

HENDERSON COUNTY NORTH CAROLINA

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2022

Prepared by: Finance Department
Finance Director: Samantha Reynolds

HENDERSON COUNTY, NORTH CAROLINA

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INTRODUCTORY SECTION

HENDERSON COUNTY
FINANCE DEPARTMENT

HISTORIC COURTHOUSE ANNEX
113 NORTH MAIN STREET
HENDERSONVILLE, NC 28792

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

October 31, 2022

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

The Annual Comprehensive Financial Report of Henderson County, North Carolina, for fiscal year ended June 30, 2022, 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, 2022, are free of material misstatements. The audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. Based upon the audit, there was a reasonable basis for rendering an unmodified opinion that Henderson County's financial statements for the year ended June 30, 2022 are fairly presented in conformity with GAAP.

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

For financial reporting purposes, in accordance with the Governmental Accounting Standard Board (“GASB”), 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, 2022, there are two discretely presented component units, the Henderson County Hospital Corporation, and the Henderson County Tourism Development Authority, which are required to be presented in the County’s combined financial statements.

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

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

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

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

DESCRIPTION OF THE COUNTY

Henderson County was established in 1838 and is located in the western portion of North Carolina. It is one of 100 counties established in North Carolina under North Carolina General Statute 153A-10. It has land area of 375 square miles and a population of 116,710. There are five municipalities within the County, the largest being the City of Hendersonville, which serves as the county seat. The County has a commissioner/manager form of government. The five members of the Board of Commissioners are elected from districts on a partisan basis and serve staggered four-year terms. Commissioners hold policy-making and legislative authority. They are responsible for adopting the annual budget ordinance and appointing the County Manager to serve as Chief Executive Officer. The County Manager is responsible for the enforcement of laws and ordinances, preparation and administration of the annual budget, delivery of services, implementing policies, managing daily operations, and the appointment of department heads and employees.

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

ECONOMIC CONDITIONS AND OUTLOOK

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

A balanced economic base of agriculture, tourism and manufacturing contributes to growth in the local economy. The total annual income from all agriculture/agribusiness industries is estimated at nearly \$1 billion and employs over 4,669 or about 10% of the total employment in Henderson County. There are currently 455 farms with an average farm size of 90 acres. Active farm and forestry land totals over 41,000 acres of which utilizes 17% of the County's 375 square mile land base. Crop receipts in the County are primarily generated from fruit and vegetable production, including apples, tomatoes (field grown and greenhouse), cucumbers, lettuce, sweet corn, bell peppers, wine grapes, blackberries, mushrooms, and other produce earning a combined \$75 million in a normal year. Henderson County ranks 1st in NC for apples, producing 80% of the crop for the #7 apple state in the U.S.; tomatoes, sweet corn and "green industry" crops (greenhouses, nurseries, ornamentals, and sod) each range from 1st to 2nd in NC and earn about \$50 million annually. The County also generates another \$11 million from livestock, dairy, hay, grain, forage, and soybeans and \$4 million from other farm sources, for a combined total of \$140 million in farm production revenues in a normal year. Agribusiness generates over \$750 million in additional revenue from "value added" production, processing, packing, storage, wholesaling, shipping, and other ag-related services. High growth areas are "controlled environment agriculture" (greenhouses, vertical farming) and wineries/cideries, along with packing and distribution of ag commodities.

The County's tourism industry has experienced increasing growth due to its location, temperate climate, friendly towns, outdoor amenities and much more. As of 2021, the most recent data available from the state of NC, the tourism industry continues to employ almost 2,500 in Henderson County and ranks 17th in travel impact among North Carolina's 100 Counties. The Henderson County Tourism Development Authority promotes the county and all of its bounty through a variety of marketing and public relations programs and supports the growth of tourism assets. Henderson County is home to the Flat Rock Playhouse - State Theater of North Carolina, the Carl Sandburg Home National Historic Site, Crest of the Blue Ridge AVA, special events, outdoor experiences, numerous camps, agri-tourism and many other attractions and cultural experiences. According to the Economic Development Partnership of NC, VisitNC.org, the impact of visitor spending in Henderson County provides an annual tax savings of approximately \$268 to each County resident.

HENDERSON COUNTY, NORTH CAROLINA

CHART OF NEW CONSTRUCTION VALUES AND UNEMPLOYMENT RATES

Fiscal Year	Permits	Dollar Value	Unemployment Rates
2022	933	\$ 419,548,264	3.5
2021	711	\$ 261,508,498	4.3
2020	679	\$ 247,816,440	7.5
2019	707	\$ 177,002,006	3.6
2018	844	\$ 234,272,352	3.6
2017	542	\$ 176,306,457	3.6
2016	598	\$ 133,800,121	4.3
2015	626	\$ 163,289,635	5.1
2014	427	\$ 116,820,046	4.9

The number of permits issued in fiscal year 2022 for new residential and commercial construction increased by 31.22% from the previous fiscal year. The total dollar value of those new permits increased by \$158.04 million or 60.43%. This increase was due to higher valued residential projects permitted during the year. The local unemployment rate decreased in fiscal year 2022 due to economic recoveries and shrinking labor force.

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

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

Company Name	Product	Approximate Number of Employees
Meritor Heavy Vehicle Systems, LLC	Commercial Truck Axles	670
Linamar Light Metals	Light Metal Casting, Forging and Assembly	617
Wilsonart International, Inc.	High-Pressure Laminate Countertops	600
Manual Wood Workers, Inc.	Jacquard Weaving, Digital Printing & Cut and Sew	500
Sierra Nevada Brewing Company	Beer	378
Kimberly-Clark	Health Products	350
UPM Raflatac, Inc.	Pressure Sensitive Label Stock	240
Current, by GE	LED Light Fixtures	200

MAJOR INITIATIVES

FOR THE YEAR. The Board of Commissioners adopted a balanced budget for the fiscal year with a county-wide ad valorem property tax rate of 56.1 cents per \$100 dollars of taxable valuation. Total General Fund revenues increased by \$10.8 million or 6.5% over the previous fiscal year. Total General Fund expenses increased by \$10.1 million or 6.8% over fiscal year 2021. Total General Fund Balance increased by \$5,582,280 to \$85,899,635. Unassigned Fund Balance, the amount available for appropriation in the General Fund, decreased by \$1,395,685 to \$43,938,388. Other major Governmental Funds – General Capital Projects Fund and the School Capital Project Fund ended the fiscal year in with a decrease in net position due to construction of major capital projects funded by bond proceeds in a previous fiscal year. The American Rescue Plan Fund ended the fiscal year with an increase to fund balance.

The net position of the Solid Waste Landfill Fund increased by \$226,163 in fiscal year 2022. The net position of the Justice Academy Sewer Fund decreased by \$17,969 in fiscal year 2022 due to an increase in operating expenditures.

The construction and renovation of the Hendersonville High School, which will replace the current existing high school, continued in fiscal year 2022. The new facility has an approved project budget of \$60 million, which was financed by the County in May 2020.

Design and construction of a new building and renovation of existing buildings on the Blue Ridge Community College campus continued during fiscal year 2022. The facility has an approved project budget of \$25 million, which was financed by the County in February 2021.

The Board's Debt Capacity Policy states that total outstanding debt may not exceed 3 percent of the total assessed property value for the fiscal year and total debt service payments may not exceed 15% of total General Fund expenditures. Both debt capacity measures were met for fiscal year 2022.

FOR THE FUTURE. For fiscal year 2023, the Board maintained the ad valorem tax rate of 56.1 cents per \$100 dollars of assessed valuation on taxable property. NC General Statute §105-286 requires Counties to reappraise all real property at least once every eight years. The County conducts a reappraisal of real property every four years in order to promote a fair and equitable tax base. The latest property reappraisal was conducted in 2019, with the reappraisal becoming effective in fiscal year 2020. An updated property reappraisal is currently underway, becoming effective January 1, 2023, with the new valuation in effect for the fiscal year 2024 budget cycle.

Sales tax revenues were budgeted conservatively and at the same level as total actual receipts in received in prior years. Operating expenditures for most County departments and other outside agencies were essentially held flat, but additional personnel were added in areas experiencing increased service demands. Overall funding for the public schools and the community college was increased from fiscal year 2022. The Board budgeted \$19.5 million in Unassigned General Fund Balance to balance the fiscal year 2023 budget. For employees, a cost of living increase and performance pay was included in the fiscal year 2023 budget.

FACTORS AFFECTING FINANCIAL CONDITION

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

FUND BALANCE. Fund balance should always be measured based on the portion that is available for appropriation at the end of the fiscal year. The Board's Fund Balance Policy is to have at least 12% in General Fund Unassigned Fund Balance available for appropriation at fiscal year-end. For the last several years, while fund balance appropriations have been used to balance the County's budget, actual results have not required the use of fund balance reserves. Henderson County had \$43.9 million in Unassigned General Fund Balance or 25.34% of total General Fund expenditures including transfers out to other funds. The Local Government Commission of the North Carolina Department of State Treasurer recommends that local governments have at least 8% of General Fund Expenditures in Unassigned General Fund Balance available for appropriation.

OTHER POSTEMPLOYMENT BENEFITS. Henderson County maintains a retiree medical plan in which the County pays 100% of the employee-only coverage for retirees who become eligible for benefits under Title XVIII (Medicare) or Title XIX (Medicaid) of the Social Security Act. In general, retirees must have at least 25 years of service with the County or are at least 50, but not Medicare eligible, or have a minimum of 10 years of service with the County and have a combined age and years of service total of at least 70. Retired employees meeting these criteria will be provided hospitalization in the same manner as active County employees. The County pays 100% of the payments for any retiree with 30 or more years of service with the County or a combined age and years of service total of at least 80. Reduced contribution rates are made by the County for retirees with a combined age and years of service that total between 70 and 79 at retirement. The County adopted procedures under GASB Statements Nos. 43 and 45 for reporting and accounting for other post-employment benefits (OPEB).

OTHER INFORMATION

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

AWARDS. The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Henderson County, North Carolina, for the year ended June 30, 2021. This was the 33rd consecutive year Henderson County has received this prestigious award. To be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements. This report continues to conform to the Certificate of Achievement program requirements and will be submitted to the GFOA for consideration thereof.

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

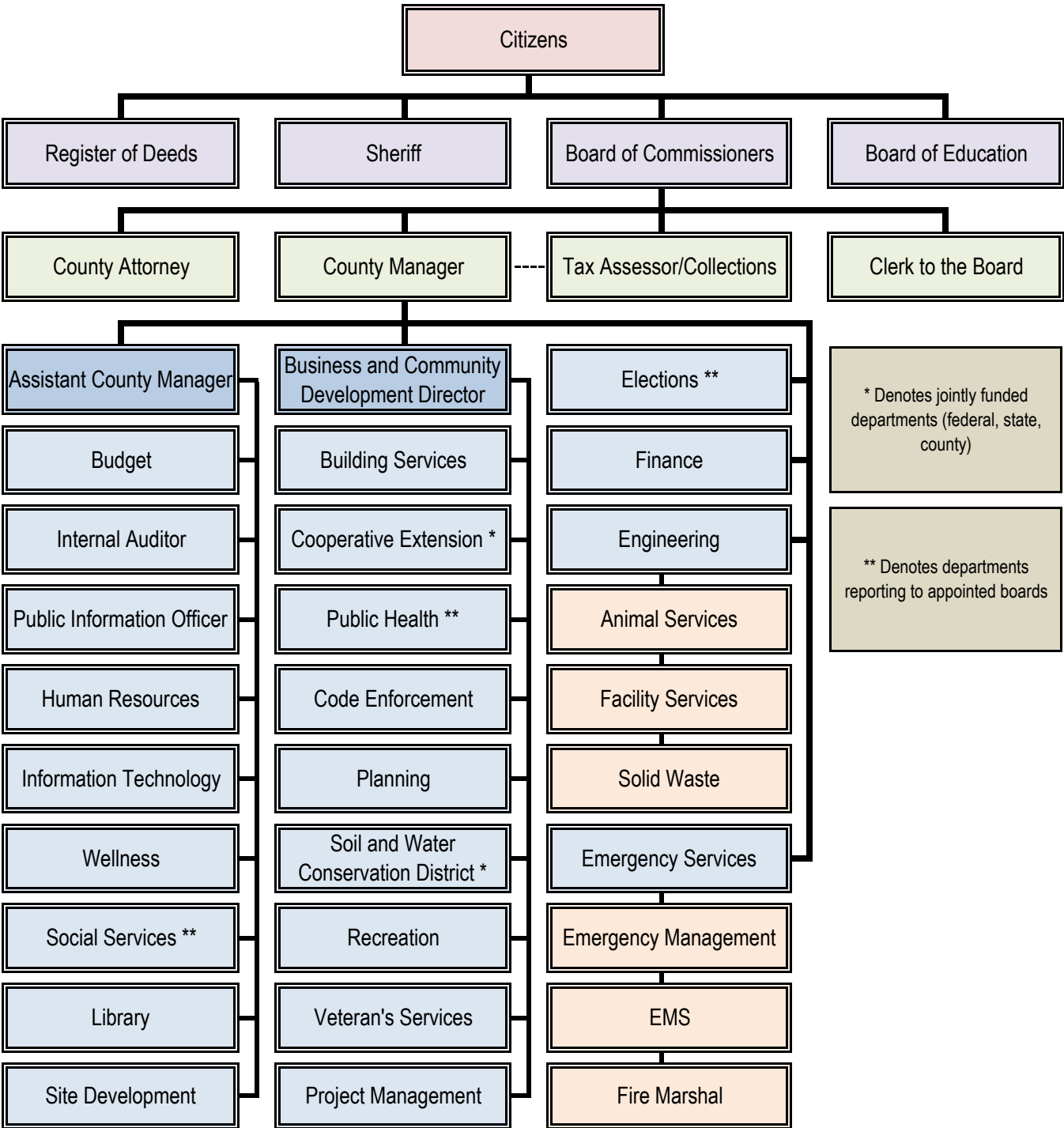
ACKNOWLEDGMENTS. Each County department's commitment to the goals, vision, and mission of Henderson County is reflected in the services provided to the citizens. The cooperation of all County departments in carrying out the financial activities encompassed in this report is appreciated. A combined effort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

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

Sincerely,



Samantha R. Reynolds, CPA
Finance Director



HENDERSON COUNTY, NORTH CAROLINA

List of Principal Officials

June 30, 2022

Board of Commissioners

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

County Officials

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



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**County of Henderson
North Carolina**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2021

Christopher P. Morill

Executive Director/CEO

FINANCIAL SECTION

Report of Independent Auditor

To the Board of Commissioners
Henderson County
Hendersonville, North Carolina

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Henderson County, North Carolina (the "County"), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County, as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and the American Rescue Plan Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of Henderson County Hospital Corporation, which represent 97.8 percent, 98.0 percent, and 98.9 percent, respectively, of the assets, net position, and revenues of the discretely presented component units as of June 30, 2022, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Henderson County Hospital Corporation, is based solely on the report of the other auditors.

Basis for Opinions

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. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions. The financial statements of Henderson County Hospital Corporation and the Henderson County Tourism Development Authority were not audited in accordance with *Government Auditing Standards*.

Emphasis of Matter

As described in further detail in Note 6, the County had a restatement to its June 30, 2021 financial statements for \$891,325 due to retainage payable not being accrued in the prior year in the School Capital Project Fund. Our opinions on the June 30, 2022 financial statements is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

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

Supplementary Information

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

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2022, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering County's internal control over financial reporting and compliance.



Charlotte, North Carolina

October 31, 2022, except for the schedule of expenditures of federal and state awards as to which the date is November 28, 2022.

HENDERSON COUNTY, NORTH CAROLINA

Management's Discussion and Analysis

June 30, 2022

As management of Henderson County, North Carolina (the "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, 2022. We encourage readers to read the information presented here, in conjunction with additional information that we have furnished in the County's financial statements, which follow this narrative.

Financial Highlights

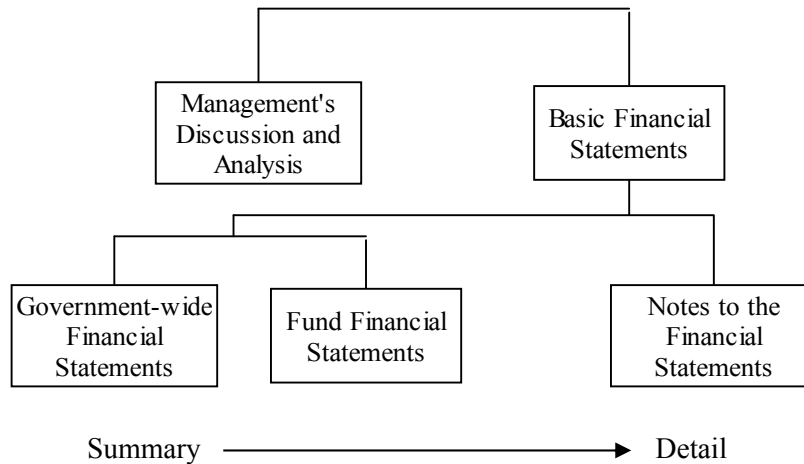
- The assets and deferred outflows of resources of the County exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$25,914,475 (*net position*). In accordance with North Carolina law, liabilities of the County include approximately \$110,923,600 in long-term debt associated with assets belonging to the Henderson County Board of Public Education and Blue Ridge Community College. As these assets are not reflected in the County's financial statements and the full amount of the long-term debt is reported, the County reports a net deficit in unrestricted net position.
- The County's total net position decreased by \$8,335,008. Net position in the governmental activities decreased by \$8,543,202. This decrease was primarily due to the expenditure of limited obligation bond indebtedness on school capital projects. Net position in the business-type activities increased by \$208,194. This increase is due to an increase in certain revenue streams during FY2022.
- As of the close of the current fiscal year, Henderson County's governmental funds reported combined ending fund balances of \$123,224,820, a decrease of \$16,380,065 in comparison with the prior year. Approximately 25.57% of this total amount, or \$31,514,125, is non-spendable or restricted.
- At the end of the current fiscal year, available fund balance for the General Fund was \$63,832,945, or 40.5%, of total General Fund expenditures. Available fund balance includes the total fund balance in the general fund, less non-spendable amounts for inventories and prepaid items, the amount calculated as Stabilization for State Statute, as described in the notes accompanying the financial statements, and any restricted amounts.
- Henderson County's total limited obligation and installment note debt decreased by \$14,817,821 (8.0%) during the current fiscal year due to payment on limited obligation debt principal during the fiscal year. No additional limited obligation debt was incurred during FY2022.

Overview of the Financial Statements

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

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

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

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

The next section of the basic financial statements is the **notes**. The notes to the financial statements explain in detail some of the data contained in those statements. Following the notes is the **required supplemental information**. This section contains funding information about the County's pension and benefit plans. After the required supplemental information, **supplemental schedules** are provided to show details about the County's individual funds. Budgetary information required by the General Statutes also can be found in this part of the statements.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the County's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the County's financial status as a whole. The two government-wide statements report the County's net position and how they have changed. Net position is the difference between the County's total assets and deferred outflows of resources and total liabilities and deferred inflows of resources. Measuring net position is one way to gauge the County's financial condition.

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

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

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

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

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

Fund Financial Statements

The fund financial statements provide a more detailed look at the County's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Henderson County, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the County's budget ordinance. All of the funds of Henderson County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

The County adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the County, the management of the County, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the County to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the County complied with the budget ordinance and whether or not the County succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the Board; 2) the final budget as amended by the Board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges.

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

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

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements directly follow the basic financial statements of this report.

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

Government-Wide Financial Analysis

Henderson County's Net Position Figure 2

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Assets and Deferred Outflows:						
Current and other assets	\$ 163,245,867	\$ 150,836,013	\$ 2,654,849	\$ 5,859,845	\$ 165,900,716	\$ 156,695,858
Restricted non-current assets	244,380	239,520	-	-	244,380	239,520
Capital assets	108,360,431	113,819,171	8,998,750	29,527,485	117,359,181	143,346,656
Total assets	271,850,678	264,894,704	11,653,599	35,387,330	283,504,277	300,282,034
Deferred outflows of resources	30,271,038	14,810,935	586,784	264,157	30,857,822	15,075,092
Total assets and deferred outflows	302,121,716	279,705,639	12,240,383	35,651,487	314,362,099	315,357,126
Liabilities and Deferred Inflows:						
Long-term liabilities	216,789,391	205,084,753	2,446,128	4,726,192	219,235,519	209,810,945
Other liabilities	53,424,590	29,265,304	1,069,643	3,004,046	54,494,233	32,269,350
Total liabilities	270,213,981	234,350,057	3,515,771	7,730,238	273,729,752	242,080,295
Deferred inflows of resources	28,690,316	1,179,306	283,588	54,888	28,973,904	1,234,194
Total liabilities and deferred inflows	298,904,297	235,529,363	3,799,359	7,785,126	302,703,656	243,314,489
Net Position:						
Net investment in capital assets	69,357,469	71,671,165	8,332,082	25,945,573	77,689,551	97,616,738
Restricted	31,688,891	19,872,490	-	-	31,688,891	19,872,490
Unrestricted	(83,572,909)	(47,367,379)	108,942	1,920,788	(83,463,967)	(45,446,591)
Total net position	\$ 17,473,451	\$ 44,176,276	\$ 8,441,024	\$ 27,866,361	\$ 25,914,475	\$ 72,042,637

As noted previously, net position may serve, over time, as one useful indicator of a government's financial condition. The assets and deferred outflows of resources of Henderson County exceeded its liabilities and deferred inflows of resources by \$25,914,475, as of June 30, 2022. The County's net position decreased by \$8,335,008 for the fiscal year ended June 30, 2022. Net position of the County is reported in three categories: net investment in capital assets of \$77,689,551, restricted net position of \$31,688,891, and unrestricted net position of (\$83,463,967).

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

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

As with many counties in the State of North Carolina, the County's deficit in unrestricted net position is due primarily to the portion of the County's outstanding debt incurred for the Henderson County Board of Public Education (the "school system") and Blue Ridge Community College (the "community college"). Under North Carolina law, the County is responsible for providing capital funding for the school system and the community college. The County has chosen to meet its legal obligation to provide the school system and the community college capital funding by using a mixture of County funds and the issuance of debt. These assets funded by the County are owned by the County and leased to the school system and the community college over the term of the debt but are recorded as assets of the school system and the community college, which are the primary users of the assets. Since the County, as the issuing government, acquires no capital assets, the County has incurred a liability without a corresponding increase in assets. At the end of the fiscal year, approximately \$110.9 million of outstanding debt on the County's financial statements was related to assets included in the school system and the community college's financial statements. Principal and interest requirements will be provided by an appropriation in the year in which they become due.

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

- Continued diligence in the collection of all revenue sources, both current and delinquent.
- A strong property tax collection rate of 99.33%.
- Other budgetary control efforts, including the cutoff of departmental spending prior to fiscal year-end.
- Actual expenditures, transfers, and other financing uses in the General Fund were less than the budgeted amount by \$10,001,589.
- Revenues, transfers, and other financing sources in the General Fund exceeded expenditures and other financing uses by \$5,582,280.

Governmental Activities. Governmental activities decreased the County's net position by \$8,543,202, or (102.5%), of the total decrease in the net position of the Henderson County. This decrease, which is offset by increases in ad valorem taxes and local option sales taxes, is primarily due to an increase expenditure related to a financing of a major capital project for the renovation and building of public school and community college buildings and funding for economic development incentive projects.

Business-Type Activities. Business-type activities increased the County's net position by \$208,194, or 2.5% of the total decrease in the net position of the Henderson County. The increase is attributable to an increase in charges for services for FY2022. (See Figure 3.)

Henderson County's Change in Net Position
Figure 3

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Revenues:						
Program revenues:						
Charges for services	\$ 12,004,456	\$ 11,292,745	\$ 8,343,392	\$ 9,107,907	\$ 20,347,848	\$ 20,400,652
Operating grants and contributions	25,821,612	20,578,425	239,763	188,106	26,061,375	20,766,531
Capital grants and contributions	1,106,390	-	-	415,200	1,106,390	415,200
General revenues:						
Property taxes	107,863,075	102,455,897	-	-	107,863,075	102,455,897
Other taxes	47,593,384	35,019,954	-	-	47,593,384	35,019,954
Other	567,840	1,380,303	14,483	78,423	582,323	1,458,726
Total revenues	<u>194,956,757</u>	<u>170,727,324</u>	<u>8,597,638</u>	<u>9,789,636</u>	<u>203,554,395</u>	<u>180,516,960</u>
Expenses:						
General government	66,159,638	55,059,890	-	-	66,159,638	55,059,890
Public safety	52,433,058	47,963,085	-	-	52,433,058	47,963,085
Environmental protection	499,951	574,971	-	-	499,951	574,971
Economic and physical development	3,552,267	3,484,865	-	-	3,552,267	3,484,865
Human services	32,837,027	27,726,210	-	-	32,837,027	27,726,210
Cultural and recreational	5,776,193	5,163,897	-	-	5,776,193	5,163,897
Education	36,883,640	34,147,992	-	-	36,883,640	34,147,992
Interest on long-term debt	5,358,185	3,892,073	-	-	5,358,185	3,892,073
Solid waste disposal	-	-	8,323,443	8,278,924	8,323,443	8,278,924
Other	-	-	66,001	1,838,050	66,001	1,838,050
Total expenses	<u>203,499,959</u>	<u>178,012,983</u>	<u>8,389,444</u>	<u>10,116,974</u>	<u>211,889,403</u>	<u>188,129,957</u>
Change in net position position before transfers and special items	(8,543,202)	(7,285,659)	208,194	(327,338)	(8,335,008)	(7,612,997)
Transfers	-	(54,000)	-	54,000	-	-
Special item - Cane Creek	-	-	-	-	-	-
Change in net position	(8,543,202)	(7,339,659)	208,194	(273,338)	(8,335,008)	(7,612,997)
Net Position:						
Beginning of year - July 1	44,176,276	51,515,935	27,866,361	28,139,699	72,042,637	79,655,634
Restatement	(891,325)	-	-	-	(891,325)	-
Beginning, restated	<u>26,016,653</u>	<u>51,515,935</u>	<u>8,232,830</u>	<u>28,139,699</u>	<u>34,249,483</u>	<u>79,655,634</u>
End of year - June 30	<u>\$ 17,473,451</u>	<u>\$ 44,176,276</u>	<u>\$ 8,441,024</u>	<u>\$ 27,866,361</u>	<u>\$ 25,914,475</u>	<u>\$ 72,042,637</u>

Financial Analysis of the County's Funds

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

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

The General Fund is the chief operating fund of Henderson County. At the end of the current fiscal year, available fund balance of the General Fund was \$63,832,945, while total fund balance was \$85,899,635. Available fund balance represents the spendable portion of fund balance. Spendable portions of fund balance may be comprised of committed, assigned or unassigned amounts, as disclosed in the notes accompanying the financial statements. The governing body of Henderson County has determined that the County should maintain an available fund balance of 12% of General Fund expenditures in case of unforeseen needs or opportunities, in addition to meeting the cash flow needs of the County. The County currently has an available fund balance of 36.81% of total General Fund expenditures, while total fund balance represents 49.54% of that same amount.

At June 30, 2022, the governmental funds of the County reported a combined fund balance of \$123,224,820, a 11.73% decrease from last year. This was due to capital outlay expenditures for public school and community college building projects during the fiscal year. For the General Fund, both ad valorem property tax and local option sales tax collections were significantly more than had originally been budgeted. Budgeted amounts continued to be estimated conservatively. Collections of these taxes comprise the majority of the increase to fund balance for the General Fund.

The General Capital Projects Fund accounts for financial resources to be used for the acquisition and construction for major capital facilities and capital projects within the County. The fund balance decreased in the current year by \$10,001,720 due to capital outlay associated with Blue Ridge Community College Patton Building addition and renovation project.

The School Capital Projects Fund accounts for financial resources to be used for the acquisition or construction of school capital facilities. The fund balance decreased in the current year by \$18,571,963 due to progress in the construction of the Hendersonville High School construction and renovation project.

The American Rescue Plan Fund accounts for financial resources to be utilized in the prevention and response of the coronavirus pandemic. The positive change in net position in the fund represents the portion of funds recognized as revenues from American Rescue Plan Funds. The remaining net position is unexpended Provider Relief Support that was applied against lost revenues for the Emergency Medical Services Department as well as interest earned on the American Relief Plan Act funds received by the County in May 2021 and June 2022.

General Fund Budgetary Highlights. The County's financial position increased in FY2022 due to better than anticipated revenue collections in several categories, coupled with actual General Fund expenditures coming in well under budget at fiscal year-end. County departments' diligence in monitoring their operational budgets, particularly during the coronavirus pandemic, resulted in total expenditures being \$10.01 million under budget at fiscal year-end. On the revenue side, the largest positive budget variances were in the ad valorem property taxes, and local option sales taxes, which combined to be \$16,932,321 over budget. Separately, a total of \$21.4 million in General Fund balance was appropriated to balance the FY2022 budget. None of the \$21.4 million was utilized due to total revenues and other financing sources having a positive budget variance combined with total expenditures and other financing uses having a significant positive budget variance.

Total fiscal year 2022 General Fund revenues increased by \$10.7 million, or 6.5%, over the prior fiscal year, as compared to General Fund expenditures, which increased by \$10.1 million, or 6.8%, over fiscal year 2021. The increase in revenues over the previous fiscal year is due to increased collection percentages for ad valorem property taxes and increased collections of local option sales tax revenues. The increase in expenditures is due to an increase in debt service payments made during the fiscal year, and additional amounts transferred to Capital Reserve Fund and Capital Projects Funds. Total General Fund balance increased \$5,582,280, while the amount of unassigned fund balance that is available for appropriation decreased by \$1,395,685 at fiscal year-end.

The County revised the budget for various reasons during the fiscal year. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain services.

Total amendments to the General Fund increased revenues by \$16,281,931. The budgetary increase is primarily attributable to increases during the year for other taxes and licenses and restricted intergovernmental revenues. Increasing revenue collections were realized in six of the nine major revenue categories with the largest variance being in the Local Option Sales Taxes category. This category had a positive actual to budget variance of \$13,495,926. The second largest variance was in Ad Valorem Taxes, which had a positive actual to budget variance of \$3,436,395. Total General Fund revenues had a total positive actual to budget variance of \$16,283,433.

Proprietary Funds. The County's proprietary funds provide the same type of information found in the government-wide statements, but in more detail. Unrestricted net position of all the proprietary funds at the end of the fiscal year amounted to \$108,942. During the fiscal year 2022, proprietary fund net position increased \$208,194. This slight increase is primarily due to an increase in sales and services revenues.

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, 2022, totals \$117,359,181 (net of accumulated depreciation). These assets include land, buildings, plant and distribution systems, equipment, automotive equipment, right to use assets, and construction in progress.

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Land	\$ 15,349,827	\$ 15,349,827	\$ 6,038,035	\$ 6,413,080	\$ 21,387,862	\$ 21,762,907
Buildings	82,600,844	86,419,418	-	-	82,600,844	86,419,418
Plant and distribution systems	-	-	1,929,577	18,698,103	1,929,577	18,698,103
Equipment	2,423,962	2,564,319	869,147	538,627	3,293,109	3,102,946
Vehicles and motor equipment	5,179,019	4,841,928	161,991	317,872	5,341,010	5,159,800
Construction in progress	2,195,176	1,830,735	-	3,559,803	2,195,176	5,390,538
Total	<u>\$107,748,828</u>	<u>\$111,006,227</u>	<u>\$ 8,998,750</u>	<u>\$ 29,527,485</u>	<u>\$116,747,578</u>	<u>\$140,533,712</u>

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

Long-Term Debt. As of June 30, 2022, Henderson County had total bonded debt outstanding of \$160,263,884 backed by real estate. The County also has multiple direct placement installment notes outstanding of which the majority is related to debt issued for the construction and renovation of school, County, and community college facilities.

