

# **HENDERSON COUNTY NORTH CAROLINA**

## **ANNUAL COMPREHENSIVE FINANCIAL REPORT**

**FOR THE YEAR ENDED JUNE 30, 2023**

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

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October 31, 2023

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, 2023, 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 the 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, 2023, 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, 2023 are fairly presented in conformity with GAAP.

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

For financial reporting purposes, in accordance with the Governmental Accounting Standard Board, the County includes all funds of the primary government, as well as any component units. Component units are legally separate entities for which the primary government is financially accountable. For the fiscal year ended June 30, 2023, 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 percent on gross revenues from hotel/motel/bed and breakfast occupancy within the corporate limits. Henderson County administers collections, with net collections 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 118,835. 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 percent 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 percent of the County's 375 square mile land base. Crop receipts in the County are primarily generated from "Specialty Crops". Traditional fruit and vegetable production, including apples, tomatoes, cucumbers, lettuce, sweet corn, bell peppers, wine grapes, blackberries, mushrooms, and other produce earning a combined \$85 million in a normal year. Henderson County ranks 1<sup>st</sup> 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 1<sup>st</sup> to 3<sup>rd</sup> in NC and earn about \$60 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 \$160 million in farm production revenues in a normal year. Agribusiness generates over \$800 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.

Despite being part of a globally fluctuating tourism economy post-covid, Henderson County's tourism industry has remained solid due to its location, temperate climate, friendly towns, outdoor amenities and much more. As of 2022, the most recent data available from the state of NC, the tourism industry employs over 2,600 in Henderson County and ranks 17<sup>th</sup> 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 \$265 to each County resident.

## **HENDERSON COUNTY, NORTH CAROLINA**

### **CHART OF NEW CONSTRUCTION VALUES AND UNEMPLOYMENT RATES**

<b>Fiscal Year</b>	<b>Permits</b>	<b>Dollar Value</b>	<b>Unemployment Rates</b>
2023	821	\$460,718,540	3.0
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 2023 for new residential and commercial construction decreased by 12 percent from the previous fiscal year. The total dollar value of those new permits increased by \$41.17 million or 9.81 percent. This increase was due to higher valued residential projects permitted during the year. The local unemployment rate decreased in fiscal year 2023 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:

<b>Company Name</b>	<b>Product</b>	<b>Approximate Number of Employees</b>
Meritor Heavy Vehicle Systems, LLC	Commercial Truck Axles	698
Wilsonart International, Inc.	High-Pressure Laminate Countertops	600
Manual Wood Workers, Inc.	Jacquard Weaving, Digital Printing & Cut and Sew	600
Linamar Light Metals	Light Metal Casting, Forgings and Assembly	515
Sierra Nevada Brewing Company	Beer	450
Kimberly-Clark	Health Products	362
UPM Raflatac, Inc.	Pressure Sensitive Label Stock	220
Current, by GE	LED Light Fixtures	205

### **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 \$11.2 million or 6.4% over the previous fiscal year. Total General Fund expenses increased by \$10.8 million or 6.8% over fiscal year 2022. Total General Fund Balance increased by \$7,137,849 to \$93,037,484. Unassigned Fund Balance, the amount available for appropriation in the General Fund, increased by \$1,084,336 to \$45,022,724. 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 received 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 \$927,865 in fiscal year 2023. The net position of the Justice Academy Sewer Fund increased by \$1,201 in fiscal year 2023.

The Board's Debt Capacity Policy states that total outstanding debt may not exceed 3 percent of the total assessed property value for the fiscal year and total debt service payments may not exceed 15 percent of total General Fund expenditures. Both debt capacity measures were met for fiscal year 2023.

**FOR THE FUTURE.** For fiscal year 2024, the Board decreased the ad valorem tax rate of .4310 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 2023, with the reappraisal becoming effective in fiscal year 2024. The next updated property reappraisal is currently underway, becoming effective January 1, 2027, with the new valuation in effect for the fiscal year 2028 budget cycle.

Sales tax revenues were budgeted conservatively and at the same level as total actual receipts 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 2023. The Board budgeted \$22.85 million in Unassigned General Fund Balance to balance the fiscal year 2024 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 percent 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 \$45.0 million in Unassigned General Fund Balance or 24.46 percent of total General Fund expenditures including transfers out to other funds. The Local Government Commission of the North Carolina Department of State Treasurer recommends that local governments have at least 8 percent of General Fund Expenditures in Unassigned General Fund Balance available for appropriation.

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

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

## **OTHER INFORMATION**

**INDEPENDENT AUDIT.** State statutes require an annual audit by independent certified public accountants. The firm of 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, 2022. This was the 34th 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.

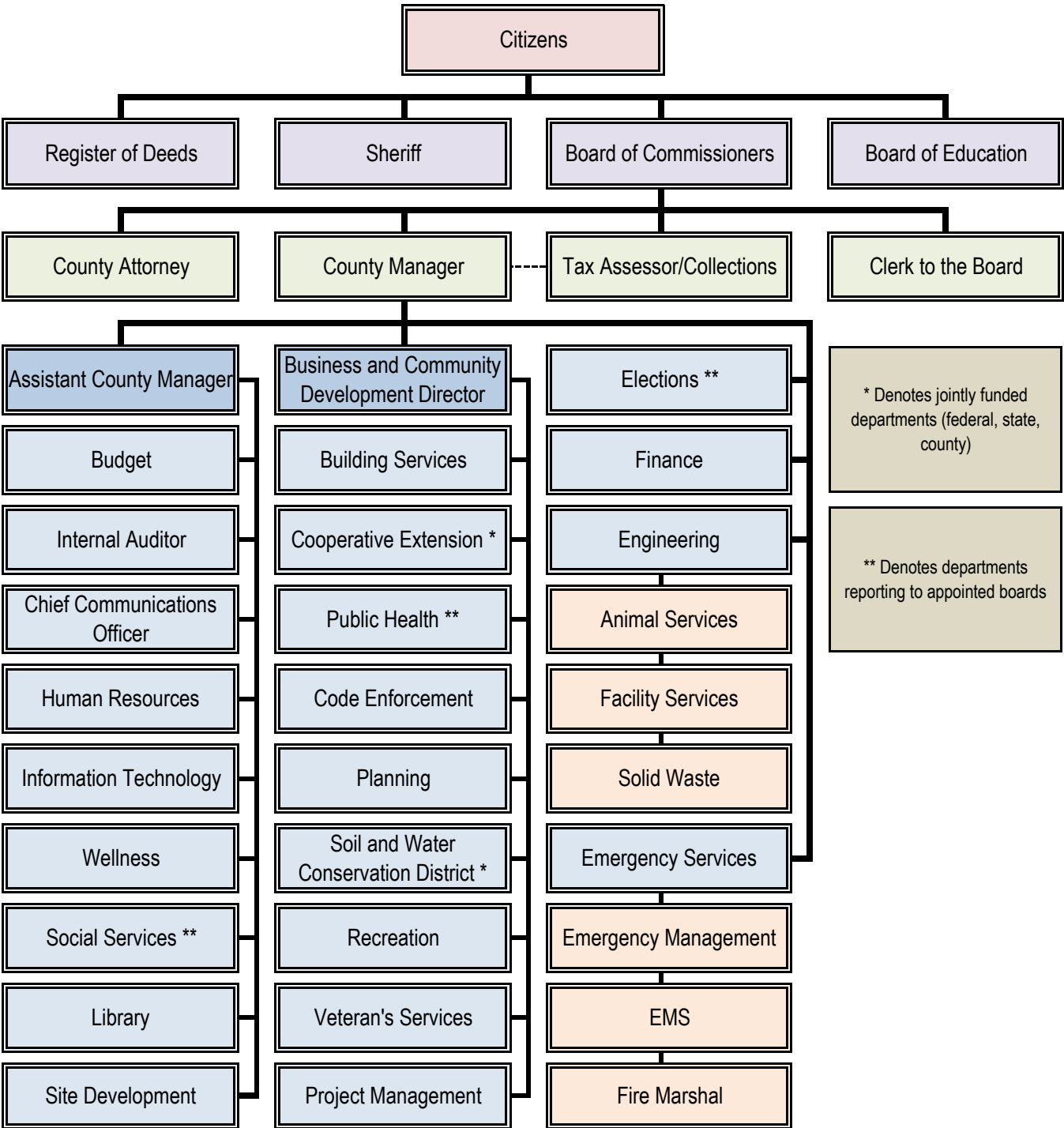


In closing, I wish to thank the Board of Commissioners for their leadership and support in positioning Henderson County as a fiscally sound, well-governed community. Without the support of the Board of Commissioners and County Management, preparation of this report would not have been possible.

Sincerely,

A handwritten signature in blue ink that reads "Samantha R. Reynolds". The signature is written in a cursive, flowing style.

Samantha R. Reynolds, CPA  
Finance Director



# HENDERSON COUNTY, NORTH CAROLINA

## List of Principal Officials

June 30, 2023

### **Board of Commissioners**

Chairman.....	Rebecca McCall
Vice Chairman.....	J. Michael Edney
Commissioner .....	William G. Lapsley
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
Chief Communications Officer .....	Mike Morgan
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 .....	Harry Rising
Elections Director .....	Summer Heatherly
Emergency Services Director.....	Jimmy Brissie
Fire Marshal .....	Kevin Waldrup
EMS Manager .....	Michael Barnett
Facilities Services Director .....	Andrew Griffin
Finance Director.....	Samantha Reynolds
Human Resources Director .....	Karen Ensley
Information Technology Director.....	Mark Seelenbacher
Internal Auditor/Budget Manager .....	Sonya Flynn
Library Director .....	Trina Rushing
Planning .....	Autumn Radcliff
Public Health Director.....	Steven E. Smith
Public Transportation Planner .....	Janna Bianculli
Purchasing Agent.....	Doug Guffey
Recreation Director .....	Bruce Gilliam
Register of Deeds .....	Lee King
Sheriff .....	Lowell S. Griffin
Social Services Director .....	Jerrie McFalls
Soil and Water Conservation District Director .....	Jonathan Wallin
Solid Waste & Utilities Manager.....	Greg Wiggins
Veteran Services Officer.....	Brent Embry
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, 2022

*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, 2023, 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, 2023, 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 97.9%, 97.9%, and 99.9%, respectively, of the assets, net position, and revenues of the discretely presented component units as of June 30, 2023, 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 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*.

#### **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 12 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 tables 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* ("Uniform Guidance"), and 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 2023 and 2022 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. In our opinion, the combining and individual fund statements and schedules and the schedule of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements for the years ended June 30, 2023 and 2022, as a whole.

We also have previously audited, in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, the 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 (none of which is presented herein), and we expressed unmodified opinions on those basic financial statements. Those audits were conducted for purposes of forming an opinion on the basic financial statements as a whole. The accompanying supplemental information, as listed in the tables of contents, and schedule of expenditures of federal and state awards are presented for purposes of additional analysis and are not a required part of the 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 2022 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of those financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*. In our opinion, the accompanying supplemental information, as listed in the tables of contents, and schedule of expenditures of federal and state awards are fairly stated in all material respects in relation to the financial statements from which it has been derived.

#### ***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, 2023, 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.

*Cherry Bekaert LLP*

Charlotte, North Carolina  
October 31, 2023



# HENDERSON COUNTY, NORTH CAROLINA

## Management's Discussion and Analysis

June 30, 2023

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, 2023. 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

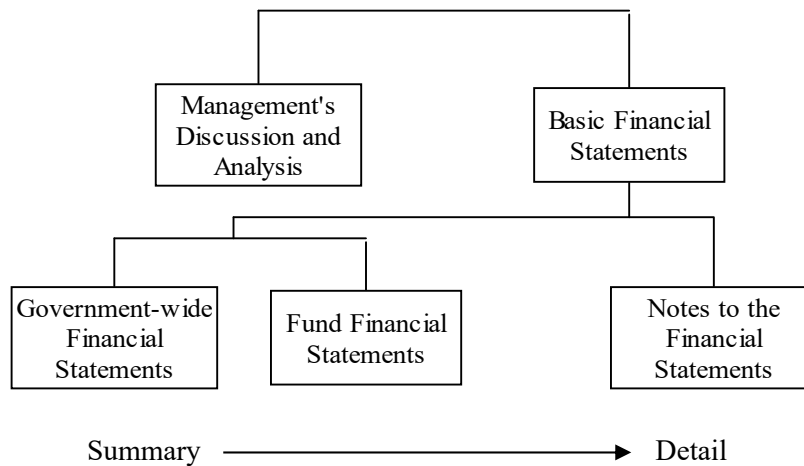
- The assets and deferred outflows of resources of the County exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$46,386,193 (*net position*). In accordance with North Carolina law, liabilities of the County include approximately \$120,753,829 in long-term 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 increased by \$20,471,718. Net position in the governmental activities increased by \$19,542,652. This increase was primarily due to the reduction in expenditure of limited obligation bond indebtedness on school capital projects that were completed during the fiscal year. Net position in the business-type activities increased by \$929,066. This increase is due to an increase in certain revenue streams during FY2023, specifically transfers from the general fund.
- As of the close of the current fiscal year, Henderson County's governmental funds reported combined ending fund balances of \$128,558,900, an increase of \$5,334,080 in comparison with the prior year. Approximately 28.6% of this total amount, or \$36,810,501, is non-spendable or restricted.
- At the end of the current fiscal year, available fund balance for the General Fund was \$68,348,487, or 40.58%, 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 \$14,818,820 (8.8%) 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 FY2023.

