

HENDERSON COUNTY NORTH CAROLINA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2012

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HENDERSON COUNTY NORTH CAROLINA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2012

Prepared by: Finance Department
Finance Director: J. Carey McLelland

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HENDERSON COUNTY, NORTH CAROLINA

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INTRODUCTORY SECTION

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HENDERSON COUNTY
FINANCE DEPARTMENT

HISTORIC COURTHOUSE ANNEX
113 NORTH MAIN STREET
HENDERSONVILLE, NC 28792

PHONE: 828-697-4821
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October 26, 2012

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, 2012 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, 2012 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 unqualified

opinion that Henderson County's financial statements for the year ended June 30, 2012 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 Circular A-133, Audits of State and Local Governments and Non-Profit Organizations. Information related to this single audit, including the schedule of expenditures of federal and state awards, findings and recommendations, and independent auditors' reports on internal control and compliance with applicable laws and regulations are presented in the compliance section of this document.

For financial reporting purposes, in accordance with 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, 2012, there is one blended component unit, the Cane Creek Water and Sewer District, and one discretely presented component unit, the Henderson County Hospital Corporation, 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. Henderson County Hospital Corporation is reported in the financial statements in a manner similar to a proprietary fund. The Board of Commissioners appoints the members of the Hospital Board. 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 Henderson County Industrial Facility and Pollution Control Financing Authority is also 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.

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. All financing arrangements with the County have been disclosed in the accompanying notes to the combined financial statements.

The Governmental Accounting Standards Board issued Statement 45 in 2004, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions. FY2009 was the implementation year for Henderson County. Statement 45 requires the County to disclose an actuarial estimate of the net liability for other post-employment benefits (OPEB), i.e. health insurance coverage, for all eligible personnel at fiscal year end.

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 108,448. 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. The manager is responsible for implementing policies, managing daily operations, and appointing department heads.

The County provides the citizens with a wide range of services that include public safety, health and social services, planning and development, environmental protection, cultural and recreational activities, and others. Public safety, human services, education and debt service represent the majority of the annual budget. This report includes all the County activities in maintaining these services. The County also extends financial support to certain boards, agencies, 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 and Western Highlands Local Management Entity.

ECONOMIC CONDITIONS AND OUTLOOK

The County, located just south of Asheville, North Carolina, is within one hours 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 various 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 over 500 farms that generate over \$94 million in cash receipts annually. There are over 37,000 acres of active farmland in the County. The main agricultural income in the County continues to be produced from greenhouses and nurseries at \$45.5 million and vegetables, tree fruits and commercial cranberry production at \$38.5 million. The total income from all agriculture/agribusiness industries is \$371 million which employs over 8,100 people or 17.1 percent of the total employment in Henderson County.

Travel and tourism continues to be the second largest industry in North Carolina. The County's tourism industry continues to be strong due to its location, seasonal climate, and the variety of activities to do and sights to see. The travel and tourism industry employs more than 1,930 in Henderson County which ranks 17th in travel impact among North Carolina's 100 Counties. The benefit derived from tourists visiting the County increased by 3.1 percent over the previous fiscal year. Our local Travel and Tourism Department does an excellent job of promoting the County and surrounding areas. The County is home to the State Theater of North Carolina, the Flat Rock Playhouse and Carl Sandburg's Home, a national historic site. The world renowned Biltmore Estate is just a short drive in a neighboring County. There are a number of camps, hiking trails and waterfalls to view in and around the County. The most current value by the State of North Carolina of the economic impact of tourism to the County is estimated to be \$209.4 million

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

<u>Fiscal Year</u>	<u>Permits</u>	<u>Dollar Value</u>	<u>Unemployment Rates</u>
2012	398	\$86,808,682	8.2%
2011	248	\$71,304,148	7.9%
2010	694	\$63,641,640	8.4%
2009	380	\$89,643,301	9.3%
2008	899	\$244,871,832	4.6%

The number of permits issued for new residential and commercial construction and the total dollar value of those new permits increased over FY2011 which indicates some improvement in the local construction industry. However, the local unemployment rate was up slightly over the previous fiscal year as employers continue to be cautious on expanding and hiring new employees due to the slow economic recovery.

Manufacturing continues to rank first in employment with a current annual estimated value of \$255.2 million. 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 the primary focus and recipient of economic incentive payments provided by the Board of Commissioners in the recent past. The following table lists the major manufacturing employers in the County:

<u>Company Name</u>	<u>Product</u>	<u>Approximate Number of Employees</u>
Continental Teves, Inc.	Automotive brake systems	687
Wilsonart International	Laminated plastics	602
Meritor Vehicle Systems	Truck axles	501
General Electric	Lighting systems	430
UPM Raflatac, Inc.	Paper products	350
Borg-Warner	Automotive cooling systems	190
Kyocera Feldmuelhle	Industrial ceramics	185
Kimberly-Clark	Health products	183
Manual Woodworkers	Wooden crafts and woven products	168
Printpack, Inc.	Paper products	135

MAJOR INITIATIVES

FOR THE YEAR. The Board of Commissioners adopted a balanced budget for the fiscal year which was the first year of a new 4-year revaluation cycle and increased the county-wide ad valorem property tax rate to 51.36 cents per \$100 dollars of valuation. The County improved its financial position for FY2012 due to better than anticipated revenue collections in a majority 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 resulted in total expenditures being \$4.9 million under budget at fiscal year end. Total General Fund revenues decreased by \$1.1 million or one percent over the previous fiscal year, as compared to expenditures which decreased by \$4.6 million, or 4.3 percent over FY2011. The significant decrease in expenditures is primarily in the Public Safety and Human Services categories. This can be attributed in large part to a decrease in the operating and capital outlay expenditures of the Sheriff, Detention Center and Inspections Departments and lower Human Services expenditures that are tied to the negative budget variance from less federal and state revenues received in the Restricted Intergovernmental Revenues Category. Total General Fund Balance increased by \$3.6 million to \$40,824,647 and the Unassigned amount available for appropriation increased by \$1.18 million to \$28,032,866. All other Governmental Funds ended the fiscal year in a positive financial position.

The County's three Enterprise Funds continued to be self-supporting in FY2012. Unrestricted net assets of all the Enterprise Funds at the end of the fiscal year amounted to \$4,896,151. During FY2012, Enterprise Fund net assets increased \$679,922. The increase in total net assets for the Enterprise Funds is primarily due to the increase in charges for service in the Landfill Fund and the Cane Creek Water and Sewer District Fund.

Construction of a new 60,000 square foot Law Enforcement Center and repairs and renovations to the former Public Health Department Building to be utilized as a Court Services Center were completed in FY2012. A combination of \$7.5 million in financing by the County and funds from the County's Capital Reserve Fund were used to pay the capital costs for these two projects.

A total of \$2 million was financed by the County to repair facilities campus-wide at Blue Ridge Community College. These facility repairs were completed by the end of FY2012.

A \$4 million capital improvements project at the County's solid waste landfill was completed in FY2012. These improvements included a new entrance to the solid waste transfer station including a new scalehouse and scales and also moving the County's recycling recovery center to a new location more convenient for public use. A total of \$2 million was financed to fund this project with the remaining \$2 million coming from Solid Waste Landfill Fund reserves.

A major success story for the County in FY2012 was providing economic development incentives and convincing Sierra Nevada Brewing Company headquartered in Chico, California to locate and build their east coast brewing operations and distribution center in Henderson County. When the construction project is completed, the public benefit to be derived from the capital project is a total taxable capital investment of at least \$45 million in real estate improvements and at least \$70 million in business personal property (equipment). The project

will result in the creation of not less than 125 new jobs at an average wage in excess of the County's average manufacturing wage for full employment, plus other benefits.

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 of these debt capacity measures were met for FY2012.

FOR THE FUTURE. In planning for the FY2013 budget, the Board of Commissioners continue to employ prudence by appropriating revenues conservatively with no tax increase in the County-wide ad valorem tax rate. County Departments were charged with maintaining their budgets at FY2012 levels, while the public school system and community college were funded at their requested amounts. However, the Board had to appropriate \$5.6 million in Unassigned General Fund Balance to balance the FY2013 budget primarily to cover the increases to education, coupled with stagnant sales tax revenues, and a decrease in federal and state program revenues. The continued slow economic recovery and the uncertainty in future sales tax revenues and federal and state appropriations, the current market values on real property coupled with almost a very slow turnaround in residential and commercial capital investment activity will continue to place pressure on the ad valorem property tax rate and the County's reserves if the County is to continue providing the current level of services without another major cut in future fiscal year operating budgets.

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 N.C. Department of State Treasurer, State and Local Government Finance Division require local governments to have at least 8 percent in General Fund Unassigned Fund Balance available for appropriation at fiscal year-end. The Henderson County Board of Commissioner's Fund Balance Policy is to have at least 12 percent available at fiscal year-end. Henderson County had \$28.03 million in Unassigned General Fund Balance available or 27.19 percent of total General Fund expenditures including transfers to other funds as of June 30, 2012.

OTHER POSTEMPLOYMENT BENEFITS. Henderson County maintains a retiree medical plan in which the County pays 100 percent of the employee-only coverage for retirees until age 65. In general, retirees must have at least 30 years of service with the County or are at least 55, but not Medicare eligible, with 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 70 or 75 at retirement. Retirees may purchase coverage for their dependents at the County's group rates.

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 management. 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.

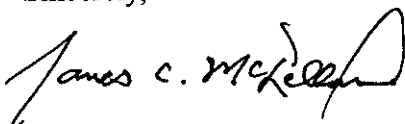
AWARDS. The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Henderson County, North Carolina, for the year ended June 30, 2011. This was the twenty-third consecutive year Henderson County received this prestigious award. In order 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.

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.

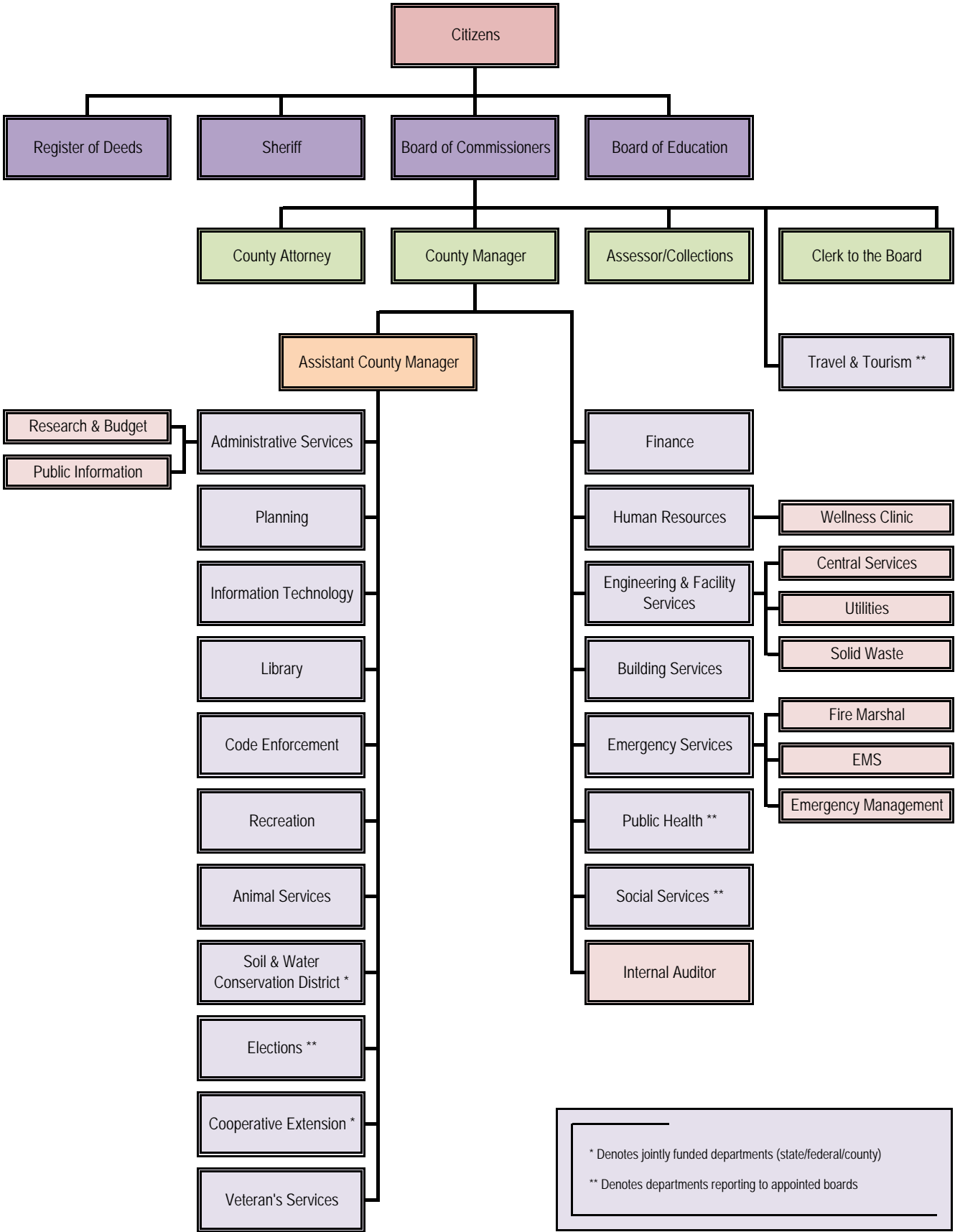
ACKNOWLEDGMENTS. A combined effort of Martin Starnes & Associates, CPAs, P. A., the Henderson County Finance Department Staff, the Internal Auditor and County Departments made preparation of this comprehensive annual financial report possible. Each has my sincere appreciation for their contributions made towards the completion of this report.

In closing, I wish to thank the Board of Commissioners for their leadership in making Henderson County 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,



J. Carey McLelland
Finance Director



HENDERSON COUNTY, NORTH CAROLINA

List of Principal Officials

June 30, 2012

Board of Commissioners

Chairman.....	Thomas H. Thompson
Vice Chairman	William O'Connor
Commissioner	J. Michael Edney
Commissioner	Larry R. Young
Commissioner	Charles D. Messer

County Officials

County Manager.....	Steven D. Wyatt
Interim Assistant County Manager	David Whitson
Animal Services Director.....	Brad Rayfield
Building Services Director.....	Thomas Staufer
Central Services Manager	David Berry
Clerk to the Board.....	Teresa L. Wilson
Clerk of Court	Kimberly G. Justice
Code Enforcement Director	Toby Linville
Cooperative Extension Director.....	Marvin Owings, Jr.
County Assessor & Tax Collector	Stan Duncan
County Attorney.....	C. Russell Burrell
County Engineer	Marcus Jones
Assistant County Engineer.....	Natalie Berry
Elections Director	Beverly Cunningham
EMS Manager	Michael Barnett
Finance Director.....	J. Carey McLelland
Fire Marshal/Emergency Services Director	Rocky D. Hyder
Human Resources Director	Janice Prichard
Information Technology Director	Becky Snyder
Internal Auditor	Darlene Burgess
Library Director	William E. Snyder, Jr.
Planning Director	Anthony Starr
Property Addressing Coordinator.....	Curtis Griffin
Public Health Director	Thomas D. Bridges
Public Information Director.....	Christina DeStefano
Public Transit Manager/Transportation Planner	Matt Cable
Purchasing Agent	Randall L. Cox
Recreation Director	Tim Hopkin
Environmental Programs Coordinator	Megan Piner
Register of Deeds.....	Nedra W. Moles
Research & Budget Analyst	Amy Brantley
Sheriff	Charles S. McDonald
Social Services Director.....	Liston B. Smith
Soil and Water Conservation District Director	Jonathan Wallin
Solid Waste & Utilities Manager	Greg Wiggins
Travel and Tourism Director	Beth Carden
Veteran Services Officer	Michael A. Murdock
Wellness Clinic Nurse.....	Jamie Gibbs

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Henderson County
North Carolina

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Christopher P. Morrell

President

Jeffrey R. Enen

Executive Director

FINANCIAL SECTION

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

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

INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Henderson County, North Carolina

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Henderson County, North Carolina, as of and for the year ended June 30, 2012, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Henderson County's management. Our responsibility is to express an opinion on these basic financial statements based on our audit. We did not audit the financial statements of the Henderson County Hospital Corporation, which represents 100% of the assets, net assets, and revenues of the discretely presented component unit. Those financial statements were audited by another auditor whose report thereon has been furnished to us; and our opinion on the financial statement, insofar as it relates to the amounts included for the Henderson County Hospital Corporation, is based solely on the report of the other auditor.

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 basic financial statements are free of material misstatement. The financial statements of the Henderson County Hospital Corporation were not audited in accordance with *Government Auditing Standards*. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audit and the report of the other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of the other auditor, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Henderson County, North Carolina, as of June 30, 2012, the respective changes in financial position and cash flows, where appropriate thereof, and the respective budgetary comparison for the General Fund and the Fire District Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 26, 2012 on our consideration of Henderson County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit prepared in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Law Enforcement Officers' Special Separation Allowance and the Other Post-Employment Benefits' Schedules of Funding Progress and Employer Contributions be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide assurance.

Our audit was performed for the purpose of forming opinions on the basic financial statements that collectively comprise the basic financial statements of Henderson County, North Carolina, as a whole. The introductory section, combining and individual fund financial statements, budget and actual schedules, supplemental ad valorem tax schedules, and statistical tables 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, budget and actual schedules, and the supplemental ad valorem tax schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from, and relate directly to, the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain other procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subject to the auditing procedures applied in the audit of the basic financial statements and; accordingly, we express no opinion on them.

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
October 26, 2012

HENDERSON COUNTY, NORTH CAROLINA

Management's Discussion and Analysis

June 30, 2012

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, 2012. 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

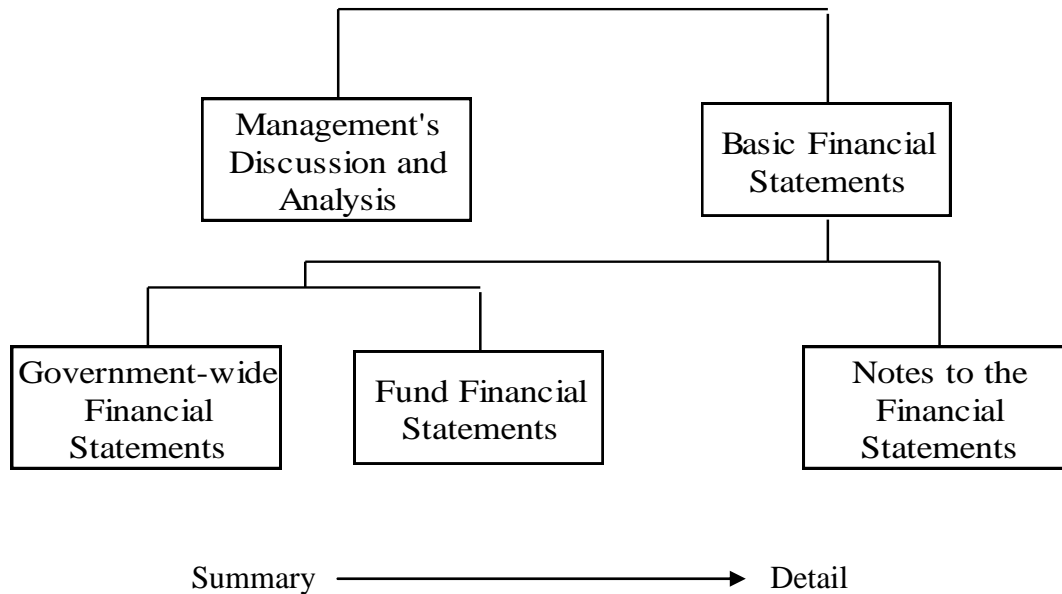
- The assets of Henderson County exceeded its liabilities at the close of the fiscal year by \$30,065,707(*net assets*). In accordance with North Carolina law, liabilities of the County include approximately \$82,749,083 in long-term debt associated with assets belonging to the Henderson County Board of Public Education and Blue Ridge Community College, respectively. 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 assets.
- The County's total net assets increased by \$10,003,130. Net assets in the governmental activities increased by \$9,323,208 due primarily from the decrease in general government expenses. Net assets in the business-type activities increased by \$679,922.
- As of the close of the current fiscal year, Henderson County's governmental funds reported combined ending fund balances of \$48,215,836, an increase of \$792,685, in comparison with the prior year. Approximately 23 percent of this total amount, or \$11,182,699, is non-spendable or restricted.
- At the end of the current fiscal year, available fund balance for the General Fund was \$33,888,710, or 33.03 percent, of total General Fund expenditures.
- Henderson County's total general obligation, limited obligation and installment note debt decreased \$8,260,371 (6.6 percent) during the current fiscal year primarily from current year debt service payments.

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 final 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 plans. After the required supplemental information, **supplemental schedules** are provided to show details about the County's nonmajor governmental funds and the Internal Service Fund all of which are added together in one column on the basic financial statements. 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 assets and how they have changed. Net assets are the difference between the County's total assets and total liabilities. Measuring net assets is one way to gauge the County's financial condition.

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

Government Activities. These activities of the County include general government, public safety, human services, economic and physical development, environmental protection, transportation, education, and cultural recreation.

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 for which Henderson County is financially accountable. Financial information for this component unit is 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 two categories: governmental funds and proprietary 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 government activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

The 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. To account for the difference between the budgetary basis of accounting and the modified accrual basis, a reconciliation showing the differences in the reported activities, is shown at the end of the budgetary statement.

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 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 Assets and the Statement of Activities.

Agency Funds. Agency funds are used to account for assets held on behalf of others. The County has eight major agency funds and several smaller agency 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 law enforcement officers. Required supplementary information can be found directly following the notes of this report.

Government-Wide Financial Analysis

Henderson County's Net Assets

Figure 2

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Assets:						
Current and other assets	\$ 60,272,234	\$ 60,590,293	\$ 7,808,910	\$ 8,820,688	\$ 68,081,144	\$ 69,410,981
Capital assets	78,345,372	78,868,287	21,599,843	18,602,496	99,945,215	97,470,783
Total assets	138,617,606	139,458,580	29,408,753	27,423,184	168,026,359	166,881,764
Liabilities:						
Long-term liabilities	121,025,450	130,298,213	5,689,276	3,984,069	126,714,726	134,282,282
Other liabilities	10,473,522	11,364,941	772,404	1,171,964	11,245,926	12,536,905
Total liabilities	131,498,972	141,663,154	6,461,680	5,156,033	137,960,652	146,819,187
Net Assets:						
Invested in capital assets, net of related debt	47,218,294	45,090,597	18,050,922	16,818,425	65,269,216	61,909,022
Restricted	10,996,211	9,154,768	-	-	10,996,211	9,154,768
Unrestricted	(51,095,871)	(56,449,939)	4,896,151	5,448,726	(46,199,720)	(51,001,213)
Total net assets	\$ 7,118,634	\$ (2,204,574)	\$ 22,947,073	\$ 22,267,151	\$ 30,065,707	\$ 20,062,577

As noted earlier, net assets may serve, over time, as one useful indicator of a government's financial condition. The assets of Henderson County exceeded liabilities by \$30,065,707 as of June 30, 2012. The County's net assets increased by \$10,003,130 for the fiscal year ended June 30, 2012. Net assets of the County are reported in three categories: invested in capital assets, net of related debt, of \$65,269,216; restricted net assets of \$10,996,211; and unrestricted net assets of (\$46,199,720).

The invested in capital assets, net of related debt 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 assets consist of restrictions for Register of Deeds, Stabilization for State Statute, Emergency 911 Funds, Public Transit Funds, Police Protection, Education, and Other Unspent grant proceeds.

Another category of net assets is unrestricted net assets. At June 30, 2012, the total net deficit is (\$46,199,720).

As with many counties in the State of North Carolina, the County's deficit in unrestricted net assets 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 \$83 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 97.27 percent
- Other budgetary control efforts, including the cutoff of departmental spending prior to fiscal year-end
- Actual expenditures, transfer, and other financing uses in the General Fund were less than the budgeted amount by \$4.9 million
- Revenues and other financing sources in the General Fund exceeded expenditures, transfers and other financing uses by \$3,656,508

Governmental Activities. Governmental activities increased the County's net assets by \$9,323,208, or 93.2 percent, of the total increase in the net assets of the Henderson County.

Business-Type Activities. Business-type activities increased the County's net assets by \$679,922, or a 6.8 percent, increase in the net assets of the Henderson County. (See Figure 3.)