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

**Henderson County's Limited Obligation Bonds
And Installment Notes Payable
Figure 5**

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Limited obligation bonds	\$ 160,263,884	\$ 160,208,120	\$ -	\$ 70,578	\$ 160,263,884	\$ 160,278,698
Direct placement - installment purchase	8,400,000	13,057,144	666,668	3,511,334	9,066,668	16,568,478
Total	<u>\$ 168,663,884</u>	<u>\$ 173,265,264</u>	<u>\$ 666,668</u>	<u>\$ 3,581,912</u>	<u>\$ 169,330,552</u>	<u>\$ 176,847,176</u>

Henderson County's total long-term debt decreased by \$14,817,821 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 costs low on the County's outstanding debt. Henderson County has maintained current bond ratings with Standard & Poor's and Moody's, as follows:

Standard & Poor's	AA
Moody's	Aa2

The State of North Carolina limits the amount of general obligation debt that a unit of government can issue to 8% of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for Henderson County is \$1,201,229,445. As of June 30, 2022, Henderson County's limited obligation and installment notes payable indebtedness was \$169,330,552, which is 14.10% of the legal debt margin.

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

Economic Factors and Next Year's Budget and Rates

The County of Henderson has approved a \$180,163,557 General Fund budget for fiscal year 2023. The fiscal year 2023 ad valorem property tax rate remained at 56.10 cents per \$100 of assessed property valuation. Sales tax was budgeted at \$32,577,783, which increased from the prior year's conservative estimate based on increases in prior year collections. Most County departments and outside agencies were essentially held flat, but additional personnel were added in areas experiencing increased service demands, including public safety. The following factors were considered when developing the FY2023 budget:

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

Budget Highlights for the Fiscal Year Ending June 30, 2023

Governmental Activities. For FY2023, the Board maintained the General Fund ad valorem tax rate at 56.10 cents per \$100 of assessed property valuation. Sales tax revenues were increased and budgeted conservatively based on prior fiscal year actual receipts. Budgeted conservatively in FY2022, actual sales tax collections far exceeded original budgeted amounts. Unassigned General Fund Balance of \$19.5 million was appropriated to balance the budget and to primarily cover increases for education, public safety and increased debt service. County departments were charged with essentially holding their operating budgets flat. A cost of living increase and performance pay were included in the FY2023 budget for employees. The Board continued to budget revenues and expenditures for all other Governmental Activity Funds conservatively.

Business-Type Activities. The solid waste tipping fee for the Solid Waste Landfill Enterprise Fund was increased to \$63 per ton from \$60 per ton for FY2023. This fee was last increased in FY2016. Retained Earnings of \$9,697 were appropriated through a budget revision during FY2022. The Fund is also charged with covering the annual debt service required on \$2 million in financing that was secured for a major capital improvements project which has been completed. Solid waste revenues are estimated to offset the projected operating costs for the waste facilities during FY2023.

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

Requests for Information

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

BASIC FINANCIAL STATEMENTS – OVERVIEW

HENDERSON COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION JUNE 30, 2022

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Henderson County Hospital Corporation	Henderson County Tourism Development Authority
Assets:					
Current assets:					
Cash and cash equivalents	\$ 110,337,789	\$ 1,848,534	\$ 112,186,323	\$ 20,937,736	\$ 2,552,983
Investments	-	-	-	26,298,798	-
Taxes receivable, net	866,199	-	866,199	-	-
Receivables, net	16,741,839	806,315	17,548,154	38,832,580	365,414
Lease receivable	903,664	-	903,664	-	-
Pledges receivable	-	-	-	470,713	-
Inventories	69,614	-	69,614	8,213,487	-
Prepaid items	-	-	-	5,145,444	-
Restricted cash and cash equivalents	34,326,762	-	34,326,762	-	-
Restricted investments	-	-	-	1,532,085	-
Total current assets	163,245,867	2,654,849	165,900,716	101,430,843	2,918,397
Non-current assets:					
Net pension asset	244,380	-	244,380	-	-
Lease receivable, non-current	14,256,032	-	14,256,032	-	-
Capital assets:					
Land and construction in progress	17,545,003	6,038,035	23,583,038	21,541,733	-
Other capital assets, net of depreciation	90,203,825	2,960,715	93,164,540	78,844,140	-
Right to use leased assets, net of amortization	611,603	-	611,603	-	1,817,884
Total capital assets	108,360,431	8,998,750	117,359,181	100,385,873	1,817,884
Other assets	-	-	-	11,826,080	-
Total non-current assets	122,860,843	8,998,750	131,859,593	112,211,953	1,817,884
Total assets	286,106,710	11,653,599	297,760,309	213,642,796	4,736,281
Deferred Outflows of Resources					
OPEB deferrals	13,342,037	295,944	13,637,981	-	-
Pension deferrals	15,920,801	290,840	16,211,641	-	-
Charge on refunding	1,008,200	-	1,008,200	-	-
Total deferred outflows of resources	30,271,038	586,784	30,857,822	-	-
Total assets and deferred outflows of resources	316,377,748	12,240,383	328,618,131	213,642,796	4,736,281
Liabilities:					
Current liabilities:					
Accounts payable and accrued expenses	11,379,432	785,463	12,164,895	36,660,071	160,204
Liabilities to be paid from restricted assets	3,795,365	-	3,795,365	-	-
Unavailable revenues	-	40,000	40,000	-	-
Advances from grantors - payable from restricted assets	23,070,995	-	23,070,995	-	-
Third-party payer settlements	-	-	-	3,800,963	-
Due within one year	15,178,798	244,180	15,422,978	6,279,111	50,356
Total current liabilities	53,424,590	1,069,643	54,494,233	46,740,145	210,560
Long-term liabilities:					
Net pension liability - LGERS	8,726,832	187,195	8,914,027	-	-
Total pension liability - LEOSSA	8,017,278	-	8,017,278	-	-
Total OPEB liability	41,800,666	927,195	42,727,861	-	-
Other long-term liabilities	-	-	-	895	-
Due in more than one year	158,244,615	1,331,738	159,576,353	32,216,968	1,802,640
Total long-term liabilities	216,789,391	2,446,128	219,235,519	32,217,863	1,802,640
Total liabilities	270,213,981	3,515,771	273,729,752	78,958,008	2,013,200
Deferred Inflows of Resources					
Prepaid taxes	276,080	-	276,080	-	-
OPEB deferrals	567,805	12,595	580,400	-	-
Pension deferrals	12,852,473	270,993	13,123,466	-	-
Leases	14,993,958	-	14,993,958	-	-
Other deferred inflows	-	-	-	398,547	-
Total deferred inflows of resources	28,690,316	283,588	28,973,904	398,547	-

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

HENDERSON COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION
JUNE 30, 2022

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Henderson County Hospital Corporation	Henderson County Tourism Development Authority
Net Position:					
Net investment in capital assets	69,357,469	8,332,082	77,689,551	61,161,659	33,300
Restricted for:					
Stabilization by state statute	15,625,775	-	15,625,775	-	365,414
Register of Deeds	259,345	-	259,345	-	-
Register of Deeds' pension plan	244,380	-	244,380	-	-
Public safety	4,496,278	-	4,496,278	-	-
Human services	3,234,698	-	3,234,698	-	-
Education	4,571,989	-	4,571,989	-	-
Cultural and recreational	113,915	-	113,915	-	-
Economic and physical development	3,142,511	-	3,142,511	-	-
By donor	-	-	-	990,025	-
Tourism promotion	-	-	-	-	2,324,367
Unrestricted	(83,572,909)	108,942	(83,463,967)	72,134,557	-
Total net position	\$ 17,473,451	\$ 8,441,024	\$ 25,914,475	\$ 134,286,241	\$ 2,723,081

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

HENDERSON COUNTY, NORTH CAROLINA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

		Program Revenues		
		Charges for	Operating	Capital
	Expenses	Services	Grants and	Grants and
			Contributions	Contributions
Functions/Programs:				
Primary Government:				
Governmental Activities:				
General government	\$ 66,159,638	\$ 2,313,812	\$ 1,636,659	\$ 1,106,390
Public safety	52,433,058	7,989,695	2,205,513	-
Environmental protection	499,951	-	35,735	-
Economic and physical development	3,552,267	81,138	1,892,070	-
Human services	32,837,027	271,821	17,696,313	-
Cultural and recreational	5,776,193	1,347,990	574,072	-
Education	36,883,640	-	1,781,250	-
Interest on long-term debt	5,358,185	-	-	-
Total governmental activities	<u>203,499,959</u>	<u>12,004,456</u>	<u>25,821,612</u>	<u>1,106,390</u>
Business-Type Activities:				
Landfill	8,323,443	8,298,392	239,763	-
Justice Academy Sewer	<u>66,001</u>	<u>45,000</u>	<u>-</u>	<u>-</u>
Total business-type activities	<u>8,389,444</u>	<u>8,343,392</u>	<u>239,763</u>	<u>-</u>
Total primary government	<u>\$ 211,889,403</u>	<u>\$ 20,347,848</u>	<u>\$ 26,061,375</u>	<u>\$ 1,106,390</u>
Component Units:				
Henderson County Hospital Corporation	\$ 338,418,881	\$ 329,287,588	\$ 3,704,876	\$ -
Henderson County Tourism Development Authority	<u>3,447,553</u>	<u>90,326</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 341,866,434</u>	<u>\$ 329,377,914</u>	<u>\$ 3,704,876</u>	<u>\$ -</u>

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

HENDERSON COUNTY, NORTH CAROLINA

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2022

	Net (Expense) Revenue and Changes in Net Position				
	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Henderson County Hospital Corporation	Henderson County Tourism Development Authority
Functions/Programs:					
Primary Government:					
Governmental Activities:					
General government	\$ (61,102,777)	\$ -	\$ (61,102,777)		
Public safety	(42,237,850)	-	(42,237,850)		
Environmental protection	(464,216)	-	(464,216)		
Economic and physical development	(1,579,059)	-	(1,579,059)		
Human services	(14,868,893)	-	(14,868,893)		
Cultural and recreational	(3,854,131)	-	(3,854,131)		
Education	(35,102,390)	-	(35,102,390)		
Interest on long-term debt	(5,358,185)	-	(5,358,185)		
Total governmental activities	(164,567,501)	-	(164,567,501)		
Business-Type Activities:					
Landfill	-	214,712	214,712		
Justice Academy Sewer	-	(21,001)	(21,001)		
Total business-type activities	-	193,711	193,711		
Total primary government	(164,567,501)	193,711	(164,373,790)		
Component Units:					
Henderson County Hospital Corporation				\$ (5,426,417)	\$ -
Henderson County Tourism Development Authority				-	(3,357,227)
Total				(5,426,417)	(3,357,227)
General Revenues:					
Taxes:					
Property taxes, levied for general purpose	107,863,075	-	107,863,075	-	-
Local option sales tax	41,726,791	-	41,726,791	-	-
Other taxes and licenses	5,866,593	-	5,866,593	-	3,703,832
Investment earnings, unrestricted	567,840	8,013	575,853	(4,960,519)	11,959
Gain on sale	-	6,470	6,470	-	-
Miscellaneous, unrestricted	-	-	-	29,202	7,481
Total general revenues	156,024,299	14,483	156,038,782	(4,931,317)	3,723,272
Change in net position	(8,543,202)	208,194	(8,335,008)	(10,357,734)	366,045
Net Position:					
Net position - beginning, as previously reported	26,907,978	8,232,830	35,140,808	145,169,210	2,357,036
Prior period adjustment	(891,325)	-	(891,325)	(525,235)	-
Net position - beginning, as restated	26,016,653	8,232,830	34,249,483	144,643,975	2,357,036
End of year - June 30	\$ 17,473,451	\$ 8,441,024	\$ 25,914,475	\$ 134,286,241	\$ 2,723,081

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

HENDERSON COUNTY, NORTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2022

	General Fund	General Capital Projects Fund	School Capital Projects Fund	American Rescue Plan Fund	Other Governmental Funds	Total Governmental Funds
Assets:						
Cash and cash equivalents	\$ 80,589,089	\$ 9,810,390	\$ -	\$ -	\$ 19,938,310	\$ 110,337,789
Taxes receivable, net	866,199	-	-	-	-	866,199
Other receivables, net	15,780,641	270,422	239,608	-	451,168	16,741,839
Lease receivable	15,159,696	-	-	-	-	15,159,696
Inventories	69,614	-	-	-	-	69,614
Restricted assets:						
Restricted cash and cash equivalents	259,345	1,478,788	6,841,330	22,926,264	2,821,035	34,326,762
Total assets	<u>\$ 112,724,584</u>	<u>\$ 11,559,600</u>	<u>\$ 7,080,938</u>	<u>\$ 22,926,264</u>	<u>\$ 23,210,513</u>	<u>\$ 177,501,899</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:						
Liabilities:						
Accounts payable and accrued liabilities	\$ 2,275,570	\$ -	\$ -	\$ -	\$ 307,790	\$ 2,583,360
Accrued payroll liabilities	7,531,308	-	-	-	-	7,531,308
Liabilities to be paid from restricted assets	-	1,021,899	2,754,337	-	19,129	3,795,365
Advances from grantors - payable from restricted assets	-	-	-	22,729,149	341,846	23,070,995
Total liabilities	<u>9,806,878</u>	<u>1,021,899</u>	<u>2,754,337</u>	<u>22,729,149</u>	<u>668,765</u>	<u>36,981,028</u>
Deferred Inflows of Resources:						
Property taxes receivable	866,199	-	-	-	-	866,199
Unavailable revenues	-	-	-	-	264,935	264,935
Prepaid taxes	263,035	-	-	-	13,045	276,080
Other receivables	894,879	-	-	-	-	894,879
Leases	14,993,958	-	-	-	-	14,993,958
Total deferred inflows of resources	<u>17,018,071</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>277,980</u>	<u>17,296,051</u>
Fund Balances:						
Non-spendable:						
Inventory	69,614	-	-	-	-	69,614
Restricted:						
Stabilization by state statute	15,051,500	270,422	239,608	-	64,245	15,625,775
Restricted, all other	6,945,576	456,889	4,086,993	197,115	4,132,163	15,818,736
Committed	-	-	-	-	18,067,360	18,067,360
Assigned for subsequent year's expenditures	19,509,951	-	-	-	-	19,509,951
Assigned, all other	384,606	-	-	-	-	384,606
Unassigned	43,938,388	9,810,390	-	-	-	53,748,778
Total fund balances	<u>85,899,635</u>	<u>10,537,701</u>	<u>4,326,601</u>	<u>197,115</u>	<u>22,263,768</u>	<u>123,224,820</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 112,724,584</u>	<u>\$ 11,559,600</u>	<u>\$ 7,080,938</u>	<u>\$ 22,926,264</u>	<u>\$ 23,210,513</u>	

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

HENDERSON COUNTY, NORTH CAROLINA

**BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2022**

Ending fund balance for Governmental Funds		123,224,820
Amounts reported in the governmental activities in the Statement of Net Position (Exhibit A) are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		108,360,431
Deferred inflows in the governmental funds are used to offset accounts receivable not expected to be available within 90 days of year-end. These receivables are a component of net position in the Statement of Net Position.		2,026,013
Net pension asset		244,380
Net pension liability LGERS		(8,726,832)
Total pension liability LEOSSA		(8,017,278)
OPEB Liability		(41,800,666)
Deferred inflows of resources related to pensions are not reported in the funds.		
ROD	(9,947)	
LGERS	(12,633,428)	
LEOSSA	<u>(209,098)</u>	(12,852,473)
Deferred inflows of resources related to OPEB are not reported in the funds.		(567,805)
Deferred outflows of resources related to pensions are not reported in the funds.		
ROD	48,506	
LGERS	13,558,696	
LEOSSA	<u>2,313,599</u>	15,920,801
Deferred outflows of resources related to OPEB are not reported in the funds.		13,342,037
Long-term liabilities and compensated absences are not due and payable in the current period, and, therefore, are not reported in the funds.		(173,423,413)
Deferred charges related to advance refunding bond issued - included on government-wide Statement of Net Position, but are not current financial resources.		1,008,200
Some liabilities, including accrued interest, are not due and payable in the current period and, therefore, are not reported in the funds.		(917,803)
Health insurance incurred but not reported claims are not due and payable in the current period and, therefore, are not reported in the funds.		<u>(346,961)</u>
Net position of governmental activities		<u>\$ 17,473,451</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, 2022

	General Fund	General Capital Projects Fund	School Capital Projects Fund	American Rescue Plan Fund	Other Governmental Funds	Total Governmental Funds
Revenues:						
Ad valorem taxes	\$ 95,544,123	\$ -	\$ -	\$ -	\$ 13,162,085	\$ 108,706,208
Local option sales taxes	41,726,791	-	-	-	-	41,726,791
Other taxes and licenses	5,806,434	-	-	-	-	5,806,434
Unrestricted intergovernmental revenues	60,159	-	-	-	-	60,159
Restricted intergovernmental revenues	20,018,417	1,106,390	-	77,727	1,637,604	22,840,138
Permits and fees	3,045,535	-	-	-	-	3,045,535
Sales and services	8,099,343	-	-	-	720,426	8,819,769
Investment earnings	494,057	4,183	9,209	47,687	12,704	567,840
Miscellaneous	740,376	1,097,090	239,608	-	1,787,706	3,864,780
Total revenues	<u>175,535,235</u>	<u>2,207,663</u>	<u>248,817</u>	<u>125,414</u>	<u>17,320,525</u>	<u>195,437,654</u>
Expenditures:						
Current:						
General government	22,985,551	-	-	-	1,602,497	24,588,048
Public safety	38,054,279	-	-	33,391	12,284,039	50,371,709
Environmental protection	469,543	-	-	-	-	469,543
Economic and physical development	2,422,158	-	-	-	907,614	3,329,772
Human services	31,294,013	-	-	-	178,229	31,472,242
Cultural and recreational	5,927,610	-	-	-	-	5,927,610
Education	36,381,640	-	-	-	449,797	36,831,437
Capital outlay	-	17,444,150	21,078,314	-	-	38,522,464
Debt service:						
Principal retirement	13,686,571	-	-	-	-	13,686,571
Interest and other charges	6,422,624	-	-	-	-	6,422,624
Total expenditures	<u>157,643,989</u>	<u>17,444,150</u>	<u>21,078,314</u>	<u>33,391</u>	<u>15,422,176</u>	<u>211,622,020</u>
Revenues over (under) expenditures	<u>17,891,246</u>	<u>(15,236,487)</u>	<u>(20,829,497)</u>	<u>92,023</u>	<u>1,898,349</u>	<u>(16,184,366)</u>
Other Financing Sources (Uses):						
Transfers from other funds:						
From General Fund	-	5,323,551	-	-	10,574,313	15,897,864
From Capital Reserve Fund	2,740,152	20,000	-	-	-	2,760,152
From other funds	-	44,336	3,148,859	-	1,811,300	5,004,495
Transfers to other funds	(15,744,744)	(153,120)	-	(44,336)	(7,720,311)	(23,662,511)
Lease liabilities issued	695,626	-	-	-	-	695,626
Total other financing sources (uses)	<u>(12,308,966)</u>	<u>5,234,767</u>	<u>3,148,859</u>	<u>(44,336)</u>	<u>4,665,302</u>	<u>695,626</u>
Net change in fund balances	5,582,280	(10,001,720)	(17,680,638)	47,687	6,563,651	(15,488,740)
Fund Balances:						
Fund balance - beginning, as previously reported	80,317,355	20,539,421	22,898,564	149,428	15,700,117	139,604,885
Prior period adjustment	-	-	(891,325)	-	-	(891,325)
Fund balance - beginning, as restated	<u>80,317,355</u>	<u>20,539,421</u>	<u>22,007,239</u>	<u>149,428</u>	<u>15,700,117</u>	<u>138,713,560</u>
End of year - June 30	<u>\$ 85,899,635</u>	<u>\$ 10,537,701</u>	<u>\$ 4,326,601</u>	<u>\$ 197,115</u>	<u>\$ 22,263,768</u>	<u>\$ 123,224,820</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, 2022

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	\$ (15,488,740)
--	-----------------

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	139,151
Property tax revenues and other fees and services	(843,133)
Unavailable revenues	326,175

Capital outlays are reported as expenditures in the governmental funds statement. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period

Capital outlay expenditures which were capitalized	2,774,074	
Depreciation expense for governmental assets	(5,928,381)	
Right to use leased asset capital outlay expenditures which were capitalized	695,626	
Amortization expense for intangible assets	(84,023)	(2,542,704)

Loss on the disposal of capital assets not recognized on modified accrual basis	(103,092)
---	-----------

Expenses related to compensated absences that do not require current financial resources are not reported as expenditures in the governmental funds statement.	(870,046)
--	-----------

Health insurance incurred but not reported claims that do not require current financial resources are not reported as expenditures in the governmental funds statement	(346,962)
--	-----------

Contribution/Benefit payments subsequent to the measurement date are not included in the Statement of Activities:

LEOSSA	172,664	
LGERS	5,239,243	
ROD	14,223	
OPEB	1,551,879	6,978,009

Pension Expense reported in the statement of activities do not require the use of current financial resources

LEOSSA	(870,456)	
LGERS	(3,782,080)	
ROD	(19,702)	
OPEB plan expense	(4,832,874)	(9,505,112)

Accrued interest that does not require current financial resources are not reported as expenditures in the governmental funds statement.	66,524
--	--------

The issuance of long-term debt provides current financial resources to governmental funds, but does not effect net assets.	(695,626)
--	-----------

Issuance and amortization of debt premiums is a reduction of expenses on the Statement of Activities.	997,915
---	---------

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

Principal repayments are reported as expenditures in the governmental funds statement. However, in the Statement of Activities, these transactions are not an expense, rather they are a decrease in liabilities.

13,764,522

Total change in net position of governmental activities	\$ (8,543,202)
---	----------------

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, 2022

	General Fund			
	Budgeted Amounts			Variance from Final Budget Over/Under
	Original	Final	Actual	
Revenues:				
Ad valorem taxes	\$ 92,107,728	\$ 92,107,728	\$ 95,544,123	\$ 3,436,395
Local option sales taxes	28,132,879	28,230,865	41,726,791	13,495,926
Other taxes and licenses	1,345,000	5,097,119	5,806,434	709,315
Unrestricted intergovernmental revenues	50,000	50,000	60,159	10,159
Restricted intergovernmental revenues	15,678,384	21,005,177	20,018,417	(986,760)
Permits and fees	1,933,725	1,991,925	3,045,535	1,053,610
Sales and services	7,300,367	7,259,580	8,099,343	839,763
Investment earnings	753,000	753,000	494,057	(258,943)
Miscellaneous	1,508,525	2,756,408	740,376	(2,016,032)
Total revenues	148,809,608	159,251,802	175,535,235	16,283,433
Expenditures:				
Current:				
General government	20,931,522	25,204,413	22,985,551	2,218,862
Public safety	38,453,106	39,182,884	38,054,279	1,128,605
Environmental protection	454,734	530,937	469,543	61,394
Economic and physical development	2,584,209	2,702,660	2,422,158	280,502
Human services	31,706,884	37,161,534	31,294,013	5,867,521
Cultural and recreational	5,920,438	6,014,331	5,927,610	86,721
Intergovernmental:				
Education	36,176,181	36,381,641	36,381,640	1
Debt service:				
Principal retirement	13,871,573	13,871,573	13,686,571	185,002
Interest and other charges	6,510,381	6,595,605	6,422,624	172,981
Total expenditures	156,609,028	167,645,578	157,643,989	10,001,589
Revenues over (under) expenditures	(7,799,420)	(8,393,776)	17,891,246	26,285,022
Other Financing Sources (Uses):				
Lease liabilities issued	-	-	695,626	695,626
Transfers from other funds	2,740,152	2,740,152	2,740,152	-
Transfers to other funds	(10,499,363)	(15,744,744)	(15,744,744)	-
Appropriated fund balance	15,558,631	21,398,368	-	(21,398,368)
Total other financing sources (uses)	7,799,420	8,393,776	(12,308,966)	(20,702,742)
Net change in fund balance	\$ -	\$ -	5,582,280	\$ 5,582,280
Fund Balance:				
Beginning of year, July 1			80,317,355	
End of year - June 30			\$ 85,899,635	

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, 2022

	American Rescue Plan Fund			
	Budgeted Amounts			Variance from
	Original	Final	Actual	Final Budget Over/Under
Revenues:				
Restricted intergovernmental:				
American Rescue Plan Fund	\$ -	\$ 3,812,000	\$ 77,727	\$ (3,734,273)
Investment earnings	-	-	47,687	47,687
Total revenues	-	3,812,000	125,414	(3,686,586)
Expenditures:				
Current:				
Public safety:				
Grants to other agencies	-	250,000	-	250,000
Grant expenditures	-	250,000	33,391	216,609
Total expenditures	-	500,000	33,391	466,609
Revenues over (under) expenditures	-	3,312,000	92,023	(3,219,977)
Other Financing Sources (Uses):				
Transfers out:				
To General Capital Projects Fund	-	(3,312,000)	(44,336)	3,267,664
Appropriated fund balance	-	-	-	-
Total other financing sources (uses)	-	(3,312,000)	(44,336)	3,267,664
Net change in fund balance	\$ -	\$ -	47,687	\$ 47,687
Fund Balance:				
Beginning of year - July 1			149,428	
End of year - June 30			\$ 197,115	

HENDERSON COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION PROPRIETARY FUNDS JUNE 30, 2022

	Enterprise Funds		
	Non-Major		
	Landfill Fund	Justice Academy Sewer Fund	Total
Assets:			
Current assets:			
Cash and cash equivalents	\$ 1,123,810	\$ 724,724	\$ 1,848,534
Accounts receivable, net	802,565	3,750	806,315
Total current assets	1,926,375	728,474	2,654,849
Capital assets:			
Land and construction in progress	6,031,371	6,664	6,038,035
Other capital assets, net of depreciation	2,786,906	173,809	2,960,715
Total non-current assets	8,818,277	180,473	8,998,750
Total assets	10,744,652	908,947	11,653,599
Deferred Outflows of Resources:			
OPEB deferrals	295,944	-	295,944
Pension deferrals	290,840	-	290,840
Total deferred outflows of resources	586,784	-	586,784
Liabilities:			
Current liabilities:			
Accounts payable and accrued expenses	783,303	2,160	785,463
Unavailable revenues	40,000	-	40,000
Current portion of compensated absences	5,168	-	5,168
Current portion of long-term obligations	239,012	-	239,012
Total current liabilities	1,067,483	2,160	1,069,643
Non-current liabilities:			
Liabilities payable from restricted assets:			
Accrued landfill closure and post-closure care costs	751,887	-	751,887
Compensated absences	46,517	-	46,517
Total OPEB liability	927,195	-	927,195
Net pension liability - LGERS	187,195	-	187,195
Long-term obligations	533,334	-	533,334
Total non-current liabilities	2,446,128	-	2,446,128
Total liabilities	3,513,611	2,160	3,515,771
Deferred Inflows of Resources:			
OPEB deferrals	12,595	-	12,595
Pension deferrals	270,993	-	270,993
Total deferred inflows of resources	283,588	-	283,588
Net Position:			
Net investment in capital assets	8,151,609	180,473	8,332,082
Unrestricted	(617,372)	726,314	108,942
Total net position	\$ 7,534,237	\$ 906,787	\$ 8,441,024

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

HENDERSON COUNTY, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION - PROPRIETARY FUNDS FOR THE YEAR ENDED JUNE 30, 2022

	Enterprise Funds		
	Non-Major		
	Landfill Fund	Justice Academy Sewer Fund	Total
Operating Revenues:			
Charges for services	\$ 8,298,392	\$ 45,000	\$ 8,343,392
Operating Expenses:			
Salaries and employee benefits	1,413,170	-	1,413,170
Other operating expenses	6,361,527	53,687	6,415,214
Repairs and maintenance	257,072	1,451	258,523
Depreciation	268,526	10,863	279,389
Total operating expenses	8,300,295	66,001	8,366,296
Operating loss	(1,903)	(21,001)	(22,904)
Non-Operating Revenues (Expenses):			
Grant revenue	239,763	-	239,763
Interest income	4,981	3,032	8,013
Interest expense	(23,148)	-	(23,148)
Gain on sale of capital assets	6,470	-	6,470
Total non-operating revenues (expenses)	228,066	3,032	231,098
Change in net position	226,163	(17,969)	208,194
Net Position:			
Beginning of year - July 1	7,308,074	924,756	8,232,830
End of year - June 30	\$ 7,534,237	\$ 906,787	\$ 8,441,024

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, 2022

	Enterprise Funds		
	Non-Major		
	Landfill Fund	Justice Academy Sewer Fund	Total
Cash Flows from Operating Activities:			
Cash received from customers	\$ 8,152,289	\$ 45,000	\$ 8,197,289
Cash paid for goods and services	(6,751,178)	(54,789)	(6,805,967)
Cash paid to employees for services	(1,101,351)	-	(1,101,351)
Net cash provided (used) by operating activities	299,760	(9,789)	289,971
Cash Flows from Non-Capital Financing Activities:			
Proceeds from non-capital grants	239,763	-	239,763
Net cash provided (used) by non-capital financing activities	239,763	-	239,763
Cash Flows from Capital and Related Financing Activities:			
Acquisition and construction of capital assets	(331,783)	-	(331,783)
Proceeds from sale of long-term asset	6,470	-	6,470
Long-term debt payments	(133,333)	-	(133,333)
Interest paid	(23,148)	-	(23,148)
Net cash provided (used) by capital and related financing activities	(481,794)	-	(481,794)
Cash Flows from Investing Activities:			
Interest on investments	4,981	3,032	8,013
Net increase (decrease) in cash and cash equivalents	62,710	(6,757)	55,953
Cash and Cash Equivalents:			
Beginning of year - July 1	1,061,100	731,481	1,792,581
End of year - June 30	\$ 1,123,810	\$ 724,724	\$ 1,848,534

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, 2022

	Enterprise Funds		
	Non-Major		Total
	Landfill Fund	Justice Academy Sewer Fund	
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating loss	\$ (1,903)	\$ (21,001)	\$ (22,904)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	268,526	10,863	279,389
(Increase) decrease in deferred outflows of resources for pensions	(43,808)	-	(43,808)
Increase (decrease) in net pension liability	(221,476)	-	(221,476)
Increase (decrease) in deferred inflows of resources for pensions	233,885	-	233,885
Landfill closure and post-closure care costs	(105,679)	-	(105,679)
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	(176,043)	-	(176,043)
Increase (decrease) in accounts payable and accrued liabilities	(26,900)	349	(26,551)
(Increase) decrease in deferred outflows of resources - OPEB	6,967	-	6,967
Increase (decrease) in deferred inflows of resources - OPEB	(1,456)	-	(1,456)
Increase (decrease) in other post-employment benefits	336,353	-	336,353
Increase (decrease) in unavailable revenues	29,940	-	29,940
Increase (decrease) in accrued vacation pay	1,354	-	1,354
Total adjustments	301,663	11,212	312,875
Net cash provided (used) by operating activities	\$ 299,760	\$ (9,789)	\$ 289,971

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

HENDERSON COUNTY, NORTH CAROLINA**STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2022**

	Custodial Funds
Assets:	
Cash and cash equivalents	\$ 462,646
Receivables, net	<u>400,978</u>
Total assets	<u>863,624</u>
Liabilities:	
Accounts payable and accrued liabilities	<u>183,518</u>
Net Position:	
Restricted for:	
Individuals, organizations and other governments	<u>680,106</u>
Total net position	<u>\$ 680,106</u>

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

HENDERSON COUNTY, NORTH CAROLINA
STATEMENT OF CHANGES OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	Custodial Funds
Additions:	
Ad valorem taxes for other governments	\$ 14,665,830
Cooperative extension receipts	63,077
Contributions from employees	276,028
Program fees collected	605,643
Investment earnings	757
Total additions	<u>15,611,335</u>
Deductions:	
Tax distributions to other governments	14,800,989
Employee flex benefits	276,028
Distributions to programs	637,938
Total deductions	<u>15,714,955</u>
Net decrease in fiduciary net position	(103,620)
Net Position:	
Beginning of year - July 1	<u>783,726</u>
End of year - June 30	<u><u>\$ 680,106</u></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, 2022

1. Summary of Significant Accounting Policies

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

A. Reporting Entity

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

Discretely Presented Component Units

Henderson County Hospital Corporation, Inc.