### 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	
	2023	2022	2023	2022	2023	2022
<b>Assets and Deferred Outflows:</b>						
Current and other assets	\$ 168,940,718	\$ 163,245,867	\$ 3,025,533	\$ 2,654,849	\$ 171,966,251	\$ 165,900,716
Restricted non-current assets	13,493,506	14,500,412	-	-	13,493,506	14,500,412
Capital assets	114,149,787	108,360,431	9,283,512	8,998,750	123,433,299	117,359,181
Total assets	296,584,011	286,106,710	12,309,045	11,653,599	308,893,056	297,760,309
Deferred outflows of resources	38,426,662	30,271,038	779,873	586,784	39,206,535	30,857,822
Total assets and deferred outflows	335,010,673	316,377,748	13,088,918	12,240,383	348,099,591	328,618,131
<b>Liabilities and Deferred Inflows:</b>						
Long-term liabilities	225,676,502	216,789,391	2,694,739	2,446,128	228,371,241	219,235,519
Other liabilities	52,089,220	53,424,590	913,507	1,069,643	53,002,727	54,494,233
Total liabilities	277,765,722	270,213,981	3,608,246	3,515,771	281,373,968	273,729,752
Deferred inflows of resources	20,228,848	28,690,316	110,582	283,588	20,339,430	28,973,904
Total liabilities and deferred inflows	297,994,570	298,904,297	3,718,828	3,799,359	301,713,398	302,703,656
<b>Net Position:</b>						
Net investment in capital assets	79,584,947	69,357,469	8,750,177	8,332,082	88,335,124	77,689,551
Restricted	35,839,504	31,688,891	-	-	35,839,504	31,688,891
Unrestricted	(78,408,348)	(83,572,909)	619,913	108,942	(77,788,435)	(83,463,967)
Total net position	\$ 37,016,103	\$ 17,473,451	\$ 9,370,090	\$ 8,441,024	\$ 46,386,193	\$ 25,914,475

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 \$46,386,193 as of June 30, 2023. The County's net position increased by \$20,471,718 for the fiscal year ended June 30, 2023. Net position of the County is reported in three categories: net investment in capital assets of \$88,335,124, restricted net position of \$35,839,504, and unrestricted net position of (\$77,788,435).

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 \$120.8 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 99.27%.
- 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 \$13,257,261.
- Revenues, transfers, and other financing sources in the General Fund exceeded expenditures and other financing uses by \$7,137,849.

**Governmental Activities.** Governmental activities increased the County’s net position by \$19,542,652, or (95.5%), of the total increase in the net position of the Henderson County. This increase is primarily due to increases in ad valorem taxes and local option sales taxes.

**Business-Type Activities.** Business-type activities increased the County’s net position by \$929,066, or 4.5% of the total increase in the net position of the Henderson County. The increase is attributable to an increase in charges for services for FY2023, particularly transfers from the general fund. (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>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 10,636,039	\$ 12,004,456	\$ 8,307,391	\$ 8,343,392	\$ 18,943,430	\$ 20,347,848
Operating grants and contributions	28,548,374	25,821,612	274,212	239,763	28,822,586	26,061,375
Capital grants and contributions	-	1,106,390	-	-	-	1,106,390
General revenues:						
Property taxes	113,067,097	107,863,075	-	-	113,067,097	107,863,075
Other taxes	51,343,355	47,593,384	-	-	51,343,355	47,593,384
Other	4,371,910	567,840	50,615	14,483	4,422,525	582,323
Total revenues	<u>207,966,775</u>	<u>194,956,757</u>	<u>8,632,218</u>	<u>8,597,638</u>	<u>216,598,993</u>	<u>203,554,395</u>
<b>Expenses:</b>						
General government	39,738,524	66,159,638	-	-	39,738,524	66,159,638
Public safety	57,920,062	52,433,058	-	-	57,920,062	52,433,058
Environmental protection	997,810	499,951	-	-	997,810	499,951
Economic and physical development	3,509,927	3,552,267	-	-	3,509,927	3,552,267
Human services	34,700,762	32,837,027	-	-	34,700,762	32,837,027
Cultural and recreational	6,323,192	5,776,193	-	-	6,323,192	5,776,193
Education	38,835,084	36,883,640	-	-	38,835,084	36,883,640
Interest on long-term debt	4,898,762	5,358,185	-	-	4,898,762	5,358,185
Solid waste disposal	-	-	9,140,203	8,323,443	9,140,203	8,323,443
Other	-	-	62,949	66,001	62,949	66,001
Total expenses	<u>186,924,123</u>	<u>203,499,959</u>	<u>9,203,152</u>	<u>8,389,444</u>	<u>196,127,275</u>	<u>211,889,403</u>
Change in net position position before transfers and special items	21,042,652	(8,543,202)	(570,934)	208,194	20,471,718	(8,335,008)
Transfers	<u>(1,500,000)</u>	<u>-</u>	<u>1,500,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	19,542,652	(8,543,202)	929,066	208,194	20,471,718	(8,335,008)
<b>Net Position:</b>						
Beginning of year - July 1	17,473,451	26,907,978	8,441,024	8,232,830	25,914,475	35,140,808
Restatement	<u>-</u>	<u>(891,325)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(891,325)</u>
Beginning, restated	<u>17,473,451</u>	<u>26,016,653</u>	<u>8,441,024</u>	<u>8,232,830</u>	<u>25,914,475</u>	<u>34,249,483</u>
End of year - June 30	<u>\$ 37,016,103</u>	<u>\$ 17,473,451</u>	<u>\$ 9,370,090</u>	<u>\$ 8,441,024</u>	<u>\$ 46,386,193</u>	<u>\$ 25,914,475</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 \$68,348,487, while total fund balance was \$93,037,484. 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 40.58% of total General Fund expenditures, while total fund balance represents 55.25% of that same amount.

At June 30, 2023, the governmental funds of the County reported a combined fund balance of \$128,558,900, a 4.33% increase from last year. This was due ad valorem property tax and local option sales tax collections being 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 \$5,758,976 due to capital outlay associated with a property purchase and capital outlay related to maintenance, repair, technology, and security initiatives for Blue Ridge Community College.

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 \$1,199,039 due to capital outlay related to maintenance, repair, technology, and security initiatives for Henderson County Public Schools.

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 expenditures from 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 FY2023 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 \$13.3 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 \$16,175,502 over budget. Separately, a total of \$23.8 million in General Fund balance was appropriated to balance the FY2023 budget. None of the \$23.8 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 2023 General Fund revenues increased by \$11.21 million, or 6.4%, over the prior fiscal year, as compared to General Fund expenditures, which increased by \$10.7 million, or 6.8%, over fiscal year 2022. 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, additional amounts transferred to Landfill Fund and Capital Projects Funds, increase in salaries and wages expenditures, and additional expenditures related to state budget allocation amounts. Total General Fund balance increased \$7,137,849, while the amount of unassigned fund balance that is available for appropriation increased by \$1,084,336 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 \$11,120,380. 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 \$13,079,047. The second largest variance was in Ad Valorem Taxes, which had a positive actual to budget variance of \$3,096,455. Total General Fund revenues had a total positive actual to budget variance of \$17,262,164.

**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 \$619,913. During the fiscal year 2023, proprietary fund net position increased \$929,066. This slight increase is primarily due to transfer from the general fund to supplement 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, 2023, totals \$123,433,299 (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**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Land	\$ 19,916,699	\$ 15,349,827	\$ 6,038,035	\$ 6,038,035	\$ 25,954,734	\$ 21,387,862
Buildings	79,644,700	82,600,844	-	-	79,644,700	82,600,844
Plant and distribution systems	-	-	1,836,409	1,929,577	1,836,409	1,929,577
Equipment	2,334,457	2,423,962	1,091,547	869,147	3,426,004	3,293,109
Vehicles and motor equipment	5,011,109	5,179,019	170,320	161,991	5,181,429	5,341,010
Construction in progress	5,858,034	2,195,176	147,201	-	6,005,235	2,195,176
Real Property lease asset	635,538	588,427	-	-	635,538	588,427
Equipment lease asset	17,008	23,176	-	-	17,008	23,176
Subscription asset	732,242	-	-	-	732,242	-
<b>Total</b>	<b>\$ 114,149,787</b>	<b>\$ 108,360,431</b>	<b>\$ 9,283,512</b>	<b>\$ 8,998,750</b>	<b>\$ 123,433,299</b>	<b>\$ 117,359,181</b>

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, 2023, Henderson County had total bonded debt outstanding of \$147,906,969 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**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Limited obligation bonds	\$147,906,969	\$160,263,884	\$ -	\$ -	\$147,906,969	\$160,263,884
Direct placement - installment purchase	6,071,428	8,400,000	533,335	666,668	6,604,763	9,066,668
<b>Total</b>	<b>\$153,978,397</b>	<b>\$168,663,884</b>	<b>\$ 533,335</b>	<b>\$ 666,668</b>	<b>\$154,511,732</b>	<b>\$169,330,552</b>

Henderson County's total long-term debt decreased by \$14,818,820 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 \$1,266,813,310. As of June 30, 2023, Henderson County's limited obligation and installment notes payable indebtedness was \$154,511,732, which is 12.2% 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 \$195,108,495 General Fund budget for fiscal year 2024. The fiscal year 2024 ad valorem property tax rate remained at 43.10 cents per \$100 of assessed property valuation. Sales tax was budgeted at \$41,726,791, 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 FY2024 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, 2024**

**Governmental Activities.** For FY2024, the Board decreased the General Fund ad valorem tax rate to 43.10 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 FY2023, actual sales tax collections far exceeded original budgeted amounts. Unassigned General Fund Balance of \$22.8 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 FY2024 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 remained at \$63 for FY 2024. This fee was last increased in FY2022. Retained Earnings of \$9,697 were appropriated through a budget revision during FY2023. 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 FY2024.

### **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, 2023

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Henderson County Hospital Corporation	Henderson County Tourism Development Authority
<b>Assets:</b>					
Current assets:					
Cash and cash equivalents	\$ 118,352,806	\$ 2,342,358	\$ 120,695,164	\$ 13,131,665	\$ 2,543,132
Investments	-	-	-	23,301,051	-
Taxes receivable, net	887,116	-	887,116	-	-
Receivables, net	18,714,444	667,470	19,381,914	39,604,313	363,760
Lease receivable	896,048	-	896,048	-	-
Pledges receivable	-	-	-	275,771	-
Healthcare Access and Stabilization Program settlement	-	-	-	9,624,683	-
Inventories	86,040	-	86,040	7,390,793	-
Prepaid items	1,049,219	15,705	1,064,924	4,604,505	9,423
Restricted cash and cash equivalents	28,955,045	-	28,955,045	-	-
Restricted investments	-	-	-	1,468,555	-
Total current assets	168,940,718	3,025,533	171,966,251	99,401,336	2,916,315
Non-current assets:					
Net pension asset	164,262	-	164,262	-	-
Lease receivable, non-current	13,329,244	-	13,329,244	-	-
Capital assets:					
Land and construction in progress	25,774,733	6,185,236	31,959,969	21,639,125	-
Other capital assets, net of depreciation	86,990,266	3,098,276	90,088,542	80,447,348	27,826
Right to use lease and subscription assets, net of amortization	1,384,788	-	1,384,788	-	1,751,979
Total capital assets	114,149,787	9,283,512	123,433,299	102,086,473	1,779,805
Other assets	-	-	-	12,719,732	-
Total non-current assets	127,643,293	9,283,512	136,926,805	114,806,205	1,779,805
Total assets	296,584,011	12,309,045	308,893,056	214,207,541	4,696,120
<b>Deferred Outflows of Resources</b>					
OPEB deferrals	13,629,209	302,315	13,931,524	-	-
Pension deferrals	24,209,336	477,558	24,686,894	-	-
Charge on refunding	588,117	-	588,117	-	-
Total deferred outflows of resources	38,426,662	779,873	39,206,535	-	-
Total assets and deferred outflows of resources	335,010,673	13,088,918	348,099,591	214,207,541	4,696,120
<b>Liabilities:</b>					
Current liabilities:					
Accounts payable and accrued expenses	12,637,442	658,231	13,295,673	22,460,477	37,966
Liabilities to be paid from restricted assets	509,425	-	509,425	-	-
Advances from grantors - payable from restricted assets	23,415,518	-	23,415,518	-	-
Third-party payer settlements	-	-	-	4,082,112	-
Due within one year	15,526,835	255,276	15,782,111	7,168,166	51,356
Total current liabilities	52,089,220	913,507	53,002,727	33,710,755	89,322
Long-term liabilities:					
Net pension liability - LGERS	33,044,410	708,818	33,753,228	-	-
Total pension liability - LEOSA	7,172,543	-	7,172,543	-	-
Total OPEB liability	41,150,324	912,769	42,063,093	-	-
Other long-term liabilities	-	-	-	1,650	-
Due in more than one year	144,309,225	1,073,152	145,382,377	48,792,267	1,749,935
Total long-term liabilities	225,676,502	2,694,739	228,371,241	48,793,917	1,749,935
Total liabilities	277,765,722	3,608,246	281,373,968	82,504,672	1,839,257
<b>Deferred Inflows of Resources</b>					
Prepaid taxes	220,690	-	220,690	-	-
OPEB deferrals	4,744,513	105,240	4,849,753	-	-
Pension deferrals	1,347,868	5,342	1,353,210	-	-
Leases	13,915,777	-	13,915,777	-	-
Other deferred inflows	-	-	-	572,511	-
Total deferred inflows of resources	20,228,848	110,582	20,339,430	572,511	-

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

**HENDERSON COUNTY, NORTH CAROLINA**

**STATEMENT OF NET POSITION  
JUNE 30, 2023**

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Henderson County Hospital Corporation	Henderson County Tourism Development Authority
<b>Net Position:</b>					
Net investment in capital assets	79,584,947	8,750,177	88,335,124	45,404,443	49,688
Restricted for:					
Stabilization by state statute	15,334,925	-	15,334,925	-	363,760
Register of Deeds	215,101	-	215,101	-	-
Register of Deeds' pension plan	164,262	-	164,262	-	-
Public safety	5,725,870	-	5,725,870	-	-
Human services	3,807,997	-	3,807,997	-	-
Education	7,851,989	-	7,851,989	-	-
Cultural and recreational	119,288	-	119,288	-	-
Economic and physical development	2,620,072	-	2,620,072	-	-
By donor	-	-	-	1,328,454	-
Tourism promotion	-	-	-	-	2,443,415
Unrestricted	(78,408,348)	619,913	(77,788,435)	84,397,461	-
Total net position	<u>\$ 37,016,103</u>	<u>\$ 9,370,090</u>	<u>\$ 46,386,193</u>	<u>\$ 131,130,358</u>	<u>\$ 2,856,863</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, 2023

