |                         |   |                          |   |   |
| Ad valorem taxes                        | \$ 89,678,147           | \$ -  | \$ -                     | \$ 12,534,703                           | \$ 102,212,850                          |
| Local option sales taxes                | 31,223,698              | -   | -                        | -                                       | 31,223,698                              |
| Other taxes and licenses                | 3,522,964               | -   | -                        | -                                       | 3,522,964                               |
| Unrestricted intergovernmental revenues | 59,153                  | -   | -                        | -                                       | 59,153                                  |
| Restricted intergovernmental revenues   | 16,381,551              | -   | 609,951                  | 707,855                                 | 17,699,357                              |
| Permits and fees                        | 2,434,227               | -   | -                        | -                                       | 2,434,227                               |
| Sales and services                      | 8,146,140               | -   | -                        | 667,564                                 | 8,813,704                               |
| Investment earnings                     | 1,174,097               | 174,800                                     | -                        | 31,406                                  | 1,380,303                               |
| Miscellaneous                           | 3,033,530               | 214,139                                     | -                        | 3,064                                   | 3,250,733                               |
| Total revenues                          | <u>155,653,507</u>      | <u>388,939</u>                              | <u>609,951</u>           | <u>13,944,592</u>                       | <u>170,596,989</u>                      |
| <b>Expenditures:</b>                    |                         |   |                          |   |   |
| Current:                                |                         |   |                          |   |   |
| General government                      | 19,001,862              | -   | -                        | 2,753,783                               | 21,755,645                              |
| Public safety                           | 32,836,360              | -   | 930,450                  | 12,002,248                              | 45,769,058                              |
| Environmental protection                | 534,182                 | -   | -                        | -                                       | 534,182                                 |
| Economic and physical development       | 2,637,537               | -   | -                        | 729,118                                 | 3,366,655                               |
| Human services                          | 26,442,287              | -   | -                        | -                                       | 26,442,287                              |
| Cultural and recreational               | 5,050,703               | -   | -                        | -                                       | 5,050,703                               |
| Education                               | 34,126,181              | -   | -                        | -                                       | 34,126,181                              |
| Capital outlay                          | -                       | 29,524,764                                  | -                        | -                                       | 29,524,764                              |
| Debt service:                           |                         |   |                          |   |   |
| Principal retirement                    | 12,503,845              | -   | -                        | -                                       | 12,503,845                              |
| Interest and other charges              | 4,232,069               | 238,586                                     | -                        | -                                       | 4,470,655                               |
| Total expenditures                      | <u>137,365,026</u>      | <u>29,763,350</u>                           | <u>930,450</u>           | <u>15,485,149</u>                       | <u>183,543,975</u>                      |
| Revenues over (under) expenditures      | <u>18,288,481</u>       | <u>(29,374,411)</u>                         | <u>(320,499)</u>         | <u>(1,540,557)</u>                      | <u>(12,946,986)</u>                     |
| <b>Other Financing Sources (Uses):</b>  |                         |   |                          |   |   |
| Transfers from other funds:             |                         |   |                          |   |   |
| From General Fund                       | -                       | -   | -                        | 11,994,535                              | 11,994,535                              |
| From Capital Reserve Fund               | 2,308,922               | -   | -                        | 118,550                                 | 2,427,472                               |
| From other funds                        | -                       | 5,005,167                                   | -                        | 296,977                                 | 5,302,144                               |
| Transfers to other funds                | (13,202,495)            | -   | -                        | (6,575,656)                             | (19,778,151)                            |
| Bond proceeds                           | -                       | 52,525,000                                  | -                        | -                                       | 52,525,000                              |
| Bond premium                            | -                       | 7,917,694                                   | -                        | -                                       | 7,917,694                               |
| Total other financing sources (uses)    | <u>(10,893,573)</u>     | <u>65,447,861</u>                           | <u>-</u>                 | <u>5,834,406</u>                        | <u>60,388,694</u>                       |
| Net change in fund balances             | 7,394,908               | 36,073,450                                  | (320,499)                | 4,293,849                               | 47,441,708                              |
| <b>Fund Balances:</b>                   |                         |   |                          |   |   |
| Beginning of year - July 1              | <u>55,954,705</u>       | <u>14,080,327</u>                           | <u>-</u>                 | <u>17,379,303</u>                       | <u>87,414,335</u>                       |
| End of year - June 30                   | <u>\$ 63,349,613</u>    | <u>\$ 50,153,777</u>                        | <u>\$ (320,499)</u>      | <u>\$ 21,673,152</u>                    | <u>\$ 134,856,043</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, 2020**

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 | \$ 47,441,708 |
|--|---------------|

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                   | 44,814  |
| Property tax revenues and other fees and services | 243,047 |
| Unavailable revenues                              | 18,078  |

|  |           |
|--|-----------|
| 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. | 2,691,592 |
|--|-----------|

|   |             |
|---|-------------|
| Depreciation expense allocates the costs of capital assets over their useful lives. It is not reported as an expenditure in the governmental funds statement. | (5,591,512) |
|---|-------------|

|  |           |
|--|-----------|
| Gain/loss on the disposal of capital assets not recognized on modified accrual basis | (175,604) |
|--|-----------|

|  |           |
|--|-----------|
| Expenses related to compensated absences that do not require current financial resources are not reported as expenditures in the governmental funds statement. | (363,510) |
|--|-----------|

|                          |           |
|--------------------------|-----------|
| Pension expense - LEOSSA | (139,514) |
|--------------------------|-----------|

|                         |             |
|-------------------------|-------------|
| Pension expense - LGERS | (3,502,101) |
|-------------------------|-------------|

|                       |          |
|-----------------------|----------|
| Pension expense - ROD | (12,994) |
|-----------------------|----------|

|                   |           |
|-------------------|-----------|
| OPEB plan expense | (213,313) |
|-------------------|-----------|

|  |           |
|--|-----------|
| Accrued interest that does not require current financial resources are not reported as expenditures in the governmental funds statement. | (221,832) |
|--|-----------|

|  |              |
|--|--------------|
| The issuance of long-term debt provides current financial resources to governmental funds, but does not effect net assets. | (52,525,000) |
|--|--------------|

|   |             |
|---|-------------|
| Issuance and amortization of debt premiums is a reduction of expenses on the Statement of Activities. | (7,117,280) |
|---|-------------|

|   |           |
|---|-----------|
| Expenses reported on fund financial statements that are capitalized on government-wide statements - refunding costs | (420,083) |
|---|-----------|

|   |                   |
|---|-------------------|
| 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. | <u>12,503,845</u> |
|---|-------------------|

|   |                       |
|---|-----------------------|
| Total change in net position of governmental activities | <u>\$ (7,339,659)</u> |
|---|-----------------------|

*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, 2020

|   | General Fund       |                    |                     |   |
|---|--------------------|--------------------|---------------------|---|
|   | Budgeted Amounts   |                    |                     | Variance from<br>Final Budget<br>Over/Under |
|   | Original           | Final              | Actual              |   |
| <b>Revenues:</b>                        |                    |                    |                     |   |
| Ad valorem taxes                        | \$ 87,128,532      | \$ 87,128,532      | \$ 89,678,147       | \$ 2,549,615                                |
| Local option sales taxes                | 24,884,992         | 24,884,992         | 31,223,698          | 6,338,706                                   |
| Other taxes and licenses                | 1,209,000          | 3,643,343          | 3,522,964           | (120,379)                                   |
| Unrestricted intergovernmental revenues | 38,000             | 38,000             | 59,153              | 21,153                                      |
| Restricted intergovernmental revenues   | 15,542,438         | 16,726,936         | 16,381,551          | (345,385)                                   |
| Permits and fees                        | 1,798,560          | 1,798,560          | 2,434,227           | 635,667                                     |
| Sales and services                      | 7,435,529          | 7,435,529          | 8,146,140           | 710,611                                     |
| Investment earnings                     | 500,000            | 500,000            | 1,174,097           | 674,097                                     |
| Miscellaneous                           | 1,229,364          | 1,512,333          | 3,033,530           | 1,521,197                                   |
| Total revenues                          | <u>139,766,415</u> | <u>143,668,225</u> | <u>155,653,507</u>  | <u>11,985,282</u>                           |
| <b>Expenditures:</b>                    |                    |                    |                     |   |
| Current:                                |                    |                    |                     |   |
| General government                      | 18,102,075         | 19,961,021         | 19,001,862          | 959,159                                     |
| Public safety                           | 35,037,772         | 35,821,903         | 32,836,360          | 2,985,543                                   |
| Environmental protection                | 423,079            | 623,079            | 534,182             | 88,897                                      |
| Economic and physical development       | 3,176,611          | 3,360,059          | 2,637,537           | 722,522                                     |
| Human services                          | 29,608,120         | 30,220,049         | 26,442,287          | 3,777,762                                   |
| Cultural and recreational               | 5,441,959          | 5,585,828          | 5,050,703           | 535,125                                     |
| Intergovernmental:                      |                    |                    |                     |   |
| Education                               | 34,126,181         | 34,126,181         | 34,126,181          | -   |
| Debt service:                           |                    |                    |                     |   |
| Principal retirement                    | 12,503,941         | 12,503,941         | 12,503,845          | 96  |
| Interest and other charges              | 6,028,598          | 4,425,264          | 4,232,069           | 193,195                                     |
| Total expenditures                      | <u>144,448,336</u> | <u>146,627,325</u> | <u>137,365,026</u>  | <u>9,262,299</u>                            |
| Revenues over (under) expenditures      | <u>(4,681,921)</u> | <u>(2,959,100)</u> | <u>18,288,481</u>   | <u>21,247,581</u>                           |
| <b>Other Financing Sources (Uses):</b>  |                    |                    |                     |   |
| Transfers from other funds              | 1,353,960          | 2,393,922          | 2,308,922           | (85,000)                                    |
| Transfers to other funds                | (10,130,319)       | (13,202,495)       | (13,202,495)        | -   |
| Appropriated fund balance               | 13,458,280         | 13,767,673         | -                   | (13,767,673)                                |
| Total other financing sources (uses)    | <u>4,681,921</u>   | <u>2,959,100</u>   | <u>(10,893,573)</u> | <u>(13,852,673)</u>                         |
| Net change in fund balance              | <u>\$ -</u>        | <u>\$ -</u>        | 7,394,908           | <u>\$ 7,394,908</u>                         |
| <b>Fund Balance:</b>                    |                    |                    |                     |   |
| Beginning of year - July 1              |                    |                    | <u>55,954,705</u>   |   |
| End of year - June 30                   |                    |                    | \$ 63,349,613       |   |

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, 2020

|                               | COVID-19 Fund    |            |              |                         |
|-------------------------------|------------------|------------|--------------|-------------------------|
|                               | Budgeted Amounts |            |              | Variance from           |
|                               | Original         | Final      | Actual       | Final Budget Over/Under |
| <b>Revenues:</b>              |                  |            |              |                         |
| Restricted intergovernmental: |                  |            |              |                         |
| CARES Act allocation          | \$ -             | \$ 606,858 | \$ 606,796   | \$ (62)                 |
| Other grants                  | -                | 325,010    | 3,155        | (321,855)               |
| Total revenues                | -                | 931,868    | 609,951      | (321,917)               |
| <b>Expenditures:</b>          |                  |            |              |                         |
| Current:                      |                  |            |              |                         |
| Public Safety:                |                  |            |              |                         |
| Grants to other agencies      | -                | 1,620      | 1,620        | -                       |
| CARES Act expenditures        | -                | 605,238    | 605,176      | 62                      |
| Other grant expenditures      | -                | 325,010    | 323,654      | 1,356                   |
| Total expenditures            | -                | 931,868    | 930,450      | 1,418                   |
| Net change in fund balance    | \$ -             | \$ -       | (320,499)    | \$ (320,499)            |
| <b>Fund Balance:</b>          |                  |            |              |                         |
| Beginning of year - July 1    |                  |            | -            |                         |
| End of year - June 30         |                  |            | \$ (320,499) |                         |

# HENDERSON COUNTY, NORTH CAROLINA

## STATEMENT OF NET POSITION PROPRIETARY FUNDS JUNE 30, 2020

|  | Enterprise Funds |  |                                  |               |
|--|------------------|--|----------------------------------|---------------|
|  | Major            |  |                                  |               |
|  | Landfill<br>Fund | Cane Creek<br>Water and Sewer<br>District Fund | Justice<br>Academy<br>Sewer Fund | Total         |
| <b>Assets:</b>                                       |                  |  |                                  |               |
| Current assets:                                      |                  |  |                                  |               |
| Cash and cash equivalents                            | \$ 1,053,706     | \$ 2,182,349                                   | \$ 735,330                       | \$ 3,971,385  |
| Accounts receivable, net                             | 457,296          | 1,427,414                                      | 3,750                            | 1,888,460     |
| Total current assets                                 | 1,511,002        | 3,609,763                                      | 739,080                          | 5,859,845     |
| Capital assets:                                      |                  |  |                                  |               |
| Land and construction in progress                    | 6,081,966        | 3,884,253                                      | 6,664                            | 9,972,883     |
| Other capital assets, net of depreciation            | 2,463,216        | 16,895,850                                     | 195,536                          | 19,554,602    |
| Total non-current assets                             | 8,545,182        | 20,780,103                                     | 202,200                          | 29,527,485    |
| Total assets   | 10,056,184       | 24,389,866                                     | 941,280                          | 35,387,330    |
| <b>Deferred Outflows of Resources:</b>               |                  |  |                                  |               |
| OPEB deferrals                                       | 55,615           | -  | -                                | 55,615        |
| Pension deferrals                                    | 208,542          | -  | -                                | 208,542       |
| Total deferred outflows of resources                 | 264,157          | -  | -                                | 264,157       |
| <b>Liabilities:</b>                                  |                  |  |                                  |               |
| Current liabilities:                                 |                  |  |                                  |               |
| Accounts payable and accrued expenses                | 671,085          | 1,804,869                                      | 1,805                            | 2,477,759     |
| Current portion of compensated absences              | 6,222            | -  | -                                | 6,222         |
| Current portion of long-term obligations             | 264,487          | 255,578  | -                                | 520,065       |
| Total current liabilities                            | 941,794          | 2,060,447                                      | 1,805                            | 3,004,046     |
| Non-current liabilities:                             |                  |  |                                  |               |
| Liabilities payable from restricted assets:          |                  |  |                                  |               |
| Accrued landfill closure and post-closure care costs | 964,505          | -  | -                                | 964,505       |
| Compensated absences                                 | 50,571           | -  | -                                | 50,571        |
| Total OPEB liability                                 | 206,782          | -  | -                                | 206,782       |
| Net pension liability - LGERS                        | 311,333          | -  | -                                | 311,333       |
| Long-term obligations                                | 800,001          | 2,393,000                                      | -                                | 3,193,001     |
| Total non-current liabilities                        | 2,333,192        | 2,393,000                                      | -                                | 4,726,192     |
| Total liabilities                                    | 3,274,986        | 4,453,447                                      | 1,805                            | 7,730,238     |
| <b>Deferred Inflows of Resources:</b>                |                  |  |                                  |               |
| OPEB deferrals                                       | 17,878           | -  | -                                | 17,878        |
| Pension deferrals                                    | 37,010           | -  | -                                | 37,010        |
| Total deferred inflows of resources                  | 54,888           | -  | -                                | 54,888        |
| <b>Net Position:</b>                                 |                  |  |                                  |               |
| Net investment in capital assets                     | 7,611,848        | 18,131,525                                     | 202,200                          | 25,945,573    |
| Unrestricted   | (621,381)        | 1,804,894                                      | 737,275                          | 1,920,788     |
| Total net position                                   | \$ 6,990,467     | \$ 19,936,419                                  | \$ 939,475                       | \$ 27,866,361 |

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, 2020

|   | Enterprise Funds    |   |                                  |                      |
|---|---------------------|---|----------------------------------|----------------------|
|   | Major               |   |                                  |                      |
|   | Landfill<br>Fund    | Cane Creek<br>Water and<br>Sewer District | Justice<br>Academy<br>Sewer Fund | Total                |
| <b>Operating Revenues:</b>                                  |                     |   |                                  |                      |
| Charges for services  | \$ 7,502,519        | \$ 1,564,138                              | \$ 41,250                        | \$ 9,107,907         |
| Restricted intergovernmental                                | 13,477              | -   | -                                | 13,477               |
| Total operating revenues                                    | <u>7,515,996</u>    | <u>1,564,138</u>                          | <u>41,250</u>                    | <u>9,121,384</u>     |
| <b>Operating Expenses:</b>                                  |                     |   |                                  |                      |
| Salaries and employee benefits                              | 1,724,844           | -   | -                                | 1,724,844            |
| Other operating expenses                                    | 5,851,559           | 981,755                                   | 47,904                           | 6,881,218            |
| Repairs and maintenance                                     | 419,046             | 92,792                                    | 2,905                            | 514,743              |
| Depreciation  | 252,004             | 652,616                                   | 10,863                           | 915,483              |
| Total operating expenses                                    | <u>8,247,453</u>    | <u>1,727,163</u>                          | <u>61,672</u>                    | <u>10,036,288</u>    |
| Operating income (loss)                                     | <u>(731,457)</u>    | <u>(163,025)</u>                          | <u>(20,422)</u>                  | <u>(914,904)</u>     |
| <b>Non-Operating Revenues (Expenses):</b>                   |                     |   |                                  |                      |
| Miscellaneous revenue                                       | 174,629             | -   | -                                | 174,629              |
| Interest income   | 25,650              | 38,582                                    | 14,191                           | 78,423               |
| Interest expense  | (31,471)            | (49,215)                                  | -                                | (80,686)             |
| Total non-operating revenues (expenses)                     | <u>168,808</u>      | <u>(10,633)</u>                           | <u>14,191</u>                    | <u>172,366</u>       |
| Income (loss) before capital<br>contributions and transfers | (562,649)           | (173,658)                                 | (6,231)                          | (742,538)            |
| <b>Transfers:</b>   |                     |   |                                  |                      |
| Transfers in  | 54,000              | -   | -                                | 54,000               |
| Capital contributions                                       | <u>-</u>            | <u>415,200</u>                            | <u>-</u>                         | <u>415,200</u>       |
| Change in net position                                      | (508,649)           | 241,542                                   | (6,231)                          | (273,338)            |
| <b>Net Position:</b>  |                     |   |                                  |                      |
| Beginning of year - July 1                                  | <u>7,499,116</u>    | <u>19,694,877</u>                         | <u>945,706</u>                   | <u>28,139,699</u>    |
| End of year - June 30                                       | <u>\$ 6,990,467</u> | <u>\$ 19,936,419</u>                      | <u>\$ 939,475</u>                | <u>\$ 27,866,361</u> |

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, 2020

|  | Enterprise Funds |   |                                  |              |
|--|------------------|---|----------------------------------|--------------|
|  | Major            |   |                                  |              |
|  | Landfill<br>Fund | Cane Creek<br>Water and<br>Sewer District | Justice<br>Academy<br>Sewer Fund | Total        |
| <b>Cash Flows from Operating Activities:</b>                         |                  |   |                                  |              |
| Cash received from customers   | \$ 7,558,581     | \$ 1,114,499                              | \$ 43,980                        | \$ 8,717,060 |
| Cash paid for goods and services                                     | (6,307,646)      | (28,064)                                  | (50,699)                         | (6,386,409)  |
| Cash paid to employees for services                                  | (1,654,066)      | -   | -                                | (1,654,066)  |
| Net cash provided (used) by operating activities                     | (403,131)        | 1,086,435                                 | (6,719)                          | 676,585      |
| <b>Cash Flows from Non-Capital Financing Activities:</b>             |                  |   |                                  |              |
| Transfers in   | 54,000           | -   | -                                | 54,000       |
| Proceeds from non-capital grants                                     | 174,629          | -   | -                                | 174,629      |
| Net cash provided (used) by non-capital financing activities         | 228,629          | -   | -                                | 228,629      |
| <b>Cash Flows from Capital and Related Financing Activities:</b>     |                  |   |                                  |              |
| Acquisition and construction of capital assets                       | (282,455)        | (2,695,193)                               | -                                | (2,977,648)  |
| Installment purchase debt issued                                     | -                | 1,997,809                                 | -                                | 1,997,809    |
| Long-term debt payments  | (133,333)        | (290,612)                                 | -                                | (423,945)    |
| Interest paid  | (31,471)         | (49,215)                                  | -                                | (80,686)     |
| Net cash provided (used) by capital and related financing activities | (447,259)        | (1,037,211)                               | -                                | (1,484,470)  |
| <b>Cash Flows from Investing Activities:</b>                         |                  |   |                                  |              |
| Interest on investments  | 25,650           | 38,582                                    | 14,191                           | 78,423       |
| Net increase (decrease) in cash and cash equivalents                 | (596,111)        | 87,806                                    | 7,472                            | (500,833)    |
| <b>Cash and Cash Equivalents:</b>                                    |                  |   |                                  |              |
| Beginning of year - July 1   | 1,649,817        | 2,094,543                                 | 727,858                          | 4,472,218    |
| End of year - June 30  | \$ 1,053,706     | \$ 2,182,349                              | \$ 735,330                       | \$ 3,971,385 |

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, 2020

|   | Enterprise Funds    |   |                                  |                   |
|---|---------------------|---|----------------------------------|-------------------|
|   | Major               |   |                                  |                   |
|   | Landfill<br>Fund    | Cane Creek<br>Water and<br>Sewer District | Justice<br>Academy<br>Sewer Fund | Total             |
| <b>Reconciliation of Operating Income (Loss) to Net<br/>Cash Provided (Used) by Operating Activities:</b> |                     |   |                                  |                   |
| Operating income (loss)   | \$ (731,457)        | \$ (163,025)                              | \$ (20,422)                      | \$ (914,904)      |
| Adjustments to reconcile operating income (loss) to<br>net cash provided (used) by operating activities:  |                     |   |                                  |                   |
| Depreciation  | 252,004             | 652,616                                   | 10,863                           | 915,483           |
| (Increase) decrease in deferred outflows of resources for pensions  | 24,722              | -   | -                                | 24,722            |
| Increase (decrease) in net pension liability  | 48,247              | -   | -                                | 48,247            |
| Increase (decrease) in deferred inflows of resources for pensions   | (1,498)             | -   | -                                | (1,498)           |
| Landfill closure and post-closure care costs  | (131,154)           | -   | -                                | (131,154)         |
| Changes in assets and liabilities:  |                     |   |                                  |                   |
| (Increase) decrease in accounts receivable  | 42,585              | (449,639)                                 | 2,730                            | (404,324)         |
| Increase (decrease) in accounts payable and accrued liabilities   | 94,113              | 1,046,483                                 | 110                              | 1,140,706         |
| (Increase) decrease in deferred outflows of resources - OPEB  | (22,539)            | -   | -                                | (22,539)          |
| Increase (decrease) in deferred inflows of resources - OPEB   | (3,827)             | -   | -                                | (3,827)           |
| Increase (decrease) in other post-employment benefits   | 31,098              | -   | -                                | 31,098            |
| Increase (decrease) in accrued vacation pay   | (5,425)             | -   | -                                | (5,425)           |
| Total adjustments   | 328,326             | 1,249,460                                 | 13,703                           | 1,591,489         |
| Net cash provided (used) by operating activities  | <u>\$ (403,131)</u> | <u>\$ 1,086,435</u>                       | <u>\$ (6,719)</u>                | <u>\$ 676,585</u> |
| <b>Non-Cash Capital and Related Financing Activities:</b>   |                     |   |                                  |                   |
| Capital assets contributed by developers  | <u>\$ -</u>         | <u>\$ 415,200</u>                         | <u>\$ -</u>                      | <u>\$ 415,200</u> |

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

**HENDERSON COUNTY, NORTH CAROLINA****STATEMENT OF FIDUCIARY NET POSITION****FIDUCIARY FUNDS****JUNE 30, 2020**

|                           | <b><u>Agency<br/>Funds</u></b> |
|---------------------------|--------------------------------|
| <b>Assets:</b>            |                                |
| Cash and cash equivalents | \$ 1,094,252                   |
| Accounts receivable       | <u>116,825</u>                 |
| Total assets              | <u>1,211,077</u>               |
| <b>Liabilities:</b>       |                                |
| Intergovernmental payable | <u>1,211,077</u>               |
| Total liabilities         | <u>\$ 1,211,077</u>            |

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

# HENDERSON COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

### 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") exists to provide and maintain water and sewer systems for County residents within the District. Under State law (G.S. 162A-89), the County's Board of Commissioners also serves as the governing board for the District; thus, the District's governing body is substantially the same as the governing body of the County. The County provides financial resources that are not available from other remedies. Therefore, the District is reported as an enterprise fund in the County's basic financial statements (blended component unit). The District does not issue separate financial statements. The County has financed projects for the District, including an installment purchase and limited obligation indebtedness, as are disclosed in the accompanying notes to the combined financial statements.

#### 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, 2020**

### **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, 2020

### 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.

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

**COVID-19 Fund.** This fund accounts for resources utilized in the prevention and response of the coronavirus pandemic.

# HENDERSON COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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 is used to account for the operations of the water and sewer system in the Cane Creek District.

**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 four nonmajor special revenue funds: Revaluation Reserve Fund, Emergency Telephone Systems Fund (E-911), Fire Districts Fund, and Public Transit 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 four non-major capital project funds within the governmental fund types: General Capital Projects Fund, General Capital Reserve Fund, HCPS-MRTS Fund, and BRCC-MRTS Fund.

**Agency Funds.** Agency funds are custodial in nature and do not involve the measurement of operating results. Agency funds are used to account for position the County holds on behalf of others. The County maintains the following agency funds: School Fines and Forfeitures Fund, which accounts for the collection and payment of fines and forfeitures to the Board of Education in the County; Social Services Fund, which accounts for monies deposited with the Department of Social Services for the benefit of certain individuals; Agriculture Fund, which accounts for position held by the County for the benefit of certain individuals in the County; Flexible Spending Fund, which accounts for position held for County employees in accordance with the provisions of Internal Revenue Code Section 125; Fireman's Association Fund, which accounts for position held for the Fireman's Association; Deed of Trust Fund, which accounts for the five dollars of each fee collected by the Register of Deeds for registering or filing a deed of trust or mortgage that the County is required to remit to the State Treasurer on a monthly basis; and other agency funds, which account for miscellaneous funds held by the County for the benefit of others.

# HENDERSON COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

### 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, 2020**

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, 2020**

### **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. Non-participating interest earning contracts are accounted for at cost. The NCCMT Government Portfolio, an SEC-registered (2a-7) government money market fund is measured at fair value. The NCCMT Term Portfolio is bond fund, has no rating and is measured at fair value. As of June 30, 2020, the Term portfolio has a duration of .15 years. Because the NCCMT Government and Term Portfolios have a weighted average maturity of less than 90 days, they are 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:

- \$1,486,178 in CARES Fund is classified as a restricted asset because it represents unspent grant proceeds.
- \$1,401,780 in the Tax Revaluation Fund is classified as a restricted asset because its use is restricted per North Carolina General Statute 153A-150.

# **HENDERSON COUNTY, NORTH CAROLINA**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020**

- \$54,466,240 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.
- \$2,973,114 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.

### **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, 2019. 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.

### **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.

## HENDERSON COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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

| <b>Assets</b>                                | <b>Estimated<br/>Useful Lives</b> |
|--|-----------------------------------|
| 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:

| <b>Assets</b>          | <b>Estimated<br/>Useful Lives</b> |
|------------------------|-----------------------------------|
| 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.