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

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

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

Henderson County Tourism Development Authority

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

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

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

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

Henderson County Industrial Facility and Pollution Control Financing Authority

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

Henderson County Governmental Financing Corporation

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

B. Basis of Presentation, Basis of Accounting

Basis of Presentation, Measurement Focus – Basis of Accounting

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

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

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

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

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

The County reports the following major governmental funds:

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

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

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

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

The County reports the following enterprise funds:

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

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:

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

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 six nonmajor special revenue funds: Revaluation Reserve Fund, Emergency Telephone Systems Fund (E-911), Fire Districts Fund, Public Transit Fund, Miscellaneous Other Governmental Activities Fund, and Opioid Settlement Fund.

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

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

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

Measurement Focus, Basis of Accounting

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

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

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

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

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

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

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

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

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

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

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 funds listed below. All annual appropriations lapse at fiscal year-end. Project ordinances are adopted for the General Capital Projects Fund, 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, Deferred Inflows and Outflows, and Fund Equity

Deposits and Investments

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

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

The County and the Hospital's investments with a maturity of more than one year at acquisition and non-money market investments are reported at fair value. Non-participating interest earning contracts are accounted for at cost. The NCCMT Government Portfolio, an SEC-registered (2a-7) government money market fund is measured at fair value. Because the NCCMT Government has a weighted average maturity of less than 90 days, they are presented as an investment with a maturity of less than 6 months. Money market investments that have a remaining maturity at the time of purchase of one year or less are reported at amortized cost. Non-participating interest earning investment contracts are reported at cost.

Cash and Cash Equivalents

The County pools their money from several funds to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents. The Margaret R. Pardee Hospital considers demand deposits and investments purchased with an original maturity of three months or less, which are not limited as to use, to be cash and cash equivalents.

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

Restricted Assets

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

Governmental Activities:

General Fund	Restricted register of deeds funds	\$ 259,345
General Capital Projects Fund	Unexpended debt proceeds	1,478,788
School Capital Projects Fund	Unexpended debt proceeds	6,841,330
ARPA Fund	Unexpended grant proceeds	22,926,264
Other Governmental Funds	Tax revaluation	1,963,007
	DSS representative payees, fines and forfeitures	
	improvement guarantees	516,001
	Unexpended opioid settlement proceeds	342,027
Total government activities		<u>\$ 34,326,762</u>

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, 2021. The County does not currently allow discounts that apply to taxes paid prior to the due date.

Lease Receivable

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

Allowances for Doubtful Accounts

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

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, 2022

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

Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets received prior to June 30, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 30, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. Minimum capitalization cost is \$5,000. General infrastructure position acquired prior to July 1, 2003 consist of water and sewer system position that were acquired or that received substantial improvements subsequent to July 1, 1980 and are reported at estimated historical cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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

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

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

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

Right to Use Assets

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

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

Long-Term Obligations

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

Compensated Absences

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

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

Opioid Settlement Funds

In April 2022, drug manufacturer Johnson & Johnson, and three drug distributors, McKesson, AmerisourceBergen, and Cardinal Health, finalized a \$26 billion-dollar nationwide settlement related to multiple opioid lawsuits. These funds will be disbursed to each participating state over an 18-year period according to an allocation agreement reached with all participating states. The majority of these funds are intended for opioid abatement and the distribution of the funds will be front loaded.

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

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

The County received \$341,846 as part of this settlement in Fiscal Year 2022. Per the terms of the MOA, the County created a special revenue fund, the Opioid Settlement Fund, to account for these funds. All funds are to be used for opioid abatement and remediation activities. Funds are restricted until expended. No funds have been expended as of June 30, 2022. The MOA offered the County two options of expending the funds. The County opted for Option A, which allows the County to fund one or more high-impact strategies from a list of evidence-based strategies to combat the opioid epidemic.

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

Reimbursement for Pandemic-related Expenditures

In fiscal year 2021, the American Rescue Plan Act (ARPA) established the Coronavirus State and Local Fiscal Recovery Funds to support urgent COVID-19 response efforts and replace lost revenue for the eligible state, local, territorial, and tribal governments. The County was allocated \$22,806,876 of fiscal recover funds to be paid in two equal installments. The first installment of \$11,406,438 was received in May 2021. The second installment was received in June 2022. County staff and the Board of Commissioners have elected and plan to use \$1,000,000 for medical expenses, \$1,000,000 for projects related to broadband, \$9,300,000 for centralized wastewater collection and \$10,000,000 for revenue replacement. Amounts approved by the Board of Commissioners on allowable expenditures will be transferred to the appropriate fund from the COVID-19 Fund once expended. Revenue replacement funds will be transferred to the appropriate funds once the intended use of the funds are determined.

Deferred Outflows/Inflows of Resources

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

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

Estimates

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

Net Position/Fund Balances

Net Position

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

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

Fund Balances

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

The governmental fund types classify fund balances as follows:

Non-Spendable Fund Balance

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

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

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

Restricted Fund Balance

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

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

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

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

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

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

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

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

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

Restricted fund balance at June 30, 2022 is as follows:

Purpose	General Fund	Other Governmental Funds	General Capital Projects Fund	School Capital Projects Fund	American Rescue Plan Fund	Total Restricted
Restricted, all other:						
Register of Deeds	\$ 259,345	\$ -	\$ -	\$ -	\$ -	\$ 259,345
Public safety	3,352,541	946,622	-	-	197,115	4,496,278
Economic and physical development	-	3,142,511	-	-	-	3,142,511
Human services	3,219,775	14,923	-	-	-	3,234,698
Cultural and recreational	113,915	-	-	-	-	113,915
Education	-	28,107	456,889	4,086,993	-	4,571,989
Total	<u>\$ 6,945,576</u>	<u>\$ 4,132,163</u>	<u>\$ 456,889</u>	<u>\$ 4,086,993</u>	<u>\$ 197,115</u>	<u>\$ 15,818,736</u>

Restricted net position on Exhibit A varies from restricted fund balance on Exhibit C by the restriction for the Register of Deeds' pension plan of \$244,380.

Committed Fund Balance

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

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

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

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

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

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

Committed fund balance at June 30, 2022 is as follows:

Purpose	Other Governmental Funds
Committed:	
Revaluation	\$ 1,943,878
General government	4,518,616
Economic and physical development	5,266,442
Education	6,338,424
Total	<u>\$ 18,067,360</u>

Assigned Fund Balance

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

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

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

Assigned fund balance at June 30, 2022 is as follows:

Purpose	General Fund
Assigned:	
Subsequent year's expenditures	\$ 19,509,951
Public safety	384,606
Total	<u>\$ 19,894,557</u>

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

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

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

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

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

Total fund balance - General Fund	\$ 85,899,635
Less:	
Inventories	(69,614)
Stabilization by state statute	(15,051,500)
Restricted-other	<u>(6,945,576)</u>
Total available fund balance	<u>\$ 63,832,945</u>

Defined Benefit Cost-Sharing Plans

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

The County participates in another OPEB, for health insurance (the "Plan"). The County currently finances the Plan following a pay-as-you-go approach, paying an amount each year equal to the premiums related to the coverage. For purposes of measuring the total OPEB liability, deferred inflows and inflows of resources related to OPEB and OPEB expense have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms.

The County participates in a Law Enforcement Officers Special Separation Allowance benefit plan ("LEOSSA") which provides an additional retirement benefit to sworn law enforcement officers that meet eligibility requirements as defined by State law. The County currently finances the plan following a pay-as-you-go approach, paying an amount each year that equals the legally required contributions. For purposes of measuring the total LEOSSA liability, deferred inflows and inflows of resources related to LEOSSA and LEOSSA expense have been determined on the same basis as they are reported by the plan. For this purpose, the plan recognizes benefit payments when due and payable in accordance with the benefit terms.

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

Implementation of GASB 87, *Leases*

As of July 1, 2021, the County adopted the provisions of GASB 87, *Leases*, which amended the existing accounting standards for lease reporting. The new guidance requires lessees in a leasing arrangement recognize a right to use asset and a lease liability for most leases (other than leases that meet the definition of a short-term lease) at lease commencement. The liability will be equal to the present value of lease payments. Additionally, the new guidance requires lessors in a leasing arrangement to recognize a lease receivable and a deferred inflow of resources for most leases (other than leases that meet the definition of a short-term lease) at lease commencement. The liability (lessees) or deferred inflow (lessors) will be equal to the present value of lease payments.

2. Detail Notes On All Funds

A. Assets

Deposits

All of the County's and the Hospital's deposits are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits exceeding the federal depository insurance coverage level are collateralized with securities held by the County or the Hospital's agent in these units' names. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the County and the Hospital, these deposits are considered to be held by their agents in the entities' names. The amount of the pledged collateral is based on an approved averaging method for non-interest-bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the County or the Hospital, or with the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the County or the Hospital under the Pooling Method, the potential exists for under collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The County has no formal policy regarding custodial credit risk for deposits but relies on the State Treasurer to enforce strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method and to monitor them for compliance. The State Treasurer enforces standards of minimum capitalization for all pooling method financial institutions. The County and the Hospital rely on the State Treasurer to monitor those financial 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, 2022, the County's and TDA's deposits had a carrying amount of \$16,916,609 and \$2,552,428, respectively, and a bank balance of \$21,158,367. Of the bank balance, \$250,000 was covered by federal depository insurance, and the balance was covered by collateral held under the Pooling Method. At June 30, 2022, the County and TDA had \$6,000 and \$555, respectively, cash on hand.

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

At June 30, 2022, the Hospital's deposits had a carrying amount of \$20,937,736 and a bank balance of approximately \$21,000,000. Of the bank balance, approximately \$500,000 was covered by federal depository insurance, and the balance was covered by collateral held under the Pooling Method.

Investments

At June 30, 2022, the County had the following investments and maturities:

Investment Type	Valuation Measurement Method	Fair Value	Less Than 6 Months	6-12 Months	1-5 Years
U.S. government agencies	Fair Value-Level 2	\$ 28,498,575	\$ -	\$ -	\$ 28,498,575
Commercial paper	Fair Value-Level 2	74,756,133	74,756,133	-	-
North Carolina Capital Management Trust - Government Portfolio	Fair Value-Level 1	26,798,414	26,798,414	-	-
Total		<u>\$ 130,053,122</u>	<u>\$101,554,547</u>	<u>\$ -</u>	<u>\$ 28,498,575</u>

US Government Agencies:

	Fair Value
Federal National Mortgage Association	\$ 17,615,728
Federal Home Loan Mortgage Corporation	10,882,847
	<u>\$ 28,498,575</u>

Commercial Paper:

	Fair Value
Credit Suisse First Boston NY	\$ 9,944,704
Credit Agricole Corp	4,963,333
MUFG Bank LTD NY	14,972,616
Natixis	29,904,451
Toyota Mtr Cr Corp	4,984,853
Salvation Army	9,986,176
	<u>\$ 74,756,133</u>

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

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

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

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

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

Credit Risk. The County limits investments to the provisions of G.S. 159-30 and restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated. State law limits investments in commercial paper to the top rating issued by nationally recognized statistical rating organizations (NRSROs). As of June 30, 2022, the County's investments in commercial paper were rated P1 by Standard & Poor's, F1 by Fitch Ratings, and A1 by Moody's Investor Service. The County's investments in the NC Capital Management Trust Government Portfolio carried a credit rating of AAAM by Standard & Poor's and AAA-mf by Moody's Investor Service as of June 30, 2022. The County's investment in U.S. government agencies (Federal Home Loan Mortgage Corporation, Federal National Mortgage Association, and Federal Home Loan Banks) were rated AAA by Standard & Poor's and Aaa by Moody's Investment Service as of June 30, 2022. The County has no formal policy on credit risk.

Concentration of Credit Risk. Concentration risk is the risk when one of the issuers is 5% or greater of the total investment portfolio, excluding deposits. More than 5% of the County's investments are in U.S. Government Agencies. Investments in Federal Home Loan Mortgage Corporation are 8% and Federal National Mortgage Association are 14% of the total investment portfolio. More than 5% of the County's investments are in commercial paper. Investments as a percentage of the total investment portfolio are Natixis at 23%, MUFG Bank LTD NY at 12%, Salvation Army at 8% and Credit Suisse First Boston NY at 8%. The County has no formal policy on the concentration of credit risk.

At June 30, 2022, the Hospital's investments consisted of the following:

Investment Type	Valuation Measurement Method	Fair Value	Less than Year	1-3 Years	No Maturity Date
U.S. government agencies	Fair Value-Level 2	\$ 5,306,397	\$ 4,434,828	\$ 871,569	\$ -
North Carolina Capital Management Trust	Fair Value-Level 1	4,666	-	-	4,666
Equity securities and funds	Fair Value-Level 1	20,931,718	-	-	20,931,718
Stocks and mutual funds	Fair Value-Level 1	1,054,628	-	-	1,054,628
Fixed income investments	Fair Value-Level 1	436,667	-	-	436,667
Cash and cash equivalents	Fair Value-Level 1	96,807	-	-	96,807
Total		<u>\$ 27,830,883</u>	<u>\$ 4,434,828</u>	<u>\$ 871,569</u>	<u>\$ 22,524,486</u>

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

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

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

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

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

Credit Risk. State law limits investments in commercial paper to the top rating issued by nationally recognized statistical rating organizations (NRSROs). The Hospital manages credit risk through quarterly reviews of the portfolio by the Finance Committee of the Hospital's Board of Directors and limits the credit risk of investments through its investment policy. The Hospital's investments in the NC Capital Management Trust Cash Portfolio carried a credit rating of AAAM by Standard & Poor's and AAA-mf by Moody's Investor Service as of June 30, 2022.

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

Property Tax – Use-Value Assessment on Certain Lands

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

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

Year Ended June 30	Tax	Interest	Total
2019	\$ 2,250,354	\$ 585,092	\$ 2,835,446
2020	2,290,264	389,345	2,679,609
2021	2,277,311	182,185	2,459,496
2022	2,299,483	-	2,299,483
Total	<u>\$ 9,117,412</u>	<u>\$ 1,156,622</u>	<u>\$ 10,274,034</u>

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

Receivables

Receivables at the government-wide level at June 30, 2022 were as follows:

	<u>Accounts</u>	<u>Taxes</u>	<u>Due From Other Governments</u>	<u>Lease Receivable</u>	<u>Total</u>
Governmental Activities:					
General	\$ 5,023,649	\$ 1,476,519	\$ 12,268,915	\$ 15,159,696	\$ 33,928,779
Other governmental	961,198	-	-	-	961,198
Total receivables	5,984,847	1,476,519	12,268,915	15,159,696	34,889,977
Allowance for doubtful accounts	(1,511,923)	(610,320)	-	-	(2,122,243)
Total governmental activities	<u>\$ 4,472,924</u>	<u>\$ 866,199</u>	<u>\$ 12,268,915</u>	<u>\$ 15,159,696</u>	<u>\$ 32,767,734</u>
Business-Type Activities:					
Landfill	\$ 802,565	\$ -	\$ -	\$ -	\$ 802,565
Justice Academy	3,750	-	-	-	3,750
Total receivables	<u>\$ 806,315</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 806,315</u>

Due from other governments consisted of the following:

Governmental Activities:	
Local option sales tax	\$ 10,258,232
Franchise tax	109,293
Sales tax reimbursement	1,216,506
Motor vehicle tax	684,884
Total	<u>\$ 12,268,915</u>

In July 2021, the County entered into a 25 month lease with American Red Cross for the use of building space. An initial lease receivable was recorded in the amount of \$6,095. As of June 30, 2022, the value of the lease receivable is \$3,206. The lessee is required to make monthly fixed principal and interest payments of \$250. There are no variable payment components of the lease. The lease receivable is measured as the present value of the future minimum payments expected to be received during the lease term at a discount rate of 2.33%, which is the County's incremental borrowing rate.

In July 2021, the County entered into a 3 year lease with City of Hendersonville for the use of building space. An initial lease receivable was recorded in the amount of \$29,324. As of June 30, 2022, the value of the lease receivable is \$19,324. The lessee is required to make annual fixed principal and interest payments of \$10,000. There are no variable payment components of the lease. The lease receivable is measured as the present value of the future minimum rent payments expected to be received during the lease term at a discount rate of 2.33%, which is the County's incremental borrowing rate.

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

In July 2021, the County entered into a 26 month lease with the State of North Carolina for the use of the Court Services building. An initial lease receivable was recorded in the amount of \$24,641. As of June 30, 2022, the value of the lease receivable is \$13,422. The lessee is required to make annual fixed principal and interest payments of \$973. There are no variable payment components of the lease. The lease receivable is measured as the present value of the future minimum rent payments expected to be received during the lease term at a discount rate of 2.33%, which is the County's incremental borrowing rate.

In July 2021, the County entered into 21 quarter lease with Henderson County Partnership for Economic Development for the use of building space. An initial lease receivable was recorded in the amount \$84,276. As of June 30, 2022, the value of the lease receivable is \$68,606. The lessee is required to make quarterly fixed principal and interest payments of \$4,250. There are no variable payment components of the lease. The lease receivable is measured as the present value of the future minimum rent payments expected to be received during the lease term at a discount rate of 2.33%, which is the County's incremental borrowing rate.

In July 2021, the County entered into a 342 month lease with the Henderson County Tourism Development Authority for the use of the Welcome Center. An initial lease receivable was recorded in the amount of \$1,877,850. As of June 30, 2022, the value of the lease receivable is \$1,827,296. The lessee is required to make monthly fixed principal and interest payments of \$7,500. There are no variable payment components of the lease. The lease receivable is measured as the present value of the future minimum rent payments expected to be received during the lease term at a discount rate of 2.33%, which is the County's incremental borrowing rate.

In July 2021, the County entered into a 181 month lease with Henderson County Hospital Corporation for the use of the Health Services Center. An initial lease receivable was recorded in the amount of \$7,642,006. As of June 30, 2022, the value of the lease receivable is \$7,213,982. The lessee is required to make monthly fixed principal and interest payments of \$50,097. There are no variable payment components of the lease. The lease receivable is measured as the present value of the future minimum rent payments expected to be received during the lease term at a discount rate of 2.33%, which is the County's incremental borrowing rate.

In July 2021, the County entered into a 191 month lease with Wingate University for the use of the Health Services Center. An initial lease receivable was recorded in the amount of \$6,321,549. As of June 30, 2022, the value of the lease receivable is \$5,967,484. The lessee is required to make monthly fixed principal and interest payments of \$41,440. There are no variable payment components of the lease. The lease receivable is measured as the present value of the future minimum rent payments expected to be received during the lease term at a discount rate of 2.33%, which is the County's incremental borrowing rate.

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

In July 2021, the County entered into a 78 month lease with the United States Senate for the use building space for a district office. An initial lease receivable was recorded in the amount of \$43,396. As of June 30, 2022, the value of the lease receivable is \$37,139. The lessee is required to make monthly fixed principal and interest payments of \$600. There are no variable payment components of the lease. The lease receivable is measured as the present value of the future minimum rent payments expected to be received during the lease term at a discount rate of 2.33%, which is the County's incremental borrowing rate.

In July 2021, the County entered into a 17 month lease with US House of Representatives for the use of space for a district office. An initial lease receivable was recorded in the amount of \$27,446. As of June 30, 2022, the value of the lease receivable is \$9,237. The lessee is required to make monthly fixed principal and interest payments of \$1,550. There are no variable payment components of the lease. The lease receivable is measured as the present value of the future minimum rent payments expected to be received during the lease term at a discount rate of 2.33%, which is the County's incremental borrowing rate.

Year Ending				
June 30	Principal	Interest	Total	
2023	\$ 903,664	\$ 342,951	\$ 1,246,615	
2024	902,853	321,985	1,224,838	
2025	911,826	300,817	1,212,643	
2026	933,252	279,390	1,212,643	
2027	942,358	257,535	1,199,893	
2028-2032	4,997,770	948,043	5,945,813	
2033-2037	4,592,514	342,793	4,935,307	
2038-2042	356,583	93,417	450,000	
2043-2047	400,496	49,504	450,000	
2048-2050	218,380	6,620	225,000	
Total	<u>\$ 15,159,696</u>	<u>\$ 2,943,055</u>	<u>\$ 18,102,751</u>	

In fiscal year 2022, the County recognized \$1,084,842 of lease revenue and \$359,294 of interest revenue under the lease.

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

Capital Assets

Capital asset activity for the year ended June 30, 2022 was as follows:

	<u>Balance</u> <u>July 1, 2021</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Balance</u> <u>June 30, 2022</u>
Governmental Activities:					
Non-Depreciable Capital Assets:					
Land	\$ 15,349,827	\$ -	\$ -	\$ -	\$ 15,349,827
Construction in progress	1,830,735	460,524	-	(96,083)	2,195,176
Total non-depreciable capital assets	<u>17,180,562</u>	<u>460,524</u>	<u>-</u>	<u>(96,083)</u>	<u>17,545,003</u>
Depreciable Capital Assets:					
Buildings	138,825,751	-	-	96,083	138,921,834
Equipment	9,628,873	466,639	(55,874)	-	10,039,638
Vehicles and motor equipment	11,096,261	1,846,911	(1,026,390)	-	11,916,782
Real property leased asset	-	668,360	-	-	668,360
Equipment leased asset	-	27,266	-	-	27,266
Total depreciable capital assets	<u>159,550,885</u>	<u>3,009,176</u>	<u>(1,082,264)</u>	<u>96,083</u>	<u>161,573,880</u>
Less Accumulated Depreciation and Amortization:					
Buildings	52,406,333	3,914,657	-	-	56,320,990
Equipment	7,064,554	606,996	(55,874)	-	7,615,676
Vehicles and motor equipment	6,254,333	1,406,728	(923,298)	-	6,737,763
Real property leased asset	-	79,933	-	-	79,933
Equipment leased asset	-	4,090	-	-	4,090
Total accumulated depreciation	<u>65,725,220</u>	<u>\$ 6,012,404</u>	<u>\$ (979,172)</u>	<u>\$ -</u>	<u>70,758,452</u>
Total depreciable capital assets	<u>93,825,665</u>				<u>90,815,428</u>
Total depreciable capital assets, net	<u>\$ 111,006,227</u>				<u>\$ 108,360,431</u>

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

	<u>Depreciation</u>	<u>Amortization</u>	<u>Total</u>
General government	\$ 2,877,173	\$ 53,417	\$ 2,930,590
Public safety	2,245,917	21,050	2,266,967
Economic and physical development	185,832	-	185,832
Human services	435,165	-	435,165
Cultural and recreational	184,294	9,556	193,850
Total	<u>\$ 5,928,381</u>	<u>\$ 84,023</u>	<u>\$ 6,012,404</u>

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

	<u>Balance</u> <u>July 1, 2021</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2022</u>
Business-Type Activities:				
Landfill:				
Non-Depreciable Capital Assets:				
Land	\$ 6,031,371	\$ -	\$ -	\$ 6,031,371
Total non-depreciable capital assets	<u>6,031,371</u>	<u>-</u>	<u>-</u>	<u>6,031,371</u>
Depreciable Capital Assets:				
Plant and distribution systems	3,596,341	-	-	3,596,341
Furniture and maintenance equipment	1,725,632	331,783	-	2,057,415
Vehicles	1,023,812	-	(66,180)	957,632
Total depreciable capital assets	<u>6,345,785</u>	<u>331,783</u>	<u>(66,180)</u>	<u>6,611,388</u>
Less Accumulated Depreciation:				
Plant and distribution systems	1,758,267	82,306	-	1,840,573
Furniture and maintenance equipment	1,062,133	126,135	-	1,188,268
Vehicles	801,736	60,085	(66,180)	795,641
Total accumulated depreciation	<u>3,622,136</u>	<u>\$ 268,526</u>	<u>\$ (66,180)</u>	<u>3,824,482</u>
Total depreciable capital assets, net	<u>2,723,649</u>			<u>2,786,906</u>
Landfill capital assets, net	<u>\$ 8,755,020</u>			<u>\$ 8,818,277</u>
Justice Academy Water and Sewer District:				
Non-Depreciable Capital Assets:				
Land	\$ 6,664	\$ -	\$ -	\$ 6,664
Depreciable Capital Assets:				
Plant and distribution systems	434,523	-	-	434,523
Furniture and maintenance equipment	17,234	-	-	17,234
Total depreciable capital assets	<u>451,757</u>	<u>-</u>	<u>-</u>	<u>451,757</u>
Less Accumulated Depreciation:				
Plant and distribution systems	249,851	10,863	-	260,714
Furniture and maintenance equipment	17,234	-	-	17,234
Total accumulated depreciation	<u>267,085</u>	<u>10,863</u>	<u>-</u>	<u>277,948</u>
Total depreciable capital assets, net	<u>184,672</u>	<u>\$ (10,863)</u>	<u>\$ -</u>	<u>173,809</u>
Justice Academy Water and Sewer District capital assets, net	<u>191,336</u>			<u>180,473</u>
Business-type activities capital assets, net	<u>\$ 8,946,356</u>			<u>\$ 8,998,750</u>

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

Capital asset activity for the Henderson County Hospital Corporation for the year ended June 30, 2022 was as follows:

	Balance July 1, 2021	Increases	Transfers/ Decreases	Balance June 30, 2022
Non-Depreciable Capital Assets:				
Land	\$ 9,048,824	\$ 1,022,794	\$ -	\$ 10,071,618
Construction in progress	2,927,232	16,440,633	(7,897,750)	11,470,115
Total non-depreciable capital assets	<u>11,976,056</u>	<u>17,463,427</u>	<u>(7,897,750)</u>	<u>21,541,733</u>
Depreciable Capital Assets:				
Land improvements	4,004,442	-	-	4,004,442
Buildings and fixed equipment	123,759,224	-	3,211,433	126,970,657
Moveable equipment	143,432,965	-	(3,150,057)	140,282,908
Right to use leased assets	25,225,392	229,695	-	25,455,087
Total depreciable capital assets	<u>296,422,023</u>	<u>229,695</u>	<u>61,376</u>	<u>296,713,094</u>
Less Accumulated Depreciation:				
Land improvements	1,914,465	157,228	-	2,071,693
Buildings and fixed equipment	85,973,357	3,979,282	(152,139)	89,800,500
Moveable equipment	122,127,503	4,748,296	(7,684,235)	119,191,564
Right to use leased assets	3,262,280	3,542,917	-	6,805,197
Total accumulated depreciation	<u>213,277,605</u>	<u>12,427,723</u>	<u>(7,836,374)</u>	<u>217,868,954</u>
Total depreciable capital assets, net	<u>83,144,418</u>	<u>\$ 5,265,399</u>	<u>\$ -</u>	<u>78,844,140</u>
Total capital assets, net	<u>\$ 95,120,474</u>			<u>\$ 100,385,873</u>

Capital asset activity for the Henderson County Tourism Development Authority for the year ended June 30, 2022 was as follows:

	Balance July 1, 2021	Increases	Decreases	Transfers	Balance June 30, 2022
Governmental Activities:					
Depreciable Capital Assets:					
Equipment	\$ 7,753	\$ -	\$ -	\$ -	\$ 7,753
Vehicles	23,784	-	-	-	23,784
Real property leased asset	-	1,883,789	-	-	1,883,789
Total depreciable capital assets	<u>31,537</u>	<u>1,883,789</u>	<u>-</u>	<u>-</u>	<u>1,915,326</u>
Less Accumulated Depreciation and Amortization:					
Equipment	(7,040)	(713)	-	-	(7,753)
Vehicles	(22,132)	(1,652)	-	-	(23,784)
Real property leased asset amortization	-	(65,905)	-	-	(65,905)
Total accumulated depreciation and amortization	<u>(29,172)</u>	<u>\$ (68,270)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(97,442)</u>
Governmental activities capital assets, net	<u>\$ 2,365</u>				<u>\$ 1,817,884</u>

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

B. Liabilities

Payables

Payables at the government-wide level at June 30, 2022 were as follows:

	Vendors	Salaries and Benefits	Accrued Interest	Insurance Claims Incurred, But Not Reported	Total
Governmental Activities:					
General	\$ 2,622,531	\$ 6,498,274	\$ 917,803	1,033,034	\$ 11,071,642
Other governmental	288,661	19,129	-	-	307,790
Total governmental activities	<u>\$ 2,911,192</u>	<u>\$ 6,517,403</u>	<u>\$ 917,803</u>	<u>\$ 1,033,034</u>	<u>\$ 11,379,432</u>
Business-Type Activities:					
Landfill	\$ 761,402	\$ 21,901	\$ -	\$ -	\$ 783,303
Justice Academy Sewer	2,160	-	-	-	2,160
Total business-type activities	<u>\$ 763,562</u>	<u>\$ 21,901</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 785,463</u>

Pension Plan Obligation

Local Governmental Employees' Retirement System

Plan Description. The County is a participating employer in the state-wide LGERS, a cost-sharing, multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS membership is comprised of general employees and local law enforcement officers ("LEO") of participating local governmental entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Local Governmental Employees' Retirement System is included in the Annual Comprehensive Financial Report (ACFR) for the State of North Carolina. The State's ACFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or a www.osc.nc.gov.

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

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

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

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. County employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The County's contractually required contribution rate for the year ended June 30, 2022 was 11.35% of compensation for law enforcement officers and 12.10% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the plan from the County were \$5,351,627 for the year ended June 30, 2022.

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

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

At June 30, 2022, the County reported a liability of \$8,914,027 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020. The total pension liability was then rolled forward to the measurement date of June 30, 2021 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension liability was based on a projection of the County's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2022 (measured as of June 30, 2021), the County's proportion was 0.581%, which was a decrease of 0.012% from its proportion as of June 30, 2021 (measured as of June 30, 2020).

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

For the year ended June 30, 2022, the County recognized pension expense of \$3,894,749. At June 30, 2022, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 2,835,872	\$ -
Changes of assumptions	5,600,286	-
Net difference between projected and actual earnings on pension plan investments	-	12,735,467
Changes in proportion and differences between County contributions and proportionate share of contributions	61,751	168,954
County's contributions subsequent to the measurement date	<u>5,351,627</u>	<u>-</u>
Total	<u><u>\$ 13,849,536</u></u>	<u><u>\$ 12,904,421</u></u>

\$5,351,627 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ending June 30, 2023. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending	
<u>June 30</u>	<u>Total</u>
2023	\$ 818,280
2024	(307,062)
2025	(1,020,600)
2026	<u>(3,897,130)</u>
Total	<u><u>\$ (4,406,512)</u></u>

Actuarial Assumptions. The total pension liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

The actuarial assumptions used in the December 31, 2020 valuation were based on the results of an actuarial experience study for the period January 1, 2015 through December 31, 2019.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over the multiple horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2021 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed income	29.0%	1.4%
Global equity	42.0%	5.3%
Real estate	8.0%	4.3%
Alternatives	8.0%	8.9%
Credit	7.0%	6.0%
Inflation protection	6.0%	4.0%
Total	<u>100%</u>	

The information above is based on 30-year expectations developed with the consulting actuary for the asset, liability, and investment policy study for the North Carolina Retirement Systems, including LRS. The long-term nominal rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.05%. All rates of return and inflation are annualized.