Financial Analysis of the County's Funds

Henderson County's Change in Net Assets

Figure 3

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Revenues:						
Program revenues:						
Charges for services	\$ 6,672,887	\$ 7,264,496	\$ 5,661,118	\$ 5,261,018	\$ 12,334,005	\$ 12,525,514
Operating grants and contributions	21,900,613	24,426,631	115,892	148,645	22,016,505	24,575,276
Capital grants and contributions	457,928	608,921	672,883	77,092	1,130,811	686,013
General revenues:						
Property taxes	68,689,187	67,886,712	-	-	68,689,187	67,886,712
Other taxes	19,265,650	18,347,507	-	-	19,265,650	18,347,507
Other	761,199	821,618	98,272	104,001	859,471	925,619
Total revenues	<u>117,747,464</u>	<u>119,355,885</u>	<u>6,548,165</u>	<u>5,590,756</u>	<u>124,295,629</u>	<u>124,946,641</u>
Expenses:						
General government	16,036,914	19,654,791	-	-	16,036,914	19,654,791
Public safety	30,342,623	27,061,623	-	-	30,342,623	27,061,623
Environmental protection	678,682	759,241	-	-	678,682	759,241
Economic and physical development	3,001,446	3,524,661	-	-	3,001,446	3,524,661
Human services	27,200,233	27,889,051	-	-	27,200,233	27,889,051
Cultural and recreational	3,497,027	4,657,512	-	-	3,497,027	4,657,512
Education	22,798,061	29,708,049	-	-	22,798,061	29,708,049
Interest on long-term debt	4,981,375	5,007,243	-	-	4,981,375	5,007,243
Solid waste disposal	-	-	4,673,770	4,311,315	4,673,770	4,311,315
Other	-	-	1,082,368	973,730	1,082,368	973,730
Total expenses	<u>108,536,361</u>	<u>118,262,171</u>	<u>5,756,138</u>	<u>5,285,045</u>	<u>114,292,499</u>	<u>123,547,216</u>
Increase (decrease) in net assets before transfers	9,211,103	1,093,714	792,027	305,711	10,003,130	1,399,425
Transfers	<u>112,105</u>	<u>198,359</u>	<u>(112,105)</u>	<u>(198,359)</u>	<u>-</u>	<u>-</u>
Increase (decrease) in net assets	9,323,208	1,292,073	679,922	107,352	10,003,130	1,399,425
Net Assets:						
Beginning of year - July 1	<u>(2,204,574)</u>	<u>(3,496,647)</u>	<u>22,267,151</u>	<u>22,159,799</u>	<u>20,062,577</u>	<u>18,549,927</u>
End of year - June 30	<u>\$ 7,118,634</u>	<u>\$ (2,204,574)</u>	<u>\$ 22,947,073</u>	<u>\$ 22,267,151</u>	<u>\$ 30,065,707</u>	<u>\$ 20,062,577</u>

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 \$33,888,710, while total fund balance was \$40,824,647. As a measure of the General Fund's liquidity, it may be useful to compare available fund balance to total fund expenditures and transfers out. Available fund balance represents 32.86 percent of total General Fund expenditures and transfers out, while total fund balance represents 39.60 percent of that same amount.

At June 30, 2012, the governmental funds of the County reported a combined fund balance of \$48,215,836, a 1.67 percent increase from last year. The significant changes were in the General Capital Projects Fund and the School Capital Projects Fund is due to FY2012 expenditures on approved multi-year capital projects from installment financing proceeds received in prior fiscal years.

General Fund Budgetary Highlights. The County improved its financial position for FY2012 due to better than anticipated revenue collections in a majority 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 resulted in total expenditures being \$4.9 million under budget at fiscal year-end. On the revenue side, the largest positive budget variances were in the ad valorem property tax, sales tax revenues, permits and fees, sales and services and investment earnings categories which combined to be \$3,259,496 over budget. However, this positive variance was offset by a total of \$1,123,653 in negative budget variances in two of the General Fund revenue source categories with the most significant variance being in the Restricted Intergovernmental Revenues category. Separately, a total of \$3.1 million in General Fund balance was originally appropriated to balance the FY2012 budget with an additional \$1.8 million appropriated during the fiscal year. This total \$4.9 million ended up not having to be utilized at all due to total revenues having a positive budget variance of \$2.2 million combined with total expenditures having a significant positive budget variance of \$4.9 million.

Total fiscal year 2012 revenues decreased by \$1.1 million, or 1 percent, over the prior fiscal year, as compared to expenditures which decreased by \$4.6 million, or 4.3 percent, over fiscal year 2011. The significant decrease in expenditures over the previous fiscal year is primarily within the Public Safety and Human Services categories. This can be attributed in large part to a

decrease in the operating and capital outlay expenditures of the Sheriff, Detention Center and Inspections Departments and lower Human Service expenditures that are tied to the negative budget variance from less federal and state revenues received in the Restricted Intergovernmental Revenues category. Total General Fund balance increased \$2,291,508, while the amount of unassigned fund balance that is available for appropriation increased by \$1.18 million 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 and expenditures by \$4,410,595, or 4.2 percent, of the original budget. Declining revenue collections were realized in only two out of nine major revenue categories with the largest variance being in the Restricted Intergovernmental Revenues category. This category had a negative actual to budget variance of \$873,573 due to less Federal and State funding received than anticipated. The other category, Other Taxes and Licenses, had a negative actual to budget variance of \$250,080 primarily from less deed stamp excise taxes being collected due to the decline in real property conveyance transactions. Total General Fund revenues had a total positive actual to budget variance of \$2,206,406.

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 assets of all the proprietary funds at the end of the fiscal year amounted to \$4,896,151. During the fiscal year 2012, proprietary fund net assets increased \$679,922. The increase in total net assets for the proprietary funds is primarily due to increase in charges for services in the Landfill Fund and the Cane Creek Water and Sewer District.

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, 2012 totals \$99,945,215 (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	
	2012	2011	2012	2011	2012	2011
Land	\$ 11,447,267	\$ 10,862,228	\$ 1,965,974	\$ 1,965,974	\$ 13,413,241	\$ 12,828,202
Buildings	60,849,658	55,888,232	-	-	60,849,658	55,888,232
Plant and distribution systems	-	-	14,222,922	14,017,977	14,222,922	14,017,977
Equipment	1,868,095	1,979,782	552,798	540,431	2,420,893	2,520,213
Vehicles and motor equipment	2,194,243	2,358,125	36,426	(17,060)	2,230,669	2,341,065
Construction in progress	1,986,109	7,779,920	4,821,723	2,095,174	6,807,832	9,875,094
Total	<u>\$ 78,345,372</u>	<u>\$ 78,868,287</u>	<u>\$ 21,599,843</u>	<u>\$ 18,602,496</u>	<u>\$ 99,945,215</u>	<u>\$ 97,470,783</u>

Additional information on the County's capital assets can be found in the note 2A to the basic financial statements.

Long-Term Debt. As of June 30, 2012, Henderson County had total bonded debt outstanding of \$15,868,142 backed by the full faith, credit and taxing power of the County. The County also has multiple 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	
	2012	2011	2012	2011	2012	2011
Limited obligation bonds	\$ 14,319,221	\$ 16,493,092	\$ 1,548,921	\$ 1,784,071	\$ 15,868,142	\$ 18,277,163
Installment notes payable	99,556,940	107,408,290	2,000,000	-	101,556,940	107,408,290
Total	<u>\$ 113,876,161</u>	<u>\$ 123,901,382</u>	<u>\$ 3,548,921</u>	<u>\$ 1,784,071</u>	<u>\$ 117,425,082</u>	<u>\$ 125,685,453</u>

Henderson County's total long-term debt decreased by \$8,260,371 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 the following current bond ratings:

Standard & Poors	AA
Moody's	Aa3
Fitch	AA-

The State of North Carolina limits the amount of general obligation debt that a unit of government can issue to eight percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for Henderson County is \$846,883,441.

Additional information regarding Henderson County's long-term debt can be found in the note 2B to the basic financial statements.

Economic Factors and Next Year's Budget and Rates

The County of Henderson has approved a \$107,497,472 General Fund budget for fiscal year 2013. All County Departments as well as the public school system, the community college and other outside agencies were asked to cut their operating budgets by 7.5 percent. Fiscal year 2013 is this second year of a new revaluation cycle for the County, and the ad valorem property tax rate remained constant at 51.36 cents per \$100 of assessed valuation.

The following factors were considered when developing the FY2013 budget:

- A flat operation budget for County departments and other outside agencies, with funding as requested for the public schools and the community college
- Funding for future recreation projects and an emergency communications capital project
- A continued slow economic recovery
- Second fiscal year of a new revaluation cycle for the ad valorem property tax base
- Stagnant sales tax revenue projections based on previous fiscal year collections
- Maintaining an adequate unassigned General Fund balance meeting Board Policy and Local Government Commission requirements
- The continued rising cost of healthcare for employees

Budget Highlights for the Fiscal Year Ending June 30, 2013

Governmental Activities. It being the second year of the revaluation cycle, there was very little growth in the ad valorem property tax base and the property tax rate was budgeted at the same rate as the previous fiscal year. Projected sales tax revenues were also budgeted at the same levels as the previous fiscal year based on previous fiscal year collections, a continued slow economic recovery and higher unemployment rates. Unassigned General Fund balance of

\$5,617,206 was appropriated to cover the increases to education, coupled with stagnant sales tax revenues and a decrease in federal and state program revenues. County departments were again charged with maintaining their operating budgets and continuing to do more with less during tough economic times. There was however a cost of living increase for FY2013 and a very small amount budgeted for performance pay.

Business-Type Activities. The solid waste tipping fee for the Solid Waste Landfill Enterprise Fund remains at \$57 per ton. The Fund is charged with covering the annual debt service required on \$2 million in financing of a \$4 million multi-year solid waste capital improvements project. A very small percentage of growth in the tonnage of waste coming into the County's Landfill Transfer Station is projected for FY2013. Solid waste revenues are estimated to offset the projected operating costs for the waste facilities during FY2013, but are again not expected to add to reserves as in past fiscal years.

The Cane Creek Water and Sewer District rates for service remain unchanged for FY2013 with the exception of the rate being charged by the Metropolitan Sewage District of Buncombe County to treat the waste that is passed on to the users. There continues to be very little growth in residential and commercial construction activity due to the slow recovering economy. The budgeted operating revenues are again expected to cover operating expenses of the fund while adding to reserves for future infrastructure needs. The Justice Academy Sewer Fund rates for service paid by the State of North Carolina remain unchanged for FY2013. Budgeted operating revenues and expenses in the Justice Academy Sewer Fund have been decreased slightly due to this user fee reduction and the expectation of lower operating costs in FY2012.

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 ASSETS **JUNE 30, 2012**

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Henderson County Hospital Corporation
Assets:				
Current assets:				
Cash and cash equivalents	\$ 48,233,077	\$ 6,959,343	\$ 55,192,420	\$ 5,112,862
Investments	-	-	-	47,292,686
Investment in affiliate	-	-	-	85,288
Taxes receivable, net	2,272,539	-	2,272,539	-
Receivables, net	7,472,729	849,567	8,322,296	28,596,216
Pledges receivable	-	-	-	289,389
Inventories	61,586	-	61,586	3,144,399
Prepaid items	124,902	-	124,902	877,414
Assets held for designated beneficiaries	-	-	-	125,000
Restricted cash and cash equivalents	2,107,401	-	2,107,401	-
Restricted investments	-	-	-	4,546,815
Total current assets	60,272,234	7,808,910	68,081,144	90,070,069
Capital assets:				
Land and construction in progress	13,433,376	6,787,697	20,221,073	6,222,221
Other capital assets, net of depreciation	64,911,996	14,812,146	79,724,142	61,414,687
Total capital assets	78,345,372	21,599,843	99,945,215	67,636,908
Other assets	-	-	-	69,456
Total assets	138,617,606	29,408,753	168,026,359	157,776,433
Liabilities:				
Accounts payable and accrued expenses	10,170,626	772,404	10,943,030	13,883,420
Third-party payer settlements	-	-	-	2,416,630
Unearned revenue	302,896	-	302,896	64,725
Due to designated beneficiaries	-	-	-	125,000
Long-term liabilities:				
Due within one year	10,629,017	481,799	11,110,816	2,256,696
Due in more than one year	110,396,433	5,207,477	115,603,910	12,341,315
Total liabilities	131,498,972	6,461,680	137,960,652	31,087,786
Net Assets:				
Invested in capital assets, net of related debt	47,218,294	18,050,922	65,269,216	53,038,897
Restricted for:				
Stabilization for State statute	7,358,412	-	7,358,412	-
Register of Deeds	161,443	-	161,443	-
Emergency telephone	579,031	-	579,031	-
Police protection	557,409	-	557,409	-
Education	2,012,026	-	2,012,026	-
Public transit	327,890	-	327,890	-
Debt service	-	-	-	1,253,610
By donor	-	-	-	3,740,470
Unrestricted	(51,095,871)	4,896,151	(46,199,720)	68,655,670
Total net assets	\$ 7,118,634	\$ 22,947,073	\$ 30,065,707	\$ 126,688,647

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

HENDERSON COUNTY, NORTH CAROLINA

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2012

		Program Revenues		
			Operating	Capital
		Charges for	Grants and	Grants and
Functions/Programs:	Expenses	Services	Contributions	Contributions
Primary Government:				
Governmental Activities:				
General government	\$ 16,036,914	\$ 631,150	\$ 2,127,237	\$ -
Public safety	30,342,623	4,010,900	2,128,666	-
Environmental protection	678,682	-	47,133	-
Economic and physical development	3,001,446	1,305,720	363,456	337,184
Human services	27,200,233	557,456	16,014,799	-
Cultural and recreational	3,497,027	167,661	197,661	-
Education	22,798,061	-	1,021,661	120,744
Interest on long-term debt	4,981,375	-	-	-
Total governmental activities	108,536,361	6,672,887	21,900,613	457,928
Business-Type Activities:				
Landfill	4,673,770	4,341,961	115,892	-
Cane Creek Water and Sewer	1,039,398	1,278,017	-	672,883
Justice Academy Sewer	42,970	41,140	-	-
Total business-type activities	5,756,138	5,661,118	115,892	672,883
Total primary government	\$ 114,292,499	\$ 12,334,005	\$ 22,016,505	\$ 1,130,811
Component Unit:				
Henderson County Hospital Corporation	\$ 137,838,790	\$ 138,195,258	\$ -	\$ 3,530

General Revenues:

Taxes:

Property taxes, levied for general purpose

Local option sales tax

Other taxes and licenses

Investment earnings, unrestricted

Miscellaneous, unrestricted

Total general revenues

Transfers

Total general revenues and transfers

Change in net assets

Net Assets:

Beginning of year - July 1

End of year - June 30

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

Exhibit B

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			Component Unit
Governmental Activities	Business-Type Activities	Total	Henderson County Hospital Corporation
\$ (13,278,527)	\$ -	\$ (13,278,527)	
(24,203,057)	-	(24,203,057)	
(631,549)	-	(631,549)	
(995,086)	-	(995,086)	
(10,627,978)	-	(10,627,978)	
(3,131,705)	-	(3,131,705)	
(21,655,656)	-	(21,655,656)	
(4,981,375)	-	(4,981,375)	
<u>(79,504,933)</u>	<u>-</u>	<u>(79,504,933)</u>	
-	(215,917)	(215,917)	
-	911,502	911,502	
-	(1,830)	(1,830)	
-	693,755	693,755	
<u>(79,504,933)</u>	<u>693,755</u>	<u>(78,811,178)</u>	
			<u>\$ 359,998</u>
68,689,187	-	68,689,187	-
17,504,095	-	17,504,095	-
1,761,555	-	1,761,555	-
761,199	98,272	859,471	163,838
-	-	-	1,211,226
88,716,036	98,272	88,814,308	1,375,064
112,105	(112,105)	-	-
<u>88,828,141</u>	<u>(13,833)</u>	<u>88,814,308</u>	<u>1,375,064</u>
9,323,208	679,922	10,003,130	1,735,062
<u>(2,204,574)</u>	<u>22,267,151</u>	<u>20,062,577</u>	<u>124,953,585</u>
<u>\$ 7,118,634</u>	<u>\$ 22,947,073</u>	<u>\$ 30,065,707</u>	<u>\$ 126,688,647</u>

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

HENDERSON COUNTY, NORTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS JUNE 30, 2012

	General	General Capital Projects Fund	School Capital Projects Fund	Fire Districts Fund	Other Governmental Funds	Total Governmental Funds
Assets:						
Cash and cash equivalents	\$ 41,924,670	\$ 483,587	\$ 1,376,841	\$ 1,189,111	\$ 3,258,868	\$ 48,233,077
Taxes receivable, net	2,272,539	-	-	-	-	2,272,539
Other receivables, net	6,839,980	56,627	11,605	23,786	540,731	7,472,729
Due from other funds	50,246	-	-	-	-	50,246
Inventories	61,586	-	-	-	-	61,586
Prepaid items	124,902	-	-	-	-	124,902
Restricted assets:						
Cash and investments	-	-	-	-	2,107,401	2,107,401
Total assets	<u>\$ 51,273,923</u>	<u>\$ 540,214</u>	<u>\$ 1,388,446</u>	<u>\$ 1,212,897</u>	<u>\$ 5,907,000</u>	<u>\$ 60,322,480</u>

Liabilities and Fund Balances:

Liabilities:						
Accounts payable and accrued liabilities	\$ 2,136,332	\$ 232,072	\$ -	\$ 1,186,337	\$ 162,153	\$ 3,716,894
Accrued payroll liabilities	5,596,732	-	-	-	-	5,596,732
Due to other funds	-	-	-	-	50,246	50,246
Deferred revenues	2,716,212	-	-	26,560	-	2,742,772
Total liabilities	<u>10,449,276</u>	<u>232,072</u>	<u>-</u>	<u>1,212,897</u>	<u>212,399</u>	<u>12,106,644</u>

Fund Balances:

Non-spendable:						
Inventory	61,586	-	-	-	-	61,586
Prepays	124,902	-	-	-	-	124,902
Restricted:						
Stabilization for State statute	6,749,449	56,627	11,605	-	540,731	7,358,412
Restricted, all other	161,443	-	-	-	3,476,356	3,637,799
Committed	-	251,515	1,376,841	-	1,319,314	2,947,670
Assigned for subsequent year's expenditures	5,617,206	-	-	-	-	5,617,206
Assigned, all other	77,195	-	-	-	310,293	387,488
Unassigned	28,032,866	-	-	-	47,907	28,080,773
Total fund balances	<u>40,824,647</u>	<u>308,142</u>	<u>1,388,446</u>	<u>-</u>	<u>5,694,601</u>	<u>48,215,836</u>
Total liabilities and fund balances	<u>\$ 51,273,923</u>	<u>\$ 540,214</u>	<u>\$ 1,388,446</u>	<u>\$ 1,212,897</u>	<u>\$ 5,907,000</u>	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	78,345,372
Deferred revenues 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 assets in the Statement of Net Assets.	2,439,877
Long-term liabilities and compensated absences are not due and payable in the current period and, therefore, are not reported in the funds.	(121,025,450)
Some liabilities, including accrued interest, are not due and payable in the current period and, therefore, are not reported in the funds.	(857,001)
Net assets of governmental activities	<u>\$ 7,118,634</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, 2012

	General Fund	General Capital Projects Fund	School Capital Projects Fund	Fire Districts Fund	Other Governmental Funds	Total Governmental Funds
Revenues:						
Ad valorem taxes	\$ 61,359,794	\$ -	\$ -	\$ 6,868,113	\$ 641,359	\$ 68,869,266
Local option sales taxes	17,504,095	-	-	-	-	17,504,095
Other taxes and licenses	457,950	-	-	-	1,189,215	1,647,165
Unrestricted intergovernmental revenues	46,158	-	-	-	-	46,158
Restricted intergovernmental revenues	18,561,014	173,726	-	-	1,750,317	20,485,057
Permits and fees	1,570,092	-	-	-	-	1,570,092
Sales and services	5,102,796	-	-	-	101,961	5,204,757
Investment earnings	621,446	561	535	24,631	114,026	761,199
Miscellaneous	843,051	81,909	11,599	-	1,221,560	2,158,119
Total revenues	<u>106,066,396</u>	<u>256,196</u>	<u>12,134</u>	<u>6,892,744</u>	<u>5,018,438</u>	<u>118,245,908</u>
Expenditures:						
Current:						
General government	10,742,593	-	-	-	603,302	11,345,895
Public safety	22,503,772	-	-	6,892,744	1,287,055	30,683,571
Environmental protection	518,068	-	-	-	61,814	579,882
Economic and physical development	1,399,543	-	-	-	1,934,155	3,333,698
Human services	26,761,057	-	-	-	-	26,761,057
Cultural and recreational	3,829,304	-	-	-	-	3,829,304
Education	21,803,825	-	-	-	-	21,803,825
Capital outlay	-	3,231,758	994,236	-	-	4,225,994
Debt service:						
Principal retirement	10,001,820	-	-	-	187,936	10,189,756
Interest and other charges	5,059,524	-	-	-	24,694	5,084,218
Total expenditures	<u>102,619,506</u>	<u>3,231,758</u>	<u>994,236</u>	<u>6,892,744</u>	<u>4,098,956</u>	<u>117,837,200</u>
Revenues over (under) expenditures	<u>3,446,890</u>	<u>(2,975,562)</u>	<u>(982,102)</u>	<u>-</u>	<u>919,482</u>	<u>408,708</u>
Other Financing Sources (Uses):						
Transfers from other funds	468,420	-	-	-	-	468,420
From General Fund	-	-	-	-	336,348	336,348
From Capital Reserve Fund	-	535,039	-	-	-	535,039
Transfers to other funds	(508,180)	-	-	-	(697,028)	(1,205,208)
Installment financing issued	249,378	-	-	-	-	249,378
Total other financing sources (uses)	<u>209,618</u>	<u>535,039</u>	<u>-</u>	<u>-</u>	<u>(360,680)</u>	<u>383,977</u>
Net change in fund balances	3,656,508	(2,440,523)	(982,102)	-	558,802	792,685
Fund Balances:						
Beginning of year - July 1	<u>37,168,139</u>	<u>2,748,665</u>	<u>2,370,548</u>	<u>-</u>	<u>5,135,799</u>	<u>47,423,151</u>
End of year - June 30	<u>\$ 40,824,647</u>	<u>\$ 308,142</u>	<u>\$ 1,388,446</u>	<u>\$ -</u>	<u>\$ 5,694,601</u>	<u>\$ 48,215,836</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, 2012**

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	\$ 792,685
Property tax revenues and other fees and services in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds statement.	(149,366)
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 in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds statement.	(87,959)
Expenses related to compensated absences, Law Enforcement Officers' Separation Allowance, and other post-employment benefits that do not require current financial resources are not reported as expenditures in the governmental funds statement.	(752,458)
Capital outlays are reported as expenditures in the governmental funds statement. However, in the Statement of Activities, capital outlay is not an expense, rather it is an increase in capital assets.	3,431,418
Depreciation expense allocates the costs of capital assets over their useful lives. It is not reported as an expenditure in the governmental funds statement.	(3,718,047)
Long-term obligations to fund economic development incentives expensed on the Statement of Activities but do not require current financial resources and are not recorded on the fund statements	
Gain/loss on the disposal of capital assets, not recognized on modified accrual basis	(236,286)
Accrued interest that does not require current financial resources are not reported as expenditures in the governmental funds statement.	18,000
The issuance of long-term debt provides current financial resources to governmental funds, but does not effect net assets.	(249,378)
Amortization of debt premiums is a reduction of expenses on the Statement of Activities.	84,843
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>10,189,756</u>
Total changes in net assets of governmental activities	<u>\$ 9,323,208</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, 2012