#### 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.

# HENDERSON COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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.

### **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.

# HENDERSON COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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.

*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 General Government* – portion of fund balance restricted by revenue source for general government projects.

*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.

# HENDERSON COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

*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, 2020 is as follows:

| <u>Purpose</u>                    | <u>General<br/>Fund</u> | <u>Other<br/>Governmental<br/>Funds</u> | <u>School<br/>Capital<br/>Project Fund</u> | <u>Total<br/>Restricted</u> |
|-----------------------------------|-------------------------|---|--|-----------------------------|
| Restricted, all other:            |                         |   |  |                             |
| Register of Deeds                 | \$ 194,896              | \$ -                                    | \$ -                                       | \$ 194,896                  |
| General Government                | -                       | 2,973,114                               | -  | 2,973,114                   |
| Public safety                     | 2,100,543               | 238,005                                 | -  | 2,338,548                   |
| Economic and physical development | -                       | 1,474,887                               | -  | 1,474,887                   |
| Human services                    | 3,092,217               | -                                       | -  | 3,092,217                   |
| Cultural and recreational         | 334,245                 | -                                       | -  | 334,245                     |
| Education                         | -                       | -                                       | 54,466,240                                 | 54,466,240                  |
| Total                             | <u>\$ 5,721,901</u>     | <u>\$ 4,686,006</u>                     | <u>\$ 54,466,240</u>                       | <u>\$64,874,147</u>         |

Restricted net position on Exhibit A varies from restricted fund balance on Exhibit C by the amount of unspent debt proceeds of \$57,439,354 and the restriction for the Register of Deeds' pension plan of \$270,679 for a net difference of \$57,168,675.

### 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.

## HENDERSON COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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

Committed fund balance at June 30, 2020 is as follows:

| <b>Purpose</b>                    | <b>Other<br/>Governmental<br/>Funds</b> |
|-----------------------------------|---|
| Committed:                        |   |
| Revaluation                       | \$ 1,359,225                            |
| General government                | 8,082,519                               |
| Economic and physical development | 4,843,314                               |
| Education                         | 2,779,433                               |
| Total                             | <u>\$ 17,064,491</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.

Assigned fund balance at June 30, 2020 is as follows:

| <b>Purpose</b>                 | <b>General<br/>Fund</b> |
|--------------------------------|-------------------------|
| Assigned:                      |                         |
| Subsequent year's expenditures | \$ 13,627,844           |
| Public safety                  | 459,873                 |
| Total                          | <u>\$ 14,087,717</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, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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 12% of actual expenditures. Any portion of the General Fund balance in excess of 12% 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 | \$ 63,349,613               |
| <b>Less:</b>                      |                             |
| Inventories                       | (65,959)                    |
| Prepaid items                     | (232,368)                   |
| Stabilization by state statute    | <u>(11,815,576)</u>         |
| Total available fund balance      | <u><u>\$ 51,235,710</u></u> |

### 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.



# HENDERSON COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

### 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 funds:

|                     |                   |
|---------------------|-------------------|
| COVID-19 Fund       | <u>\$ 320,499</u> |
| Fire Districts Fund | <u>\$ 1,132</u>   |

**Corrective Action Plan.** The County will continue to monitor the COVID-19 fund and make changes as adopted in the COVID-19 fund plan. The deficit in the fund represents the portion of funds expended in response to the coronavirus pandemic for which the County is seeking reimbursement through Federal Emergency Management Assistance (FEMA) grants. Any expenditures unreimbursed through FEMA will be funded via alternate revenue sources.

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 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

# HENDERSON COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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, 2020, the County's deposits had a carrying amount of \$12,438,344 and a bank balance of \$14,791,127. Of the bank balance, \$527,812 was covered by federal depository insurance, and the balance was covered by collateral held under the Pooling Method. At June 30, 2020, the County had \$6,206 cash on hand.

At June 30, 2020, the Hospital's deposits had a carrying amount of approximately \$63,127,000 and a bank balance of approximately \$65,402,000. 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, 2020, the County had the following investments and maturities:

| <b>Investment Type</b>  | <b>Valuation<br/>Measurement<br/>Method</b> | <b>Book Value</b>     | <b>Less Than<br/>6 Months</b> | <b>6-12<br/>Months</b> | <b>1-5<br/>Years</b> |
|---|---|-----------------------|-------------------------------|------------------------|----------------------|
| U.S. government agencies  | Fair Value-Level 2                          | \$ 30,555,481         | \$ -                          | \$ -                   | \$ 30,555,481        |
| Commercial paper  | Fair Value-Level 2                          | 19,797,901            | 19,797,901                    | -                      | -                    |
| North Carolina Capital Management<br>Trust - Government Portfolio | Fair Value-Level 1                          | 73,952,508            | 73,952,508                    | -                      | -                    |
| North Carolina Capital Management<br>Trust - Term Portfolio *     | Fair Value-Level 1                          | 5,117,441             | 5,117,441                     | -                      | -                    |
| <b>Total</b>  |   | <b>\$ 129,423,331</b> | <b>\$ 98,867,850</b>          | <b>\$ -</b>            | <b>\$ 30,555,481</b> |

#### US Government Agencies:

|  | <b>Fair Value</b>    |
|--|----------------------|
| Federal Home Loan Bank                 | \$ 4,546,802         |
| Federal National Mortgage Association  | 20,956,187           |
| Federal Home Loan Mortgage Corporation | 5,052,492            |
|  | <b>\$ 30,555,481</b> |

#### Commercial Paper:

|                               | <b>Fair Value</b>    |
|-------------------------------|----------------------|
| V LLC                         | \$ 4,965,062         |
| Credit Suisse First Boston NY | 4,951,233            |
| Malayan Banking Berhad NY     | 4,941,356            |
| Natixis                       | 4,940,250            |
|                               | <b>\$ 19,797,901</b> |

# HENDERSON COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

\*As of June 30, 2019, the NC Capital Management Trust Term Portfolio has a duration of .15 years. Because the NCCMT Government and Term Portfolio have a weighted average maturity of less than 90 days, they are presented as an investment with a maturity of less than 6 months.

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

Level of fair value hierarchy: Level 1: Debt securities valued using directly observable, quoted prices (unadjusted) 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.

Level of fair value hierarchy: Level 2:

**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.

**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, 2020, 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 as of June 30, 2020. The County's investments in the NC Capital Management Trust Government Trust Term Portfolio is unrated. 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, 2020. 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 16%, Federal National Mortgage Association are 69%, and Federal Home Loan Bank are 15%, of the total investment portfolio. More than 5% of the County's investments are in commercial paper. Investments in V LLC is 25%, Credit Suisse is 25%, Malaya Banking is 25% and Natixis 25% of the total investment portfolio. The County has no formal policy on the concentration of credit risk.

# HENDERSON COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

At June 30, 2020, the Hospital's investments consisted of the following:

| <b>Investment Type</b>                     | <b>Valuation<br/>Measurement<br/>Method</b> | <b>Fair Value</b>    | <b>Less<br/>than<br/>Year</b> | <b>2-3<br/>Years</b> | <b>Greater<br/>than<br/>4 Years</b> | <b>No<br/>Maturity<br/>Date</b> |
|--|---|----------------------|-------------------------------|----------------------|-------------------------------------|---------------------------------|
| U.S. government agencies                   | Fair Value-Level 2                          | \$ 3,111,154         | \$ 2,340,499                  | \$ -                 | \$ 770,655                          | \$ -                            |
| North Carolina Capital<br>Management Trust | Fair Value-Level 1                          | 4,657                | -                             | -                    | -                                   | 4,657                           |
| Equity securities and funds                | Fair Value-Level 1                          | 23,553,397           | -                             | -                    | -                                   | 23,553,397                      |
| Stocks and mutual funds                    | Fair Value-Level 1                          | 1,999,205            | -                             | -                    | -                                   | 1,999,205                       |
| Fixed income investments                   | Fair Value-Level 1                          | 611,474              | -                             | -                    | -                                   | 611,474                         |
| Cash and cash equivalents                  | Fair Value-Level 1                          | 2,360,889            | -                             | -                    | -                                   | 2,360,889                       |
| Total                                      |   | <u>\$ 31,640,776</u> | <u>\$ 2,340,499</u>           | <u>\$ -</u>          | <u>\$ 770,655</u>                   | <u>\$ 28,529,622</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.

**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 Cash Portfolio carried a credit rating of AAAM by Standard & Poor's as of June 30, 2020. The Hospital's investment in the NC Capital Management Trust Term Portfolio is unrated. The Term Portfolio is authorized to invest in obligations of the U.S. government and agencies, and also in high-grade money market instruments as permitted under North Carolina.

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.

## HENDERSON COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

#### 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.

| <b>Year Ended<br/>June 30</b> | <b>Tax</b>          | <b>Interest</b>     | <b>Total</b>         |
|-------------------------------|---------------------|---------------------|----------------------|
| 2017                          | \$ 2,297,955        | \$ 597,468          | \$ 2,895,423         |
| 2018                          | 2,279,021           | 387,434             | 2,666,455            |
| 2019                          | 2,250,354           | 180,028             | 2,430,382            |
| 2020                          | <u>2,290,264</u>    | <u>-</u>            | <u>2,290,264</u>     |
| Total                         | <u>\$ 9,117,594</u> | <u>\$ 1,164,930</u> | <u>\$ 10,282,524</u> |

# HENDERSON COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

### Receivables

Receivables at the government-wide level at June 30, 2020 were as follows:

|                                  | <u>Accounts</u>     | <u>Taxes</u>        | <u>Due From<br/>Other<br/>Governments</u> | <u>Total</u>         |
|----------------------------------|---------------------|---------------------|---|----------------------|
| <b>Governmental Activities:</b>  |                     |                     |   |                      |
| General                          | \$ 4,832,120        | \$ 1,871,487        | \$ 8,231,293                              | \$ 14,934,900        |
| Other governmental               | <u>206,282</u>      | <u>-</u>            | <u>304,403</u>                            | <u>510,685</u>       |
| Total receivables                | 5,038,402           | 1,871,487           | 8,535,696                                 | 15,445,585           |
| Allowance for doubtful accounts  | <u>(968,336)</u>    | <u>(741,807)</u>    | <u>-</u>                                  | <u>(1,710,143)</u>   |
| Total governmental activities    | <u>\$ 4,070,066</u> | <u>\$ 1,129,680</u> | <u>\$ 8,535,696</u>                       | <u>\$ 13,735,442</u> |
| <b>Business-Type Activities:</b> |                     |                     |   |                      |
| Landfill                         | \$ 457,296          | \$ -                | \$ -                                      | \$ 457,296           |
| Cane Creek                       | 1,934,414           | -                   | 12,944                                    | 1,947,358            |
| Justice Academy                  | <u>3,750</u>        | <u>-</u>            | <u>-</u>                                  | <u>3,750</u>         |
| Total receivables                | 2,395,460           | -                   | 12,944                                    | 2,408,404            |
| Allowance for doubtful accounts  | <u>(519,944)</u>    | <u>-</u>            | <u>-</u>                                  | <u>(519,944)</u>     |
| Total business-type activities   | <u>\$ 1,875,516</u> | <u>\$ -</u>         | <u>\$ 12,944</u>                          | <u>\$ 1,888,460</u>  |

Due from other governments consisted of the following:

### Governmental Activities:

|                         |                  |
|-------------------------|------------------|
| Local option sales tax  | \$ 7,008,401     |
| Franchise tax           | 120,576          |
| Sales tax reimbursement | 800,555          |
| Motor vehicle tax       | 531,909          |
| Other taxes             | <u>74,255</u>    |
| Total                   | <u>8,535,696</u> |

### Business-Type Activities:

|                         |                     |
|-------------------------|---------------------|
| Sales tax reimbursement | <u>12,944</u>       |
| Total                   | <u>\$ 8,548,640</u> |

# HENDERSON COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

### Capital Assets

Capital asset activity for the year ended June 30, 2020 was as follows:

|  | Balance<br>July 1, 2019 | Increases           | Decreases           | Transfers        | Balance<br>June 30, 2020 |
|--|-------------------------|---------------------|---------------------|------------------|--------------------------|
| <b>Governmental Activities:</b>        |                         |                     |                     |                  |                          |
| <b>Non-Depreciable Capital Assets:</b> |                         |                     |                     |                  |                          |
| Land                                   | \$ 15,349,827           | \$ -                | \$ -                | \$ -             | \$ 15,349,827            |
| Construction in progress               | 1,816,244               | 577,066             | -                   | (127,383)        | 2,265,927                |
| Total non-depreciable capital assets   | <u>17,166,071</u>       | <u>577,066</u>      | <u>-</u>            | <u>(127,383)</u> | <u>17,615,754</u>        |
| <b>Depreciable Capital Assets:</b>     |                         |                     |                     |                  |                          |
| Buildings                              | 138,118,785             | -                   | -                   | -                | 138,118,785              |
| Equipment                              | 8,253,441               | 654,968             | (54,304)            | 127,383          | 8,981,488                |
| Vehicles and motor equipment           | 9,688,046               | 1,459,558           | (1,016,540)         | -                | 10,131,064               |
| Total depreciable capital assets       | <u>156,060,272</u>      | <u>2,114,526</u>    | <u>(1,070,844)</u>  | <u>127,383</u>   | <u>157,231,337</u>       |
| <b>Less Accumulated Depreciation:</b>  |                         |                     |                     |                  |                          |
| Buildings                              | 44,616,516              | 3,888,948           | -                   | -                | 48,505,464               |
| Equipment                              | 5,866,814               | 638,385             | (52,891)            | -                | 6,452,308                |
| Vehicles and motor equipment           | 5,848,318               | 1,064,179           | (842,349)           | -                | 6,070,148                |
| Total accumulated depreciation         | <u>56,331,648</u>       | <u>\$ 5,591,512</u> | <u>\$ (895,240)</u> | <u>\$ -</u>      | <u>61,027,920</u>        |
| Total depreciable capital assets       | <u>99,728,624</u>       |                     |                     |                  | <u>96,203,417</u>        |
| Total depreciable capital assets, net  | <u>\$ 116,894,695</u>   |                     |                     |                  | <u>\$ 113,819,171</u>    |

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

|                                   |                     |
|-----------------------------------|---------------------|
| General government                | \$ 2,842,511        |
| Public safety                     | 2,122,740           |
| Economic and physical development | 36,632              |
| Human services                    | 414,288             |
| Cultural and recreational         | 175,341             |
| Total                             | <u>\$ 5,591,512</u> |

# HENDERSON COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

|   | Balance<br>July 1, 2019 | Increases         | Decreases          | Balance<br>June 30, 2020 |
|---|-------------------------|-------------------|--------------------|--------------------------|
| <b>Business-Type Activities:</b>                        |                         |                   |                    |                          |
| <b>Landfill:</b>  |                         |                   |                    |                          |
| <b>Non-Depreciable Capital Assets:</b>                  |                         |                   |                    |                          |
| Land  | \$ 6,031,371            | \$ 50,595         | \$ -               | \$ 6,081,966             |
| <b>Depreciable Capital Assets:</b>                      |                         |                   |                    |                          |
| Plant and distribution systems                          | 3,408,012               | -                 | -                  | 3,408,012                |
| Furniture and maintenance equipment                     | 1,397,754               | 18,776            | (2,544)            | 1,413,986                |
| Vehicles  | 875,524                 | 213,084           | -                  | 1,088,608                |
| Total depreciable capital assets                        | <u>5,681,290</u>        | <u>231,860</u>    | <u>(2,544)</u>     | <u>5,910,606</u>         |
| <b>Less Accumulated Depreciation:</b>                   |                         |                   |                    |                          |
| Plant and distribution systems                          | 1,602,680               | 77,597            | -                  | 1,680,277                |
| Furniture and maintenance equipment                     | 840,782                 | 122,428           | (2,544)            | 960,666                  |
| Vehicles  | 754,468                 | 51,979            | -                  | 806,447                  |
| Total accumulated depreciation                          | <u>3,197,930</u>        | <u>\$ 252,004</u> | <u>\$ (2,544)</u>  | <u>3,447,390</u>         |
| Total depreciable capital assets, net                   | <u>2,483,360</u>        |                   |                    | <u>2,463,216</u>         |
| Landfill capital assets, net                            | <u>8,514,731</u>        |                   |                    | <u>8,545,182</u>         |
| <b>Cane Creek Water and Sewer District:</b>             |                         |                   |                    |                          |
| <b>Non-Depreciable Capital Assets:</b>                  |                         |                   |                    |                          |
| Land  | 324,450                 | \$ -              | \$ -               | 324,450                  |
| Construction in progress                                | 963,993                 | 2,595,810         | -                  | 3,559,803                |
| Total non-depreciable capital assets                    | <u>1,288,443</u>        | <u>2,595,810</u>  | <u>-</u>           | <u>3,884,253</u>         |
| <b>Depreciable Capital Assets:</b>                      |                         |                   |                    |                          |
| Plant and distribution systems                          | 24,029,839              | 492,540           | -                  | 24,522,379               |
| Furniture and maintenance equipment                     | 534,902                 | 22,043            | (18,108)           | 538,837                  |
| Vehicles  | 192,874                 | -                 | -                  | 192,874                  |
| Total depreciable capital assets                        | <u>24,757,615</u>       | <u>514,583</u>    | <u>(18,108)</u>    | <u>25,254,090</u>        |
| <b>Less Accumulated Depreciation:</b>                   |                         |                   |                    |                          |
| Plant and distribution systems                          | 7,151,942               | 595,605           | -                  | 7,747,547                |
| Furniture and maintenance equipment                     | 429,332                 | 42,306            | (18,108)           | 453,530                  |
| Vehicles  | 142,458                 | 14,705            | -                  | 157,163                  |
| Total accumulated depreciation                          | <u>7,723,732</u>        | <u>\$ 652,616</u> | <u>\$ (18,108)</u> | <u>8,358,240</u>         |
| Total depreciable capital assets, net                   | <u>17,033,883</u>       |                   |                    | <u>16,895,850</u>        |
| Cane Creek Water and Sewer District capital assets, net | <u>18,322,326</u>       |                   |                    | <u>20,780,103</u>        |



# HENDERSON COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

|  | <u>Balance</u><br><u>July 1, 2019</u> | <u>Increases</u>   | <u>Decreases</u> | <u>Balance</u><br><u>June 30, 2020</u> |
|--|---------------------------------------|--------------------|------------------|--|
| <b>Justice Academy Water and Sewer District:</b>             |                                       |                    |                  |  |
| <b>Non-Depreciable Capital Assets:</b>                       |                                       |                    |                  |  |
| Land   | 6,664                                 | \$ -               | \$ -             | 6,664                                  |
| <b>Depreciable Capital Assets:</b>                           |                                       |                    |                  |  |
| Plant and distribution systems                               | 434,523                               | -                  | -                | 434,523                                |
| Furniture and maintenance equipment                          | 17,234                                | -                  | -                | 17,234                                 |
| Total depreciable capital assets                             | 451,757                               | -                  | -                | 451,757                                |
| <b>Less Accumulated Depreciation:</b>                        |                                       |                    |                  |  |
| Plant and distribution systems                               | 228,124                               | 10,863             | -                | 238,987                                |
| Furniture and maintenance equipment                          | 17,234                                | -                  | -                | 17,234                                 |
| Total accumulated depreciation                               | 245,358                               | 10,863             | -                | 256,221                                |
| Total depreciable capital assets, net                        | 206,399                               | <u>\$ (10,863)</u> | <u>\$ -</u>      | 195,536                                |
| Justice Academy Water and Sewer District capital assets, net | 213,063                               |                    |                  | 202,200                                |
| Business-type activities capital assets, net                 | <u>\$ 27,050,120</u>                  |                    |                  | <u>\$ 29,527,485</u>                   |

# HENDERSON COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

Capital asset activity for the Henderson County Hospital Corporation for the year ended June 30, 2020 was as follows:

|  | <b>Balance<br/>July 1,<br/>2019</b> | <b>Increases</b>    | <b>Transfers/<br/>Decreases</b> | <b>Balance<br/>June 30,<br/>2020</b> |
|--|-------------------------------------|---------------------|---------------------------------|--------------------------------------|
| <b>Non-Depreciable Capital Assets:</b> |                                     |                     |                                 |                                      |
| Land                                   | \$ 8,588,824                        | \$ -                | \$ -                            | \$ 8,588,824                         |
| Construction in progress               | 1,146,629                           | 5,077,596           | (5,782,260)                     | 441,965                              |
| Total non-depreciable capital assets   | <u>9,735,453</u>                    | <u>5,077,596</u>    | <u>(5,782,260)</u>              | <u>9,030,789</u>                     |
| <b>Depreciable Capital Assets:</b>     |                                     |                     |                                 |                                      |
| Land improvements                      | 3,983,437                           | 21,005              | -                               | 4,004,442                            |
| Buildings and fixed equipment          | 118,899,749                         | 1,182,947           | -                               | 120,082,696                          |
| Moveable equipment                     | 133,526,031                         | 4,251,364           | (497,861)                       | 137,279,534                          |
| Total depreciable capital assets       | <u>256,409,217</u>                  | <u>5,455,316</u>    | <u>(497,861)</u>                | <u>261,366,672</u>                   |
| <b>Less Accumulated Depreciation:</b>  |                                     |                     |                                 |                                      |
| Land improvements                      | 1,579,011                           | 174,359             | -                               | 1,753,370                            |
| Buildings and fixed equipment          | 77,897,493                          | 4,072,228           | -                               | 81,969,721                           |
| Moveable equipment                     | 113,933,698                         | 4,357,027           | (496,119)                       | 117,794,606                          |
| Total accumulated depreciation         | <u>193,410,202</u>                  | <u>8,603,614</u>    | <u>(496,119)</u>                | <u>201,517,697</u>                   |
| Total depreciable capital assets, net  | <u>62,999,015</u>                   | <u>\$ 1,929,298</u> | <u>\$ (5,784,002)</u>           | <u>59,848,975</u>                    |
| Total capital assets, net              | <u>\$ 72,734,468</u>                |                     |                                 | <u>\$ 68,879,764</u>                 |

# HENDERSON COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

### B. Liabilities

#### Payables

Payables at the government-wide level at June 30, 2020 were as follows:

|                                  | Vendors             | Salaries<br>and<br>Benefits | Accrued<br>Interest | Insurance Claims<br>Incurred, But<br>Not Reported | Total                |
|----------------------------------|---------------------|-----------------------------|---------------------|---|----------------------|
| <b>Governmental Activities:</b>  |                     |                             |                     |   |                      |
| General                          | \$ 443,086          | \$ 6,183,596                | \$ 1,011,814        | \$ 393,409  | \$ 8,031,905         |
| Other governmental               | 5,336,448           | 24,148                      | -                   | -   | 5,360,596            |
| Total governmental activities    | <u>\$ 5,779,534</u> | <u>\$ 6,207,744</u>         | <u>\$ 1,011,814</u> | <u>\$ 393,409</u>                                 | <u>\$ 13,392,501</u> |
| <b>Business-Type Activities:</b> |                     |                             |                     |   |                      |
| Landfill                         | \$ 626,559          | \$ 44,526                   | \$ -                | \$ -  | \$ 671,085           |
| Water and Sewer Fund             | 1,804,869           | -                           | -                   | -   | 1,804,869            |
| Justice Academy Sewer            | 1,805               | -                           | -                   | -   | 1,805                |
| Total business-type activities   | <u>\$ 2,433,233</u> | <u>\$ 44,526</u>            | <u>\$ -</u>         | <u>\$ -</u>                                       | <u>\$ 2,477,759</u>  |

#### Pension Plan Obligation

##### 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 Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or a [www.osc.nc.gov](http://www.osc.nc.gov).

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

## HENDERSON COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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, 2020 was 9.70% of compensation for law enforcement officers and 8.95% 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 \$3,810,275 for the year ended June 30, 2020.

*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, 2020, the County reported a liability of \$16,323,540 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018. The total pension liability was then rolled forward to the measurement date of June 30, 2019 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, 2020

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, 2020 (measured as of June 30, 2019), the County's proportion was 0.598%, which was an increase of 0.011% from its proportion as of June 30, 2019 (measured as of June 30, 2018).

For the year ended June 30, 2020, the County recognized pension expense of \$7,383,845. At June 30, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|  | <b>Deferred<br/>Outflows of<br/>Resources</b> | <b>Deferred<br/>Inflows of<br/>Resources</b> |
|--|---|--|
| Differences between expected and actual experience   | \$ 2,795,003                                  | \$ -   |
| Changes of assumptions   | 2,660,466                                     | -  |
| Net difference between projected and actual earnings<br>on pension plan investments                            | 398,154                                       | -  |
| Changes in proportion and differences between County<br>contributions and proportionate share of contributions | 155,195                                       | 5,784  |
| County's contributions subsequent to the measurement date  | 3,810,275                                     | -  |
| Total  | <u>\$ 9,819,093</u>                           | <u>\$ 5,784</u>                              |

\$3,810,275 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, 2021. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follows:

| <b>Year Ending</b> |                     |
|--------------------|---------------------|
| <b>June 30</b>     | <b>Total</b>        |
| 2021               | \$ 2,963,503        |
| 2022               | 943,059             |
| 2023               | 1,626,480           |
| 2024               | 469,992             |
| 2025               | -                   |
| Thereafter         | -                   |
| Total              | <u>\$ 6,003,034</u> |

## HENDERSON COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

*Actuarial Assumptions.* The total pension liability in the December 31, 2018 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 percent  |
| Investment rate of return | 7.00 percent, net of pension plan investment expense, including inflation |

The plan currently uses mortality rates 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, 2018 valuation 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, 2019 are summarized in the following table:

| <u>Asset Class</u>   | <u>Target<br/>Allocation</u> | <u>Long-Term<br/>Expected Real<br/>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, 2020

The information above is based on 30-year expectations developed with the consulting actuary for the 2019 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:

|   | <b>1%<br/>Decrease<br/>(6.00%)</b> | <b>Discount<br/>Rate<br/>(7.00%)</b> | <b>1%<br/>Increase<br/>(8.00%)</b> |
|---|------------------------------------|--------------------------------------|------------------------------------|
| County's proportionate share of the net pension liability (asset) | <u>\$ 37,334,921</u>               | <u>\$ 16,323,540</u>                 | <u>\$ (1,141,174)</u>              |

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

# HENDERSON COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

### 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, 2018, the Separation Allowance's membership consisted of 140 active plan members and 22 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, 2018 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 | 3.50 to 7.35 percent, including inflation and productivity factor |
| Discount rate    | 3.26 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, 2018 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 ending December 31, 2014.



## HENDERSON COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

**Deaths After Retirement (Healthy):** RP-2014 Healthy Annuitant base rates projected to 2015 using MP-2015, projected forward generationally from 2015 using MP-2015. Rates are adjusted by 104% for males and 100% for females.

**Deaths Before Retirement:** RP-2014 Employee base rates projected to 2015 using MP-2015, projected forward generationally from 2015 using MP-2015.

**Death After Retirement (Beneficiary):** RP-2014 Healthy Annuitant base rates projected to 2015 using MP-2015, projected forward generationally from 2015 using MP-2015. Rates are adjusted by 123% for males and females.

**Deaths After Retirement (Disabled):** RP-2014 Disabled Retiree base rates projected to 2015 using MP-2015, projected forward generationally from 2015 using MP-2015. Rates are adjusted by 103% for males and 99% for females.