		Program Revenues		
		Charges for	Operating	Capital
	Expenses	Services	Grants and Contributions	Grants and Contributions
<b>Functions/Programs:</b>				
<b>Primary Government:</b>				
<b>Governmental Activities:</b>				
General government	\$ 39,738,524	\$ 2,527,576	\$ 5,418,982	\$ -
Public safety	57,920,062	6,354,323	2,232,108	-
Environmental protection	997,810	3,457	33,515	-
Economic and physical development	3,509,927	77,621	1,719,073	-
Human services	34,700,762	327,844	16,123,760	-
Cultural and recreational	6,323,192	1,345,218	434,020	-
Education	38,835,084	-	2,586,916	-
Interest on long-term debt	4,898,762	-	-	-
Total governmental activities	186,924,123	10,636,039	28,548,374	-
<b>Business-Type Activities:</b>				
Landfill	9,140,203	8,262,391	274,212	-
Justice Academy Sewer	62,949	45,000	-	-
Total business-type activities	9,203,152	8,307,391	274,212	-
Total primary government	\$ 196,127,275	\$ 18,943,430	\$ 28,822,586	\$ -
<b>Component Units:</b>				
Henderson County Hospital Corporation	\$ 361,486,282	\$ 356,365,781	\$ (493,083)	\$ -
Henderson County Tourism Development Authority	3,705,631	10,928	-	-
Total	\$ 365,191,913	\$ 356,376,709	\$ (493,083)	\$ -

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

# HENDERSON COUNTY, NORTH CAROLINA

## STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2023

	Net (Expense) Revenue and Changes in Net Position				
	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Henderson County Hospital Corporation	Henderson County Tourism Development Authority
<b>Functions/Programs:</b>					
<b>Primary Government:</b>					
<b>Governmental Activities:</b>					
General government	\$ (31,791,966)	\$ -	\$ (31,791,966)		
Public safety	(49,333,631)	-	(49,333,631)		
Environmental protection	(960,838)	-	(960,838)		
Economic and physical development	(1,713,233)	-	(1,713,233)		
Human services	(18,249,158)	-	(18,249,158)		
Cultural and recreational	(4,543,954)	-	(4,543,954)		
Education	(36,248,168)	-	(36,248,168)		
Interest on long-term debt	(4,898,762)	-	(4,898,762)		
Total governmental activities	(147,739,710)	-	(147,739,710)		
<b>Business-Type Activities:</b>					
Landfill	-	(603,600)	(603,600)		
Justice Academy Sewer	-	(17,949)	(17,949)		
Total business-type activities	-	(621,549)	(621,549)		
Total primary government	(147,739,710)	(621,549)	(148,361,259)		
<b>Component Units:</b>					
Henderson County Hospital Corporation				\$ (5,613,584)	\$ -
Henderson County Tourism Development Authority				-	(3,694,703)
Total				(5,613,584)	(3,694,703)
<b>General Revenues:</b>					
Taxes:					
Property taxes, levied for general purpose	113,067,097	-	113,067,097	-	-
Local option sales tax	45,656,830	-	45,656,830	-	-
Other taxes and licenses	5,686,525	-	5,686,525	-	3,743,343
Investment earnings, unrestricted	4,371,910	45,910	4,417,820	2,362,757	83,817
Miscellaneous, unrestricted	-	4,705	4,705	-	1,325
Other	-	-	-	94,944	-
Total general revenues	168,782,362	50,615	168,832,977	2,457,701	3,828,485
Transfers	(1,500,000)	1,500,000	-	-	-
Total general revenues and transfers	167,282,362	1,550,615	168,832,977	2,457,701	3,828,485
Change in net position	19,542,652	929,066	20,471,718	(3,155,883)	133,782
<b>Net Position:</b>					
Net position - beginning	17,473,451	8,441,024	25,914,475	134,286,241	2,723,081
End of year - June 30	\$ 37,016,103	\$ 9,370,090	\$ 46,386,193	\$ 131,130,358	\$ 2,856,863

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



## **Fund Financial Statements**

# HENDERSON COUNTY, NORTH CAROLINA

## BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2023

	General Fund	General Capital Projects Fund	School Capital Projects Fund	American Rescue Plan Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets:</b>						
Cash and cash equivalents	\$ 87,534,643	\$ 4,830,321	\$ 1,377,699	\$ -	\$ 24,610,143	\$ 118,352,806
Taxes receivable, net	887,116	-	-	-	-	887,116
Other receivables, net	17,826,841	4,044	52,136	-	831,423	18,714,444
Lease receivable	14,225,292	-	-	-	-	14,225,292
Inventories	86,040	-	-	-	-	86,040
Prepaid items	1,031,445	-	-	-	17,774	1,049,219
Restricted cash and cash equivalents	215,101	1,120,784	2,127,200	21,907,297	3,584,663	28,955,045
Total assets	<u>\$ 121,806,478</u>	<u>\$ 5,955,149</u>	<u>\$ 3,557,035</u>	<u>\$ 21,907,297</u>	<u>\$ 29,044,003</u>	<u>\$ 182,269,962</u>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>						
<b>Liabilities:</b>						
Accounts payable and accrued liabilities	\$ 1,505,191	\$ -	\$ -	\$ -	\$ 327,220	\$ 1,832,411
Accrued payroll liabilities	9,372,913	-	-	-	-	9,372,913
Liabilities to be paid from restricted assets	-	55,640	429,473	-	24,312	509,425
Advances from grantors - payable from restricted assets	-	1,120,784	-	21,127,397	1,167,337	23,415,518
Total liabilities	<u>10,878,104</u>	<u>1,176,424</u>	<u>429,473</u>	<u>21,127,397</u>	<u>1,518,869</u>	<u>35,130,267</u>
<b>Deferred Inflows of Resources:</b>						
Property taxes receivable	887,116	-	-	-	-	887,116
Unavailable revenues	-	-	-	-	684,994	684,994
Prepaid taxes	215,779	-	-	-	4,911	220,690
Other receivables	2,872,218	-	-	-	-	2,872,218
Leases	13,915,777	-	-	-	-	13,915,777
Total deferred inflows of resources	<u>17,890,890</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>689,905</u>	<u>18,580,795</u>
<b>Fund Balances:</b>						
<b>Non-spendable:</b>						
Inventory	86,040	-	-	-	-	86,040
Prepaid items	1,031,445	-	-	-	17,774	1,049,219
Stabilization by state statute	15,264,138	4,044	52,136	-	14,607	15,334,925
Restricted, all other	8,307,374	4,774,681	3,075,426	779,900	3,402,936	20,340,317
Committed	-	-	-	-	13,135,974	13,135,974
Assigned for subsequent year's expenditures	22,838,365	-	-	-	-	22,838,365
Assigned, all other	487,398	-	-	-	-	487,398
Unassigned	45,022,724	-	-	-	10,263,938	55,286,662
Total fund balances	<u>93,037,484</u>	<u>4,778,725</u>	<u>3,127,562</u>	<u>779,900</u>	<u>26,835,229</u>	<u>128,558,900</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 121,806,478</u>	<u>\$ 5,955,149</u>	<u>\$ 3,557,035</u>	<u>\$ 21,907,297</u>	<u>\$ 29,044,003</u>	

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

# **HENDERSON COUNTY, NORTH CAROLINA**

## **BALANCE SHEET - GOVERNMENTAL FUNDS** **JUNE 30, 2023**

Ending fund balance for Governmental Funds		128,558,900
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		114,149,787
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		4,444,328
Net pension asset		164,262
Net pension liability LGERS		(33,044,410)
Total pension liability LEOSSA		(7,172,543)
OPEB Liability		(41,150,324)
Deferred inflows of resources related to pensions are not reported in the funds.		
ROD	(2,978)	
LGERS	(249,023)	
LEOSSA	<u>(1,095,867)</u>	(1,347,868)
Deferred inflows of resources related to OPEB are not reported in the funds.		(4,744,513)
Deferred outflows of resources related to pensions are not reported in the funds.		
ROD	96,075	
LGERS	22,263,323	
LEOSSA	<u>1,849,938</u>	24,209,336
Deferred outflows of resources related to OPEB are not reported in the funds.		13,629,209
Long-term liabilities and compensated absences are not due and payable in the current period, and, therefore, are not reported in the funds.		(159,836,060)
Deferred charges related to advance refunding bond issued - included on government-wide Statement of Net Position, but are not current financial resources.		588,117
Some liabilities, including accrued interest, are not due and payable in the current period and therefore, are not reported in the funds.		(744,945)
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>(687,173)</u>
Net position of governmental activities		<u>\$ 37,016,103</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, 2023

	General Fund	General Capital Projects Fund	School Capital Projects Fund	American Rescue Plan Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>						
Ad valorem taxes	\$ 98,536,453	\$ -	\$ -	\$ -	\$ 14,089,668	\$ 112,626,121
Local option sales taxes	45,656,830	-	-	-	-	45,656,830
Other taxes and licenses	5,622,167	-	-	-	-	5,622,167
Unrestricted intergovernmental revenues	64,358	-	-	-	-	64,358
Restricted intergovernmental revenues	20,582,433	354,696	-	1,601,751	510,912	23,049,792
Permits and fees	3,045,100	-	-	-	-	3,045,100
Sales and services	7,177,764	-	-	-	80,598	7,258,362
Investment earnings	3,574,445	19,579	99,102	582,785	95,999	4,371,910
Miscellaneous	2,486,273	532,559	52,136	-	835,201	3,906,169
Total revenues	<u>186,745,823</u>	<u>906,834</u>	<u>151,238</u>	<u>2,184,536</u>	<u>15,612,378</u>	<u>205,600,809</u>
<b>Expenditures:</b>						
Current:						
General government	27,269,837	-	-	-	1,665,753	28,935,590
Public safety	39,838,377	-	-	18,248	12,929,728	52,786,353
Environmental protection	925,976	-	-	-	-	925,976
Economic and physical development	2,395,594	-	-	-	818,516	3,214,110
Human services	31,940,431	-	-	-	189,687	32,130,118
Cultural and recreational	6,281,034	-	-	-	-	6,281,034
Education	38,362,938	-	-	-	449,614	38,812,552
Capital outlay	1,184,098	11,262,483	4,199,903	-	-	16,646,484
Debt service:						
Principal retirement	14,147,445	-	-	-	-	14,147,445
Interest and other charges	6,069,534	-	-	-	-	6,069,534
Total expenditures	<u>168,415,264</u>	<u>11,262,483</u>	<u>4,199,903</u>	<u>18,248</u>	<u>16,053,298</u>	<u>199,949,196</u>
Revenues over (under) expenditures	<u>18,330,559</u>	<u>(10,355,649)</u>	<u>(4,048,665)</u>	<u>2,166,288</u>	<u>(440,920)</u>	<u>5,651,613</u>
<b>Other Financing Sources (Uses):</b>						
Transfers from other funds:						
From General Fund	-	3,888,742	-	-	10,299,722	14,188,464
From Capital Reserve Fund	-	147,388	-	-	-	147,388
From other funds	3,313,287	560,543	2,849,626	-	1,778,900	8,502,356
Transfers to other funds	(15,688,464)	-	-	(1,583,503)	(7,066,241)	(24,338,208)
Lease liabilities issued	124,916	-	-	-	-	124,916
Subscription liabilities issued	1,057,551	-	-	-	-	1,057,551
Total other financing sources (uses)	<u>(11,192,710)</u>	<u>4,596,673</u>	<u>2,849,626</u>	<u>(1,583,503)</u>	<u>5,012,381</u>	<u>(317,533)</u>
Net change in fund balances	7,137,849	(5,758,976)	(1,199,039)	582,785	4,571,461	5,334,080
<b>Fund Balances:</b>						
Fund balance - beginning	<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>
End of year - June 30	<u>\$ 93,037,484</u>	<u>\$ 4,778,725</u>	<u>\$ 3,127,562</u>	<u>\$ 779,900</u>	<u>\$ 26,835,229</u>	<u>\$ 128,558,900</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, 2023**

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	\$ 5,334,080
--	--------------

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	332,578
Property tax revenues and other fees and services	440,976
Unavailable revenues	1,644,761

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	11,123,172	
Depreciation expense for governmental assets	(6,054,651)	
Right to use leased asset capital outlay expenditures which were capitalized	126,547	
Right to use subscription asset capital outlay expenditures which were capitalized	1,057,551	
Amortization expense for intangible assets	<u>(409,848)</u>	5,842,771

Loss on the disposal of capital assets not recognized on modified accrual basis	(53,415)
---	----------

Expenses related to compensated absences that do not require current financial resources are not reported as expenditures in the governmental funds statement.	(375,540)
--	-----------

Health insurance incurred but not reported claims that do not require current financial resources are not reported as expenditures in the governmental funds statement	(340,212)
--	-----------

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

LEOSSA	229,347	
LGERS	6,323,416	
ROD	10,840	
OPEB	<u>1,620,441</u>	8,184,044

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

LEOSSA	(735,042)	
LGERS	(9,551,961)	
ROD	(36,420)	
OPEB plan expense	<u>(4,859,635)</u>	(15,183,058)

Accrued interest that does not require current financial resources are not reported as expenditures in the governmental funds statement.	172,857
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The issuance of long-term debt provides current financial resources to governmental funds, but does not effect net position.	(1,182,467)
--	-------------

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)
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Principal repayments are reported as expenditures in the governmental funds statement. However, in the Statement of Activities, these transactions are not an expense, rather they are a decrease in liabilities.	<u>14,147,445</u>
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Total change in net position of governmental activities	<u>\$ 19,542,652</u>
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*The accompanying notes are an integral part of the financial statements.*