	General Fund			
	Budgeted Amounts			Variance from Final Budget Over/Under
	Original	Final	Actual	
Revenues:				
Ad valorem taxes	\$ 60,488,127	\$ 60,488,127	\$ 61,359,794	\$ 871,667
Local option sales taxes	16,066,421	16,066,421	17,504,095	1,437,674
Other taxes and licenses	708,030	708,030	457,950	(250,080)
Unrestricted intergovernmental revenues	42,000	42,000	46,158	4,158
Restricted intergovernmental revenues	17,557,755	19,434,248	18,561,014	(873,234)
Permits and fees	1,177,010	1,243,463	1,570,092	326,629
Sales and services	4,804,516	4,825,716	5,102,796	277,080
Investment earnings	275,000	275,000	621,446	346,446
Miscellaneous	368,820	776,556	843,051	66,495
Total revenues	101,487,679	103,859,561	106,066,396	2,206,835
Expenditures:				
Current:				
General government	11,381,115	11,815,973	10,732,593	1,083,380
Public safety	22,544,175	23,548,477	22,503,772	1,044,705
Environmental protection	541,368	637,368	518,068	119,300
Economic and physical development	1,251,393	1,521,393	1,399,543	121,850
Human services	27,851,844	28,858,983	26,761,057	2,097,926
Cultural and recreational	4,142,277	4,220,565	3,829,304	391,261
Intergovernmental:				
Education	21,803,825	21,803,825	21,803,825	-
Debt service:				
Principal retirement	10,082,923	10,142,422	10,001,820	140,602
Interest and other charges	4,940,131	5,026,134	5,059,524	(33,390)
Total expenditures	104,539,051	107,575,140	102,609,506	4,965,634
Revenues over (under) expenditures	(3,051,372)	(3,715,579)	3,456,890	7,172,469
Other Financing Sources (Uses):				
Proceeds from installment financing	-	249,378	249,378	-
Transfers from other funds	365,362	445,036	468,420	23,384
Transfers to other funds	(508,181)	(1,883,181)	(1,883,180)	1
Appropriated fund balance	3,194,191	4,904,346	-	(4,904,346)
Total other financing sources (uses)	3,051,372	3,715,579	(1,165,382)	(4,880,961)
Net change in fund balance	\$ -	\$ -	2,291,508	\$ 2,291,508
Fund Balance:				
Beginning of year - July 1			37,168,139	
End of year - June 30			\$ 39,459,647	

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, 2012

	Fire Districts Fund			
	Budgeted Amounts			Variance from Final Budget Over/Under
	Original	Final	Actual	
Revenues:				
Ad valorem taxes	\$ 6,593,617	\$ 6,866,617	\$ 6,868,113	\$ 1,496
Investment earnings	26,900	26,900	24,631	(2,269)
Total revenues	6,620,517	6,893,517	6,892,744	(773)
Expenditures:				
Current:				
Public safety	6,620,517	6,893,517	6,892,744	773
Total expenditures	6,620,517	6,893,517	6,892,744	773
Net change in fund balance	\$ -	\$ -	-	\$ -
Fund Balance:				
Beginning of year - July 1			-	
End of year - June 30			\$ -	

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

HENDERSON COUNTY, NORTH CAROLINA

STATEMENT OF NET ASSETS PROPRIETARY FUNDS JUNE 30, 2012

	Business-Type Activities			
	Major			Total
	Landfill Fund	Cane Creek Water and Sewer District Fund	Justice Academy Sewer Fund	
Assets:				
Current assets:				
Cash and cash equivalents	\$ 1,437,409	\$ 4,877,848	\$ 644,086	\$ 6,959,343
Accounts receivable, net	408,768	437,559	3,240	849,567
Total current assets	1,846,177	5,315,407	647,326	7,808,910
Non-current assets:				
Capital assets:				
Land and construction in progress	6,147,685	640,012	-	6,787,697
Other capital assets, net of depreciation	2,690,262	11,826,931	294,953	14,812,146
Total non-current assets	8,837,947	12,466,943	294,953	21,599,843
Total assets	10,684,124	17,782,350	942,279	29,408,753
Liabilities:				
Current liabilities:				
Accounts payable	376,363	394,767	1,274	772,404
Current portion of compensated absences	3,907	850	-	4,757
Current portion of long-term obligations	238,364	238,678	-	477,042
Total current liabilities	618,634	634,295	1,274	1,254,203
Non-current liabilities:				
Liabilities payable from restricted assets:				
Accrued landfill closure and post-closure care costs	1,933,749	-	-	1,933,749
Compensated absences	32,516	10,298	-	42,814
Other post-employment benefits	54,004	-	-	54,004
Long-term obligations	1,866,667	1,310,243	-	3,176,910
Total non-current liabilities	3,886,936	1,320,541	-	5,207,477
Total liabilities	4,505,570	1,954,836	1,274	6,461,680
Net Assets:				
Invested in capital assets, net of related debt	6,837,947	10,918,022	294,953	18,050,922
Unrestricted	(659,393)	4,909,492	646,052	4,896,151
Total net assets	\$ 6,178,554	\$ 15,827,514	\$ 941,005	\$ 22,947,073

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

HENDERSON COUNTY, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS - PROPRIETARY FUNDS FOR THE YEAR ENDED JUNE 30, 2012

	Business-Type Funds			
	Major			
	Landfill Fund	Cane Creek Water and Sewer District	Justice Academy Sewer Fund	Total
Operating Revenues:				
Charges for services	\$ 4,341,961	\$ 1,278,017	\$ 41,140	\$ 5,661,118
Total operating revenues	<u>4,341,961</u>	<u>1,278,017</u>	<u>41,140</u>	<u>5,661,118</u>
Operating Expenses:				
Salaries and employee benefits	915,798	-	-	915,798
Other operating expenses	3,476,522	419,837	29,005	3,925,364
Repairs and maintenance	132,135	161,872	3,520	297,527
Depreciation	149,315	407,951	10,445	567,711
Total operating expenses	<u>4,673,770</u>	<u>989,660</u>	<u>42,970</u>	<u>5,706,400</u>
Operating income (loss)	<u>(331,809)</u>	<u>288,357</u>	<u>(1,830)</u>	<u>(45,282)</u>
Non-Operating Revenues (Expenses):				
Miscellaneous revenue	115,892	-	-	115,892
Interest income	21,726	67,795	8,751	98,272
Interest expense	-	(49,738)	-	(49,738)
Total non-operating revenues (expenses)	<u>137,618</u>	<u>18,057</u>	<u>8,751</u>	<u>164,426</u>
Income (loss) before capital contributions and transfers	<u>(194,191)</u>	<u>306,414</u>	<u>6,921</u>	<u>119,144</u>
Transfers:				
Transfers in	221,832	-	-	221,832
Transfers out	(29,900)	(304,037)	-	(333,937)
Net transfers	<u>191,932</u>	<u>(304,037)</u>	<u>-</u>	<u>(112,105)</u>
Capital contributions	<u>-</u>	<u>672,883</u>	<u>-</u>	<u>672,883</u>
Change in net assets	(2,259)	675,260	6,921	679,922
Net Assets:				
Beginning of year - July 1	<u>6,180,813</u>	<u>15,152,254</u>	<u>934,084</u>	<u>22,267,151</u>
End of year - June 30	<u>\$ 6,178,554</u>	<u>\$ 15,827,514</u>	<u>\$ 941,005</u>	<u>\$ 22,947,073</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, 2012

	Enterprise Funds			
	Major			
	Landfill Fund	Cane Creek Water and Sewer District	Justice Academy Sewer Fund	Total
Cash Flows from Operating Activities:				
Cash received from customers	\$ 4,300,507	\$ 1,193,045	\$ 43,400	\$ 5,536,952
Cash paid for goods and services	(4,047,584)	(488,154)	(32,613)	(4,568,351)
Cash paid to employees for services	(1,029,541)	-	-	(1,029,541)
Net cash provided (used) by operating activities	(776,618)	704,891	10,787	(60,940)
Cash Flows from Non-Capital Financing Activities:				
Transfers in	221,832	-	-	221,832
Transfers out	(29,900)	(304,037)	-	(333,937)
Proceeds from non capital grants	115,892	-	-	115,892
Net cash provided (used) by non-capital financing activities	307,824	(304,037)	-	3,787
Cash Flows from Capital and Related Financing Activities:				
Acquisition and construction of capital assets	(2,803,494)	(88,680)	-	(2,892,174)
Installment purchase debt issued	2,000,000	-	-	2,000,000
Premium on long-term debt	-	(9,178)	-	(9,178)
Long-term debt payments	-	(225,972)	-	(225,972)
Interest paid	-	(49,738)	-	(49,738)
Net cash provided (used) for capital and related financing activities	(803,494)	(373,568)	-	(1,177,062)
Cash Flows from Investing Activities:				
Interest on investments	21,726	67,795	8,751	98,272
Net increase (decrease) in cash and cash equivalents	(1,250,562)	95,081	19,538	(1,135,943)
Cash and Cash Equivalents:				
Beginning of year - July 1	2,687,971	4,782,767	624,548	8,095,286
End of year - June 30	\$ 1,437,409	\$ 4,877,848	\$ 644,086	\$ 6,959,343

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, 2012**

	Enterprise Funds			
	Major			
	Landfill Fund	Cane Creek Water and Sewer District	Justice Academy Sewer Fund	Total
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating income (loss)	\$ (331,809)	\$ 288,357	\$ (1,830)	\$ (45,282)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	149,315	407,951	10,445	567,711
Landfill closure and post-closure care costs	49,217	-	-	49,217
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable	(41,454)	(84,972)	2,260	(124,166)
Increase (decrease) in accounts payable and accrued liabilities	(621,477)	88,672	(88)	(532,893)
Increase (decrease) in other post-employment benefits	11,717	-	-	11,717
Increase (decrease) in accrued vacation pay	7,873	4,883	-	12,756
Total adjustments	(444,809)	416,534	12,617	(15,658)
Net cash provided (used) by operating activities	\$ (776,618)	\$ 704,891	\$ 10,787	\$ (60,940)
Capital assets contributed by developers	\$ -	\$ 672,883	\$ -	\$ 672,883

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

HENDERSON COUNTY, NORTH CAROLINA**STATEMENT OF FIDUCIARY NET ASSETS****FIDUCIARY FUNDS****JUNE 30, 2012**

	<u>Agency Funds</u>
Assets:	
Cash and cash equivalents	\$ 542,235
Total assets	<u>\$ 542,235</u>
 Liabilities:	
Intergovernmental payable	\$ 542,235
Total liabilities and fund balances	<u>\$ 542,235</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, 2012

1. Summary of Significant Accounting Policies

The accounting policies of Henderson County (the "County") and its discretely presented component unit 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 unit, 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. Therefore, the District is reported as an Enterprise Fund in the County's basic financial statements. The District does not issue separate financial statements.

Discretely Presented Component Units

Henderson County Hospital Corporation

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 an eleven-member Board of Trustees, one of which is a County Commissioner. The Board of County Commissioners appoints all trustees and can remove any trustee with or without cause. The Hospital, which has a September 30 year-end, is presented as if it were a Proprietary Fund.

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

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

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

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 assets 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.

B. Basis of Presentation, Basis of Accounting

Basis of Presentation, Measurement Focus – Basis of Accounting

Government-Wide Statements. The Statement of Net Assets and the Statement of Activities display information about the primary government (the County) and its component unit. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. 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.

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

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. The Sierra Nevada Economic Incentive Fund is a legally budgeted fund under North Carolina General Statutes; however, for statement presentation in accordance with GASB No. 54 they are consolidated in the General Fund.

General Capital Projects Fund. This fund accounts for resources utilized in construction of County facilities.

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

Fire Districts Fund. This fund accounts for the ad valorem tax levies of the twelve fire districts in Henderson County.

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 ten special revenue funds: Revaluation Reserve, Travel and Tourism, Community Development Block Grant - Scattered Site Housing, Community Development Block Grant - The Warm Company SBEA Project,

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

Mud Creek Watershed Restoration, Emergency Telephone System (E-911), Public Transit, Immigration Customs Enforcement, Community Development Block Grant - Talley Drive Community Revitalization Project, and Fire Districts Fund.

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

Capital Project Funds. The capital project funds account for financial resources to be used for the acquisition and construction for major capital facilities (other than those by proprietary funds, special assessments, or trust funds). The County has three capital project funds within the governmental fund types: School Capital Projects Fund, Capital Reserve Fund, and General Capital Projects 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 assets 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 assets held by the County for the benefit of certain individuals in the County; the Flexible Spending Fund, which accounts for assets held for County employees in accordance with the provisions of Internal Revenue Code Section 125; Fireman's Association Fund, which accounts for assets held for the Fireman's Association; Land Development Fund, which accounts for a percentage of subdivision guarantee improvement funds that are held for developers until the improvements are completed; Motor Vehicle Tax Fund, which accounts for the three percent interest on the first month of delinquent motor vehicle taxes that the County is required to remit to the North Carolina Department of Motor Vehicles; the 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.

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, proprietary fund, and fiduciary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

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 assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on 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.

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 are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of January 1, 1993, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, the County is responsible for billing and collecting the property taxes on all registered motor vehicles on behalf of all municipalities and special tax districts in the County. For registered motor vehicles, property taxes are due the first day of the fourth month after the vehicles are registered. The billed taxes are applicable to the fiscal year in which they become due. Therefore, taxes for vehicles registered from March 2011 through February 2012 apply to the fiscal year ended June 30, 2012. Uncollected taxes that were billed during this period are shown as a receivable on these financial statements.

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. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been satisfied.

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

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

All governmental and business-type activities and enterprise funds of the County follow FASB Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

C. Budgetary Data

The County's budgets are adopted as required by North Carolina General Statutes. An annual budget ordinance is adopted for all funds except the capital project funds and the special revenue funds listed below. All annual appropriations lapse at fiscal year-end. Project ordinances are adopted for the Community Development Block Grant - Scattered Site Housing Fund, the Community Development Block Grant - The Warm Company SBEA Project Fund, the General Capital Projects Fund, the Community Development Block Grant - Talley Drive Community Revitalization Project, 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.

D. Assets, Liabilities, 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).

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

The County and the Hospital's investments with a maturity of more than one year at acquisition and non-money market investments are carried at fair value as determined by quoted market prices. The securities of the NCCMT Cash Portfolio, a SEC-registered (2a-7) money market fund, are valued at fair value, which is the NCCMT's share price. The NCCMT Term Portfolio's securities are valued at fair value. Money market investments that have a remaining maturity at the time of purchase of one year or less are reported at amortized cost. Non-participating interest earning investment contracts are reported at cost.

Cash and Cash Equivalents

The County pools money from several funds to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents. 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 assets of governmental activities consist of the following:

- \$2,012,026 in the Debt Service Fund for the balance in the Sinking Fund required by a financing contract to construct schools
- Money in the Tax Revaluation Fund is also classified as a restricted asset because its use is restricted per North Carolina General Statute 153A-150.

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, 2011. 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.

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

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.

Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation. Minimum capitalization cost is \$5,000. General infrastructure assets acquired prior to July 1, 2003, consist of water and sewer system assets that were acquired or that received substantial improvements subsequent to July 1, 1980, and are reported at estimated historical cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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

<u>Assets</u>	<u>Estimated Useful Lives</u>
Buildings	40 years
Sewer and water infrastructure	40 years
Improvements	25 years
Furniture and equipment	10 years
Vehicles	6 years
Computer equipment	3 years

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

<u>Assets</u>	<u>Estimated Useful Lives</u>
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 Assets.

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

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

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

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, depreciation lives, other post-employment benefits, and law enforcement officers' pension obligations.

Net Assets/Fund Balances

Net Assets

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

Fund Balances

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

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

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 in tact

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 - portion of fund balance that is not an available resource for appropriation in accordance with State law [G.S. 159-8(a)].

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

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

Restricted for Debt Service – portion of fund balance restricted by revenue source to support future debt service expenditures.

Restricted for Economic and Physical Development - portion of fund balance restricted by revenue source for economic and physical development.

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

Restricted fund balance at June 30, 2012 is as follows:

Purpose	General Fund	Other Governmental Funds
Restricted, all other:		
Register of Deeds	\$ 161,443	\$ -
Public safety	-	1,136,440
Debt service	-	2,012,026
Economic and physical development	-	327,890
Total	<u>\$ 161,443</u>	<u>\$ 3,476,356</u>

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

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

Committed fund balance at June 30, 2012 is as follows:

Purpose	School Capital Project Fund	General Capital Projects Fund	Other Governmental Funds
Committed:			
Revaluation	\$ -	\$ -	\$ 78,901
Economic and physical development	-	1,376,841	1,240,413
Education	251,515	-	-
Total	<u>\$ 251,515</u>	<u>\$ 1,376,841</u>	<u>\$ 1,319,314</u>

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

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

Assigned fund balance at June 30, 2012 is as follows:

Purpose	General Fund	Other Governmental Funds	Total
Assigned:			
Subsequent year's expenditures	\$ 5,617,206	\$ -	\$ 5,617,206
Public safety	77,195	-	77,195
Economic and physical development	-	310,293	310,293
Total	<u>\$ 5,694,401</u>	<u>\$ 310,293</u>	<u>\$ 6,004,694</u>

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 budgeted expenditures. Any portion of the General Fund balance in excess of 12% of budgeted expenditures may be appropriated for future use for a specific purpose.

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

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	\$ 40,824,647
Less:	
Inventories	(61,586)
Prepays	(124,902)
Stabilization by State statute	(6,749,449)
Total available fund balance	<u>\$ 33,888,710</u>

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund to the Statement of Revenues, Expenditures, and Changes in Fund Balance Governmental Funds

A legally budgeted Sierra Nevada Economic Incentive Fund is consolidated into the General Fund for reporting purposes on the Statement of Revenues, Expenditures, and Changes in Fund Balance Governmental Funds (Exhibit D). Fund balance for the General Fund is reconciled as follows:

Fund balance, ending Exhibit F	\$ 39,459,647
Economic Incentive Fund	
Transfer in	1,375,000
Expenditures	(10,000)
Fund balance, beginning	-
Fund balance, ending Exhibit D	<u>\$ 40,824,647</u>

2. Detail Notes On All Funds

A. Assets

Deposits

All of the County 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

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

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

At June 30, 2012, the County's deposits had a carrying amount of \$29,607,149 and a bank balance of \$30,414,253. Of the bank balance, \$299,171 was covered by federal depository insurance, and \$30,115,082 was covered by collateral held under the Pooling Method. At June 30, 2012, the County had \$6,155 cash on hand.

At September 30, 2011, the Hospital's deposits had a carrying amount of \$5,191,000 and a bank balance of approximately \$5,957,000. Of the bank balance, \$830,000 was covered by federal depository insurance, and \$5,127,000 was covered by collateral held under the Pooling Method.

Investments

At June 30, 2012, the County had the following investments and maturities:

Investment Type	Fair Value	Less Than 6 Months	6-12 Months	1-3 Years
U.S. government agencies	\$ 25,312,700	\$ -	\$ -	\$ 25,312,700
North Carolina Capital Management				
Trust - Cash Portfolio	803,102	803,102	-	-
Commercial paper	2,112,950	2,112,950	-	-
Total	<u>\$ 28,228,752</u>	<u>\$ 2,916,052</u>	<u>\$ -</u>	<u>\$ 25,312,700</u>

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 three years. The County does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from rising interest rates.

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

Credit Risk. State law limits investments in commercial paper to the top rating issued by nationally recognized statistical rating organizations (NRSROs). As of June 30, 2012, the County's investments in commercial paper were rated A-1 by Standard and Poor's and P-1 by Moody's Investment Service. The County's investments in the NC Capital Management Trust Cash Portfolio carried a credit rating of AAAM by Standard & Poor's as of June 30, 2012. The County's investment in U.S. government agencies (Federal Home Loan Mortgage Company) and (Federal National Mortgage Agency) were rated AAA by Standard & Poor's and Aaa by Moody's Investment Service as of June 30, 2012. The County has no formal policy on credit risk.

Custodial Credit Risk. For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. The County has no policy on custodial 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 percent of the County's investments are in U.S. Government Agencies. Investments in Federal Home Loan Mortgage Corporation are 43% and Federal National Mortgage Agency are 42% and Federal Home Loan Bank are 15%. The County has no formal policy on the concentration of credit risk.

At September 30, 2011, the Hospital's investments consisted of the following:

Investment Type	Fair Value	Less Than Year	2-3 Years	4-7 Years	No Maturity Date
U.S. government securities	\$ 73,883	\$ 73,883	\$ -	\$ -	\$ -
U.S. government agencies	15,966,113	6,261,957	6,183,300	3,520,856	-
North Carolina Capital Management Trust	4,414	-	-	-	4,414
Equity securities and funds	11,182,069	6,646,374	-	-	4,632,989
Other investments	600,574	-	-	-	600,574
Cash and cash equivalents	23,934,310	-	-	-	23,934,310
Total	<u>\$ 51,761,363</u>	<u>\$ 12,982,214</u>	<u>\$ 6,183,300</u>	<u>\$ 3,520,856</u>	<u>\$ 29,172,287</u>

Interest Rate Risk. The Hospital does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk. The Hospital's investments in NC Capital Management Trust Cash Portfolio carried a credit rating of AAAM by Standard & Poor's as of September 30, 2011. The Hospital's investment in NC Capital Management Trust Term Portfolio is unrated. The Hospital's investments in US Government Agencies (Fannie Mae) are rated AAA by Standard & Poor's and Aaa by Moody's Investors Service. The Hospital has no policy on credit risk.

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

Property Tax – Use-Value Assessment on Certain Lands

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

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

Year Ended				
June 30	Tax	Interest	Total	
2009	\$ 1,722,736	\$ 447,911	\$ 2,170,647	
2010	1,729,782	294,063	2,023,845	
2011	1,660,375	132,830	1,793,205	
2012	1,643,186	-	1,643,186	
Total	<u>\$ 6,756,079</u>	<u>\$ 874,804</u>	<u>\$ 7,630,883</u>	

Receivables

Receivables at the government-wide level at June 30, 2012 were as follows:

	Accounts	Taxes and Accrued Interest	Due from Other Governments	Total
Governmental Activities:				
General	\$ 8,544,551	\$ 4,134,139	\$ 397,738	\$ 13,076,428
Other governmental	517,217	-	92,018	609,235
Total receivables	9,061,768	4,134,139	489,756	13,685,663
Allowance for doubtful accounts	(2,078,795)	(1,861,600)	-	(3,940,395)
Total governmental activities	<u>\$ 6,982,973</u>	<u>\$ 2,272,539</u>	<u>\$ 489,756</u>	<u>\$ 9,745,268</u>
Business-Type Activities:				
Landfill	\$ 424,755	\$ -	\$ -	\$ 424,755
Water and sewer	579,907	-	-	579,907
Total receivables	1,004,662	-	-	1,004,662
Allowance for doubtful accounts	(155,095)	-	-	(155,095)
Total business-type activities	<u>\$ 849,567</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 849,567</u>

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

Capital Assets

Capital asset activity for the year ended June 30, 2012, was as follows:

	Balance July 1, 2011	Increases	Decreases	Balance June 30, 2012
Governmental Activities:				
Non-Depreciable Capital Assets:				
Land	\$ 10,862,228	\$ 585,039	\$ -	\$ 11,447,267
Construction in progress	<u>7,779,920</u>	<u>1,870,240</u>	<u>(7,664,051)</u>	<u>1,986,109</u>
Total non-depreciable capital assets	<u>18,642,148</u>	<u>2,455,279</u>	<u>(7,664,051)</u>	<u>13,433,376</u>
 Depreciable Capital Assets:				
Buildings	78,215,124	7,702,004	(370,266)	85,546,862
Equipment	4,497,399	320,745	(46,766)	4,771,378
Vehicles and motor equipment	<u>5,850,989</u>	<u>617,441</u>	<u>(320,132)</u>	<u>6,148,298</u>
Total depreciable capital assets	<u>88,563,512</u>	<u>8,640,190</u>	<u>(737,164)</u>	<u>96,466,538</u>
 Less Accumulated Depreciation:				
Buildings	22,326,892	2,518,418	(148,106)	24,697,204
Equipment	2,517,617	425,708	(40,042)	2,903,283
Vehicles and motor equipment	<u>3,492,864</u>	<u>773,921</u>	<u>(312,730)</u>	<u>3,954,055</u>
Total accumulated depreciation	<u>28,337,373</u>	<u>3,718,047</u>	<u>(500,878)</u>	<u>31,554,542</u>
 Total depreciable capital assets	<u>60,226,139</u>	<u>4,922,143</u>	<u>(236,286)</u>	<u>64,911,996</u>
 Governmental activities capital assets, net	<u>\$ 78,868,287</u>	<u>\$ 7,377,422</u>	<u>\$ (7,900,337)</u>	<u>\$ 78,345,372</u>

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

General government	\$ 1,632,264
Public safety	1,467,804
Economic and physical development	13,341
Human services	415,045
Cultural and recreational	<u>189,593</u>
Total	<u>\$ 3,718,047</u>