#### 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 \$333,787 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, 2020, the County reported a total pension liability of \$5,212,267. The total pension liability was measured as of December 31, 2019 based on a December 31, 2018 actuarial valuation. The total pension liability was rolled forward to December 31, 2019 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2020, the County recognized pension expense of \$461,382.

|  | <b>Deferred<br/>Outflows of<br/>Resources</b> | <b>Deferred<br/>Inflows of<br/>Resources</b> |
|--|---|--|
| Differences between expected and actual experience   | \$ 418,241                                    | \$ 77,023                                    |
| Changes of assumptions   | 220,268                                       | 132,714                                      |
| County's benefit payments and plan administrative expense<br>made subsequent to the measurement date | 163,501                                       | -  |
| Total  | <u>\$ 802,010</u>                             | <u>\$ 209,737</u>                            |

# HENDERSON COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

The County paid \$163,501 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, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

| <b>Year Ending</b> |                   |
|--------------------|-------------------|
| <b>June 30</b>     | <b>Total</b>      |
| 2021               | \$ 96,753         |
| 2022               | 100,759           |
| 2023               | 105,319           |
| 2024               | 89,131            |
| 2025               | 36,810            |
| Thereafter         | -                 |
| Total              | <u>\$ 428,772</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 3.26%, 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 (2.26%) or 1-percentage-point higher (4.26%) than the current rate:

|                         | <b>1%<br/>Decrease<br/>(2.26%)</b> | <b>Discount<br/>Rate<br/>(3.26%)</b> | <b>1%<br/>Increase<br/>(4.26%)</b> |
|-------------------------|------------------------------------|--------------------------------------|------------------------------------|
| Total pension liability | <u>\$ 5,593,401</u>                | <u>\$ 5,212,267</u>                  | <u>\$ 4,862,770</u>                |

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

|  | <b>2020</b>         |
|--|---------------------|
| Beginning balance  | \$ 4,735,595        |
| Service cost   | 198,328             |
| Interest on total pension liability  | 166,301             |
| Differences between expected and actual experience in the measurement of the total pension liability | 309,396             |
| Changes of assumptions or other inputs   | 136,434             |
| Benefit payments   | (333,787)           |
| Ending balance of the total pension liability  | <u>\$ 5,212,267</u> |

# HENDERSON COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

*Changes of Assumptions.* Changes of assumptions and other inputs reflect a change in the discount rate from 3.64 percent at December 31, 2018 to 3.26 percent at December 31, 2019.

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, 2018 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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

**Plan Description.** The County contributes to the Supplemental Retirement Income Plan (Plan), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcement officers employed by the County. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Supplemental Retirement Income Plan for Law Enforcement Officers is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes 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 \$853,911 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 Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR 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 Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at [www.osc.nc.gov](http://www.osc.nc.gov).

## HENDERSON COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

**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 \$12,560 for the year ended June 30, 2020.

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

At June 30, 2020, the County reported an asset of \$239,520 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2019. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2018. The total pension liability was then rolled forward to the measurement date of June 30, 2019 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, 2019, the County's proportion was 1.213%, which was a decrease of 0.174% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the County recognized pension expense of \$25,548. At June 30, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|  | <b>Deferred<br/>Outflows of<br/>Resources</b> | <b>Deferred<br/>Inflows of<br/>Resources</b> |
|--|---|--|
| Differences between expected and actual experience   | \$ -  | \$ 11,550                                    |
| Net difference between projected and actual earnings<br>on pension plan investments                            | 2,451   | -  |
| Changes in proportion and differences between County<br>contributions and proportionate share of contributions | 27,698  | -  |
| County's contributions subsequent to the measurement date  | 12,560  | -  |
| Total  | <u>\$ 42,709</u>                              | <u>\$ 11,550</u>                             |

## HENDERSON COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

\$12,560 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, 2021. Other amounts reported as deferred inflows or outflows of resources related to pensions will be recognized in pension expense as follows:

| <b>Year Ending</b> |                  |
|--------------------|------------------|
| <b>June 30</b>     | <b>Total</b>     |
| 2021               | \$ 6,190         |
| 2022               | 10,790           |
| 2023               | 6,350            |
| 2024               | (4,731)          |
| 2025               | -                |
| Thereafter         | -                |
| Total              | <u>\$ 18,599</u> |

**Actuarial Assumptions.** The total pension liability in the December 31, 2018 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, 2018 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, 2020

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, 2019 is 1.4%.

The information above is based on 30-year expectations developed with the consulting actuary for the 2019 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.

|   | <b>1%<br/>Decrease<br/>(2.75%)</b> | <b>Discount<br/>Rate<br/>(3.75%)</b> | <b>1%<br/>Increase<br/>(4.75%)</b> |
|---|------------------------------------|--------------------------------------|------------------------------------|
| County's proportionate share of the net pension liability (asset) | <u>\$ (197,990)</u>                | <u>\$ (239,520)</u>                  | <u>\$ (274,631)</u>                |

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

## HENDERSON COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

#### **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, 2018, 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 LEOSA was measured as of June 30, 2019, with an actuarial valuation date of December 31, 2018. 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) | \$ 16,323,540 | \$ (239,520) | \$ -          | \$ 16,084,020 |
| Proportion of the net pension liability (asset)      | 0.59773%      | 1.21325%     | N/A           | -             |
| Total pension liability                              | -             | -            | 5,212,267     | 5,212,267     |
| Pension expense                                      | 7,383,845     | 25,548       | 461,382       | 7,870,775     |

# HENDERSON COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

At June 30, 2020, 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>         |
|--|---------------------|------------------|-------------------|----------------------|
| <b>Deferred Outflows of Resources:</b>   |                     |                  |                   |                      |
| Pensions - difference between expected and actual experience   | \$ 2,795,003        | \$ -             | \$ 418,241        | \$ 3,213,244         |
| Pensions - difference between projected and actual investment earnings   | 398,154             | 2,451            | -                 | 400,605              |
| Changes of assumptions   | 2,660,466           | -                | 220,268           | 2,880,734            |
| Pensions - change in proportion and difference between employer contributions and proportionate share of contributions   | 155,195             | 27,698           | -                 | 182,893              |
| County contributions (LGERS, ROD)/ benefit payments and administration costs (LEOSSA) subsequent to the measurement date | <u>3,810,275</u>    | <u>12,560</u>    | <u>163,501</u>    | <u>3,986,336</u>     |
| Total  | <u>\$ 9,819,093</u> | <u>\$ 42,709</u> | <u>\$ 802,010</u> | <u>\$ 10,663,812</u> |
| <b>Deferred Inflows of Resources:</b>  |                     |                  |                   |                      |
| Pensions - difference between expected and actual experience   | \$ -                | \$ 11,550        | \$ 77,023         | \$ 88,573            |
| Changes of assumptions   | -                   | -                | 132,714           | 132,714              |
| Pensions - change in proportion and difference between employer contributions and proportionate share of contributions   | <u>5,784</u>        | <u>-</u>         | <u>-</u>          | <u>5,784</u>         |
| Total  | <u>\$ 5,784</u>     | <u>\$ 11,550</u> | <u>\$ 209,737</u> | <u>\$ 227,071</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, 2020

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, 2020, the County made payments for post-retirement health benefit premiums of \$1,527,874. 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<br>w/ 10 years actual service w/ HC         | 50%  |
| Age plus years of service is 75-79<br>w/ 10 years actual service w/ HC         | 75%  |
| Age plus years of service is 80 or greater<br>w/ 10 years actual service w/ HC | 100% |

## HENDERSON COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

Membership of the plan consisted of the following at June 30, 2018, the date of the latest actuarial valuation:

|   |            |
|---|------------|
| Inactive plan members or beneficiaries currently receiving benefit payments | 73         |
| Inactive plan members entitled to but not yet receiving benefit payments    | -          |
| Active plan members   | <u>752</u> |
|   | <u>825</u> |

#### Total OPEB Liability

The County's total OPEB liability of \$21,660,306 was measured as of June 30, 2019 and was determined by an actuarial valuation as of June 30, 2018.

*Actuarial Assumptions and Other Inputs.* The total OPEB liability in the June 30, 2018 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           | 3.89 percent  |
| Measurement Date                 | 3.50 percent  |
| Healthcare Cost Trends           |   |
| Pre-Medicare                     | 7.25 percent for 2018 decreasing to an ultimate rate of 4.75% by 2028 |
| Medicare                         | 5.38 percent for 2018 decreasing to an ultimate rate of 4.75% by 2022 |
| Dental                           | 4.00 percent  |

# HENDERSON COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

### Changes in the Total OPEB Liability

|  | <b>Total OPEB<br/>Liability</b>    |
|--|------------------------------------|
| <b>Balance at June 30, 2019</b>                    | <b><u>\$ 20,227,240</u></b>        |
| <b>Changes for the year:</b>                       |                                    |
| Service Cost                                       | 997,087                            |
| Interest   | 763,735                            |
| Differences between expected and actual experience | 144,390                            |
| Changes of assumptions or other inputs             | 727,218                            |
| Benefit payments                                   | <u>(1,199,364)</u>                 |
| <b>Net changes</b>                                 | <b><u>1,433,066</u></b>            |
| <b>Balance at June 30, 2020</b>                    | <b><u><u>\$ 21,660,306</u></u></b> |

Changes in assumptions and other inputs reflect a change in the Municipal Bond Index Rate from 3.89% to 3.50%

The County selected a Municipal Bond Index Rate equal to the June average of the Bond Buyer 20-year General Obligation Bond Index published weekly by The Bond Buyer, and the discount rate used to measure the TOL is the Municipal Bond Index Rate as of the measurement date.

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, 2018 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, 2018 valuation were based on a review of recent plan experience done concurrently with the June 30, 2018 valuation.

*Sensitivity of the Total OPEB Liability to Changes in the Discount Rate.* The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.50 percent) or 1-percentage-point higher (4.50 percent) than the current discount rate:

|                      | <b>1%<br/>Decrease<br/>(2.50%)</b> | <b>Current<br/>(3.50%)</b> | <b>1%<br/>Increase<br/>(4.50%)</b> |
|----------------------|------------------------------------|----------------------------|------------------------------------|
| Total OPEB liability | <u>\$ 23,663,360</u>               | <u>\$ 21,660,306</u>       | <u>\$ 19,853,614</u>               |

# HENDERSON COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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

|                      | <b>1%<br/>Decrease</b> | <b>Current<br/>Discount Rate</b> | <b>1%<br/>Increase</b> |
|----------------------|------------------------|----------------------------------|------------------------|
| Total OPEB liability | \$ 19,113,555          | \$ 21,660,306                    | \$ 24,678,600          |

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

For the year ended June 30, 2020, the County recognized OPEB expense of \$1,745,919. At June 30, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

|   | <b>Deferred<br/>Outflows of<br/>Resources</b> | <b>Deferred<br/>Inflows of<br/>Resources</b> |
|---|---|--|
| Differences between expected and actual experience  | \$ 125,662                                    | \$ 259,274                                   |
| Changes of assumptions  | 909,377                                       | 564,602                                      |
| Benefit payments and plan administrative expense<br>made subsequent to the measurement date | 1,527,874                                     | -  |
| Total   | <u>\$ 2,562,913</u>                           | <u>\$ 823,876</u>                            |

\$1,527,874 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 ended June 30, 2021. Other amounts reported as deferred inflows and outflows of resources related to OPEB will be recognized in OPEB expense as follows:

| <b>Year Ending<br/>June 30</b> | <b>Total</b>      |
|--------------------------------|-------------------|
| 2021                           | \$ (14,903)       |
| 2022                           | (14,903)          |
| 2023                           | (14,903)          |
| 2024                           | (14,903)          |
| 2025                           | 62,555            |
| Thereafter                     | <u>208,220</u>    |
| Total                          | <u>\$ 211,163</u> |

# **HENDERSON COUNTY, NORTH CAROLINA**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020**

### **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 \$1,095,659 reported as landfill post-closure care liability at June 30, 2020 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 2020. 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, 2020

### Deferred Outflows and Inflows of Resources

|  | <b>Deferred<br/>Outflows of<br/>Resources</b> | <b>Deferred<br/>Inflows of<br/>Resources</b> |
|--|---|--|
| Charge on refunding of debt  | \$ 1,848,367                                  | \$ -   |
| Pensions - difference between expected and actual<br>experience  |   |  |
| LGERS  | 2,795,003                                     | -  |
| Register of Deeds  | -   | 11,550                                       |
| OPEB   | 125,662                                       | 259,274                                      |
| LEOSSA   | 418,241                                       | 77,023                                       |
| Pensions - difference between projected and actual<br>investment earnings  |   |  |
| LGERS  | 398,154                                       | -  |
| Register of Deeds  | 2,451   | -  |
| Changes of assumptions   |   |  |
| LGERS  | 2,660,466                                     | -  |
| LEOSSA   | 220,268                                       | 132,714                                      |
| OPEB   | 909,377                                       | 564,602                                      |
| Pensions - change in proportion and difference<br>between employer contributions and<br>proportionate share of contributions |   |  |
| LGERS  | 155,195                                       | 5,784  |
| Register of Deeds  | 27,698  | -  |
| Contributions to pension plans in 2019-2020 fiscal<br>year - LGERS, LEOSSA, ROD, OPEB  | 5,514,210                                     | -  |
| Prepaid taxes not yet earned (General Fund)  | -   | 176,143                                      |
| Taxes receivable, net (General Fund)   | -   | 1,129,680                                    |
| Other receivables (General Fund)   | -   | 279,501                                      |
| Prepaid fire district tax, net (Special Revenue Fund)  | -   | 7,104  |
| Total  | <u>\$ 15,075,092</u>                          | <u>\$ 2,643,375</u>                          |

# **HENDERSON COUNTY, NORTH CAROLINA**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020**

### **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 \$144.5 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, 2020

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:

|                            | <b>Year Ended June 30</b> |                   |
|----------------------------|---------------------------|-------------------|
|                            | <b>2019</b>               | <b>2020</b>       |
| Unpaid claims:             |                           |                   |
| Beginning of year - July 1 | \$ 371,290                | \$ 733,030        |
| Incurred claims            | 12,193,645                | (12,494,378)      |
| Claim payments             | <u>(11,831,905)</u>       | <u>12,154,757</u> |
| End of year - June 30      | <u>\$ 733,030</u>         | <u>\$ 393,409</u> |

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

#### **Claims and Judgments**

At June 30, 2020, 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, 2020

#### 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, 2020 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>\$ 3,000,000</u>        |
| Total installment contracts   | <u><u>\$ 3,000,000</u></u> |

The County's outstanding contracts from direct placements related to the Henderson County Detention Center of \$3,000,000 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:

| <u>Year</u> | <u>Principal</u>           | <u>Interest</u>          |
|-------------|----------------------------|--------------------------|
| 2021        | \$ 500,000                 | \$ 144,000               |
| 2022        | 500,000                    | 120,000                  |
| 2023        | 500,000                    | 96,000                   |
| 2024        | 500,000                    | 72,000                   |
| 2025        | 500,000                    | 48,000                   |
| 2025-2026   | <u>500,000</u>             | <u>24,000</u>            |
| Total       | <u><u>\$ 3,000,000</u></u> | <u><u>\$ 504,000</u></u> |

# HENDERSON COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

### 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.

Other direct placement installment purchase contracts payable at June 30, 2020 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.

\$ 10,057,144

Total installment purchases indebtedness

\$ 10,057,144

The County's outstanding contracts from direct placements related to the Clear Creek Elementary School and Etowah Elementary School projects of \$10,057,144 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:

| <b>Year Ending<br/>June 30</b> | <b>Principal</b>     | <b>Interest</b>   |
|--------------------------------|----------------------|-------------------|
| 2021                           | \$ 1,828,571         | \$ 246,240        |
| 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                          | <u>\$ 10,057,144</u> | <u>\$ 773,897</u> |

## HENDERSON COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

**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. \$ 933,334

**Cane Creek Water and Sewer District:**

\$2,763,000 Mud Creek Interceptor Project with annual principal payments ranging from \$185,000 to \$184,000. Payment is due semi-annually on April 1st and October 1st at an interest rate of 3.4%. Payments will continue through October 1, 2023. 2,578,000

Total installment purchases indebtedness \$ 3,511,334

The County's outstanding contracts from direct placements related to the Henderson County Solid Waste Facility of \$933,334 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.

The County's outstanding contracts from direct placements related to the gravity sewer lines located at the intersection of US Highway 25 and Interstate 26 of \$2,578,000 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.

## HENDERSON COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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

| <b>Year Ending<br/>June 30</b> | <b>Landfill</b>   |                   |
|--------------------------------|-------------------|-------------------|
|                                | <b>Principal</b>  | <b>Interest</b>   |
| 2021                           | \$ 133,333        | \$ 29,867         |
| 2022                           | 133,333           | 25,600            |
| 2023                           | 133,333           | 21,333            |
| 2024                           | 133,333           | 17,067            |
| 2025                           | 133,333           | 12,800            |
| 2026-2027                      | 266,669           | 12,800            |
| Total                          | <u>\$ 933,334</u> | <u>\$ 119,467</u> |

| <b>Year Ending<br/>June 30</b> | <b>Cane Creek Water<br/>and Sewer District</b> |                   |
|--------------------------------|--|-------------------|
|                                | <b>Principal</b>                               | <b>Interest</b>   |
| 2021                           | \$ 185,000                                     | \$ 84,507         |
| 2022                           | 185,000  | 78,217            |
| 2023                           | 184,000  | 71,944            |
| 2024                           | 184,000  | 65,688            |
| 2025                           | 184,000  | 59,432            |
| 2026-2030                      | 920,000  | 203,320           |
| 2031-2034                      | 736,000  | 50,048            |
| Total                          | <u>\$ 2,578,000</u>                            | <u>\$ 613,156</u> |

#### Limited Obligation Indebtedness

The County's Limited Obligation Bonds are serviced by the Cane Creek Water and Sewer District Fund and by the General Capital Projects Fund. They are collateralized by the full faith credit and taxing power of the County. Approximately 9% of the Limited Obligation Bonds were issued to provide funds for the acquisition and construction of major sewer system capital improvements. These bonds, which are recorded in the Cane Creek Water and Sewer District Fund, are collateralized by the full faith credit and taxing power of the District. The remaining 91% of 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, 2020

The County's limited obligation bonds payable at June 30, 2020 are comprised of the following individual issues:

**Governmental Activities:**

\$18,880,000 Series 2010 B Limited Obligation bonds,  
due in annual principal payments ranging from \$654,229  
\$2,089,028 on December 1 through 2020. Interest is  
payable semi-annually at rates from 1.0% to 5.0%,  
fluctuating throughout the life of the bonds. \$ 654,422

\$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. 7,210,000

\$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%. 13,530,000

\$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%. 23,210,000

\$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%. 1,870,000

\$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% 10,655,000

\$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% 21,915,000

# HENDERSON COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

\$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%

52,525,000

Total governmental limited obligation bonds payable 146,169,422

### Business-Type Activities:

Cane Creek Water and Sewer District:

\$18,880,000 Series 2010 B Limited Obligation bonds,  
due in annual principal payments ranging from \$70,770  
to \$225,972 on December 1 through 2020. Interest is  
payable semi-annually at rates ranging from 1.0% to  
5.0%, fluctuating throughout the life of the bonds.

70,578

Total limited obligation bonds payable \$ 146,240,000

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

### Governmental Activities:

| Year Ending<br>June 30 | Principal             | Interest             |
|------------------------|-----------------------|----------------------|
| 2021                   | \$ 10,975,422         | \$ 5,776,585         |
| 2022                   | 10,278,000            | 5,348,521            |
| 2023                   | 10,279,000            | 5,000,996            |
| 2024                   | 10,242,000            | 4,652,511            |
| 2025                   | 10,198,000            | 4,299,431            |
| 2026-2029              | 36,342,000            | 16,152,194           |
| 2030-2034              | 35,945,000            | 7,831,020            |
| 2035-2038              | 21,910,000            | 1,721,581            |
| Total                  | <u>\$ 146,169,422</u> | <u>\$ 50,782,839</u> |

### Business-Type Activities:

| Year Ending<br>June 30 | Principal        | Interest        |
|------------------------|------------------|-----------------|
| 2021                   | \$ 70,578        | \$ 1,415        |
| Total                  | <u>\$ 70,578</u> | <u>\$ 1,415</u> |

At June 30, 2020, the County had no bonds authorized, but unissued, and a legal debt margin of \$1,135,189,591.

# HENDERSON COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

### Long-Term Obligation Activity

A summary of changes in long-term debt follows:

|   | <u>Balance<br/>July 1, 2019</u> | <u>Increases</u>     | <u>Decreases</u>       | <u>Balance<br/>June 30, 2020</u> | <u>Current<br/>Portion of<br/>Balance</u> |
|---|---------------------------------|----------------------|------------------------|----------------------------------|---|
| <b>Governmental Activities:</b>                     |                                 |                      |                        |                                  |   |
| Limited obligation bonds                            | \$ 102,351,906                  | \$ 52,525,000        | \$ (8,707,484)         | \$ 146,169,422                   | \$ 10,975,422                             |
| Add unamortized bond premium                        | <u>6,921,418</u>                | <u>7,917,694</u>     | <u>(800,414)</u>       | <u>14,038,698</u>                | <u>404,530</u>                            |
| Total limited obligation bonds                      | 109,273,324                     | 60,442,694           | (9,507,898)            | 160,208,120                      | 11,379,952                                |
| Other long-term obligations:                        |                                 |                      |                        |                                  |   |
| Direct placement - installment purchases            | 13,353,505                      | -                    | (3,296,361)            | 10,057,144                       | 1,828,571                                 |
| Direct placement - installment contracts            | 3,500,000                       | -                    | (500,000)              | 3,000,000                        | 500,000                                   |
| Net pension liability (LGERS)                       | 13,648,090                      | 2,364,117            | -                      | 16,012,207                       | -   |
| Compensated absences                                | 2,803,172                       | 1,136,552            | (773,042)              | 3,166,682                        | 316,668                                   |
| Total OPEB liability                                | 20,051,556                      | 1,401,968            | -                      | 21,453,524                       | -   |
| Total pension liability (LEOSSA)                    | <u>4,735,595</u>                | <u>476,672</u>       | <u>-</u>               | <u>5,212,267</u>                 | <u>-</u>                                  |
| Total governmental activities                       | <u>\$ 167,365,242</u>           | <u>\$ 65,822,003</u> | <u>\$ (14,077,301)</u> | <u>\$ 219,109,944</u>            | <u>\$ 14,025,191</u>                      |
| <b>Business-Type Activities:</b>                    |                                 |                      |                        |                                  |   |
| <b>Landfill:</b>                                    |                                 |                      |                        |                                  |   |
| Direct placement - installment purchases            | \$ 1,066,667                    | \$ -                 | \$ (133,333)           | \$ 933,334                       | \$ 133,333                                |
| Accrued landfill closure and post-closure care cost | 1,226,813                       | -                    | (131,154)              | 1,095,659                        | 131,154                                   |
| Net pension liability (LGERS)                       | 263,086                         | 48,247               | -                      | 311,333                          | -   |
| Total OPEB liability                                | 175,684                         | 31,098               | -                      | 206,782                          | -   |
| Compensated absences                                | <u>62,218</u>                   | <u>22,391</u>        | <u>(27,816)</u>        | <u>56,793</u>                    | <u>6,222</u>                              |
| Total Landfill                                      | 2,794,468                       | 101,736              | (292,303)              | 2,603,901                        | 270,709                                   |
| <b>Cane Creek Water and Sewer District:</b>         |                                 |                      |                        |                                  |   |
| Limited obligation bonds                            | 176,190                         | -                    | (105,612)              | 70,578                           | 70,578                                    |
| Direct placement - installment purchases            | <u>765,191</u>                  | <u>1,997,809</u>     | <u>(185,000)</u>       | <u>2,578,000</u>                 | <u>185,000</u>                            |
| Total Cane Creek Water and Sewer District           | <u>941,381</u>                  | <u>1,997,809</u>     | <u>(290,612)</u>       | <u>2,648,578</u>                 | <u>255,578</u>                            |
| Total business-type activities                      | <u>\$ 3,735,849</u>             | <u>\$ 2,099,545</u>  | <u>\$ (582,915)</u>    | <u>\$ 5,252,479</u>              | <u>\$ 526,287</u>                         |

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

# HENDERSON COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

### Discretely Presented Component Unit:

|                    | <b>Balance<br/>July 1,<br/>2019</b> | <b>Increases</b> | <b>Decreases</b>    | <b>Balance<br/>June 30,<br/>2020</b> | <b>Current<br/>Portion of<br/>Balance</b> |
|--------------------|-------------------------------------|------------------|---------------------|--------------------------------------|---|
| Revenue bonds      | \$ 20,624,531                       | \$ -             | \$ 2,551,491        | \$ 18,073,040                        | \$ 2,608,745                              |
| Capitalized leases | <u>2,456,395</u>                    | <u>-</u>         | <u>817,374</u>      | <u>1,639,021</u>                     | <u>741,468</u>                            |
| Total              | <u>\$ 23,080,926</u>                | <u>\$ -</u>      | <u>\$ 3,368,865</u> | <u>\$ 19,712,061</u>                 | <u>\$ 3,350,213</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, 2020, the cost of assets held under capital leases was approximately \$3,823,000, less accumulated depreciation and amortization of approximately \$2,237,000.

Scheduled future debt service requirements of long-term debt for years subsequent to June 30, 2020 are as follows:

| <b>Year Ending<br/>June 30</b> | <b>Principal</b>    |
|--------------------------------|---------------------|
| 2021                           | \$ 741,468          |
| 2022                           | 734,412             |
| 2023                           | 163,141             |
| 2024                           | <u>-</u>            |
| Total minimum lease payments   | <u>\$ 1,639,021</u> |



## HENDERSON COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

#### 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%.

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:

| <b>Year Ending</b> |                      |                     |
|--------------------|----------------------|---------------------|
| <b>June 30</b>     | <b>Principal</b>     | <b>Interest</b>     |
| 2021               | \$ 2,608,745         | \$ 462,877          |
| 2022               | 2,665,311            | 394,494             |
| 2023               | 1,578,193            | 341,400             |
| 2024               | 1,316,045            | 312,302             |
| 2025               | 1,352,643            | 275,276             |
| 2026-2030          | 7,357,390            | 783,251             |
| 3031-2035          | 1,194,713            | 35,005              |
| Total              | <u>\$ 18,073,040</u> | <u>\$ 2,604,605</u> |

## HENDERSON COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

#### Net Investment in Capital Assets

Net investment in capital assets at June 30, 2020 is computed as follows:

|   | <b>Governmental<br/>Activities</b> | <b>Business-Type<br/>Activities</b> |
|---|------------------------------------|-------------------------------------|
| Capital assets, net of accumulated depreciation   | \$ 113,819,171                     | \$ 29,527,485                       |
| Restricted cash from debt issuance                | 2,973,114                          | -                                   |
| Long-term debt                                    | (173,265,264)                      | (3,581,912)                         |
| Long-term debt for assets not owned by the County | 128,144,144                        | -                                   |
| Net investment in capital assets                  | <u>\$ 71,671,165</u>               | <u>\$ 25,945,573</u>                |

Unspent debt proceeds of \$54,466,240 deferred outflows - charge on refunding of \$1,848,367 are both related to Schools and are not included in the net investment in capital assets calculation.