# **HENDERSON COUNTY, NORTH CAROLINA**

## **STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL GENERAL FUND FOR THE YEAR ENDED JUNE 30, 2023**

	General Fund			
	Budgeted Amounts			Variance from Final Budget Over/Under
	Original	Final	Actual	
<b>Revenues:</b>				
Ad valorem taxes	\$ 95,439,998	\$ 95,439,998	\$ 98,536,453	\$ 3,096,455
Local option sales taxes	32,577,783	32,577,783	45,656,830	13,079,047
Other taxes and licenses	1,650,000	5,803,408	5,622,167	(181,241)
Unrestricted intergovernmental revenues	50,000	50,000	64,358	14,358
Restricted intergovernmental revenues	16,765,782	22,849,389	20,582,433	(2,266,956)
Permits and fees	2,374,000	2,376,142	3,045,100	668,958
Sales and services	7,707,134	7,523,680	7,177,764	(345,916)
Investment earnings	502,500	502,500	3,574,445	3,071,945
Miscellaneous	1,296,082	2,360,759	2,486,273	125,514
Total revenues	158,363,279	169,483,659	186,745,823	17,262,164
<b>Expenditures:</b>				
Current:				
General government	23,489,683	31,539,228	28,327,388	3,211,840
Public safety	41,141,964	42,113,862	39,964,924	2,148,938
Environmental protection	518,880	1,335,141	925,976	409,165
Economic and physical development	2,882,575	2,933,130	2,395,594	537,536
Human services	35,351,898	38,657,248	31,940,431	6,716,817
Cultural and recreational	6,373,403	6,508,052	6,281,034	227,018
Education	38,362,938	38,362,938	38,362,938	-
Debt service:				
Principal retirement	13,687,573	14,147,446	14,147,445	1
Interest and other charges	5,981,334	6,075,480	6,069,534	5,946
Total expenditures	167,790,248	181,672,525	168,415,264	13,257,261
Revenues over (under) expenditures	(9,426,969)	(12,188,866)	18,330,559	30,519,425
<b>Other Financing Sources (Uses):</b>				
Lease liabilities issued	-	-	124,916	124,916
Subscription liabilities issued	-	719,020	1,057,551	338,531
Transfers from other funds	2,290,327	3,321,310	3,313,287	(8,023)
Transfers to other funds	(12,373,309)	(15,688,464)	(15,688,464)	-
Appropriated fund balance	19,509,951	23,837,000	-	(23,837,000)
Total other financing sources (uses)	9,426,969	12,188,866	(11,192,710)	(23,381,576)
Net change in fund balance	\$ -	\$ -	7,137,849	\$ 7,137,849
<b>Fund Balance:</b>				
Beginning of year, July 1			85,899,635	
End of year - June 30			\$ 93,037,484	

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, 2023**

	American Rescue Plan Fund			
	Budgeted Amounts			Variance from
	Original	Final	Actual	Final Budget Over/Under
<b>Revenues:</b>				
Restricted intergovernmental:				
American Rescue Plan Fund	\$ -	\$ 250,000	\$ 1,601,751	\$ 1,351,751
Investment earnings	-	20,000	582,785	562,785
Total revenues	-	270,000	2,184,536	1,914,536
<b>Expenditures:</b>				
Current:				
Public safety:				
Grants to other agencies	-	270,000	18,248	251,752
Total expenditures	-	270,000	18,248	251,752
Revenues over (under) expenditures	-	-	2,166,288	2,166,288
<b>Other Financing Sources (Uses):</b>				
Transfers out:				
To General Fund	-	(1,024,992)	(1,022,960)	2,032
To General Capital Projects Fund	-	(13,838,000)	(560,543)	13,277,457
Appropriated fund balance	-	14,862,992	-	(14,862,992)
Total other financing sources (uses)	-	-	(1,583,503)	(1,583,503)
Net change in fund balance	\$ -	\$ -	582,785	\$ 582,785
<b>Fund Balance:</b>				
Beginning of year - July 1			197,115	
End of year - June 30			\$ 779,900	

# HENDERSON COUNTY, NORTH CAROLINA

## STATEMENT OF NET POSITION PROPRIETARY FUNDS JUNE 30, 2023

	Enterprise Funds		
	Non-Major		
	Landfill Fund	Justice Academy Sewer Fund	Total
<b>Assets:</b>			
Current assets:			
Cash and cash equivalents	\$ 1,605,393	\$ 736,965	\$ 2,342,358
Accounts receivable, net	663,720	3,750	667,470
Prepaid expense	15,705	-	15,705
Total current assets	<u>2,284,818</u>	<u>740,715</u>	<u>3,025,533</u>
Capital assets:			
Land and construction in progress	6,178,572	6,664	6,185,236
Other capital assets, net of depreciation	<u>2,935,330</u>	<u>162,946</u>	<u>3,098,276</u>
Total non-current assets	<u>9,113,902</u>	<u>169,610</u>	<u>9,283,512</u>
Total assets	<u>11,398,720</u>	<u>910,325</u>	<u>12,309,045</u>
<b>Deferred Outflows of Resources:</b>			
OPEB deferrals	302,315	-	302,315
Pension deferrals	<u>477,558</u>	<u>-</u>	<u>477,558</u>
Total deferred outflows of resources	<u>779,873</u>	<u>-</u>	<u>779,873</u>
<b>Liabilities:</b>			
Current liabilities:			
Accounts payable and accrued expenses	655,894	2,337	658,231
Current portion of compensated absences	5,407	-	5,407
Current portion of long-term obligations	<u>249,869</u>	<u>-</u>	<u>249,869</u>
Total current liabilities	<u>911,170</u>	<u>2,337</u>	<u>913,507</u>
Non-current liabilities:			
Liabilities payable from restricted assets:			
Accrued landfill closure and post-closure care costs	624,494	-	624,494
Compensated absences	48,658	-	48,658
Total OPEB liability	912,769	-	912,769
Net pension liability - LGERS	708,818	-	708,818
Long-term obligations	<u>400,000</u>	<u>-</u>	<u>400,000</u>
Total non-current liabilities	<u>2,694,739</u>	<u>-</u>	<u>2,694,739</u>
Total liabilities	<u>3,605,909</u>	<u>2,337</u>	<u>3,608,246</u>
<b>Deferred Inflows of Resources:</b>			
OPEB deferrals	105,240	-	105,240
Pension deferrals	<u>5,342</u>	<u>-</u>	<u>5,342</u>
Total deferred inflows of resources	<u>110,582</u>	<u>-</u>	<u>110,582</u>
<b>Net Position:</b>			
Net investment in capital assets	8,580,567	169,610	8,750,177
Unrestricted	<u>(118,465)</u>	<u>738,378</u>	<u>619,913</u>
Total net position	<u>\$ 8,462,102</u>	<u>\$ 907,988</u>	<u>\$ 9,370,090</u>

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, 2023**

	<b>Enterprise Funds</b>		
	<b>Non-Major</b>		
	<b>Landfill Fund</b>	<b>Justice Academy Sewer Fund</b>	<b>Total</b>
<b>Operating Revenues:</b>			
Charges for services	\$ 8,262,391	\$ 45,000	\$ 8,307,391
<b>Operating Expenses:</b>			
Salaries and employee benefits	1,409,278	-	1,409,278
Other operating expenses	7,146,694	48,489	7,195,183
Repairs and maintenance	262,843	3,597	266,440
Depreciation	302,826	10,863	313,689
Total operating expenses	9,121,641	62,949	9,184,590
Operating loss	(859,250)	(17,949)	(877,199)
<b>Non-Operating Revenues (Expenses):</b>			
Grant revenue	274,212	-	274,212
Interest income	26,760	19,150	45,910
Interest expense	(18,562)	-	(18,562)
Gain on sale of capital assets	4,705	-	4,705
Total non-operating revenues (expenses)	287,115	19,150	306,265
Income (loss) before transfers	(572,135)	1,201	(570,934)
<b>Transfers:</b>			
Transfers in	1,500,000	-	1,500,000
Change in net position	927,865	1,201	929,066
<b>Net Position:</b>			
Beginning of year - July 1	7,534,237	906,787	8,441,024
End of year - June 30	\$ 8,462,102	\$ 907,988	\$ 9,370,090

*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, 2023

	<b>Enterprise Funds</b>		
		<b>Non-Major</b>	
	<b>Landfill</b>	<b>Justice</b>	
	<b>Fund</b>	<b>Academy</b>	<b>Total</b>
		<b>Sewer Fund</b>	
<b>Cash Flows from Operating Activities:</b>			
Cash received from customers	\$ 8,361,236	\$ 45,000	\$ 8,406,236
Cash paid for goods and services	(7,669,189)	(51,909)	(7,721,098)
Cash paid to employees for services	(1,265,796)	-	(1,265,796)
Net cash used by operating activities	(573,749)	(6,909)	(580,658)
<b>Cash Flows from Non-Capital Financing Activities:</b>			
Transfers in	1,500,000	-	1,500,000
Proceeds from non-capital grants	274,212	-	274,212
Net cash provided by non-capital financing activities	1,774,212	-	1,774,212
<b>Cash Flows from Capital and Related Financing Activities:</b>			
Acquisition and construction of capital assets	(598,451)	-	(598,451)
Proceeds from sale of long-term asset	4,705	-	4,705
Long-term debt payments	(133,332)	-	(133,332)
Interest paid	(18,562)	-	(18,562)
Net cash used by capital and related financing activities	(745,640)	-	(745,640)
<b>Cash Flows from Investing Activities:</b>			
Interest on investments	26,760	19,150	45,910
Net increase in cash and cash equivalents	481,583	12,241	493,824
<b>Cash and Cash Equivalents:</b>			
Beginning of year - July 1	1,123,810	724,724	1,848,534
End of year - June 30	\$ 1,605,393	\$ 736,965	\$ 2,342,358

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, 2023

	Enterprise Funds		
	Non-Major		Total
	Landfill Fund	Justice Academy Sewer Fund	
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>			
Operating loss	\$ (859,250)	\$ (17,949)	\$ (877,199)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	302,826	10,863	313,689
(Increase) decrease in deferred outflows of resources for pensions	(186,718)	-	(186,718)
Increase (decrease) in net pension liability	521,623	-	521,623
Increase (decrease) in deferred inflows of resources for pensions	(265,651)	-	(265,651)
Landfill closure and post-closure care costs	(116,538)	-	(116,538)
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	138,845	-	138,845
(Increase) decrease in prepaid expense	(15,705)	-	(15,705)
Increase (decrease) in accounts payable and accrued liabilities	(127,409)	177	(127,232)
(Increase) decrease in deferred outflows of resources - OPEB	(6,371)	-	(6,371)
Increase (decrease) in deferred inflows of resources - OPEB	92,645	-	92,645
Increase (decrease) in other post-employment benefits	(14,426)	-	(14,426)
Increase (decrease) in unavailable revenues	(40,000)	-	(40,000)
Increase (decrease) in accrued vacation pay	2,380	-	2,380
Total adjustments	285,501	11,040	296,541
Net cash provided (used) by operating activities	\$ (573,749)	\$ (6,909)	\$ (580,658)

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

**HENDERSON COUNTY, NORTH CAROLINA****STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2023**

	<b><u>Custodial Funds</u></b>
<b>Assets:</b>	
Cash and cash equivalents	\$ 489,796
Receivables, net	<u>413,133</u>
Total assets	<u>902,929</u>
<b>Liabilities:</b>	
Accounts payable and accrued liabilities	<u>200,588</u>
<b>Net Position:</b>	
Restricted for:	
Individuals, organizations and other governments	<u>702,341</u>
Total net position	<u>\$ 702,341</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, 2023**

	<b><u>Custodial Funds</u></b>
<b>Additions:</b>	
Ad valorem taxes for other governments	\$ 15,191,554
Cooperative extension receipts	77,648
Contributions from employees	316,022
Program fees collected	508,741
Investment earnings	<u>24,866</u>
Total additions	<u>16,118,831</u>
<b>Deductions:</b>	
Tax distributions to other governments	15,199,182
Employee flex benefits	316,022
Distributions to programs	<u>581,392</u>
Total deductions	<u>16,096,596</u>
Net decrease in fiduciary net position	22,235
<b>Net Position:</b>	
Beginning of year - July 1	<u>680,106</u>
End of year - June 30	<u>\$ 702,341</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, 2023

### 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. The Hospital is included as a component unit of the County as the Hospital is not considered fiscally independent because they cannot issue debt without approval from the County but do not provide services entirely or almost entirely to the County.

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. The TDA is included as a component unit of the County as

# **HENDERSON COUNTY, NORTH CAROLINA**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023**

the County Board of Commissioners appoint TDA Board members and is responsible for setting occupancy tax rates for the county.

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, 2023

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.



# HENDERSON COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

The County also reports the following fund types:

**Special Revenue Funds.** Special revenue funds are used to account for specific revenue sources (other than expendable trusts, or major capital projects) that are legally restricted to expenditures for specified purposes. The County maintains 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

# HENDERSON COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County enterprise funds are charges to customers for sales and services. The County also recognizes as operating revenues the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation/amortization 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. Issuance of general long-term debt and acquisitions under leases and IT subscriptions 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.

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, 2023**

### **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, 2023

### Restricted Assets

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

#### Governmental Activities:

General Fund	Restricted register of deeds funds	\$ 215,101
General Capital Projects Fund	Unexpended grant proceeds	1,120,784
School Capital Projects Fund	Unexpended debt proceeds	2,127,200
ARPA Fund	Unexpended grant proceeds	21,907,297
Other Governmental Funds	Tax revaluation	2,323,235
	DSS representative payees, fines and forfeitures improvement guarantees	87,620
	Unexpended opioid settlement proceeds	<u>1,173,808</u>
Total government activities		<u>\$ 28,955,045</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, 2022. 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, 2023

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:

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

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

<b>Assets</b>	<b>Estimated Useful Lives</b>
Buildings	20 years
Equipment	10 years
Leasehold improvements	10-20 years
Computers	3 years

### Right to Use Assets

The County's capital assets also include certain right to use assets. These right to use assets arise in association with agreements where the County reports a lease or agreements where the County reports an Information Technology (IT) Subscription in accordance with the requirements of GASB 87 and GASB 96, respectively.

The right to use leased 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

# HENDERSON COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

incentives, and plus ancillary charges necessary to place the lease into service. The right to use leased assets are amortized on a straight-line basis over the life of the related lease.