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

	Balance July 1, 2011	Increases	Decreases	Balance June 30, 2012
Business-Type Activities:				
Landfill:				
Non-Depreciable Capital Assets:				
Land	\$ 1,656,979	\$ -	\$ -	\$ 1,656,979
Construction in progress	1,764,157	2,726,549	-	4,490,706
Total non-depreciable capital assets	<u>3,421,136</u>	<u>2,726,549</u>	<u>-</u>	<u>6,147,685</u>
Depreciable Capital Assets:				
Plant and distribution systems	2,881,228	-	-	2,881,228
Furniture and maintenance equipment	695,778	76,945	(2,743)	769,980
Vehicles	738,373	-	(8,200)	730,173
Total depreciable capital assets	<u>4,315,379</u>	<u>76,945</u>	<u>(10,943)</u>	<u>4,381,381</u>
Less Accumulated Depreciation:				
Plant and distribution systems	603,066	73,509	-	676,575
Furniture and maintenance equipment	194,248	50,885	(2,743)	242,390
Vehicles	755,433	24,921	(8,200)	772,154
Total accumulated depreciation	<u>1,552,747</u>	<u>149,315</u>	<u>(10,943)</u>	<u>1,691,119</u>
Total depreciable capital assets, net	<u>2,762,632</u>	<u>(72,370)</u>	<u>-</u>	<u>2,690,262</u>
Landfill capital assets, net	<u>6,183,768</u>	<u>\$ 2,654,179</u>	<u>\$ -</u>	<u>8,837,947</u>
Cane Creek Water and Sewer District:				
Non-Depreciable Capital Assets:				
Land	308,995	\$ -	\$ -	308,995
Construction in progress	331,017	-	-	331,017
Total non-depreciable capital assets	<u>640,012</u>	<u>-</u>	<u>-</u>	<u>640,012</u>
Depreciable Capital Assets:				
Plant and distribution systems	15,048,161	672,883	-	15,721,044
Furniture and maintenance equipment	316,260	8,944	(2,168)	323,036
Vehicles	88,790	79,736	-	168,526
Total depreciable capital assets	<u>15,453,211</u>	<u>761,563</u>	<u>(2,168)</u>	<u>16,212,606</u>
Less Accumulated Depreciation:				
Plant and distribution systems	3,613,744	383,984	-	3,997,728
Furniture and maintenance equipment	277,358	22,638	(2,168)	297,828
Vehicles	88,790	1,329	-	90,119
Total accumulated depreciation	<u>3,979,893</u>	<u>407,951</u>	<u>(2,168)</u>	<u>4,385,675</u>
Total depreciable capital assets, net	<u>11,473,318</u>	<u>353,612</u>	<u>-</u>	<u>11,826,931</u>
Cane Creek Water and Sewer District capital assets, net	<u>12,113,330</u>	<u>\$ 353,612</u>	<u>\$ -</u>	<u>12,466,943</u>

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

	Balance July 1, 2011	Increases	Decreases	Balance June 30, 2012
Justice Academy Water and Sewer District:				
Depreciable Capital Assets:				
Plant and distribution systems	441,187	\$ -	\$ -	441,187
Furniture and maintenance equipment	17,234	-	-	17,234
Total depreciable capital assets	458,421	-	-	458,421
Less Accumulated Depreciation:				
Plant and distribution systems	135,789	10,445	-	146,234
Furniture and maintenance equipment	17,234	-	-	17,234
Total accumulated depreciation	153,023	10,445	-	163,468
Total depreciable capital assets, net	305,398	(10,445)	-	294,953
Justice Academy Water and Sewer District capital assets, net	305,398	\$ (10,445)	\$ -	294,953
Business-type activities capital assets, net	\$ 18,602,496			\$ 21,599,843

Capital asset activity for the Henderson County Hospital Corporation for the year ended September 30, 2011 was as follows:

	Balance October 1, 2010	Increases	Decreases	Transfers	Balance September 30, 2011
Non-Depreciable Capital Assets:					
Land	\$ 4,900,727	\$ -	\$ -	\$ -	\$ 4,900,727
Construction in progress	447,631	4,591,511	-	(3,717,648)	1,321,494
Total non-depreciable capital assets	5,348,358	4,591,511	-	(3,717,648)	6,222,221
Depreciable Capital Assets:					
Land improvements	1,080,635	4,002	-	7,001	1,091,638
Buildings and fixed equipment	90,659,587	1,318,137	-	2,005,846	93,983,570
Movable equipment	96,591,458	3,574,206	(9,117)	1,704,801	101,861,348
Total depreciable capital assets	188,331,680	4,896,345	(9,117)	3,717,648	196,936,556
Less Accumulated Depreciation:					
Land improvements	958,507	31,959	-	-	990,466
Buildings and fixed equipment	46,868,826	3,565,531	-	-	50,434,357
Moveable equipment	79,258,948	4,845,839	(7,741)	-	84,097,046
Total accumulated depreciation	127,086,281	8,443,329	(7,741)	-	135,521,869
Total depreciable capital assets, net	\$ 66,593,757	\$ 1,044,527	\$ (1,376)	\$ -	\$ 67,636,908

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

B. Liabilities

Payables

Payables at the government-wide level at June 30, 2012 were as follows:

	Vendors	Salaries and Benefits	Accrued Interest	Insurance Claims Incurred But Not Reported	Total
Governmental Activities:					
General	\$ 2,136,332	\$ 4,900,528	\$ 857,000	\$ 531,385	\$ 8,425,245
Other governmental	1,745,381	-	-	-	1,745,381
Total governmental activities	<u>\$ 3,881,713</u>	<u>\$ 4,900,528</u>	<u>\$ 857,000</u>	<u>\$ 531,385</u>	<u>\$ 10,170,626</u>
Business-Type Activities:					
Landfill	\$ 348,720	\$ 27,643	\$ -	\$ -	\$ 376,363
Water and Sewer Fund	390,074	-	4,693	-	394,767
Justice Academy Sewer	1,274	-	-	-	1,274
Total business-type activities	<u>\$ 740,068</u>	<u>\$ 27,643</u>	<u>\$ 4,693</u>	<u>\$ -</u>	<u>\$ 772,404</u>

Pension Plan Obligation

Local Governmental Employees' Retirement System

Plan Description. The County contributes to 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 provides retirement and disability benefits to plan members and beneficiaries. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The LGERS is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Funding Policy. Plan members are required to contribute six percent of their annual covered salary. The County is required to contribute at an actuarially determined rate. For the County, the current rate for employees not engaged in law enforcement and for law enforcement officers is 6.45% and 6.41%, respectively, of annual covered payroll. The contribution requirements of members and of the County are established and may be amended by the North Carolina General Assembly. The County's contributions to LGERS for the years ended June 30, 2012, 2011, and 2010 were \$2,120,471, \$1,973,451, and \$1,484,116, respectively. The contributions made by the County equaled the required contributions for each year.

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

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. The Separation Allowance is equal to .85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G. S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The plan does not issue a separate stand-alone financial report. Each local government makes benefit payments required under this plan.

All full-time County law enforcement officers are covered by the Separation Allowance. At December 31, 2011, the Separation Allowance's membership consisted of 137 active plan members and 10 retired members receiving benefits.

Summary of Significant Accounting Policies

Basis of Accounting. The County has chosen to fund the Separation Allowance on a pay-as-you-go basis. There are no plan assets and the liability is not material; therefore, the plan is not presented as a Pension Trust Fund in the County's CAFR. Pension expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting.

Method Used to Value Investments. No funds are set aside to pay benefits and administration costs. These expenditures are paid as they come due.

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. The County's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. There were no contributions made by employees.

The annual required contribution for the current year was determined as part of the December 31, 2010 actuarial valuation using the projected unit, credit actuarial cost method. The actuarial assumptions included (a) 5.00% investment rate of return and (b) projected salary increases ranging from 4.25% to 7.85% per year. Item (b) included an inflation component of 3.00%. The assumptions did not include post-retirement benefit increases. The actuarial value of assets was determined using the market value of investments. The unfunded actuarial accrued liability is being amortized as a level of percentage of projected payroll on a closed basis. The remaining amortization period at December 31, 2010 was 20 years.

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

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

Employer annual required contribution	\$ 309,968
Interest on net pension obligation	92,905
Adjustment to annual required contribution	<u>(110,845)</u>
Annual pension cost	292,028
Employer contributions made	<u>138,295</u>
Increase (decrease) in net pension obligation	153,733
Net pension obligation:	
Beginning of year - July 1	<u>1,858,101</u>
End of year - June 30	<u>\$ 2,011,834</u>

Three-Year Trend Information			
Year Ended June 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2010	\$ 280,051	43.63%	\$ 1,686,610
2011	305,105	43.79%	1,858,101
2012	292,028	47.36%	2,011,834

Funded Status and Funding Progress. As of December 31, 2011, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits was \$3,054,790, and the actuarial value of assets was \$-0-, resulting in an unfunded actuarial accrued liability (UAAL) of \$3,054,790.

The covered payroll (annual payroll of active employees covered by the plan) was \$6,448,953 and the ratio of the UAAL to the covered payroll was 47.37 percent.

The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of the plan assets are increasing or decreasing, over time, relative to the actuarial accrued liability benefits.

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

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

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 five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2012 were \$530,068, which consisted of \$406,338 from the County and \$123,730 from the law enforcement officers.

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 contribution plan administered by the North Carolina Department of State Treasurer. The Fund provides supplemental pension benefits to any 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. The Fund 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. On a monthly basis, the County remits to the Department of State Treasurer an amount equal to one and one-half percent (1.5%) of the monthly receipts collected pursuant to Article 1 of G.S. 161. Immediately following January 1 of each year, the Department of State Treasurer divides ninety-three percent (93%) of the amount in the Fund at the end of the preceding calendar year into equal shares to be disbursed as monthly benefits. The remaining seven percent (7%) of the Fund's assets may be used by the State Treasurer in administering the Fund. For the fiscal year ended June 30, 2012, the County's required and actual contributions were \$10,616.

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, 2012

The County has complied with changes in the laws which govern the County's deferred compensation plans, requiring all assets 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 healthcare benefits 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. 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, 63 retirees are eligible for post-retirement health benefits. For the fiscal year ended June 30, 2012, the County made payments for post-retirement health benefit premiums of \$574,463. 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.

Membership of the plan consisted of the following at December 31, 2010, the date of the latest actuarial valuation:

	General Employees	Law Enforcement Officers
Retirees and dependents receiving benefits	57	-
Terminated plan members entitled to, but not yet receiving, benefits	-	-
Active plan members	601	129
Total	658	129

Funding Policy. The County pays 100% of the cost of coverage for the healthcare benefits paid to qualified retirees with thirty (30) years of service to the County under a County resolution that can be amended by the Board of County Commissioners. For retirees whose age plus years of service total 70, 75, or 80 at retirement, the County contribution percentage is 50%, 75%, and 100%, respectively. The County's members pay the current active employee rate for dependent coverage, if the retiree elects to purchase the coverage. The County has chosen to fund the healthcare benefits on a pay-as-you-go basis.

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

The current ARC rate is 4.06% of annual covered payroll. For the current year, the County contributed \$574,463, or 1.89% of annual covered payroll. The County's required contributions for employees not engaged in law enforcement and for law enforcement officers represented 4.06% and 4.06% of covered payroll, respectively. The total employee contributions including dependent coverage were \$64,153. The County's obligation to contribute to the plan is established and may be amended by the Board of County Commissioners.

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

Annual OPEB Cost and Net Obligation. The County's annual OPEB cost (expense) is calculated based on the *annual required contribution of the employer* (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the County's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the County's net OPEB obligation for the healthcare benefits:

	Governmental Activities	Business-Type Activities	Total
Annual required contribution	\$ 1,209,007	\$ 23,130	\$ 1,232,137
Interest on net OPEB obligation	92,478	1,692	94,170
Adjustments to annual required contribution	(88,346)	(1,616)	(89,962)
Annual OPEB cost (expense)	1,213,139	23,206	1,236,345
Contributions made	(562,974)	(11,489)	(574,463)
Increase (decrease) in net OPEB obligation	650,165	11,717	661,882
Net OPEB obligation:			
Beginning of year - July 1	2,311,973	42,287	2,354,260
End of year - June 30	<u>\$ 2,962,138</u>	<u>\$ 54,004</u>	<u>\$ 3,016,142</u>

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2012 were as follows:

Year Ended June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2012	\$ 1,236,345	46.5%	\$ 3,016,142
2011	1,235,009	39.5%	2,354,260
2010	1,187,602	35.6%	1,606,761

Fund Status and Funding Progress. As of December 31, 2010, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and, thus, the unfunded actuarial accrued liability (UAAL) was \$14,062,723. The covered payroll (annual payroll of active employees covered by the plan) was \$30,349,158, and the ratio of the UAAL to the covered payroll was 46.3 percent. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing, over time, relative to the actuarial accrued liabilities for benefits.

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

In the December 31, 2010 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.00 percent investment rate of return (net of administrative expenses), which is the expected long-term investment returns on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual medical cost trend increase of 10.50 to 5.00 percent annually. Both rates included a 3.00 percent inflation assumption. The actuarial value of assets, if any, was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2010 was 30 years.

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

As of June 30, 2012, management had not decided on the funding options for this outstanding obligation; therefore, OPEB will continue to be funded on a pay-as-you-go basis going into the next fiscal year. Management will continue their efforts to find a way to fund the annual required contribution while maintaining the level of service as prioritized by the County Board of Commissioners.

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. All death benefit payments are made from the Death Benefit Plan. The County has no liability beyond the payment of monthly contributions. 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. Because the benefit payments are made by the Death Benefit Plan and not by the County, the County does not determine the number of eligible participants. For the fiscal year ended June 30, 2012, the County made immaterial contributions to the State for death benefits. The County's required contributions for employees not engaged in law enforcement and for law enforcement officers represented .09% and .14% of covered payroll, respectively.

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 \$2,038,780 reported as landfill post-closure care liability at June 30, 2012 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 2012. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

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.

Deferred/Unearned Revenues

The balance in deferred or unearned revenues on the fund statements and unearned revenues on the government-wide statements at June 30, 2012 is composed of the following elements:

	Deferred Revenues	Unearned Revenues
Prepaid revenue not yet earned (General Fund)	\$ 302,896	\$ 302,896
Taxes receivable, net (General Fund)	2,272,539	-
Other receivable (General Fund)	140,777	-
Taxes receivable, net (Special Revenue Fund)	26,560	-
Total	<u>\$ 2,742,772</u>	<u>\$ 302,896</u>

Risk Management

The County is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County participates in two of the self-funded risk financing pools administered by the Risk Management Agency of the North Carolina Association of County Commissioners. Through these pools, the County obtains property coverage equal to replacement value of real and personal owned property subject to a blanket limit of \$84.9 million per occurrence, general liability coverage of \$2 million per occurrence, workers' compensation coverage up to statutory limits. The pools are reinsured through commercial companies for single occurrence losses in excess of \$500,000 up to a \$2 million limit for general liability coverage, \$500,000 of aggregate annual losses in excess of \$25,000 per occurrence for property coverage, and single occurrence losses up to \$350,000 for workers' compensation.

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

The County is self-insured for amounts in excess of the per occurrence losses for both property and workers' compensation insurance.

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 that are performance bonded through a commercial surety bond. The Finance Director and Tax Collector are bonded for \$200,000 and \$1,000,000, respectively. The remaining employees that have access to funds are bonded under a blanket bond for \$250,000.

The County carries flood insurance through the National Flood Insurance Program (NFIP). Because the County is in an area of the State that has been mapped and designated an "A" area (an area close to a river, lake, or stream) by the Federal Emergency Management Agency, the County is eligible to purchase coverage of \$500,000 per structure through the NFIP. There have been no significant reductions in insurance coverage in the prior 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 \$100,000 per individual health insurance claim with an unlimited lifetime maximum. Aggregate stop-loss is set at the level of 125 percent with a minimum aggregate attachment point of \$7,627,603 and a contract period maximum of \$1,000,000.

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

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

	Year Ended June 30	
	2011	2012
Unpaid claims:		
Beginning of year - July 1	\$ 324,133	\$ 269,160
Incurred claims	5,531,740	7,474,653
Claim payments	(5,586,713)	(7,212,428)
End of year - June 30	<u>\$ 269,160</u>	<u>\$ 531,385</u>

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

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

Claims and Judgments

At June 30, 2012, 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.

Long-Term Obligations

Installment Financing Contracts

The County has entered into four 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, 2012 are as follows:

\$25,875,000 Projects Series 2005A, due in annual principal payments ranging from \$630,000 to \$1,430,000 on May 1 through 2025. Interest is payable semi-annually at rates ranging from 3.0% to 5.0%, fluctuating throughout the life of the certificates. \$ 18,590,000

\$41,610,000 Projects Series 2006A, due in annual principal payments ranging from \$1,550,000 to \$2,185,000 on June 1 through 2026. Interest is payable semi-annually at rates ranging from 4.375% to 5.00%, fluctuating throughout the life of the certificates. 30,550,000

\$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. 7,000,000

Total installment contracts \$ 56,140,000

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

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

Year Ending June 30	Principal	Interest
2013	\$ 4,115,000	\$ 2,704,038
2014	4,115,000	2,509,687
2015	4,115,000	2,288,088
2016	4,115,000	2,404,021
2017	4,115,000	1,899,554
2018-2022	26,997,863	5,669,551
2023-2027	8,567,137	1,627,756
Total	<u>\$ 56,140,000</u>	<u>\$ 19,102,695</u>

Installment Purchases

As authorized by State law [G.S.160A-20 and 153A-158.1], the County has financed various 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 assets associated with the installment purchase obligation are recorded by the Board of Education.

On April 10, 2002, the County entered into an installment purchase contract for property improvements to Hendersonville Middle School. The transaction requires one final balloon payment of \$3,000,000 on April 5, 2014. The County is required to make 12 annual deposits of \$164,363 into a Debt Service Fund to fund the final payment. The installment loan was designated as Qualified Zone Academy Bonds, pursuant to Section 1397E of the Internal Revenue Code of 1986 and, as such, the obligation of the County is interest free.

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

Other installment purchase contracts payable at June 30, 2012 are comprised of the following individual issues:

Governmental Activities:

\$435,000 property financing contract due in quarterly payments of \$8,503, including interest at an annual rate of 4.75%. Payments will continue through December 29, 2026.	\$ 113,291
\$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.	24,685,715
\$5,092,000 Detention Center financing contract due in semi-annual payments, including interest at an annual rate of 3.64%. Payments will continue through June 30, 2019.	3,208,000
\$553,000 Emergency 911 Center Project financing contract due in annual payments of \$122,873, including interest charged at an annual rate of 3.63%. Payments will continue through July 15, 2013.	233,274
\$4,270,400 2009 Qualified School Construction Bonds financing contract due in annual principal payments of \$427,050, including interest charged at of 1.87%. Payments will continue through December 16, 2019.	3,416,320
\$1,807,500 2010 Qualified Zone Academy Bonds financing contract due in annual principal payments of \$180,750, including interest charged at an annual rate of 5.46%. Payments will continue through June 9, 2020.	1,446,000
\$8,610,000 Series 2010 A Recovery Zone Economic Development Bonds, financing contract due in annual principal payments ranging from \$860,000 to \$865,000 on December 1 through 2019. Interest is paid semi-annually at rates ranging from 1.0% to 4.4%, fluctuating throughout the life of the bonds.	6,880,000
\$3,000,000 Hendersonville Middle School Qualified Zone Academy Bonds requiring 12 annual deposits of \$164, 363 into a Debt Service Fund. Final payment of the bonds is April 5, 2015.	3,000,000
\$244,460 vehicles financing contract due in annual payments of \$63,874, including interest at an annual rate of 1.79%. Payments will continue through June 10, 2015.	184,962
\$249,378 vehicles financing contract due in annual payments of \$64,842, including interest at an annual rate of 1.59%. Payments will continue through June 21, 2016.	<u>249,378</u>
Total installment purchases indebtedness	<u>\$ 43,416,940</u>

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

Long-Term Debt

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

Year Ending June 30	Principal	Interest
2013	\$ 4,146,143	\$ 1,389,420
2014	4,147,037	1,262,817
2015	4,024,666	1,131,589
2016	3,850,875	1,001,228
2017	3,407,186	999,887
2018-2022	16,193,141	872,310
2023-2027	7,647,892	412,222
Total	<u>\$ 43,416,940</u>	<u>\$ 7,069,473</u>

Business-Type Activities:

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

\$ 2,000,000

Year Ending June 30	Principal	Interest
2013	\$ 133,333	\$ 64,000
2014	133,333	59,733
2015	133,333	55,467
2016	133,333	51,200
2017	133,333	46,933
2018-2022	666,667	170,667
2023-2027	666,668	63,999
Total	<u>\$ 2,000,000</u>	<u>\$ 511,999</u>

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

Limited Obligation Indebtedness

The County's Limited Obligation Bonds are serviced by the Cane Creek Water and Sewer District and by the General Capital Project 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.

The County's limited obligation bonds payable at June 30, 2012 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. \$ 13,725,320

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. 1,484,680

Total Limited Obligation Bonds payable \$ 15,210,000

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

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

Governmental Activities:

Year Ending June 30	Principal	Interest
2012	\$ 2,065,500	\$ 511,965
2013	2,061,000	450,000
2014	2,061,000	374,085
2015	2,061,000	291,645
2017	2,061,000	202,554
2018-2022	3,415,820	257,889
Total	<u>\$ 13,725,320</u>	<u>\$ 2,088,138</u>

Business-Type Activities:

Year Ending June 30	Principal	Interest
2013	\$ 229,500	\$ 56,885
2014	229,000	50,000
2015	229,000	51,565
2016	229,000	32,405
2017	229,000	57,175
2018-2022	339,180	79,426
Total	<u>\$ 1,484,680</u>	<u>\$ 327,456</u>

At June 30, 2012, the County had no bonds authorized, but unissued, and a legal debt margin of \$846,883,000.

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

Long-Term Obligation Activity

A summary of changes in long-term debt follows:

	Balance July 1, 2011	Increases	Decreases	Balance June 30, 2012	Current Portion of Balance
Governmental Activities:					
Limited obligation bonds	\$ 15,814,348	\$ -	\$ 2,089,028	\$ 13,725,320	\$ 2,065,500
Add unamortized bond premium	678,744	-	84,843	593,901	84,843
Total limited obligation bonds	16,493,092	-	2,173,871	14,319,221	2,150,343
Other long-term obligations					
Installment purchases	47,153,290	249,378	3,985,728	43,416,940	4,146,143
Installment contracts	60,255,000	-	4,115,000	56,140,000	4,115,000
Compensated absences	2,226,757	844,085	895,525	2,175,317	217,531
Other post-employment benefits	2,311,973	1,213,139	562,974	2,962,138	-
Pension benefit obligations	1,858,101	153,733	-	2,011,834	-
Total governmental activities	\$ 130,298,213	\$ 2,460,335	\$ 11,733,098	\$ 121,025,450	\$ 10,629,017
Business-Type Activities:					
Installment purchase	\$ -	\$ 2,000,000	\$ -	\$ 2,000,000	\$ 133,333
Limited obligation bonds	1,710,652	-	225,972	1,484,680	229,500
Add unamortized bond premium	73,419	-	9,178	64,241	9,178
Total limited obligation bonds	1,784,071	-	235,150	1,548,921	238,678
Accrued landfill closure and post-closure care cost	2,122,896	-	84,116	2,038,780	105,031
Other post-employment benefits	42,287	23,206	11,489	54,004	-
Compensated absences	34,815	17,460	4,704	47,571	4,757
Total business-type activities	\$ 3,984,069	\$ 2,040,666	\$ 335,459	\$ 5,689,276	\$ 481,799
Discretely Presented					
Component Unit:					
Revenue bonds	\$ 13,885,000	\$ -	\$ 1,263,988	\$ 12,621,012	\$ 1,299,105
Capitalized leases	2,782,548	291,729	973,964	2,100,313	957,591
Total	16,667,548	291,729	2,237,952	14,721,325	2,256,696
Less unamortized deferred loss on refunding	135,664	-	12,350	123,314	-
Total discretely presented component unit	\$ 16,531,884	\$ 291,729	\$ 2,250,302	\$ 14,598,011	\$ 2,256,696

Compensated absences, net pension obligation, 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, 2012

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 September 30, 2011, the cost of assets held under capital leases was approximately \$11,089,000, less accumulated depreciation and amortization of approximately \$9,235,000. At September 30, 2011, the future minimum payments under the Hospital's capital leases consist of the following:

Year Ending September 30	Principal
2012	\$ 1,022,936
2013	816,855
2014	410,362
Total minimum lease payments	2,250,153
Less: amount representing interest	(149,840)
Total capital lease	2,100,313
Less: current portion	(957,591)
Present value of the minimum lease payments	<u>\$ 1,142,722</u>

Revenue Bonds

In September 2001, the County issued \$15,300,000 of Hospital Revenue Bonds to finance capital improvements at Margaret R. Pardee Memorial Hospital. Interest is a variable market rate throughout the life of the bonds. The revenue bonds, which mature through October 1, 2021, are reported on the Hospital's financial statements because the principal and interest on the bonds are payable from the net revenues of the Hospital. In June 2010, the County issued \$3,000,000 of Hospital revenue bonds to finance capital expenditures at the Margaret R. Pardee Memorial Hospital. Interest is variable throughout the life of the bonds. The revenue bonds, which mature April 1, 2015, are reported on the Hospital's financial statements because the principal and interest on the bonds are payable from the net revenues of the Hospital. The revenue bonds do not constitute a legal or equitable pledge, charge, lien, or encumbrance upon any of the County's property or upon its income, receipts, or revenues. The taxing power of the County is not pledged for payment of the principal or interest on the revenue bonds, and no owner has the right to complete the exercise of the taxing power of the County or their forfeiture of any of its property in connection with any default under the bond order.