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

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

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

	1% Decrease (5.50%)	Discount Rate (6.50%)	1% Increase (7.50%)
County's proportionate share of the net pension liability (asset)	<u>\$ 34,603,510</u>	<u>\$ 8,914,027</u>	<u>\$ (12,226,925)</u>

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

Law Enforcement Officers' Special Separation Allowance

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

All full-time County law enforcement officers are covered by the Separation Allowance. At December 31, 2020, the Separation Allowance's membership consisted of 145 active plan members and 24 retired members receiving benefits.

A separate report was not issued for the plan.

Summary of Significant Accounting Policies

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

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

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

Actuarial Assumptions

The entry age normal actuarial cost method was used in the December 31, 2020 valuation. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	3.25 to 7.75%, including inflation and productivity factor
Discount rate	2.25%

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

The actuarial assumptions used in the December 31, 2020 valuation were based on the results of an experience study completed by the Actuary for the Local Government Employees' Retirement System for the five-year period ending December 31, 2019.

Mortality Assumption: All mortality rates us Pub-2010 amount-weighted tables.

Mortality Projections: All mortality rates are projected from 2010 using generational improvement with Scale MP-2019.

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

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

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

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

Contributions

The County is required by Article 12D of G. S. Chapter 143 to provide these retirement benefits and has chosen to fund the benefit payments on a pay-as-you-go basis through appropriations made in the General Fund operating budget. There were no contributions made by employees. The County's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. The County paid \$353,460 as benefits came due for the reporting period.

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

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

At June 30, 2022, the County reported a total pension liability of \$8,017,278. The total pension liability was measured as of December 31, 2021 based on a December 31, 2020 actuarial valuation. The total pension liability was rolled forward to December 31, 2021 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2022, the County recognized pension expense of \$697,792.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 801,753	\$ 12,569
Changes of assumptions	1,339,182	196,529
County's benefit payments and plan administrative expense made subsequent to the measurement date	172,664	-
Total	<u>\$ 2,313,599</u>	<u>\$ 209,098</u>

The County paid \$172,664 in benefit payments made subsequent to the measurement date that are reported as deferred outflows of resources related to pensions which will be recognized as a decrease of the total pension liability in the year ending June 30, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Total
2023	\$ 544,595
2024	528,407
2025	476,086
2026	378,587
2027	4,162
Total	<u>\$ 1,931,837</u>

Sensitivity of the County's Total Pension Liability to Changes in the Discount Rate. The following presents the County's total pension liability calculated using the discount rate of 2.25%, as well as what the County's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.25%) or 1-percentage-point higher (3.25%) than the current rate:

	1% Decrease (1.25%)	Discount Rate (2.25%)	1% Increase (3.25%)
Total pension liability	<u>\$ 8,617,535</u>	<u>\$ 8,017,278</u>	<u>\$ 7,466,142</u>

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

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

	<u>2022</u>
Beginning balance	\$ 7,839,267
Service cost	364,623
Interest on total pension liability	147,752
Differences between expected and actual experience in the measurement of the total pension liability	219,654
Changes of assumptions or other inputs	(186,607)
Benefit payments	<u>(367,411)</u>
Ending balance of the total pension liability	<u>\$ 8,017,278</u>

Changes of Assumptions. Changes of assumptions and other inputs reflect a change in the discount rate from 1.93% at December 31, 2020 to 2.25% at December 31, 2021.

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

The actuarial assumptions used in the December 31, 2020 valuation were based on the results of an actuarial experience study completed by the Actuary for the Local Government Employee' Retirement System for the five-year period ending December 31, 2019.

Supplemental Retirement Income Plan for Law Enforcement Officers

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

Funding Policy. Article 12E of G.S. Chapter 143 requires that the County contribute each month an amount equal to 5% of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. The County contributed \$933,456 for the reporting year. No amounts were forfeited.

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

Register of Deeds' Supplemental Pension Fund

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

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

Contributions. Benefits and administrative expenses are funded by investment income and 1.5% of the receipts collected by each County Commission under Article 1 of Chapter 161 of the North Carolina General Statutes. The statutory contribution currently has no relationship to the actuary's required contribution. The actuarially determined contribution this year and for the foreseeable future is zero. Registers of Deeds do not contribute. Contribution provisions are established by the General Statute 161-50 and may be amended only by the North Carolina General Assembly. Contributions to the pension plan from the County were \$14,223 for the year ended June 30, 2022.

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

At June 30, 2022, the County reported an asset of \$244,380 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2021. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2020. The total pension liability was then rolled forward to the measurement date of June 30, 2021 utilizing update procedures incorporating the County's share of contributions to the pension plan, relative to contributions to the pension plan of all participating RODSPF employers. At June 30, 2021 measurement date, the County's proportion was 1.272%, which was a decrease of 0.04% from its proportion measured as of June 30, 2020.

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

For the year ended June 30, 2022 measurement date, the County recognized pension expense of \$19,700. At June 30, 2022, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,607	\$ 2,964
Changes of assumptions	17,820	-
Net difference between projected and actual earnings on pension plan investments	-	750
Changes in proportion and differences between County contributions and proportionate share of contributions	13,856	6,233
County's contributions subsequent to the measurement date	14,223	-
Total	<u>\$ 48,506</u>	<u>\$ 9,947</u>

\$14,223 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ending June 30, 2023. Other amounts reported as deferred inflows or outflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Total
2023	\$ 11,826
2024	7,383
2025	(572)
2026	5,699
Total	<u>\$ 24,336</u>

Actuarial Assumptions. The total pension liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5%
Salary increases	3.25 to 8.25%, including inflation and productivity factor
Investment rate of return	3.00%, net of pension plan investment expense, including inflation

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

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

The actuarial assumptions used in the December 31, 2020 valuation were based on the results of an actuarial experience as of December 31, 2014.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The adopted asset allocation policy for the RODSPF is 100% in the fixed income asset class. The estimate of arithmetic real rate of return for the fixed income asset class as of June 30, 2022 is 1.4%.

The information above is based on 30-year expectations developed with the consulting actuary for the asset, liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.05%. All rates of return and inflation are annualized.

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

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

	1% Decrease (2.00%)	Discount Rate (3.00%)	1% Increase (4.00%)
County's proportionate share of the net pension liability (asset)	<u>\$ (194,112)</u>	<u>\$ 244,380</u>	<u>\$ (286,621)</u>

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

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

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

The net pension liability for LGERS and ROD was measure as of June 30, 2021, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2020. The total pension liability for LEOSSA was measured as of June 30, 2021, with an actuarial valuation date of December 31, 2020. The County's proportion of the net pension liability was based on the County's share of contributions to the pension plan relative to the contribution of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>LGERS</u>	<u>ROD</u>	<u>LEOSSA</u>	<u>Total</u>
Proportionate share of net pension liability (asset)	\$ 8,914,027	\$ (244,380)	\$ -	\$ 8,669,647
Proportion of the net pension liability (asset)	0.58125%	1.27195%	N/A	-
Total pension liability	-	-	8,017,278	8,017,278
Pension expense	3,829,749	19,700	697,792	4,547,241

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

At June 30, 2022, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>LGERS</u>	<u>ROD</u>	<u>LEOSSA</u>	<u>Total</u>
Deferred Outflows of Resources:				
Pensions - difference between expected and actual experience	\$ 2,835,872	\$ 2,607	\$ 801,753	\$ 3,640,232
Pensions - difference between projected and actual investment earnings	-	-	-	-
Changes of assumptions	5,600,286	17,820	1,339,182	6,957,288
Pensions - change in proportion and difference between employer contributions and proportionate share of contributions	61,751	13,856	-	75,607
County contributions (LGERS, ROD)/ benefit payments and administration costs (LEOSSA) subsequent to the measurement date	<u>5,351,627</u>	<u>14,223</u>	<u>172,664</u>	<u>5,538,514</u>
Total	<u>\$ 13,849,536</u>	<u>\$ 48,506</u>	<u>\$ 2,313,599</u>	<u>\$ 16,211,641</u>
Deferred Inflows of Resources:				
Pensions - difference between expected and actual experience	\$ -	\$ 2,964	\$ 12,569	\$ 15,533
Pensions - difference between projected and actual investment earnings	12,735,467	750	-	12,736,217
Changes of assumptions	-	-	196,529	196,529
Pensions - change in proportion and difference between employer contributions and proportionate share of contributions	<u>168,954</u>	<u>6,233</u>	<u>-</u>	<u>175,187</u>
Total	<u>\$ 12,904,421</u>	<u>\$ 9,947</u>	<u>\$ 209,098</u>	<u>\$ 13,123,466</u>

Post-Employment Benefits

Deferred Compensation Plan

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

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

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

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

Other Post-Employment Benefits - Healthcare Benefits

Plan Description. In addition to providing pension benefits, the County has elected to provide a healthcare benefits plan to retirees of the County who have at least thirty (30) years of service with the County or are at least 55, but not Medicare eligible, with a minimum of ten (10) years of service with the County and have a combined age and years of service total of at least 70. Retired employees meeting the criteria discussed herein will be provided hospitalization in the same manner as the active County employees. The County pays 100% of the payments for any retiree with thirty (30) or more years of service with the County or a combined age and years of service total of at least 80. The plan is available to qualified retirees until age 65 or until Medicare eligible, whichever is sooner. Reduced contribution rates are made by the County for retirees with combined age and years of service that total 70 or 75 at retirement. Retirees can purchase coverage for their dependents at the County's group rates. Currently, 78 retirees are eligible for post-retirement health benefits. For the fiscal year ended June 30, 2022, the County made payments for post-retirement health benefit premiums of \$1,586,302. The County is self-insured and contracts with a private carrier to administer the healthcare plan. A separate report was not issued for the plan. This is a single employer defined benefit plan. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75. Management of the HCB Plan is vested in the Henderson County Board of Commissioners.

County Contributions Based on Years of Creditable Service

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

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

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

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

Total OPEB Liability

The County's total OPEB liability of \$42,727,861 was measured as of June 30, 2021 and was determined by an actuarial valuation as of June 30, 2020.

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

Inflation	2.50%
Salary increases	
General employees	3.25 to 8.41%, including wage inflation
Firefighters	3.25 to 8.15%, including wage inflation
Law enforcement officers	3.25 to 7.90%, including wage inflation
Municipal Bond Index Rate	
Prior measurement date	2.21%
Measurement date	2.16%
Healthcare Cost Trends	
Pre-Medicare	7.00% for 2020 decreasing to an ultimate rate of 4.50% by 2030
Medicare	5.25% for 2020 decreasing to an ultimate rate of 4.50% by 2024
Dental	4.00%

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2020	<u>\$ 39,358,947</u>
Changes for the year:	
Service cost	2,433,380
Interest	906,135
Changes of benefit terms	-
Differences between expected and actual experience	(126,315)
Changes of assumptions or other inputs	1,745,893
Benefit payments	<u>(1,590,179)</u>
Net changes	<u>3,368,914</u>
Balance at June 30, 2021	<u>\$ 42,727,861</u>

Changes in assumptions and other inputs reflect a change in the Municipal Bond Index Rate from 2.21% to 2.16%

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

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

Mortality rates were based on the Pub-2010 mortality tables, with adjustments for LGERS experience and generational mortality improvements using Scale MP-2019.

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increases used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period January 1, 2015 – December 31, 2019, adopted by the LGERS Board.

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

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate. The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.16%) or 1-percentage-point higher (3.16%) than the current discount rate:

	1% Decrease (1.16%)	Current (2.16%)	1% Increase (3.16%)
Total OPEB liability	<u>\$ 47,105,969</u>	<u>\$ 42,727,861</u>	<u>\$ 38,801,666</u>

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

	1% Decrease	Current Discount Rate	1% Increase
Total OPEB liability	<u>\$ 37,202,015</u>	<u>\$ 42,727,861</u>	<u>\$ 49,360,938</u>

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

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

For the year ended June 30, 2022, the County recognized OPEB expense of \$4,867,297. At June 30, 2022, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 6,489,979	\$ 267,854
Changes of assumptions	5,561,700	312,546
Benefit payments and plan administrative expense made subsequent to the measurement date	1,586,302	-
Total	<u>\$ 13,637,981</u>	<u>\$ 580,400</u>

\$1,586,302 reported as deferred outflows of resources related to OPEB resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total OPEB liability in the year ended June 30, 2023. Other amounts reported as deferred inflows and outflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30	Total
2023	\$ 1,869,646
2024	1,869,646
2025	1,947,104
2026	2,012,504
2027	1,964,814
Thereafter	1,807,565
Total	<u>\$ 11,471,279</u>

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

Other Employment Benefits

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

Lump-sum death benefits are provided to beneficiaries 1) who die in active service after one year of contributing membership in the System, or 2) who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death. This payment is equal to the employee's 12 highest months' salary in a row during the 24 months prior to his or her death. The death benefit payments to beneficiaries must be a minimum of \$25,000 and will not exceed \$50,000. Because all death benefit payments are made from the Death Benefit Plan and not by the County, the County does not determine the number of eligible participants. The County has no liability beyond the payment of monthly contributions. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount. Contributions are determined as a percentage of monthly payrolls based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. The County considers these contributions to be immaterial.

Landfill Closure and Post-Closure Care Costs

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

Due to a redetermination of post-closure costs being performed after the landfill stopped accepting waste, the estimated post-closure costs decreased significantly from the amount estimated in prior years. The \$857,566 reported as landfill post-closure care liability at June 30, 2022 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 2022. 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, 2022

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 Outflows and Inflows of Resources

	Deferred Outflows of Resources	Deferred Inflows of Resources
Charge on refunding of debt	\$ 1,008,200	\$ -
Pensions - difference between expected and actual experience:		
LGERS	2,835,872	-
Register of Deeds	2,607	2,964
OPEB	6,489,979	267,854
LEOSSA	801,753	12,569
Pensions - difference between projected and actual investment earnings:		
LGERS	-	12,735,467
Register of Deeds	-	750
Changes of Assumptions:		
LGERS	5,600,286	-
Register of Deeds	17,820	-
LEOSSA	1,339,182	196,529
OPEB	5,561,700	312,546
Pensions - change in proportion and difference between employer contributions and proportionate share of contributions:		
LGERS	61,751	168,954
Register of Deeds	13,856	6,233
Contributions to pension plans in 2021-2022 fiscal year - LGERS, LEOSSA, ROD, OPEB	7,124,816	-
Prepaid taxes not yet earned (General Fund)	-	263,035
Prepaid fire district tax, net (Special Revenue Fund)	-	13,045
Taxes receivable, net (General Fund)	-	866,199
Other receivables (General Fund)	-	894,879
Unavailable revenue (Special Revenue Fund)	-	-
Leases (General)	-	14,993,958
Total	<u>\$ 30,857,822</u>	<u>\$ 30,734,982</u>

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

Risk Management

The County is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County participates in two self-funded risk financing pools administered by the North Carolina Association of County Commissioners Joint Risk Management Agency. Through these pools, the County obtains property coverage equal to the replacement cost of owned property subject to total insured values, with sub-limits on coverage for specified perils; general, auto, professional, employment practices, and law enforcement liability coverage of \$2 million per occurrence; auto physical damage for owned vehicles at actual cash value; crime coverage of \$250,000 per occurrence; and workers' compensation coverage up to the statutory limits. All real and personal property owned by the County is subject to a blanket limit of \$157.783 million per occurrence.

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

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

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

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

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

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

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

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

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

Changes in the balances of actual claims and incurred but not reported claim liabilities for health insurance during the past fiscal year are as follows:

	Year Ended June 30	
	2021	2022
Unpaid claims:		
Beginning of year - July 1	\$ 393,409	\$ 238,893
Incurred claims	11,065,938	13,019,932
Claim payments	(11,220,454)	(12,560,760)
End of year - June 30	<u>\$ 238,893</u>	<u>\$ 698,065</u>

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

Claims and Judgments

At June 30, 2022, 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

Leases

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

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

On July 1, 2021, the County entered into a 18 year lease as Lessee for the use of cell tower space. An initial lease liability was recorded in the amount of \$135,763. As of June 30, 2022, the value of the lease liability is \$130,920. The County is required to make annual fixed principal and interest payments of \$8,000 through fiscal year 2024; thereafter, a 10% increase will occur every 5 years. The lease liability is measured at a discount rate of 2.33%, which is the County's incremental borrowing rate. As a result of the lease, the County has recorded a right to use asset with a net book value of \$128,221 at June 30, 2022. The right to use asset is discussed in more detail in the right to use asset section of this note.

On July 1, 2021, the County entered into a 9 year lease as Lessee for the use of cell tower space. An initial lease liability was recorded in the amount of \$60,278. As of June 30, 2022, the value of the lease liability is \$54,180. The County is required to make annual fixed principal and interest payments of \$7,500 through fiscal year 2030. The lease liability is measured at a discount rate of 2.33% which is the County's incremental borrowing rate. As a result of the lease, the County has recorded a right to use asset with a net book value of \$54,250 at June 30, 2022. The right to use asset is discussed in more detail in the right to use asset section of this note.

On July 1, 2021, the County entered into a 4 year lease as Lessee for the use of cell tower space. An initial lease liability was recorded in the amount of \$29,921. As of June 30, 2022, the value of the lease liability is \$22,697. The County is required to make annual fixed principal and interest payments of \$7,920. The lease liability is measured at a discount rate of 2.33% which is the County's incremental borrowing rate. As a result of the lease, the County has recorded a right to use asset with a net book value of \$22,441 at June 30, 2022. The right to use asset is discussed in more detail in the right to use asset section of this note.

On July 1, 2021, the County entered into a 4 year lease as Lessee for the use of building space. An initial lease liability was recorded in the amount of \$47,779. As of June 30, 2022, the value of the lease liability is \$37,778. The County is required to make annual fixed principal and interest payments of \$10,000. The lease liability is measured at a discount rate of 2.33% which is the County's incremental borrowing rate. As a result of the lease, the County has recorded a right to use asset with a net book value of \$38,223 at June 30, 2022. The right to use asset is discussed in more detail in the right to use asset section of this note.

On July 1, 2021, the County entered into a 106 month lease as Lessee for the use of elections equipment. An initial lease liability was recorded in the amount of \$394,619. As of June 30, 2022, the value of the lease liability is \$348,532. The County is required to make monthly fixed principal and interest payments of \$4,500. The lease liability is measured at a discount rate of 2.33% which is the County's incremental borrowing rate. As a result of the lease, the County has recorded a right to use asset with a net book value of \$345,292 at June 30, 2022. The right to use asset is discussed in more detail in the right to use asset section of this note.

On July 1, 2021, the County entered into a 21 quarter lease as Lessee for the use of copier equipment. An initial lease liability was recorded in the amount of \$27,266. As of June 30, 2022, the value of the lease liability is \$23,571. The county is required to make quarterly fixed principal and interest payments of \$1,383. The lease liability is measured at a discount rate of 2.33% which is the County's incremental borrowing rate. As a result of the lease, the County has recorded a right to use asset with a net book value of \$23,176 at June 30, 2022. The right to use asset is discussed in more detail in the right to use asset section of this note.

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

The future minimum lease obligations and the net present value of the minimum lease payments as of June 30, 2022 were as follows:

Year Ending		
June 30	Principal	Interest
2023	\$ 79,127	\$ 13,824
2024	80,980	11,973
2025	83,676	10,077
2026	77,714	8,117
2027	66,759	6,307
2028-2032	163,232	13,906
2033-2037	45,615	5,689
2038-2039	<u>20,575</u>	<u>720</u>
Total	<u>\$ 617,678</u>	<u>\$ 70,613</u>

Installment Financing Contracts

The County has direct placement installment financing contracts with the Henderson County Governmental Financing Corporation, a component unit, for construction of educational and public safety facilities. These contracts were funded by execution and delivery of certificates of participation. The outstanding contracts at June 30, 2022 are as follows:

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

\$ 2,000,000

Total installment contracts

\$ 2,000,000

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

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

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

Year Ending June 30	Principal	Interest
2023	\$ 500,000	\$ 96,000
2024	500,000	72,000
2025	500,000	48,000
2026	500,000	24,000
Total	<u>\$ 2,000,000</u>	<u>\$ 240,000</u>

Installment Purchases

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

Other direct placement installment purchase contracts payable at June 30, 2022 are comprised of the following individual issues:

Governmental Activities:

\$32,000,000 Elementary Schools project financing contract due
in semi-annual principal payments of \$914,286, including interest
charged at an annual rate of 3.72%. Payments will continue through
September 30, 2025. \$ 6,400,000

Total installment purchases indebtedness \$ 6,400,000

The County's outstanding contracts from direct placements related to the Clear Creek Elementary School and Etowah Elementary School projects of \$6,400,000 is secured by a deed of trust for the benefit of the bank, pursuant to which the County grants a lien on the sites. The contracts contain a provision that in an event of default, there will be foreclosure of the collateral. The County liability is limited to the collateral.

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

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

Year Ending June 30	Principal	Interest
2023	\$ 1,828,571	\$ 152,434
2024	1,828,571	105,531
2025	1,828,571	58,629
2026	914,287	11,726
Total	<u>\$ 6,400,000</u>	<u>\$ 328,320</u>

Business-Type Activities:

Landfill:

\$2,000,000 solid waste system improvements with annual principal payments of \$133,333, including interest that is payable at 3.2%.

Payments will continue through December 9, 2026.

Total installment purchases indebtedness \$ 666,668

The County's outstanding contracts from direct placements related to the Henderson County Solid Waste Facility of \$666,668 is secured by a deed of trust for the benefit of the bank, pursuant to which the County grants a lien on the site. The contracts contain a provision that in an event of default, there will be foreclosure of the collateral. The County liability is limited to the collateral.

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

Year Ending June 30	Landfill	
	Principal	Interest
2023	\$ 133,333	\$ 21,333
2024	133,333	17,067
2025	133,333	12,800
2026	133,333	8,533
2027	133,336	4,267
Total	<u>\$ 666,668</u>	<u>\$ 64,000</u>

Limited Obligation Indebtedness

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

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

The County's limited obligation bonds payable at June 30, 2022 are comprised of the following individual issues:

Governmental Activities:

\$16,455,000 Series 2012 limited obligation bonds, due in annual principal payments ranging from \$405,000 to \$1,730,000. Payment is due annually on June 30. Interest is payable annually at 1.98%. Refunding of 2005 COPS.	\$ 4,195,000
\$24,696,000 Series 2013 limited obligation bonds, due in annual principal payments ranging from \$309,000 to \$2,428,000. Payment is due semi-annually on December 1 and June 1 at a fixed rate of 2.01%.	8,816,000
\$26,785,000 Series 2015 limited obligation bonds, due in annual principal payments ranging from \$840,000 to \$1,950,000. Payment is due semi-annually on March 15 and September 15 at an interest rate ranging from 3.375% to 5.00%.	21,170,000
\$14,600,000 Series 2016A limited obligation bonds, due in annual principal payments of \$975,000. Payment is due annually beginning in 2023 on June 30th at an interest rate ranging from 2.50% to 5.00%.	14,600,000
\$12,475,000 Series 2017A limited obligation bonds, due in annual principal payments ranging from \$560,000 to \$630,000. Payment is due semi-annually on December 1st and June 1st at an interest rate ranging from 5.00% to 3.00%	9,395,000
\$24,225,000 Series 2018A limited obligation bonds, due in annual principal payments ranging from \$1,090,000 to \$1,220,000. Payment is due semi-annually on December 1st and June 1st at an interest rate ranging from 5.00% to 3.375%	19,475,000
\$52,525,000 Series 2020 limited obligation bonds, due in annual principal payments ranging from \$2,625,000 to \$2,630,000. Payment is due semi-annually on December 1st and June 1st at an interest rate ranging from 2.75% to 5.00%	47,265,000
\$20,850,000 Series 2021 limited obligation bonds, due in annual principal payments ranging from \$415,000 to \$1,080,000. Payment is due semi-annually on December 1st and June 1st at an interest rate ranging from 3.00% to 4.00%	<u>19,355,000</u>
Total governmental limited obligation bonds payable	<u>\$ 144,271,000</u>

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

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

Year Ending June 30	Principal	Interest
2023	\$ 11,359,000	\$ 5,699,896
2024	11,317,000	5,319,011
2025	11,273,000	4,922,931
2026	9,912,000	4,507,615
2027	7,850,000	4,105,914
2028-2032	40,280,000	14,752,942
2033-2037	39,965,000	5,971,944
2038-2039	12,315,000	1,011,131
Total	<u>\$ 144,271,000</u>	<u>\$ 46,291,384</u>

Governmental Activities:

At June 30, 2022, the County had no bonds authorized, but unissued, and a legal debt margin of \$1,201,229,445.

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

Long-Term Obligation Activity

A summary of changes in long-term debt follows:

	Balance July 1, 2021	Increases	Decreases	Transfer	Balance June 30, 2022	Current Portion of Balance
Governmental Activities:						
Limited obligation bonds	\$ 155,629,000	\$ -	\$ (11,358,000)	\$ -	\$ 144,271,000	\$ 11,359,000
Add unamortized bond premium	<u>16,990,799</u>	<u>-</u>	<u>(997,915)</u>	<u>-</u>	<u>15,992,884</u>	<u>997,915</u>
Total limited obligation bonds	172,619,799	-	(12,355,915)	-	160,263,884	12,356,915
Other long-term obligations:						
Leases	-	695,626	(77,948)	-	617,678	79,127
Direct placement - installment purchases	8,228,573	-	(1,828,573)	-	6,400,000	1,828,571
Direct placement - installment contracts	2,500,000	-	(500,000)	-	2,000,000	500,000
Net pension liability (LGERS)	20,781,745	-	(12,054,913)	-	8,726,832	-
Compensated absences	3,271,805	1,786,317	(916,271)	-	4,141,851	414,185
Total OPEB liability	38,768,105	4,588,233	(1,555,672)	-	41,800,666	-
Total pension liability (LEOSSA)	<u>7,839,267</u>	<u>178,011</u>	<u>-</u>	<u>-</u>	<u>8,017,278</u>	<u>-</u>
Total governmental activities	<u>\$ 254,009,294</u>	<u>\$ 7,248,187</u>	<u>\$ (29,289,292)</u>	<u>\$ -</u>	<u>\$ 231,968,189</u>	<u>\$ 15,178,798</u>
Business-Type Activities:						
Landfill:						
Direct placement - installment purchases	\$ 800,001	\$ -	\$ (133,333)	\$ -	\$ 666,668	\$ 133,333
Accrued landfill closure and post-closure care cost	963,245	-	(105,679)	-	857,566	105,679
Net pension liability (LGERS)	408,671	-	(221,476)	-	187,195	-
Total OPEB liability	590,842	369,508	(33,155)	-	927,195	-
Compensated absences	<u>50,331</u>	<u>8,388</u>	<u>(7,035)</u>	<u>-</u>	<u>51,684</u>	<u>5,168</u>
Total Landfill	<u>2,813,090</u>	<u>377,896</u>	<u>(500,678)</u>	<u>-</u>	<u>2,690,308</u>	<u>244,180</u>
Total business-type activities	<u>\$ 2,813,090</u>	<u>\$ 377,896</u>	<u>\$ (500,678)</u>	<u>\$ -</u>	<u>\$ 2,690,308</u>	<u>\$ 244,180</u>

Compensated absences, pension liabilities, and other post-employment benefits, typically have been liquidated in the General Fund.

Discretely Presented Component Unit:

	Balance July 1, 2021	Increases	Decreases	Balance June 30, 2022	Current Portion of Balance
Revenue bonds	\$ 16,832,632	\$ 5,286,959	\$ 3,490,311	\$ 18,629,280	\$ 2,438,193
Leases	<u>23,385,900</u>	<u>229,695</u>	<u>3,748,796</u>	<u>19,866,799</u>	<u>3,840,918</u>
Total	<u>\$ 40,218,532</u>	<u>\$ 5,516,654</u>	<u>\$ 7,239,107</u>	<u>\$ 38,496,079</u>	<u>\$ 6,279,111</u>

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

Revenue Bonds

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

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

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

On November 17, 2020, the County issued a \$14,500,000 County of Henderson, North Carolina, Hospital Revenue Bond, Series 2020 (the 2020 Bond) and loaned the proceed to the Corporation. The proceeds of the loan were used to provide funds for construction and infrastructure and pay costs related to the bond issuance. The principal amount is payable annually through October 1, 2035 and interest is payable bi-annually at 1.90%. As of June 30, 2022 and 2021, the Corporation had drawn \$6,655,296 and \$1,368,337, respectively, of the \$14,500,000 bond.

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

Leases

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

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

Scheduled future payment requirements subsequent to June 30, 2022 are as follows:

Year Ending June 30	Bonds	Lease Liabilities	Interest
2023	\$ 2,438,193	\$ 3,840,918	\$ 1,000,612
2024	2,192,045	3,033,017	866,823
2025	2,245,643	2,421,148	795,623
2026	2,301,079	2,406,113	601,452
2027	2,358,378	2,433,549	470,332
2028-2032	7,093,942	5,142,264	921,036
2033	-	589,790	34,614
Total	<u>\$ 18,629,280</u>	<u>\$ 19,866,799</u>	<u>\$ 4,690,492</u>

Net Investment in Capital Assets

Net investment in capital assets at June 30, 2022 is computed as follows:

	Governmental Activities	Business-Type Activities
Capital assets, net of accumulated depreciation	\$ 108,360,431	\$ 8,998,750
Long-term debt	(169,281,562)	(666,668)
Long-term debt for assets not owned by the County	130,278,600	-
Net investment in capital assets	<u>\$ 69,357,469</u>	<u>\$ 8,332,082</u>

Unspent debt proceeds of \$8,320,118 deferred outflows - charge on refunding of \$1,008,200 are both related to Schools and are not included in the net investment in capital assets calculation.

Construction Commitments

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

Project	Remaining Commitment
Hendersonville High School project	\$ 3,248,892
BRCC Patton project	1,206,519
Total	<u>\$ 4,455,411</u>

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

Interfund Balances and Activity

Transfers to/from other funds for the year ended June 30, 2022 consist of the following:

	Transfer In				Total
	General Fund	General Capital Projects Fund	School Capital Projects Fund	Other Governmental Funds	
Transfer out					
General Fund	\$ -	\$ 5,323,551	\$ -	\$ 10,574,313	\$ 15,897,864
School Capital Projects Fund	-	-	-	1,811,300	1,811,300
American Rescue Plan Fund	-	44,336	-	-	44,336
Other Governmental Funds	2,740,152	20,000	3,148,859	-	5,909,011
Total	<u>\$ 2,740,152</u>	<u>\$ 5,387,887</u>	<u>\$ 3,148,859</u>	<u>\$ 12,385,613</u>	<u>\$ 23,662,511</u>

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 \$4,748,181 to the Community College for operational expenses during the fiscal year ended June 30, 2022. In addition, the County made debt service payments of \$3,435,459, including interest, during the year ended June 30, 2022, on limited obligation bonds and certificates of participation (COPs) issued for the Community College facilities. In addition, the County funded a facilities Maintenance and Repair, Technology and Security Initiative for \$1,769,639 for approved projects of the Community College, of which \$1,362,831 was spent in FY22. 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, 2022. 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.