#### Construction Commitments

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

| <b>Project</b>                     | <b>Remaining<br/>Commitment</b> |
|------------------------------------|---------------------------------|
| Hendersonville High School project | \$ 41,448,653                   |
| BRCC Patton Project                | <u>496,603</u>                  |
| Total                              | <u>\$ 41,945,256</u>            |

# HENDERSON COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

### Interfund Balances and Activity

Transfers to/from other funds for the year ended June 30, 2020 consist of the following:

|                                | Transfers            |                      | Purpose  |
|--------------------------------|----------------------|----------------------|--|
|                                | From                 | To                   |  |
| General Capital Reserve Fund   | \$ 118,550           |                      |  |
| General Capital Projects Fund  |                      | \$ 118,550           | Fund capital expansion   |
| General Fund                   | 1,552,587            |                      |  |
| General Capital Projects Fund  |                      | 1,552,587            | Fund capital expansion   |
| General Fund                   | 259,799              |                      |  |
| Public Transit Fund            |                      | 259,799              | Program contribution   |
| General Fund                   | 4,670,760            |                      |  |
| HCPS-MRTS Capital Project Fund |                      | 4,670,760            | Fund public school maintenance, repair,<br>technology and safety costs |
| General Fund                   | 3,113,840            |                      |  |
| BRCC-MRTS Capital Project Fund |                      | 3,113,840            | Fund BRCC maintenance, repair,<br>technology and safety costs          |
| General Fund                   | 54,000               |                      |  |
| Landfill Fund                  |                      | 54,000               | Fund capital expansion   |
| HCPS-MRTS Capital Project Fund | 3,609,666            |                      |  |
| School Capital Project Fund    |                      | 3,609,666            | Fund capital expansion   |
| BRCC-MRTS Capital Project Fund | 1,395,501            |                      |  |
| School Capital Project Fund    |                      | 1,395,501            | Fund capital expansion   |
| General Fund                   | 1,756,920            |                      |  |
| General Capital Reserve Fund   |                      | 1,756,920            | Fund reserve for future capital expansion                              |
| General Capital Reserve Fund   | 963,707              |                      |  |
| General Fund                   |                      | 963,707              | Fund capital projects  |
| General Capital Projects Fund  | 191,255              |                      |  |
| General Fund                   |                      | 191,255              | Fund capital projects  |
| Public Transit Fund            | 296,977              |                      |  |
| General Capital Projects Fund  |                      | 296,977              | Fund capital projects  |
| General Fund                   | 640,629              |                      |  |
| Debt Service Fund              | -                    | 640,629              | Fund debt service reserve  |
| Total                          | <u>\$ 18,624,191</u> | <u>\$ 18,624,191</u> |  |

# **HENDERSON COUNTY, NORTH CAROLINA**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020**

### **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 \$4,298,181 to the Community College for operational expenses during the fiscal year ended June 30, 2020. In addition, the County made debt service payments of \$1,888,178, including interest, during the year ended June 30, 2020, 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 \$3,113,840 for approved projects of the Community College, of which \$2,080,310 was spent in FY20. 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, 2020. 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, 2020. 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, 2020. 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, 2020**

### **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.

### **7. Subsequent Events**

In March 2020, the World Health Organization declared the outbreak of a coronavirus (COVID-19), a pandemic. As a result, economic uncertainties have arisen, which are likely to negatively impact County revenues. At the current time, we are unable to quantify the potential effects of this pandemic.

On June 17th, 2020, Henderson County entered in to 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.

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## **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 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 FOUR FISCAL YEARS**

|  | <b>Law Enforcement Officers' Special Separation Allowance</b> |                     |                     |                     |
|--|---|---------------------|---------------------|---------------------|
|  | <b>2020</b>   | <b>2019</b>         | <b>2018</b>         | <b>2017</b>         |
| Beginning balance                                  | \$ 4,735,595  | \$ 4,644,992        | \$ 4,561,820        | \$ 4,609,945        |
| Service cost                                       | 198,328   | 200,837             | 161,720             | 179,379             |
| Interest on the total pension liability            | 166,301   | 141,245             | 169,905             | 159,386             |
| Differences between expected and actual experience | 309,396   | 263,037             | (173,704)           | -                   |
| Changes of assumptions or other inputs             | 136,434   | (164,110)           | 245,524             | (96,170)            |
| Benefit payments                                   | (333,787)   | (350,406)           | (320,273)           | (290,720)           |
| Ending balance of the total pension liability      | <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 PAYROLL**  
**LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**LAST FOUR FISCAL YEARS**

| <b>Law Enforcement Officers' Special Separation Allowance</b> |              |              |              |              |
|---|--------------|--------------|--------------|--------------|
|   | <b>2020</b>  | <b>2019</b>  | <b>2018</b>  | <b>2017</b>  |
| Total pension liability                                       | \$ 5,212,267 | \$ 4,735,595 | \$ 4,644,992 | \$ 4,561,820 |
| Covered payroll   | 8,022,244    | 7,566,598    | 6,908,636    | 7,221,929    |
| Total pension liability as a percentage of covered payroll    | 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.

# HENDERSON COUNTY, NORTH CAROLINA

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

|   | <b>Total OPEB Liability</b> |                      |                      |
|---|-----------------------------|----------------------|----------------------|
|   | <b>2020</b>                 | <b>2019</b>          | <b>2018</b>          |
| Beginning balance                                       | \$ 20,227,240               | \$ 19,284,840        | \$ 19,572,675        |
| Service cost  | 997,087                     | 955,028              | 1,023,125            |
| Interest on TOL and cash flows                          | 763,735                     | 671,611              | 577,569              |
| Differences between expected and actual experience      | 144,390                     | (211,456)            | (171,424)            |
| Changes of assumptions or other inputs                  | 727,218                     | 373,320              | (942,686)            |
| Benefit payments  | (1,199,364)                 | (846,103)            | (774,419)            |
| Ending balance of the total OPEB liability              | <u>\$ 21,660,306</u>        | <u>\$ 20,227,240</u> | <u>\$ 19,284,840</u> |
| Covered payroll   | \$ 36,660,629               | \$ 36,660,629        | \$ 31,515,633        |
| Total OPEB liability as a percentage of covered payroll | 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:

| <b>Fiscal Year</b> | <b>Rate</b> |
|--------------------|-------------|
| 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 SEVEN FISCAL YEARS\***

|  | <b>Local Government Employees' Retirement System</b> |               |               |               |               |                |               |
|--|--|---------------|---------------|---------------|---------------|----------------|---------------|
|  | <b>2020</b>  | <b>2019</b>   | <b>2018</b>   | <b>2017</b>   | <b>2016</b>   | <b>2015</b>    | <b>2014</b>   |
| County's proportion of the net pension liability (asset) (%)   | 0.59773%   | 0.58639%      | 0.56991%      | 0.58474%      | 0.55923%      | 0.54613%       | 0.54613%      |
| County's proportion of the net pension liability (asset) (\$)  | \$ 16,323,540  | \$ 13,911,176 | \$ 8,706,645  | \$ 12,410,141 | \$ 2,509,790  | \$ (3,220,780) | \$ 6,384,919  |
| County's covered payroll   | \$ 39,956,572  | \$ 39,907,050 | \$ 39,475,827 | \$ 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 | 40.85%   | 34.86%        | 22.06%        | 36.78%        | 7.55%         | -10.15%        | 20.84%        |
| Plan fiduciary net position as a percentage of the total pension liability                               | 90.86%   | 91.63%        | 94.18%        | 91.47%        | 98.09%        | 102.64%        | 94.35%        |

\* 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****HENDERSON COUNTY'S CONTRIBUTIONS  
REQUIRED SUPPLEMENTARY INFORMATION  
LAST SEVEN FISCAL YEARS**

|   | <b>Local Government Employees' Retirement System</b> |                  |                  |                  |                  |                  |                  |
|---|--|------------------|------------------|------------------|------------------|------------------|------------------|
|   | <b>2020</b>  | <b>2019</b>      | <b>2018</b>      | <b>2017</b>      | <b>2016</b>      | <b>2015</b>      | <b>2014</b>      |
| Contractually required contribution                                     | \$ 3,810,275   | \$ 3,159,386     | \$ 2,883,778     | \$ 2,763,724     | \$ 2,291,770     | \$ 2,356,655     | \$ 2,246,169     |
| Contributions in relation to the<br>contractually required contribution | <u>3,810,275</u>                                     | <u>3,159,386</u> | <u>2,883,778</u> | <u>2,763,724</u> | <u>2,291,770</u> | <u>2,356,655</u> | <u>2,246,169</u> |
| Contribution deficiency (excess)  | \$ -   | \$ -             | \$ -             | \$ -             | \$ -             | \$ -             | \$ -             |
| County's covered payroll  | \$ 41,836,270  | \$ 39,956,572    | \$ 39,907,050    | \$ 39,475,827    | \$ 33,738,533    | \$ 33,231,069    | \$ 31,738,665    |
| Contributions as a percentage of<br>covered payroll                     | 9.11%  | 7.91%            | 7.23%            | 7.00%            | 6.79%            | 7.09%            | 7.08%            |

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 SEVEN FISCAL YEARS\***

|  | <b>Register of Deeds' Supplemental Pension Fund</b> |              |              |              |              |              |              |
|--|---|--------------|--------------|--------------|--------------|--------------|--------------|
|  | <b>2020</b>   | <b>2019</b>  | <b>2018</b>  | <b>2017</b>  | <b>2016</b>  | <b>2015</b>  | <b>2014</b>  |
| County's proportion of the net pension liability (asset) (%)   | 1.21325%  | 1.38721%     | 1.42083%     | 1.42155%     | 1.36491%     | 1.31871%     | 1.25345%     |
| County's proportion of the net pension liability (asset) (\$)  | \$ (239,520)  | \$ (229,764) | \$ (242,521) | \$ (265,773) | \$ (316,304) | \$ (298,899) | \$ (267,737) |
| County's covered payroll   | \$ 86,520   | \$ 90,827    | \$ 79,713    | \$ 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 | -276.84%  | -252.97%     | -304.24%     | -362.92%     | -430.84%     | -432.94%     | -389.86%     |
| Plan fiduciary net position as a percentage of the total pension liability **                            | 164.11%   | 153.31%      | 153.77%      | 160.17%      | 197.29%      | 193.88%      | 190.50%      |

\* 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****HENDERSON COUNTY'S CONTRIBUTIONS  
REQUIRED SUPPLEMENTARY INFORMATION  
LAST SEVEN FISCAL YEARS**

|   | <b>Register of Deeds' Supplemental Pension Fund</b> |               |               |               |               |               |               |
|---|---|---------------|---------------|---------------|---------------|---------------|---------------|
|   | <b>2020</b>   | <b>2019</b>   | <b>2018</b>   | <b>2017</b>   | <b>2016</b>   | <b>2015</b>   | <b>2014</b>   |
| Contractually required contribution                                     | \$ 12,560   | \$ 11,532     | \$ 11,871     | \$ 12,345     | \$ 11,612     | \$ 10,922     | \$ 10,767     |
| Contributions in relation to the<br>contractually required contribution | <u>12,560</u>                                       | <u>11,532</u> | <u>11,871</u> | <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>   | <u>\$ -</u>   | <u>\$ -</u>   | <u>\$ -</u>   |
| County's covered payroll  | \$ 89,266   | \$ 86,520     | \$ 90,827     | \$ 79,713     | \$ 73,231     | \$ 73,416     | \$ 69,039     |
| Contributions as a percentage<br>of covered payroll                     | 14.07%  | 13.33%        | 13.07%        | 15.49%        | 15.86%        | 14.88%        | 15.60%        |

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

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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, 2020  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019

|   | 2020          |               |                        | 2019          |
|---|---------------|---------------|------------------------|---------------|
|   | Budget        | Actual        | Variance<br>Over/Under | Actual        |
| <b>Revenues:</b>                                |               |               |                        |               |
| <b>Ad Valorem Taxes:</b>                        |               |               |                        |               |
| Taxes - current                                 |               | \$ 89,239,981 |                        | \$ 78,423,725 |
| Penalties, interest, and advertising            |               | 438,166       |                        | 511,774       |
| Total   | \$ 87,128,532 | 89,678,147    | \$ 2,549,615           | 78,935,499    |
| <b>Local Option Sales Taxes:</b>                |               |               |                        |               |
| Article 39 one percent                          |               | 12,467,379    |                        | 11,687,083    |
| Article 40 one-half of one percent              |               | 8,058,682     |                        | 7,766,626     |
| Article 42 one-half of one percent              |               | 7,028,891     |                        | 6,601,356     |
| Article 44 one-half of one percent              |               | 577,927       |                        | 543,379       |
| Medicaid hold harmless                          |               | 3,090,819     |                        | 2,733,167     |
| Total   | 24,884,992    | 31,223,698    | 6,338,706              | 29,331,611    |
| <b>Other Taxes and Licenses:</b>                |               |               |                        |               |
| Deed stamp excise tax                           |               | 950,604       |                        | 915,094       |
| Gross receipts rental tax                       |               | 55,852        |                        | 56,740        |
| Privilege licenses                              |               | 349,220       |                        | 347,027       |
| Occupancy tax                                   |               | 2,167,288     |                        | 2,551,554     |
| Total   | 3,643,343     | 3,522,964     | (120,379)              | 3,870,415     |
| <b>Unrestricted Intergovernmental Revenues:</b> |               |               |                        |               |
| Payment in lieu of taxes                        | 38,000        | 59,153        | 21,153                 | 56,612        |
| Total   | 38,000        | 59,153        | 21,153                 | 56,612        |
| <b>Restricted Intergovernmental Revenues:</b>   |               |               |                        |               |
| Federal and state grants                        |               | 15,982,865    |                        | 16,383,061    |
| Controlled substance tax                        |               | 17,047        |                        | 23,693        |
| Court facility fee                              |               | 92,538        |                        | 113,722       |
| ABC net revenues                                |               | 250,016       |                        | 135,944       |
| ABC bottles taxes                               |               | 39,085        |                        | 34,023        |
| Total   | 16,726,936    | 16,381,551    | (345,385)              | 16,690,443    |
| <b>Permits and Fees:</b>                        |               |               |                        |               |
| Inspection fees                                 |               | 1,724,513     |                        | 1,369,205     |
| Register of Deeds                               |               | 570,738       |                        | 505,361       |
| Enforcement fees                                |               | 129,431       |                        | 146,614       |
| Stormwater Permit fees                          |               | 4,785         |                        | 7,625         |
| Watershed fees                                  |               | 4,760         |                        | 8,265         |
| Total   | 1,798,560     | 2,434,227     | 635,667                | 2,037,070     |

HENDERSON COUNTY, NORTH CAROLINA

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2020  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019

|                                | 2020        |             |                        | 2019        |
|--------------------------------|-------------|-------------|------------------------|-------------|
|                                | Budget      | Actual      | Variance<br>Over/Under | Actual      |
| <b>Sales and Services:</b>     |             |             |                        |             |
| Rents, concessions, and fees   |             | 3,843,903   |                        | 3,813,659   |
| Jail fees                      |             | 466,111     |                        | 287,547     |
| Ambulance fees                 |             | 3,680,093   |                        | 3,129,363   |
| Recreation fees                |             | 156,033     |                        | 247,826     |
| Total                          | 7,435,529   | 8,146,140   | 710,611                | 7,478,395   |
| <b>Investment Earnings</b>     | 500,000     | 1,174,097   | 674,097                | 1,137,457   |
| <b>Miscellaneous:</b>          |             |             |                        |             |
| Sale of materials              |             | 70,547      |                        | 60,682      |
| Other                          |             | 2,962,983   |                        | 2,199,638   |
| Total                          | 1,512,333   | 3,033,530   | 1,521,197              | 2,260,320   |
| Total revenues                 | 143,668,225 | 155,653,507 | 11,985,282             | 141,797,822 |
| <b>Expenditures:</b>           |             |             |                        |             |
| <b>General Government:</b>     |             |             |                        |             |
| <b>Governing Body:</b>         |             |             |                        |             |
| Salaries and employee benefits |             | 257,946     |                        | 253,129     |
| Operating expenditures         |             | 138,488     |                        | 148,203     |
| Donations and dues             |             | 520,948     |                        | 455,615     |
| Total                          | 1,001,460   | 917,382     | 84,078                 | 856,947     |
| <b>Administration:</b>         |             |             |                        |             |
| Salaries and employee benefits |             | 1,630,508   |                        | 1,505,890   |
| Operating expenditures         |             | 2,395,312   |                        | 2,759,102   |
| Total                          | 4,382,424   | 4,025,820   | 356,604                | 4,264,992   |
| <b>Elections:</b>              |             |             |                        |             |
| Salaries and employee benefits |             | 520,088     |                        | 463,946     |
| Operating expenditures         |             | 579,628     |                        | 376,292     |
| Capital outlay                 |             | -           |                        | 299,813     |
| Total                          | 1,321,867   | 1,099,716   | 222,151                | 1,140,051   |
| <b>Finance:</b>                |             |             |                        |             |
| Salaries and employee benefits |             | 819,889     |                        | 788,940     |
| Operating expenditures         |             | 83,344      |                        | 72,622      |
| Total                          | 943,743     | 903,233     | 40,510                 | 861,562     |

**HENDERSON COUNTY, NORTH CAROLINA**

**GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2020  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019**

|                                | <u>2020</u>       |                   |                                | <u>2019</u>       |
|--------------------------------|-------------------|-------------------|--------------------------------|-------------------|
|                                | <u>Budget</u>     | <u>Actual</u>     | <u>Variance<br/>Over/Under</u> | <u>Actual</u>     |
| <b>Taxes:</b>                  |                   |                   |                                |                   |
| Salaries and employee benefits |                   | 1,561,436         |                                | 1,563,503         |
| Operating expenditures         |                   | 525,593           |                                | 516,418           |
| Total                          | <u>2,398,123</u>  | <u>2,087,029</u>  | <u>311,094</u>                 | <u>2,079,921</u>  |
| <b>Legal:</b>                  |                   |                   |                                |                   |
| Salaries and employee benefits |                   | 746,960           |                                | 775,826           |
| Contracted services            |                   | 27,397            |                                | 41,640            |
| Total                          | <u>821,959</u>    | <u>774,357</u>    | <u>47,602</u>                  | <u>817,466</u>    |
| <b>Register of Deeds:</b>      |                   |                   |                                |                   |
| Salaries and employee benefits |                   | 396,160           |                                | 386,503           |
| Operating expenditures         |                   | 101,936           |                                | 129,418           |
| Total                          | <u>571,282</u>    | <u>498,096</u>    | <u>73,186</u>                  | <u>515,921</u>    |
| <b>Public Buildings:</b>       |                   |                   |                                |                   |
| Salaries and employee benefits |                   | 1,303,685         |                                | 1,297,986         |
| Operating expenditures         |                   | 2,613,276         |                                | 2,968,633         |
| Capital outlay                 |                   | 194,308           |                                | 157,057           |
| Total                          | <u>4,370,449</u>  | <u>4,111,269</u>  | <u>259,180</u>                 | <u>4,423,676</u>  |
| <b>Garage and Grounds:</b>     |                   |                   |                                |                   |
| Salaries and employee benefits |                   | 369,488           |                                | 315,495           |
| Operating expenditures         |                   | 64,227            |                                | 97,502            |
| Capital outlay                 |                   | 54,748            |                                | 51,056            |
| Total                          | <u>514,121</u>    | <u>488,463</u>    | <u>25,658</u>                  | <u>464,053</u>    |
| <b>Court Facilities:</b>       |                   |                   |                                |                   |
| Operating expenditures         |                   | 134,179           |                                | 189,504           |
| Total                          | <u>153,000</u>    | <u>134,179</u>    | <u>18,821</u>                  | <u>189,504</u>    |
| <b>Data Processing:</b>        |                   |                   |                                |                   |
| Salaries and employee benefits |                   | 968,575           |                                | 1,070,242         |
| Operating expenditures         |                   | 1,891,626         |                                | 1,649,192         |
| Capital outlay                 |                   | 109,819           |                                | 46,737            |
| Total                          | <u>3,482,593</u>  | <u>2,970,020</u>  | <u>512,573</u>                 | <u>2,766,171</u>  |
| <b>Wellness Clinic:</b>        |                   |                   |                                |                   |
| Salaries and employee benefits |                   | 739,311           |                                | 642,677           |
| Operating expenditures         |                   | 252,987           |                                | 234,337           |
| Capital outlay                 |                   | -                 |                                | 22,866            |
| Total                          | <u>1,084,985</u>  | <u>992,298</u>    | <u>92,687</u>                  | <u>899,880</u>    |
| Total general government       | <u>19,961,021</u> | <u>19,001,862</u> | <u>2,044,144</u>               | <u>19,280,144</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, 2020  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019**

|                                    | <b>2020</b>   |               |                                | <b>2019</b>   |
|------------------------------------|---------------|---------------|--------------------------------|---------------|
|                                    | <b>Budget</b> | <b>Actual</b> | <b>Variance<br/>Over/Under</b> | <b>Actual</b> |
| <b>Public Safety:</b>              |               |               |                                |               |
| <b>Sheriff and Communications:</b> |               |               |                                |               |
| Salaries and employee benefits     |               | 14,493,848    |                                | 13,892,835    |
| Operating expenditures             |               | 2,144,929     |                                | 2,297,045     |
| Capital outlay                     |               | 844,464       |                                | 956,350       |
| Total                              | 18,433,862    | 17,483,241    | 950,621                        | 17,146,230    |
| <b>Jail:</b>                       |               |               |                                |               |
| Salaries and employee benefits     |               | 3,625,541     |                                | 3,321,145     |
| Operating expenditures             |               | 1,241,156     |                                | 1,269,039     |
| Total                              | 5,343,720     | 4,866,697     | 477,023                        | 4,590,184     |
| <b>Emergency Management:</b>       |               |               |                                |               |
| Salaries and employee benefits     |               | 270,857       |                                | 299,585       |
| Operating expenditures             |               | 226,855       |                                | 141,267       |
| Capital outlay                     |               | 137,856       |                                | 13,346        |
| Total                              | 748,102       | 635,568       | 112,534                        | 454,198       |
| <b>Fire Services:</b>              |               |               |                                |               |
| Salaries and employee benefits     |               | 469,258       |                                | 439,416       |
| Operating expenditures             |               | 220,860       |                                | 216,219       |
| Capital outlay                     |               | 26,025        |                                | 31,991        |
| Total                              | 760,650       | 716,143       | 44,507                         | 687,626       |
| <b>Inspections:</b>                |               |               |                                |               |
| Salaries and employee benefits     |               | 917,386       |                                | 861,097       |
| Operating expenditures             |               | 102,112       |                                | 99,338        |
| Capital outlay                     |               | 26,784        |                                | 36,330        |
| Total                              | 1,112,001     | 1,046,282     | 65,719                         | 996,765       |
| <b>Code Enforcement Services:</b>  |               |               |                                |               |
| Salaries and employee benefits     |               | 255,820       |                                | 249,982       |
| Operating expenditures             |               | 33,549        |                                | 15,513        |
| Capital outlay                     |               | -             |                                | 24,129        |
| Total                              | 307,576       | 289,369       | 18,207                         | 289,624       |
| <b>Erosion Control:</b>            |               |               |                                |               |
| Salaries and employee benefits     |               | (1,063)       |                                | -             |
| Total                              | -             | (1,063)       | 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, 2020  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019

|   | 2020       |            |                        | 2019       |
|---|------------|------------|------------------------|------------|
|   | Budget     | Actual     | Variance<br>Over/Under | Actual     |
| <b>Emergency Medical Services:</b>        |            |            |                        |            |
| Salaries and employee benefits            |            | 5,609,885  |                        | 5,517,279  |
| Operating expenditures                    |            | 640,343    |                        | 573,483    |
| Capital outlay                            |            | 614,746    |                        | 456,709    |
| Total                                     | 7,020,845  | 6,864,974  | 155,871                | 6,547,471  |
| <b>Animal Control:</b>                    |            |            |                        |            |
| Salaries and employee benefits            |            | 484,661    |                        | 450,736    |
| Operating expenditures                    |            | 169,127    |                        | 186,718    |
| Total                                     | 725,302    | 653,788    | 71,514                 | 637,454    |
| <b>Rescue Squad:</b>                      |            |            |                        |            |
| Operating expenditures                    |            | 281,361    |                        | 312,445    |
| Total                                     | 284,860    | 281,361    | 3,499                  | 312,445    |
| Total public safety                       | 35,821,903 | 32,836,360 | 1,900,558              | 31,661,997 |
| <b>Environmental Protection:</b>          |            |            |                        |            |
| <b>Soil and Water Conservation:</b>       |            |            |                        |            |
| Salaries and employee benefits            |            | 323,466    |                        | 314,199    |
| Operating expenditures                    |            | 183,377    |                        | 28,900     |
| Total                                     | 565,033    | 506,843    | 58,190                 | 343,099    |
| <b>Forestry Service</b>                   | 58,046     | 27,339     | 30,707                 | 40,871     |
| Total environmental protection            | 623,079    | 534,182    | 88,897                 | 383,970    |
| <b>Economic and Physical Development:</b> |            |            |                        |            |
| <b>Planning:</b>                          |            |            |                        |            |
| Salaries and employee benefits            |            | 584,629    |                        | 577,393    |
| Operating expenditures                    |            | 21,846     |                        | 23,369     |
| Total                                     | 659,991    | 606,475    | 53,516                 | 600,762    |
| <b>Agricultural Extension:</b>            |            |            |                        |            |
| Salaries and employee benefits            |            | 384,246    |                        | 306,831    |
| Operating expenditures                    |            | 62,014     |                        | 66,699     |
| Capital outlay                            |            | -          |                        | 33,343     |
| Total                                     | 468,349    | 446,260    | 22,089                 | 406,873    |
| <b>Land Records Management:</b>           |            |            |                        |            |
| Salaries and employee benefits            |            | 410,072    |                        | 334,272    |
| Operating expenditures                    |            | 14,112     |                        | 8,507      |
| Total                                     | 432,696    | 424,184    | 8,512                  | 342,779    |

HENDERSON COUNTY, NORTH CAROLINA

**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2020**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019**

|   | 2020       |            |                        | 2019       |
|---|------------|------------|------------------------|------------|
|   | Budget     | Actual     | Variance<br>Over/Under | Actual     |
| <b>Agri-Business Development:</b>       |            |            |                        |            |
| Salaries and employee benefits          |            | 153,262    |                        | 147,239    |
| Operating expenditures                  |            | 53,109     |                        | 35,101     |
| Total                                   | 208,798    | 206,371    | 2,427                  | 182,340    |
| <b>Other Transfers:</b>                 |            |            |                        |            |
| Heritage museum                         | 100,000    | 100,000    | -                      | 100,000    |
| Economic development contracts          | 1,490,225  | 854,247    | 635,978                | 795,594    |
| Total                                   | 1,590,225  | 954,247    | 635,978                | 895,594    |
| Total economic and physical development | 3,360,059  | 2,637,537  | 722,522                | 2,428,348  |
| <b>Human Services:</b>                  |            |            |                        |            |
| <b>Health:</b>                          |            |            |                        |            |
| <b>General and Administration:</b>      |            |            |                        |            |
| Salaries and employee benefits          |            | 5,688,127  |                        | 5,959,724  |
| Operating expenditures                  |            | 1,077,143  |                        | 1,038,366  |
| Capital outlay                          |            | 59,801     |                        | -          |
| Total                                   | 8,148,898  | 6,825,071  | 1,323,827              | 6,998,090  |
| Total public health                     | 8,148,898  | 6,825,071  | 1,323,827              | 6,998,090  |
| <b>Environmental Health:</b>            |            |            |                        |            |
| Salaries and employee benefits          |            | 1,091,110  |                        | 1,062,789  |
| Operating expenditures                  |            | 83,057     |                        | 81,754     |
| Capital outlay                          |            | 24,092     |                        | 40,771     |
| Total                                   | 1,339,998  | 1,198,259  | 141,739                | 1,185,314  |
| <b>Home and Community Block Grant:</b>  |            |            |                        |            |
| Operating expenditures                  |            | 850,402    |                        | 852,825    |
| Total                                   | 850,402    | 850,402    | -                      | 852,825    |
| <b>Medical Services:</b>                |            |            |                        |            |
| Operating expenditures                  |            | 69,200     |                        | 76,650     |
| Total                                   | 69,200     | 69,200     | -                      | 76,650     |
| <b>Social Services:</b>                 |            |            |                        |            |
| <b>Mental Health:</b>                   |            |            |                        |            |
| Operating expenditures                  |            | 528,612    |                        | 528,612    |
| Total                                   | 528,612    | 528,612    | -                      | 528,612    |
| <b>Administration:</b>                  |            |            |                        |            |
| Salaries and employee benefits          |            | 11,887,988 |                        | 11,622,148 |
| Operating expenditures                  |            | 1,325,295  |                        | 1,291,348  |
| Capital outlay                          |            | 12,644     |                        | 22,866     |
| Total                                   | 14,243,223 | 13,225,927 | 1,017,296              | 12,936,362 |