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

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

Year Ending September 30	Principal	Interest
2012	\$ 1,299,105	\$ 469,150
2013	1,351,198	421,893
2014	1,403,796	372,701
2015	1,461,913	321,455
2016	875,000	272,701
2017-2021	5,060,000	777,101
2022-2026	1,170,000	23,927
Total	<u>\$ 12,621,012</u>	<u>\$ 2,658,928</u>

On June 1, 2008, there was a current refunding of the \$15,300,000 Hospital revenue bonds with a refunding bond issued in the amount of \$12,155,000. Interest was converted to a fixed rate.

Capital Assets, Net of Related Debt

Capital assets, net of related debt, at June 30, 2012 are computed as follows:

	Governmental Activities	Business-Type Activities
Capital assets, net of accumulated depreciation	\$ 78,345,372	\$ 21,599,843
Long-term debt	(113,876,161)	(3,548,921)
Long-term debt for assets not owned by the County	82,749,083	-
Invested in capital assets, net of related debt	<u>\$ 47,218,294</u>	<u>\$ 18,050,922</u>

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

Interfund Balances and Activity

Transfers to/from other funds at June 30, 2012 consist of the following:

	Transfers		
	From	To	Purpose
CDBG Project Fund	\$ 22,494		
General Fund		\$ 22,494	Reimbursement for administrative costs
Solid Waste	29,900		
General Fund		29,900	Reimbursement of expenses
Cane Creek Water and Sewer District	254,037		
General Fund		254,037	Reimbursement of expenses
Cane Creek Water and Sewer District	50,000		
Solid Waste		50,000	Reimbursement of personnel expenses
From E-911 Fund	49,674		
General Fund		49,674	Emergency communications operations
General Fund	164,363		
Debt Service Fund		164,363	School debt service
Travel and Tourism Fund	48,000		
General Fund		48,000	Administrative costs
General Capital Reserve Fund	535,039		
General Capital Projects Fund		535,039	Fund capital expansion
General Fund	171,832		
Solid Waste Fund		171,832	Administrative reimbursement
General Fund	171,985		
Public Transit Fund		171,985	Promote public transit
ICE Special Revenue Fund	64,315		
General Fund		64,315	Administrative costs
Total	<u>\$ 1,561,639</u>	<u>\$ 1,561,639</u>	

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

The following is a summary of interfund receivables and payables.

<u>Receivable Entity</u>	<u>Payable Entity</u>	<u>Amount</u>	<u>Purpose</u>
			Temporary reimbursement
General Fund	Other governmental funds	<u>\$ 50,246</u>	of cash over drafts

3. 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 \$2,151,102 to the Community College for operational expenses and \$742,630 for capital expenditures during the fiscal year ended June 30, 2012. In addition, the County made debt service payments of \$1,653,247, including interest, during the year ended June 30, 2012, on general obligation bonds and certificates of participation (COPs) issued for the Community College facilities. 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, 2012. 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 seven other counties, participates in the Western Highlands Area Authority (Authority), a local management entity, which provides mental health, development disability, and substance abuse services to residents of the eight-County area. Each participating government appoints members to the governing board of the Authority. 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, 2012. None of the eight participating governments has any equity interest in the Authority, so no equity has been reflected in the financial statements at June 30, 2012. Complete financial statements for the Authority may be obtained from the Authority's administrative office at 356 Biltmore Avenue, Asheville, North Carolina.

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

4. 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.

5. 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.

6. Benefit Payments Issued by the State

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

	Federal	State
Temporary Assistance to Needy Families	\$ 2,578,548	\$ -
Medicaid	71,556,080	41,192,217
WIC	2,916,385	-
Adoption Assistance	603,590	157,754
Low Income Energy Assistance	704,521	-
State/County Special Assistance for Adults	-	1,042,866
Total	<u>\$ 78,359,124</u>	<u>\$ 42,392,837</u>

REQUIRED SUPPLEMENTAL FINANCIAL DATA

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

- Schedule of Funding Progress for the Law Enforcement Officers' Special Separation Allowance.
- Notes to the Required Schedules for the Law Enforcement Officers' Special Separation Allowance.
- Schedule of Funding Progress for Other-Post Employment Benefits – Retiree Health Plan
- Notes to the Required Schedules for Other-Post Employment Benefits – Retiree Health Plan

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HENDERSON COUNTY, NORTH CAROLINA
**LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
 REQUIRED SUPPLEMENTARY INFORMATION
 FOR THE YEAR ENDED JUNE 30, 2012**
Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL)		Funded Ratio (A/B)	Unfunded AAL (UAAL) (B-A)	Covered Payroll (C)	UAAL as a % of Covered Payroll ((B-A)/C)
		Projected Unit Credit (B)					
12/31/2011	\$ -	\$ 3,054,790		0.00%	\$ 3,054,790	\$ 6,448,953	47.37%
12/31/2010	-	2,855,194		0.00%	2,855,194	6,231,707	45.82%
12/31/2009	-	3,001,892		0.00%	3,001,892	6,119,533	49.05%
12/31/2008	-	2,438,148		0.00%	2,438,148	6,536,146	37.30%
12/31/2007	-	2,045,918		0.00%	2,045,918	5,891,020	34.73%
12/31/2006	-	1,705,055		0.00%	1,705,055	5,625,074	30.31%

Schedule of Employer Contributions

Year Ended June 30	Annual Required Contribution (ARC)		Percentage Contributed
2012	\$	309,968	44.62%
2011		311,069	42.95%
2010		265,518	40.94%
2009		227,709	47.74%
2008		198,970	33.97%
2007		174,778	30.02%

Notes to the Required Schedules:

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

Valuation date	December 31, 2010
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay closed
Remaining amortization period	20 years
Asset valuation method	Market value
Actuarial assumptions	
Investment rate of return	5.00%
Projected salary increases	4.25% to 7.85%
Includes inflation at	3.00%
Cost of living adjustments	None

HENDERSON COUNTY, NORTH CAROLINA
OTHER POST-EMPLOYMENT BENEFITS - RETIREE HEALTH PLAN
REQUIRED SUPPLEMENTARY INFORMATION
FOR YEAR ENDED JUNE 30, 2012
Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL)		Funded Ratio (A/B)	Unfunded AAL (UAAL) (B-A)	Covered Payroll (C)	UAAL as a % of Covered Payroll ((B-A)/C)
		Projected Unit Credit (B)					
12/31/2010	\$ -	\$ 14,062,723		0.00%	\$ 14,062,723	\$ 30,349,158	46.3%
12/31/2008	-	11,916,315		0.00%	11,916,315	26,464,590	45.0%
12/31/2005	-	11,053,864		0.00%	11,053,864	23,337,490	47.4%

Schedule of Employer Contributions

Year Ended June 30	Annual Required Contribution (ARC)		Percentage Contributed
2012	\$	1,232,137	46.6%
2011		1,232,137	39.6%
2010		1,187,602	35.6%

Notes to the Required Schedules:

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

Valuation date	December 31, 2010
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay, open
Remaining amortization period	30 years
Asset valuation method	Market value of assets
Actuarial assumptions:	
Investment rate of return*	4.00%
Medical trend rate	10.50% - 5.00%
Year of Ultimate trend rate	2018

* Includes inflation at 3.00%

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
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCES -ACTUAL - GENERAL FUND CONSOLIDATED
 FOR THE YEAR ENDED JUNE 30, 2012**

	General Fund	Sierra Nevada Economic Incentive Fund	Eliminations	Total General Fund
Revenues:				
Ad valorem taxes	\$ 61,359,794	\$ -	\$ -	\$ 61,359,794
Local option sales taxes	17,504,095	-	-	17,504,095
Other taxes and licenses	457,950	-	-	457,950
Unrestricted intergovernmental revenues	46,158	-	-	46,158
Restricted intergovernmental revenues	18,561,014	-	-	18,561,014
Permits and fees	1,570,092	-	-	1,570,092
Sales and services	5,102,796	-	-	5,102,796
Investment earnings	621,446	-	-	621,446
Miscellaneous	843,051	-	-	843,051
Total revenues	<u>106,066,396</u>	<u>-</u>	<u>-</u>	<u>106,066,396</u>
Expenditures:				
Current:				
General government	10,732,593	10,000	-	10,742,593
Public safety	22,503,772	-	-	22,503,772
Environmental protection	518,068	-	-	518,068
Economic and physical development	1,399,543	-	-	1,399,543
Human services	26,761,057	-	-	26,761,057
Cultural and recreation	3,829,304	-	-	3,829,304
Education	21,803,825	-	-	21,803,825
Debt service:				
Principal	10,001,820	-	-	10,001,820
Interest	5,059,524	-	-	5,059,524
Total expenditures	<u>102,609,506</u>	<u>10,000</u>	<u>-</u>	<u>102,619,506</u>
Revenues over (under) expenditures	<u>3,456,890</u>	<u>(10,000)</u>	<u>-</u>	<u>3,446,890</u>
Other Financing Sources (Uses):				
Transfers from other funds	468,420	1,375,000	(1,375,000)	468,420
Transfer to other funds	(1,883,180)	-	1,375,000	(508,180)
Proceeds from installment financing	249,378	-	-	249,378
Total other financing sources (uses)	<u>(1,165,382)</u>	<u>1,375,000</u>	<u>-</u>	<u>209,618</u>
Net change in fund balances	2,291,508	1,365,000	-	3,656,508
Fund Balances:				
Beginning of year - July 1	<u>37,168,139</u>	<u>-</u>	<u>-</u>	<u>37,168,139</u>
End of year - June 30	<u>\$ 39,459,647</u>	<u>\$ 1,365,000</u>	<u>\$ -</u>	<u>\$ 40,824,647</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, 2012 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011

	2012			2011
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Ad Valorem Taxes:				
Taxes - current		\$ 60,895,006		\$ 59,777,111
Penalties, interest, and advertising		464,788		462,910
Total	\$ 60,488,127	61,359,794	\$ 871,667	60,240,021
Local Option Sales Taxes:				
Article 39 one percent		7,430,345		7,206,610
Article 40 one-half of one percent		5,316,618		4,988,738
Article 42 one-half of one percent		4,178,694		4,025,080
Article 44 one-half of one percent		3,611		(1,383)
Medicaid hold harmless		574,827		244,029
Total	16,066,421	17,504,095	1,437,674	16,463,074
Other Taxes and Licenses:				
Deed stamp excise tax		414,269		685,848
Gross receipts rental tax		43,681		36,582
Total	708,030	457,950	(250,080)	722,430
Unrestricted Intergovernmental Revenues:				
Payment in lieu of taxes	42,000	46,158	4,158	45,282
Total	42,000	46,158	4,158	45,282
Restricted Intergovernmental Revenues:				
Federal and State grants		18,320,480		21,383,304
Controlled substance tax		32,004		31,863
Court facility fee		134,794		140,140
ABC net revenues		49,518		54,396
ABC bottles taxes		24,218		24,753
Total	19,434,248	18,561,014	(873,234)	21,634,456
Permits and Fees:				
Inspection fees		838,435		618,341
Register of Deeds		495,289		454,086
Enforcement fees		236,368		187,481
Total	1,243,463	1,570,092	326,629	1,259,908

HENDERSON COUNTY, NORTH CAROLINA

GENERAL FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2012 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011

	2012			2011
	Budget	Actual	Variance Over/Under	Actual
Sales and Services:				
Rents, concessions, and fees		2,381,301		2,837,523
Jail fees		130,098		215,142
Ambulance fees		2,423,736		2,453,861
Recreation fees		167,661		203,437
Total	4,825,716	5,102,796	277,080	5,709,963
Investment Earnings	275,000	621,446	346,446	569,727
Miscellaneous:				
Sale of materials		88,323		76,983
Other		754,728		497,800
Total	776,556	843,051	66,495	574,783
Total revenues	103,859,561	106,066,396	2,206,835	107,219,644
Expenditures:				
General Government:				
Governing Body:				
Salaries and employee benefits		182,878		190,902
Operating expenditures		136,982		225,106
Donations and dues		358,364		379,874
Total	727,464	678,224	49,240	795,882
Administration:				
Salaries and employee benefits		952,740		899,684
Operating expenditures		160,671		164,407
Total	1,172,349	1,113,411	58,938	1,064,091
Elections:				
Salaries and employee benefits		352,906		339,767
Operating expenditures		202,124		288,326
Total	735,191	555,030	180,161	628,093
Finance:				
Salaries and employee benefits		559,205		561,736
Operating expenditures		55,083		203,461
Total	628,754	614,288	14,466	765,197

HENDERSON COUNTY, NORTH CAROLINA

GENERAL FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2012 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011

	2012			2011
	Budget	Actual	Variance Over/Under	Actual
Taxes:				
Salaries and employee benefits		1,362,708		1,383,513
Operating expenditures		524,940		713,726
Capital outlay		-		15,095
Total	2,120,713	1,887,648	233,065	2,112,334
Legal:				
Salaries and employee benefits		537,115		564,092
Contracted services		33,576		66,325
Total	638,003	570,691	67,312	630,417
Register of Deeds:				
Salaries and employee benefits		382,248		713,652
Operating expenditures		169,439		151,511
Capital outlay		18,415		14,109
Total	957,046	570,102	386,944	879,272
Public Buildings:				
Salaries and employee benefits		966,502		767,173
Operating expenditures		1,348,568		158,836
Capital outlay		27,067		-
Total	2,372,774	2,342,137	30,637	926,009
Garage and Grounds:				
Salaries and employee benefits		189,287		257,847
Operating expenditures		43,905		91,324
Capital outlay		-		11,040
Total	259,038	233,192	25,846	360,211
Court Facilities:				
Operating expenditures		168,522		185,406
Total	190,000	168,522	21,478	185,406
Data Processing:				
Salaries and employee benefits		654,209		517,969
Operating expenditures		1,222,291		49,161
Capital outlay		122,848		-
Total	2,014,641	1,999,348	15,293	567,130
Total general government	11,815,973	10,732,593	1,083,380	8,914,042

HENDERSON COUNTY, NORTH CAROLINA

GENERAL FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2012 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011

	2012			2011
	Budget	Actual	Variance Over/Under	Actual
Public Safety:				
Sheriff and Communications:				
Salaries and employee benefits		9,253,953		9,311,827
Operating expenditures		2,404,299		3,247,700
Capital outlay		334,247		1,007,086
Total	12,333,394	11,992,499	340,895	13,566,613
Jail:				
Salaries and employee benefits		3,059,597		3,021,839
Operating expenditures		857,974		1,102,792
Capital outlay		-		95,533
Total	4,148,523	3,917,571	230,952	4,220,164
Emergency Management:				
Salaries and employee benefits		170,271		163,689
Operating expenditures		62,873		28,833
Total	308,753	233,144	75,609	192,522
Fire Services:				
Salaries and employee benefits		268,456		231,005
Operating expenditures		89,903		129,329
Total	413,665	358,359	55,306	360,334
Inspections:				
Salaries and employee benefits		583,594		707,570
Operating expenditures		77,744		110,359
Capital outlay		29,093		60,559
Total	810,475	690,431	120,044	878,488
Code Enforcement Services:				
Salaries and employee benefits		195,865		256,015
Operating expenditures		23,148		54,497
Total	281,326	219,013	62,313	310,512
Erosion Control:				
Salaries and employee benefits		-		62,122
Operating expenditures		-		16,087
Total	-	-	-	78,209

HENDERSON COUNTY, NORTH CAROLINA

GENERAL FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2012 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011

	2012			2011
	Budget	Actual	Variance Over/Under	Actual
Risk Management:				
Salaries and employee benefits		241,182		212,831
Operating expenditures		107,804		143,895
Total	376,544	348,986	27,558	356,726
Emergency Medical Services:				
Salaries and employee benefits		3,272,871		3,237,280
Operating expenditures		509,720		666,456
Capital outlay		249,378		361,315
Total	4,078,834	4,031,969	46,865	4,265,051
Animal Control:				
Salaries and employee benefits		325,468		319,993
Operating expenditures		120,744		188,218
Capital outlay		-		15,780
Total	511,048	446,212	64,836	523,991
Day Reporting Center:				
Salaries and employee benefits		49,582		52,825
Operating expenditures		45,632		50,879
Total	96,588	95,214	1,374	103,704
Rescue Squad:				
Operating expenditures	103,350	103,075	275	111,347
Property Addressing:				
Salaries and employee benefits		50,224		118,657
Operating expenditures		6,014		9,406
Capital outlay		11,061		-
Total	85,977	67,299	18,678	128,063
Total public safety	23,548,477	22,503,772	1,044,705	25,095,724
Environmental Protection:				
Soil and Water Conservation:				
Salaries and employee benefits		229,640		253,005
Operating expenditures		44,500		113,414
Total	356,257	274,140	82,117	366,419
Forestry Service	65,899	47,336	18,563	44,131

HENDERSON COUNTY, NORTH CAROLINA

GENERAL FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2012 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011

	2012			2011
	Budget	Actual	Variance Over/Under	Actual
Utilities:				
Salaries and employee benefits		196,462		211,609
Operating expenditures		130		1,852
Total	215,212	196,592	18,620	213,461
Total environmental protection	637,368	518,068	119,300	624,011
Economic and Physical Development:				
Planning:				
Salaries and employee benefits		351,452		425,118
Operating expenditures		35,312		83,324
Total	471,417	386,764	84,653	508,442
Agricultural Extension:				
Salaries and employee benefits		233,585		244,966
Operating expenditures		62,683		80,928
Total	321,326	296,268	25,058	325,894
Land Records Management:				
Operating expenditures		220		-
Total	225	220	5	-
Other Transfers:				
Salaries and benefits	114,800	118,603	(3,803)	-
Economic development contracts	613,625	597,688	15,937	579,273
Total	728,425	716,291	12,134	579,273
Total economic and physical development	1,521,393	1,399,543	121,850	1,413,609
Human Services:				
Health:				
General and Administration:				
Salaries and employee benefits		4,342,802		1,584,292
Operating expenditures		1,072,404		963,353
Capital outlay		-		12,997
Total	6,175,483	5,415,206	760,277	2,560,642
Total public health	6,175,483	5,415,206	760,277	5,907,205

HENDERSON COUNTY, NORTH CAROLINA

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2012

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011

	2012			2011
	Budget	Actual	Variance Over/Under	Actual
Environmental Health:				
Salaries and employee benefits		809,828		831,504
Operating expenditures		48,596		117,261
Total	898,896	858,424	40,472	948,765
Home and Community Block Grant:				
Salaries and employee benefits	1,310	1,300		1,300
Operating expenditures	753,676	731,594	22,082	753,676
Total	754,986	732,894	22,082	754,976
Medical Services:				
Operating expenditures		46,400		-
Total	46,400	46,400	-	-
Mental Health:				
Operating expenditures		528,612		533,527
Total	528,612	528,612	-	533,527
Administration:				
Salaries and employee benefits		9,693,655		9,929,551
Operating expenditures		1,456,339		1,570,115
Capital outlay		34,275		13,732
Total	11,860,328	11,184,269	676,059	11,513,398
Smart Start:				
Salaries and employee benefits		42,173		41,174
Operating expenditures		492,915		539,056
Total	535,741	535,088	653	580,230
TANF Program :				
County participation only	122,026	111,465	10,561	116,607
Income Maintenance Program:				
Supplemental aid to the aged		489,200		437,968
Supplemental aid to the disabled		585,768		552,641
Crisis intervention payments		553,100		467,798
Total	1,586,735	1,628,068	(41,333)	1,458,407

HENDERSON COUNTY, NORTH CAROLINA

GENERAL FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2012 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011

	2012			2011
	Budget	Actual	Variance Over/Under	Actual
Daycare Operations:				
Daycare for children	3,302,632	3,105,836	196,796	3,430,225
LIEAP Operations:				
LIEAP Operations:	129,685	130,200	(515)	-
Foster Care:				
State boarding home		139,771		207,603
Foster care - children		551,225		714,737
Adoption assistance		253,640		270,901
Total	1,299,434	944,636	354,798	1,193,241
Other Assistance:				
Social work contracts	65,000	59,750	5,250	59,350
Medicaid transportation	850,000	897,611	(47,611)	901,595
Aid to the blind	5,300	4,301	999	5,258
Adult day care	14,857	14,000	857	13,680
General assistance	57,000	40,323	16,677	37,808
JOBS Program	35,000	26,979	8,021	29,463
EDTAP Program	267,294	218,824	48,470	265,476
Emergency assistance	25,000	17,604	7,396	20,277
Other assistance	61,693	45,555	16,138	35,574
Total	1,381,144	1,324,947	56,197	1,368,481
Total social services	20,746,337	19,493,121	1,253,216	20,194,116
Veteran Services:				
Salaries and employee benefits		22,598		22,803
Operating expenditures		1,730		3,726
Total	25,209	24,328	881	26,529
Juvenile Justice Grant:				
Operating expenditures	211,672	190,684	20,988	253,515
Total human services	28,858,983	26,761,057	2,097,916	28,545,864
Cultural and Recreational:				
Library:				
Salaries and employee benefits		1,942,218		1,991,470
Operating expenditures		682,602		1,067,515
Capital outlay		8,055		36,202
Total	2,810,313	2,632,875	177,438	3,095,187

HENDERSON COUNTY, NORTH CAROLINA

GENERAL FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2012 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011

	2012			2011
	Budget	Actual	Variance Over/Under	Actual
Parks and Recreation:				
Salaries and employee benefits		715,229		748,016
Operating expenditures		476,200		655,353
Capital outlay		5,000		11,500
Total	1,410,252	1,196,429	213,823	1,414,869
Total cultural and recreational	4,220,565	3,829,304	391,261	4,510,056
Intergovernmental:				
Education:				
Public schools - current expense		18,561,999		20,698,218
Public schools - capital expense		1,000,000		449,889
Community colleges - capital expense		2,241,826		2,416,240
Total education	21,803,825	21,803,825	-	23,564,347
Debt Service:				
Principal	10,142,422	10,001,820	140,602	9,654,730
Interest	5,026,134	5,059,524	(33,390)	4,928,975
Total debt service	15,168,556	15,061,344	107,212	14,583,705
Total expenditures	107,575,140	102,609,506	4,965,624	107,251,358
Revenues over (under) expenditures	(3,715,579)	3,456,890	7,172,469	(31,714)
Other Financing Sources (Uses):				
Installment financing issued	249,378	249,378	-	244,460
Transfers in	445,036	468,420	23,384	413,319
Transfers out	(1,883,181)	(1,883,180)	1	(500,063)
Appropriated fund balance	4,904,346	-	(4,904,346)	-
Total other financing sources (uses)	3,715,579	(1,165,382)	(4,880,961)	157,716
Net changes in fund balance	\$ -	2,291,508	\$ 2,291,508	126,002
Fund Balance:				
Beginning of year - July 1		37,168,139		37,042,137
End of year - June 30		\$ 39,459,647		\$ 37,168,139

HENDERSON COUNTY, NORTH CAROLINA

SIERRA NEVADA ECONOMIC INCENTIVE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011

	<u>2012</u>			<u>2011</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
Revenues:				
Restricted intergovernmental	\$ 750,000	\$ -	\$ (750,000)	\$ -
Expenditures:				
General government	2,125,000	10,000	2,115,000	-
Revenues over (under) expenditures	(1,375,000)	(10,000)	1,365,000	-
Other Financing Sources (Uses):				
Transfers (to) from other funds	1,375,000	1,375,000	-	-
Net change in fund balance	<u>\$ -</u>	1,365,000	<u>\$ 1,365,000</u>	-
Fund Balance:				
Beginning of year - July 1		-		-
End of year - June 30		<u>\$ 1,365,000</u>		<u>\$ -</u>

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Other Major Governmental Funds

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

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

Fire Districts Fund – accounts for the ad valorem tax levies of the twelve fire districts in Henderson County.