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

The County, in conjunction with 22 other counties, is a member of the Vaya Health Managed Care Organization (MCO), which provides mental health, development disability, and substance abuse services to residents of the twenty-three County area. Each participating government appoints members to the governing board of the MCO. The County has ongoing financial responsibility to provide maintenance of effort funding to assist in providing mental health services primarily within the County. The County contributed \$528,612 towards this maintenance of effort in the form of grants to service providers during the fiscal year ended June 30, 2022. None of the 23 participating governments has any equity interest in the LME, so no equity has been reflected in the financial statements at June 30, 2022. Complete financial statements for the LME may be obtained from the LME's administrative office at 200 Ridgefield Court, Asheville, North Carolina.

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. Prior Period Adjustment

An adjustment was recorded that decreased fund balance in the School Capital Project fund by \$891,325 due to retainage payable not accrued in the prior year.

7. Subsequent Events

The County has evaluated subsequent events through October 31, 2022, the date the financial statements were available to be issued. No subsequent events were noted that required disclosure in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

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

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

HENDERSON COUNTY, NORTH CAROLINA

SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
REQUIRED SUPPLEMENTARY INFORMATION
LAST SIX FISCAL YEARS

	Law Enforcement Officers' Special Separation Allowance					
	2022	2021	2020	2019	2018	2017
Beginning balance	\$ 7,839,267	\$ 5,212,267	\$ 4,735,595	\$ 4,644,992	\$ 4,561,820	\$ 4,609,945
Service cost	364,623	229,878	198,328	200,837	161,720	179,379
Interest on the total pension liability	147,752	164,898	166,301	141,245	169,905	159,386
Differences between expected and actual experience	219,654	627,325	309,396	263,037	(173,704)	-
Changes of assumptions or other inputs	(186,607)	1,912,980	136,434	(164,110)	245,524	(96,170)
Benefit payments	(367,411)	(308,081)	(333,787)	(350,406)	(320,273)	(290,720)
Ending balance of the total pension liability	<u>\$ 8,017,278</u>	<u>\$ 7,839,267</u>	<u>\$ 5,212,267</u>	<u>\$ 4,735,595</u>	<u>\$ 4,644,992</u>	<u>\$ 4,561,820</u>

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

Pension schedules are intended to show information for ten years.

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

HENDERSON COUNTY, NORTH CAROLINA

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

	Law Enforcement Officers' Special Separation Allowance					
	2022	2021	2020	2019	2018	2017
Total pension liability	\$ 8,017,278	\$ 7,839,267	\$ 5,212,267	\$ 4,735,595	\$ 4,644,992	\$ 4,561,820
Covered-employee payroll*	8,718,699	8,710,220	8,022,244	7,566,598	6,908,636	7,221,929
Total pension liability as a percentage of covered-employee payroll	91.95%	90.00%	64.97%	62.59%	67.23%	63.17%

Notes to the Schedules:

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

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

* Valuation payroll

HENDERSON COUNTY, NORTH CAROLINA

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

	Total OPEB Liability				
	2022	2021	2020	2019	2018
Beginning balance	\$ 39,358,947	\$ 21,660,306	\$ 20,227,240	\$ 19,284,840	\$ 19,572,675
Service cost	2,433,380	1,073,501	997,087	955,028	1,023,125
Interest on TOL and cash flows	906,135	769,175	763,735	671,611	577,569
Changes of benefit terms	-	4,222,575	-	-	-
Differences between expected and actual experience	(126,315)	8,571,865	144,390	(211,456)	(171,424)
Changes of assumptions or other inputs	1,745,893	4,589,399	727,218	373,320	(942,686)
Benefit payments	(1,590,179)	(1,527,874)	(1,199,364)	(846,103)	(774,419)
Ending balance of the total OPEB liability	<u>\$ 42,727,861</u>	<u>\$ 39,358,947</u>	<u>\$ 21,660,306</u>	<u>\$ 20,227,240</u>	<u>\$ 19,284,840</u>
Covered-employee payroll	\$ 39,115,867	\$ 39,115,867	\$ 36,660,629	\$ 36,660,629	\$ 31,515,633
Total OPEB liability as a percentage of covered-employee payroll	109.23%	100.62%	59.08%	55.17%	61.19%

Notes to Schedule:

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

Fiscal Year	Rate
2022	2.16%
2021	2.21%
2020	3.50%
2019	3.89%
2018	3.56%

HENDERSON COUNTY, NORTH CAROLINA**COUNTY'S PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)
REQUIRED SUPPLEMENTARY INFORMATION
LAST NINE FISCAL YEARS***

	Local Government Employees' Retirement System								
	2022	2021	2020	2019	2018	2017	2016	2015	2014
County's proportion of the net pension liability (asset) (%)	0.58125%	0.59300%	0.59773%	0.58639%	0.56991%	0.58474%	0.55923%	0.54613%	0.54613%
County's proportion of the net pension liability (asset) (\$)	\$ 8,914,027	\$ 21,190,146	\$ 16,323,540	\$ 13,911,176	\$ 8,706,645	\$ 12,410,141	\$ 2,509,790	\$ (3,220,780)	\$ 6,384,919
County's covered payroll	\$ 42,852,437	\$ 41,836,270	\$ 39,956,572	\$ 39,907,050	\$ 39,475,827	\$ 33,738,533	\$ 33,231,069	\$ 31,738,665	\$ 30,640,057
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	20.80%	50.65%	40.85%	34.86%	22.06%	36.78%	7.55%	-10.15%	20.84%
Plan fiduciary net position as a percentage of the total pension liability**	95.51%	88.61%	90.86%	91.63%	94.18%	91.47%	98.09%	102.64%	94.35%

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

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

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

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

	Local Government Employees' Retirement System								
	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 5,351,627	\$ 4,402,896	\$ 3,810,275	\$ 3,159,386	\$ 2,883,778	\$ 2,763,724	\$ 2,291,770	\$ 2,356,655	\$ 2,246,169
Contributions in relation to the contractually required contribution	<u>5,351,627</u>	<u>4,402,896</u>	<u>3,810,275</u>	<u>3,159,386</u>	<u>2,883,778</u>	<u>2,763,724</u>	<u>2,291,770</u>	<u>2,356,655</u>	<u>2,246,169</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
County's covered payroll	\$45,730,253	\$42,852,437	\$41,836,270	\$39,956,572	\$39,907,050	\$39,475,827	\$33,738,533	\$33,231,069	\$31,738,665
Contributions as a percentage of covered payroll	11.70%	10.27%	9.11%	7.91%	7.23%	7.00%	6.79%	7.09%	7.08%

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

HENDERSON COUNTY, NORTH CAROLINA**COUNTY'S PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)****REQUIRED SUPPLEMENTARY INFORMATION****LAST NINE FISCAL YEARS***

	Register of Deeds' Supplemental Pension Fund								
	2022	2021	2020	2019	2018	2017	2016	2015	2014
County's proportion of the net pension liability (asset) (%)	1.27195%	1.31172%	1.21325%	1.38721%	1.42083%	1.42155%	1.36491%	1.31871%	1.25345%
County's proportion of the net pension liability (asset) (\$)	\$ (244,380)	\$ (300,620)	\$ (239,520)	\$ (229,764)	\$ (242,521)	\$ (265,773)	\$ (316,304)	\$ (298,899)	\$ (267,737)
County's covered payroll	\$ 92,039	\$ 89,266	\$ 86,520	\$ 90,827	\$ 79,713	\$ 73,231	\$ 73,416	\$ 69,039	\$ 68,676
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	-265.52%	-336.77%	-276.84%	-252.97%	-304.24%	-362.92%	-430.84%	-432.94%	-389.86%
Plan fiduciary net position as a percentage of the total pension liability **	156.53%	173.62%	164.11%	153.31%	153.77%	160.17%	197.29%	193.88%	190.50%

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

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

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

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

	Register of Deeds' Supplemental Pension Fund								
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 14,223	\$ 15,265	\$ 12,560	\$ 11,532	\$ 11,871	\$ 12,345	\$ 11,612	\$ 10,922	\$ 10,767
Contributions in relation to the contractually required contribution	<u>14,223</u>	<u>15,265</u>	<u>12,560</u>	<u>11,532</u>	<u>11,871</u>	<u>12,345</u>	<u>11,612</u>	<u>10,922</u>	<u>10,767</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered payroll	\$ 100,414	\$ 92,039	\$ 89,266	\$ 86,520	\$ 90,827	\$ 79,713	\$ 73,231	\$ 73,416	\$ 69,039
Contributions as a percentage of covered payroll	14.16%	16.59%	14.07%	13.33%	13.07%	15.49%	15.86%	14.88%	15.60%

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

SUPPLEMENTARY INFORMATION

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

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.

HENDERSON COUNTY, NORTH CAROLINA

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2022
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2021**

	<u>2022</u>			<u>2021</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
Revenues:				
Ad Valorem Taxes:				
Taxes - current		\$ 94,955,318		\$ 92,195,940
Penalties, interest, and advertising		588,805		411,322
Total	\$ 92,107,728	95,544,123	\$ 3,436,395	92,607,262
Local Option Sales Taxes:				
Article 39 one percent		16,751,829		14,552,457
Article 40 one-half of one percent		10,522,213		9,230,423
Article 42 one-half of one percent		9,433,535		8,206,064
Article 44 one-half of one percent		687,434		588,839
Medicaid hold harmless		4,331,780		3,705,455
Total	28,230,865	41,726,791	13,495,926	36,283,238
Other Taxes and Licenses:				
Deed stamp excise tax		1,674,270		1,413,338
Gross receipts rental tax		64,431		44,972
Privilege licenses		315,639		340,247
Occupancy tax		3,752,094		3,004,902
Total	5,097,119	5,806,434	709,315	4,803,459
Unrestricted Intergovernmental Revenues:				
Payment in lieu of taxes	50,000	60,159	10,159	58,798
Restricted Intergovernmental Revenues:				
Federal and state grants		19,594,070		16,341,013
Controlled substance tax		30,049		18,864
Court facility fee		134,310		76,225
ABC net revenues		218,364		93,336
ABC bottles taxes		41,624		100,736
Total	21,005,177	20,018,417	(986,760)	16,630,174
Permits and Fees:				
Inspection fees		2,133,596		1,510,274
Register of Deeds		649,782		721,115
Enforcement fees		262,157		214,667
Stormwater permit fees		-		-
Watershed fees		-		1,510
Total	1,991,925	3,045,535	1,053,610	2,447,566

HENDERSON COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2022
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2021

	<u>2022</u>			<u>2021</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
Sales and Services:				
Rents, concessions, and fees		2,488,238		3,602,889
Jail fees		364,000		335,181
Ambulance fees		3,929,746		3,095,238
Recreation fees		232,517		110,461
Lease revenue		1,084,842		-
Total	<u>7,259,580</u>	<u>8,099,343</u>	<u>839,763</u>	<u>7,143,769</u>
Investment Earnings	<u>753,000</u>	<u>494,057</u>	<u>(258,943)</u>	<u>586,663</u>
Miscellaneous:				
Sale of materials		231,568		193,438
Interest on lease receivable		359,294		-
Other		149,514		4,026,953
Total	<u>2,756,408</u>	<u>740,376</u>	<u>(2,016,032)</u>	<u>4,220,391</u>
Total revenues	<u>159,251,802</u>	<u>175,535,235</u>	<u>16,283,433</u>	<u>164,781,320</u>
Expenditures:				
General Government:				
Governing Body:				
Salaries and employee benefits		314,625		296,740
Operating expenditures		317,747		304,505
Donations and dues		451,548		479,861
Total	<u>1,172,786</u>	<u>1,083,920</u>	<u>88,866</u>	<u>1,081,106</u>
Administration:				
Salaries and employee benefits		2,069,786		1,753,632
Operating expenditures		4,076,109		3,230,675
Total	<u>6,719,466</u>	<u>6,145,895</u>	<u>573,571</u>	<u>4,984,307</u>
Elections:				
Salaries and employee benefits		537,504		546,270
Operating expenditures		371,133		281,948
Capital outlay		400,015		-
Total	<u>978,319</u>	<u>1,308,652</u>	<u>(330,333)</u>	<u>828,218</u>
Finance:				
Salaries and employee benefits		991,277		884,721
Operating expenditures		114,514		65,810
Total	<u>1,109,229</u>	<u>1,105,791</u>	<u>3,438</u>	<u>950,531</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, 2022
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2021

	2022			2021
	Budget	Actual	Variance Over/Under	Actual
Taxes:				
Salaries and employee benefits		1,705,091		1,591,400
Operating expenditures		544,499		527,430
Total	2,496,160	2,249,590	246,570	2,118,830
Legal:				
Salaries and employee benefits		834,470		785,369
Contracted services		32,193		35,701
Total	910,391	866,663	43,728	821,070
Register of Deeds:				
Salaries and employee benefits		475,019		431,384
Operating expenditures		113,074		187,078
Capital outlay		27,266		-
Total	779,062	615,359	163,703	618,462
Public Buildings:				
Salaries and employee benefits		1,749,385		1,340,041
Operating expenditures		2,560,273		2,496,520
Capital outlay		9,230		25,983
Total	5,134,689	4,318,888	815,801	3,862,544
Garage and Grounds:				
Salaries and employee benefits		292,302		296,722
Operating expenditures		71,477		89,557
Capital outlay		25,794		16,883
Total	418,289	389,573	28,716	403,162
Court Facilities:				
Operating expenditures		143,080		100,530
Total	153,000	143,080	9,920	100,530
Data Processing:				
Salaries and employee benefits		1,348,131		1,112,428
Operating expenditures		2,117,889		1,995,204
Capital outlay		158,435		17,319
Total	4,179,093	3,624,455	554,638	3,124,951
Wellness Clinic:				
Salaries and employee benefits		895,368		828,003
Operating expenditures		238,317		238,110
Total	1,153,929	1,133,685	20,244	1,066,113
Total general government	25,204,413	22,985,551	2,218,862	19,959,824

HENDERSON COUNTY, NORTH CAROLINA

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2022

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2021

	2022			2021
	Budget	Actual	Variance Over/Under	Actual
Public Safety:				
Sheriff and Communications:				
Salaries and employee benefits		16,485,420		15,221,660
Operating expenditures		2,637,643		2,169,212
Capital outlay		1,066,302		731,706
Total	20,889,565	20,189,365	700,200	18,122,578
Jail:				
Salaries and employee benefits		4,012,661		3,827,459
Operating expenditures		1,361,964		1,132,935
Capital outlay		-		26,642
Total	5,890,924	5,374,625	516,299	4,987,036
Emergency Management:				
Salaries and employee benefits		624,252		321,848
Operating expenditures		201,113		312,851
Capital outlay		69,951		8,000
Total	913,541	895,316	18,225	642,699
Fire Services:				
Salaries and employee benefits		435,438		460,388
Operating expenditures		218,166		206,041
Capital outlay		225,962		-
Total	640,147	879,566	(239,419)	666,429
Inspections:				
Salaries and employee benefits		1,119,578		938,692
Operating expenditures		110,977		103,392
Capital outlay		24,385		-
Total	1,283,806	1,254,940	28,866	1,042,084
Code Enforcement Services:				
Salaries and employee benefits		264,036		213,497
Operating expenditures		7,077		27,335
Capital outlay		26,630		-
Total	307,380	297,743	9,637	240,832
Erosion Control:				
Salaries and employee benefits		227,234		186,342
Operating expenditures		7,421		3,700
Capital outlay		24,154		-
Total	259,184	258,809	375	190,042

HENDERSON COUNTY, NORTH CAROLINA

GENERAL FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2022 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2021

	2022			2021
	Budget	Actual	Variance Over/Under	Actual
Emergency Medical Services:				
Salaries and employee benefits		6,345,577		4,797,466
Operating expenditures		740,144		720,196
Capital outlay		725,143		630,174
Total	7,871,872	7,810,864	61,008	6,147,836
Animal Control:				
Salaries and employee benefits		530,587		504,693
Operating expenditures		180,562		141,628
Total	745,105	711,149	33,956	646,321
Rescue Squad:				
Operating expenditures		381,902		381,360
Total	381,360	381,902	(542)	381,360
Total public safety	39,182,884	38,054,279	1,128,605	33,067,217
Environmental Protection:				
Soil and Water Conservation:				
Salaries and employee benefits		367,779		341,171
Operating expenditures		52,591		46,431
Total	469,686	420,370	49,316	387,602
Forestry Service	61,251	49,173	12,078	65,076
Total environmental protection	530,937	469,543	61,394	452,678
Economic and Physical Development:				
Planning:				
Salaries and employee benefits		532,124		583,006
Operating expenditures		157,537		32,062
Capital outlay		24,154		-
Total	880,963	713,815	167,148	615,068
Agricultural Extension:				
Salaries and employee benefits		395,334		375,684
Operating expenditures		71,651		65,790
Total	503,376	466,985	36,391	441,474
Land Records Management:				
Salaries and employee benefits		272,196		243,661
Operating expenditures		4,663		4,604
Capital outlay		-		25,285
Total	278,376	276,859	1,517	273,550

HENDERSON COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2022
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2021

	2022			2021
	Budget	Actual	Variance Over/Under	Actual
Agri-Business Development:				
Salaries and employee benefits		170,098		163,231
Operating expenditures		37,865		37,689
Total	209,120	207,963	1,157	200,920
Other Transfers:				
Heritage museum	100,000	100,000	-	100,000
Economic development contracts	730,825	656,536	74,289	1,264,510
Total	830,825	756,536	74,289	1,364,510
Total economic and physical development	2,702,660	2,422,158	280,502	2,895,522
Human Services:				
Health:				
General and Administration:				
Salaries and employee benefits		7,628,476		6,067,046
Operating expenditures		1,553,144		1,342,705
Capital outlay		12,099		51,115
Total	12,621,746	9,193,719	3,428,027	7,460,866
Total public health	12,621,746	9,193,719	3,428,027	7,460,866
Environmental Health:				
Salaries and employee benefits		1,331,386		1,136,675
Operating expenditures		85,113		53,095
Capital outlay		-		41,137
Total	1,437,040	1,416,499	20,541	1,230,907
Home and Community Block Grant:				
Operating expenditures		893,189		883,415
Total	893,189	893,189	-	883,415
Medical Services:				
Operating expenditures		97,050		110,550
Total	97,050	97,050	-	110,550
Social Services:				
Mental Health:				
Operating expenditures		528,612		528,612
Total	528,612	528,612	-	528,612

HENDERSON COUNTY, NORTH CAROLINA

GENERAL FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2022 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2021

	2022			2021
	Budget	Actual	Variance Over/Under	Actual
Administration:				
Salaries and employee benefits		13,059,178		12,286,756
Operating expenditures		1,277,223		1,649,454
Capital outlay		25,478		-
Total	15,657,150	14,361,879	1,295,271	13,936,210
TANF Program:				
County participation only	1,000	-	1,000	363
Income Maintenance Program:				
Supplemental aid to the aged		255,356		231,121
Supplemental aid to the disabled		470,014		499,201
Crisis intervention payments		217,713		205,025
Total	1,444,192	943,083	501,109	935,347
LIEAP Operations:				
LIEAP Operations	920,770	829,905	90,865	433,032
Foster Care:				
State boarding home		464,500		526,533
Foster care - children		685,024		571,499
Adoption assistance		308,990		296,369
Total	1,593,993	1,458,514	135,479	1,394,401
Other Assistance:				
Social work contracts	163,888	154,243	9,645	151,751
Medicaid transportation	40,000	12,996	27,004	19,281
Aid to the blind	10,500	7,686	2,814	7,506
Adult day care	86,256	32,080	54,176	58,120
General assistance	101,000	62,276	38,724	67,406
JOBS program	15,000	304	14,696	286
EDTAP program	201,384	123,557	77,827	12,400
Emergency assistance	162,718	30,859	131,859	3,173
Other assistance	801,180	763,532	37,648	341,517
Total	1,581,926	1,187,533	394,393	661,440
Total social services	21,727,643	19,309,526	2,418,117	17,889,405

HENDERSON COUNTY, NORTH CAROLINA

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2022
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2021**

	2022			2021
	Budget	Actual	Variance Over/Under	Actual
Veteran Services:				
Salaries and employee benefits		63,726		50,041
Operating expenditures		17,216		1,882
Total	81,778	80,942	836	51,923
Juvenile Justice Grant:				
Operating expenditures	303,088	303,088	-	311,152
Total human services	37,161,534	31,294,013	5,867,521	27,938,218
Cultural and Recreational:				
Library:				
Salaries and employee benefits		2,852,298		2,442,396
Operating expenditures		741,144		617,433
Capital outlay		47,779		-
Total	3,620,779	3,641,221	(20,442)	3,059,829
Parks and Recreation:				
Salaries and employee benefits		1,418,362		1,186,942
Operating expenditures		823,517		648,538
Capital outlay		44,510		161,032
Total	2,393,552	2,286,389	107,163	1,996,512
Total cultural and recreational	6,014,331	5,927,610	86,721	5,056,341
Intergovernmental:				
Education:				
Public schools - current expense		30,133,459		28,928,000
Public schools - capital expense		1,500,000		1,900,000
Community colleges - capital expense		4,748,181		4,498,181
Total education	36,381,641	36,381,640	1	35,326,181
Debt Service:				
Principal	13,871,573	13,686,571	185,002	16,367,428
Interest	6,595,605	6,422,624	172,981	6,515,375
Total debt service	20,467,178	20,109,195	357,983	22,882,803
Total expenditures	167,645,578	157,643,989	10,001,589	147,578,784
Revenues over (under) expenditures	(8,393,776)	17,891,246	26,285,022	17,202,536

HENDERSON COUNTY, NORTH CAROLINA

GENERAL FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2022 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2021

	2022			2021
	Budget	Actual	Variance Over/Under	Actual
Other Financing Sources (Uses):				
Lease liabilities issued	-	695,626	695,626	-
Transfers in	2,740,152	2,740,152	-	4,184,699
Transfers (out)	(15,744,744)	(15,744,744)	-	(4,429,542)
Appropriated fund balance	21,398,368	-	(21,398,368)	-
Total other financing sources (uses)	8,393,776	(12,308,966)	(20,702,742)	(244,843)
Net changes in fund balance	\$ -	5,582,280	\$ 5,582,280	16,957,693
Fund Balance:				
Fund balance - beginning, as previously reported		80,317,355		63,349,613
Prior period adjustment - change in accounting principle				10,049
Fund balance - beginning, as restated		80,317,355		63,359,662
End of year - June 30		\$ 85,899,635		\$ 80,317,355

Other Major Governmental Funds

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

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

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, 2022

		Actual		
	Project Authorization	Prior Years	Current Year	Total to Date
Revenues:				
Restricted intergovernmental revenues	\$ 9,022,372	\$ 905,432	\$ 1,106,390	\$ 2,011,822
Investment earnings	127,952	128,597	4,183	132,780
Miscellaneous	428,392	524,416	1,097,090	1,621,506
Total	<u>9,578,716</u>	<u>1,558,445</u>	<u>2,207,663</u>	<u>3,766,108</u>
Expenditures:				
General government	<u>62,536,368</u>	<u>26,295,019</u>	<u>17,444,150</u>	<u>43,739,169</u>
Debt Service:				
Interest and fees	<u>314,951</u>	<u>314,951</u>	<u>-</u>	<u>314,951</u>
Total expenditures	<u>62,851,319</u>	<u>26,609,970</u>	<u>17,444,150</u>	<u>44,054,120</u>
Revenues over (under) expenditures	<u>(53,272,603)</u>	<u>(25,051,525)</u>	<u>(15,236,487)</u>	<u>(40,288,012)</u>
Other Financing Sources (Uses):				
Transfers (out):				
To General Fund	(586,069)	(517,238)	-	(517,238)
To Public Transit Fund	(153,120)	-	(153,120)	(153,120)
To Capital Projects Fund	(947,682)		(650,000)	(650,000)
Transfers in:				
From General Fund	9,822,078	7,155,511	5,323,551	12,479,062
From Capital Reserve Fund	718,947	626,265	20,000	646,265
From Capital Projects Fund	650,000		650,000	650,000
From ARPA Fund	3,312,000	-	44,336	44,336
From Public Transit Fund	<u>296,977</u>	<u>296,977</u>	<u>-</u>	<u>296,977</u>
Total transfers in (out)	<u>13,113,131</u>	<u>7,561,515</u>	<u>5,234,767</u>	<u>12,796,282</u>
Debt issued	33,325,000	33,325,000	-	33,325,000
Bond premium	5,315,686	5,315,686	-	5,315,686
Appropriated fund balance	<u>1,518,786</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>53,272,603</u>	<u>46,202,201</u>	<u>5,234,767</u>	<u>51,436,968</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 21,150,676</u>	<u>(10,001,720)</u>	<u>\$ 11,148,956</u>
Fund Balance:				
Beginning of year - July 1			<u>20,539,421</u>	
End of year - June 30			<u>\$ 10,537,701</u>	

HENDERSON COUNTY, NORTH CAROLINA
MAJOR - SCHOOL CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2022

		Actual		
	Project Authorization	Prior Years	Current Year	Total to Date
Revenues:				
Investment earnings	\$ -	\$ 598,080	\$ 9,209	\$ 607,289
Miscellaneous	-	824,460	239,608	1,064,068
Total revenues	-	1,422,540	248,817	1,671,357
Expenditures:				
Capital outlay:				
General education	101,563,152	72,966,826	21,078,314	94,045,140
Debt Service:				
Interest and fees	526,366	526,366	-	526,366
Total expenditures	102,089,518	73,493,192	21,078,314	94,571,506
Revenues over (under) expenditures	(102,089,518)	(72,070,652)	(20,829,497)	(92,900,149)
Other Financing Sources (Uses):				
Installment financing issued		-	-	-
Bonds issued	76,750,000	76,750,000	-	76,750,000
Bond premiums issued	10,496,830	10,496,830	-	10,496,830
Transfers in:				
From Capital Reserve Fund	250,850	250,850	-	250,850
From HCPS-MRTS Project Fund	8,998,765	4,733,140	1,786,028	6,519,168
From BRCC-MRTS Project Fund	5,593,073	2,408,967	1,362,831	3,771,798
Total other financing sources (uses)	102,089,518	94,639,787	3,148,859	97,788,646
Net change in fund balance	\$ -	\$ 22,569,135	(17,680,638)	\$ 4,888,497
Fund Balance:				
Fund balance - beginning, as previously reported			22,898,564	
Prior period adjustment			(891,325)	
Fund balance - beginning, as restated			22,007,239	
End of year - June 30			\$ 4,326,601	

Nonmajor Governmental Funds

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

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

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

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

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

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

Opioid Settlement Fund – Accounts for opioid settlement funds received to fight the opioid addiction crisis.

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

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

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

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

HENDERSON COUNTY, NORTH CAROLINA

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2022

	Nonmajor Special Revenue Funds	Nonmajor Capital Project Funds	Debt Service Fund	Total Nonmajor Governmental Funds
Assets:				
Cash and investments	\$ 3,814,828	\$ 11,604,866	\$ 4,518,616	\$ 19,938,310
Accounts receivable, net	451,168	-	-	451,168
Restricted cash	2,821,035	-	-	2,821,035
Total assets	<u>\$ 7,087,031</u>	<u>\$ 11,604,866</u>	<u>\$ 4,518,616</u>	<u>\$ 23,210,513</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable and accrued liabilities	\$ 307,790	\$ -	\$ -	\$ 307,790
Liabilities to be paid from restricted assets	19,129	-	-	19,129
Advances from grantors	341,846	-	-	341,846
Total liabilities	<u>668,765</u>	<u>-</u>	<u>-</u>	<u>668,765</u>
Deferred Inflows of Resources:				
Prepaid taxes	13,045	-	-	13,045
Unavailable revenues	264,935	-	-	264,935
Total deferred inflows of resources	<u>277,980</u>	<u>-</u>	<u>-</u>	<u>277,980</u>
Fund Balances:				
Restricted:				
Stabilization by state statute	64,245	-	-	64,245
Restricted, all other	4,132,163	-	-	4,132,163
Committed	1,943,878	11,604,866	4,518,616	18,067,360
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	<u>6,140,286</u>	<u>11,604,866</u>	<u>4,518,616</u>	<u>22,263,768</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 7,087,031</u>	<u>\$ 11,604,866</u>	<u>\$ 4,518,616</u>	<u>\$ 23,210,513</u>

HENDERSON COUNTY, NORTH CAROLINA**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2022**

	Nonmajor Special Revenue Funds	Nonmajor Capital Project Funds	Debt Service Fund	Total Nonmajor Governmental Funds
Revenues:				
Ad valorem taxes	\$ 13,162,085	\$ -	\$ -	\$ 13,162,085
Restricted intergovernmental revenues	1,637,604	-	-	1,637,604
Sales and services	720,426	-	-	720,426
Investment earnings	12,704	-	-	12,704
Miscellaneous	1,787,706	-	-	1,787,706
Total revenues	<u>17,320,525</u>	<u>-</u>	<u>-</u>	<u>17,320,525</u>
Expenditures:				
Current:				
General government	1,602,497	-	-	1,602,497
Public safety	12,284,039	-	-	12,284,039
Economic and physical development	907,614	-	-	907,614
Human services	178,229	-	-	178,229
Education	449,797	-	-	449,797
Total expenditures	<u>15,422,176</u>	<u>-</u>	<u>-</u>	<u>15,422,176</u>
Revenues over (under) expenditures	<u>1,898,349</u>	<u>-</u>	<u>-</u>	<u>1,898,349</u>
Other Financing Sources (Uses):				
Transfers from:				
General Fund	455,465	10,118,848	-	10,574,313
School Capital Projects Fund			1,811,300	1,811,300
Transfers to:				
General Capital Projects Fund	-	(20,000)	-	(20,000)
School Capital Projects Fund	-	(3,148,859)	-	(3,148,859)
Debt Service Fund	-	(1,811,300)	-	(1,811,300)
General Fund	-	-	(2,740,152)	(2,740,152)
Total other financing sources (uses)	<u>455,465</u>	<u>5,138,689</u>	<u>(928,852)</u>	<u>4,665,302</u>
Net change in fund balances	<u>2,353,814</u>	<u>5,138,689</u>	<u>(928,852)</u>	<u>6,563,651</u>
Fund Balances:				
Beginning of year, July 1	<u>3,786,472</u>	<u>6,466,177</u>	<u>5,447,468</u>	<u>15,700,117</u>
End of year - June 30	<u>\$ 6,140,286</u>	<u>\$ 11,604,866</u>	<u>\$ 4,518,616</u>	<u>\$ 22,263,768</u>