The right to use IT subscription assets are initially measured at an amount equal to the initial measurement of the subscription liability plus any subscription payments made at the start of the subscription term, if applicable, plus capitalizable initial implementation costs at the start of the subscription term, less any incentives received from the IT subscription vendor at the start of the subscription term. Subscription payments, as well as payments for capitalizable implementation costs made before the start of the subscription term should be reported as a prepayment (asset). Such prepayments should be reduced by any incentives received from the same vendor before the start of the subscription term if a right to offset exists. The net amount of the prepayments and incentives should be reported as an asset or liability, as appropriate, before the start of the subscription term at which time the amount should be included in the initial measurement of the subscription asset. The right to use subscription assets should be amortized on a straight-line basis over the subscription term.

### **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.

# HENDERSON COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

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 \$811,691 as part of this settlement in Fiscal Year 2023. 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. \$13,366 have been expended as of June 30, 2023. 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.

### **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 recovery 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 \$658,876 for medical expenses, \$1,000,000 for projects related to broadband, \$10,800,000 for centralized wastewater collection, \$358,000 for services to foster youth 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 is 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.

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.

### **Estimates**

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

# HENDERSON COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

### Net Position/Fund Balances

#### Net Position

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

#### Fund Balances

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

The governmental fund types classify fund balances as follows:

#### Non-Spendable Fund Balance

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

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

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

#### Restricted Fund Balance

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

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

*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'



# HENDERSON COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

office. The funds are available for appropriation, but are legally restricted for computer and imaging technology in the Register of Deeds' office.

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

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

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

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

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

Restricted fund balance, other at June 30, 2023 is as follows:

Purpose	General Fund	Other Governmental Funds	General Capital Projects Fund	School Capital Projects Fund	American Rescue Plan Fund	Total Restricted
Restricted for stabilization by state statute	\$ 15,264,138	\$ 14,607	\$ 4,044	\$ 52,136	\$ -	\$ 15,334,925
Restricted, all other:						
Register of Deeds	215,101	-	-	-	-	215,101
Public safety	4,185,632	760,338	-	-	779,900	5,725,870
Economic and physical development	-	2,620,072	-	-	-	2,620,072
Human services	3,787,353	20,644	-	-	-	3,807,997
Cultural and recreational	119,288	-	-	-	-	119,288
Education	-	1,882	4,774,681	3,075,426	-	7,851,989
Total	<u>\$ 23,571,512</u>	<u>\$ 3,417,543</u>	<u>\$ 4,778,725</u>	<u>\$ 3,127,562</u>	<u>\$ 779,900</u>	<u>\$ 35,675,242</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 \$164,262.

### 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.

# HENDERSON COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

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

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

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

Committed fund balance at June 30, 2023 is as follows:

<b>Purpose</b>	<b>Other Governmental Funds</b>
Committed:	
Revaluation	\$ 2,298,923
General government	4,007,189
Economic and physical development	6,829,862
Education	-
Total	<u>\$ 13,135,974</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, 2023 is as follows:

<b>Purpose</b>	<b>General Fund</b>
Assigned:	
Subsequent year's expenditures	\$ 22,838,365
Public safety	487,398
Total	<u>\$ 23,325,763</u>

# HENDERSON COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

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

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

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

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

Total fund balance - General Fund	\$ 93,037,484
<b>Less:</b>	
Inventories	(86,040)
Prepaid items	(1,031,445)
Stabilization by state statute	(15,264,138)
Restricted-other	<u>(8,307,374)</u>
Total available fund balance	<u>\$ 68,348,487</u>

### Defined Benefit Cost-Sharing Plans

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

# HENDERSON COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

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 outflows 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.

### **Implementation of GASB 96, *IT Subscriptions***

As of July 1, 2022, the County adopted the provisions of GASB 96, *IT Subscriptions*, which amended the existing accounting standards for IT subscription reporting. The new guidance requires subscribers in an IT subscription arrangement recognize a right to use asset and subscription liability for most subscriptions (other than subscriptions that meet the definition of a short-term subscription) at subscription commencement. The liability will be equal to the present value of subscription 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

# HENDERSON COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

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, 2023, the County's and TDA's deposits had a carrying amount of \$13,870,236 and \$2,542,577, respectively, and a bank balance of \$17,327,318. 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, 2023, the County and TDA had \$6,750 and \$555, respectively, cash on hand.

At June 30, 2023, the Hospital's deposits had a carrying amount of \$13,131,665 and a bank balance of approximately \$13,500,000. Of the bank balance, approximately \$500,000 was covered by federal depository insurance, and the balance was covered by collateral held under the Pooling Method.

### Investments

At June 30, 2023, the County had the following investments and maturities:

Investment Type	Valuation	Fair Value	Less Than 6 Months	6-12 Months	1-5 Years
	Measurement Method				
U.S. Treasuries	Fair Value-Level 1	\$ 3,470,545			\$ 3,470,545
U.S. government agencies	Fair Value-Level 2	24,712,784	2,184,463	2,267,917	20,260,404
Commercial paper	Fair Value-Level 2	48,387,619	48,387,619	-	-
North Carolina Capital Management					
Trust - Government Portfolio	Fair Value-Level 1	57,579,979	57,579,979	-	-
Total		<u>\$ 134,150,927</u>	<u>\$ 108,152,061</u>	<u>\$ 2,267,917</u>	<u>\$ 23,730,949</u>

# HENDERSON COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

### US Treasury

	<u><b>Fair Value</b></u>
Treasury Note	\$ 3,470,545

### US Government Agencies:

	<u><b>Fair Value</b></u>
Federal National Mortgage Association	\$ 21,297,016
Federal Home Loan Mortgage Corporation	3,415,768
	<u>\$ 24,712,784</u>

### Commercial Paper:

	<u><b>Fair Value</b></u>
Charlotte Meck Hospital	\$ 4,925,978
Credit Agricole Corp	4,811,283
ING Fund	9,670,625
Natixis	14,463,929
Toyota Mtr Cr Corp	9,693,694
Lloyds Bank	4,822,110
	<u>\$ 48,387,619</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.

**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

# HENDERSON COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

recognized statistical rating organizations (NRSROs). As of June 30, 2023, 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, 2023. The County's investment in U.S. Treasury (Treasury Note), U.S. government agencies (Federal Home Loan Mortgage Corporation and Federal Home Loan Banks) were rated AAA by Standard & Poor's and Aaa by Moody's Investment Service as of June 30, 2023. The County has no formal policy on credit risk.

**Concentration of Credit Risk.** Concentration risk is the risk when one of the issuers is 5% or greater of the total investment portfolio, excluding deposits. More than 5% of the County's investments are in U.S. Government Agencies. Investments in Federal Home Loan Mortgage Corporation are 16% and Federal National Mortgage Association are 3% 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 11%, ING Fund at 7%, Toyota Motor Credit Corp at 7%, Lloyds Bank at 4%, Credit Agricole Corp at 4% and Charlotte Meck Hospital at 4%. The County has no formal policy on the concentration of credit risk.

At June 30, 2023, the Hospital's investments consisted of the following:

<b>Investment Type</b>	<b>Valuation Measurement Method</b>	<b>Fair Value</b>	<b>Less than Year</b>	<b>1-3 Years</b>	<b>No Maturity Date</b>
U.S. government agencies	Fair Value-Level 2	\$ 5,413,139	\$ 4,555,781	\$ 857,358	\$ -
North Carolina Capital Management Trust	Fair Value-Level 1	4,841	-	-	4,841
Equity securities and funds	Fair Value-Level 1	17,832,895	-	-	17,832,895
Stocks and mutual funds	Fair Value-Level 1	1,005,135	-	-	1,005,135
Fixed income investments	Fair Value-Level 1	434,433	-	-	434,433
Cash and cash equivalents	Fair Value-Level 1	79,163	-	-	79,163
Total		<u>\$ 24,769,606</u>	<u>\$ 4,555,781</u>	<u>\$ 857,358</u>	<u>\$ 19,356,467</u>

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

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

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

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

# HENDERSON COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

**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, 2023.

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.

<b>Year Ended</b>				
<b>June 30</b>	<b>Tax</b>	<b>Interest</b>	<b>Total</b>	
2020	\$ 2,290,264	\$ 595,469	\$ 2,885,733	
2021	2,277,311	387,143	2,664,454	
2022	2,299,483	183,958	2,483,441	
2023	2,238,890	-	2,238,890	
Total	\$ 9,105,948	\$ 1,166,570	\$ 10,272,518	



# HENDERSON COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

### Receivables

Receivables at the government-wide level at June 30, 2023 were as follows:

	<u>Accounts</u>	<u>Taxes</u>	<u>Due From Other Governments</u>	<u>Lease Receivable</u>	<u>Total</u>
<b>Governmental Activities:</b>					
General	\$ 8,848,905	\$ 1,423,145	\$ 12,057,710	\$ 14,225,292	\$ 36,555,052
Other governmental	<u>887,603</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>887,603</u>
Total receivables	9,736,508	1,423,145	12,057,710	14,225,292	37,442,655
Allowance for doubtful accounts	<u>(3,079,774)</u>	<u>(536,029)</u>	<u>-</u>	<u>-</u>	<u>(3,615,803)</u>
Total governmental activities	<u>\$ 6,656,734</u>	<u>\$ 887,116</u>	<u>\$ 12,057,710</u>	<u>\$ 14,225,292</u>	<u>\$ 33,826,852</u>
<b>Business-Type Activities:</b>					
Landfill	\$ 663,720	\$ -	\$ -	\$ -	\$ 663,720
Justice Academy	<u>3,750</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,750</u>
Total receivables	<u>\$ 667,470</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 667,470</u>

Due from other governments consisted of the following:

<b>Governmental Activities:</b>	
Local option sales tax	\$ 10,557,759
Franchise tax	98,091
Sales tax reimbursement	654,285
Motor vehicle tax	<u>747,575</u>
Total	<u>\$ 12,057,710</u>

In fiscal year 2023, the County recognized \$1,041,461 of lease revenue and \$346,016 of interest revenue under the lease.

# HENDERSON COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

### Capital Assets

Capital asset activity for the year ended June 30, 2023 was as follows:

	<u>Balance</u> <u>July 1, 2022</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Balance</u> <u>June 30, 2023</u>
<b>Governmental Activities:</b>					
<b>Non-Depreciable Capital Assets:</b>					
Land	\$ 15,349,827	\$ 4,566,872	\$ -	\$ -	\$ 19,916,699
Construction in progress	<u>2,195,176</u>	<u>4,625,862</u>	<u>-</u>	<u>(963,004)</u>	<u>5,858,034</u>
Total non-depreciable capital assets	<u>17,545,003</u>	<u>9,192,734</u>	<u>-</u>	<u>(963,004)</u>	<u>25,774,733</u>
<b>Depreciable Capital Assets:</b>					
Buildings	138,921,834	-	-	963,004	139,884,838
Equipment	10,039,638	534,554	(130,759)	-	10,443,433
Vehicles and motor equipment	11,916,782	1,395,884	(627,702)	-	12,684,964
Real property lease asset	668,360	126,547	-	-	794,907
Equipment lease asset	27,266	-	(1,065)	-	26,201
Subscription asset	<u>-</u>	<u>1,057,551</u>	<u>-</u>	<u>-</u>	<u>1,057,551</u>
Total depreciable capital assets	<u>161,573,880</u>	<u>3,114,536</u>	<u>(759,526)</u>	<u>963,004</u>	<u>164,891,894</u>
<b>Less Accumulated Depreciation and Amortization:</b>					
Buildings	56,320,990	3,919,148	-	-	60,240,138
Equipment	7,615,676	624,059	(130,759)	-	8,108,976
Vehicles and motor equipment	6,737,763	1,511,444	(575,352)	-	7,673,855
Real property lease asset	79,933	79,436	-	-	159,369
Equipment lease asset	4,090	5,103	-	-	9,193
Subscription asset	<u>-</u>	<u>325,309</u>	<u>-</u>	<u>-</u>	<u>325,309</u>
Total accumulated depreciation	<u>70,758,452</u>	<u>\$ 6,464,499</u>	<u>\$ (706,111)</u>	<u>\$ -</u>	<u>76,516,840</u>
Total depreciable capital assets	<u>90,815,428</u>				<u>88,375,054</u>
Total depreciable capital assets, net	<u>\$ 108,360,431</u>				<u>\$ 114,149,787</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	\$ 2,871,395	\$ 341,420	\$ 3,212,815
Public safety	2,382,728	20,551	2,403,279
Economic and physical development	189,342	-	189,342
Human services	428,621	38,319	466,940
Cultural and recreational	<u>182,565</u>	<u>9,558</u>	<u>192,123</u>
Total	<u>\$ 6,054,651</u>	<u>\$ 409,848</u>	<u>\$ 6,464,499</u>