**HENDERSON COUNTY, NORTH CAROLINA**

**GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2020  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019**

|                                    | <b>2020</b>   |               |                                | <b>2019</b>   |
|------------------------------------|---------------|---------------|--------------------------------|---------------|
|                                    | <b>Budget</b> | <b>Actual</b> | <b>Variance<br/>Over/Under</b> | <b>Actual</b> |
| <b>TANF Program:</b>               |               |               |                                |               |
| County participation only          | 1,000         | -             | 1,000                          | -             |
| <b>Income Maintenance Program:</b> |               |               |                                |               |
| Supplemental aid to the aged       |               | 289,994       |                                | 366,390       |
| Supplemental aid to the disabled   |               | 516,057       |                                | 563,379       |
| Crisis intervention payments       |               | 212,810       |                                | 263,968       |
| Total                              | 1,716,474     | 1,018,861     | 697,613                        | 1,193,737     |
| <b>LIEAP Operations:</b>           |               |               |                                |               |
| LIEAP Operations                   | 327,213       | 327,122       | 91                             | 277,200       |
| <b>Foster Care:</b>                |               |               |                                |               |
| State boarding home                |               | 510,033       |                                | 294,676       |
| Foster care - children             |               | 432,766       |                                | 531,954       |
| Adoption assistance                |               | 328,577       |                                | 332,177       |
| Total                              | 1,450,000     | 1,271,376     | 178,624                        | 1,158,807     |
| <b>Other Assistance:</b>           |               |               |                                |               |
| Social work contracts              | 126,482       | 119,435       | 7,047                          | 125,394       |
| Medicaid transportation            | 50,000        | 28,981        | 21,019                         | 29,133        |
| Aid to the blind                   | 10,500        | 7,201         | 3,299                          | 6,975         |
| Adult day care                     | 86,256        | 77,840        | 8,416                          | 85,536        |
| General assistance                 | 101,000       | 59,998        | 41,002                         | 69,118        |
| JOBS program                       | 15,000        | 2,859         | 12,141                         | 495           |
| EDTAP program                      | 197,095       | 209,124       | (12,029)                       | 187,722       |
| Emergency assistance               | 3,500         | 3,208         | 292                            | 2,162         |
| Other assistance                   | 594,860       | 286,782       | 308,078                        | 369,568       |
| Total                              | 1,184,693     | 795,428       | 389,265                        | 876,103       |
| Total social services              | 19,451,215    | 17,167,326    | 2,283,889                      | 16,970,821    |
| <b>Veteran Services:</b>           |               |               |                                |               |
| Salaries and employee benefits     |               | 44,653        |                                | 43,452        |
| Operating expenditures             |               | 2,271         |                                | 2,068         |
| Total                              | 48,652        | 46,924        | 1,728                          | 45,520        |
| <b>Juvenile Justice Grant:</b>     |               |               |                                |               |
| Operating expenditures             | 311,684       | 285,105       | 26,579                         | 279,444       |
| Total human services               | 30,220,049    | 26,442,287    | 3,777,762                      | 26,408,664    |

HENDERSON COUNTY, NORTH CAROLINA

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2020  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019

|  | 2020         |               |                        | 2019          |
|--|--------------|---------------|------------------------|---------------|
|  | Budget       | Actual        | Variance<br>Over/Under | Actual        |
| <b>Cultural and Recreational:</b>      |              |               |                        |               |
| <b>Library:</b>                        |              |               |                        |               |
| Salaries and employee benefits         |              | 2,479,603     |                        | 2,412,158     |
| Operating expenditures                 |              | 699,874       |                        | 769,790       |
| Capital outlay                         |              | -             |                        | 31,922        |
| Total                                  | 3,363,371    | 3,179,477     | 183,894                | 3,213,870     |
| <b>Parks and Recreation:</b>           |              |               |                        |               |
| Salaries and employee benefits         |              | 1,192,485     |                        | 1,137,120     |
| Operating expenditures                 |              | 652,974       |                        | 669,448       |
| Capital outlay                         |              | 25,767        |                        | 35,551        |
| Total                                  | 2,222,457    | 1,871,226     | 351,231                | 1,842,119     |
| Total cultural and recreational        | 5,585,828    | 5,050,703     | 535,125                | 5,055,989     |
| <b>Intergovernmental:</b>              |              |               |                        |               |
| Education:                             |              |               |                        |               |
| Public schools - current expense       |              | 28,328,000    |                        | 27,328,000    |
| Public schools - capital expense       |              | 1,500,000     |                        | 2,233,939     |
| Community colleges - capital expense   |              | 4,298,181     |                        | 4,256,273     |
| Total education                        | 34,126,181   | 34,126,181    | -                      | 33,818,212    |
| <b>Debt Service:</b>                   |              |               |                        |               |
| Principal                              | 12,503,941   | 12,503,845    | 96                     | 12,937,416    |
| Interest                               | 4,425,264    | 4,232,069     | 193,195                | 4,392,098     |
| Total debt service                     | 16,929,205   | 16,735,914    | 193,291                | 17,329,514    |
| Total expenditures                     | 146,627,325  | 137,365,026   | 9,262,299              | 136,366,838   |
| Revenues over (under) expenditures     | (2,959,100)  | 18,288,481    | 21,247,581             | 5,430,984     |
| <b>Other Financing Sources (Uses):</b> |              |               |                        |               |
| Transfers in                           | 2,393,922    | 1,154,962     | (1,238,960)            | 243,695       |
| Transfers (out)                        | (13,202,495) | (12,048,535)  | 1,153,960              | (3,548,744)   |
| Appropriated fund balance              | 13,767,673   | -             | (13,767,673)           | -             |
| Total other financing sources (uses)   | 2,959,100    | (10,893,573)  | (13,852,673)           | (3,305,049)   |
| Net changes in fund balance            | \$ -         | 7,394,908     | \$ 7,394,908           | 2,125,935     |
| <b>Fund Balance:</b>                   |              |               |                        |               |
| Beginning of year - July 1             |              | 55,954,705    |                        | 53,828,770    |
| End of year - June 30                  |              | \$ 63,349,613 |                        | \$ 55,954,705 |

## **Other Major Governmental Funds**

**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**
**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, 2020**

|  | <b>Project<br/>Authorization</b> | <b>Prior<br/>Years</b> | <b>Actual<br/>Current<br/>Year</b> | <b>Total<br/>to Date</b> |
|--|----------------------------------|------------------------|------------------------------------|--------------------------|
| <b>Revenues:</b>                       |                                  |                        |                                    |                          |
| Investment earnings                    | \$ -                             | \$ 411,193             | \$ 174,800                         | \$ 585,993               |
| Miscellaneous                          | -                                | 172,884                | 214,139                            | 387,023                  |
| Total revenues                         | -                                | 584,077                | 388,939                            | 973,016                  |
| <b>Expenditures:</b>                   |                                  |                        |                                    |                          |
| Capital outlay:                        |                                  |                        |                                    |                          |
| General education                      | 94,720,154                       | 13,600,385             | 29,524,764                         | 43,125,149               |
| <b>Debt Service:</b>                   |                                  |                        |                                    |                          |
| Interest and fees                      | 526,366                          | 287,780                | 238,586                            | 526,366                  |
| Total expenditures                     | 95,246,520                       | 13,888,165             | 29,763,350                         | 43,651,515               |
| Revenues over (under) expenditures     | (95,246,520)                     | (13,304,088)           | (29,374,411)                       | (42,678,499)             |
| <b>Other Financing Sources (Uses):</b> |                                  |                        |                                    |                          |
| 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                       | 2,579,136              | 7,917,694                          | 10,496,830               |
| Transfers in:                          |                                  |                        |                                    |                          |
| From Capital Reserve Fund              | 250,850                          | 250,850                | -                                  | 250,850                  |
| From HCPS-MRTS Project Fund            | 4,634,000                        | -                      | 3,609,666                          | 3,609,666                |
| From BRCC-MRTS Project Fund            | 3,114,840                        | -                      | 1,395,501                          | 1,395,501                |
| Total other financing sources (uses)   | 95,246,520                       | 27,054,986             | 65,447,861                         | 92,502,847               |
| Net change in fund balance             | \$ -                             | \$ 13,750,898          | 36,073,450                         | \$ 49,824,348            |
| <b>Fund Balance:</b>                   |                                  |                        |                                    |                          |
| Beginning of year - July 1             |                                  |                        | 14,080,327                         |                          |
| End of year - June 30                  |                                  |                        | \$ 50,153,777                      |                          |

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## **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

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

**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

**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, 2020

|   | Nonmajor<br>Special Revenue<br>Funds | Nonmajor<br>Capital Project<br>Funds | Debt<br>Service<br>Fund | Total<br>Nonmajor<br>Governmental<br>Funds |
|---|--------------------------------------|--------------------------------------|-------------------------|--|
| <b>Assets:</b>  |                                      |                                      |                         |  |
| Cash and investments  | \$ 1,973,700                         | \$ 7,622,747                         | \$ 8,082,519            | \$ 17,678,966                              |
| Accounts receivable, net  | 290,283                              | 6,262                                | -                       | 296,545                                    |
| Restricted cash   | 1,401,780                            | 2,973,114                            | -                       | 4,374,894                                  |
| Total assets  | <u>\$ 3,665,763</u>                  | <u>\$ 10,602,123</u>                 | <u>\$ 8,082,519</u>     | <u>\$ 22,350,405</u>                       |
| <b>Liabilities, Deferred Inflows of Resources,<br/>and Fund Balances:</b> |                                      |                                      |                         |  |
| <b>Liabilities:</b>   |                                      |                                      |                         |  |
| Accounts payable and accrued liabilities                                  | \$ 329,087                           | \$ 139,264                           | \$ -                    | \$ 468,351                                 |
| Liabilities to be paid from restricted assets                             | 42,555                               | -                                    | -                       | 42,555                                     |
| Prepaid taxes   | 7,104                                | -                                    | -                       | 7,104                                      |
| Total liabilities   | <u>378,746</u>                       | <u>139,264</u>                       | <u>-</u>                | <u>518,010</u>                             |
| <b>Deferred Inflows of Resources:</b>                                     |                                      |                                      |                         |  |
| Unavailable revenues  | <u>159,243</u>                       | <u>-</u>                             | <u>-</u>                | <u>159,243</u>                             |
| <b>Fund Balances:</b>   |                                      |                                      |                         |  |
| Restricted:   |                                      |                                      |                         |  |
| Stabilization by state statute  | 131,040                              | 6,262                                | -                       | 137,302                                    |
| Restricted, all other   | 1,712,892                            | 2,973,114                            | -                       | 4,686,006                                  |
| Committed   | 1,359,225                            | 7,622,747                            | 8,082,519               | 17,064,491                                 |
| Unassigned  | (75,383)                             | (139,264)                            | -                       | (214,647)                                  |
| Total fund balances   | <u>3,127,774</u>                     | <u>10,462,859</u>                    | <u>8,082,519</u>        | <u>21,673,152</u>                          |
| Total liabilities, deferred inflows of<br>resources, and fund balances    | <u>\$ 3,665,763</u>                  | <u>\$ 10,602,123</u>                 | <u>\$ 8,082,519</u>     | <u>\$ 22,350,405</u>                       |

**HENDERSON COUNTY, NORTH CAROLINA****COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2020**

|  | <b>Nonmajor<br/>Special Revenue<br/>Funds</b> | <b>Nonmajor<br/>Capital Project<br/>Funds</b> | <b>Debt<br/>Service<br/>Fund</b> | <b>Total<br/>Nonmajor<br/>Governmental<br/>Funds</b> |
|--|---|---|----------------------------------|--|
| <b>Revenues:</b>                       |   |   |                                  |  |
| Ad valorem taxes                       | \$ 12,534,703                                 | \$ -  | \$ -                             | \$ 12,534,703  |
| Restricted intergovernmental revenues  | 648,941                                       | 58,914  | -                                | 707,855  |
| Sales and services                     | 667,564                                       | -   | -                                | 667,564  |
| Investment earnings                    | 30,161  | 1,245   | -                                | 31,406   |
| Miscellaneous                          | -   | 3,064   | -                                | 3,064  |
| Total revenues                         | <u>13,881,369</u>                             | <u>63,223</u>                                 | <u>-</u>                         | <u>13,944,592</u>                                    |
| <b>Expenditures:</b>                   |   |   |                                  |  |
| Current:                               |   |   |                                  |  |
| General government                     | 838,654                                       | 1,915,129                                     | -                                | 2,753,783  |
| Public safety                          | 12,002,248                                    | -   | -                                | 12,002,248   |
| Economic and physical development      | 729,118                                       | -   | -                                | 729,118  |
| Total expenditures                     | <u>13,570,020</u>                             | <u>1,915,129</u>                              | <u>-</u>                         | <u>15,485,149</u>                                    |
| Revenues over (under) expenditures     | <u>311,349</u>                                | <u>(1,851,906)</u>                            | <u>-</u>                         | <u>(1,540,557)</u>                                   |
| <b>Other Financing Sources (Uses):</b> |   |   |                                  |  |
| Transfers from:                        |   |   |                                  |  |
| General Fund                           | 259,799                                       | 11,094,107                                    | 640,629                          | 11,994,535   |
| General Capital Reserve                | -   | 118,550                                       | -                                | 118,550  |
| Public Transit Fund                    | -   | 296,977                                       | -                                | 296,977  |
| Transfers to:                          |   |   |                                  |  |
| General Capital Projects Fund          | (296,977)                                     | (118,550)                                     | -                                | (415,527)  |
| School Capital Projects Fund           | -   | (5,005,167)                                   | -                                | (5,005,167)  |
| General Fund                           | -   | (1,154,962)                                   | -                                | (1,154,962)  |
| Total other financing sources (uses)   | <u>(37,178)</u>                               | <u>5,230,955</u>                              | <u>640,629</u>                   | <u>5,834,406</u>                                     |
| Net change in fund balances            | 274,171                                       | 3,379,049                                     | 640,629                          | 4,293,849  |
| <b>Fund Balances:</b>                  |   |   |                                  |  |
| Beginning of year - July 1             | <u>2,853,603</u>                              | <u>7,083,810</u>                              | <u>7,441,890</u>                 | <u>17,379,303</u>                                    |
| End of year - June 30                  | <u>\$ 3,127,774</u>                           | <u>\$ 10,462,859</u>                          | <u>\$ 8,082,519</u>              | <u>\$ 21,673,152</u>                                 |

# HENDERSON COUNTY, NORTH CAROLINA

## NONMAJOR SPECIAL REVENUE FUNDS COMBINING BALANCE SHEET JUNE 30, 2020

|   | Nonmajor Special Revenue Funds |   |                           |                                |                           |                         |
|---|--------------------------------|---|---------------------------|--------------------------------|---------------------------|-------------------------|
|   | Revaluation<br>Reserve<br>Fund | Emergency<br>Telephone<br>System<br>Fund<br>(E-911) | Public<br>Transit<br>Fund | Major FY20<br>COVID-19<br>Fund | Fire<br>Districts<br>Fund | Totals<br>June 30, 2020 |
| <b>Assets:</b>  |                                |   |                           |                                |                           |                         |
| Cash and investments  | \$ -                           | \$ 272,182  | \$ 1,585,974              | \$ -                           | \$ 115,544                | \$ 1,973,700            |
| Accounts receivable, net  | -                              | 55,630  | 160,402                   | -                              | 74,251                    | 290,283                 |
| Restricted cash   | 1,401,780                      | -   | -                         | 1,486,178                      | -                         | 1,401,780               |
| Total assets  | <u>\$ 1,401,780</u>            | <u>\$ 327,812</u>                                   | <u>\$ 1,746,376</u>       | <u>\$ 1,486,178</u>            | <u>\$ 189,795</u>         | <u>\$ 3,665,763</u>     |
| <b>Liabilities, Deferred Inflows of Resources,<br/>and Fund Balances:</b> |                                |   |                           |                                |                           |                         |
| <b>Liabilities:</b>   |                                |   |                           |                                |                           |                         |
| Accounts payable and accrued liabilities                                  | \$ -                           | \$ 34,177   | \$ 111,087                | \$ 1,620                       | \$ 183,823                | \$ 329,087              |
| Liabilities to be paid from restricted assets                             | 42,555                         | -   | -                         | -                              | -                         | 42,555                  |
| Advances from grantors  | -                              | -   | -                         | 1,805,057                      | -                         | -                       |
| Prepaid taxes   | -                              | -   | -                         | -                              | 7,104                     | 7,104                   |
| Total liabilities   | <u>42,555</u>                  | <u>34,177</u>                                       | <u>111,087</u>            | <u>1,806,677</u>               | <u>190,927</u>            | <u>378,746</u>          |
| <b>Deferred Inflows of Resources:</b>                                     |                                |   |                           |                                |                           |                         |
| Unavailable revenues  | -                              | -   | 159,243                   | -                              | -                         | 159,243                 |
| <b>Fund Balances:</b>   |                                |   |                           |                                |                           |                         |
| Restricted:   |                                |   |                           |                                |                           |                         |
| Stabilization by state statute  | -                              | 55,630  | 1,159                     | -                              | 74,251                    | 131,040                 |
| Restricted, all other   | -                              | 238,005   | 1,474,887                 | -                              | -                         | 1,712,892               |
| Committed   | 1,359,225                      | -   | -                         | -                              | -                         | 1,359,225               |
| Unassigned  | -                              | -   | -                         | (320,499)                      | (75,383)                  | (75,383)                |
| Total fund balances   | <u>1,359,225</u>               | <u>293,635</u>                                      | <u>1,476,046</u>          | <u>(320,499)</u>               | <u>(1,132)</u>            | <u>3,127,774</u>        |
| Total liabilities, deferred inflows of<br>resources, and fund balances    | <u>\$ 1,401,780</u>            | <u>\$ 327,812</u>                                   | <u>\$ 1,746,376</u>       | <u>\$ 1,486,178</u>            | <u>\$ 189,795</u>         | <u>\$ 3,665,763</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, 2020**

|  | <b>Nonmajor Special Revenue Funds</b>   |  |                                    |                                    |                                 |
|--|---|--|------------------------------------|------------------------------------|---------------------------------|
|  | <b>Revaluation<br/>Reserve<br/>Fund</b> | <b>Emergency<br/>Telephone<br/>System<br/>Fund<br/>(E-911)</b> | <b>Public<br/>Transit<br/>Fund</b> | <b>Fire<br/>Districts<br/>Fund</b> | <b>Totals<br/>June 30, 2020</b> |
| <b>Revenues:</b>                       |   |  |                                    |                                    |                                 |
| Ad valorem taxes                       | \$ 1,249,657                            | \$ -   | \$ -                               | \$ 11,285,046                      | \$ 12,534,703                   |
| Restricted intergovernmental revenues  | -                                       | -  | 648,941                            | -                                  | 648,941                         |
| Sales and services                     | -                                       | 667,564  | -                                  | -                                  | 667,564                         |
| Investment earnings                    | 21,851                                  | 7,172  | -                                  | 1,138                              | 30,161                          |
| Total revenues                         | <u>1,271,508</u>                        | <u>674,736</u>   | <u>648,941</u>                     | <u>11,286,184</u>                  | <u>13,881,369</u>               |
| <b>Expenditures:</b>                   |   |  |                                    |                                    |                                 |
| Current:                               |   |  |                                    |                                    |                                 |
| General government                     | 838,654                                 | -  | -                                  | -                                  | 838,654                         |
| Public safety                          | -                                       | 714,932  | -                                  | 11,287,316                         | 12,002,248                      |
| Economic and physical development      | -                                       | -  | 729,118                            | -                                  | 729,118                         |
| Total expenditures                     | <u>838,654</u>                          | <u>714,932</u>   | <u>729,118</u>                     | <u>11,287,316</u>                  | <u>13,570,020</u>               |
| Revenues over (under) expenditures     | <u>432,854</u>                          | <u>(40,196)</u>  | <u>(80,177)</u>                    | <u>(1,132)</u>                     | <u>311,349</u>                  |
| <b>Other Financing Sources (Uses):</b> |   |  |                                    |                                    |                                 |
| Transfers from:                        |   |  |                                    |                                    |                                 |
| General Fund                           | -                                       | -  | 259,799                            | -                                  | 259,799                         |
| Transfers to:                          |   |  |                                    |                                    |                                 |
| General Capital Projects Fund          | -                                       | -  | (296,977)                          | -                                  | (296,977)                       |
| Total other financing sources (uses)   | <u>-</u>                                | <u>-</u>   | <u>(37,178)</u>                    | <u>-</u>                           | <u>(37,178)</u>                 |
| Net change in fund balances            | 432,854                                 | (40,196)   | (117,355)                          | (1,132)                            | 274,171                         |
| <b>Fund Balances:</b>                  |   |  |                                    |                                    |                                 |
| Beginning of year - July 1             | <u>926,371</u>                          | <u>333,831</u>   | <u>1,593,401</u>                   | <u>-</u>                           | <u>2,853,603</u>                |
| End of year - June 30                  | <u>\$ 1,359,225</u>                     | <u>\$ 293,635</u>  | <u>\$ 1,476,046</u>                | <u>\$ (1,132)</u>                  | <u>\$ 3,127,774</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, 2020****WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019**

|                            | <b>2020</b>      |                     |                                | <b>2019</b>       |
|----------------------------|------------------|---------------------|--------------------------------|-------------------|
|                            | <b>Budget</b>    | <b>Actual</b>       | <b>Variance<br/>Over/Under</b> | <b>Actual</b>     |
| <b>Revenues:</b>           |                  |                     |                                |                   |
| Ad valorem taxes           | \$ 1,249,657     | \$ 1,249,657        | \$ -                           | \$ 1,210,339      |
| Investment earnings        | -                | 21,851              | 21,851                         | 13,815            |
| Total revenues             | <u>1,249,657</u> | <u>1,271,508</u>    | <u>21,851</u>                  | <u>1,224,154</u>  |
| <b>Expenditures:</b>       |                  |                     |                                |                   |
| Current:                   |                  |                     |                                |                   |
| General government         | <u>1,249,657</u> | <u>838,654</u>      | <u>411,003</u>                 | <u>885,837</u>    |
| Net change in fund balance | <u>\$ -</u>      | <u>432,854</u>      | <u>\$ 432,854</u>              | <u>338,317</u>    |
| <b>Fund Balance:</b>       |                  |                     |                                |                   |
| Beginning of year - July 1 |                  | <u>926,371</u>      |                                | <u>588,054</u>    |
| End of year - June 30      |                  | <u>\$ 1,359,225</u> |                                | <u>\$ 926,371</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, 2020**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019**

|  | <b>2020</b>   |               |                                | <b>2019</b>   |
|--|---------------|---------------|--------------------------------|---------------|
|  | <b>Budget</b> | <b>Actual</b> | <b>Variance<br/>Over/Under</b> | <b>Actual</b> |
| <b>Revenues:</b>   |               |               |                                |               |
| Investment earnings  | \$ -          | \$ 7,172      | \$ 7,172                       | \$ 5,735      |
| Subscriber charges   | 667,564       | 667,564       | -                              | 708,545       |
| Total revenues   | 667,564       | 674,736       | 7,172                          | 714,280       |
| <b>Expenditures:</b>   |               |               |                                |               |
| Current:   |               |               |                                |               |
| Public safety  | 817,564       | 714,932       | 102,632                        | 632,971       |
| Revenues over (under) expenditures   | (150,000)     | (40,196)      | 109,804                        | 81,309        |
| <b>Other Financing Sources (Uses):</b>   |               |               |                                |               |
| Appropriated fund balance  | 150,000       | -             | (150,000)                      | -             |
| Net change in fund balance   | \$ -          | (40,196)      | \$ (40,196)                    | 81,309        |
| <b>Fund Balance:</b>   |               |               |                                |               |
| Beginning of year - July 1   |               | 333,831       |                                | 252,522       |
| End of year - June 30  |               | \$ 293,635    |                                | \$ 333,831    |
| <b>PSAP Reconciliation:</b>  |               |               |                                |               |
| 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  |               | \$ 293,635    |                                |               |
| Cumulative prior period revenues and expenditures not reported in the fund (difference in beginning fund balance - budget to actual vs. revised PSAP report) |               | (46,622)      |                                |               |
| Ending balance, PSAP revenue - expenditure report  |               | \$ 247,013    |                                |               |



**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, 2020****WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019**

|  | <b>2020</b>   |               |                                | <b>2019</b>   |
|--|---------------|---------------|--------------------------------|---------------|
|  | <b>Budget</b> | <b>Actual</b> | <b>Variance<br/>Over/Under</b> | <b>Actual</b> |
| <b>Revenues:</b>                       |               |               |                                |               |
| Restricted intergovernmental           | \$ 766,588    | \$ 648,941    | \$ (117,647)                   | \$ 1,028,892  |
| <b>Expenditures:</b>                   |               |               |                                |               |
| Current:                               |               |               |                                |               |
| Economic and physical development      | 1,082,822     | 729,118       | 353,704                        | 701,920       |
| Revenues over (under) expenditures     | (316,234)     | (80,177)      | 236,057                        | 326,972       |
| <b>Other Financing Sources (Uses):</b> |               |               |                                |               |
| Transfers out:                         |               |               |                                |               |
| To General Capital Projects Fund       | (296,977)     | (296,977)     | -                              | -             |
| Transfers in:                          |               |               |                                |               |
| General Fund                           | 259,799       | 259,799       | -                              | 229,435       |
| Appropriated fund balance              | 353,412       | -             | (353,412)                      | -             |
| Total other financing sources (uses)   | 316,234       | (37,178)      | (353,412)                      | 229,435       |
| Net change in fund balance             | \$ -          | (117,355)     | \$ (117,355)                   | 556,407       |
| <b>Fund Balance:</b>                   |               |               |                                |               |
| Beginning of year - July 1             |               | 1,593,401     |                                | 1,036,994     |
| End of year - June 30                  |               | \$ 1,476,046  |                                | \$ 1,593,401  |