HENDERSON COUNTY, NORTH CAROLINA

NONMAJOR SPECIAL REVENUE FUNDS COMBINING BALANCE SHEET JUNE 30, 2022

	Nonmajor Special Revenue Funds						
	Revaluation Reserve Fund	Emergency Telephone System Fund (E-911)	Public Transit Fund	Fire Districts Fund	Miscellaneous Other Governmental Activities Fund	Opioid Settlement Fund	Totals June 30, 2022
Assets:							
Cash and investments	\$ -	\$ 962,331	\$ 2,727,385	\$ 125,112	\$ -	\$ -	\$ 3,814,828
Accounts receivable, net	-	60,036	269,144	94,701	27,287	-	451,168
Restricted cash	1,963,007	-	-	-	516,001	342,027	2,821,035
Total assets	<u>\$ 1,963,007</u>	<u>\$ 1,022,367</u>	<u>\$ 2,996,529</u>	<u>\$ 219,813</u>	<u>\$ 543,288</u>	<u>\$ 342,027</u>	<u>\$ 7,087,031</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:							
Liabilities:							
Accounts payable and accrued liabilities	\$ -	\$ 15,709	\$ 78,580	\$ 206,768	\$ 6,733	\$ -	\$ 307,790
Liabilities to be paid from restricted assets	19,129	-	-	-	-	-	19,129
Advances from grantors-payable from restricted assets	-	-	-	-	-	341,846	341,846
Total liabilities	<u>19,129</u>	<u>15,709</u>	<u>78,580</u>	<u>206,768</u>	<u>6,733</u>	<u>341,846</u>	<u>668,765</u>
Deferred Inflows of Resources:							
Prepaid taxes	-	-	-	13,045	-	-	13,045
Unavailable revenues	-	-	264,935	-	-	-	264,935
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>264,935</u>	<u>13,045</u>	<u>-</u>	<u>-</u>	<u>277,980</u>
Fund Balances:							
Non-spendable							
Restricted:							
Stabilization by state statute	-	60,036	4,209	-	-	-	64,245
Restricted, all other	-	946,622	2,648,805	-	536,555	181	4,132,163
Committed	1,943,878	-	-	-	-	-	1,943,878
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
Total fund balances	<u>1,943,878</u>	<u>1,006,658</u>	<u>2,653,014</u>	<u>-</u>	<u>536,555</u>	<u>181</u>	<u>6,140,286</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,963,007</u>	<u>\$ 1,022,367</u>	<u>\$ 2,996,529</u>	<u>\$ 219,813</u>	<u>\$ 543,288</u>	<u>\$ 342,027</u>	<u>\$ 7,087,031</u>

HENDERSON COUNTY, NORTH CAROLINA

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2022

	Nonmajor Special Revenue Funds						
	Revaluation Reserve Fund	Emergency Telephone System Fund (E-911)	Public Transit Fund	Fire Districts Fund	Miscellaneous Other Governmental Activities Fund	Opioid Settlement Fund	Totals June 30, 2022
Revenues:							
Ad valorem taxes	\$ 1,145,980	\$ -	\$ -	\$ 12,016,105	\$ -	\$ -	\$ 13,162,085
Restricted intergovernmental revenues	-	-	1,637,604	-	-	-	1,637,604
Sales and services	-	720,426	-	-	-	-	720,426
Investment earnings	7,703	3,061	-	131	1,628	181	12,704
Miscellaneous	-	-	196,940	-	1,590,766	-	1,787,706
Total revenues	<u>1,153,683</u>	<u>723,487</u>	<u>1,834,544</u>	<u>12,016,236</u>	<u>1,592,394</u>	<u>181</u>	<u>17,320,525</u>
Expenditures:							
Current:							
General government	898,769	-	-	-	703,728	-	1,602,497
Public safety	-	295,703	-	11,988,336	-	-	12,284,039
Economic and physical development	-	-	907,614	-	-	-	907,614
Human Services	-	-	-	-	178,229	-	178,229
Education	-	-	-	-	449,797	-	449,797
Total expenditures	<u>898,769</u>	<u>295,703</u>	<u>907,614</u>	<u>11,988,336</u>	<u>1,331,754</u>	<u>-</u>	<u>15,422,176</u>
Revenues over (under) expenditures	254,914	427,784	926,930	27,900	260,640	181	1,898,349
Other Financing Sources (Uses):							
Transfers from:							
General Fund	-	1,830	433,635	20,000	-	-	455,465
Total other financing sources (uses)	<u>-</u>	<u>1,830</u>	<u>433,635</u>	<u>20,000</u>	<u>-</u>	<u>-</u>	<u>455,465</u>
Net change in fund balances	254,914	429,614	1,360,565	47,900	260,640	181	2,353,814
Fund Balances:							
Beginning of year, July 1	<u>1,688,964</u>	<u>577,044</u>	<u>1,292,449</u>	<u>(47,900)</u>	<u>275,915</u>	<u>-</u>	<u>3,786,472</u>
End of year - June 30	<u>\$ 1,943,878</u>	<u>\$ 1,006,658</u>	<u>\$ 2,653,014</u>	<u>\$ -</u>	<u>\$ 536,555</u>	<u>\$ 181</u>	<u>\$ 6,140,286</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, 2022****WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2021**

	2022			2021
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Ad valorem taxes	\$ 1,145,980	\$ 1,145,980	\$ -	\$ 1,076,716
Investment earnings	-	7,703	7,703	18,170
Total revenues	<u>1,145,980</u>	<u>1,153,683</u>	<u>7,703</u>	<u>1,094,886</u>
Expenditures:				
Current:				
General government	<u>1,145,980</u>	<u>898,769</u>	<u>247,211</u>	<u>765,147</u>
Net change in fund balance	<u>\$ -</u>	<u>254,914</u>	<u>\$ 254,914</u>	<u>329,739</u>
Fund Balance:				
Beginning of year - July 1		<u>1,688,964</u>		<u>1,359,225</u>
End of year - June 30		<u>\$ 1,943,878</u>		<u>\$ 1,688,964</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, 2022
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2021

	2022			2021
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Investment earnings	\$ -	\$ 3,061	\$ 3,061	\$ 3,840
Subscriber charges	720,426	720,426	-	686,053
Total revenues	720,426	723,487	3,061	689,893
Expenditures:				
Current:				
Public safety	722,256	295,703	426,553	406,484
Revenues over (under) expenditures	(1,830)	427,784	429,614	283,409
Other Financing Sources (Uses):				
Transfers in:				
From General Fund	1,830	1,830	-	-
Appropriated fund balance	-	-	-	-
Net change in fund balance	\$ -	429,614	\$ 429,614	283,409
Fund Balance:				
Beginning of year - July 1		577,044		293,635
End of year - June 30		\$ 1,006,658		\$ 577,044
PSAP Reconciliation:				
Amounts reported on the Emergency Telephone System Fund budget to actual are different from the PSAP revenue - expenditure report because:				
Ending fund balance, reported on budget to actual		\$ 1,006,658		
Cumulative prior period revenues and expenditures not reported in the fund (difference in beginning fund balance - budget to actual vs. revised PSAP report)		(46,222)		
Ending balance, PSAP revenue - expenditure report		\$ 960,436		

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, 2022
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2021

	2022			2021
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Restricted intergovernmental	\$ 1,225,350	\$ 1,637,604	\$ 412,254	\$ 358,735
Miscellaneous	179,095	196,940	17,845	-
Total revenues	<u>1,404,445</u>	<u>1,834,544</u>	<u>430,099</u>	<u>358,735</u>
Expenditures:				
Current:				
Economic and physical development	<u>1,838,080</u>	<u>907,614</u>	<u>930,466</u>	<u>817,937</u>
Revenues over (under) expenditures	<u>(433,635)</u>	<u>926,930</u>	<u>1,360,565</u>	<u>(459,202)</u>
Other Financing Sources (Uses):				
Transfers out:				
To General Capital Projects Fund	-	-	-	-
Transfers in:				
General Fund	433,635	433,635	-	275,605
Appropriated fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>433,635</u>	<u>433,635</u>	<u>-</u>	<u>275,605</u>
Net change in fund balance	<u>\$ -</u>	<u>1,360,565</u>	<u>\$ 1,360,565</u>	<u>(183,597)</u>
Fund Balance:				
Beginning of year - July 1		<u>1,292,449</u>		<u>1,476,046</u>
End of year - June 30		<u>\$ 2,653,014</u>		<u>\$ 1,292,449</u>

HENDERSON COUNTY, NORTH CAROLINA**FIRE DISTRICTS FUND****SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES****IN FUND BALANCE - BUDGET AND ACTUAL****FOR THE YEAR ENDED JUNE 30, 2022****WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2021**

	2022			2021
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Ad valorem taxes	\$ 12,000,505	\$ 12,016,105	\$ 15,600	\$ 11,630,762
Investment earnings	19,950	131	(19,819)	322
Total revenues	<u>12,020,455</u>	<u>12,016,236</u>	<u>(4,219)</u>	<u>11,631,084</u>
Expenditures:				
Current:				
Public safety	<u>12,040,455</u>	<u>11,988,336</u>	<u>52,119</u>	<u>11,677,852</u>
Total expenditures	<u>12,040,455</u>	<u>11,988,336</u>	<u>52,119</u>	<u>11,677,852</u>
Revenues over (under) expenditures	<u>(20,000)</u>	<u>27,900</u>	<u>47,900</u>	<u>(46,768)</u>
Other Financing Sources (Uses):				
Transfers from other funds	<u>20,000</u>	<u>20,000</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>20,000</u>	<u>20,000</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>47,900</u>	<u>\$ 47,900</u>	<u>(46,768)</u>
Fund Balance:				
Beginning of year - July 1		<u>(47,900)</u>		<u>(1,132)</u>
End of year - June 30		<u>\$ -</u>		<u>\$ (47,900)</u>

HENDERSON COUNTY, NORTH CAROLINA**MISCELLANEOUS OTHER GOVERNMENTAL ACTIVITIES FUND****SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES****IN FUND BALANCE - BUDGET AND ACTUAL****FOR THE YEAR ENDED JUNE 30, 2022****WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2021**

	2022			2021
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Improvement guarantees	\$ 245,800	\$ 934,186	\$ 688,386	\$ 137,031
Representative payee revenues	274,494	179,576	(94,918)	300,240
Fines and forfeitures	449,297	477,004	27,707	255,905
Investment earnings	6,116	1,628	(4,488)	2,150
Total revenues	<u>975,707</u>	<u>1,592,394</u>	<u>616,687</u>	<u>695,326</u>
Expenditures:				
Current:				
General government	703,728	703,728	-	-
Human services	323,440	178,229	145,211	287,262
Education	449,797	449,797	-	255,005
Total expenditures	<u>1,476,965</u>	<u>1,331,754</u>	<u>145,211</u>	<u>542,267</u>
Revenues over (under) expenditures	(501,258)	260,640	761,898	153,059
Other Financing Sources (Uses):				
Appropriated fund balance	<u>501,258</u>	<u>-</u>	<u>(501,258)</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>260,640</u>	<u>\$ 260,640</u>	<u>153,059</u>
Fund Balance:				
Fund balance - beginning, as previously reported		275,915		-
Prior period adjustment - change in accounting principle		<u>-</u>		<u>122,856</u>
Fund balance - beginning, as restated		<u>275,915</u>		<u>122,856</u>
End of year - June 30		<u>\$ 536,555</u>		<u>\$ 275,915</u>

HENDERSON COUNTY, NORTH CAROLINA**OPIOID SETTLEMENT FUND****SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES****IN FUND BALANCE - BUDGET AND ACTUAL****FOR THE YEAR ENDED JUNE 30, 2022****WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2021**

	2022		
	Budget	Actual	Variance Over/Under
Revenues:			
Opioid Settlement Funds	\$ -	\$ -	\$ -
Investment earnings	-	181	181
Total revenues	-	181	181
Expenditures:			
Current:			
Human services	-	-	-
Total expenditures	-	-	-
Revenues over (under) expenditures	-	181	181
Other Financing Sources (Uses):			
Appropriated fund balance	-	-	-
Net change in fund balance	<u>\$ -</u>	181	<u>\$ 181</u>
Fund Balance:			
Beginning of year - July 1		-	
End of year - June 30		<u>\$ 181</u>	

HENDERSON COUNTY, NORTH CAROLINA
NONMAJOR CAPITAL PROJECT FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2022

	Nonmajor Capital Project Funds			
	General Capital Reserve Fund	HCPS- MRTS Fund	BRCC- MRTS Fund	Totals June 30, 2022
Assets:				
Cash and investments	\$ 5,266,442	\$ 4,718,066	\$ 1,620,358	\$ 11,604,866
Total assets	\$ 5,266,442	\$ 4,718,066	\$ 1,620,358	\$ 11,604,866
Fund Balances:				
Committed	\$ 5,266,442	\$ 4,718,066	\$ 1,620,358	\$ 11,604,866
Total fund balances	5,266,442	4,718,066	1,620,358	11,604,866
Total liabilities and fund balances resources, and fund balances	\$ 5,266,442	\$ 4,718,066	\$ 1,620,358	\$ 11,604,866

HENDERSON COUNTY, NORTH CAROLINA

NONMAJOR CAPITAL PROJECT FUNDS COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES FOR THE YEAR ENDED JUNE 30, 2022

	Nonmajor Capital Project Funds			
	General Capital Reserve Fund	HCPS- MRTS Fund	BRCC- MRTS Fund	Totals June 30, 2022
Other Financing Sources (Uses):				
Transfers from:				
General Fund	\$ 1,894,808	\$ 4,934,424	\$ 3,289,616	\$ 10,118,848
Transfers to:				
General Capital Projects Fund	(20,000)	-	-	(20,000)
School Capital Projects Fund	-	(1,786,028)	(1,362,831)	(3,148,859)
Debt Service Fund	-	-	(1,811,300)	(1,811,300)
General Fund	-	-	-	-
Total other financing sources (uses)	<u>1,874,808</u>	<u>3,148,396</u>	<u>115,485</u>	<u>5,138,689</u>
Net change in fund balances	1,874,808	3,148,396	115,485	5,138,689
Fund Balances:				
Beginning of year - July 1	<u>3,391,634</u>	<u>1,569,670</u>	<u>1,504,873</u>	<u>6,466,177</u>
End of year - June 30	<u>\$ 5,266,442</u>	<u>\$ 4,718,066</u>	<u>\$ 1,620,358</u>	<u>\$ 11,604,866</u>

HENDERSON COUNTY, NORTH CAROLINA**GENERAL CAPITAL RESERVE FUND****SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES****IN FUND BALANCE - BUDGET AND ACTUAL****FOR THE YEAR ENDED JUNE 30, 2022****WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2021**

	2022			2021
	Budget	Actual	Variance Over/Under	Actual
Expenditures:				
Capital outlay:	\$ 250,000	\$ -	\$ 250,000	\$ -
Total expenditures	<u>250,000</u>	<u>-</u>	<u>250,000</u>	<u>-</u>
Revenues over (under) expenditures	<u>250,000</u>	<u>-</u>	<u>250,000</u>	<u>-</u>
Other Financing Sources (Uses):				
Transfers out:				
To General Fund	-	-	-	(1,323,965)
To General Capital Projects Fund	(1,664,808)	(20,000)	1,644,808	(132,715)
Transfers in:				
From General Fund	1,894,808	1,894,808	-	5,000
Appropriated fund balance	<u>20,000</u>	<u>-</u>	<u>(20,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>250,000</u>	<u>1,874,808</u>	<u>1,624,808</u>	<u>(1,451,680)</u>
Net change in fund balance	<u>\$ -</u>	<u>1,874,808</u>	<u>\$ 1,874,808</u>	<u>(1,451,680)</u>
Fund Balance:				
Beginning of year - July 1		<u>3,391,634</u>		<u>4,843,314</u>
End of year - June 30		<u>\$ 5,266,442</u>		<u>\$ 3,391,634</u>

HENDERSON COUNTY, NORTH CAROLINA**HCPS - MRTS CAPITAL PROJECT FUND****SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES****IN FUND BALANCE - BUDGET AND ACTUAL****FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2022**

		<u>Actual</u>		
	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>
Other Financing Sources (Uses):				
Transfers in:				
From General Fund	\$ 12,237,244	\$ 6,302,810	\$ 4,934,424	\$ 11,237,234
Transfers out:				
To Schools Capital Projects Fund	<u>(12,237,244)</u>	<u>(4,733,140)</u>	<u>(1,786,028)</u>	<u>(6,519,168)</u>
Total other financing sources (uses)	<u>-</u>	<u>1,569,670</u>	<u>3,148,396</u>	<u>4,718,066</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 1,569,670</u>	3,148,396	<u>\$ 4,718,066</u>
Fund Balance:				
Beginning of year - July 1			<u>1,569,670</u>	
End of year - June 30			<u>\$ 4,718,066</u>	

HENDERSON COUNTY, NORTH CAROLINA**BRCC - MRTS CAPITAL PROJECT FUND****SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES****IN FUND BALANCE - BUDGET AND ACTUAL****FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2022**

		Actual		
	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>
Other Financing Sources (Uses):				
Transfers in:				
From General Fund	\$ 7,494,779	\$ 3,913,840	\$ 3,289,616	\$ 7,203,456
Transfers out:				
To Schools Capital Projects Fund	(5,683,479)	(2,408,967)	(1,362,831)	(3,771,798)
To Debt Service Fund	<u>(1,811,300)</u>	<u>-</u>	<u>(1,811,300)</u>	<u>(1,811,300)</u>
Total other financing sources (uses)	<u>-</u>	<u>1,504,873</u>	<u>115,485</u>	<u>1,620,358</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 1,504,873</u>	115,485	<u>\$ 1,620,358</u>
Fund Balance:				
Beginning of year - July 1			<u>1,504,873</u>	
End of year - June 30			<u>\$ 1,620,358</u>	

Debt Service Fund

The Debt Service Fund is used to account for all accumulation of funds to be used for future debt service payments. The debt service fund supplements other funding sources to make annual debt service payments.

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, 2022****WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2021**

	2022			2021
	Budget	Actual	Variance Over/Under	Actual
Expenditures:				
Debt service:				
Principal repayments	\$ 1,811,300	\$ -	\$ 1,811,300	\$ -
Total expenditures	1,811,300	-	1,811,300	-
Revenues over (under) expenditures	(1,811,300)	-	1,811,300	-
Other Financing Sources (Uses):				
Transfers in:				
From School Capital Project Fund	1,811,300	1,811,300	-	-
Transfers out:				
To General Fund	(2,740,152)	(2,740,152)	-	(2,635,051)
Appropriated fund balance	2,740,152	-	(2,740,152)	-
Total other financing sources (uses)	1,811,300	(928,852)	(2,740,152)	(2,635,051)
Net change in fund balance	\$ -	(928,852)	\$ (928,852)	(2,635,051)
Fund Balance:				
Beginning of year - July 1		5,447,468		8,082,519
End of year - June 30		\$ 4,518,616		\$ 5,447,468

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.

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

HENDERSON COUNTY, NORTH CAROLINA**LANDFILL FUND****SCHEDULE OF REVENUES AND EXPENDITURES****BUDGET AND ACTUAL (NON-GAAP)****FOR THE YEAR ENDED JUNE 30, 2022****WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2021**

	2022			2021
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Operating revenues	\$ 8,211,678	\$ 8,298,392	\$ 86,714	\$ 7,883,089
Non-operating revenues:				
Grant revenues	248,275	239,763	(8,512)	221,608
Sale of capital assets	-	6,470	6,470	17,587
Interest income	25,000	4,981	(20,019)	12,965
Total revenues	<u>8,484,953</u>	<u>8,549,606</u>	<u>64,653</u>	<u>8,135,249</u>
Expenditures:				
Salaries and employee benefits	1,053,253	1,069,953	(16,700)	1,226,250
Other operating expenditures	6,564,965	6,255,847	309,118	5,567,888
Repairs and maintenance	368,401	257,072	111,329	542,757
Capital outlay	<u>335,000</u>	<u>331,783</u>	<u>3,217</u>	<u>457,761</u>
Total expenditures	<u>8,321,619</u>	<u>7,914,655</u>	<u>406,964</u>	<u>7,794,656</u>
Debt Service:				
Interest paid	30,001	25,080	4,921	29,867
Principal retirement	<u>133,333</u>	<u>133,333</u>	<u>-</u>	<u>133,333</u>
Total debt service	<u>163,334</u>	<u>158,413</u>	<u>4,921</u>	<u>163,200</u>
Revenues over (under) expenditures	-	476,538	(347,232)	177,393
Other Financing Sources (Uses):				
Transfers in:				
From General Fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>54,000</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>476,538</u>	<u>\$ 476,538</u>	<u>\$ 231,393</u>
Reconciliation of Modified Accrual Basis to Full Accrual Basis:				
Reconciling items:				
Capital outlay, capitalized		331,783		
Principal paid on debt		133,333		
Change in accrued interest		1,932		
Change in compensated absences		(1,353)		
Change in net pension liability		221,476		
Change in deferred outflows of resources - pension		43,808		
Change in deferred inflows of resources - pension		(233,885)		
Pension expense		(31,400)		
Change in other post-employment benefits		(336,353)		
Change in deferred outflows of resources - OPEB		(6,967)		
Change in deferred inflows of resources - OPEB		1,456		
Post-closure care costs		(105,679)		
Depreciation		<u>(268,526)</u>		
Total reconciling items		<u>(250,375)</u>		
Change in net position		<u>\$ 226,163</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, 2022****WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2021**

	2022			2021
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Operating revenues	\$ 45,000	\$ 45,000	\$ -	\$ 48,750
Non-operating revenues:				
Interest income	15,000	3,032	(11,968)	9,025
Total revenues	60,000	48,032	(11,968)	57,775
Expenditures:				
Water and sewer administration:				
Operating expenditures	66,181	53,687	12,494	55,630
Repairs and maintenance	4,700	1,451	3,249	6,000
Total expenditures	70,881	55,138	15,743	61,630
Revenues over (under) expenditures	(10,881)	(7,106)	3,775	(3,855)
Other Financing Sources (Uses):				
Appropriated retained earnings	10,881	-	(10,881)	-
Total other financing sources (uses)	10,881	-	(10,881)	-
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	(7,106)	\$ (7,106)	\$ (3,855)

Reconciliation of Modified Accrual Basis**to Full Accrual Basis:**

Reconciling items:

Depreciation	(10,863)
Total reconciling items	(10,863)

Change in net position	\$ (17,969)
------------------------	-------------

Fiduciary Funds

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

Individual Fund Descriptions:

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

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

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

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

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

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

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

HENDERSON COUNTY, NORTH CAROLINA
**COMBINING STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUNDS
JUNE 30, 2022**

	<u>Agriculture Fund</u>	<u>Flexible Spending Fund</u>	<u>Fireman's Association Fund</u>	<u>HC AG Business Fund</u>	<u>Jail Inmate Commissary Fund</u>	<u>Domestic Violence Fund</u>	<u>Municipal Tax Collections</u>	<u>Total Custodial Funds</u>
Assets:								
Cash and cash equivalents	\$ 131,239	\$ -	\$ 158,541	\$ 32,658	\$ 104,437	\$ 8,014	\$ 27,757	\$ 462,646
Receivables, net	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>400,978</u>	<u>400,978</u>
Total assets	<u>131,239</u>	<u>-</u>	<u>158,541</u>	<u>32,658</u>	<u>104,437</u>	<u>8,014</u>	<u>428,735</u>	<u>863,624</u>
Liabilities:								
Accounts payable and accrued liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>183,518</u>	<u>183,518</u>
Net Position:								
Restricted for:								
Individuals, organizations and other governments	<u>\$ 131,239</u>	<u>\$ -</u>	<u>\$ 158,541</u>	<u>\$ 32,658</u>	<u>\$ 104,437</u>	<u>\$ 8,014</u>	<u>\$ 245,217</u>	<u>\$ 680,106</u>

HENDERSON COUNTY, NORTH CAROLINA

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION CUSTODIAL FUNDS FOR THE YEAR ENDED JUNE 30, 2022

	<u>Agriculture Fund</u>	<u>Flexible Spending Fund</u>	<u>Fireman's Association Fund</u>	<u>HC AG Business Fund</u>	<u>Jail Inmate Commissary Fund</u>	<u>Domestic Violence Fund</u>	<u>Municipal Tax Collections</u>	<u>Total Custodial Funds</u>
Additions:								
Ad valorem taxes for other governments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,665,830	\$ 14,665,830
Cooperative extension receipts	63,077	-	-	-	-	-	-	63,077
Contributions from employees	-	276,028	-	-	-	-	-	276,028
Program fees collected	-	-	65,490	52,689	487,464	-	-	605,643
Investment earnings	-	-	757	-	-	-	-	757
Total additions	<u>63,077</u>	<u>276,028</u>	<u>66,247</u>	<u>52,689</u>	<u>487,464</u>	<u>-</u>	<u>14,665,830</u>	<u>15,611,335</u>
Deductions:								
Tax distributions to other governments	-	-	-	-	-	-	14,800,989	14,800,989
Employee flex benefits	-	276,028	-	-	-	-	-	276,028
Distributions to programs	<u>55,922</u>	<u>-</u>	<u>44,622</u>	<u>57,526</u>	<u>479,868</u>	<u>-</u>	<u>-</u>	<u>637,938</u>
Total deductions	<u>55,922</u>	<u>276,028</u>	<u>44,622</u>	<u>57,526</u>	<u>479,868</u>	<u>-</u>	<u>14,800,989</u>	<u>15,714,955</u>
Net increase (decrease) in fiduciary net position	7,155	-	21,625	(4,837)	7,596	-	(135,159)	(103,620)
Net Position:								
Beginning of year - July 1	<u>124,084</u>	<u>-</u>	<u>136,916</u>	<u>37,495</u>	<u>96,841</u>	<u>8,014</u>	<u>380,376</u>	<u>783,726</u>
End of year - June 30	<u>\$ 131,239</u>	<u>\$ -</u>	<u>\$ 158,541</u>	<u>\$ 32,658</u>	<u>\$ 104,437</u>	<u>\$ 8,014</u>	<u>\$ 245,217</u>	<u>\$ 680,106</u>

Additional Financial Data

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

HENDERSON COUNTY, NORTH CAROLINA

SCHEDULE OF AD VALOREM TAXES RECEIVABLE - GENERAL FUND JUNE 30, 2022

Fiscal Year	Uncollected Balance July 1, 2021	Additions	Collections and Credits	Uncollected Balance June 30, 2022
2021-2022	\$ -	\$ 96,338,380	\$ 95,694,365	\$ 644,015
2020-2021	695,804	-	447,909	247,895
2019-2020	315,640	-	165,715	149,925
2018-2019	134,286	-	42,971	91,315
2017-2018	62,551	-	13,723	48,828
2016-2017	46,909	-	9,549	37,360
2015-2016	45,745	-	6,715	39,030
2014-2015	45,947	-	4,970	40,977
2013-2014	84,737	-	5,701	79,036
2012-2013	105,521	-	7,383	98,138
2011-2012	94,735	-	94,735	-
Total	\$ 1,631,875	\$ 96,338,380	\$ 96,493,736	1,476,519
Less: allowance for uncollectible accounts: General Fund				<u>(610,320)</u>
Ad valorem taxes receivable net: General Fund				<u>\$ 866,199</u>
Reconciliation with Revenues:				
Ad valorem taxes - General Fund				\$ 95,544,123
Ad valorem taxes - Revaluation Fund				<u>1,145,980</u>
Total ad valorem taxes				96,690,103
Reconciling items:				
Interest and other fees				(114,615)
Late list penalty				(237,677)
Other miscellaneous adjustments				61,190
Amounts written off per statute of limitations				<u>94,735</u>
Total collections and credits				<u>\$ 96,493,736</u>

HENDERSON COUNTY, NORTH CAROLINA

ANALYSIS OF CURRENT TAX LEVY FOR THE YEAR ENDED JUNE 30, 2022

	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	\$ 17,196,187,594	\$ 0.5610	\$ 96,470,613	\$ 88,499,546	\$ 7,971,067
Discoveries:					
Current year taxes	114,805,490	0.5610	644,059	644,059	-
Penalties	-		227,860	227,860	-
Total	114,805,490		871,919	871,919	-
Releases	(178,993,123)	0.5610	(1,004,152)	(948,745)	(55,407)
Total property valuation	<u>\$ 17,131,999,961</u>				
Net Levy			96,338,380	88,422,720	7,915,660
Uncollected taxes at June 30, 2022			(644,015)	(641,611)	(2,404)
Current Year's Taxes Collected			<u>\$ 95,694,365</u>	<u>\$ 87,781,109</u>	<u>\$ 7,913,256</u>
Current Levy Collection Percentage			99.33%	99.27%	99.97%

HENDERSON COUNTY, NORTH CAROLINA**ANALYSIS OF CURRENT TAX LEVY - COUNTY-WIDE LEVY
FOR THE YEAR ENDED JUNE 30, 2022****Secondary Market Disclosures:**

Assessed valuation:

Assessment ratio (1) 73.58%

Real property	\$ 14,065,997,646
Personal property	2,723,016,057
Public service companies (2)	<u>342,986,258</u>

Total assessed valuation	<u>\$ 17,131,999,961</u>
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Tax rate per \$100	<u>\$ 0.5610</u>
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Levy (includes discoveries, releases and abatements) (3)	\$ 96,338,380
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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, 2022:

Fire protection districts	<u>11,975,478</u>
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Total	<u>\$ 108,313,858</u>
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(1) Percentage of appraised value has been established by statute.

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

(3) The levy includes interest and penalties.

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.

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

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Governmental activities										
Net investment in capital assets	\$ 73,911,997	\$ 73,306,086	\$ 77,601,835	\$ 76,145,803	\$ 70,393,139	\$ 70,562,443	\$ 74,509,728	\$ 71,671,165	\$ 66,452,828	\$ 69,357,469
Restricted	10,873,904	12,822,921	10,346,944	11,451,067	11,882,299	13,491,150	16,355,698	19,872,490	22,033,213	31,688,891
Unrestricted	<u>(61,681,174)</u>	<u>(52,396,535)</u>	<u>(40,465,616)</u>	<u>(32,157,779)</u>	<u>(26,929,929)</u>	<u>(35,575,041)</u>	<u>(39,349,491)</u>	<u>(47,367,379)</u>	<u>(61,578,063)</u>	<u>(83,572,909)</u>
Total governmental activities	<u>\$ 23,104,727</u>	<u>\$ 33,732,472</u>	<u>\$ 47,483,163</u>	<u>\$ 55,439,091</u>	<u>\$ 55,345,509</u>	<u>\$ 48,478,552</u>	<u>\$ 51,515,935</u>	<u>\$ 44,176,276</u>	<u>\$ 26,907,978</u>	<u>\$ 17,473,451</u>
Business-type activities										
Net investment in capital assets	\$ 18,124,127	\$ 19,160,584	\$ 19,798,146	\$ 22,164,549	\$ 24,244,707	\$ 25,186,584	\$ 25,042,072	\$ 25,945,573	\$ 8,146,355	\$ 8,332,082
Unrestricted	<u>4,220,072</u>	<u>2,839,915</u>	<u>2,811,796</u>	<u>2,448,361</u>	<u>2,068,469</u>	<u>2,202,076</u>	<u>3,097,627</u>	<u>1,920,788</u>	<u>86,475</u>	<u>108,942</u>
Total business-type activities	<u>\$ 22,344,199</u>	<u>\$ 22,000,499</u>	<u>\$ 22,609,942</u>	<u>\$ 24,612,910</u>	<u>\$ 26,313,176</u>	<u>\$ 27,388,660</u>	<u>\$ 28,139,699</u>	<u>\$ 27,866,361</u>	<u>\$ 8,232,830</u>	<u>\$ 8,441,024</u>
Primary government										
Net investment in capital assets	\$ 92,036,124	\$ 92,466,670	\$ 97,399,981	\$ 98,310,352	\$ 94,637,846	\$ 95,749,027	\$ 99,551,800	\$ 97,616,738	\$ 74,599,183	\$ 77,689,551
Restricted	10,873,904	12,822,921	10,346,944	11,451,067	11,882,299	13,491,150	16,355,698	19,872,490	22,033,213	31,688,891
Unrestricted	<u>(57,461,102)</u>	<u>(49,556,620)</u>	<u>(37,653,820)</u>	<u>(29,709,418)</u>	<u>(24,861,460)</u>	<u>(33,372,965)</u>	<u>(36,251,864)</u>	<u>(45,446,591)</u>	<u>(61,491,588)</u>	<u>(83,463,967)</u>
Total primary government net position	<u>\$ 45,448,926</u>	<u>\$ 55,732,971</u>	<u>\$ 70,093,105</u>	<u>\$ 80,052,001</u>	<u>\$ 81,658,685</u>	<u>\$ 75,867,212</u>	<u>\$ 79,655,634</u>	<u>\$ 72,042,637</u>	<u>\$ 35,140,808</u>	<u>\$ 25,914,475</u>

Note: The significant increase in total net position of the County from FY2013 to FY2016 is primarily due to an increase in new facilities reported as capital assets net of debt combined with a significant decrease in the total unrestricted category of net position for governmental activities of the County for the same period of time.