# HENDERSON COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

	<u>Balance</u> <u>July 1, 2022</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2023</u>
<b>Business-Type Activities:</b>				
<b>Landfill:</b>				
<b>Non-Depreciable Capital Assets:</b>				
Land	\$ 6,031,371	\$ -	\$ -	\$ 6,031,371
Construction in progress	<u>-</u>	<u>147,201</u>	<u>-</u>	<u>147,201</u>
Total non-depreciable capital assets	<u>6,031,371</u>	<u>147,201</u>	<u>-</u>	<u>6,178,572</u>
<b>Depreciable Capital Assets:</b>				
Plant and distribution systems	3,596,341	-	-	3,596,341
Furniture and maintenance equipment	2,057,415	377,746	-	2,435,161
Vehicles	<u>957,632</u>	<u>73,504</u>	<u>(20,930)</u>	<u>1,010,206</u>
Total depreciable capital assets	<u>6,611,388</u>	<u>451,250</u>	<u>(20,930)</u>	<u>7,041,708</u>
<b>Less Accumulated Depreciation:</b>				
Plant and distribution systems	1,840,573	82,305	-	1,922,878
Furniture and maintenance equipment	1,188,268	155,346	-	1,343,614
Vehicles	<u>795,641</u>	<u>65,175</u>	<u>(20,930)</u>	<u>839,886</u>
Total accumulated depreciation	<u>3,824,482</u>	<u>\$ 302,826</u>	<u>\$ (20,930)</u>	<u>4,106,378</u>
Total depreciable capital assets, net	<u>2,786,906</u>			<u>2,935,330</u>
Landfill capital assets, net	<u>\$ 8,818,277</u>			<u>\$ 9,113,902</u>
<b>Justice Academy Water and Sewer District:</b>				
<b>Non-Depreciable Capital Assets:</b>				
Land	<u>\$ 6,664</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,664</u>
<b>Depreciable Capital Assets:</b>				
Plant and distribution systems	434,523	-	-	434,523
Furniture and maintenance equipment	<u>17,234</u>	<u>-</u>	<u>-</u>	<u>17,234</u>
Total depreciable capital assets	<u>451,757</u>	<u>-</u>	<u>-</u>	<u>451,757</u>
<b>Less Accumulated Depreciation:</b>				
Plant and distribution systems	260,714	10,863	-	271,577
Furniture and maintenance equipment	<u>17,234</u>	<u>-</u>	<u>-</u>	<u>17,234</u>
Total accumulated depreciation	<u>277,948</u>	<u>10,863</u>	<u>-</u>	<u>288,811</u>
Total depreciable capital assets, net	<u>173,809</u>	<u>\$ (10,863)</u>	<u>\$ -</u>	<u>162,946</u>
Justice Academy Water and Sewer District capital assets, net	<u>180,473</u>			<u>169,610</u>
Business-type activities capital assets, net	<u>\$ 8,998,750</u>			<u>\$ 9,283,512</u>

# HENDERSON COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

Capital asset activity for the Henderson County Hospital Corporation for the year ended June 30, 2023 was as follows:

	<b>Balance July 1, 2022</b>	<b>Increases</b>	<b>Transfers/ Decreases</b>	<b>Balance June 30, 2023</b>
<b>Non-Depreciable Capital Assets:</b>				
Land	\$ 10,071,618	\$ -	\$ -	\$ 10,071,618
Construction in progress	<u>11,470,115</u>	<u>10,286,607</u>	<u>(10,189,215)</u>	<u>11,567,507</u>
Total non-depreciable capital assets	<u>21,541,733</u>	<u>10,286,607</u>	<u>(10,189,215)</u>	<u>21,639,125</u>
<b>Depreciable Capital Assets:</b>				
Land improvements	4,004,442	-	7,850	4,012,292
Buildings and fixed equipment	126,970,657	35,500	1,981,967	128,988,124
Moveable equipment	140,282,908	2,208,271	2,500,897	144,992,076
Right to use lease assets	<u>25,455,087</u>	<u>1,877,428</u>	<u>-</u>	<u>27,332,515</u>
Total depreciable capital assets	<u>296,713,094</u>	<u>4,121,199</u>	<u>4,490,714</u>	<u>305,325,007</u>
<b>Less Accumulated Depreciation:</b>				
Land improvements	2,071,693	147,195	-	2,218,888
Buildings and fixed equipment	89,800,500	3,821,426	(850,757)	92,771,169
Moveable equipment	119,191,564	5,007,385	(4,841,206)	119,357,743
Right to use lease assets	<u>6,805,197</u>	<u>3,724,662</u>	<u>-</u>	<u>10,529,859</u>
Total accumulated depreciation	<u>217,868,954</u>	<u>12,700,668</u>	<u>(5,691,963)</u>	<u>224,877,659</u>
Total depreciable capital assets, net	<u>78,844,140</u>	<u>\$ 1,707,138</u>	<u>\$ (6,538)</u>	<u>80,447,348</u>
Total capital assets, net	<u>\$ 100,385,873</u>			<u>\$ 102,086,473</u>

# HENDERSON COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

Capital asset activity for the Henderson County Tourism Development Authority for the year ended June 30, 2023 was as follows:

	Balance July 1, 2022	Increases	Decreases	Transfers	Balance June 30, 2023
<b>Governmental Activities:</b>					
<b>Depreciable Capital Assets:</b>					
Equipment	\$ 7,753	\$ 32,736	\$ -	\$ -	\$ 40,489
Vehicles	23,784	-	-	-	23,784
Real property lease asset	1,883,789	-	-	-	1,883,789
Total depreciable capital assets	<u>1,915,326</u>	<u>32,736</u>	<u>-</u>	<u>-</u>	<u>1,948,062</u>
Less Accumulated Depreciation and Amortization:					
Equipment	(7,753)	(4,910)	-	-	(12,663)
Vehicles	(23,784)	-	-	-	(23,784)
Real property lease asset amortization	(65,905)	(65,905)	-	-	(131,810)
<b>Total accumulated depreciation and amortization</b>	<u>(97,442)</u>	<u>\$ (70,815)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(168,257)</u>
Governmental activities capital assets, net	<u>\$ 1,817,884</u>				<u>\$ 1,779,805</u>

### B. Liabilities

#### Payables

Payables at the government-wide level at June 30, 2023 were as follows:

	Vendors	Salaries and Benefits	Accrued Interest	Insurance Claims Incurred, But Not Reported	Total
<b>Governmental Activities:</b>					
General	\$ 2,192,363	\$ 8,685,740	\$ 744,946	687,173	\$ 12,310,222
Other governmental	302,938	24,282	-	-	327,220
Total governmental activities	<u>\$ 2,495,301</u>	<u>\$ 8,710,022</u>	<u>\$ 744,946</u>	<u>\$ 687,173</u>	<u>\$ 12,637,442</u>
<b>Business-Type Activities:</b>					
Landfill	\$ 627,415	\$ 28,479	\$ -	\$ -	\$ 655,894
Justice Academy Sewer	2,337	-	-	-	2,337
Total business-type activities	<u>\$ 629,752</u>	<u>\$ 28,479</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 658,231</u>

#### Pension Plan Obligation

# HENDERSON COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

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

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

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

**Contributions.** Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. County employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The County’s contractually required contribution rate for the year ended June 30, 2023 was 13.10% 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

# HENDERSON COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

by employees during the year. Contributions to the plan from the County were \$6,459,056 for the year ended June 30, 2023.

*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, 2023, the County reported a liability of \$33,753,228 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021. The total pension liability was then rolled forward to the measurement date of June 30, 2022 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, 2023 (measured as of June 30, 2022), the County's proportion was 0.598%, which was an increase of 0.017% from its proportion as of June 30, 2022 (measured as of June 30, 2021).

For the year ended June 30, 2023, the County recognized pension expense of \$9,639,625. At June 30, 2023, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 1,454,396	\$ 142,595
Changes of assumptions	3,367,815	-
Net difference between projected and actual earnings on pension plan investments	11,155,795	
Changes in proportion and differences between County contributions and proportionate share of contributions	303,819	111,770
County's contributions subsequent to the measurement date	6,459,056	-
Total	<u>\$ 22,740,881</u>	<u>\$ 254,365</u>

\$6,459,056 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

# HENDERSON COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

pension liability in the year ending June 30, 2024. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year Ending</b>	
<b>June 30</b>	<b>Total</b>
2024	\$ 5,047,752
2025	4,313,713
2026	1,351,165
2027	5,314,830
Total	<u>\$ 16,027,460</u>

*Actuarial Assumptions.* The total pension liability in the December 31, 2021 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.

The actuarial assumptions used in the December 31, 2021 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, 2022 are summarized in the following table:



# HENDERSON COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed income	29.0%	1.1%
Global equity	42.0%	6.5%
Real estate	8.0%	5.9%
Alternatives	8.0%	7.5%
Opportunistic Fixed Income	7.0%	6.0%
Inflation protection	6.0%	2.7%
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 LGERS. The long-term nominal rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 2.25%. 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.

**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:

	<u>1% Decrease (5.50%)</u>	<u>Discount Rate (6.50%)</u>	<u>1% Increase (7.50%)</u>
County's proportionate share of the net pension liability (asset)	<u>\$ 60,920,229</u>	<u>\$ 33,753,228</u>	<u>\$ 11,366,041</u>

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

# HENDERSON COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

### 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, 2021, the Separation Allowance's membership consisted of 153 active plan members and 20 retired members receiving benefits.

A separate report was not issued for the plan.

### Summary of Significant Accounting Policies

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

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

### Actuarial Assumptions

The entry age normal actuarial cost method was used in the December 31, 2021 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 8.25%, including inflation and productivity factor
Investment rate of return	6.50%, net of pension plan investment expense, including inflation

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, 2021 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.

# HENDERSON COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

**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 \$356,268 as benefits came due for the reporting period.

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

At June 30, 2023, the County reported a total pension liability of \$7,172,543. The total pension liability was measured as of December 31, 2022 based on a December 31, 2021 actuarial valuation. The total pension liability was rolled forward to December 31, 2022 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2023, the County recognized pension expense of \$918,646.

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 650,654	\$ -
Changes of assumptions	969,937	1,095,867
County's benefit payments and plan administrative expense made subsequent to the measurement date	229,347	-
Total	<u>\$ 1,849,938</u>	<u>\$ 1,095,867</u>

# HENDERSON COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

The County paid \$229,347 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, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year Ending</b>	
<b>June 30</b>	<b>Total</b>
2024	\$ 348,340
2025	296,019
2026	198,520
2027	(175,905)
Total	<u>\$ 524,724</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 4.31%, 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 (3.31%) or 1-percentage-point higher (5.31%) than the current rate:

	<b>1% Decrease (3.31%)</b>	<b>Discount Rate (4.31%)</b>	<b>1% Increase (5.31%)</b>
Total pension liability	<u>\$ 7,710,216</u>	<u>\$ 7,172,543</u>	<u>\$ 6,682,453</u>

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

	<b>2023</b>
Beginning balance	\$ 8,017,278
Service cost	377,737
Interest on total pension liability	176,381
Differences between expected and actual experience in the measurement of the total pension liability	120,677
Changes of assumptions or other inputs	(1,163,262)
Benefit payments	(356,268)
Ending balance of the total pension liability	<u>\$ 7,172,543</u>

# HENDERSON COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

*Changes of Assumptions.* Changes of assumptions and other inputs reflect a change in the discount rate from 2.25% at December 31, 2021 to 4.31% at December 31, 2022.

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, 2021 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 \$1,025,467 for the reporting year. No amounts were forfeited.

### **Register of Deeds' Supplemental Pension Fund**

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

# HENDERSON COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

**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 \$10,840 for the year ended June 30, 2023.

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

At June 30, 2023, the County reported an asset of \$164,262 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2022. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2021. The total pension liability was then rolled forward to the measurement date of June 30, 2022 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, 2022 measurement date, the County's proportion was 1.241%, which was a decrease of 0.03% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023 measurement date, the County recognized pension expense of \$36,415. At June 30, 2023, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 1,265	\$ 2,978
Changes of assumptions	8,697	-
Net difference between projected and actual earnings on pension plan investments	68,273	-
Changes in proportion and differences between County contributions and proportionate share of contributions	7,000	-
County's contributions subsequent to the measurement date	10,840	-
Total	<u>\$ 96,075</u>	<u>\$ 2,978</u>

\$10,840 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, 2024. Other amounts reported as deferred inflows or outflows of resources related to pensions will be recognized in pension expense as follows:

# HENDERSON COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

<b>Year Ending</b>	
<b>June 30</b>	<b>Total</b>
2024	\$ 25,093
2025	17,266
2026	22,729
2027	17,169
Total	<u>\$ 82,257</u>

**Actuarial Assumptions.** The total pension liability in the December 31, 2021 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.

The actuarial assumptions used in the December 31, 2021 valuation were based on the results of an actuarial experience review for the period January 1, 2015 through December 31, 2019.

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 1.1%.

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 2.25%. All rates of return and inflation are annualized.

# HENDERSON COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

**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.

	<b>1% Decrease (2.00%)</b>	<b>Discount Rate (3.00%)</b>	<b>1% Increase (4.00%)</b>
County's proportionate share of the net pension liability (asset)	<u>\$ (189,336)</u>	<u>\$ 164,262</u>	<u>\$ (279,568)</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.

### 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, 2022, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2021. The total pension liability for LEOSSA was measured as of December 31, 2022, with an actuarial valuation date of December 31, 2021. 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:

	<b>LGERS</b>	<b>ROD</b>	<b>LEOSSA</b>	<b>Total</b>
Proportionate share of net pension liability (asset)	\$ 33,753,228	\$ (164,262)	\$ -	\$ 33,588,966
Proportion of the net pension liability (asset)	0.59831%	1.24007%	N/A	-
Total pension liability	-	-	7,172,543	7,172,543
Pension expense	9,639,625	36,415	918,646	10,594,686



# HENDERSON COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

At June 30, 2023, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>LGERS</u>	<u>ROD</u>	<u>LEOSSA</u>	<u>Total</u>
<b>Deferred Outflows of Resources:</b>				
Pensions - difference between expected and actual experience	\$ 1,454,396	\$ 1,265	\$ 650,654	\$ 2,106,315
Pensions - difference between projected and actual investment earnings	11,155,795	68,273	-	11,224,068
Changes of assumptions	3,367,815	8,697	969,937	4,346,449
Pensions - change in proportion and difference between employer contributions and proportionate share of contributions	303,819	7,000	-	310,819
County contributions (LGERS, ROD)/ benefit payments and administration costs (LEOSSA) subsequent to the measurement date	<u>6,459,056</u>	<u>10,840</u>	<u>229,347</u>	<u>6,699,243</u>
Total	<u>\$22,740,881</u>	<u>\$ 96,075</u>	<u>\$1,849,938</u>	<u>\$24,686,894</u>
<b>Deferred Inflows of Resources:</b>				
Pensions - difference between expected and actual experience	\$ 142,595	\$ 2,978	\$ -	\$ 145,573
Pensions - difference between projected and actual investment earnings	-	-	-	-
Changes of assumptions	-	-	1,095,867	1,095,867
Pensions - change in proportion and difference between employer contributions and proportionate share of contributions	<u>111,770</u>	<u>-</u>	<u>-</u>	<u>111,770</u>
Total	<u>\$ 254,365</u>	<u>\$ 2,978</u>	<u>\$1,095,867</u>	<u>\$ 1,353,210</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, 2023

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, 2023, the County made payments for post-retirement health benefit premiums of \$1,656,385. 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, 2022, the date of the latest actuarial valuation:

Inactive plan members or beneficiaries currently receiving benefit payments	82
Inactive plan members entitled to but not yet receiving benefit payments	-
Active plan members	805
	<u>887</u>

# HENDERSON COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

### Total OPEB Liability

The County's total OPEB liability of \$42,063,093 was measured as of June 30, 2022 and was determined by an actuarial valuation as of June 30, 2022.