**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, 2020****WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019**

|                            | <b>2020</b>       |                   |                                | <b>2019</b>      |
|----------------------------|-------------------|-------------------|--------------------------------|------------------|
|                            | <b>Final</b>      | <b>Actual</b>     | <b>Variance<br/>Over/Under</b> | <b>Actual</b>    |
| <b>Revenues:</b>           |                   |                   |                                |                  |
| Ad valorem taxes           | \$ 11,275,064     | \$ 11,285,046     | \$ 9,982                       | \$ 9,425,478     |
| Investment earnings        | 19,950            | 1,138             | (18,812)                       | 28,829           |
| Total revenues             | <u>11,295,014</u> | <u>11,286,184</u> | <u>(8,830)</u>                 | <u>9,454,307</u> |
| <b>Expenditures:</b>       |                   |                   |                                |                  |
| Current:                   |                   |                   |                                |                  |
| Public safety              | <u>11,295,014</u> | <u>11,287,316</u> | <u>7,698</u>                   | <u>9,454,307</u> |
| Net change in fund balance | <u>\$ -</u>       | <u>(1,132)</u>    | <u>\$ (1,132)</u>              | <u>-</u>         |
| <b>Fund Balance:</b>       |                   |                   |                                |                  |
| Beginning of year - July 1 |                   | <u>-</u>          |                                | <u>-</u>         |
| End of year - June 30      |                   | <u>\$ (1,132)</u> |                                | <u>\$ -</u>      |

# HENDERSON COUNTY, NORTH CAROLINA

## NONMAJOR CAPITAL PROJECT FUNDS COMBINING BALANCE SHEET JUNE 30, 2020

|  | Nonmajor Capital Project Funds         |                                       |                       |                       |                         |
|--|--|---------------------------------------|-----------------------|-----------------------|-------------------------|
|  | General<br>Capital<br>Projects<br>Fund | General<br>Capital<br>Reserve<br>Fund | HCPS-<br>MRTS<br>Fund | BRCC-<br>MRTS<br>Fund | Totals<br>June 30, 2020 |
| <b>Assets:</b>                           |  |                                       |                       |                       |                         |
| Cash and investments                     | \$ -                                   | \$ 4,843,314                          | \$ 1,061,094          | \$ 1,718,339          | \$ 7,622,747            |
| Other receivables, net                   | 6,262                                  | -                                     | -                     | -                     | 6,262                   |
| Restricted cash                          | 2,973,114                              | -                                     | -                     | -                     | 2,973,114               |
| Total assets                             | <u>\$ 2,979,376</u>                    | <u>\$ 4,843,314</u>                   | <u>\$ 1,061,094</u>   | <u>\$ 1,718,339</u>   | <u>\$ 10,602,123</u>    |
| <b>Liabilities and Fund Balances:</b>    |  |                                       |                       |                       |                         |
| <b>Liabilities:</b>                      |  |                                       |                       |                       |                         |
| Accounts payable and accrued liabilities | <u>\$ 139,264</u>                      | <u>\$ -</u>                           | <u>\$ -</u>           | <u>\$ -</u>           | <u>\$ 139,264</u>       |
| <b>Fund Balances:</b>                    |  |                                       |                       |                       |                         |
| Restricted:                              |  |                                       |                       |                       |                         |
| Stabilization by state statute           | 6,262                                  | -                                     | -                     | -                     | 6,262                   |
| Restricted, all other                    | 2,973,114                              | -                                     | -                     | -                     | 2,973,114               |
| Committed                                | -                                      | 4,843,314                             | 1,061,094             | 1,718,339             | 7,622,747               |
| Unassigned                               | (139,264)                              | -                                     | -                     | -                     | (139,264)               |
| Total fund balances                      | <u>2,840,112</u>                       | <u>4,843,314</u>                      | <u>1,061,094</u>      | <u>1,718,339</u>      | <u>10,462,859</u>       |
| Total liabilities and fund balances      | <u>\$ 2,979,376</u>                    | <u>\$ 4,843,314</u>                   | <u>\$ 1,061,094</u>   | <u>\$ 1,718,339</u>   | <u>\$ 10,602,123</u>    |

# HENDERSON COUNTY, NORTH CAROLINA

## NONMAJOR CAPITAL PROJECT FUNDS COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES FOR THE YEAR ENDED JUNE 30, 2020

|  | Nonmajor Capital Project Funds         |                                       |                       |                       |                         |
|--|--|---------------------------------------|-----------------------|-----------------------|-------------------------|
|  | General<br>Capital<br>Projects<br>Fund | General<br>Capital<br>Reserve<br>Fund | HCPS-<br>MRTS<br>Fund | BRCC-<br>MRTS<br>Fund | Totals<br>June 30, 2020 |
| <b>Revenues:</b>                       |  |                                       |                       |                       |                         |
| Restricted intergovernmental revenues  | \$ 58,914                              | \$ -                                  | \$ -                  | \$ -                  | \$ 58,914               |
| Investment earnings                    | 1,245                                  | -                                     | -                     | -                     | 1,245                   |
| Miscellaneous                          | 3,064                                  | -                                     | -                     | -                     | 3,064                   |
| Total revenues                         | <u>63,223</u>                          | <u>-</u>                              | <u>-</u>              | <u>-</u>              | <u>63,223</u>           |
| <b>Expenditures:</b>                   |  |                                       |                       |                       |                         |
| Current:                               |  |                                       |                       |                       |                         |
| General government                     | <u>1,915,129</u>                       | <u>-</u>                              | <u>-</u>              | <u>-</u>              | <u>1,915,129</u>        |
| Revenues over (under) expenditures     | <u>(1,851,906)</u>                     | <u>-</u>                              | <u>-</u>              | <u>-</u>              | <u>(1,851,906)</u>      |
| <b>Other Financing Sources (Uses):</b> |  |                                       |                       |                       |                         |
| Transfers from:                        |  |                                       |                       |                       |                         |
| General Fund                           | 1,552,587                              | 1,756,920                             | 4,670,760             | 3,113,840             | 11,094,107              |
| General Capital Reserve                | 118,550                                | -                                     | -                     | -                     | 118,550                 |
| Public Transit Fund                    | 296,977                                | -                                     | -                     | -                     | 296,977                 |
| Transfers to:                          |  |                                       |                       |                       |                         |
| General Capital Projects Fund          | -                                      | (118,550)                             | -                     | -                     | (118,550)               |
| School Capital Projects Fund           | -                                      | -                                     | (3,609,666)           | (1,395,501)           | (5,005,167)             |
| General Fund                           | <u>(191,255)</u>                       | <u>(963,707)</u>                      | <u>-</u>              | <u>-</u>              | <u>(1,154,962)</u>      |
| Total other financing sources (uses)   | <u>1,776,859</u>                       | <u>674,663</u>                        | <u>1,061,094</u>      | <u>1,718,339</u>      | <u>5,230,955</u>        |
| Net change in fund balances            | (75,047)                               | 674,663                               | 1,061,094             | 1,718,339             | 3,379,049               |
| <b>Fund Balances:</b>                  |  |                                       |                       |                       |                         |
| Beginning of year - July 1             | <u>2,915,159</u>                       | <u>4,168,651</u>                      | <u>-</u>              | <u>-</u>              | <u>7,083,810</u>        |
| End of year - June 30                  | <u>\$ 2,840,112</u>                    | <u>\$ 4,843,314</u>                   | <u>\$ 1,061,094</u>   | <u>\$ 1,718,339</u>   | <u>\$ 10,462,859</u>    |

**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, 2020**

|  |                                  | <b>Actual</b>          |                         |                          |
|--|----------------------------------|------------------------|-------------------------|--------------------------|
|  | <b>Project<br/>Authorization</b> | <b>Prior<br/>Years</b> | <b>Current<br/>Year</b> | <b>Total<br/>to Date</b> |
| <b>Revenues:</b>                       |                                  |                        |                         |                          |
| Restricted intergovernmental revenues  | \$ 1,576,053                     | \$ 809,739             | \$ 58,914               | \$ 868,653               |
| Investment earnings                    | -                                | 126,660                | 1,245                   | 127,905                  |
| Miscellaneous                          | 34,838                           | 467,275                | 3,064                   | 470,339                  |
| Total                                  | <u>1,610,891</u>                 | <u>1,403,674</u>       | <u>63,223</u>           | <u>1,466,897</u>         |
| <b>Expenditures:</b>                   |                                  |                        |                         |                          |
| General government                     | <u>21,235,032</u>                | <u>16,009,002</u>      | <u>1,915,129</u>        | <u>17,924,131</u>        |
| <b>Debt Service:</b>                   |                                  |                        |                         |                          |
| Interest and fees                      | <u>235,494</u>                   | <u>235,494</u>         | -                       | <u>235,494</u>           |
| Total expenditures                     | <u>21,470,526</u>                | <u>16,244,496</u>      | <u>1,915,129</u>        | <u>18,159,625</u>        |
| Revenues over (under) expenditures     | <u>(19,859,635)</u>              | <u>(14,840,822)</u>    | <u>(1,851,906)</u>      | <u>(16,692,728)</u>      |
| <b>Other Financing Sources (Uses):</b> |                                  |                        |                         |                          |
| Transfers (out):                       |                                  |                        |                         |                          |
| To General Fund                        | (425,300)                        | (100,300)              | (191,255)               | (291,555)                |
| Transfers in:                          |                                  |                        |                         |                          |
| From General Fund                      | 3,538,724                        | 4,251,866              | 1,552,587               | 5,804,453                |
| From Capital Reserve Fund              | 268,550                          | 375,000                | 118,550                 | 493,550                  |
| From Public Transit Fund               | <u>296,977</u>                   | -                      | <u>296,977</u>          | <u>296,977</u>           |
| Total transfers in (out)               | <u>3,678,951</u>                 | <u>4,526,566</u>       | <u>1,776,859</u>        | <u>6,303,425</u>         |
| Debt issued                            | 13,790,300                       | 12,475,000             | -                       | 12,475,000               |
| Bond premium                           | 1,365,670                        | 1,365,670              | -                       | 1,365,670                |
| Appropriated fund balance              | <u>1,024,714</u>                 | -                      | -                       | -                        |
| Total other financing sources (uses)   | <u>19,859,635</u>                | <u>18,367,236</u>      | <u>1,776,859</u>        | <u>20,144,095</u>        |
| Net change in fund balance             | <u>\$ -</u>                      | <u>\$ 3,526,414</u>    | <u>(75,047)</u>         | <u>\$ 3,451,367</u>      |
| <b>Fund Balance:</b>                   |                                  |                        |                         |                          |
| Beginning of year - July 1             |                                  |                        | <u>2,915,159</u>        |                          |
| End of year - June 30                  |                                  |                        | <u>\$ 2,840,112</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, 2020****WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019**

|  | <b>2020</b>    |                     |                                | <b>2019</b>         |
|--|----------------|---------------------|--------------------------------|---------------------|
|  | <b>Budget</b>  | <b>Actual</b>       | <b>Variance<br/>Over/Under</b> | <b>Actual</b>       |
| <b>Other Financing Sources (Uses):</b> |                |                     |                                |                     |
| Transfers out:                         |                |                     |                                |                     |
| To General Fund                        | \$ (1,048,707) | \$ (963,707)        | \$ 85,000                      | \$ (243,695)        |
| To Schools Capital Projects Fund       | -              | -                   | -                              | (250,850)           |
| To General Capital Projects Fund       | (1,675,470)    | (118,550)           | 1,556,920                      | (75,000)            |
| Transfers in:                          |                |                     |                                |                     |
| From General Fund                      | 1,756,920      | 1,756,920           | -                              | 2,632,219           |
| Appropriated fund balance              | <u>967,257</u> | <u>-</u>            | <u>(967,257)</u>               | <u>-</u>            |
| Total other financing sources (uses)   | <u>-</u>       | <u>674,663</u>      | <u>674,663</u>                 | <u>2,062,674</u>    |
| Net change in fund balance             | <u>\$ -</u>    | <u>674,663</u>      | <u>\$ 674,663</u>              | <u>2,062,674</u>    |
| <b>Fund Balance:</b>                   |                |                     |                                |                     |
| Beginning of year - July 1             |                | <u>4,168,651</u>    |                                | <u>2,105,977</u>    |
| End of year - June 30                  |                | <u>\$ 4,843,314</u> |                                | <u>\$ 4,168,651</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, 2020**

|  |                                  | <u>Actual</u>          |                         |                          |
|--|----------------------------------|------------------------|-------------------------|--------------------------|
|  | <u>Project<br/>Authorization</u> | <u>Prior<br/>Years</u> | <u>Current<br/>Year</u> | <u>Total<br/>to Date</u> |
| <b>Other Financing Sources (Uses):</b> |                                  |                        |                         |                          |
| Transfers in:                          |                                  |                        |                         |                          |
| From General Fund                      | \$ 4,670,760                     | \$ -                   | \$ 4,670,760            | \$ 4,670,760             |
| Transfers out:                         |                                  |                        |                         |                          |
| To Schools Capital Projects Fund       | <u>(4,670,760)</u>               | <u>-</u>               | <u>(3,609,666)</u>      | <u>(3,609,666)</u>       |
| Total other financing sources (uses)   | <u>-</u>                         | <u>-</u>               | <u>1,061,094</u>        | <u>1,061,094</u>         |
| Net change in fund balance             | <u>\$ -</u>                      | <u>\$ -</u>            | 1,061,094               | <u>\$ 1,061,094</u>      |
| <b>Fund Balance:</b>                   |                                  |                        |                         |                          |
| Beginning of year - July 1             |                                  |                        | <u>-</u>                |                          |
| End of year - June 30                  |                                  |                        | <u>\$ 1,061,094</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, 2020**

|  | <b>Project<br/>Authorization</b> | <b>Prior<br/>Years</b> | <b>Actual<br/>Current<br/>Year</b> | <b>Total<br/>to Date</b> |
|--|----------------------------------|------------------------|------------------------------------|--------------------------|
| <b>Other Financing Sources (Uses):</b> |                                  |                        |                                    |                          |
| Transfers in:                          |                                  |                        |                                    |                          |
| From General Fund                      | \$ 3,113,840                     | \$ -                   | \$ 3,113,840                       | \$ 3,113,840             |
| Transfers out:                         |                                  |                        |                                    |                          |
| To Schools Capital Projects Fund       | (3,113,840)                      | -                      | (1,395,501)                        | (1,395,501)              |
| Total other financing sources (uses)   | -                                | -                      | 1,718,339                          | 1,718,339                |
| Net change in fund balance             | <u>\$ -</u>                      | <u>\$ -</u>            | 1,718,339                          | <u>\$ 1,718,339</u>      |
| <b>Fund Balance:</b>                   |                                  |                        |                                    |                          |
| Beginning of year - July 1             |                                  |                        | -                                  |                          |
| End of year - June 30                  |                                  |                        | <u>\$ 1,718,339</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, 2020****WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019**

|  | <b>2020</b>   |               |                                | <b>2019</b>   |
|--|---------------|---------------|--------------------------------|---------------|
|  | <b>Budget</b> | <b>Actual</b> | <b>Variance<br/>Over/Under</b> | <b>Actual</b> |
| <b>Expenditures:</b>                   |               |               |                                |               |
| Debt service:                          |               |               |                                |               |
| Principal repayments                   | \$ 1,794,589  | \$ -          | \$ 1,794,589                   | \$ -          |
| Revenues over (under) expenditures     | (1,794,589)   | -             | 1,794,589                      | -             |
| <b>Other Financing Sources (Uses):</b> |               |               |                                |               |
| Transfers in:                          |               |               |                                |               |
| From General Fund                      | 640,629       | 640,629       | -                              | -             |
| Appropriated fund balance              | 1,153,960     | -             | (1,153,960)                    | -             |
| Total other financing sources (uses)   | 1,794,589     | 640,629       | (1,153,960)                    | -             |
| Net change in fund balance             | \$ -          | 640,629       | \$ 640,629                     | -             |
| <b>Fund Balance:</b>                   |               |               |                                |               |
| Beginning of year - July 1             |               | 7,441,890     |                                | 7,441,890     |
| End of year - June 30                  |               | \$ 8,082,519  |                                | \$ 7,441,890  |

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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.

**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, 2020**

#### **WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019**

|  | <b>2020</b>      |                     |                                | <b>2019</b>       |
|--|------------------|---------------------|--------------------------------|-------------------|
|  | <b>Budget</b>    | <b>Actual</b>       | <b>Variance<br/>Over/Under</b> | <b>Actual</b>     |
| <b>Revenues:</b>   |                  |                     |                                |                   |
| Operating revenues   | \$ 8,046,457     | \$ 7,502,519        | \$ (543,938)                   | \$ 7,578,291      |
| Operating grants   | 160,000          | 188,106             | 28,106                         | 176,439           |
| Non-operating revenues:  |                  |                     |                                |                   |
| Sale of capital assets   | -                | -                   | -                              | 19,433            |
| Interest income  | 20,000           | 25,650              | 5,650                          | 27,922            |
| Total revenues   | <u>8,226,457</u> | <u>7,716,275</u>    | <u>(510,182)</u>               | <u>7,802,085</u>  |
| <b>Expenditures:</b>   |                  |                     |                                |                   |
| Salaries and employee benefits   | 1,699,428        | 1,735,001           | (35,573)                       | 1,288,357         |
| Other operating expenditures   | 6,100,975        | 5,617,836           | 483,139                        | 5,399,069         |
| Repairs and maintenance  | 555,000          | 419,046             | 135,954                        | 301,308           |
| Capital outlay   | 242,500          | 282,455             | (39,955)                       | 245,678           |
| Total expenditures   | <u>8,597,903</u> | <u>8,054,338</u>    | <u>543,565</u>                 | <u>7,234,412</u>  |
| <b>Debt Service:</b>   |                  |                     |                                |                   |
| Interest paid  | 34,135           | 31,471              | 2,664                          | 36,352            |
| Principal retirement   | 133,333          | 133,333             | -                              | 133,333           |
| Total debt service   | <u>167,468</u>   | <u>164,804</u>      | <u>2,664</u>                   | <u>169,685</u>    |
| Revenues over (under) expenditures   | <u>(538,914)</u> | <u>(502,867)</u>    | <u>(1,056,411)</u>             | <u>397,988</u>    |
| <b>Other Financing Sources (Uses):</b>   |                  |                     |                                |                   |
| Transfers in:  |                  |                     |                                |                   |
| From General Fund  | 54,000           | 54,000              | -                              | 54,000            |
| Appropriated retained earnings   | 484,914          | -                   | (484,914)                      | -                 |
| Total other financing sources (uses)   | <u>538,914</u>   | <u>54,000</u>       | <u>(484,914)</u>               | <u>54,000</u>     |
| Revenues and other financing sources over<br>(under) expenditures and other financing uses | <u>\$ -</u>      | <u>(448,867)</u>    | <u>\$ (448,867)</u>            | <u>\$ 451,988</u> |
| <b>Reconciliation of Modified Accrual Basis<br/>to Full Accrual Basis:</b>                 |                  |                     |                                |                   |
| Reconciling items:   |                  |                     |                                |                   |
| Capital outlay, capitalized  |                  | 282,455             |                                |                   |
| Principal paid on debt   |                  | 133,333             |                                |                   |
| Change in compensated absences   |                  | 5,425               |                                |                   |
| Change in net pension liability  |                  | (48,247)            |                                |                   |
| Change in deferred outflows of resources - pension   |                  | (24,722)            |                                |                   |
| Change in deferred inflows of resources - pension  |                  | 1,498               |                                |                   |
| Pension expense  |                  | (31,098)            |                                |                   |
| Change in other post-employment benefits   |                  | 31,098              |                                |                   |
| Change in deferred outflows of resources - OPEB  |                  | (22,539)            |                                |                   |
| Change in deferred inflows of resources - OPEB   |                  | (3,827)             |                                |                   |
| Post-closure care costs  |                  | (131,154)           |                                |                   |
| Depreciation   |                  | (252,004)           |                                |                   |
| Total reconciling items  |                  | <u>(59,782)</u>     |                                |                   |
| Change in net position   |                  | <u>\$ (508,649)</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, 2020****WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019**

|  | <b>2020</b>        |                    |                                | <b>2019</b>       |
|--|--------------------|--------------------|--------------------------------|-------------------|
|  | <b>Budget</b>      | <b>Actual</b>      | <b>Variance<br/>Over/Under</b> | <b>Actual</b>     |
| <b>Revenues:</b>   |                    |                    |                                |                   |
| Operating revenues   | \$ 1,551,030       | \$ 1,564,138       | \$ 13,108                      | \$ 1,600,569      |
| Restricted intergovernmental   | 1,146,323          | -                  | (1,146,323)                    | 202,985           |
| Non-operating revenues:  |                    |                    |                                |                   |
| Interest income  | 10,000             | 38,582             | 28,582                         | 29,008            |
| Total revenues   | <u>2,707,353</u>   | <u>1,602,720</u>   | <u>(1,104,633)</u>             | <u>1,832,562</u>  |
| <b>Expenditures:</b>   |                    |                    |                                |                   |
| Water and sewer administration:  |                    |                    |                                |                   |
| Operating expenditures   | 1,083,740          | 981,755            | 101,985                        | 937,819           |
| Repairs and maintenance  | 92,000             | 92,792             | (792)                          | 73,636            |
| Capital outlay   | 3,482,126          | 3,110,393          | 371,733                        | 832,057           |
| Total water and sewer administration   | <u>4,657,866</u>   | <u>4,184,940</u>   | <u>472,926</u>                 | <u>1,843,512</u>  |
| <b>Debt Service:</b>   |                    |                    |                                |                   |
| Interest paid  | 95,180             | 49,215             | 45,965                         | 14,797            |
| Principal retirement   | 290,516            | 290,612            | (96)                           | 107,861           |
| Total debt service   | <u>385,696</u>     | <u>339,827</u>     | <u>45,869</u>                  | <u>122,658</u>    |
| Revenues over (under) expenditures   | <u>(2,336,209)</u> | <u>(2,922,047)</u> | <u>(585,838)</u>               | <u>(133,608)</u>  |
| <b>Other Financing Sources (Uses):</b>   |                    |                    |                                |                   |
| Installment purchase debt issued   | 1,997,809          | 1,997,809          | -                              | 765,191           |
| Appropriated retained earnings   | 338,400            | -                  | (338,400)                      | -                 |
| Total other financing sources (uses)   | <u>2,336,209</u>   | <u>1,997,809</u>   | <u>(338,400)</u>               | <u>765,191</u>    |
| Revenues and other financing sources over<br>(under) expenditures and other financing uses | <u>\$ -</u>        | <u>(924,238)</u>   | <u>\$ (924,238)</u>            | <u>\$ 631,583</u> |
| <b>Reconciliation of Modified Accrual Basis<br/>to Full Accrual Basis:</b>                 |                    |                    |                                |                   |
| Reconciling items:   |                    |                    |                                |                   |
| Capital contribution   |                    | 415,200            |                                |                   |
| Capital outlay, capitalized  |                    | 3,110,393          |                                |                   |
| Principal paid on debt   |                    | 290,612            |                                |                   |
| Installment purchase debt issued   |                    | (1,997,809)        |                                |                   |
| Depreciation   |                    | (652,616)          |                                |                   |
| Total reconciling items  |                    | <u>1,165,780</u>   |                                |                   |
| Change in net position   |                    | <u>\$ 241,542</u>  |                                |                   |



**HENDERSON COUNTY, NORTH CAROLINA****JUSTICE ACADEMY SEWER FUND****SCHEDULE OF REVENUES AND EXPENDITURES****BUDGET AND ACTUAL (NON-GAAP)****FOR THE YEAR ENDED JUNE 30, 2020****WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019**

|  | <b>2020</b>   |                   |                                | <b>2019</b>      |
|--|---------------|-------------------|--------------------------------|------------------|
|  | <b>Budget</b> | <b>Actual</b>     | <b>Variance<br/>Over/Under</b> | <b>Actual</b>    |
| <b>Revenues:</b>   |               |                   |                                |                  |
| Operating revenues   | \$ 44,544     | \$ 41,250         | \$ (3,294)                     | \$ 38,880        |
| Non-operating revenues:  |               |                   |                                |                  |
| Interest income  | 10,000        | 14,191            | 4,191                          | 12,728           |
| Total revenues   | <u>54,544</u> | <u>55,441</u>     | <u>897</u>                     | <u>51,608</u>    |
| <b>Expenditures:</b>   |               |                   |                                |                  |
| Water and sewer administration:  |               |                   |                                |                  |
| Salaries and employee benefits   |               |                   |                                |                  |
| Operating expenditures   | 64,844        | 47,904            | 16,940                         | 30,333           |
| Repairs and maintenance  | <u>4,700</u>  | <u>2,905</u>      | <u>1,795</u>                   | <u>1,672</u>     |
| Total expenditures   | <u>69,544</u> | <u>50,809</u>     | <u>18,735</u>                  | <u>32,005</u>    |
| Revenues over (under) expenditures   | (15,000)      | 4,632             | 19,632                         | 19,603           |
| <b>Other Financing Sources (Uses):</b>   |               |                   |                                |                  |
| Appropriated retained earnings   | <u>15,000</u> | <u>-</u>          | <u>(15,000)</u>                | <u>-</u>         |
| Revenues and other financing sources over<br>(under) expenditures and other financing uses | <u>\$ -</u>   | <u>4,632</u>      | <u>\$ 4,632</u>                | <u>\$ 19,603</u> |
| <b>Reconciliation of Modified Accrual Basis<br/>to Full Accrual Basis:</b>                 |               |                   |                                |                  |
| Reconciling items:   |               |                   |                                |                  |
| Depreciation   |               | <u>(10,863)</u>   |                                |                  |
| Total reconciling items  |               | <u>(10,863)</u>   |                                |                  |
| Change in net position   |               | <u>\$ (6,231)</u> |                                |                  |

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## **Agency Funds**

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

### *Individual Fund Descriptions:*

**Social Services Fund** – accounts for position held by the Social Services Department for the benefit of certain individuals in the County.

**Agriculture Fund** – accounts for position held by the County for the benefit of certain individuals in the County.

**Flexible Spending Fund** – accounts for position held for County employees in accordance with provisions of Internal Revenue Code Section 125.

**Fireman's Association Fund** – accounts for position held for the Fireman's Association.

**Land Development Fund** – accounts for a percentage of subdivision guarantee improvement funds that are held for developers until the improvements are completed.

**School Fines and Forfeitures Fund** – accounts for fines and forfeitures collected by the court system and passed directly to the public school system as required by General Statute.

**Deed of Trust Fund** – accounts for the five dollars of each fee collected by the Register of Deeds for registering or filing a deed of trust or mortgage that the County is required to remit to the State Treasurer on monthly basis.