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

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Expenses										
Governmental activities:										
General government	\$ 17,913,612	\$ 14,762,338	\$ 16,786,995	\$ 21,583,048	\$ 36,563,329	\$ 29,246,192	\$ 35,879,549	\$ 55,059,890	\$ 63,444,909	\$ 66,159,638
Public safety	31,153,291	33,519,129	32,758,736	35,139,967	38,211,707	39,956,163	42,376,765	47,963,085	54,187,004	52,433,058
Environmental protection	921,122	424,250	338,819	531,160	365,917	380,516	394,269	574,971	542,544	499,951
Economic and physical development	2,832,831	2,628,397	3,704,639	3,460,283	3,048,352	3,782,014	3,154,416	3,484,865	3,244,957	3,552,267
Human Services	26,875,838	27,594,630	27,818,854	28,776,382	28,971,340	26,485,642	27,094,741	27,726,210	31,354,317	32,837,027
Cultural and recreation	2,554,407	4,496,879	4,553,125	4,598,332	4,765,661	4,851,900	5,139,529	5,163,897	5,463,273	5,776,193
Education	24,025,977	25,261,561	26,745,692	28,853,556	29,320,894	31,398,959	33,822,562	34,147,992	35,587,493	36,883,640
Interest on long term debt	3,614,839	2,969,032	2,459,209	2,918,468	3,505,326	3,590,235	4,211,698	3,892,073	5,569,287	5,358,185
Total governmental activities	<u>109,891,917</u>	<u>111,656,216</u>	<u>115,166,069</u>	<u>125,861,196</u>	<u>144,752,526</u>	<u>139,691,621</u>	<u>152,073,529</u>	<u>178,012,983</u>	<u>199,393,784</u>	<u>203,499,959</u>
Business-type activities:										
Landfill	4,826,309	5,001,377	4,976,754	5,003,935	5,980,357	6,897,973	7,451,184	8,278,924	7,871,642	8,323,443
Cane Creek water and sewer	882,351	1,609,949	1,307,043	1,460,943	1,494,231	1,442,393	1,701,044	1,776,378	-	-
Other business-type activities	53,247	46,677	52,100	44,392	46,468	40,000	42,868	61,672	72,494	66,001
Total business-type activities	<u>5,761,907</u>	<u>6,658,003</u>	<u>6,335,897</u>	<u>6,509,270</u>	<u>7,521,056</u>	<u>8,380,366</u>	<u>9,195,096</u>	<u>10,116,974</u>	<u>7,944,136</u>	<u>8,389,444</u>
Total primary government expenses	<u>\$ 115,653,824</u>	<u>\$ 118,314,219</u>	<u>\$ 121,501,966</u>	<u>\$ 132,370,466</u>	<u>\$ 152,273,582</u>	<u>\$ 148,071,987</u>	<u>\$ 161,268,625</u>	<u>\$ 188,129,957</u>	<u>\$ 207,337,920</u>	<u>\$ 211,889,403</u>
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 711,063	\$ 672,612	\$ 783,476	\$ 798,409	\$ 1,645,719	\$ 1,873,496	\$ 1,927,430	\$ 1,928,402	\$ 2,121,156	\$ 2,313,812
Public safety	4,560,959	5,208,326	5,586,244	5,837,106	6,142,725	6,472,797	6,052,109	7,075,860	6,342,345	7,989,695
Economic and physical development	1,376,578	1,440,014	1,461,757	1,329,370	1,361,476	1,448,581	1,422,180	1,449,536	1,120,462	81,138
Human services	472,234	504,719	537,524	599,761	638,328	607,698	643,984	682,914	733,016	271,821
Cultural and recreation	157,272	180,563	195,252	227,410	232,412	217,401	247,826	156,033	110,461	1,347,990
Operating grants and contributions:										
General government	2,064,465	461,373	534,848	730,585	1,899,583	-	1,698,578	1,856,774	2,832,956	1,636,659
Public safety	1,454,505	2,773,066	4,552,886	802,363	1,479,324	2,115,379	1,633,342	539,610	6,044,301	2,205,513
Environmental protection	47,255	57,655	100,086	-	101,476	102,681	75,267	103,842	196,483	35,735
Economic and physical development	1,004,929	1,027,427	1,093,432	1,557,603	896,409	1,128,121	1,345,525	1,118,098	1,515,763	1,892,070
Human services	15,971,818	15,853,571	18,388,282	16,964,187	16,722,441	13,688,029	14,632,368	15,499,466	14,585,672	17,696,313
Cultural and recreation	202,240	206,592	213,366	298,926	294,362	286,229	409,997	469,476	334,682	574,072
Education	935,017	954,977	883,468	1,261,483	815,492	910,920	703,685	991,159	1,395,213	1,781,250
Capital grants and contributions:										
General government	-	-	-	1,125,364	1,916,161	-	-	-	-	1,106,390
Economic and physical development	-	-	-	-	-	-	-	-	-	-
Education	-	-	-	-	-	-	-	-	-	-
Total governmental activities program revenues	<u>28,958,335</u>	<u>29,340,895</u>	<u>34,330,621</u>	<u>31,532,567</u>	<u>34,145,908</u>	<u>28,851,332</u>	<u>30,792,291</u>	<u>31,871,170</u>	<u>37,332,510</u>	<u>38,932,458</u>

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

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Business-type activities:										
Charges for services	5,562,362	5,875,638	6,601,142	7,297,142	8,137,833	8,627,148	9,420,725	9,107,907	7,931,839	8,343,392
Operating grants and contributions	246,534	150,304	168,144	157,751	159,490	161,908	176,439	188,106	221,608	239,763
Capital grants and contributions	106,573	283,260	183,052	945,795	832,040	611,400	205,880	415,200	-	-
Total business-type activities program revenues	5,915,469	6,309,202	6,952,338	8,400,688	9,129,363	9,400,456	9,803,044	9,711,213	8,153,447	8,583,155
Total primary government program revenues	\$ 34,873,804	\$ 35,650,097	\$ 41,282,959	\$ 39,933,255	\$ 43,275,271	\$ 38,251,788	\$ 40,595,335	\$ 41,582,383	\$ 45,485,957	\$ 47,515,613
Net (Expense)/Revenue										
Governmental activities	\$ (80,933,582)	\$ (82,212,479)	\$ (80,835,348)	\$ (94,328,629)	\$ (110,606,618)	\$ (110,840,289)	\$ (121,281,238)	\$ (146,141,813)	\$ (162,061,274)	\$ (164,567,501)
Business-type activities	153,562	(451,643)	616,341	1,891,418	1,608,307	1,020,090	607,948	(405,761)	209,311	193,711
Total primary government net (expense)/revenue	\$ (80,780,020)	\$ (82,664,122)	\$ (80,219,007)	\$ (92,437,211)	\$ (108,998,311)	\$ (109,820,199)	\$ (120,673,290)	\$ (146,547,574)	\$ (161,851,963)	\$ (164,373,790)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes	\$ 69,628,114	\$ 72,197,460	\$ 71,844,544	\$ 77,117,336	\$ 85,178,794	\$ 87,077,402	\$ 89,476,936	\$ 102,455,897	\$ 105,130,794	\$ 107,863,075
Local option sales tax	18,596,584	19,760,279	21,620,139	23,366,239	25,389,345	27,475,944	29,331,611	31,223,698	36,283,238	41,726,791
Other taxes and licenses	1,170,234	999,760	1,077,072	1,180,218	1,318,447	1,330,639	3,927,027	3,796,256	5,299,694	5,866,593
Investment earnings	675,387	(170,434)	444,340	674,764	660,977	1,005,343	1,637,047	1,380,303	648,923	567,840
Gain on sale	-	-	3,407,477	-	-	-	-	-	-	-
Miscellaneous	6,000,125	107,159	-	-	-	-	-	-	-	-
Transfers	849,231	(54,000)	(49,480)	(54,000)	(54,000)	(54,000)	(54,000)	(54,000)	(2,702,578)	-
Total governmental activities:	96,919,675	92,840,224	98,344,092	102,284,557	112,493,563	116,835,328	124,318,621	138,802,154	144,660,071	156,024,299
Business-type activities:										
Investment earnings	92,795	53,943	45,849	57,550	37,959	48,049	89,091	78,423	21,990	8,013
Gain/Loss on sale	-	-	-	-	-	-	-	-	17,587	6,470
Transfers	(849,231)	54,000	49,481	54,000	54,000	54,000	54,000	54,000	2,702,578	-
Special Item - disposal of CCWSD	-	-	-	-	-	-	-	-	(22,584,997)	-
Total business-type activities	(756,436)	107,943	95,330	111,550	91,959	102,049	143,091	132,423	(19,842,842)	14,483
Total primary government	\$ 96,163,239	\$ 92,948,167	\$ 98,439,422	\$ 102,396,107	\$ 112,585,522	\$ 116,937,377	\$ 124,461,712	\$ 138,934,577	\$ 124,817,229	\$ 156,038,782
Change in Net Position										
Governmental activities	\$ 15,986,093	\$ 10,627,745	\$ 17,508,744	\$ 7,955,928	\$ 1,886,945	\$ 5,995,039	\$ 3,037,383	\$ (7,339,659)	\$ (17,401,203)	\$ (8,543,202)
Business-type activities	(602,874)	(343,700)	711,671	2,002,968	1,700,266	1,122,139	751,039	(273,338)	(19,633,531)	208,194
Total primary government	\$ 15,383,219	\$ 10,284,045	\$ 18,220,415	\$ 9,958,896	\$ 3,587,211	\$ 7,117,178	\$ 3,788,422	\$ (7,612,997)	\$ (37,034,734)	\$ (8,335,008)

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

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Fund										
Non-spendable:										
Inventories	\$ 58,923	\$ 57,349	\$ 50,999	\$ 54,995	\$ 56,255	\$ 51,217	\$ 68,606	\$ 65,959	\$ 57,958	\$ 69,614
Prepays	152,058	178,654	227,910	210,479	260,721	228,858	251,163	232,368	232,368	-
Restricted:										
Stabilization for State statute	6,726,943	8,032,109	8,327,441	9,406,310	9,556,154	10,622,402	11,333,471	11,815,576	13,100,770	15,051,500
Restricted, all other	199,106	177,966	210,668	181,130	208,471	107,884	2,520,979	5,721,901	5,768,652	6,945,576
Committed:										
Assigned for subsequent year's expenditures	6,730,029	8,729,065	9,467,043	7,267,852	11,927,320	14,792,344	13,458,280	13,627,844	15,558,631	19,509,951
Assigned all other	175,128	220,978	224,033	179,625	512,301	432,647	467,394	459,873	264,903	384,606
Unassigned:	25,332,238	24,141,639	23,683,102	27,732,716	27,817,837	27,593,418	27,854,812	31,426,092	45,334,073	43,938,388
Total General Fund	<u>\$ 39,374,425</u>	<u>\$ 41,537,760</u>	<u>\$ 42,191,196</u>	<u>\$ 45,033,107</u>	<u>\$ 50,339,059</u>	<u>\$ 53,828,770</u>	<u>\$ 55,954,705</u>	<u>\$ 63,349,613</u>	<u>\$ 80,317,355</u>	<u>\$ 85,899,635</u>
All Other Governmental Funds										
Non-spendable:										
Prepays	\$ -	\$ -	\$ -	\$ 2,337	\$ 28,365	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted:										
Stabilization for State statute	284,997	619,125	351,130	662,353	498,849	1,233,222	362,117	425,693	641,596	574,275
Restricted, all other	3,662,858	3,993,721	1,457,705	8,493,457	6,742,264	6,146,804	20,351,211	59,152,246	45,180,328	8,873,160
Committed:										
Special revenue and debt service funds	1,510,873	552,441	3,714,300	3,564,211	3,932,534	7,229,944	8,368,261	9,441,744	7,136,432	18,067,360
Capital project funds	9,148,014	9,295,256	7,686,242	4,637,656	5,206,297	3,329,029	4,168,651	7,622,747	6,466,177	-
Assigned all other:	-	-	-	-	-	-	-	-	-	-
Unassigned:	(71,825)	(196,705)	(51,791)	(250,075)	(70,469)	(1,013,595)	(1,790,610)	(5,137,132)	(137,003)	9,810,390
Total all other governmental funds	<u>\$ 14,534,917</u>	<u>\$ 14,263,838</u>	<u>\$ 13,157,586</u>	<u>\$ 17,109,939</u>	<u>\$ 16,337,840</u>	<u>\$ 16,925,404</u>	<u>\$ 31,459,630</u>	<u>\$ 71,505,298</u>	<u>\$ 59,287,530</u>	<u>\$ 37,325,185</u>

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

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Revenues										
Taxes:										
Property	\$ 69,683,310	\$ 72,442,683	\$ 72,424,338	\$ 77,170,890	\$ 85,314,390	\$ 87,326,125	\$ 89,571,316	\$ 102,212,850	\$ 105,314,740	\$ 108,706,208
Sales	18,596,584	19,760,279	21,620,139	23,366,239	25,389,345	27,475,944	29,331,611	31,223,698	36,283,238	41,726,791
Other	1,020,464	931,782	1,029,292	1,140,741	1,264,544	1,275,186	3,870,415	3,522,964	4,803,459	5,806,434
Total taxes	89,300,358	93,134,744	95,073,769	101,677,870	111,968,279	116,077,255	122,773,342	136,959,512	146,401,437	156,239,433
Intergovernmental	20,714,436	20,706,830	25,071,921	20,645,727	19,815,299	17,084,955	17,828,262	17,758,510	21,324,528	22,900,297
Permits and Fees	1,638,646	1,619,034	1,826,678	1,733,166	1,982,065	2,257,302	2,037,070	2,434,227	2,447,566	3,045,536
Sales and Services	5,657,362	6,362,816	6,708,720	7,079,053	8,030,057	8,362,671	8,186,940	8,813,704	7,829,822	8,819,769
Investment Earnings	675,311	(170,434)	444,340	674,764	660,977	1,005,343	1,637,047	1,380,303	648,923	567,839
Capital Contribution from Hospital Corporation	-	-	-	1,125,364	1,916,161	-	-	-	-	-
Miscellaneous	1,112,638	836,742	742,227	1,066,521	2,845,046	1,948,467	2,718,028	3,250,733	5,405,081	3,864,780
Total Revenues	119,098,751	122,489,732	129,867,655	134,002,465	147,217,884	146,735,993	155,180,689	170,596,989	184,057,357	195,437,654
Expenditures										
General Government	13,818,252	12,558,117	13,889,012	15,013,218	15,580,807	16,465,343	20,165,981	21,755,645	20,724,971	24,588,048
Public Safety	30,360,366	31,855,136	32,437,433	35,111,117	37,219,677	39,235,486	41,749,275	45,769,058	49,258,496	50,371,709
Environmental Protection	770,928	353,846	349,239	535,599	351,476	370,056	383,970	534,182	452,678	469,543
Economic and Physical Development	2,778,708	2,573,661	3,729,355	3,434,656	2,918,600	3,553,267	3,130,268	3,366,655	3,713,459	3,329,772
Human Services	26,102,907	27,215,341	28,095,417	28,615,327	28,251,082	25,968,885	26,408,664	26,442,287	28,225,480	31,472,242
Culture and Recreation	4,087,986	4,343,834	4,510,926	4,472,608	4,623,841	4,662,296	5,055,989	5,050,703	5,056,341	5,927,610
Education	24,025,977	25,214,625	26,739,498	28,845,578	29,307,235	31,387,446	33,818,212	34,126,181	35,581,186	36,831,437
Capital Outlay	3,862,734	2,754,492	7,524,391	26,458,990	30,153,759	18,877,839	16,941,011	29,524,764	38,212,565	38,522,464
Debt Service:										
Principal	10,630,317	10,924,205	13,962,623	10,937,860	11,434,004	11,942,938	12,937,416	12,503,845	16,367,571	13,686,571
Interest	3,967,959	3,166,375	2,604,552	3,191,203	3,397,491	3,981,832	4,679,878	4,470,655	6,594,689	6,422,624
Advanced payment to escrow agent	4,841,690	-	-	-	-	-	-	-	-	-
Total Expenditures	125,247,824	120,959,632	133,842,446	156,616,156	163,237,972	156,445,388	165,270,664	183,543,975	204,187,436	211,622,020
Excess of revenues over (under) expenditures	(6,149,073)	1,530,100	(3,974,791)	(22,613,691)	(16,020,088)	(9,709,395)	(10,089,975)	(12,946,986)	(20,130,079)	(16,184,366)
Other Financing Sources (Uses)										
Transfers in	6,848,652	2,873,913	5,538,729	1,603,723	4,847,926	5,416,049	4,064,289	19,724,151	8,194,845	23,662,511
Transfers out	(5,999,421)	(2,927,913)	(5,588,209)	(1,657,723)	(4,901,926)	(5,470,049)	(4,118,289)	(19,778,151)	(8,248,845)	(23,662,511)
Lease liabilities issues	-	-	-	-	-	-	-	-	-	695,626
Refunding bonds issued	41,151,000	-	-	-	-	-	-	-	-	-
Payment to bond escrow agent	(36,110,000)	-	-	-	-	-	-	-	-	-
Bond premium	-	-	-	2,676,955	1,327,941	1,365,670	2,579,136	7,917,694	3,950,016	-
Insurance proceeds	6,000,125	107,159	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	3,407,477	-	-	-	-	-	-	-
Debt issued	413,539	308,997	163,978	26,785,000	19,280,000	12,475,000	24,225,000	52,525,000	20,850,000	-
Contribution to TDA	(461,316)	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	11,842,579	362,156	3,521,975	29,407,955	20,553,941	13,786,670	26,750,136	60,388,694	24,746,016	695,626
Net change in fund balances	\$ 5,693,506	\$ 1,892,256	\$ (452,816)	\$ 6,794,264	\$ 4,533,853	\$ 4,077,275	\$ 16,660,161	\$ 47,441,708	\$ 4,615,937	\$ (15,488,740)
Debt service as a percentage of noncapital expenditures	12.03%	11.92%	13.12%	10.86%	11.14%	11.58%	11.88%	11.02%	13.83%	11.62%

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

Fiscal Year	Residential Property	Real Property Commercial Property	Industrial Property	Present-use Value (1)	Personal Property	Public Service Companies (2)	Total Taxable Assessed Value	Total Direct Tax Rate (3)	Estimated Actual Taxable Value (4)
2013	\$ 8,047,908,421	\$ 1,718,687,844	\$ 421,967,800	\$ 150,329,169	\$ 1,657,680,403	\$ 207,220,867	\$ 12,203,794,504	0.5136	\$ 12,652,975,121
2014	8,033,802,827	1,746,583,200	418,162,600	155,632,463	2,040,880,296	215,774,689	12,610,836,075	0.5136	12,234,028,012
2015	8,111,706,126	1,764,809,652	425,506,400	162,212,486	1,902,281,108	224,319,411	12,590,835,183	0.5136	12,515,740,739
2016 (5)	8,553,915,460	1,877,718,659	465,591,800	171,609,823	2,122,436,861	331,897,512	13,523,170,115	0.5136	14,340,583,366
2017	8,999,404,353	1,466,201,559	489,145,200	159,921,601	2,075,570,365	257,772,292	13,448,015,370	0.5650	15,502,035,009
2018	8,768,274,624	2,021,385,100	315,281,700	158,711,006	2,147,663,504	271,152,631	13,682,468,565	0.5650	16,741,060,278
2019 (5)	9,045,390,430	2,058,175,000	325,226,500	167,889,595	2,300,479,220	309,543,524	14,206,704,269	0.5650	17,382,484,117
2020	10,080,135,336	2,806,775,700	376,120,900	175,237,500	2,597,185,414	331,897,513	16,367,352,363	0.5610	16,477,753,310
2021	10,467,439,798	2,708,573,700	386,115,100	170,197,216	2,671,648,195	326,671,538	16,730,645,547	0.5610	16,843,496,977
2022	10,093,662,461	3,042,293,900	388,630,900	209,356,585	3,055,069,857	342,986,258	17,131,999,961	0.5610	17,247,558,604

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

Notes:

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

* Indicates valuation was included in Commercial Property Valuation

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

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Henderson County	\$ 0.5136	\$ 0.5136	\$ 0.5136	\$ 0.5136	\$ 0.5650	\$ 0.5650	\$ 0.5650	\$ 0.5610	\$.5610	\$.5610
Municipality Rates:										
Hendersonville	0.4100	0.4400	0.4600	0.4600	0.4700	0.4700	0.4900	0.4900	0.4900	0.5200
Laurel Park	0.3600	0.3900	0.4300	0.4300	0.4300	0.4300	0.4300	0.4350	0.4350	0.4350
Fletcher	0.3250	0.3250	0.3400	0.3400	0.3400	0.3400	0.3400	0.3400	0.3400	0.3400
Mills River	0.0974	0.0974	0.1124	0.1800	0.1800	0.1800	0.1800	0.1900	0.1900	0.1900
Flat Rock	0.0840	0.0840	0.1100	0.1100	0.1100	0.1100	0.1100	0.1300	0.1300	0.1300
Saluda	0.6050	0.6050	0.6050	0.6050	0.6050	0.6050	0.6450	0.6650	0.6650	0.6800
Downtown - Main Street	0.2800	0.2800	0.2800	0.2800	0.2800	0.2800	0.2800	0.2600	0.2600	0.2400
Downtown - Seventh Ave.	0.1200	0.1200	0.1200	0.1200	0.1200	0.1200	0.1200	0.1700	0.1700	0.1700
Fire Districts:										
Bat Cave	0.1000	0.1000	0.1200	0.1200	0.1200	0.1200	0.1200	0.1200	0.1200	0.1200
Blue Ridge	0.0950	0.0950	0.1200	0.1200	0.1200	0.1200	0.1200	0.1300	0.1300	0.1300
Dana	0.1100	0.1100	0.1300	0.1300	0.1300	0.1300	0.1300	0.1400	0.1400	0.1400
Edneyville	0.0950	0.0950	0.1050	0.1050	0.1050	0.1050	0.1050	0.1150	0.1150	0.1150
Etowah-Horse Shoe	0.0950	0.0950	0.1050	0.1050	0.1050	0.1050	0.1050	0.1150	0.1150	0.1150
Fletcher	0.1000	0.1000	0.1150	0.1150	0.1150	0.1150	0.1150	0.1150	0.1150	0.1150
Gerton	0.1250	0.1250	0.1250	0.1250	0.1250	0.1250	0.1250	0.1250	0.1350	0.1350
Green River	0.0650	0.0700	0.0800	0.0800	0.0800	0.0800	0.0800	0.0900	0.0900	0.0900
Mills River	0.0750	0.0750	0.0900	0.0900	0.0900	0.0900	0.0900	0.1100	0.1100	0.1100
Mountain Home	0.1050	0.1050	0.1200	0.1200	0.1200	0.1200	0.1200	0.1200	0.1200	0.1200
Raven Rock	0.0850	0.0850	0.1000	0.1000	0.1000	0.1000	0.1000	0.1150	0.1150	0.1150
Valley Hill	0.0800	0.0850	0.0950	0.0950	0.0950	0.0950	0.0950	0.1000	0.1000	0.1000

Source: Henderson County Tax Collector

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

Taxpayer	Type of Business	Fiscal Year 2022			Fiscal Year 2012		
		Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Duke Energy Carolinas LLC	Public Service	\$ 213,745,991	1	1.25%	\$ 119,719,795	1	0.99%
GF Linamar	Manufacturing	155,832,076	2	0.91%	N/A	N/A	N/A
Continental Teves Inc.	Manufacturing	131,629,197	3	0.77%	93,677,750	2	N/A
Kimberly Clark	Manufacturing	103,237,496	4	0.60%	64,457,802	4	0.53%
Meritor Heavy Vehicle Systems	Manufacturing	85,582,158	5	0.50%	76,260,755	3	0.63%
Public Service Co of NC	Public Service	76,886,981	6	0.45%	34,514,258	8	N/A
Sierra Nevada Brewing Co	Manufacturing	76,358,744	7	0.45%	N/A	N/A	N/A
Ingles Markets	Retail - Grocery	70,353,233	8	0.41%	N/A	N/A	N/A
Wilsonart	Manufacturing	52,754,750	9	0.31%	N/A	N/A	N/A
UPM Raflatac Inc	Manufacturing	45,638,452	10	0.27%	63,639,064	5	0.53%
Totals		\$ <u>1,012,019,078</u>			\$ <u>452,269,424</u>		

Source: Henderson County Assessor

N/A - information not available

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

Fiscal Year	Taxes Levied for the Fiscal Year		Adjustments	Total Adjusted Levy	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date		Uncollected
	(Original Levy)				Amount	Percentage of Original Levy		Amount	Percentage of Adjusted Levy	
2013	\$ 62,467,870	\$	(155,714)	\$ 62,312,156	\$ 60,535,291	96.91%	\$ 1,678,727	\$ 62,214,018	99.84%	\$ 98,138
2014	65,192,654		(228,522)	64,964,132	63,541,790	97.47%	1,343,306	64,885,096	99.88%	79,036
2015	64,501,481		(341,011)	64,160,470	63,452,232	98.37%	667,262	64,119,494	99.94%	40,976
2016	68,212,928		(404,105)	67,808,823	66,876,370	98.04%	893,423	67,769,793	99.94%	39,030
2017	76,713,117		(724,457)	75,988,660	75,144,180	97.95%	807,120	75,951,300	99.95%	37,360
2018	77,464,082		69,240	77,533,322	76,859,391	99.22%	625,103	77,484,494	99.70%	48,828
2019	80,032,082		523,222	80,555,304	79,825,336	99.74%	638,653	79,825,336	99.09%	91,315
2020	92,450,097		(1,016,113)	91,433,984	91,093,081	98.53%	190,978	91,093,081	98.90%	149,925
2021	94,307,108		(448,187)	93,858,921	93,163,118	98.79%	447,909	93,163,118	99.26%	247,894
2022	97,342,532		(1,004,152)	96,338,380	95,466,504	98.07%	-	95,694,365	99.33%	644,015
										\$ <u>1,476,517</u>

Source: Henderson County Tax Collector

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

Fiscal Year	Governmental Activities					Business - Type Activities		Total Primary Government	Per Capita (1)	Percentage of Personal Income (1)
	General Obligation Bonds	Limited Obligation Bonds	Installment Contracts	Installment Purchases	Other	Limited Obligation Bonds	Installment Purchases			
2013	\$ -	\$ 52,909,398	\$ 16,328,539	\$ 39,377,603	\$ -	\$ 1,315,723	\$ 1,866,667	\$ 111,797,930	\$ 1,038	2.88%
2014	-	50,159,087	12,112,073	35,644,329	-	1,083,014	1,733,334	100,731,837	926	2.44%
2015	-	47,326,776	7,894,338	28,810,887	-	850,303	1,600,000	86,482,304	783	1.99%
2016	-	72,372,527	5,105,319	24,852,515	-	617,593	1,466,667	104,414,621	934	2.30%
2017	-	85,726,512	4,500,000	20,985,654	-	411,239	1,333,334	112,956,739	993	2.37%
2018	-	91,623,603	4,000,000	17,125,879	-	293,224	1,200,000	114,242,706	991	2.26%
2019	-	109,273,324	3,500,000	13,353,505	-	176,190	1,831,858	128,134,877	1,098	2.41%
2020	-	160,208,120	3,000,000	10,057,144	-	70,674	3,511,334	176,847,272	1,506	3.15%
2021	-	172,619,799	2,500,000	8,228,573	-	-	800,001	184,148,373	1,581	*
2022	-	160,263,884	2,000,000	6,400,000	-	-	666,668	169,330,552	1,451	*

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

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

* - Information not yet available.

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

Fiscal Year	General/Limited Obligation Bonded Debt Outstanding				Percentage of Personal Income(1)	Percentage of Actual Taxable Value of Property(2)	Per Capita(1)
	General Obligation Bonds	Limited Obligation Bonds	Less: Amounts Restricted to Repaying Principal (3)	Total			
2013	\$ -	\$ 54,225,121	\$ 2,889,000	\$ 51,336,121	1.32%	0.42%	\$ 476
2014	-	51,242,101	2,971,000	48,271,101	1.17%	0.38%	444
2015	-	48,177,079	4,413,996	43,763,083	1.00%	0.35%	396
2016	-	72,990,120	7,159,000	65,831,120	1.45%	0.49%	589
2017	-	86,137,751	7,132,000	79,005,751	1.66%	0.59%	694
2018	-	91,916,827	7,683,000	84,233,827	1.67%	0.62%	731
2019	-	109,449,514	8,813,000	100,636,514	1.89%	0.71%	863
2020	-	160,278,794	11,046,096	149,232,698	2.66%	0.91%	1,271
2021	-	172,619,799	11,358,000	161,261,799	*	0.96%	1,384
2022	-	160,263,884	11,359,000	148,904,884	*	0.87%	1,276

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

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

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

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

* - Information not yet available.

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

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Assessed Value of Property	\$ 12,203,794	\$ 12,610,836	\$ 12,523,976	\$ 13,182,825	\$ 13,423,998	\$ 13,682,469	\$ 14,206,704	\$ 16,367,352	\$ 16,730,646	\$ 17,132,000
Debt Limit, 8% of Assessed Value (Statutory Limitation)	976,304	1,008,867	1,001,918	1,054,626	1,073,920	1,094,597	1,136,536	1,309,388	1,338,452	1,370,560
Amount of Debt Applicable to Limit:										
Less: Gross debt	111,798	100,732	86,482	104,414	112,957	114,243	128,135	176,847	184,148	169,331
Less: Debt outstanding for water and sewer purposes	3,182	2,816	2,450	617	411	293	941	2,649	-	-
Total net debt applicable to limit	108,616	97,916	84,032	103,797	112,546	113,950	127,194	174,198	184,148	169,331
Legal Debt Margin	<u>\$ 867,688</u>	<u>\$ 910,951</u>	<u>\$ 917,886</u>	<u>\$ 950,829</u>	<u>\$ 961,374</u>	<u>\$ 980,647</u>	<u>\$ 1,009,342</u>	<u>\$ 1,135,190</u>	<u>\$ 1,154,304</u>	<u>\$ 1,201,229</u>
Total debt applicable to the limit as a percentage of debt limit	11.13%	9.71%	8.39%	9.84%	10.48%	10.41%	11.19%	13.30%	13.76%	12.35%

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, 2022

Governmental Unit	Net General Bonded Debt	Estimated Percentage Applicable	Estimated Share of Direct and Overlapping Debt
Total County direct debt	\$ 168,663,884	100.00%	\$ 168,663,884
Overlapping:			
City of Hendersonville (1)	694,000	100.00%	694,000
Town of Fletcher	7,752,244	100.00%	7,752,244
Total overlapping debt			<u>8,446,244</u>
Total direct and overlapping debt			\$ <u><u>177,110,128</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

Year	Population(1)	Personal Income (2) (thousands of dollars)	Per Capita Personal Income (2)	Public School Enrollment(3)	Unemployment Rate(4)	Number of Building Inspections Performed(5)
2013	107,740	\$ 3,879,409	\$ 35,600	13,316	6.60%	18,918
2014	108,745	4,125,012	37,376	13,446	4.90%	19,742
2015	110,472	4,356,310	38,904	13,537	5.10%	21,437
2016	111,803	4,544,609	39,950	13,506	4.30%	24,420
2017	113,799	4,764,710	41,179	13,320	3.60%	25,161
2018	115,225	5,052,354	43,276	13,536	3.60%	27,397
2019	116,680	5,323,876	45,342	13,387	3.60%	31,153
2020	117,425	5,612,483	47,385	13,231	7.50%	29,565
2021	116,495	*	*	12,781	4.30%	28,879
2022	116,710	*	*	12,550	3.50%	32,070

Notes:

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

* Information not yet available.