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HENDERSON COUNTY, NORTH CAROLINA

GENERAL CAPITAL PROJECTS FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2012

		Actual		
	Project Authorization	Prior Years	Current Year	Total to Date
Revenues:				
Restricted intergovernmental revenues	\$ 500,000	\$ 826,475	\$ 173,726	\$ 1,000,201
Investment earnings	-	2,150,628	561	2,151,189
Miscellaneous	330,000	977,087	81,909	1,058,996
Total	830,000	3,954,190	256,196	4,210,386
Expenditures:				
General government	60,000,000	56,141,947	3,231,758	59,373,705
Total general government	60,000,000	56,141,947	3,231,758	59,373,705
Debt Service:				
Interest and fees	-	509,674	-	509,674
Total debt service	-	509,674	-	509,674
Total expenditures	60,000,000	56,651,621	3,231,758	59,883,379
Revenues over (under) expenditures	(59,170,000)	(52,697,431)	(2,975,562)	(55,672,993)
Other Financing Sources (Uses):				
Transfers out:				
To General Fund	(1,508,000)	(1,508,000)	-	(1,508,000)
Transfers in:				
From General Fund	2,706,000	3,021,494	-	3,021,494
From Capital Reserve Fund	300,000	1,657,920	535,039	2,192,959
From Travel and Tourism Fund	125,000	132,359	-	132,359
From Sewer District Fund	449,185	449,185	-	449,185
From Solid Waste Fund	800,000	800,000	-	800,000
From Trust and Agency Fund	21,085	21,085	-	21,085
Total transfers in (out)	2,893,270	4,574,043	535,039	5,109,082
Installment financing issued	54,420,030	50,269,535	-	50,269,535
Refunding bonds issued	-	17,037,084	-	17,037,084
Payments to bond holders	-	(17,282,996)	-	(17,282,996)
Bond premium	-	848,430	-	848,430
Appropriated fund balance	1,856,700	-	-	-
Total other financing sources (uses)	59,170,000	55,446,096	535,039	55,981,135
Net change in fund balance	\$ -	\$ 2,748,665	(2,440,523)	\$ 308,142
Fund Balance:				
Beginning of year - July 1			2,748,665	
End of year - June 30			\$ 308,142	

HENDERSON COUNTY, NORTH CAROLINA**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, 2012**

		Actual		
	Project Authorization	Prior Years	Current Year	Total to Date
Revenues:				
Restricted intergovernmental	\$ 456,629	\$ 456,629	\$ -	\$ 456,629
Investment earnings	-	1,659,598	535	1,660,133
Miscellaneous	-	1,328,197	11,599	1,339,796
Total revenues	<u>456,629</u>	<u>3,444,424</u>	<u>12,134</u>	<u>3,456,558</u>
Expenditures:				
Capital outlay:				
General education	<u>75,059,621</u>	<u>73,812,450</u>	<u>994,236</u>	<u>74,806,686</u>
Total expenditures	<u>75,059,621</u>	<u>73,812,450</u>	<u>994,236</u>	<u>74,806,686</u>
Revenues over (under) expenditures	<u>(74,602,992)</u>	<u>(70,368,026)</u>	<u>(982,102)</u>	<u>(71,350,128)</u>
Other Financing Sources (Uses):				
Installment financing issued	73,368,574	73,368,574	-	73,368,574
Transfers in:				
From General Fund	795,000	795,000	-	795,000
Transfers out:				
To General Fund	(1,425,000)	(1,425,000)	-	(1,425,000)
Appropriated fund balance	<u>1,864,418</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>74,602,992</u>	<u>72,738,574</u>	<u>-</u>	<u>72,738,574</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 2,370,548</u>	<u>(982,102)</u>	<u>\$ 1,388,446</u>
Fund Balance:				
Beginning of year - July 1			<u>2,370,548</u>	
End of year - June 30			<u>\$ 1,388,446</u>	

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.

Travel and Tourism Fund – accounts for the occupancy tax received and used to promote travel and tourism in the County.

Community Development Block Grant – Scattered Site Housing Fund – accounts for a federal grant for construction of low income housing infrastructure in the County.

Community Development Block Grant – The Warm Company SBEA Project Fund – accounts for a Federal grant for construction and rehabilitation of facilities at the Warm Company, Inc.

Mud Creek Watershed Restoration Fund – accounts for a federal grant and matching funds used to implement watershed management programs in the Mud Creek Watershed.

Emergency Telephone Systems Fund – 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.

Immigration and Customs Enforcement (ICE) Fund – accounts for funds under the federal 287(g) program for housing and transporting illegal immigrants who have committed certain crimes.

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

Community Development Block Grant – Talley Drive Community Revitalization Project Fund – accounts for a federal grant for rehabilitation of privately owned dwellings and infrastructure improvements in the Talley Drive Community.

HENDERSON COUNTY, NORTH CAROLINA

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS JUNE 30, 2012

	Nonmajor Special Revenue Funds					
	Revaluation Reserve Fund	Travel and Tourism Fund	Community Development Block Grant - Scattered Site Housing Fund	Community Development Block Grant - The Warm Company SBEA Project Fund	Mud Creek Watershed Restoration Fund	Emergency Telephone System Fund (E-911)
Assets:						
Cash and investments	\$ -	\$ 376,592	\$ -	\$ -	\$ -	\$ 579,524
Accounts receivable, net	-	134,733	-	-	31,418	43,173
Restricted cash	95,375	-	-	-	-	-
Total assets	\$ 95,375	\$ 511,325	\$ -	\$ -	\$ 31,418	\$ 622,697
Liabilities and Fund Balances:						
Liabilities:						
Accounts payable and accrued liabilities	\$ 16,474	\$ 66,299	\$ -	\$ -	\$ -	\$ 493
Due to other funds	-	-	-	-	26,732	-
Total liabilities	16,474	66,299	-	-	26,732	493
Fund Balances:						
Restricted						
Stabilization for State statute	-	134,733	-	-	31,418	43,173
Restricted, all other	-	-	-	-	-	579,031
Committed	78,901	-	-	-	-	-
Assigned	-	310,293	-	-	-	-
Unassigned	-	-	-	-	(26,732)	-
Total fund balances	78,901	445,026	-	-	4,686	622,204
Total liabilities and fund balances	\$ 95,375	\$ 511,325	\$ -	\$ -	\$ 31,418	\$ 622,697

Schedule C-1

Public Transit Fund	Immigration Customs Enforcement Fund	Community Development Block Grant - Talley Drive Project Fund	Nonmajor Capital Projects Fund	Totals June 30, 2012	Debt Service Fund	Total Nonmajor Governmental Funds
\$ 394,732	\$ 569,454	\$ -	\$ 1,240,413	\$ 3,160,715	\$ 98,153	\$ 3,258,868
203,164	104,729	23,514	-	540,731	-	540,731
-	-	-	-	95,375	2,012,026	2,107,401
<u>\$ 597,896</u>	<u>\$ 674,183</u>	<u>\$ 23,514</u>	<u>\$ 1,240,413</u>	<u>\$ 3,796,821</u>	<u>\$ 2,110,179</u>	<u>\$ 5,907,000</u>
\$ 66,842	\$ 12,045	\$ -	\$ -	\$ 162,153	\$ -	\$ 162,153
-	-	23,514	-	50,246	-	50,246
<u>66,842</u>	<u>12,045</u>	<u>23,514</u>	<u>-</u>	<u>212,399</u>	<u>-</u>	<u>212,399</u>
203,164	104,729	23,514	-	540,731	-	540,731
327,890	557,409	-	-	1,464,330	2,012,026	3,476,356
-	-	-	1,240,413	1,319,314	-	1,319,314
-	-	-	-	310,293	-	310,293
-	-	(23,514)	-	(50,246)	98,153	47,907
<u>531,054</u>	<u>662,138</u>	<u>-</u>	<u>1,240,413</u>	<u>3,584,422</u>	<u>2,110,179</u>	<u>5,694,601</u>
<u>\$ 597,896</u>	<u>\$ 674,183</u>	<u>\$ 23,514</u>	<u>\$ 1,240,413</u>	<u>\$ 3,796,821</u>	<u>\$ 2,110,179</u>	<u>\$ 5,907,000</u>

HENDERSON COUNTY, NORTH CAROLINA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2012

	Nonmajor Special Revenue Funds					
	Revaluation Reserve Fund	Travel and Tourism Fund	Community Development Block Grant - Scattered Site Housing Fund	Community Development Block Grant - The Warm Company SBEA Project Fund	Mud Creek Watershed Restoration Fund	Emergency Telephone System Fund (E-911)
Revenues:						
Ad valorem taxes	\$ 641,359	\$ -	\$ -	\$ -	\$ -	\$ -
Other taxes and licenses	-	1,189,215	-	-	-	-
Restricted intergovernmental revenues	-	-	90,314	106,467	62,145	-
Sales and services	-	101,961	-	-	-	-
Investment earnings	1,002	3,303	-	-	-	8,635
Miscellaneous	-	-	-	-	-	521,560
Total revenues	<u>642,361</u>	<u>1,294,479</u>	<u>90,314</u>	<u>106,467</u>	<u>62,145</u>	<u>530,195</u>
Expenditures:						
Current:						
General government	603,302	-	-	-	-	-
Public safety	-	-	-	-	-	345,800
Environmental protection	-	-	-	-	61,814	-
Economic and physical development	-	936,238	90,314	106,467	-	-
Debt service:						
Principal repayments	-	-	-	-	-	187,936
Interest	-	-	-	-	-	24,694
Total expenditures	<u>603,302</u>	<u>936,238</u>	<u>90,314</u>	<u>106,467</u>	<u>61,814</u>	<u>558,430</u>
Revenues over (under) expenditures	<u>39,059</u>	<u>358,241</u>	<u>-</u>	<u>-</u>	<u>331</u>	<u>(28,235)</u>
Other Financing Sources (Uses):						
Transfers from:						
General Fund	-	-	-	-	-	-
Transfers to:						
General Capital Projects Fund	-	-	-	-	-	-
General Fund	<u>-</u>	<u>(48,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(49,674)</u>
Total other financing sources (uses)	<u>-</u>	<u>(48,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(49,674)</u>
Net change in fund balances	<u>39,059</u>	<u>310,241</u>	<u>-</u>	<u>-</u>	<u>331</u>	<u>(77,909)</u>
Fund Balances:						
Beginning of year - July 1	<u>39,842</u>	<u>134,785</u>	<u>-</u>	<u>-</u>	<u>4,355</u>	<u>700,113</u>
End of year - June 30	<u>\$ 78,901</u>	<u>\$ 445,026</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,686</u>	<u>\$ 622,204</u>

Schedule C-2

<u>Public Transit Fund</u>	<u>Immigration Customs Enforcement Fund</u>	<u>Community Development Block Grant - Talley Drive Project Fund</u>	<u>Nonmajor Capital Project Fund</u>	<u>Totals June 30, 2012</u>	<u>Debt Service Fund</u>	<u>Total Nonmajor Governmental Funds</u>
\$ -	\$ -	\$ -	\$ -	\$ 641,359	\$ -	\$ 641,359
-	-	-	-	1,189,215	-	1,189,215
659,037	832,354	30,493	-	1,750,317	-	1,750,317
-	-	-	-	101,961	-	101,961
-	-	-	-	12,940	101,086	114,026
-	-	-	700,000	1,221,560	-	1,221,560
<u>659,037</u>	<u>832,354</u>	<u>30,493</u>	<u>700,000</u>	<u>4,917,352</u>	<u>101,086</u>	<u>5,018,438</u>
-	-	-	-	603,302	-	603,302
-	941,255	-	-	1,287,055	-	1,287,055
-	-	-	-	61,814	-	61,814
801,136	-	7,999	-	1,934,155	-	1,934,155
-	-	-	-	187,936	-	187,936
-	-	-	-	24,694	-	24,694
<u>801,136</u>	<u>941,255</u>	<u>7,999</u>	<u>-</u>	<u>4,098,956</u>	<u>-</u>	<u>4,098,956</u>
<u>(142,099)</u>	<u>(108,901)</u>	<u>22,494</u>	<u>700,000</u>	<u>818,396</u>	<u>101,086</u>	<u>919,482</u>
171,985	-	-	-	171,985	164,363	336,348
-	-	-	(535,039)	(535,039)	-	(535,039)
-	(64,315)	(22,494)	-	(161,989)	-	(161,989)
<u>171,985</u>	<u>(64,315)</u>	<u>(22,494)</u>	<u>(535,039)</u>	<u>(525,043)</u>	<u>164,363</u>	<u>(360,680)</u>
29,886	(173,216)	-	164,961	293,353	265,449	558,802
<u>501,168</u>	<u>835,354</u>	<u>-</u>	<u>1,075,452</u>	<u>3,291,069</u>	<u>1,844,730</u>	<u>5,135,799</u>
<u>\$ 531,054</u>	<u>\$ 662,138</u>	<u>\$ -</u>	<u>\$ 1,240,413</u>	<u>\$ 3,584,422</u>	<u>\$ 2,110,179</u>	<u>\$ 5,694,601</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, 2012****WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011**

	2012			2011
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Ad valorem taxes	\$ 641,359	\$ 641,359	\$ -	\$ 718,031
Investment earnings	-	1,002	1,002	1,454
Total revenues	<u>641,359</u>	<u>642,361</u>	<u>1,002</u>	<u>719,485</u>
Expenditures:				
Current:				
General government	<u>641,359</u>	<u>603,302</u>	<u>38,057</u>	<u>704,401</u>
Total expenditures	<u>641,359</u>	<u>603,302</u>	<u>38,057</u>	<u>704,401</u>
Net change in fund balance	<u>\$ -</u>	<u>39,059</u>	<u>\$ 39,059</u>	<u>15,084</u>
Fund Balance:				
Beginning of year - July 1		<u>39,842</u>		<u>24,758</u>
End of year - June 30		<u>\$ 78,901</u>		<u>\$ 39,842</u>

HENDERSON COUNTY, NORTH CAROLINA**TRAVEL AND TOURISM FUND****SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES****IN FUND BALANCE - BUDGET AND ACTUAL****FOR THE YEAR ENDED JUNE 30, 2012****WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011**

	2012			2011
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Other taxes and licenses	\$ 943,328	\$ 1,189,215	\$ 245,887	\$ 1,116,721
Sales and services	93,000	101,961	8,961	98,100
Investment earnings	-	3,303	3,303	228
Total revenues	<u>1,036,328</u>	<u>1,294,479</u>	<u>258,151</u>	<u>1,215,049</u>
Expenditures:				
Current:				
Economic and physical development	<u>988,328</u>	<u>936,238</u>	<u>52,090</u>	<u>925,442</u>
Total expenditures	<u>988,328</u>	<u>936,238</u>	<u>52,090</u>	<u>925,442</u>
Revenues over (under) expenditures	<u>48,000</u>	<u>358,241</u>	<u>310,241</u>	<u>289,607</u>
Other Financing Sources (Uses):				
Transfers out:				
To General Fund	<u>(48,000)</u>	<u>(48,000)</u>	<u>-</u>	<u>(85,896)</u>
Total other financing sources (uses)	<u>(48,000)</u>	<u>(48,000)</u>	<u>-</u>	<u>(85,896)</u>
Net change in fund balance	<u>\$ -</u>	<u>310,241</u>	<u>\$ 310,241</u>	<u>203,711</u>
Fund Balance:				
Beginning of year - July 1		<u>134,785</u>		<u>(68,926)</u>
End of year - June 30		<u>\$ 445,026</u>		<u>\$ 134,785</u>

HENDERSON COUNTY, NORTH CAROLINA

COMMUNITY DEVELOPMENT BLOCK GRANT - SCATTERED SITE HOUSING FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2012

		Actual		
	Project Authorization	Prior Years	Current Year	Total to Date
Revenues:				
Restricted intergovernmental	\$ 400,000	\$ 300,749	\$ 90,314	\$ 391,063
Total revenues	<u>400,000</u>	<u>300,749</u>	<u>90,314</u>	<u>391,063</u>
Expenditures:				
Current:				
Economic and physical development	<u>400,000</u>	<u>300,749</u>	<u>90,314</u>	<u>391,063</u>
Total expenditures	<u>400,000</u>	<u>300,749</u>	<u>90,314</u>	<u>391,063</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund Balance:				
Beginning of year - July 1			<u>-</u>	
End of year - June 30			<u>\$ -</u>	

HENDERSON COUNTY, NORTH CAROLINA

**COMMUNITY DEVELOPMENT BLOCK GRANT -
THE WARM COMPANY SBEA PROJECT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2012**

		Actual		
	Project Authorization	Prior Years	Current Year	Total to Date
Revenues:				
Restricted intergovernmental	\$ 250,000	\$ 113,509	\$ 106,467	\$ 219,976
Total revenues	250,000	113,509	106,467	219,976
Expenditures:				
Current:				
Economic and physical development	250,000	113,509	106,467	219,976
Total expenditures	250,000	113,509	106,467	219,976
Net change in fund balance	\$ -	\$ -	-	\$ -
Fund Balance:				
Beginning of year - July 1			-	
End of year - June 30			\$ -	

HENDERSON COUNTY, NORTH CAROLINA**MUD CREEK WATERSHED RESTORATION FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL****FOR THE YEAR ENDED JUNE 30, 2012****WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011**

	<u>2012</u>			<u>2011</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
Revenues:				
Restricted intergovernmental revenues	\$ 255,681	\$ 62,145	\$ (193,536)	\$ 25,801
Total revenues	<u>255,681</u>	<u>62,145</u>	<u>(193,536)</u>	<u>25,801</u>
Expenditures:				
Current:				
Environmental protection	<u>255,681</u>	<u>61,814</u>	<u>193,867</u>	<u>21,446</u>
Total expenditures	<u>255,681</u>	<u>61,814</u>	<u>193,867</u>	<u>21,446</u>
Net change in fund balance	<u>\$ -</u>	331	<u>\$ 331</u>	4,355
Fund Balance:				
Beginning of year - July 1		<u>4,355</u>		<u>-</u>
End of year - June 30		<u>\$ 4,686</u>		<u>\$ 4,355</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, 2012****WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011**

	2012			2011
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Investment earnings	\$ 109,755	\$ 8,635	\$ (101,120)	\$ 7,075
Miscellaneous	518,075	521,560	3,485	556,394
Total revenues	<u>627,830</u>	<u>530,195</u>	<u>(97,635)</u>	<u>563,469</u>
Expenditures:				
Current:				
Public safety	471,920	345,800	126,120	416,954
Debt service:				
Principal	95,453	187,936	(92,483)	-
Interest	10,783	24,694	(13,911)	-
Total expenditures	<u>578,156</u>	<u>558,430</u>	<u>19,726</u>	<u>416,954</u>
Revenues over (under) expenditures	<u>49,674</u>	<u>(28,235)</u>	<u>(77,909)</u>	<u>146,515</u>
Other Financing Sources (Uses):				
Transfers out:				
To General Fund	(49,674)	(49,674)	-	-
Transfers in:				
From General Fund	-	-	-	8,586
Total other financing sources (uses)	<u>(49,674)</u>	<u>(49,674)</u>	<u>-</u>	<u>8,586</u>
Net change in fund balance	<u>\$ -</u>	<u>(77,909)</u>	<u>\$ (77,909)</u>	155,101
Fund Balance:				
Beginning of year - July 1		<u>700,113</u>		<u>545,012</u>
End of year - June 30		<u>\$ 622,204</u>		<u>\$ 700,113</u>

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, 2012****WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011**

	2012			2011
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Restricted intergovernmental	\$ 825,786	\$ 659,037	\$ (166,749)	\$ 964,381
Total revenues	<u>825,786</u>	<u>659,037</u>	<u>(166,749)</u>	<u>964,381</u>
Expenditures:				
Current:				
Economic and physical development	<u>1,101,811</u>	<u>801,136</u>	<u>300,675</u>	<u>972,104</u>
Total expenditures	<u>1,101,811</u>	<u>801,136</u>	<u>300,675</u>	<u>972,104</u>
Revenues over (under) expenditures	<u>(276,025)</u>	<u>(142,099)</u>	<u>133,926</u>	<u>(7,723)</u>
Other Financing Sources (Uses):				
Transfers in:				
General Fund	171,985	171,985	-	177,114
Appropriated fund balance	<u>104,040</u>	<u>-</u>	<u>(104,040)</u>	<u>-</u>
Total other financing sources (uses)	<u>276,025</u>	<u>171,985</u>	<u>(104,040)</u>	<u>177,114</u>
Net change in fund balance	<u>\$ -</u>	<u>29,886</u>	<u>\$ 29,886</u>	<u>169,391</u>
Fund Balance:				
Beginning of year - July 1		<u>501,168</u>		<u>331,777</u>
End of year - June 30		<u>\$ 531,054</u>		<u>\$ 501,168</u>

HENDERSON COUNTY, NORTH CAROLINA**IMMIGRATION CUSTOMS ENFORCEMENT FUND****SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES****IN FUND BALANCE - BUDGET AND ACTUAL****FOR THE YEAR ENDED JUNE 30, 2012****WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011**

	2012			2011
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Restricted intergovernmental revenues	\$ 817,949	\$ 832,354	\$ 14,405	\$ 886,374
Total revenues	<u>817,949</u>	<u>832,354</u>	<u>14,405</u>	<u>886,374</u>
Expenditures:				
Current:				
Public safety	<u>1,031,085</u>	<u>941,255</u>	<u>89,830</u>	<u>452,064</u>
Total expenditures	<u>1,031,085</u>	<u>941,255</u>	<u>89,830</u>	<u>452,064</u>
Revenues over (under) expenditures	<u>(213,136)</u>	<u>(108,901)</u>	<u>104,235</u>	<u>434,310</u>
Other Financing Sources (Uses):				
Transfers out:				
To General Fund	(64,315)	(64,315)	-	(75,064)
Appropriated fund balance	<u>277,451</u>	<u>-</u>	<u>(277,451)</u>	<u>-</u>
Total other financing sources (uses)	<u>213,136</u>	<u>(64,315)</u>	<u>(277,451)</u>	<u>(75,064)</u>
Net change in fund balance	<u>\$ -</u>	<u>(173,216)</u>	<u>\$ (173,216)</u>	<u>359,246</u>
Fund Balance:				
Beginning of year - July 1		<u>835,354</u>		<u>476,108</u>
End of year - June 30		<u>\$ 662,138</u>		<u>\$ 835,354</u>

HENDERSON COUNTY, NORTH CAROLINA

**COMMUNITY DEVELOPMENT BLOCK GRANT -
TALLEY DRIVE COMMUNITY REVITALIZATION PROJECT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011**

	<u>2012</u>			<u>2011</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
Revenues:				
Restricted intergovernmental	\$ 850,000	\$ 30,493	\$ (819,507)	\$ -
Expenditures:				
Current:				
Economic and physical development	850,000	7,999	842,001	-
Revenues over (under) expenditures	-	22,494	22,494	-
Other Financing Sources (Uses):				
Transfers out:	-	(22,494)	22,494	-
Net change in fund balance	<u>\$ -</u>	-	<u>\$ -</u>	-
Fund Balance:				
Beginning of year - July 1		-		-
End of year - June 30		<u>\$ -</u>		<u>\$ -</u>

HENDERSON COUNTY, NORTH CAROLINA**CAPITAL RESERVE FUND****SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES****IN FUND BALANCE - BUDGET AND ACTUAL****FOR THE YEAR ENDED JUNE 30, 2012****WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011**

	2012			2011
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Sale of assets	\$ -	\$ 700,000	\$ 700,000	\$ 8,500
Total revenues	-	700,000	700,000	8,500
Expenditures:				
Capital outlay:				
Education	-	-	-	750,000
Total expenditures	-	-	-	750,000
Revenues over (under) expenditures	-	700,000	700,000	758,500
Other Financing Sources (Uses):				
Transfers out:				
To General Capital Projects Fund	(593,751)	(535,039)	58,712	(1,357,920)
Appropriated fund balance	593,751	-	(593,751)	-
Total other financing sources (uses)	-	(535,039)	(535,039)	(1,357,920)
Net change in fund balance	\$ -	164,961	\$ 164,961	(2,099,420)
Fund Balance:				
Beginning of year - July 1		1,075,452		3,174,872
End of year - June 30		\$ 1,240,413		\$ 1,075,452

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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, 2012****WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011**