**Other Agency Funds** – accounts for miscellaneous funds held by the County for the benefit of others.

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**HENDERSON COUNTY, NORTH CAROLINA****AGENCY FUNDS****COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
FOR THE YEAR ENDED JUNE 30, 2020**

|                                    | <b><u>Balance<br/>July 1, 2019</u></b> | <b><u>Additions</u></b> | <b><u>Deductions</u></b> | <b><u>Balance<br/>June 30, 2020</u></b> |
|------------------------------------|--|-------------------------|--------------------------|---|
| <b>Social Services Fund:</b>       |  |                         |                          |   |
| <b>Assets:</b>                     |  |                         |                          |   |
| Cash and cash equivalents          | \$ <u>7,066</u>                        | \$ <u>176,093</u>       | \$ <u>142,698</u>        | \$ <u>40,461</u>                        |
| <b>Liabilities:</b>                |  |                         |                          |   |
| Intergovernmental payable          | \$ <u>7,066</u>                        | \$ <u>176,093</u>       | \$ <u>142,698</u>        | \$ <u>40,461</u>                        |
| <b>Agriculture Fund:</b>           |  |                         |                          |   |
| <b>Assets:</b>                     |  |                         |                          |   |
| Cash and accounts receivable       | \$ <u>36,482</u>                       | \$ <u>51,967</u>        | \$ <u>44,419</u>         | \$ <u>44,030</u>                        |
| <b>Liabilities:</b>                |  |                         |                          |   |
| Intergovernmental payable          | \$ <u>36,482</u>                       | \$ <u>51,967</u>        | \$ <u>44,419</u>         | \$ <u>44,030</u>                        |
| <b>Flexible Spending Fund:</b>     |  |                         |                          |   |
| <b>Assets:</b>                     |  |                         |                          |   |
| Cash and accounts receivable       | \$ <u>-</u>                            | \$ <u>289,954</u>       | \$ <u>289,954</u>        | \$ <u>-</u>                             |
| <b>Liabilities:</b>                |  |                         |                          |   |
| Intergovernmental payable          | \$ <u>-</u>                            | \$ <u>289,954</u>       | \$ <u>289,954</u>        | \$ <u>-</u>                             |
| <b>Fireman's Association Fund:</b> |  |                         |                          |   |
| <b>Assets:</b>                     |  |                         |                          |   |
| Cash and accounts receivable       | \$ <u>195,438</u>                      | \$ <u>72,671</u>        | \$ <u>157,580</u>        | \$ <u>110,529</u>                       |
| <b>Liabilities:</b>                |  |                         |                          |   |
| Intergovernmental payable          | \$ <u>195,438</u>                      | \$ <u>72,671</u>        | \$ <u>157,580</u>        | \$ <u>110,529</u>                       |

**HENDERSON COUNTY, NORTH CAROLINA****AGENCY FUNDS****COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
FOR THE YEAR ENDED JUNE 30, 2020**

|   | <u>Balance<br/>July 1, 2019</u> | <u>Additions</u>     | <u>Deductions</u>    | <u>Balance<br/>June 30, 2020</u> |
|---|---------------------------------|----------------------|----------------------|----------------------------------|
| <b>School Fines and Forfeitures Fund:</b> |                                 |                      |                      |                                  |
| <b>Assets:</b>                            |                                 |                      |                      |                                  |
| Cash and cash equivalents                 | <u>\$ 500</u>                   | <u>\$ 379,116</u>    | <u>\$ 379,116</u>    | <u>\$ 500</u>                    |
| <b>Liabilities:</b>                       |                                 |                      |                      |                                  |
| Intergovernmental payable                 | <u>\$ 500</u>                   | <u>\$ 379,116</u>    | <u>\$ 379,116</u>    | <u>\$ 500</u>                    |
| <b>Deed of Trust Fund:</b>                |                                 |                      |                      |                                  |
| <b>Assets:</b>                            |                                 |                      |                      |                                  |
| Cash and cash equivalents                 | <u>\$ 8,695</u>                 | <u>\$ 1,042,157</u>  | <u>\$ 1,040,804</u>  | <u>\$ 10,048</u>                 |
| <b>Liabilities:</b>                       |                                 |                      |                      |                                  |
| Intergovernmental payable                 | <u>\$ 8,695</u>                 | <u>\$ 1,042,157</u>  | <u>\$ 1,040,804</u>  | <u>\$ 10,048</u>                 |
| <b>Other Agency Funds:</b>                |                                 |                      |                      |                                  |
| <b>Assets:</b>                            |                                 |                      |                      |                                  |
| Cash and cash equivalents                 | <u>\$ 1,797,470</u>             | <u>\$ 30,030,381</u> | <u>\$ 30,822,342</u> | <u>\$ 1,005,509</u>              |
| <b>Liabilities:</b>                       |                                 |                      |                      |                                  |
| Intergovernmental payable                 | <u>\$ 1,797,470</u>             | <u>\$ 30,030,381</u> | <u>\$ 30,822,342</u> | <u>\$ 1,005,509</u>              |
| <b>Totals - All Agency Funds:</b>         |                                 |                      |                      |                                  |
| <b>Assets:</b>                            |                                 |                      |                      |                                  |
| Cash and receivables                      | <u>\$ 2,045,651</u>             | <u>\$ 32,042,339</u> | <u>\$ 32,876,913</u> | <u>\$ 1,211,077</u>              |
| <b>Liabilities:</b>                       |                                 |                      |                      |                                  |
| Intergovernmental payable                 | <u>\$ 2,045,651</u>             | <u>\$ 32,042,339</u> | <u>\$ 32,876,913</u> | <u>\$ 1,211,077</u>              |

## **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, 2020

| <b>Fiscal<br/>Year</b>                                   | <b>Uncollected<br/>Balance<br/>July 1, 2019</b> | <b>Additions</b>     | <b>Collections<br/>and Credits</b> | <b>Uncollected<br/>Balance<br/>June 30, 2020</b> |
|--|---|----------------------|------------------------------------|--|
| 2019-2020  | \$ -  | \$ 92,100,391        | \$ 91,093,081                      | \$ 1,007,310                                     |
| 2018-2019  | 729,968   | -                    | 516,162                            | 213,806  |
| 2017-2018  | 213,806   | -                    | 117,967                            | 95,839   |
| 2016-2017  | 104,207   | -                    | 44,827                             | 59,380   |
| 2015-2016  | 68,818  | -                    | 16,507                             | 52,311   |
| 2014-2015  | 58,542  | -                    | 10,197                             | 48,345   |
| 2013-2014  | 95,451  | -                    | 7,384                              | 88,067   |
| 2012-2013  | 115,846   | -                    | 7,306                              | 108,540  |
| 2011-2012  | 104,560   | -                    | 7,024                              | 97,536   |
| 2010-2011  | 105,356   | -                    | 5,003                              | 100,353  |
| 2009-2010  | 108,603   | -                    | 108,603                            | -  |
| <b>Total</b>   | <b>\$ 1,705,157</b>                             | <b>\$ 92,100,391</b> | <b>\$ 91,934,061</b>               | <b>1,871,487</b>                                 |
| Less: allowance for uncollectible accounts: General Fund |   |                      |                                    | <u>(741,807)</u>                                 |
| Ad valorem taxes receivable net: General Fund            |   |                      |                                    | <u>\$ 1,129,680</u>                              |
| <b>Reconciliation with Revenues:</b>                     |   |                      |                                    |  |
| Ad valorem taxes - General Fund                          |   |                      |                                    | \$ 89,678,147                                    |
| Ad valorem taxes - Revaluation Fund                      |   |                      |                                    | <u>1,249,657</u>                                 |
| Total ad valorem taxes                                   |   |                      |                                    | 90,927,804                                       |
| Reconciling items:                                       |   |                      |                                    |  |
| Interest and other fees                                  |   |                      |                                    | 208,266  |
| Late list penalty  |   |                      |                                    | 217,524  |
| Other miscellaneous adjustments                          |   |                      |                                    | 471,864  |
| Amounts written off per Statute of Limitations           |   |                      |                                    | <u>108,603</u>                                   |
| Total collections and credits                            |   |                      |                                    | <u>\$ 91,934,061</u>                             |

# HENDERSON COUNTY, NORTH CAROLINA

## ANALYSIS OF CURRENT TAX LEVY FOR THE YEAR ENDED JUNE 30, 2020

|   | County-Wide              |           |                      | Total Levy   |                                 |
|---|--------------------------|-----------|----------------------|--|---------------------------------|
|   | Property<br>Valuation    | Rate      | Amount<br>of Levy    | Property<br>Excluding<br>Registered<br>Motor<br>Vehicles | Registered<br>Motor<br>Vehicles |
| <b>Original Levy:</b>                     |                          |           |                      |  |                                 |
| Property taxed at current year's rate     | <u>\$ 16,479,518,176</u> | \$ 0.5610 | <u>\$ 92,450,097</u> | <u>\$ 85,845,395</u>                                     | <u>\$ 6,604,702</u>             |
| <b>Discoveries:</b>                       |                          |           |                      |  |                                 |
| Current year taxes                        | 68,959,429               | 0.5610    | 448,883              | 448,883  | -                               |
| Penalties                                 | <u>-</u>                 |           | <u>217,524</u>       | <u>217,524</u>   | <u>-</u>                        |
| Total                                     | <u>68,959,429</u>        |           | <u>666,407</u>       | <u>666,407</u>   | <u>-</u>                        |
| <b>Releases</b>                           | <u>(181,125,242)</u>     | 0.5610    | <u>(1,016,113)</u>   | <u>(979,958)</u>   | <u>(36,155)</u>                 |
| Total property valuation                  | <u>\$ 16,367,352,363</u> |           |                      |  |                                 |
| <b>Net Levy</b>                           |                          |           | 92,100,391           | 85,531,844   | 6,568,547                       |
| Uncollected taxes at June 30, 2020        |                          |           | <u>(1,007,310)</u>   | <u>(999,184)</u>   | <u>(8,126)</u>                  |
| <b>Current Year's Taxes Collected</b>     |                          |           | <u>\$ 91,093,081</u> | <u>\$ 84,532,660</u>                                     | <u>\$ 6,560,421</u>             |
| <b>Current Levy Collection Percentage</b> |                          |           | <u>98.90%</u>        | <u>98.83%</u>  | <u>99.88%</u>                   |

**HENDERSON COUNTY, NORTH CAROLINA****ANALYSIS OF CURRENT TAX LEVY - COUNTY-WIDE LEVY  
FOR THE YEAR ENDED JUNE 30, 2020****Secondary Market Disclosures:**

Assessed Valuation:

Assessment ratio (1) 99.33%

|                              |                    |
|------------------------------|--------------------|
| Real property                | \$ 13,438,269,436  |
| Personal Property            | 2,597,185,414      |
| Public service companies (2) | <u>331,897,513</u> |

|                          |                          |
|--------------------------|--------------------------|
| Total assessed valuation | <u>\$ 16,367,352,363</u> |
|--------------------------|--------------------------|

|                    |                  |
|--------------------|------------------|
| Tax rate per \$100 | <u>\$ 0.5610</u> |
|--------------------|------------------|

|  |               |
|--|---------------|
| Levy (includes discoveries, releases and abatements) (3) | \$ 92,100,391 |
|--|---------------|

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, 2020:

|                           |                   |
|---------------------------|-------------------|
| Fire protection districts | <u>11,255,302</u> |
|---------------------------|-------------------|

|       |                       |
|-------|-----------------------|
| Total | <u>\$ 103,355,693</u> |
|-------|-----------------------|

(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    |               |               |               |               |               |               |               |               |               |
|---------------------------------------|----------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
|                                       | 2011           | 2012          | 2013          | 2014          | 2015          | 2016          | 2017          | 2018          | 2019          | 2020          |
| <b>Governmental activities</b>        |                |               |               |               |               |               |               |               |               |               |
| Net investment in capital assets      | \$ 45,090,597  | \$ 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 |
| Restricted                            | 9,154,768      | 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    |
| Unrestricted                          | (56,449,939)   | (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)  |
| Total governmental activities         | \$ (2,204,574) | \$ 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 |
| <b>Business-type activities</b>       |                |               |               |               |               |               |               |               |               |               |
| Net investment in capital assets      | \$ 16,818,425  | \$ 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 |
| Unrestricted                          | 5,448,726      | 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     |
| Total business-type activities        | \$ 22,267,151  | \$ 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 |
| <b>Primary government</b>             |                |               |               |               |               |               |               |               |               |               |
| Net investment in capital assets      | \$ 61,909,022  | \$ 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 |
| Restricted                            | 9,154,768      | 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    |
| Unrestricted                          | (51,001,213)   | (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)  |
| Total primary government net position | \$ 20,062,577  | \$ 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 |

**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)

|  | 2011           | 2012           | 2013           | 2014           | 2015           | 2016           | 2017           | 2018           | 2019           | 2020           |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <b>Expenses</b>                                |                |                |                |                |                |                |                |                |                |                |
| Governmental activities:                       |                |                |                |                |                |                |                |                |                |                |
| General government                             | \$ 19,654,791  | \$ 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  |
| Public safety                                  | 27,061,623     | 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     |
| Environmental protection                       | 759,241        | 678,682        | 921,122        | 424,250        | 338,819        | 531,160        | 365,917        | 380,516        | 394,269        | 574,971        |
| Economic and physical development              | 3,524,661      | 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      |
| Human Services                                 | 27,889,051     | 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     |
| Cultural and recreation                        | 4,657,512      | 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      |
| Education                                      | 29,708,049     | 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     |
| Interest on long term debt                     | 5,007,243      | 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      |
| Total governmental activities                  | 118,262,171    | 108,536,361    | 109,891,917    | 111,656,216    | 115,166,069    | 125,861,196    | 144,752,526    | 139,691,621    | 152,073,529    | 178,012,983    |
| Business-type activities:                      |                |                |                |                |                |                |                |                |                |                |
| Landfill                                       | 4,311,315      | 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      |
| Cane Creek water and sewer                     | 921,563        | 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                 | 52,167         | 42,970         | 53,247         | 46,677         | 52,100         | 44,392         | 46,468         | 40,000         | 42,868         | 61,672         |
| Total business-type activities                 | 5,285,045      | 5,756,138      | 5,761,907      | 6,658,003      | 6,335,897      | 6,509,270      | 7,521,056      | 8,380,366      | 9,195,096      | 10,116,974     |
| Total primary government expenses              | \$ 123,547,216 | \$ 114,292,499 | \$ 115,653,824 | \$ 118,314,219 | \$ 121,501,966 | \$ 132,370,466 | \$ 152,273,582 | \$ 148,071,987 | \$ 161,268,625 | \$ 188,129,957 |
| <b>Program Revenues</b>                        |                |                |                |                |                |                |                |                |                |                |
| Governmental activities                        |                |                |                |                |                |                |                |                |                |                |
| Charges for services:                          |                |                |                |                |                |                |                |                |                |                |
| General government                             | \$ 2,877,560   | \$ 631,150     | \$ 711,063     | \$ 672,612     | \$ 783,476     | \$ 798,409     | \$ 1,645,719   | \$ 1,873,496   | \$ 1,927,430   | \$ 1,928,402   |
| Public safety                                  | 3,357,700      | 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      |
| Economic and physical development              | 131,193        | 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      |
| Human services                                 | 447,382        | 557,456        | 472,234        | 504,719        | 537,524        | 599,761        | 638,328        | 607,698        | 643,984        | 682,914        |
| Cultural and recreation                        | 436,437        | 167,661        | 157,272        | 180,563        | 195,252        | 227,410        | 232,412        | 217,401        | 247,826        | 156,033        |
| Operating grants and contributions:            |                |                |                |                |                |                |                |                |                |                |
| General government                             | 1,827,808      | 2,127,237      | 2,064,465      | 461,373        | 534,848        | 730,585        | 1,899,583      | -              | 1,698,578      | 1,856,774      |
| Public safety                                  | 2,890,615      | 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        |
| Environmental protection                       | 78,413         | 47,133         | 47,255         | 57,655         | 100,086        | -              | 101,476        | 102,681        | 75,267         | 103,842        |
| Economic and physical development              | 303,595        | 363,456        | 1,004,929      | 1,027,427      | 1,093,432      | 896,409        | 1,014,761      | 1,128,121      | 1,345,525      | 1,118,098      |
| Human services                                 | 17,460,691     | 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     |
| Cultural and recreation                        | 230,446        | 197,661        | 202,240        | 206,592        | 213,366        | 298,926        | 294,362        | 286,229        | 409,997        | 469,476        |
| Education                                      | 1,635,063      | 1,021,661      | 935,017        | 954,977        | 883,468        | 1,261,483      | 815,492        | 910,920        | 703,685        | 991,159        |
| Capital grants and contributions:              |                |                |                |                |                |                |                |                |                |                |
| General government                             | -              | -              | -              | -              | -              | 1,125,364      | 1,916,161      | -              | -              | -              |
| Economic and physical development              | 469,493        | 337,184        | -              | -              | -              | -              | -              | -              | -              | -              |
| Education                                      | 139,428        | 120,744        | -              | -              | -              | -              | -              | -              | -              | -              |
| Total governmental activities program revenues | \$ 32,300,048  | \$ 29,031,428  | \$ 28,958,335  | \$ 29,340,895  | \$ 34,330,621  | \$ 31,532,567  | \$ 34,145,908  | \$ 28,851,332  | \$ 30,792,291  | \$ 31,871,170  |



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

|   | Fiscal Year  |              |              |              |              |              |               |               |               |               |
|---|--------------|--------------|--------------|--------------|--------------|--------------|---------------|---------------|---------------|---------------|
|   | 2011         | 2012         | 2013         | 2014         | 2015         | 2016         | 2017          | 2018          | 2019          | 2020          |
| Business-type activities:                                 |              |              |              |              |              |              |               |               |               |               |
| Charges for services                                      | 5,261,018    | 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     |
| Operating grants and contributions                        | 148,645      | 115,892      | 246,534      | 150,304      | 168,144      | 157,751      | 159,490       | 161,908       | 176,439       | 188,106       |
| Capital grants and contributions                          | 77,092       | 672,883      | 106,573      | 283,260      | 183,052      | 945,795      | 832,040       | 611,400       | 205,880       | 415,200       |
| Total business-type activities program revenues           | 5,486,755    | 6,449,893    | 5,915,469    | 6,309,202    | 6,952,338    | 8,400,688    | 9,129,363     | 9,400,456     | 9,803,044     | 9,711,213     |
| Total primary government program revenues                 | 37,786,803   | 35,481,321   | 34,873,804   | 35,650,097   | 41,282,959   | 39,933,255   | 43,275,271    | 38,251,788    | 40,595,335    | 41,582,383    |
| <b>Net (Expense)/Revenue</b>                              |              |              |              |              |              |              |               |               |               |               |
| Governmental activities                                   | (85,962,123) | (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) |
| Business-type activities                                  | 201,710      | 693,755      | 153,562      | (451,643)    | 616,341      | 1,891,418    | 1,608,307     | 1,020,090     | 607,948       | (405,761)     |
| Total primary government net (expense)/revenue            | (85,760,413) | (78,811,178) | (80,780,020) | (82,664,122) | (80,219,007) | (92,437,211) | (108,998,311) | (109,820,199) | (120,673,290) | (146,547,574) |
| <b>General Revenues and Other Changes in Net Position</b> |              |              |              |              |              |              |               |               |               |               |
| Governmental activities:                                  |              |              |              |              |              |              |               |               |               |               |
| Property taxes  | 67,886,712   | 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   |
| Local option sales tax                                    | 16,463,074   | 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    |
| Other taxes and licenses                                  | 1,884,433    | 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     |
| Investment earnings                                       | 821,618      | 761,199      | 675,387      | (170,434)    | 444,340      | 674,764      | 660,977       | 1,005,343     | 1,637,047     | 1,380,303     |
| Gain on sale  | -            | -            | -            | -            | 3,407,477    | -            | -             | -             | -             | -             |
| Miscellaneous   | -            | -            | 6,000,125    | 107,159      | -            | -            | -             | -             | -             | -             |
| Transfers   | 198,359      | 112,105      | 849,231      | (54,000)     | (49,480)     | (54,000)     | (54,000)      | (54,000)      | (54,000)      | (54,000)      |
| Total governmental activities:                            | 87,254,196   | 88,828,141   | 96,919,675   | 92,840,224   | 98,344,092   | 102,284,557  | 112,493,563   | 116,835,328   | 124,318,621   | 138,802,154   |
| Business-type activities:                                 |              |              |              |              |              |              |               |               |               |               |
| Investment earnings                                       | 104,001      | 98,272       | 92,795       | 53,943       | 45,849       | 57,550       | 37,959        | 48,049        | 89,091        | 78,423        |
| Transfers   | (198,359)    | (112,105)    | (849,231)    | 54,000       | 49,481       | 54,000       | 54,000        | 54,000        | 54,000        | 54,000        |
| Total business-type activities                            | (94,358)     | (13,833)     | (756,436)    | 107,943      | 95,330       | 111,550      | 91,959        | 102,049       | 143,091       | 132,423       |
| Total primary government                                  | 87,159,838   | 88,814,308   | 96,163,239   | 92,948,167   | 98,439,422   | 102,396,107  | 112,585,522   | 116,937,377   | 124,461,712   | 138,934,577   |
| <b>Change in Net Position</b>                             |              |              |              |              |              |              |               |               |               |               |
| Governmental activities                                   | 1,292,073    | 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)   |
| Business-type activities                                  | 107,352      | 679,922      | (602,874)    | (343,700)    | 711,671      | 2,002,968    | 1,700,266     | 1,122,139     | 751,039       | (273,338)     |
| Total primary government                                  | 1,399,425    | 10,003,130   | 15,383,219   | 10,284,045   | 18,220,415   | 9,958,896    | 3,587,211     | 7,117,178     | 3,788,422     | (7,612,997)   |

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

|   | Fiscal Year          |                      |                      |                      |                      |                      |                      |                      |                      |                      |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
|   | 2011                 | 2012                 | 2013                 | 2014                 | 2015                 | 2016                 | 2017                 | 2018                 | 2019                 | 2020                 |
| <b>General Fund</b>                         |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Non-spendable:                              |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Inventories                                 | \$ 46,785            | \$ 61,586            | \$ 58,923            | \$ 57,349            | \$ 50,999            | \$ 54,995            | \$ 56,255            | \$ 51,217            | \$ 68,606            | \$ 65,959            |
| Prepays                                     | 145,801              | 124,902              | 152,058              | 178,654              | 227,910              | 210,479              | 260,721              | 228,858              | 251,163              | 232,368              |
| Restricted:                                 |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Stabilization for State statute             | 6,367,890            | 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           |
| Restricted, all other                       | 258,575              | 161,443              | 199,106              | 177,966              | 210,668              | 181,130              | 208,471              | 107,884              | 2,520,979            | 5,721,901            |
| Committed:                                  |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Assigned for subsequent year's expenditures | 3,194,191            | 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           |
| Assigned all other                          | 305,525              | 77,195               | 175,128              | 220,978              | 224,033              | 179,625              | 512,301              | 432,647              | 467,394              | 459,873              |
| Unassigned:                                 | 26,849,372           | 28,032,866           | 25,332,238           | 24,141,639           | 23,683,102           | 27,732,716           | 27,817,837           | 27,593,418           | 27,854,812           | 31,426,092           |
| <b>Total General Fund</b>                   | <b>\$ 37,168,139</b> | <b>\$ 40,824,647</b> | <b>\$ 39,374,425</b> | <b>\$ 41,537,760</b> | <b>\$ 42,191,196</b> | <b>\$ 45,033,107</b> | <b>\$ 50,339,059</b> | <b>\$ 53,828,770</b> | <b>\$ 55,954,705</b> | <b>\$ 63,349,613</b> |
| <b>All Other Governmental Funds</b>         |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Non-spendable:                              | \$ -                 | \$ -                 | \$ -                 | \$ -                 | \$ -                 | \$ 2,337             | \$ 28,365            | \$ -                 | \$ -                 | \$ -                 |
| Prepays                                     |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Restricted:                                 |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Stabilization for State statute             | 962,962              | 608,963              | 284,997              | 619,125              | 351,130              | 662,353              | 498,849              | 1,233,222            | 362,117              | 425,693              |
| Restricted, all other                       | 3,413,004            | 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           |
| Committed:                                  |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Special revenue and debt service funds      | 1,115,294            | 1,319,314            | 1,510,873            | 552,441              | 3,714,300            | 3,584,211            | 3,932,534            | 7,229,944            | 8,368,261            | 9,441,744            |
| Capital project funds                       | 4,775,469            | 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            |
| Assigned all other:                         | 7,834                | 310,293              | -                    | -                    | -                    | -                    | -                    | -                    | -                    | -                    |
| Unassigned:                                 | (19,551)             | 47,907               | (71,825)             | (196,705)            | (51,791)             | (250,075)            | (70,469)             | (1,013,595)          | (1,790,610)          | (5,137,132)          |
| <b>Total all other governmental funds</b>   | <b>\$ 10,255,012</b> | <b>\$ 7,391,189</b>  | <b>\$ 14,534,917</b> | <b>\$ 14,263,838</b> | <b>\$ 13,157,586</b> | <b>\$ 17,109,939</b> | <b>\$ 16,337,840</b> | <b>\$ 16,925,404</b> | <b>\$ 31,459,630</b> | <b>\$ 71,505,298</b> |