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

Employer	2022			2012		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Henderson County Public Schools	1900	1	3.38%	1643	1	3.64%
Margaret R. Pardee Hospital	1705	2	3.03%	1184	2	2.62%
Advent Health (1)	1200	3	2.13%	1147	3	2.54%
Ingles Markets, Inc.	1125	4	2.00%	552	6	1.22%
Henderson County	880	5	1.56%	720	4	1.60%
Meritor Heavy Vehicle Systems LLC	670	6	1.19%	501	7	1.11%
Linamar Light Metals	617	7	1.10%	*	*	*
Wilsonart International Inc.	600	8	1.07%	602	5	1.33%
Manual Wood Workers, Inc.	500	9	0.89%	*	*	*
Sierra Nevada	378	10	0.67%	*	*	*

* Information not available

Countywide Total Employment June 2022: 56,271

(1) Formerly Park Ridge Hospital

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

Function/Program	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General government	100	100	104	105	103	109	112	118	116	112
Public safety	269	277	281	299	302	310	330	335	337	354
Environmental protection	22	22	20	19	19	21	22	22	23	22
Economic and physical development	22	23	24	24	25	25	26	26	26	26
Human Services	267	269	268	281	284	286	291	293	292	307
Cultural and recreation	50	49	51	51	51	52	55	58	58	59
Total	<u>730</u>	<u>740</u>	<u>748</u>	<u>779</u>	<u>784</u>	<u>803</u>	<u>836</u>	<u>852</u>	<u>852</u>	<u>880</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										
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	
<u>General Government</u>											
Number of Registered Voters	76,224	77,321	76,099	79,621	81,736	84,393	80,364	81,959	84,641	86,620	Karen Hebb
<u>Public Safety</u>											
Number of building permits issued	6,025	6,430	6,542	6,430	6,771	9,598	9,398	9,120	10,433	10,841	See Permit Center Report
Number of calls processed	140,288	146,494	152,408	177,818	181,115	187,067	184,837	188,878	191,639	182,130	Lisha
<u>Human Services</u>											
Number of food & lodging sites inspected	1,545	1,497	1,595	1,563	1,256	1,600	1,718	1,291	1,004	1571	Seth Swift
Number of Health clients served	11,344	12,447	13,152	14,693	15,428	15,781	15,979	14,990	143,892	33,668	Steve Smith
<u>Economic and Physical Development</u>											
Number of major subdivision plan reviews	5	4	6	4	5	13	13	9	13	9	Autumn
<u>Cultural and Recreation</u>											
Library book circulation	981,738	951,697	910,636	927,596	1,056,328	1,031,647	1,006,065	851,571	827,294	1,014,300	Trina
<u>Education</u>											
Total \$ spent per ADM	\$ 2,226	\$ 2,306	\$ 2,346	\$ 2,366	\$ 2,480	\$ 2,615	\$ 2,984	\$ 3,113	\$ 3,182	\$ 3,491	CALC and LT DEBT Lead
<u>Enterprise Fund - Landfill</u>											
Solid waste generated # tons/day	240	249	258	294	318	343	371	363	388	380	Courtney

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

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

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

Function	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<u>Public Safety</u>										
Sheriff's Department:										
Stations	1	1	1	1	1	1	1	1	1	1
Vehicles	168	158	180	184	176	185	192	208	202	214
<u>Cultural and Recreation</u>										
Park Acreage	349	331	332	332	332	332	409	409	409	409
Parks	10	11	12	12	12	12	14	14	14	14
Ballfields and courts	35	37	37	37	37	37	43	43	43	43
Libraries	6	6	6	6	6	6	6	6	6	6

Source: Various County Departments

COMPLIANCE SECTION

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

To the Board of Commissioners
Henderson County, North Carolina
Hendersonville, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of Henderson County, North Carolina (the "County"), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprises the County's basic financial statements, and have issued our report thereon dated October 31, 2022.

Our report includes a reference to other auditors who audited the financial statements of Henderson County Hospital Corporation, as described in our report on the County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported separately by those auditors. The financial statements of the Henderson County Hospital Corporation and the Henderson County Tourism Development Authority were not audited in accordance with *Government Auditing Standards*.

Report on Internal Control over Financial Reporting

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

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

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2022-001 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

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

County's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the County's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

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

A handwritten signature in cursive script that reads "Cherry Bekaert LLP".

Charlotte, North Carolina
October 31, 2022

**Report of Independent Auditor on Compliance for the Major Federal Program and on
Internal Control over Compliance Required by the Uniform Guidance and
the State Single Audit Implementation Act**

To the Board of Commissioners
Henderson County
Hendersonville, North Carolina

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Henderson County, North Carolina's (the "County"), compliance with the types of compliance requirements described in the OMB *Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of the County's major federal programs for the year ended June 30, 2022. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

The County's basic financial statements include the operations of the Henderson County Hospital Corporation and the Henderson County Tourism Development Authority in which neither expended any federal awards during the year ended June 30, 2022. Our audit, described below, did not include the operations of the Henderson County Hospital Corporation, since it was audited by other auditors.

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2022-002 and 2022-003. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on the County's response to the noncompliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be a material weakness.

A deficiency *in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2022-003 to be a material weakness.

A *significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the County's response to internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and the State Single Audit Implementation Act. Accordingly, this report is not suitable for any other purpose.

Cherry Bekaert LLP

Charlotte, North Carolina
November 28, 2022

**Report of Independent Auditor on Compliance for Each Major State Program;
Report on Internal Control over Compliance; with OMB Uniform Guidance and
the State Single Audit Implementation Act**

To the Board of Commissioners
Henderson County
Hendersonville, North Carolina

Report on Compliance for Each Major State Program

Opinion on Each Major State Program

We have audited the Henderson County, North Carolina (the "County"), compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of the County's major state programs for the year ended June 30, 2022. The County's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

The County's basic financial statements include the operations of the Henderson County Hospital Corporation and the Henderson County Tourism Development Authority in which neither expended any State awards during the year ended June 30, 2022. Our audit, described below, did not include the operations of the Henderson County Hospital Corporation, since it was audited by other auditors.

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2022.

Basis for Opinion on Each Major State Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2022-003. Our opinion on each major state program is not modified with respect to this matter.

Government Auditing Standards requires the auditor to perform limited procedures on the County's response to the noncompliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be a material weakness.

A deficiency *in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2022-003 to be a material weakness.

A *significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the County's response to internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and the State Single Audit Implementation Act. Accordingly, this report is not suitable for any other purpose.

Cherry Bekaert LLP

Charlotte, North Carolina
November 28, 2022

HENDERSON COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2022

Section I—Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? yes X no
- Significant Deficiency(s) identified X yes none reported

Noncompliance material to financial statements noted

 yes X no

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? X yes no
- Significant Deficiency(s) identified yes X no

Type of auditor's report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

 X yes no

Identification of major federal programs:

Federal Assistance Listing Number	Names of Federal Program
20.507	COVID-19: Federal Transit Cluster
93.323	COVID-19: Epidemiology and Laboratory for Infectious Diseases (ELC)
93.568	COVID-19: Low Income Home Energy Assistance Program
93.658	Temporary Assistance for Needy Families
93.778	Medical Assistance Cluster
97.036	COVID-19: Disaster Grants – Public Assistance

Dollar threshold used to distinguish between Type A and Type B Programs

\$750,000

Auditee qualified as low-risk auditee? yes X no

HENDERSON COUNTY, NORTH CAROLINA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2022

Section I—Summary of Auditor's Results (continued)

State Awards

Internal control over major State programs:

- Material weakness(es) identified? ☒ yes ☐ no
- Significant Deficiency(s) identified ☐ yes ☒ none reported

Type of auditor's report issued on compliance for major State programs: Unmodified

Any audit findings disclosed that are required
to be reported in accordance with the State
Single Audit Implementation Act

☒ yes ☐ no

Identification of major State programs:

Program Name

DSS Crosscutting

Public School Building Capital Fund

Juvenile Crime Prevention Council Program

Section II—Financial Statement Findings

Financial Reporting and Close

Significant Deficiency

Finding 2022-001

Criteria: Entities are responsible for ensuring that proper internal controls over the financial reporting and close process are adequate to prevent and/or detect errors in financial reporting in a timely manner.

Statement of Condition: During testing of the implementation of GASB 87, the term of certain leases and variable escalations in rent were not properly accounted for in the calculation of the lease receivable. Further, certain accruals for incurred but not reported claims, state revenue received in advance, retainage payable on construction projects and solid waste year end revenues received after year-end were not properly recorded in the prior year.

Cause: The County was unaware that variable escalations in rent, like escalations based on the consumer price index should not be estimated and accounted for in the lease and only those known as of the date of implementation or inception of the lease should be utilized. Further there was inadvertent oversight in the term of the lease used in the amortization schedule versus the term in the lease agreement. For the incurred but not reported claims liability, the County was not aware of this accrual but had properly accounted for actual known claims payable at year-end. For state revenue received in advance, the County had recorded as revenue prior to eligibility requirements being met. For retainage payable the County had inadvertently not accounted for the retainage payable as of June 30, 2021 and recorded it all in fiscal year 2022. For the solid waste revenue accrual, the County had twelve months of revenue accrued but had not accrued what was received in July 2021 for services performed in June 2021 as of June 30, 2021.

HENDERSON COUNTY, NORTH CAROLINA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2022

Section II—Financial Statement Findings (continued)

Effect of Condition: The lease receivable and deferred inflows of resources were overstated by approximately \$9,500,000 in the General Fund. The incurred but not reported claims payable was understated and the beginning net position and current year expenses are overstated by approximately \$300,000 in the governmental activities. For state revenues received in advance the County recognized \$500,000 of revenue that should have been reported as unearned revenue as of June 30, 2022. For retainage payable the County restated its beginning fund balance in the School Capital Project Fund for approximately \$890,000 of retainage payable that should have been accrued as of June 30, 2021 and recorded approximately \$285,000 of retainage payable within fiscal year 2022 in the General Capital Project Fund that related to the prior year. Accounts receivable was understated by approximately \$75,000, beginning net position is understated by \$70,000 and current year revenue is overstated by approximately \$70,000 in the Solid Waste Fund.

Recommendation: We recommend that the County ensure that all major inputs into the lease calculation be reviewed by a second party and the incurred but not reported, revenue received in advance, retainage payable and solid waste revenue accruals be added to the year-end checklist to ensure proper accruals are accounted for as year-end in the years they relate.

Section III—Federal Award Findings and Questioned Costs

U.S. Department of Transportation

Program Name: Federal Transit Cluster

Federal Assistance Listing Number: 20.507

Non-Material Non-Compliance – Allowable Costs

Finding 2022-002

Criteria or specific requirement: The 2 CFR Part 200, Subpart E establish principles and standards for determining allowable direct and indirect costs for federal awards. In order to receive cost reimbursement under federal awards, the department or agency usually submits claims asserting that allowable and eligible costs (direct and indirect) have been incurred in accordance with 2 CFR Part 200, Subpart E.

Condition: The County had included employee payroll deductions in the overall reimbursement requests for payroll costs that were not paid by the County.

Context: There were two (2) employees with 26 payroll periods each and one (1) employee with 20 payroll periods requested for reimbursement during the year in which we tested seven (7) employee payroll periods.

Questioned Costs: No known or likely questioned costs exceeded \$25,000.

Effect: Amounts requested for reimbursement were not related to allowable costs incurred by the County and could have resulted in questioned costs.

Cause: The County was unaware that costs paid by employees were not reimbursable under the grant.

Recommendation: We recommend that the County provide training to all departments regarding allowable costs to ensure only costs allowable under the grant agreement and paid by the County are filed for reimbursement.

Views of responsible officials: Management agrees with the finding and is implementing procedures to correct this which is further discussed in the corrective action plan.

Corrective Action Plan: See Corrective Action Plan prepared by the County.

HENDERSON COUNTY, NORTH CAROLINA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2022

Section III—Federal Award Findings and Questioned Costs (continued)

U.S. Department of Health and Human Services

Passed through the North Carolina Department of Health and Human Services

Program Name: Low-Income Home Energy Assistance Program

Federal Assistance Listing Number: 93.568

Material Weakness and Nonmaterial Noncompliance – Allowable Costs and Eligibility

Finding 2022-003

Criteria: An effective system of internal control contemplates that management properly review and assess eligibility determinations and allowable costs identified do not exceed program limits prior to providing funding to an approved applicant.

Condition: While a manager reviews each approved application prior to disbursement there were three (3) instances where either the applicant was determined to be ineligible, or the amount paid exceeded the allowable limit.

Context: We tested a sample of 40 approved applications out of over 1,200 total applications approved during the year.

Effect: The County provided funding to ineligible recipients or amounts that exceeded the allowable limits which resulted in questioned costs.

Questioned Costs: Known questioned costs were \$370.05 and likely questioned costs were calculated to be \$28,861.74.

Cause: While the County has a process to review each approved application before disbursement, there was no documented procedures regarding review or formal checklist completed for each review.

Recommendation: We recommend the County develop a formal checklist that is specific in regard to what is being reviewed for each approved application, including but not limited to reviewing income support documentation and the income limit calculation, and ensure it is being completed prior to disbursing funds to the applicant.

Views of responsible officials: Management agrees with the finding and is implementing procedures to correct this which is further discussed in the corrective action plan.

Corrective Action Plan: See Corrective Action Plan prepared by the County.

Section IV—State Award Findings and Questioned Costs

Finding 2022-003 as listed in Section III *Federal Award Findings and Questioned Costs* is also considered to be a state award finding.

HENDERSON COUNTY, NORTH CAROLINA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

YEAR ENDED JUNE 30, 2022

None noted.

**HENDERSON COUNTY GOVERNMENT
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2022**

Grantor/Pass-Through Grantor/Program Title	Federal Assistance Listing Number	State/ Pass-Through Grantor Number	Fed. (Direct and Pass-Through) Expenditures	State Expenditures	Passed-through to Subrecipients
Federal Awards:					
<u>U. S. Department of Agriculture</u>					
Food and Nutrition Service					
Passed-Through N.C. Department of Health and Human Services:					
Division of Social Services:					
<u>Supplemental Nutrition Assist. Program (SNAP) Cluster:</u>					
Administration:					
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	404, 405 417	\$ 780,188	\$ -	\$ -
Total Supplemental Nutrition Assist. Program Cluster			780,188	-	-
Passed-Through N.C. Department of Health and Human Services:					
Division of Public Health					
Administration:					
WIC Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	13A25403GB	381,819	-	-
Urban Agriculture and Innovative Production	10.935		52,046	-	-
Total U.S. Department of Agriculture			1,214,053	-	-
<u>U.S. Department of Justice</u>					
<u>Criminal Division</u>					
Direct Program:					
Equitable Sharing Program	16.922	NC0450000	58,316	-	-
<u>Office of Justice Programs</u>					
Passed-Through N.C. Department of Public Safety:					
<u>JAG Program:</u>					
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2017-DJ-BX-0129	18,642	-	-
Total JAG Program			18,642	-	-
<u>Coprehensive Community-based Program</u>					
Comprehensive Opiod Abuse Site-Based Program	16.838	2020-AR-BX-0064	230,676	-	-
Total Comprehensive Community-based Program			230,676	-	-
Total U.S. Department of Justice			307,634	-	-
<u>U.S. Department of Transportation</u>					
<u>Federal Transit Administration</u>					
Passed-Through N.C. Department of Transportation:					
<u>Federal Transit Cluster:</u>					
COVID19 Federal Transit Formula Grants:					
Administration	20.507	NC-90-X503-00	126,274	-	-
Capital	20.507	NC-90-X530-00	667,833	-	-
Total Federal Transit Cluster			794,107	-	-
Total U.S. Department of Transportation			794,107	-	-
<u>U.S. Department of Homeland Security</u>					
<u>Federal Emergency Management Agency (FEMA)</u>					
Passed-Through N.C. Department of Public Safety:					
Division of Emergency Management:					
COVID-19 Disaster Grants - Public Assistance	97.036		215,072	-	-
Emergency Management Performance Grants	97.042	EMW-2015-EP-00011-S01	70,244	-	-
FEMA - Hurricane Isaias	97.039	HMG DR-4568-NC	21,499	-	-
Total U.S. Department of Homeland Security			306,816	-	-
<u>U. S. Department of Health and Human Services</u>					
<u>Administration for Children and Families</u>					
Passed-Through N.C. Department of Health and Human Services:					
Division of Social Services:					
Administration:					
Social Services Block Grant - State In Home Services	93.667	150, 151	31,493	-	-
Social Services Block Grant - State Adult Day Care	93.667	30	12,670	10,640	-
Social Services Block Grant - APS	93.667	170	18,870	-	-
Social Services Block Grant - APS Essential Services	93.667	493	6,408	-	-
Social Services Block Grant - CPS TANF to SSBG	93.667	127	150,779	-	-
Social Services Block Grant - Other Service and Training	93.667	387, 390, 393	279,093	-	-
Child Support Enforcement	93.563	123, 423, 430	707,762	-	-
<u>Special Children Adoption Fund Cluster (Note 4):</u>					
Mary Lee Allen Promoting Safe and Stable Families	93.556	220	154,872	-	-
Stephanie Tubbs Jones Child Welfare Services Program	93.645	368, 464, 465	30,269	-	-
Total Special Children Adoption Fund Cluster (Note 4)			185,141	-	-

**HENDERSON COUNTY GOVERNMENT
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2022**

Grantor/Pass-Through Grantor/Program Title	Federal Assistance Listing Number	State/ Pass-Through Grantor Number	Fed. (Direct and Pass-Through) Expenditures	State Expenditures	Passed-through to Subrecipients
<u>Refugee and Entrant Assistance Cluster (Note 4):</u>					
Refugee and Entrant Assistance State/Replacement Designee Administered Programs	93.566	403	2,791	-	-
Total Refugee and Entrant Assistance Cluster (Note 4)			2,791	-	-
<u>Low Income Household Water Assistant Program:</u>					
Low Income Household Water Assistance Program - Administration	93.499	410	7,530	-	-
Low Income Household Water Assistance Program - CAA	93.499	377	26,519	-	-
<u>Low Income Energy Assistance Program:</u>					
Low Income Home Energy Assistance - Administration	93.568	406	55,817	-	-
COVID-19 Low Income Energy Assistance Program - ARPA	93.568	498	521,511	-	-
COVID-19 Low Income Energy Assistance Program - ARPA ADM	93.568	492	38,789	-	-
<u>Energy Assistance Payments - Direct Benefit Payments</u>					
Low Income Home Energy Assistance - Crisis Intervention Program	93.568	372	217,223	-	-
Low Income Home Energy Assistance	93.568	352	308,394	-	-
Total Low Income Home Energy Assistance			1,141,734	-	-
<u>John H. Chafee Foster Care Program for Successful Transition to Adulthood - Admin</u>					
John H. Chafee Foster Care Program for Successful Transition to Adulthood - Direct Benefits	93.674	290,291	20,583	5,146	-
Total Division of Social Services		091255869	44,549	-	-
			2,635,922	15,786	-
<u>Temporary Assistance for Needy Families</u>					
<u>Division of Public Health:</u>					
Temporary Assistance for Needy Families	93.558	1801NCTANF - 13A15151T245	8,165	-	-
<u>Division of Social Services:</u>					
Temporary Assistance for Needy Families (TANF)/ Work First - Admin	93.558	1801NCTANF- 151,052,058	1,209,992	-	-
Total Temporary Assistance for Needy Families			1,218,157	-	-
<u>Foster Care, Adoption, and Guardianship Assistance Program Cluster (Note 4):</u>					
<u>Division of Social Services:</u>					
<u>Administration:</u>					
Foster Care Title IV-E- Administration	93.658	1801NCFOST - 302,304	611,496	-	-
Foster Care Title IV-E- Adoption	93.658	1801NCFOST - 091255869	228,142	23,616	-
Foster Care Title IV-E - CPS	93.658	1801NCFOST - 274	74,967	83,788	-
Adoption Assistance	93.659	1801NCADT - 091255869	39,521	-	-
<u>Direct Benefits Payments:</u>					
Foster Care Title IV-E	93.658	1801NCFOST - 091255869	486,606	117,081	-
Total Foster Care and Adoption Cluster (Note 4)			1,440,732	224,485	-
<u>Subsidized Child Care Cluster (Note 4)</u>					
<u>Child Care Development Fund Cluster:</u>					
<u>Division of Social Services:</u>					
Child Care Mandatory and Matching Funds of the Child Care and Development Fund - Administration	93.596	364	120,167	-	-
Total Administration for Children and Families			5,414,977	240,271	-
<u>Centers for Medicare and Medicaid Services</u>					
<u>Passed-Through N.C. Department of Health and Human Services:</u>					
<u>Division of Medical Assistance:</u>					
<u>Medicaid Cluster:</u>					
<u>Administration:</u>					
Medical Assistance Program	93.778	XIX-MAP18 - 421,412,478	3,803,064	27,239	-
Total Medicaid Cluster			3,803,064	27,239	-
<u>Division of Social Services:</u>					
<u>Administration:</u>					
Children's Health Insurance Program - N.C. Health Choice	93.767	440,441	32,046	2,482	-
Total Division of Medical Assistance			3,835,110	29,721	-
<u>Centers for Disease Control and Prevention</u>					
<u>Passed-Through N.C. Department of Health and Human Services:</u>					
<u>Division of Public Health:</u>					
Immunization Cooperation Agreements	93.268	1331631CEJ	17,938	-	-
COVID-19 Immunization Cooperation Agreements	93.268	13316220P7	402,287	-	-
Project Grants and Cooperative Agreements for Tuberculosis Control Program	93.116	1460272BNF/CNF	50	-	-
Preventive Health and Health Services Block Grant funded solely with Affordable Care Act (ACA) Personal Responsibility Education Program	93.069	12642680EQ/ER	36,828	-	-
Injury Prevention and Control Research and State and Community Based Programs	93.136	1271121AEF	109,992	-	-
Sexually Transmitted Diseases (STD) Prevention and Control Grants	93.977	1311462CNB/1311462DNB	100	-	-
Preventive Health and Health Services Block Grant	93.991	1261550300/12615503PH	30,607	-	-
National and State Tobacco Control Program	93.387		3,501	-	-
COVID-19 Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323		759,305	-	-
Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations	93.898	13203100D7	18,850	-	-

**HENDERSON COUNTY GOVERNMENT
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2022**

Grantor/Pass-Through Grantor/Program Title	Federal Assistance Listing Number	State/ Pass-Through Grantor Number	Fed. (Direct and Pass-Through) Expenditures	State Expenditures	Passed-through to Subrecipients
<u>Health Resources and Services Administration</u>					
Passed-Through N.C. Department of Health and Human Services:					
Division of Public Health:					
Maternal and Child Health Services Block Grant					
Care Coordinator for Children			23,823	-	-
Innovative Approaches			138,687	-	-
Child Fatality Prevention			720	-	-
HMHC-February Start			6,234	34,894	-
Child Health			18,717	-	-
Total Maternal and Child Health Services Block Grant	93.994	13A15700045	188,181	34,894	-
<u>Office of the Assistant Secretary for Health</u>					
Passed-Through N.C. Department of Health and Human Services:					
Division of Public Health:					
Family Planning Services	93.217	13A15151T2	52,675	-	-
Total Division of Public Health			1,620,314	34,894	-
<u>Administration for Community Living</u>					
Passed-Through Land of the Sky Regional Council:					
<u>Aging Cluster:</u>					
and Senior Centers-Legal	93.044	21/22AANCT3SS	38,584	6,808	45,392
Special Programs for the Aging, Title III, Part B, Grants for Supportive Services	93.044	21/22AANCT3SS	193,032	157,149	350,181
and Senior Centers	93.045	21/22AANCT3CM	44,639	9,384	54,023
Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045	21/22AANCT3HD	107,636	275,875	383,511
Special Programs for the Aging, Title III, Part C, Nutrition Services	93.053	21/22AANCNSIP	64,078	-	64,078
Nutrition Services Incentive Program			447,969	449,216	897,185
Total Aging Cluster					
National Family Caregiver Support, Title III, Part E	93.052	21/22AANCT3FC	50,113	3,341	53,454
Total Administration for Community Living			498,082	452,557	950,639
Total U. S. Department of Health and Human Services			11,368,483	757,442	950,639
<u>U. S. Department of Treasury</u>					
COVID-19: Coronavirus State and Local Fiscal Recovery Funds	21.027		77,727		
Total U. S. Department of Treasury			77,727		
Total Federal Awards			14,068,820	757,442	950,639
State Awards:					
<u>N.C. Department of Cultural and Natural Resources</u>					
Division of State Library:					
State Aid to Public Libraries	XXXX	XXXX	-	138,486	-
Total N.C. Department of Cultural and Natural Resources			-	138,486	-
<u>N.C. Department of Environmental Quality</u>					
Water Resources Development Project Grant	XXXX	CW22129	-	3,164	-
Environmental Enhancement Grant	XXXX	HCSWC 020-CR	-	31,033	-
Total N.C. Department of Environmental Quality			-	34,197	-
<u>N.C. Department of Agriculture and Consumer Services</u>					
Division of Public Health:					
Other Receipts / State Supported Expenditures					
Food and Lodging Fees	XXXX	11534752SZ	-	25,767	-
PH Capacity Building	XXXX	1161411000	-	91,763	-
Breast and Cervical Cancer Program	XXXX	132055990045	-	6,175	-
Child Health	XXXX	127157450045	-	13,780	-
General Communicable Disease Control	XXXX	117545100045	-	2,586	-
Women Health Service Fund	XXXX	13A16016FR45	-	9,668	-
School Nurse Funding Initiative	XXXX	133253580045	-	100,000	-
Maternal Health	XXXX	13A157400045	-	63,763	-
Family Planning - State	XXXX	13A157350045	-	8,352	-
HIV / STD State	XXXX	13114536RQ	-	12,828	-
Healthy Communities	XXXX	1261550300	-	16,043	-
Tuberculosis Control	XXXX	146045510045	-	12,262	-
Total Division of Public Health			-	362,987	-

**HENDERSON COUNTY GOVERNMENT
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2022**

Grantor/Pass-Through Grantor/Program Title	Federal Assistance Listing Number	State/ Pass-Through Grantor Number	Fed. (Direct and Pass-Through) Expenditures	State Expenditures	Passed-through to Subrecipients
Division of Social Services:					
Administration:					
State Child Welfare/CPS/CS LD	XXXX	115, 117	-	129,508	-
Energy Assistance - Private Grants	XXXX	397	-	509	-
Direct Benefit Payments:					
State Foster Home / SFHF Maximization	XXXX	XXXX	-	197,177	-
Extended Foster Care Maximization Non Title IV-E	XXXX	XXXX	-	67,149	-
Total Division of Social Services			-	394,343	-
Total N.C. Department of Health and Human Services			-	757,330	-
<u>N.C. Department of Public Safety</u>					
Division of Juvenile Justice:					
Juvenile Crime Prevention Council Programs	XXXX	XXXX	-	269,295	269,295
Division of Emergency Management:					
Hazmat Emergency Preparedness	XXXX	T2-2018-1865	-	1,000	-
Total N.C. Department of Public Safety			-	270,295	269,295
<u>N.C. Department of Public Instruction</u>					
Public School Building Capital Fund - Lottery	XXXX	XXXX	-	1,064,638	-
Total N.C. Department of Public Instruction			-	1,064,638	-
<u>N.C. Department of Transportation</u>					
Rural Operating Assistance Program (ROAP):					
ROAP Elderly and Disabled Transportation Assistance Program (E&TAP)	XXXX	DOT-16CL	-	52,679	-
ROAP Rural General Public Program (RGP)	XXXX	DOT-16CL	-	27,634	-
ROAP Workfirst Transitional Employment Assistance Program	XXXX	DOT-16CL	-	43,244	-
Total ROAP			-	123,557	-
Public Transportation Division					
State Maintenance Assistance Program	XXXX	DOT-9	-	162,794	-
Total N.C. Department of Transportation			-	286,351	-
<u>NC State Board of Elections</u>					
2020 HAVA Funds	XXXX	NC20101001-45	-	49,514	-
Total NC State Board of Elections			-	49,514	-
Total State Awards			-	2,600,810	269,295
Total Federal and State Awards			\$ 14,068,820	\$ 3,358,253	\$ 1,219,934

Notes to the Schedule of Expenditures of Federal and State Financial Awards:

Note 1: Basis of Presentation

The accompanying Schedule of Expenditures of Federal and State awards (SEFSA) includes the federal and State grant activity of Henderson County under the programs of the federal government and the State of North Carolina for the year ended June 30, 2022. The information in this SEFSA is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of Henderson County, it is not intended to and does not present the financial position, changes in net position or cash flows of Henderson County.

Note 2: Summary of Significant Accounting Policies

Expenditures reported in the SEFSA are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3: Indirect Cost Rate

Henderson County has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 4: Cluster of Programs

The following are clustered by the NC Department of Health and Human Services and are treated separately for state audit requirement purposes: Subsidized Child Care, Foster Care and Adoption, Special Children Adoption Fund, Refugee and Entrant Assistance, and HIV Clusters.

Henderson County



Audit Finding 2022-001
Financial Reporting and Close – Significant Deficiency

Error	Corrective Action	Person Responsible	Completion Date
Errors in financial reporting related to GASB 87 implementation and year end accruals.	All inputs into future lease calculations will be reviewed by a second party prior to posting.	Assistant Finance Director, Randall Cox Samantha Reynolds, Finance Director	Immediate
	Include incurred but not reported claims, retainage payable and solid waste revenue on the year end close checklist.	Assistant Finance Director, Randall Cox Samantha Reynolds, Finance Director	Immediate

Henderson County



Single Audit Finding 2022-002
Non-Material Non-Compliance – Allowable Costs

Error	Corrective Action	Person Responsible	Completion Date
Amounts for employee portion of payroll costs not incurred by the county included in overall reimbursement request of Federal Transit Authority (FTA) funding.	Quarterly review by Department Director and Internal Audit of all transit expenses proposed for reimbursement request.	Planning Director, Autumn Radcliff	Immediate
	All staff responsible for program management and review to be trained and educated on FTA guidance and program compliance requirements.	Planning Director, Autumn Radcliff Janna Bianculli, Senior Planner	Immediate

Henderson County



Single Audit Finding 2022-003

Material Weakness and Nonmaterial Noncompliance – Allowable Costs and Eligibility

Error	Corrective Action	Person Responsible	Completion Date
Provided funding to ineligible recipients	2 nd Party form for all Energy Programs developed and implemented. Supervisors and Lead Workers will complete reviews.	Program Managers, Bob Jones Vicki Huntley Amber Buchanan	10/01/2022
	All staffed trained on Energy Programs.	Sandra Phelan, IMC III	09/15/2022
	Checklist review sheet created and implemented to be completed prior to authorizing benefits, it will be documented and scanned into Laserfiche by case worker.	Bob Jones, PM Energy Workers	10/01/2022
	A recorded training will be updated prior to start of LIEAP season and staff will be required to watch and sign roster.	Sandra Phelan, IMC III Energy Workers	12/01/2022
Payment Increased to \$600	Payments will only be issued in the amount that will alleviate the crisis. Authorized payments will be reviewed through 2 nd party reviews.	Program Managers Supervisors Lead Workers	Immediate