	2012			2011
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Investment earnings	\$ -	\$ 101,086	\$ 101,086	\$ 87,318
Total revenues	-	101,086	101,086	87,318
Expenditures:				
Debt service:				
Principal repayments	164,364	-	164,364	-
Total expenditures	164,364	-	164,364	-
Revenues over (under) expenditures	(164,364)	101,086	265,450	87,318
Other Financing Sources (Uses):				
Transfers in:				
From General Fund	164,364	164,363	(1)	164,363
Total other financing sources (uses)	164,364	164,363	(1)	164,363
Net change in fund balance	\$ -	265,449	\$ 265,449	251,681
Fund Balance:				
Beginning of year - July 1		1,844,730		1,593,049
End of year - June 30		\$ 2,110,179		\$ 1,844,730

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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, 2012****WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011**

	2012			2011
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Operating revenues	\$ 3,954,807	\$ 4,341,961	\$ 387,154	\$ 4,002,145
Operating grants	130,000	115,892	(14,108)	148,645
Non-operating revenues:				
Interest income	25,000	21,726	(3,274)	42,304
Total revenues	<u>4,109,807</u>	<u>4,479,579</u>	<u>369,772</u>	<u>4,193,094</u>
Expenditures:				
Salaries and employee benefits	978,620	915,798	62,822	806,916
Other operating expenditures	3,067,296	3,397,075	(329,779)	3,135,628
Repairs and maintenance	135,458	132,135	3,323	223,322
Capital outlay	4,090,365	2,852,829	1,237,536	1,515,061
Total expenditures	<u>8,271,739</u>	<u>7,297,837</u>	<u>973,902</u>	<u>5,680,927</u>
Revenue over (under) expenditures	<u>(4,161,932)</u>	<u>(2,818,258)</u>	<u>(604,130)</u>	<u>(1,487,833)</u>
Other Financing Sources (Uses):				
Transfers in	221,832	221,832	-	104,000
Transfers out	(29,900)	(29,900)	-	-
Proceeds from debt issuance	2,000,000	2,000,000	-	-
Appropriated retained earnings	1,970,000	-	(1,970,000)	-
Total other financing sources (uses)	<u>4,161,932</u>	<u>2,191,932</u>	<u>(1,970,000)</u>	<u>104,000</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>(626,326)</u>	<u>\$ (626,326)</u>	<u>\$ (1,383,833)</u>

Reconciliation of Modified Accrual Basis to Full Accrual Basis:

Reconciling items:

Other post-employment benefits	54,004
Capital outlay, capitalized	2,803,494
Proceeds from installment debt	(2,000,000)
Post-closure care costs	(84,116)
Depreciation	<u>(149,315)</u>
Total reconciling items	<u>624,067</u>

Change in net assets \$ (2,259)

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, 2012****WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011**

	2012			2011
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Operating revenues	\$ 1,080,822	\$ 1,278,016	\$ 197,194	\$ 1,192,873
Interest income	-	67,795	67,795	54,398
Total revenues	<u>1,080,822</u>	<u>1,345,811</u>	<u>264,989</u>	<u>1,247,271</u>
Expenditures:				
Water and sewer administration:				
Operating expenditures	400,985	419,836	(18,851)	280,440
Repairs and maintenance	174,871	161,872	12,999	168,754
Capital outlay	<u>76,474</u>	<u>88,680</u>	<u>(12,206)</u>	<u>-</u>
Total water and sewer administration	<u>652,330</u>	<u>670,388</u>	<u>(18,058)</u>	<u>449,194</u>
Debt Service:				
Interest paid	58,917	49,738	9,179	71,620
Principal retirement	<u>225,972</u>	<u>225,972</u>	<u>-</u>	<u>-</u>
Total debt service	<u>284,889</u>	<u>275,710</u>	<u>9,179</u>	<u>71,620</u>
Revenues over (under) expenditures	<u>143,603</u>	<u>399,713</u>	<u>256,110</u>	<u>726,457</u>
Other Financing Sources (Uses):				
Proceeds from long-term debt issued:				
Transfers out:	(304,037)	(304,037)	-	(302,359)
Appropriated retained earnings	<u>160,434</u>	<u>-</u>	<u>(160,434)</u>	<u>-</u>
Total other financing sources (uses)	<u>(143,603)</u>	<u>(304,037)</u>	<u>(160,434)</u>	<u>(302,359)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>95,676</u>	<u>\$ 95,676</u>	<u>\$ 424,098</u>
Reconciliation of Modified Accrual Basis to Full Accrual Basis:				
Reconciling items:				
Capital contribution		672,883		
Capital outlay		88,680		
Principle paid on debt		225,972		
Depreciation		<u>(407,951)</u>		
Total reconciling items		<u>579,584</u>		
Change in net assets		<u>\$ 675,260</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, 2012****WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011**

	2012			2011
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Operating revenues	\$ 42,800	\$ 41,140	\$ (1,660)	\$ 66,000
Non-operating revenues:				
Interest income	-	8,751	8,751	7,298
Total revenues	<u>42,800</u>	<u>49,891</u>	<u>7,091</u>	<u>73,298</u>
Expenditures:				
Water and sewer administration:				
Salaries and employee benefits				
Operating expenditures	36,800	29,005	7,795	27,794
Repairs and maintenance	<u>6,000</u>	<u>3,520</u>	<u>2,480</u>	<u>13,928</u>
Total expenditures	<u>42,800</u>	<u>32,525</u>	<u>10,275</u>	<u>41,722</u>
Revenues over (under) expenditures	<u>\$ -</u>	<u>17,366</u>	<u>\$ 17,366</u>	<u>\$ 31,576</u>
Reconciliation of Modified Accrual Basis to Full Accrual Basis:				
Reconciling items:				
Depreciation		<u>(10,445)</u>		
Total reconciling items		<u>(10,445)</u>		
Change in net assets		<u>\$ 6,921</u>		

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Agency Funds

Agency Funds are used to account for assets 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 assets held by the Social Services Department for the benefit of certain individuals in the County.

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

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

Fireman's Association Fund – accounts for assets 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.

Motor Vehicle Tax Fund – accounts for the three percent interest on the first month of delinquent motor vehicle taxes that the County is required to remit to the North Carolina Department of Motor Vehicles

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, 2012**

	Balance July 1, 2011	Additions	Deductions	Balance June 30, 2012
Social Services Fund:				
Assets:				
Cash and cash equivalents	\$ 26,314	\$ 244,833	\$ 241,449	\$ 29,698
Liabilities:				
Accounts payable	\$ 26,314	\$ 244,833	\$ 241,449	\$ 29,698
Agriculture Fund:				
Assets:				
Cash and accounts receivable	\$ 31,032	\$ 22,352	\$ 25,479	\$ 27,905
Liabilities:				
Intergovernmental payable	\$ 31,032	\$ 22,352	\$ 25,479	\$ 27,905
Flexible Spending Fund:				
Assets:				
Cash and accounts receivable	\$ -	\$ 185,546	\$ 185,546	\$ -
Liabilities:				
Intergovernmental payable	\$ -	\$ 185,546	\$ 185,546	\$ -
Fireman's Association Fund:				
Assets:				
Cash and accounts receivable	\$ 162,601	\$ 56,900	\$ 48,019	\$ 171,482
Liabilities:				
Intergovernmental payable	\$ 162,601	\$ 56,900	\$ 48,019	\$ 171,482
Land Development Fund:				
Assets:				
Cash and cash equivalents	\$ 3,173	\$ 4,070	\$ 3,193	\$ 4,050
Liabilities:				
Intergovernmental payable	\$ 3,173	\$ 4,070	\$ 3,193	\$ 4,050

HENDERSON COUNTY, NORTH CAROLINA**AGENCY FUNDS****COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2012**

	Balance July 1, 2011	Additions	Deductions	Balance June 30, 2012
School Fines and Forfeitures Fund:				
Assets:				
Cash and cash equivalents	\$ -	\$ 424,237	\$ 424,237	\$ -
Liabilities:				
Intergovernmental payable	\$ -	\$ 424,237	\$ 424,237	\$ -
Motor Vehicle Tax Fund:				
Assets:				
Cash and cash equivalents	\$ 2,398	\$ 34,800	\$ 34,857	\$ 2,341
Liabilities:				
Intergovernmental payable	\$ 2,398	\$ 34,800	\$ 34,857	\$ 2,341
Deed of Trust Fund:				
Assets:				
Cash and cash equivalents	\$ 1,700	\$ 66,974	\$ 61,486	\$ 7,188
Liabilities:				
Intergovernmental payable	\$ 1,700	\$ 66,974	\$ 61,486	\$ 7,188
Other Agency Funds:				
Assets:				
Cash and cash equivalents	\$ 280,363	\$ 2,434,853	\$ 2,415,645	\$ 299,571
Liabilities:				
Intergovernmental payable	\$ 280,363	\$ 2,434,853	\$ 2,415,645	\$ 299,571
Totals - All Agency Funds:				
Assets:				
Cash and receivables	\$ 507,581	\$ 3,474,565	\$ 3,439,911	\$ 542,235
Liabilities:				
Intergovernmental payable	\$ 507,581	\$ 3,474,565	\$ 3,439,911	\$ 542,235

Additional Financial Data

This section contains additional information on taxes receivable, the tax levy, and schedule of revenues and expenditures for Henderson County Hospital Corporation as of June 30, 2012.

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HENDERSON COUNTY, NORTH CAROLINA**SCHEDULE OF AD VALOREM TAXES RECEIVABLE - GENERAL FUND
JUNE 30, 2012**

Fiscal Year	Uncollected Balance July 1, 2011	Additions	Collections and Credits	Uncollected Balance June 30, 2012
2011-2012	\$ -	\$ 61,598,823	\$ 59,914,564	\$ 1,684,259
2010-2011	1,942,396	-	1,227,198	715,198
2009-2010	590,605	-	279,505	311,100
2008-2009	301,640	-	42,432	259,208
2007-2008	276,861	-	48,637	228,224
2006-2007	310,952	-	14,267	296,685
2005-2006	184,611	-	6,261	178,350
2004-2005	139,745	-	4,586	135,159
2003-2004	172,943	-	12,423	160,520
2002-2003	177,040	-	11,605	165,435
2001-2002	138,305	-	138,305	-
Total	<u>\$ 4,235,098</u>	<u>\$ 61,598,823</u>	<u>\$ 61,699,782</u>	4,134,139

Less: allowance for uncollectible accounts: General Fund (1,861,600)

Ad valorem taxes receivable net: General Fund \$ 2,272,539

Reconciliation with Revenues:

Ad valorem taxes - General Fund	\$ 61,359,794
Ad valorem taxes - Revaluation Fund	<u>641,359</u>
Total ad valorem taxes	62,001,153

Reconciling items:

Interest	(355,296)
Tax refunds	(200,857)
Other miscellaneous adjustments	116,477
Amounts written off per Statute of Limitations	<u>138,305</u>

Total collections and credits \$ 61,699,782

HENDERSON COUNTY, NORTH CAROLINA

ANALYSIS OF CURRENT TAX LEVY FOR THE YEAR ENDED JUNE 30, 2012

	County-Wide			Total Levy	
	Property Valuation	Rate	Amount of Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original Levy:					
Property taxed at current year's rate	\$ 11,457,717,679	\$ 0.5136	\$ 58,846,838	\$ 57,404,924	\$ 1,441,914
Motor vehicles taxed at prior year's rate	592,603,030	0.4620	2,737,826	-	2,737,826
Total	<u>12,050,320,709</u>		<u>61,584,664</u>	<u>57,404,924</u>	<u>4,179,740</u>
Discoveries:					
Current year taxes	24,575,350	0.5136	126,219	126,219	-
Prior year taxes	7,753,896	0.4620	35,823	35,823	-
Penalties	<u>13,172,702</u>	0.5136	<u>67,655</u>	<u>67,655</u>	-
Total	<u>45,501,949</u>		<u>229,697</u>	<u>229,697</u>	-
Abatements	<u>(41,966,121)</u>	0.5136	<u>(215,538)</u>	<u>(112,897)</u>	<u>(102,641)</u>
Total property valuation	<u>\$ 12,053,856,537</u>				
Net Levy			61,598,823	57,521,724	4,077,099
Uncollected taxes at June 30, 2012			<u>(1,684,259)</u>	<u>(1,282,902)</u>	<u>(401,357)</u>
Current Year's Taxes Collected			<u>\$ 59,914,564</u>	<u>\$ 56,238,822</u>	<u>\$ 3,675,742</u>
Current Levy Collection Percentage			<u>97.27%</u>	<u>97.77%</u>	<u>90.16%</u>

HENDERSON COUNTY, NORTH CAROLINA**ANALYSIS OF CURRENT TAX LEVY - COUNTY-WIDE LEVY
FOR THE YEAR ENDED JUNE 30, 2012****Secondary Market Disclosures:**

Assessed Valuation:

Assessment ratio (1) 96.45%

Real Property	\$ 10,236,034,281
Personal Property	1,617,858,308
Public Service Companies (2)	<u>199,963,948</u>
Total assessed valuation	<u>\$ 12,053,856,537</u>

Tax rate per \$100	<u>\$ 0.514</u>
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Levy (includes discoveries, releases and abatements) (3)	\$ 61,598,823
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In addition to the County-wide rate, the following table lists the levies by the County on behalf of fire protection districts for the fiscal year ended June 30, 2012:

Fire protection districts	<u>6,846,532</u>
Total	<u>\$ 68,445,355</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.

HENDERSON COUNTY, NORTH CAROLINA

**DISCRETELY PRESENTED COMPONENT UNIT
HENDERSON COUNTY HOSPITAL CORPORATION
SCHEDULE OF REVENUES, EXPENDITURES -
BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2011**

	Budget	Actual	Variance Over/Under
Revenues:			
Operating revenues	\$ 143,307,883	\$ 138,195,258	\$ 5,112,625
Non-operating revenues:			
Interest income	869,654	163,838	(705,816)
Miscellaneous income (expense)	-	1,211,226	1,211,226
Total non-operating revenues	869,654	1,375,064	505,410
Total revenues	144,177,537	139,570,322	5,618,035
Expenditures:			
Operating expenditures:			
Salaries and employee benefits	73,364,580	73,031,512	333,068
Operating expenditures	57,122,520	56,350,220	772,300
Depreciation and amortization	9,165,273	8,457,058	708,215
Total expenditures	139,652,373	137,838,790	1,813,583
Revenues over (under) expenditures	4,525,164	1,731,532	(2,793,632)
Individuals and others	-	3,530	3,530
Net change in fund balance	\$ 4,525,164	\$ 1,735,062	\$ (2,790,102)

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 Assets by Component,
Last Five Fiscal Years
(accrual basis of accounting)

	Fiscal Year				
	2008	2009	2010	2011	2012
Governmental activities					
Invested in capital assets, net of related debt	\$ 42,917,076	\$ 46,920,197	\$ 45,283,045	\$ 45,090,597	\$ 47,218,294
Restricted	346,809	-	343,790	9,154,768	10,996,211
Unrestricted	<u>(26,932,658)</u>	<u>(47,594,779)</u>	<u>(49,123,482)</u>	<u>(56,449,939)</u>	<u>(51,095,871)</u>
Total governmental activities net assets	<u>\$ 16,331,227</u>	<u>\$ (674,582)</u>	<u>\$ (3,496,647)</u>	<u>\$ (2,204,574)</u>	<u>\$ 7,118,634</u>
Business-type activities					
Invested in capital assets, net of related debt	\$ 14,332,671	\$ 14,917,293	\$ 15,562,023	\$ 16,818,425	\$ 18,050,922
Unrestricted	<u>6,061,315</u>	<u>6,798,777</u>	<u>6,597,775</u>	<u>5,448,726</u>	<u>4,896,151</u>
Total business-type activities	<u>\$ 20,393,986</u>	<u>\$ 21,716,070</u>	<u>\$ 22,159,798</u>	<u>\$ 22,267,151</u>	<u>\$ 22,947,073</u>
Primary government					
Invested in capital assets, net of related debt	\$ 57,249,747	\$ 61,837,490	\$ 60,845,068	\$ 61,909,022	\$ 65,269,216
Restricted	346,809	-	343,790	9,154,768	10,996,211
Unrestricted	<u>(20,871,343)</u>	<u>(40,796,002)</u>	<u>(42,525,707)</u>	<u>(51,001,213)</u>	<u>(46,199,720)</u>
Total primary government net assets	<u>\$ 36,725,213</u>	<u>\$ 21,041,488</u>	<u>\$ 18,663,151</u>	<u>\$ 20,062,577</u>	<u>\$ 30,065,707</u>

Note: The decrease in total net assets of the County from FY2008 to FY2009 is primarily due to the significant deficit increase in in unrestricted net assets from school and community college capital project expenditures that occurred in FY2009 for new facilities that are not reported as assets of the County. The significant increase in total net assets of the County is primarily due to an increase in new facilities reported as capital assets of the County and a significant reduction in total unrestricted net assets from FY2011 to FY2012.

Schedule 2
Henderson County
Changes in Net Assets,
Last Five Fiscal Years
(accrual basis of accounting)

	Fiscal Year				
	2008	2009	2010	2011	2012
Expenses					
Governmental activities:					
General government	\$ 20,573,746	\$ 17,377,905	\$ 12,790,053	\$ 19,654,791	\$ 16,036,914
Public safety	28,376,181	29,733,774	31,522,260	27,061,623	30,342,623
Environmental protection	715,577	819,015	620,661	759,241	678,682
Economic and physical development	2,939,542	3,131,673	3,019,284	3,524,661	3,001,446
Human Services	32,116,159	32,525,413	29,464,315	27,889,051	27,200,233
Cultural and recreation	3,712,969	3,139,072	4,522,826	4,657,512	3,497,027
Education	29,547,701	48,916,897	32,884,958	29,708,049	22,798,061
Interest on long term debt	4,847,599	5,502,008	5,331,692	5,007,243	4,981,375
Total governmental activities	<u>122,829,474</u>	<u>141,145,757</u>	<u>120,156,049</u>	<u>118,262,171</u>	<u>108,536,361</u>
Business-type activities:					
Landfill	3,992,430	4,110,540	4,365,097	4,311,315	4,673,770
Cane Creek water and sewer	771,571	852,213	907,057	921,563	1,039,398
Other business-type activities	36,104	42,278	41,848	52,167	42,970
Total business-type activities	<u>4,800,105</u>	<u>5,005,031</u>	<u>5,314,002</u>	<u>5,285,045</u>	<u>5,756,138</u>
Total primary government expenses	<u>\$ 127,629,579</u>	<u>\$ 146,150,788</u>	<u>\$ 125,470,051</u>	<u>\$ 123,547,216</u>	<u>\$ 114,292,499</u>
Program Revenues					
Governmental activities					
Charges for services:					
General government	\$ 737,144	\$ 631,057	\$ 565,665	\$ 2,877,560	\$ 631,150
Public safety	4,739,681	3,836,365	4,471,480	3,357,700	4,010,900
Environmental protection	-	-	-	14,224	-
Economic and physical development	1,652,472	1,818,025	1,687,452	131,193	1,305,720
Human services	2,518,859	2,837,931	536,580	447,382	557,456
Cultural and recreation	263,541	243,102	245,224	436,437	167,661
Education	-	-	-	-	-
Operating grants and contributions:					
General government	727,155	841,768	974,454	1,827,808	2,127,237
Public safety	1,901,716	1,869,045	1,649,828	2,890,615	2,128,666
Environmental protection	504,249	681,813	47,252	78,413	47,133
Economic and physical development	1,000,987	1,350,792	81,645	303,595	363,456
Human services	15,919,725	18,171,953	17,675,287	17,460,691	16,014,799
Cultural and recreation	260,165	267,173	242,402	230,446	197,661
Education	800,000	959,681	1,327,382	1,635,063	1,021,661
Capital grants and contributions:					
General government	-	-	48,242	-	-
Environmental protection	-	-	740,216	-	-
Economic and physical development	-	-	880,680	469,493	337,184
Cultural and recreation	-	-	-	-	-
Education	-	-	-	139,428	120,744
Total governmental activities program revenues	<u>31,025,694</u>	<u>33,508,705</u>	<u>31,173,789</u>	<u>32,300,048</u>	<u>29,031,428</u>
Business-type activities:					
Charges for services	6,026,980	5,616,874	5,590,190	5,261,018	5,661,118
Operating grants and contributions	534,877	201,061	135,743	148,645	115,892
Capital grants and contributions	721,353	228,096	162,590	77,092	672,883
Total business-type activities program revenues	<u>7,283,210</u>	<u>6,046,031</u>	<u>5,888,523</u>	<u>5,486,755</u>	<u>6,449,893</u>
Total primary government program revenues	<u>\$ 38,308,904</u>	<u>\$ 39,554,736</u>	<u>\$ 37,062,312</u>	<u>\$ 37,786,803</u>	<u>\$ 35,481,321</u>
Net (Expense)/Revenue					
Governmental activities	\$ (91,803,780)	\$ (107,637,052)	\$ (88,982,260)	\$ (85,962,123)	\$ (79,504,933)
Business-type activities	<u>2,483,105</u>	<u>1,041,000</u>	<u>574,521</u>	<u>201,710</u>	<u>693,755</u>

	Fiscal Year				
	2008	2009	2010	2011	2012
Total primary government net (expense)/revenue	\$ (89,320,675)	\$ (106,596,052)	\$ (88,407,739)	\$ (85,760,413)	\$ (78,811,178)
General Revenues and Other Changes in Net Assets					
Governmental activities:					
Property taxes	\$ 64,331,927	\$ 66,151,942	\$ 67,341,066	\$ 67,886,712	\$ 68,689,187
Local option sales tax	24,547,750	21,161,570	16,265,083	16,463,074	17,504,095
Other taxes and licenses	2,908,890	1,932,087	1,760,761	1,884,433	1,761,555
Grants and contributions not restricted	27,035	58,351	-	-	-
Investment earnings	2,780,131	1,161,801	614,221	821,618	761,199
Miscellaneous	-	-	-	-	-
Transfers	218,144	165,492	179,064	198,359	112,105
Total governmental activities:	<u>94,813,877</u>	<u>90,631,243</u>	<u>86,160,195</u>	<u>87,254,196</u>	<u>88,828,141</u>
Business-type activities:					
Investment earnings	317,517	446,576	48,271	104,001	98,272
Miscellaneous	-	-	-	-	-
Transfers	(218,144)	(165,492)	(179,064)	(198,359)	(112,105)
Total business-type activities	<u>99,373</u>	<u>281,084</u>	<u>(130,793)</u>	<u>(94,358)</u>	<u>(13,833)</u>
Total primary government	<u>\$ 94,913,250</u>	<u>\$ 90,912,327</u>	<u>\$ 86,029,402</u>	<u>\$ 87,159,838</u>	<u>\$ 88,814,308</u>
Change in Net Assets					
Governmental activities	\$ 3,010,097	\$ (17,005,809)	\$ (2,822,065)	\$ 1,292,073	\$ 9,323,208
Business-type activities	<u>2,582,478</u>	<u>1,322,084</u>	<u>443,728</u>	<u>107,352</u>	<u>679,922</u>
Total primary government	<u>\$ 5,592,575</u>	<u>\$ (15,683,725)</u>	<u>\$ (2,378,337)</u>	<u>\$ 1,399,425</u>	<u>\$ 10,003,130</u>

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

	Fiscal Year			
	2003	2004	2005	2006
General Fund				
Non-Spendable:				
Inventories	\$ 16,191	\$ 11,649	\$ 18,295	\$ 14,998
Prepaid items	46,190	46,310	67,145	56,110
Restricted:				
Stabilization for State statute	4,809,834	7,118,014	6,085,013	7,542,377
Restricted, all other	129,243	111,956	160,729	248,699
Committed:				
Assigned for subsequent year's expenditures	486,606	400,000	-	515,000
Assigned all other	-	-	-	-
Unassigned:	<u>7,121,581</u>	<u>7,284,036</u>	<u>9,932,388</u>	<u>12,902,473</u>
Total General Fund	<u>\$ 12,609,645</u>	<u>\$ 14,971,965</u>	<u>\$ 16,263,570</u>	<u>\$ 21,279,657</u>
 All Other Governmental Funds				
Non-Spendable:				
Prepaid items	\$ -	\$ -	\$ -	\$ -
Restricted:				
Stabilization for State statute	78,814	64,047	159,701	401,060
Restricted, all other	-	-	-	-
Committed:				
Special revenue and debt service funds	363,424	590,310	781,540	942,744
Capital projects funds	3,985,305	660,117	23,357,918	42,402,936
Assigned all other:	-	-	-	-
Unassigned:	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total all other governmental funds	<u>\$ 4,427,543</u>	<u>\$ 1,314,474</u>	<u>\$ 24,299,159</u>	<u>\$ 43,746,740</u>