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

|   | Fiscal Year           |                    |                     |                     |                     |
|---|-----------------------|--------------------|---------------------|---------------------|---------------------|
|   | 2011                  | 2012               | 2013                | 2014                | 2015                |
| <b>Revenues</b>   |                       |                    |                     |                     |                     |
| Taxes:  |                       |                    |                     |                     |                     |
| Property  | \$ 67,640,556         | \$ 68,869,266      | \$ 69,683,310       | \$ 72,442,683       | \$ 72,424,338       |
| Sales   | 16,463,074            | 17,504,095         | 18,596,584          | 19,760,279          | 21,620,139          |
| Other   | 1,839,151             | 1,647,165          | 1,020,464           | 931,782             | 1,029,292           |
| Total taxes   | <u>85,942,781</u>     | <u>88,020,526</u>  | <u>89,300,358</u>   | <u>93,134,744</u>   | <u>95,073,769</u>   |
| Intergovernmental                                       | 23,955,738            | 20,506,382         | 20,714,436          | 20,706,830          | 25,071,921          |
| Permits and Fees  | 1,259,908             | 1,570,092          | 1,638,646           | 1,619,034           | 1,826,678           |
| Sales and Services                                      | 5,808,063             | 5,204,757          | 5,657,362           | 6,362,816           | 6,708,720           |
| Investment Earnings                                     | 821,618               | 761,199            | 675,311             | (170,434)           | 444,340             |
| Capital Contribution from Hospital Corporation          | -                     | -                  | -                   | -                   | -                   |
| Miscellaneous   | 1,289,906             | 2,158,119          | 1,112,638           | 836,742             | 742,227             |
| Total Revenues  | <u>119,078,014</u>    | <u>118,221,075</u> | <u>119,098,751</u>  | <u>122,489,732</u>  | <u>129,867,655</u>  |
| <b>Expenditures</b>                                     |                       |                    |                     |                     |                     |
| General Government                                      | 17,181,746            | 11,345,895         | 13,818,252          | 12,558,117          | 13,889,012          |
| Public Safety   | 31,113,589            | 30,683,571         | 30,360,366          | 31,855,136          | 32,437,433          |
| Environmental Protection                                | 645,457               | 579,882            | 770,928             | 353,846             | 349,239             |
| Economic and Physical Development                       | 3,414,401             | 3,333,698          | 2,778,708           | 2,573,661           | 3,729,355           |
| Human Services  | 28,494,208            | 26,736,224         | 26,102,907          | 27,215,341          | 28,095,417          |
| Culture and Recreation                                  | 4,462,354             | 3,829,304          | 4,087,986           | 4,343,834           | 4,510,926           |
| Education   | 29,708,049            | 22,798,061         | 24,025,977          | 25,214,625          | 26,739,498          |
| Capital Outlay  | 2,433,642             | 3,231,758          | 3,862,734           | 2,754,492           | 7,524,391           |
| Debt Service:   |                       |                    |                     |                     |                     |
| Principal   | 9,654,619             | 10,189,756         | 10,630,317          | 10,924,205          | 13,962,623          |
| Interest  | 4,929,086             | 5,084,218          | 3,967,959           | 3,166,375           | 2,604,552           |
| Advanced payment to escrow agent                        | -                     | -                  | 4,841,690           | -                   | -                   |
| Total Expenditures                                      | <u>132,037,151</u>    | <u>117,812,367</u> | <u>125,247,824</u>  | <u>120,959,632</u>  | <u>133,842,446</u>  |
| Excess of revenues over (under) expenditures            | <u>(12,959,137)</u>   | <u>408,708</u>     | <u>(6,149,073)</u>  | <u>1,530,100</u>    | <u>(3,974,791)</u>  |
| <b>Other Financing Sources (Uses)</b>                   |                       |                    |                     |                     |                     |
| Transfers in  | 2,217,302             | 1,339,807          | 6,848,652           | 2,873,913           | 5,538,729           |
| Transfers out   | (2,018,943)           | (1,205,208)        | (5,999,421)         | (2,927,913)         | (5,588,209)         |
| Refunding bonds issued                                  | -                     | -                  | 41,151,000          | -                   | -                   |
| Payment to bond escrow agent                            | -                     | -                  | (36,110,000)        | -                   | -                   |
| Bond premium  | -                     | -                  | -                   | -                   | -                   |
| Insurance proceeds                                      | -                     | -                  | 6,000,125           | 107,159             | -                   |
| Sale of capital assets                                  | -                     | -                  | -                   | -                   | 3,407,477           |
| Debt issued   | 7,744,460             | 249,378            | 413,539             | 308,997             | 163,978             |
| Contribution to TDA                                     | -                     | -                  | (461,316)           | -                   | -                   |
| Total other financing sources (uses)                    | <u>7,942,819</u>      | <u>383,977</u>     | <u>11,842,579</u>   | <u>362,156</u>      | <u>3,521,975</u>    |
| Net change in fund balances                             | <u>\$ (5,016,318)</u> | <u>\$ 792,685</u>  | <u>\$ 5,693,506</u> | <u>\$ 1,892,256</u> | <u>\$ (452,816)</u> |
| Debt service as a percentage of noncapital expenditures | 11.84%                | 13.35%             | 12.03%              | 12.13%              | 12.84%              |

| Fiscal Year         |                     |                     |                      |                      |
|---------------------|---------------------|---------------------|----------------------|----------------------|
| 2016                | 2017                | 2018                | 2019                 | 2020                 |
| \$ 77,170,890       | \$ 85,314,390       | \$ 87,326,125       | \$ 89,571,316        | \$ 102,212,850       |
| 23,366,239          | 25,389,345          | 27,475,944          | 29,331,611           | 31,223,698           |
| 1,140,741           | 1,264,544           | 1,275,186           | 3,870,415            | 3,522,964            |
| <u>101,677,870</u>  | <u>111,968,279</u>  | <u>116,077,255</u>  | <u>122,773,342</u>   | <u>136,959,512</u>   |
| 20,645,727          | 19,815,299          | 17,084,955          | 17,828,262           | 17,758,510           |
| 1,733,166           | 1,982,065           | 2,257,302           | 2,037,070            | 2,434,227            |
| 7,079,053           | 8,030,057           | 8,362,671           | 8,186,940            | 8,813,704            |
| 674,764             | 660,977             | 1,005,343           | 1,637,047            | 1,380,303            |
| 1,125,364           | 1,916,161           | -                   | -                    | -                    |
| 1,066,521           | 2,845,046           | 1,948,467           | 2,718,028            | 3,250,733            |
| <u>134,002,465</u>  | <u>147,217,884</u>  | <u>146,735,993</u>  | <u>155,180,689</u>   | <u>170,596,989</u>   |
| 15,013,218          | 15,580,807          | 16,465,343          | 20,165,981           | 21,755,645           |
| 35,111,117          | 37,219,677          | 39,235,486          | 41,749,275           | 45,769,058           |
| 535,599             | 351,476             | 370,056             | 383,970              | 534,182              |
| 3,434,656           | 2,918,600           | 3,553,267           | 3,130,268            | 3,366,655            |
| 28,615,327          | 28,251,082          | 25,968,885          | 26,408,664           | 26,442,287           |
| 4,472,608           | 4,623,841           | 4,662,296           | 5,055,989            | 5,050,703            |
| 28,845,578          | 29,307,235          | 31,387,446          | 33,818,212           | 34,126,181           |
| 26,458,990          | 30,153,759          | 18,877,839          | 16,941,011           | 29,524,764           |
| 10,937,860          | 11,434,004          | 11,942,938          | 12,937,416           | 12,503,845           |
| 3,191,203           | 3,397,491           | 3,981,832           | 4,679,878            | 4,470,655            |
| -                   | -                   | -                   | -                    | -                    |
| <u>156,616,156</u>  | <u>163,237,972</u>  | <u>156,445,388</u>  | <u>165,270,664</u>   | <u>183,543,975</u>   |
| <u>(22,613,691)</u> | <u>(16,020,088)</u> | <u>(9,709,395)</u>  | <u>(10,089,975)</u>  | <u>(12,946,986)</u>  |
| 1,603,723           | 4,847,926           | 5,416,049           | 4,064,289            | 19,724,151           |
| (1,657,723)         | (4,901,926)         | (5,470,049)         | (4,118,289)          | (19,778,151)         |
| -                   | -                   | -                   | -                    | -                    |
| -                   | -                   | -                   | -                    | -                    |
| 2,676,955           | 1,327,941           | 1,365,670           | 2,579,136            | 7,917,694            |
| -                   | -                   | -                   | -                    | -                    |
| -                   | -                   | -                   | -                    | -                    |
| 26,785,000          | 19,280,000          | 12,475,000          | 24,225,000           | 52,525,000           |
| -                   | -                   | -                   | -                    | -                    |
| <u>29,407,955</u>   | <u>20,553,941</u>   | <u>13,786,670</u>   | <u>26,750,136</u>    | <u>60,388,694</u>    |
| <u>\$ 6,794,264</u> | <u>\$ 4,533,853</u> | <u>\$ 4,077,275</u> | <u>\$ 16,660,161</u> | <u>\$ 47,441,708</u> |
| 10.63%              | 9.89%               | 10.94%              | 11.09%               | 9.39%                |

**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) |
|-------------|----------------------|-----------------------------------|---------------------|-----------------------|-------------------|------------------------------|------------------------------|---------------------------|------------------------------------|
| 2011        | 9,220,396,484        | 1,799,570,575                     | 222,759,000         | 158,081,190           | 1,588,713,764     | 201,935,623                  | 13,191,456,636               | 0.4620                    | 13,801,482,147                     |
| 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                     | 485,591,800         | 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                     |

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)

|                         | 2011      | 2012      | 2013      | 2014      | 2015      | 2016      | 2017      | 2018      | 2019      | 2020      |
|-------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Henderson County        | \$ 0.4620 | \$ 0.5136 | \$ 0.5136 | \$ 0.5136 | \$ 0.5136 | \$ 0.5136 | \$ 0.5650 | \$ 0.5650 | \$ 0.5650 | \$ 0.5610 |
| Municipality Rates:     |           |           |           |           |           |           |           |           |           |           |
| Hendersonville          | 0.3800    | 0.4100    | 0.4100    | 0.4400    | 0.4600    | 0.4600    | 0.4700    | 0.4700    | 0.4900    | 0.4900    |
| Laurel Park             | 0.3100    | 0.3600    | 0.3600    | 0.3900    | 0.4300    | 0.4300    | 0.4300    | 0.4300    | 0.4300    | 0.4350    |
| Fletcher                | 0.3200    | 0.3250    | 0.3250    | 0.3250    | 0.3400    | 0.3400    | 0.3400    | 0.3400    | 0.3400    | 0.3400    |
| Mills River             | 0.0750    | 0.0874    | 0.0974    | 0.0974    | 0.1124    | 0.1800    | 0.1800    | 0.1800    | 0.1800    | 0.1900    |
| Flat Rock               | 0.0750    | 0.0840    | 0.0840    | 0.0840    | 0.1100    | 0.1100    | 0.1100    | 0.1100    | 0.1100    | 0.1300    |
| Saluda                  | 0.5150    | 0.6250    | 0.6050    | 0.6050    | 0.6050    | 0.6050    | 0.6050    | 0.6050    | 0.6450    | 0.6650    |
| Downtown - Main Street  | 0.2500    | 0.2800    | 0.2800    | 0.2800    | 0.2800    | 0.2800    | 0.2800    | 0.2800    | 0.2800    | 0.2600    |
| Downtown - Seventh Ave. | 0.0800    | 0.1200    | 0.1200    | 0.1200    | 0.1200    | 0.1200    | 0.1200    | 0.1200    | 0.1200    | 0.1700    |
| Fire Districts:         |           |           |           |           |           |           |           |           |           |           |
| Bat Cave                | 0.0900    | 0.1000    | 0.1000    | 0.1000    | 0.1200    | 0.1200    | 0.1200    | 0.1200    | 0.1200    | 0.1200    |
| Blue Ridge              | 0.0850    | 0.0950    | 0.0950    | 0.0950    | 0.1200    | 0.1200    | 0.1200    | 0.1200    | 0.1200    | 0.1300    |
| Dana                    | 0.1000    | 0.1100    | 0.1100    | 0.1100    | 0.1300    | 0.1300    | 0.1300    | 0.1300    | 0.1300    | 0.1400    |
| Edneyville              | 0.0850    | 0.0950    | 0.0950    | 0.0950    | 0.1050    | 0.1050    | 0.1050    | 0.1050    | 0.1050    | 0.1150    |
| Etowah-Horse Shoe       | 0.0850    | 0.0950    | 0.0950    | 0.0950    | 0.1050    | 0.1050    | 0.1050    | 0.1050    | 0.1050    | 0.1150    |
| Fletcher                | 0.0950    | 0.1000    | 0.1000    | 0.1000    | 0.1150    | 0.1150    | 0.1150    | 0.1150    | 0.1150    | 0.1150    |
| Gerton                  | 0.1150    | 0.1250    | 0.1250    | 0.1250    | 0.1250    | 0.1250    | 0.1250    | 0.1250    | 0.1250    | 0.1250    |
| Green River             | 0.0600    | 0.0650    | 0.0650    | 0.0700    | 0.0800    | 0.0800    | 0.0800    | 0.0800    | 0.0800    | 0.0900    |
| Mills River             | 0.0650    | 0.0750    | 0.0750    | 0.0750    | 0.0900    | 0.0900    | 0.0900    | 0.0900    | 0.0900    | 0.1100    |
| Mountain Home           | 0.0950    | 0.1050    | 0.1050    | 0.1050    | 0.1200    | 0.1200    | 0.1200    | 0.1200    | 0.1200    | 0.1200    |
| Raven Rock              | 0.0750    | 0.0850    | 0.0850    | 0.0850    | 0.1000    | 0.1000    | 0.1000    | 0.1000    | 0.1000    | 0.1150    |
| Valley Hill             | 0.0700    | 0.0800    | 0.0800    | 0.0850    | 0.0950    | 0.0950    | 0.0950    | 0.0950    | 0.0950    | 0.1000    |
| Valley Hill II          | 0.0700    | 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 2020   |      |  | Fiscal Year 2010   |      |  |
|-------------------------------|------------------|--------------------|------|--|--------------------|------|--|
|                               |                  | 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    | 1.12%                                  | 117,649,427        | 1    | 0.90%                                  |
| Meritor Heavy Vehicle Systems | Manufacturing    | 139,877,121        | 2    | 0.85%                                  | 68,145,828         | 2    | 0.52%                                  |
| Continental Teves Inc.        | Manufacturing    | 132,967,522        | 3    | 0.81%                                  | 59,280,738         | 3    | 0.45%                                  |
| Kimberly Clark                | Manufacturing    | 103,470,012        | 4    | 0.63%                                  | 51,419,653         | 5    | 0.39%                                  |
| Sierra Nevada Brewing Co      | Manufacturing    | 91,167,553         | 5    | 0.56%                                  | N/A                | N/A  | N/A                                    |
| Public Service Co of NC       | Public Service   | 90,618,527         | 6    | 0.69%                                  | 23,651,796         | 7    | 0.18%                                  |
| GF Linamar                    | Manufacturing    | 76,890,454         | 7    | 0.59%                                  | N/A                | N/A  | N/A                                    |
| Ingles Markets                | Retail - Grocery | 67,998,591         | 8    | 0.42%                                  | N/A                | N/A  | N/A                                    |
| Wilsonart                     | Manufacturing    | 55,103,806         | 9    | 0.34%                                  | 30,973,653         | 8    | 0.24%                                  |
| UPM Raflatac Inc              | Manufacturing    | 43,932,507         | 10   | 0.27%                                  | 54,518,925         | 4    | 0.42%                                  |
| Totals                        |                  | \$ 985,274,655     |      |  | \$ 405,640,020     |      |  |

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 (Original Levy) | Adjustments | Total Adjusted Levy | Collected within the Fiscal Year of the Levy |                             | Collections in Subsequent Years | Total Collections to Date |                             |
|-------------|--|-------------|---------------------|--|-----------------------------|---------------------------------|---------------------------|-----------------------------|
|             |  |             |                     | Amount                                       | Percentage of Original Levy |                                 | Amount                    | Percentage of Adjusted Levy |
| 2011        | 60,846,087                                       | (276,429)   | 60,569,659          | 59,003,033                                   | 97.41%                      | 1,466,273                       | 60,469,306                | 99.83%                      |
| 2012        | 61,296,106                                       | (268,085)   | 61,028,021          | 58,085,624                                   | 95.18%                      | 2,844,861                       | 60,930,485                | 99.84%                      |
| 2013        | 61,814,359                                       | (215,538)   | 61,598,821          | 59,928,822                                   | 97.29%                      | 1,561,459                       | 61,490,281                | 99.82%                      |
| 2014        | 62,467,870                                       | (155,714)   | 62,312,153          | 60,535,291                                   | 97.17%                      | 1,688,795                       | 62,224,086                | 99.86%                      |
| 2015        | 64,735,610                                       | (228,522)   | 64,964,132          | 63,251,387                                   | 97.04%                      | 1,664,400                       | 64,915,787                | 99.93%                      |
| 2016        | 65,114,773                                       | (341,011)   | 64,773,762          | 63,736,547                                   | 97.88%                      | 984,904                         | 64,721,451                | 99.92%                      |
| 2017        | 68,212,928                                       | (404,105)   | 67,808,823          | 66,808,823                                   | 98.62%                      | 940,620                         | 67,749,443                | 99.91%                      |
| 2018        | 75,988,661                                       | (614,822)   | 76,603,483          | 75,144,181                                   | 98.89%                      | 1,363,463                       | 76,507,644                | 99.70%                      |
| 2019        | 80,032,082                                       | 523,222     | 80,555,304          | 79,825,336                                   | 99.74%                      | 516,162                         | 79,825,336                | 99.09%                      |
| 2020        | 92,450,097                                       | (1,016,113) | 92,100,391          | 91,093,081                                   | 97.82%                      | -                               | 91,093,081                | 98.90%                      |
|             |  |             |                     |  |                             |                                 | \$                        | 1,980,090                   |

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 |                       |                          |                |
|-------------|--------------------------|--------------------------|-----------------------|-----------------------|---------|----------------------------|-----------------------|--------------------------|----------------|
|             | General Obligation Bonds | Limited Obligation Bonds | Installment Contracts | Installment Purchases | Other   | Limited Obligation Bonds   | Installment Purchases | Total Primary Government | Per Capita (1) |
|             |                          |                          |                       |                       |         |                            |                       |                          |                |
| 2011        | -                        | 16,493,092               | 52,755,000            | 54,653,290            | 220,566 | 1,784,074                  | -                     | 125,906,022              | 1,178          |
| 2012        | -                        | 14,319,221               | 56,140,000            | 43,416,940            | -       | 1,548,921                  | 2,000,000             | 118,766,940              | 1,107          |
| 2013        | -                        | 52,909,398               | 16,328,539            | 39,377,603            | -       | 1,315,723                  | 1,866,667             | 111,797,930              | 1,038          |
| 2014        | -                        | 50,159,087               | 12,112,073            | 35,644,329            | -       | 1,083,014                  | 1,733,334             | 100,731,837              | 926            |
| 2015        | -                        | 47,326,776               | 7,894,338             | 28,810,887            | -       | 850,303                    | 1,600,000             | 86,482,304               | 783            |
| 2016        | -                        | 72,372,527               | 5,105,319             | 24,852,515            | -       | 617,593                    | 1,466,667             | 104,414,621              | 934            |
| 2017        | -                        | 85,726,512               | 4,500,000             | 20,985,654            | -       | 411,239                    | 1,333,334             | 112,956,739              | 993            |
| 2018        | -                        | 91,623,603               | 4,000,000             | 17,125,879            | -       | 293,224                    | 1,200,000             | 114,242,706              | 991            |
| 2019        | -                        | 109,273,324              | 3,500,000             | 13,353,505            | -       | 176,190                    | 1,831,858             | 128,134,877              | 1,098          |
| 2020        | -                        | 160,208,120              | 3,000,000             | 10,057,144            | -       | 70,674                     | 3,511,334             | 176,847,272              | 1,506          |

**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 |                          |                                      |             | Percentage of Personal Income(1) | Percentage of Actual Taxable Value of Property(2) | Per Capita(1) |
|-------------|--|--------------------------|--------------------------------------|-------------|----------------------------------|---|---------------|
|             | Less: Amounts                                      |                          |                                      |             |                                  |   |               |
|             | General Obligation Bonds                           | Limited Obligation Bonds | Restricted to Repaying Principal (3) | Total       |                                  |   |               |
| 2011        | -  | 18,277,166               | 2,315,000                            | 15,962,166  | 0.44%                            | 0.12%   | 149           |
| 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 | *                                | 0.71%   | 863           |
| 2020        | -  | 160,278,794              | 11,046,096                           | 149,232,698 | *                                | 0.91%   | 1,271         |

**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   |               |               |               |               |               |               |               |               |               |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
|  | 2011          | 2012          | 2013          | 2014          | 2015          | 2016          | 2017          | 2018          | 2019          | 2020          |
| Assessed Value of Property                                       | \$ 13,191,457 | \$ 12,053,856 | \$ 12,203,794 | \$ 12,610,836 | \$ 12,523,976 | \$ 13,182,825 | \$ 13,423,998 | \$ 13,682,469 | \$ 14,206,704 | \$ 16,387,352 |
| Debt Limit, 8% of Assessed Value (Statutory Limitation)          | 1,055,316     | 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     |
| Amount of Debt Applicable to Limit:                              |               |               |               |               |               |               |               |               |               |               |
| Less: Gross debt   | 125,154       | 114,767       | 111,798       | 100,732       | 86,482        | 104,414       | 112,957       | 114,243       | 128,135       | 176,847       |
| Less: Debt outstanding for water and sewer purposes              | 1,711         | 1,485         | 3,182         | 2,816         | 2,450         | 617           | 411           | 293           | 941           | 2,649         |
| Total net debt applicable to limit                               | 123,443       | 113,282       | 108,616       | 97,916        | 84,032        | 103,797       | 112,546       | 113,950       | 127,194       | 174,198       |
| Legal Debt Margin  | \$ 931,873    | \$ 851,026    | \$ 867,688    | \$ 910,951    | \$ 917,886    | \$ 950,829    | \$ 961,374    | \$ 980,647    | \$ 1,009,342  | \$ 1,135,190  |
| Total debt applicable to the limit as a percentage of debt limit | 11.70%        | 11.75%        | 11.13%        | 9.71%         | 8.39%         | 9.84%         | 10.48%        | 10.41%        | 11.19%        | 13.30%        |

**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, 2020**

| <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          | \$ 173,265,264                 | 100.00%                                | \$ 173,265,264  |
| Overlapping:                      |                                |  |   |
| City of Hendersonville (1)        | 1,013,000                      | 100.00%                                | 1,013,000   |
| Town of Fletcher                  | 7,966,255                      | 100.00%                                | <u>7,966,255</u>                                      |
| Total overlapping debt            |                                |  | <u>8,979,255</u>                                      |
| Total direct and overlapping debt |                                |  | <u>\$ 182,244,519</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**

| <b>Year</b> | <b>Population(1)</b> | <b>Personal<br/>Income (2)<br/>(thousands<br/>of dollars)</b> | <b>Per<br/>Capita<br/>Personal<br/>Income (2)</b> | <b>Public<br/>School<br/>Enrollment(3)</b> | <b>Unemployment<br/>Rate(4)</b> | <b>Number of<br/>Building<br/>Inspections<br/>Performed(5)</b> |
|-------------|----------------------|---|---|--|---------------------------------|--|
| 2011        | 106,891              | 3,660,446   | 34,078  | 13,177                                     | 7.90%                           | 15,799   |
| 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              | *   | *   | 13,387                                     | 3.60%                           | 31,153   |
| 2020        | 117,425              | *   | *   | 13,231                                     | 7.50%                           | 29,565   |

**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                            | 2020      |      |                                       | 2010      |      |                                       |
|-------------------------------------|-----------|------|---------------------------------------|-----------|------|---------------------------------------|
|                                     | Employees | Rank | Percentage of Total County Employment | Employees | Rank | Percentage of Total County Employment |
| Henderson County Public Schools (1) | 1889      | 1    | 3.94%                                 | 1852      | 1    | 4.26%                                 |
| Margaret R. Pardee Hospital         | 1500      | 2    | 3.13%                                 | 1253      | 2    | 2.88%                                 |
| Ingles Markets, Inc. (1)            | 1344      | 3    | 2.81%                                 | 750       | 4    | 1.72%                                 |
| Advent Health                       | 1300      | 4    | 2.71%                                 | 1125      | 3    | 2.59%                                 |
| Henderson County                    | 852       | 5    | 1.78%                                 | 738       | 5    | 1.70%                                 |
| Meritor Heavy Vehicle Systems LLC   | 550       | 6    | 1.15%                                 | 550       | 7    | 1.26%                                 |
| Continental Teves, Inc.             | 650       | 7    | 1.36%                                 | *         | *    | *                                     |
| Wilsonart International Inc.        | 604       | 8    | 1.26%                                 | 680       | 6    | 1.56%                                 |
| Manual Wood Workers, Inc.           | 500       | 9    | 1.04%                                 | *         | *    | *                                     |
| Current, by GE                      | 350       | 10   | 0.73%                                 | 395       | 10   | 0.91%                                 |

\* Information not available

Countywide Total Employment June 2020: 47,897

(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**

| <u>Function/Program</u>           | <u>Fiscal Year</u> |             |             |             |             |             |             |             |             |             |
|-----------------------------------|--------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
|                                   | <u>2011</u>        | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> |
| General government                | 95                 | 97          | 100         | 100         | 104         | 105         | 103         | 109         | 112         | 118         |
| Public safety                     | 274                | 261         | 269         | 277         | 281         | 299         | 302         | 310         | 330         | 335         |
| Environmental protection          | 20                 | 22          | 22          | 22          | 20          | 19          | 19          | 21          | 22          | 22          |
| Economic and physical development | 23                 | 22          | 22          | 23          | 24          | 24          | 25          | 25          | 26          | 26          |
| Human Services                    | 288                | 272         | 267         | 269         | 268         | 281         | 284         | 286         | 291         | 293         |
| Cultural and recreation           | 51                 | 49          | 50          | 49          | 51          | 51          | 51          | 52          | 55          | 58          |
| <b>Total</b>                      | <b>751</b>         | <b>723</b>  | <b>730</b>  | <b>740</b>  | <b>748</b>  | <b>779</b>  | <b>784</b>  | <b>803</b>  | <b>836</b>  | <b>852</b>  |

**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 |          |          |          |          |          |           |           |           |          |
|--|-------------|----------|----------|----------|----------|----------|-----------|-----------|-----------|----------|
|  | 2011        | 2012     | 2013     | 2014     | 2015     | 2016     | 2017      | 2018      | 2019      | 2020     |
| <u>General Government</u>                |             |          |          |          |          |          |           |           |           |          |
| # of Registered Voters                   | 75,821      | 78,326   | 76,224   | 77,321   | 76,099   | 79,621   | 81,736    | 84,393    | 80,364    | 81,959   |
| <u>Public Safety</u>                     |             |          |          |          |          |          |           |           |           |          |
| # of building permits issued             | 4,735       | 5,077    | 6,025    | 6,430    | 6,542    | 6,430    | 6,771     | 9,598     | 9,398     | 9,120    |
| # of calls processed                     | 131,706     | 133,353  | 140,288  | 146,494  | 152,408  | 177,818  | 181,115   | 187,067   | 184,837   | 188,878  |
| <u>Human Services</u>                    |             |          |          |          |          |          |           |           |           |          |
| # of food & lodging sites inspected      | 1,546       | 1,479    | 1,545    | 1,497    | 1,595    | 1,563    | 1,256     | 1,600     | 1,718     | 1,291    |
| # of Health clients served               | 12,494      | 12,090   | 11,344   | 12,447   | 13,152   | 14,693   | 15,428    | 15,781    | 15,979    | 14,990   |
| <u>Economic and Physical Development</u> |             |          |          |          |          |          |           |           |           |          |
| Number of major subdivision plan reviews | 2           | 3        | 5        | 4        | 6        | 4        | 5         | 13        | 13        | 9        |
| <u>Cultural and Recreation</u>           |             |          |          |          |          |          |           |           |           |          |
| Library book circulation                 | 987,905     | 947,866  | 981,738  | 951,697  | 910,636  | 927,596  | 1,056,328 | 1,031,647 | 1,006,065 | 851,571  |
| <u>Education</u>                         |             |          |          |          |          |          |           |           |           |          |
| Total \$ spent per ADM                   | \$ 2,319    | \$ 2,162 | \$ 2,226 | \$ 2,306 | \$ 2,346 | \$ 2,366 | \$ 2,480  | \$ 2,615  | \$ 2,984  | \$ 3,113 |
| <u>Enterprise Fund – Landfill</u>        |             |          |          |          |          |          |           |           |           |          |
| Solid waste generated # tons/day         | 203         | 218      | 240      | 249      | 258      | 294      | 318       | 343       | 371       | 363      |

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

**Note:** Health client totals do not include Foreign Travel services. The decline in the # of food & lodging site inspections for 2008 is due to a new State requirement that inspections can occur 2-4 times instead of 4 annually based on the site's food process. The number of calls dispatched is up considerably in 2016 and 2017 from calls dispatched to the Sheriff's Dept. The decline in major subdivision plan reviews is related to the downturn in the economy that began in late 2008. 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 |      |      |      |      |      |      |      |      |      |
|--------------------------------|-------------|------|------|------|------|------|------|------|------|------|
|                                | 2011        | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
| <u>Public Safety</u>           |             |      |      |      |      |      |      |      |      |      |
| Sheriff's Department:          |             |      |      |      |      |      |      |      |      |      |
| Stations                       | 1           | 1    | 1    | 1    | 1    | 1    | 1    | 1    | 1    | 1    |
| Vehicles                       | 163         | 176  | 168  | 158  | 180  | 184  | 176  | 185  | 192  | 208  |
| <u>Cultural and Recreation</u> |             |      |      |      |      |      |      |      |      |      |
| Park Acreage                   | 320         | 323  | 349  | 331  | 332  | 332  | 332  | 332  | 409  | 409  |
| Parks                          | 8           | 8    | 10   | 11   | 12   | 12   | 12   | 12   | 14   | 14   |
| Ballfields and courts          | 31          | 36   | 35   | 37   | 37   | 37   | 37   | 37   | 43   | 43   |
| Libraries                      | 6           | 6    | 6    | 6    | 6    | 6    | 6    | 6    | 6    | 6    |

Source: Various County Departments