Inflation	2.50%
Real wage growth	0.75%
Wage inflation	3.25%
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	2.16%
Measurement date	3.54%
Healthcare Cost Trends	
Pre-Medicare	7.00% for 2022 decreasing to an ultimate rate of 4.50% by 2032
Medicare	5.125% for 2022 decreasing to an ultimate rate of 4.50% by 2025
Dental	3.50%

*Actuarial Assumptions and Other Inputs.* The total OPEB liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

### Changes in the Total OPEB Liability

	<b>Total OPEB Liability</b>
<b>Balance at June 30, 2021</b>	<b><u>\$42,727,861</u></b>
<b>Changes for the year:</b>	
Service cost	2,477,368
Interest	959,392
Changes of benefit terms	-
Differences between expected and actual experience	2,642,682
Changes of assumptions or other inputs	(5,157,908)
Benefit payments	<u>(1,586,302)</u>
<b>Net changes</b>	<b><u>(664,768)</u></b>
<b>Balance at June 30, 2022</b>	<b><u>\$42,063,093</u></b>

Changes in assumptions and other inputs reflect a change in the Municipal Bond Index Rate from 2.16% to 3.54%

# HENDERSON COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

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, 2022 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, 2022 valuation were based on a review of recent plan experience done concurrently with the June 30, 2022 valuation.

*Sensitivity of the Total OPEB Liability to Changes in the Discount Rate.* The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.54%) or 1-percentage-point higher (4.54%) than the current discount rate:

	<b>1% Decrease (2.54%)</b>	<b>Current (3.54%)</b>	<b>1% Increase (4.54%)</b>
Total OPEB liability	<u>\$ 46,236,912</u>	<u>\$ 42,063,093</u>	<u>\$ 38,340,856</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:

	<b>1% Decrease</b>	<b>Current Discount Rate</b>	<b>1% Increase</b>
Total OPEB liability	<u>\$ 37,366,351</u>	<u>\$ 42,063,093</u>	<u>\$ 47,643,211</u>

# HENDERSON COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

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

For the year ended June 30, 2023, the County recognized OPEB expense of \$4,967,297. At June 30, 2023, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 7,672,730	\$ 200,463
Changes of assumptions	4,602,409	4,649,290
Benefit payments and plan administrative expense made subsequent to the measurement date	1,656,385	-
Total	<u>\$ 13,931,524</u>	<u>\$ 4,849,753</u>

\$1,656,385 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, 2024. Other amounts reported as deferred inflows and outflows of resources related to OPEB will be recognized in OPEB expense as follows:

<b>Year Ending June 30</b>	<b>Total</b>
2024	\$ 1,530,667
2025	1,608,125
2026	1,673,525
2027	1,625,835
2028	1,378,970
Thereafter	<u>(391,736)</u>
Total	<u>\$ 7,425,386</u>

### 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

# **HENDERSON COUNTY, NORTH CAROLINA**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023**

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 \$741,030 reported as landfill post-closure care liability at June 30, 2023 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 2023. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

### **Henderson County Hospital Corporation Pension Plan**

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

# HENDERSON COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

### Deferred Outflows and Inflows of Resources

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Charge on refunding of debt	\$ 588,117	\$ -
Pensions - difference between expected and actual experience:		
LGERS	1,454,396	142,595
Register of Deeds	1,265	2,978
OPEB	7,672,730	200,463
LEOSSA	650,654	-
Pensions - difference between projected and actual investment earnings:		
LGERS	11,155,795	-
Register of Deeds	68,273	-
Changes of Assumptions:		
LGERS	3,367,815	-
Register of Deeds	8,697	-
LEOSSA	969,937	1,095,867
OPEB	4,602,409	4,649,290
Pensions - change in proportion and difference between employer contributions and proportionate share of contributions:		
LGERS	303,819	111,770
Register of Deeds	7,000	-
Contributions to pension plans in 2022-2023 fiscal year - LGERS, LEOSSA, ROD, OPEB	8,355,628	-
Prepaid taxes not yet earned (General Fund)	-	215,779
Prepaid fire district tax, net (Special Revenue Fund)	-	4,911
Taxes receivable, net (General Fund)	-	887,116
Other receivables (General Fund)	-	2,872,218
Unavailable revenue (Special Revenue Fund)	-	684,994
Leases (General)	-	13,915,777
Total	<u>\$ 39,206,535</u>	<u>\$ 24,783,758</u>

# **HENDERSON COUNTY, NORTH CAROLINA**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023**

### **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, 2023

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:

	<b>Year Ended June 30</b>	
	<b>2022</b>	<b>2023</b>
Unpaid claims:		
Beginning of year - July 1	\$ 238,893	\$ 698,065
Incurred claims	13,019,932	12,544,432
Claim payments	<u>(12,560,760)</u>	<u>(12,555,324)</u>
End of year - June 30	<u>\$ 698,065</u>	<u>\$ 687,173</u>

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

### Claims and Judgments

At June 30, 2023, 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, 2023

The future minimum lease obligations and the net present value of the minimum lease payments as of June 30, 2023 were as follows:

<b>Year Ending</b>		
<b>June 30</b>	<b>Principal</b>	<b>Interest</b>
2024	\$ 78,542	\$ 14,410
2025	81,010	12,743
2026	82,733	11,019
2027	71,721	9,264
2028	70,597	7,623
2029-2033	140,922	22,698
2034-2038	79,128	12,744
2039-2043	45,726	4,522
2044-2045	<u>15,303</u>	<u>537</u>
Total	<u>\$ 665,682</u>	<u>\$ 95,560</u>

### Subscriptions

The County has entered into subscription-based information technology arrangements (subscriptions) that qualify as other than short-term subscriptions under GASB 96 and, therefore, have been recorded at the present value of the future minimum subscription payments as of the date of their inception.

The future minimum subscription obligations and the net present value of the minimum subscription payments as of June 30, 2023 were as follows:

<b>Year Ending</b>		
<b>June 30</b>	<b>Principal</b>	<b>Interest</b>
2024	\$353,068	\$ 14,442
2025	297,226	10,181
2026	7,898	612
2027	8,097	413
2028	<u>8,301</u>	<u>209</u>
Total	<u>\$674,590</u>	<u>\$ 25,857</u>

# HENDERSON COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

### 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, 2023 are as follows:

\$7,500,000 2010 County Buildings Recovery Zone Economic Development bonds, due in annual principal payments of \$500,000, including interest charged at an annual rate of 4.80%. Payments will continue through November 19, 2025.	<u>\$ 1,500,000</u>
Total installment contracts	<u>\$ 1,500,000</u>

The County's outstanding contracts from direct placements related to the Henderson County Detention Center of \$1,500,000 is secured by a deed of trust for the benefit of the bank, pursuant to which the County grants a lien on the site. The contracts contain a provision that in an event of default, there will be foreclosure of the collateral. The County liability is limited to the collateral.

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

<b>Year Ending June 30</b>	<b>Principal</b>	<b>Interest</b>
2024	500,000	72,000
2025	500,000	48,000
2026	500,000	24,000
Total	<u>\$ 1,500,000</u>	<u>\$ 144,000</u>

### Installment Purchases

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

# HENDERSON COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

Other direct placement installment purchase contracts payable at June 30, 2023 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.

\$ 4,571,429

Total installment purchases indebtedness

\$ 4,571,429

The County's outstanding contracts from direct placements related to the Clear Creek Elementary School and Etowah Elementary School projects of \$4,571,429 is secured by a deed of trust for the benefit of the bank, pursuant to which the County grants a lien on the sites. The contracts contain a provision that in an event of default, there will be foreclosure of the collateral. The County liability is limited to the collateral.

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

Year Ending June 30	Principal	Interest
2024	1,828,571	105,531
2025	1,828,571	58,629
2026	914,287	11,726
Total	\$ 4,571,429	\$ 175,886

### 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.

\$ 533,333

Total installment purchases indebtedness

\$ 533,333

The County's outstanding contracts from direct placements related to the Henderson County Solid Waste Facility of \$533,333 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, 2023

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

<b>Year Ending</b> <b>June 30</b>	<b>Landfill</b>	
	<b>Principal</b>	<b>Interest</b>
2024	133,333	17,067
2025	133,333	12,800
2026	133,333	8,533
2027	133,336	4,267
Total	<u>\$ 533,335</u>	<u>\$ 42,667</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, 2023

The County's limited obligation bonds payable at June 30, 2023 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.	\$ 2,755,000
\$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%.	6,532,000
\$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%.	20,070,000
\$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%.	13,625,000
\$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%	8,765,000
\$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%	18,255,000
\$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%	44,635,000
\$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>18,275,000</u>
Total governmental limited obligation bonds payable	<u>\$ 132,912,000</u>

# HENDERSON COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

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

<b>Year Ending June 30</b>	<b>Principal</b>	<b>Interest</b>
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	7,915,000	3,722,539
2029-2033	40,635,000	12,840,441
2034-2038	36,610,000	4,555,599
2039-2040	7,400,000	617,438
Total	<u>\$ 132,912,000</u>	<u>\$ 40,591,488</u>

### Governmental Activities:

At June 30, 2023, the County had no bonds authorized, but unissued, and a legal debt margin of \$1,266,813,310.

# HENDERSON COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

### Long-Term Obligation Activity

A summary of changes in long-term debt follows:

	Balance July 1, 2022	Increases	Decreases	Transfer	Balance June 30, 2023	Current Portion of Balance
<b>Governmental Activities:</b>						
Limited obligation bonds	\$ 144,271,000	\$ -	\$(11,359,000)	\$ -	\$ 132,912,000	\$ 11,317,000
Add unamortized bond premium	15,992,884	-	(997,915)	-	14,994,969	997,915
Total limited obligation bonds	160,263,884	-	(12,356,915)	-	147,906,969	12,314,915
Other long-term obligations:						
Leases	617,678	124,916	(76,912)	-	665,682	78,542
Subscriptions	-	1,057,551	(382,961)	-	674,590	353,068
Direct placement - installment purchases	6,400,000	-	(1,828,572)	-	4,571,428	1,828,571
Direct placement - installment contracts	2,000,000	-	(500,000)	-	1,500,000	500,000
Net pension liability (LGERS)	8,726,832	24,317,578	-	-	33,044,410	-
Compensated absences	4,141,851	2,945,352	(2,569,812)	-	4,517,391	451,739
Total OPEB liability	41,800,666	901,537	(1,551,879)	-	41,150,324	-
Total pension liability (LEOSSA)	8,017,278	-	(844,735)	-	7,172,543	-
Total governmental activities	<u>\$ 231,968,189</u>	<u>\$ 29,346,934</u>	<u>\$(20,111,786)</u>	<u>\$ -</u>	<u>\$ 241,203,337</u>	<u>\$ 15,526,835</u>
<b>Business-Type Activities:</b>						
<b>Landfill:</b>						
Direct placement - installment purchases	\$ 666,668	\$ -	\$(133,333)	\$ -	\$ 533,335	\$ 133,333
Accrued landfill closure and post-closure care cost	857,566	-	(116,536)	-	741,030	116,536
Net pension liability (LGERS)	187,195	521,623	-	-	708,818	-
Total OPEB liability	927,195	-	(14,426)	-	912,769	-
Compensated absences	51,684	19,543	(17,162)	-	54,065	5,407
Total Landfill	<u>2,690,308</u>	<u>541,166</u>	<u>(281,457)</u>	<u>-</u>	<u>2,950,017</u>	<u>255,276</u>
Total business-type activities	<u>\$ 2,690,308</u>	<u>\$ 541,166</u>	<u>\$(281,457)</u>	<u>\$ -</u>	<u>\$ 2,950,017</u>	<u>\$ 255,276</u>



# HENDERSON COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

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

### Discretely Presented Component Unit:

	Balance July 1, 2022	Increases	Decreases	Balance June 30, 2023	Current Portion of Balance
Revenue bonds	\$ 18,629,280	\$ 17,485,462	\$ 2,419,193	\$ 33,695,549	\$ 2,672,045
Leases	19,866,799	6,655,503	4,257,418	22,264,884	4,496,121
Total	<u>\$ 38,496,079</u>	<u>\$ 24,140,965</u>	<u>\$ 6,676,611</u>	<u>\$ 55,960,433</u>	<u>\$ 7,168,166</u>

### Revenue Bonds

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, 2023 and 2022, the Corporation had drawn \$10,108,758 and \$6,655,296, respectively, of the \$14,500,000 bond.

On July 19, 2022, the County issued a \$14,032,000 County of Henderson, North Carolina, Taxable Hospital Revenue Bond, Series 2022 (the 2022 Bond) and loaned the proceeds to the Corporation. The proceeds of the loan were used to reimburse funds for construction and capital spent prior to July 2022. The principal amount is payable annually through June 1, 2042 and interest is payable bi-annually at 4.57%.

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.