Fiscal Year					
2007	2008	2009	2010	2011	2012
\$ 16,333	\$ 14,386	\$ 25,843	\$ 34,082	\$ 46,785	\$ 61,586
53,335	98,803	92,671	136,140	145,801	124,902
8,972,465	9,257,898	7,263,179	6,522,876	6,367,890	6,749,449
318,524	346,809	324,500	343,790	258,575	161,443
1,841,778	2,352,740	720,778	6,418,905	3,194,191	5,617,206
99,126	26,996	37,422	87,492	305,525	77,195
15,381,495	21,872,379	26,747,571	23,498,852	26,849,372	28,032,866
<u>\$ 26,683,056</u>	<u>\$ 33,970,011</u>	<u>\$ 35,211,964</u>	<u>\$ 37,042,137</u>	<u>\$ 37,168,139</u>	<u>\$ 40,824,647</u>
\$ 5,986	\$ -	\$ -	\$ -	\$ -	\$ -
153,693	273,611	409,967	526,857	962,962	608,963
-	-	-	-	3,413,004	3,476,356
2,663,109	4,127,851	4,165,361	5,549,793	1,115,294	1,319,314
26,184,220	32,637,787	6,114,403	9,320,682	4,775,469	1,628,356
-	-	-	-	7,834	310,293
-	-	-	-	(19,551)	47,907
<u>\$ 29,001,022</u>	<u>\$ 37,039,249</u>	<u>\$ 10,689,731</u>	<u>\$ 15,397,332</u>	<u>\$ 10,255,012</u>	<u>\$ 7,391,189</u>

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

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Revenues				
Taxes:				
Property	\$ 42,631,095	\$ 46,232,977	\$ 47,851,376	\$ 52,074,680
Sales	14,836,112	18,851,961	19,730,435	20,540,587
Other	1,608,439	1,876,023	2,210,814	2,892,255
Total taxes	<u>59,075,646</u>	<u>66,960,961</u>	<u>69,792,625</u>	<u>75,507,522</u>
Intergovernmental	12,052,413	13,899,560	16,307,844	18,472,353
Permits and Fees	1,819,856	1,810,064	1,945,291	2,081,006
Sales and Services	3,773,924	3,966,080	3,899,319	5,909,591
Investment Earnings	339,493	147,743	558,999	1,463,391
Miscellaneous	948,094	1,448,034	1,566,357	2,945,274
Total Revenues	<u>78,009,426</u>	<u>88,232,442</u>	<u>94,070,435</u>	<u>106,379,137</u>
Expenditures				
General Government	8,114,877	8,710,370	9,569,567	10,166,052
Public Safety	14,392,284	15,629,184	22,169,007	23,090,778
Environmental Protection	251,016	368,585	744,817	2,777,434
Economic Development	2,378,287	2,799,098	3,250,597	2,901,890
Human Services	22,581,034	23,452,151	25,769,902	27,968,583
Culture and Recreation	2,841,095	3,047,538	3,308,167	3,529,766
Education	18,393,390	19,191,870	19,770,627	20,418,061
Capital Outlay	13,379,967	9,211,337	6,069,945	24,539,541
Debt Service:				
Principal	4,873,216	4,498,477	4,888,061	5,587,776
Interest	2,691,125	2,442,078	1,746,726	2,808,404
Total Expenditures	<u>89,896,291</u>	<u>89,350,688</u>	<u>97,287,416</u>	<u>123,788,285</u>
Excess of revenues over (under) expenditures	<u>(11,886,865)</u>	<u>(1,118,246)</u>	<u>(3,216,981)</u>	<u>(17,409,148)</u>
Other Financing Sources (Uses)				
Transfers in	3,339,914	1,946,650	3,742,448	1,060,357
Transfers out	(3,142,688)	(1,785,558)	(2,086,473)	(797,541)
Proceeds from certificates of participation	-	-	25,837,296	41,610,000
Bond proceeds	-	205,949	-	-
Refunding bonds issued	-	-	-	-
Payments to escrow agents	-	-	-	-
Bond premium	-	-	-	-
Sale of capital assets	-	5,000	-	-
Installment financing issued	-	-	-	-
Total other financing sources (uses)	<u>197,226</u>	<u>372,041</u>	<u>27,493,271</u>	<u>41,872,816</u>
Net change in fund balances	<u>\$ (11,689,639)</u>	<u>\$ (746,205)</u>	<u>\$ 24,276,290</u>	<u>\$ 24,463,668</u>
Debt service as a percentage of noncapital expenditures	8.48%	7.80%	7.10%	7.57%

Fiscal Year					
2007	2008	2009	2010	2011	2012
\$ 58,637,892	\$ 64,439,584	\$ 66,018,584	\$ 67,108,338	\$ 67,640,556	\$ 68,869,266
22,661,455	23,380,137	20,674,811	16,265,083	16,463,074	17,504,095
2,752,039	2,646,547	1,853,877	1,716,654	1,839,151	1,647,165
84,051,386	90,466,268	88,547,272	85,090,075	85,942,781	88,020,526
18,113,945	19,838,087	23,056,971	22,579,216	23,955,738	20,506,382
2,295,267	2,555,970	1,259,149	1,303,741	1,259,908	1,570,092
7,500,403	7,395,847	8,060,928	5,606,937	5,808,063	5,204,757
3,602,951	2,780,131	1,161,801	614,221	821,618	761,199
3,925,450	2,732,901	1,708,592	1,692,157	1,289,906	2,158,119
119,489,402	125,769,204	123,794,713	116,886,347	119,078,014	118,221,075
11,479,942	13,046,727	14,533,347	10,460,904	17,181,746	11,345,895
23,989,110	27,503,940	28,865,600	30,198,709	31,113,589	30,683,571
725,323	715,577	821,125	612,539	645,457	579,882
3,235,715	2,900,510	3,096,497	2,823,059	3,414,401	3,333,698
31,276,781	31,776,627	32,308,980	28,796,898	28,494,208	26,736,224
3,561,998	3,618,956	3,018,141	4,283,758	4,462,354	3,829,304
22,038,249	36,524,184	48,916,897	32,884,958	29,708,049	22,798,061
23,222,119	14,678,560	3,321,887	1,197,171	2,433,642	3,231,758
7,680,164	7,535,472	14,324,588	8,947,223	9,654,619	10,189,756
4,702,820	4,640,599	5,505,708	5,612,835	4,929,086	5,084,218
131,912,221	142,941,152	154,712,770	125,818,054	132,037,151	117,812,367
(12,422,819)	(17,171,948)	(30,918,057)	(8,931,707)	(12,959,137)	408,708
1,077,587	2,540,801	1,828,034	4,000,986	2,217,302	1,339,807
(866,099)	(2,322,657)	(1,662,542)	(3,821,922)	(2,018,943)	(1,205,208)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	17,037,084	-	-
-	-	-	(17,282,996)	-	-
-	-	-	848,430	-	-
-	-	-	-	-	-
2,875,000	32,273,000	5,645,000	14,687,899	7,744,460	249,378
3,086,488	32,491,144	5,810,492	15,469,481	7,942,819	383,977
\$ (9,336,331)	\$ 15,319,196	\$ (25,107,565)	\$ 6,537,774	\$ (5,016,318)	\$ 792,685
10.68%	9.49%	13.10%	11.73%	11.84%	13.35%

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

Fiscal Year	Real Property			Present-use Value (1)	Personal Property
	Residential Property	Commercial Property	Industrial Property		
2003	\$ 4,866,476,349	\$ 827,146,680	\$ 168,707,200	\$ 135,732,300	\$ 1,347,359,271
2004	5,938,575,453	984,707,640	186,990,000	175,533,400	1,304,635,023
2005	6,116,732,717	1,042,055,875	*	175,077,500	1,373,596,646
2006	6,300,234,699	1,103,108,886	*	176,733,520	1,406,919,730
2007	6,202,171,841	1,201,065,700	177,020,530	115,788,123	1,722,357,586
2008	9,117,452,386	1,287,653,289	*	153,220,366	1,769,324,843
2009	8,934,833,585	1,748,314,967	220,892,345	142,880,776	1,715,328,348
2010	9,092,887,260	1,763,941,443	203,969,345	146,464,425	1,681,442,498
2011 (5)	9,220,396,484	1,799,570,575	222,759,000	158,081,190	1,588,713,764
2012	8,476,402,185	1,411,863,040	195,764,850	152,004,206	1,617,858,308

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 year is not yet available.
 - (5) Property in Henderson County is reassessed every four years. The last reassessment was on January 1, 2011 and was the basis for FY2012 taxes.
- * Indicates valuation was included in Commercial Property Valuation

Public Service Companies (2)	Total Taxable Assessed Value	Total Direct Tax Rate (3)	Estimated Actual Taxable Value (4)
\$ 162,593,200	\$ 7,508,015,000	\$ 0.5000	\$ 7,548,019,503
160,976,534	8,751,418,050	0.4750	9,470,206,742
161,003,632	8,868,466,370	0.4750	10,257,305,540
168,808,340	9,155,805,175	0.5150	10,921,871,854
193,340,879	9,611,744,659	0.5650	9,813,911,230
198,266,344	12,525,917,228	0.4620	13,802,663,612
198,684,287	12,960,934,308	0.4620	14,865,161,496
203,783,025	13,092,487,996	0.4620	15,016,043,120
201,935,623	13,191,456,636	0.4620	13,801,482,147
199,963,948	12,053,856,537	0.5136	12,599,412,233

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

	Fiscal Year			
	2003	2004	2005	2006
Henderson County	\$ 0.5000	\$ 0.4750	\$ 0.4750	\$ 0.5150
Municipality Rates:				
Hendersonville	0.4500	0.4300	0.4300	0.4300
Laurel Park	0.3100	0.3000	0.3100	0.3100
Fletcher	0.2700	0.2500	0.2700	0.2700
Mills River	0.0750	0.0700	0.0750	0.0750
Flat Rock	-	-	-	0.0850
Saluda	0.5000	0.5000	0.5000	0.5000
Downtown - Main Street	0.3000	0.3000	0.3000	0.3000
Downtown - Seventh Ave.	0.1000	0.1000	0.1000	0.1000
Fire Districts:				
Bat Cave	0.0900	0.0900	0.0900	0.0900
Blue Ridge	0.0900	0.0800	0.0950	0.0950
Dana	0.1000	0.0900	0.0900	0.0900
Edneyville	0.0950	0.0900	0.0900	0.0925
Etowah-Horse Shoe	0.0800	0.0750	0.0750	0.0850
Fletcher	0.0950	0.0950	0.0950	0.0950
Gerton	0.1200	0.1200	0.1150	0.1150
Green River	0.0850	0.0750	0.0750	0.0750
Mills River	0.0650	0.0600	0.0650	0.0650
Mountain Home	0.0950	0.0950	0.1050	0.1050
Raven Rock/Saluda	0.0900	0.0900	0.0900	0.0900
Valley Hill	0.0900	0.0800	0.0800	0.0800
Valley Hill II	0.0800	0.0800	0.0800	0.0800

Source: Henderson County Tax Collector

Note: The property tax rates presented is the total direct tax rate of the governmental unit and fire tax districts listed. The total direct rate does not have individual component units to display.

Fiscal Year						
2007	2008	2009	2010	2011	2012	
\$ 0.5650	\$ 0.4620	\$ 0.4620	0.4620	0.4620	0.5136	
0.4300	0.3800	0.3800	0.3800	0.3800	0.4100	
0.3350	0.2700	0.2700	0.3100	0.3100	0.3600	
0.2200	0.2700	0.2700	0.3200	0.3200	0.3250	
0.0750	0.0750	0.0750	0.0750	0.0750	0.0874	
0.0850	0.0750	0.0750	0.0750	0.0750	0.0840	
0.5400	0.6050	0.6050	0.5150	0.5150	0.6250	
0.3000	0.2500	0.2500	0.2500	0.2500	0.2800	
0.1000	0.1000	0.0800	0.0800	0.0800	0.1200	
0.0900	0.0800	0.0900	0.0900	0.0900	0.1000	
0.0950	0.0850	0.0850	0.0850	0.0850	0.0950	
0.1000	0.1000	0.1000	0.1000	0.1000	0.1100	
0.0950	0.0850	0.0850	0.0850	0.0850	0.0950	
0.0850	0.0800	0.0850	0.0850	0.0850	0.0950	
0.0950	0.0950	0.0950	0.0950	0.0950	0.1000	
0.1150	0.1150	0.1150	0.1150	0.1150	0.1250	
0.0750	0.0600	0.0600	0.0600	0.0600	0.0650	
0.0650	0.0650	0.0650	0.0650	0.0650	0.0750	
0.1050	0.0950	0.0950	0.0950	0.0950	0.1050	
0.0900	0.0750	0.0750	0.0750	0.0750	0.0850	
0.0800	0.0700	0.0700	0.0700	0.0700	0.0800	
0.0800	0.0700	0.0700	0.0700	0.0700	0.0800	

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

Taxpayer	Type of Business	Fiscal Year 2012			Fiscal Year 2003		
		Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Duke Energy	Electric utility	\$ 113,418,734	1	0.94%	\$ 80,023,158	2	1.07%
Continental Teves, Inc.	Automobile brake systems	64,357,315	2	0.53%	87,483,190	1	1.17%
Berkley Mills	Textiles	63,320,600	3	0.53%	77,025,710	3	1.03%
Meritor Heavy Vehicle Systems	Truck axles	57,188,206	4	0.47%	58,931,420	4	0.78%
UPM Raflatac, Inc.	Paper products	45,934,328	5	0.38%	35,620,472	7	0.47%
Public Service Company of NC	Natural gas utility	33,509,596	6	0.28%	24,669,147	11	0.33%
BellSouth	Telephone utility	29,846,383	7	0.25%	42,669,238	5	0.57%
Wilsonart International, Inc.	Laminate products	28,033,494	8	0.23%	24,101,820	12	0.32%
Borg-Warner Automotive Cooling	Automobile cooling systems	25,632,718	9	0.21%	26,938,790	9	0.36%
Wal-Mart Real Estate Business Trust	Retail	17,551,700	10	0.15%	13,401,900	16	0.18%
Totals		\$ <u>478,793,074</u>		3.97%	\$ <u>470,864,845</u>		6.27%

Source: Henderson County Assessor

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

Fiscal Year	Taxes Levied for the		Collected within the			Collections in Subsequent Years	Total Collections to Date			
	Fiscal Year (Original Levy)	Adjustments	Total Adjusted Levy	Fiscal Year of the Levy			Amount	Percentage of Adjusted Levy	Uncollected	
				Amount	Percentage of Original Levy		Amount			
2003	\$	37,683,586	\$ (89,150)	\$ 37,594,436	\$ 36,389,317	96.79%	\$ 1,039,684	\$ 37,429,001	99.56%	\$ 165,435
2004		41,378,068	210,365	41,588,433	40,302,593	96.91%	1,125,320	41,427,913	99.61%	160,520
2005		42,241,452	51,043	42,292,495	41,166,934	97.34%	963,885	42,157,336	99.68%	135,159
2006		46,981,907	229,493	47,211,400	45,835,220	97.09%	1,197,830	47,033,050	99.62%	178,350
2007		54,697,004	(357,661)	54,339,343	52,721,515	97.02%	1,321,143	54,042,658	99.45%	296,685
2008		58,186,499	64,973	58,251,472	56,887,367	97.66%	1,135,881	58,023,248	99.61%	228,224
2009		60,238,220	(244,892)	59,993,328	58,473,336	97.47%	1,260,784	59,734,120	99.57%	259,208
2010		60,846,087	(276,429)	60,569,659	59,003,033	97.41%	1,255,526	60,258,559	99.49%	311,100
2011		61,296,106	(268,085)	61,028,021	58,085,624	95.18%	2,227,199	60,312,823	98.83%	715,198
2012		61,814,359	(215,538)	61,598,821	59,914,564	97.27%	-	59,914,564	97.27%	1,684,259
										\$ 4,134,138

Source: Henderson County Tax Collector

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

Fiscal Year	Governmental Activities					Business - Type Activities			Total Primary Government	Per Capita (1)	Percentage of Personal Income (1)
	General Obligation Bonds	Limited Obligation Bonds	Installment Contracts	Installment Purchases	Other	General Obligation Bonds	Limited Obligation Bonds	Installment Purchases			
2003	\$12,690,000	-	\$21,905,000	\$19,598,121	\$1,352,317	\$1,266,000	-	-	\$56,811,438	612	2.18%
2004	10,645,000	-	20,635,000	18,415,037	1,425,550	1,238,000	-	-	52,358,587	554	1.96%
2005	8,640,000	-	45,240,000	16,751,301	1,054,197	1,209,000	-	-	72,894,498	758	2.54%
2006	6,680,000	-	84,950,000	15,473,676	532,952	1,178,000	-	-	108,814,628	1,113	3.53%
2007	4,760,000	-	81,485,000	16,983,567	323,466	-	-	3,019,100	106,571,133	1,065	3.22%
2008	2,885,000	-	77,780,000	47,445,041	187,581	-	-	2,701,300	130,998,922	1,283	3.65%
2009	1,060,000	-	69,320,000	49,184,096	58,388	-	-	2,383,500	122,005,984	1,175	3.22%
2010	-	17,037,084	57,190,000	50,876,518	29,195	-	1,842,916	79,450	127,055,163	1,208	3.37%
2011	-	15,814,348	52,755,000	54,653,290	220,566	-	1,710,652	-	125,153,856	1,168	3.29%
2012	-	13,725,320	56,140,000	43,416,940	-	-	1,484,680	-	114,766,940	1,058	*

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. Calendar year 2011 personal income not available to calculate FY2012.

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)
	General Obligation Bonds	Limited Obligation Bonds	Less: Amounts Restricted to Repaying Principal	Total			
2003	\$ 13,956,000	\$ -	\$ 2,073,000	\$ 11,883,000	0.46%	0.16%	128
2004	11,883,000	-	2,034,000	9,849,000	0.37%	0.11%	104
2005	9,849,000	-	1,991,000	7,858,000	0.27%	0.09%	82
2006	7,858,000	-	1,952,000	5,906,000	0.19%	0.06%	60
2007	4,760,000	-	1,875,000	2,885,000	0.09%	0.03%	29
2008	2,885,000	-	1,825,000	1,060,000	0.03%	0.01%	10
2009	1,060,000	-	1,060,000	-	0.00%	0.00%	-
2010	-	18,880,000	1,355,000	17,525,000	0.46%	0.13%	167
2011	-	17,525,000	2,315,000	15,210,000	0.40%	0.12%	142
2012	-	15,210,000	2,295,000	12,915,000	0.00%	0.11%	119

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.

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

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

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Assessed Value of Property	\$ 7,508,015	\$ 8,751,418	\$ 8,868,466	\$ 9,155,805	\$ 9,611,745	\$ 12,525,917	\$ 12,960,934	\$ 13,092,488	\$ 13,191,457	\$ 12,053,856
Debt Limit, 8% of Assessed Value (Statutory Limitation)	600,641	700,113	709,477	732,464	768,940	1,002,073	1,036,874	1,047,399	1,055,316	964,308
Amount of Debt Applicable to Limit:										
Gross debt	56,811	52,359	72,894	108,815	106,571	130,998	122,006	127,901	125,685	117,425
Less: Debt outstanding for water and sewer purposes	1,266	1,238	1,209	1,178	3,019	2,701	2,384	79	0	0
Total net debt applicable to limit	55,545	51,121	71,685	107,637	103,552	128,297	119,622	127,822	125,685	117,425
Legal Debt Margin	<u>\$ 545,096</u>	<u>\$ 648,992</u>	<u>\$ 637,792</u>	<u>\$ 624,827</u>	<u>\$ 665,388</u>	<u>\$ 873,776</u>	<u>\$ 917,252</u>	<u>\$ 919,577</u>	<u>\$ 929,631</u>	<u>\$ 846,883</u>
Total net debt applicable to the limit as a percentage of debt limit	9.25%	7.30%	10.10%	14.70%	13.47%	12.80%	11.54%	12.20%	11.91%	12.18%

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, 2012

<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	\$ 113,282,260	100.00%	\$ 113,282,260
Overlapping:			
City of Hendersonville	2,440,000	100.00%	2,440,000
Town of Fletcher	9,639,632	100.00%	<u>9,639,632</u>
Total overlapping debt			12,079,632
Total direct and overlapping debt			<u><u>\$ 125,361,892</u></u>

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

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

<u>Year</u>	<u>Population(1)</u>	<u>Personal Income (2) (thousands of dollars)</u>	<u>Per Capita Personal Income (2)</u>	<u>Public School Enrollment(3)</u>	<u>Unemployment Rate(4)</u>	<u>Number of Building Inspections Performed(5)</u>
2003	92,856	\$ 2,608,882	\$ 28,257	11,574	5.30%	29,223
2004	94,538	2,669,644	28,533	11,918	4.50%	33,554
2005	96,158	2,867,627	30,230	12,292	4.70%	35,835
2006	97,792	3,082,738	31,989	12,578	3.70%	34,795
2007	100,107	3,312,203	33,590	12,792	3.60%	36,680
2008	102,142	3,593,713	35,710	12,887	4.60%	39,544
2009	103,836	3,788,520	37,003	13,069	9.30%	25,123
2010	105,221	3,768,886	36,355	13,107	8.40%	18,642
2011	107,177	3,805,442	35,577	13,177	7.90%	15,799
2012	108,448	*	*	13,197	8.20%	16,114

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

Employer	2012		
	Employees	Rank	Percentage of Total County Employment
Henderson County Public Schools	1643	1	3.64%
Margaret R. Pardee Hospital	1184	2	2.62%
Park Ridge Hospital	1147	3	2.54%
Henderson County	720	4	1.60%
Wilsonart International Inc	602	5	1.33%
Ingles Markets Inc	552	6	1.22%
Meritor Heavy Vehicle Systems LLC	501	9	1.11%
General Electric	430	8	0.95%
Wal-Mart Associates Inc	450	8	1.00%
UPM Raflatac	350	10	0.78%

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

Function/Program	Full-time Equivalent Employees as of June 30									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General government	88	89	93	97	103	104	106	98	95	97
Public safety	223	228	236	258	271	265	271	266	274	261
Environmental protection	22	22	22	23	23	21	23	18	20	22
Economic and physical development	19	20	21	21	21	22	22	23	23	22
Human Services	236	239	251	263	273	272	281	285	288	272
Cultural and recreation	46	49	48	50	50	54	56	48	51	49
Total	<u>634</u>	<u>647</u>	<u>671</u>	<u>712</u>	<u>741</u>	<u>738</u>	<u>759</u>	<u>738</u>	<u>751</u>	<u>723</u>

Source: Human Resources Department

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

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

Function	Fiscal Year					Fiscal Year				
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<u>General Government</u>										
# of Registered Voters	66,815	70,558	67,992	70,510	71,431	74,823	74,581	76,117	75,821	78,326
<u>Public Safety</u>										
# of building permits issued	4,112	4,040	4,158	4,433	4,014	4,990	4,471	4,915	4,735	5,077
# of calls dispatched	72,343	84,727	87,875	88,884	103,320	133,644	120,202	117,422	131,706	200,843
<u>Human Services</u>										
# of food & lodging sites inspected	1,605	1,686	1,654	1,701	1,745	1,461	1,431	1,492	1,546	1,479
# of Health clients served	9,187	9,477	9,503	9,317	9,038	9,580	10,250	13,210	12,494	12,090
<u>Economic and Physical Development</u>										
Number of major subdivision plan reviews	20	22	36	44	50	29	11	4	2	3
<u>Cultural and Recreation</u>										
Library book circulation	796,843	785,999	818,842	916,649	929,304	955,670	952,439	972,262	987,905	947,866
<u>Education</u>										
Total \$ spent per ADM	\$ 1,860	\$ 1,850	\$ 1,820	\$ 1,920	\$ 2,151	\$ 2,286	\$ 2,426	\$ 2,281	\$ 2,319	\$ 2,213
<u>Enterprise Fund - Landfill</u>										
Solid waste generated # tons/day	230	310	280	343	314	255	272	245	203	218

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

Note: During fiscal year 2003 a change was made in the methodology of counting circulations in the public library. 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 2008 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.

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

Function	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<u>Public Safety</u>										
Sheriff's Department:										
Stations	1	1	1	1	1	1	1	1	1	1
Vehicles	117	121	124	130	130	136	159	162	163	176
<u>Cultural and Recreation</u>										
Park Acreage	305	305	305	320	320	320	320	320	320	323
Parks	7	7	7	7	7	7	8	8	8	8
Ballfields and courts	27	27	27	31	31	31	31	31	31	36
Libraries	5	5	6	6	6	6	6	6	6	6

Source: Various County Departments