# HENDERSON COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

### 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.

Scheduled future payment requirements subsequent to June 30, 2023 are as follows:

<b>Year Ending June 30</b>	<b>Bonds</b>	<b>Lease Liabilities</b>	<b>Interest</b>
2024	\$ 2,672,045	\$ 4,496,121	\$ 1,754,480
2025	2,746,643	3,480,695	1,535,155
2026	2,825,079	3,230,202	1,346,540
2027	2,906,378	3,276,688	1,158,099
2028	2,988,564	1,969,034	978,933
2029-2033	11,435,840	4,503,776	3,015,853
2034-2038	4,107,000	1,308,368	1,505,327
2039-2042	4,014,000	-	468,882
Total	<u>\$ 33,695,549</u>	<u>\$ 22,264,884</u>	<u>\$ 11,763,269</u>

### Net Investment in Capital Assets

Net investment in capital assets at June 30, 2023 is computed as follows:

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>
Capital assets, net of accumulated depreciation	\$ 114,149,787	\$ 9,283,512
Long-term debt	(155,318,669)	(533,335)
Long-term debt for assets not owned by the County	120,753,829	-
Net investment in capital assets	<u>\$ 79,584,947</u>	<u>\$ 8,750,177</u>

Unspent debt proceeds of \$2,127,200 deferred outflows - charge on refunding of \$588,117 are both related to Schools and are not included in the net investment in capital assets calculation.

### Construction Commitments

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

<b>Project</b>	<b>Remaining Commitment</b>
VFW Renovation Project	\$ 4,909,007
Total	<u>\$ 4,909,007</u>

# HENDERSON COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

### Interfund Balances and Activity

Transfers to/from other funds for the year ended June 30, 2023 consist of the following:

	Transfer In					Total
	General Fund	General Capital Projects Fund	School Capital Projects Fund	Other Governmental Funds	Enterprise Fund	
<b>Transfer out</b>						
General Fund	\$ -	\$ 3,888,743	\$ -	\$ 10,299,722	\$ 1,500,000	\$ 15,688,465
General Capital Projects Fund	-	147,388	-	3,313,287	-	3,460,675
Other Governmental Funds	<u>1,778,900</u>	<u>560,543</u>	<u>2,849,626</u>	<u>-</u>	<u>-</u>	<u>5,189,069</u>
<b>Total</b>	<u>\$ 1,778,900</u>	<u>\$ 4,596,674</u>	<u>\$ 2,849,626</u>	<u>\$ 13,613,009</u>	<u>\$ 1,500,000</u>	<u>\$ 24,338,209</u>

### Interfund Transfer Purpose

To General Fund:	To fund projects with American Rescue Plan Funds and to fund debt service
To General Capital Project Fund:	To fund capital expansion
To School Capital Project Fund:	To fund capital expansion
To Enterprise Fund:	To supplement operating reserve
To Other Governmental Funds:	To fund future and current capital projects

### 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 \$5,250,000 to the Community College for operational expenses during the fiscal year ended June 30, 2023. In addition, the County made debt service payments of \$3,155,000, including interest, during the year ended June 30, 2023, on limited obligation bonds and certificates of participation (COPs) issued for the Community College facilities. In addition, the County funded a facilities Maintenance and

# **HENDERSON COUNTY, NORTH CAROLINA**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023**

Repair, Technology and Security Initiative for \$1,996,939 for approved projects of the Community College, of which \$1,483,994 was spent in FY23. 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, 2023. Complete financial statements for the Community College may be obtained from the Community College's administrative offices at Blue Ridge Community College, Flat Rock, North Carolina.

The County, in conjunction with 22 other counties, is a member of the Vaya Health Managed Care Organization (MCO), which provides mental health, development disability, and substance abuse services to residents of the twenty-three County area. Each participating government appoints members to the governing board of the MCO. The County has ongoing financial responsibility to provide maintenance of effort funding to assist in providing mental health services primarily within the County. The County contributed \$528,612 towards this maintenance of effort in the form of grants to service providers during the fiscal year ended June 30, 2023. 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, 2023. Complete financial statements for the LME may be obtained from the LME's administrative office at 200 Ridgely 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. Subsequent Events**

The County has evaluated subsequent events through October 31, 2023, 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 SEVEN FISCAL YEARS**

	<b>Law Enforcement Officers' Special Separation Allowance</b>						
	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
Beginning balance	\$ 8,017,278	7,839,267	\$ 5,212,267	\$ 4,735,595	\$ 4,644,992	\$ 4,561,820	\$ 4,609,945
Service cost	377,737	364,623	229,878	198,328	200,837	161,720	179,379
Interest on the total pension liability	176,381	147,752	164,898	166,301	141,245	169,905	159,386
Differences between expected and actual experience	120,677	219,654	627,325	309,396	263,037	(173,704)	-
Changes of assumptions or other inputs	(1,163,262)	(186,607)	1,912,980	136,434	(164,110)	245,524	(96,170)
Benefit payments	(356,268)	(367,411)	(308,081)	(333,787)	(350,406)	(320,273)	(290,720)
Ending balance of the total pension liability	<u>\$ 7,172,543</u>	<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 SEVEN FISCAL YEARS**

	<b>Law Enforcement Officers' Special Separation Allowance</b>						
	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
Total pension liability	\$ 7,172,543	8,017,278	\$ 7,839,267	\$ 5,212,267	\$ 4,735,595	\$ 4,644,992	\$ 4,561,820
Covered-employee payroll*	9,427,365	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	76.08%	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 SIX FISCAL YEARS**

	<b>Total OPEB Liability</b>					
	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Beginning balance	\$ 42,727,861	\$ 39,358,947	\$ 21,660,306	\$ 20,227,240	\$ 19,284,840	\$ 19,572,675
Service cost	2,477,368	2,433,380	1,073,501	997,087	955,028	1,023,125
Interest on TOL and cash flows	959,392	906,135	769,175	763,735	671,611	577,569
Changes of benefit terms	-	-	4,222,575	-	-	-
Differences between expected and actual experience	2,642,682	(126,315)	8,571,865	144,390	(211,456)	(171,424)
Changes of assumptions or other inputs	(5,157,908)	1,745,893	4,589,399	727,218	373,320	(942,686)
Benefit payments	(1,586,302)	(1,590,179)	(1,527,874)	(1,199,364)	(846,103)	(774,419)
Ending balance of the total OPEB liability	<u>\$ 42,063,093</u>	<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	\$ 41,767,230	\$ 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	100.71%	109.23%	100.62%	59.08%	55.17%	61.19%

**Notes to Schedule:**

No OPEB assets are accumulated in trust.

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

<b>Fiscal Year</b>	<b>Rate</b>
2023	3.54%
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 TEN FISCAL YEARS\***

	<b>Local Government Employees' Retirement System</b>									
	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
County's proportion of the net pension liability (asset) (%)	0.59831%	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) (\$)	\$ 33,753,228	\$ 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	\$ 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	\$ 30,640,057
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	73.81%	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**	84.14%	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.

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

	<b>Local Government Employees' Retirement System</b>									
	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Contractually required contribution	\$ 6,459,056	\$ 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>6,459,056</u>	<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)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered payroll	\$50,531,271	\$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	12.78%	11.70%	10.27%	9.11%	7.91%	7.23%	7.00%	6.79%	7.09%	7.08%

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

	<b>Register of Deeds' Supplemental Pension Fund</b>									
	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
County's proportion of the net pension liability (asset) (%)	1.240065%	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) (\$)	\$ (164,262)	\$ (244,380)	\$ (300,620)	\$ (239,520)	\$ (229,764)	\$ (242,521)	\$ (265,773)	\$ (316,304)	\$ (298,899)	\$ (267,737)
County's covered payroll	\$ 100,414	\$ 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	-163.58%	-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 **	139.04%	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.

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

	<b>Register of Deeds' Supplemental Pension Fund</b>									
	<b><u>2023</u></b>	<b><u>2022</u></b>	<b><u>2021</u></b>	<b><u>2020</u></b>	<b><u>2019</u></b>	<b><u>2018</u></b>	<b><u>2017</u></b>	<b><u>2016</u></b>	<b><u>2015</u></b>	<b><u>2014</u></b>
Contractually required contribution	\$ 10,840	\$ 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>10,840</u>	<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>	<u>\$ -</u>
County's covered payroll	\$ 107,216	\$ 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	10.11%	14.16%	16.59%	14.07%	13.33%	13.07%	15.49%	15.86%	14.88%	15.60%

**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, 2023****WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2022**

	<b>2023</b>			<b>2022</b>
	<b>Budget</b>	<b>Actual</b>	<b>Variance Over/Under</b>	<b>Actual</b>
<b>Revenues:</b>				
<b>Ad Valorem Taxes:</b>				
Taxes - current		\$ 98,036,061		94,955,318
Penalties, interest, and advertising		500,392		588,805
Total	\$ 95,439,998	98,536,453	\$ 3,096,455	95,544,123
<b>Local Option Sales Taxes:</b>				
Article 39 one percent		18,174,388		16,751,829
Article 40 one-half of one percent		11,259,081		10,522,213
Article 42 one-half of one percent		10,222,481		9,433,535
Article 44 one-half of one percent		787,769		687,434
Medicaid hold harmless		5,213,111		4,331,780
Total	32,577,783	45,656,830	13,079,047	41,726,791
<b>Other Taxes and Licenses:</b>				
Deed stamp excise tax		1,393,620		1,674,270
Gross receipts rental tax		75,521		64,431
Privilege licenses		361,771		315,639
Occupancy tax		3,791,255		3,752,094
Total	5,803,408	5,622,167	(181,241)	5,806,434
<b>Unrestricted Intergovernmental Revenues:</b>				
Payment in lieu of taxes	50,000	64,358	14,358	60,159
<b>Restricted Intergovernmental Revenues:</b>				
Federal and state grants		20,144,062		19,594,070
Controlled substance tax		43,171		30,049
Court facility fee		127,770		134,310
ABC net revenues		226,788		218,364
ABC bottles taxes		40,642		41,624
Total	22,849,389	20,582,433	(2,266,956)	20,018,417
<b>Permits and Fees:</b>				
Inspection fees		2,357,058		2,133,596
Register of Deeds		456,648		649,782
Enforcement fees		230,079		262,157
Watershed fees		1,315		-
Total	2,376,142	3,045,100	668,958	3,045,535

**HENDERSON COUNTY, NORTH CAROLINA****GENERAL FUND****SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES****IN FUND BALANCE - BUDGET AND ACTUAL****FOR THE YEAR ENDED JUNE 30, 2023****WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2022**

	<b>2023</b>			<b>2022</b>
	<b>Budget</b>	<b>Actual</b>	<b>Variance Over/Under</b>	<b>Actual</b>
<b>Sales and Services:</b>				
Rents, concessions, and fees		2,604,428		2,488,238
Jail fees		317,925		364,000
Ambulance fees		2,942,661		3,929,746
Recreation fees		271,289		232,517
Lease revenue		1,041,461		1,084,842
Total	7,523,680	7,177,764	(345,916)	8,099,343
<b>Investment Earnings</b>	502,500	3,574,445	3,071,945	494,057
<b>Miscellaneous:</b>				
Sale of materials		151,619		231,568
Interest on lease receivable		346,016		359,294
Other		1,988,638		149,514
Total	2,360,759	2,486,273	125,514	740,376
Total revenues	169,483,659	186,745,823	17,262,164	175,535,235
<b>Expenditures:</b>				
<b>General Government:</b>				
<b>Governing Body:</b>				
Salaries and employee benefits		342,328		314,625
Operating expenditures		252,331		317,747
Donations and dues		983,540		451,548
Total	1,614,592	1,578,199	36,393	1,083,920
<b>Administration:</b>				
Salaries and employee benefits		2,802,198		2,069,786
Operating expenditures		5,765,733		4,076,109
Total	9,549,613	8,567,931	981,682	6,145,895
<b>Elections:</b>				
Salaries and employee benefits		593,940		537,504
Operating expenditures		118,535		371,133
Capital outlay		-		400,015
Total	886,733	712,475	174,258	1,308,652
<b>Finance:</b>				
Salaries and employee benefits		1,066,227		991,277
Operating expenditures		165,596		114,514
Total	1,249,748	1,231,823	17,925	1,105,791



**HENDERSON COUNTY, NORTH CAROLINA****GENERAL FUND****SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES****IN FUND BALANCE - BUDGET AND ACTUAL****FOR THE YEAR ENDED JUNE 30, 2023****WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2022**

	<b>2023</b>			<b>2022</b>
	<b>Budget</b>	<b>Actual</b>	<b>Variance Over/Under</b>	<b>Actual</b>
<b>Tax Administration:</b>				
Salaries and employee benefits		1,986,193		1,705,091
Operating expenditures		560,128		544,499
Total	2,670,411	2,546,321	124,090	2,249,590
<b>Legal:</b>				
Salaries and employee benefits		945,730		834,470
Contracted services		29,973		32,193
Total	991,880	975,703	16,177	866,663
<b>Register of Deeds:</b>				
Salaries and employee benefits		530,860		475,019
Operating expenditures		250,962		113,074
Capital outlay		-		27,266
Total	833,170	781,822	51,348	615,359
<b>Facilities Services:</b>				
Salaries and employee benefits		1,946,086		1,749,385
Operating expenditures		3,062,272		2,560,273
Capital outlay		53,965		9,230
Total	5,778,285	5,062,323	715,962	4,318,888
<b>Garage and Grounds:</b>				
Salaries and employee benefits		288,957		292,302
Operating expenditures		86,273		71,477
Capital outlay		-		25,794
Total	403,972	375,230	28,742	389,573
<b>Court Facilities:</b>				
Operating expenditures		137,892		143,080
Total	153,000	137,892	15,108	143,080
<b>Information Technology:</b>				
Salaries and employee benefits		1,547,056		1,348,131
Operating expenditures		2,396,868		2,117,889
Capital outlay		1,106,006		158,435
Total	6,081,579	5,049,930	1,031,649	3,624,455
<b>Wellness Clinic:</b>				
Salaries and employee benefits		983,090		895,368
Operating expenditures		319,064		238,317
Capital outlay		5,585		-
Total	1,326,245	1,307,739	18,506	1,133,685
Total general government	31,539,228	28,327,388	3,211,840	22,985,551

**HENDERSON COUNTY, NORTH CAROLINA****GENERAL FUND****SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES****IN FUND BALANCE - BUDGET AND ACTUAL****FOR THE YEAR ENDED JUNE 30, 2023****WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2022**

	<b>2023</b>		<b>2022</b>
	<b>Budget</b>	<b>Actual</b>	<b>Variance Over/Under</b>
			<b>Actual</b>
<b>Public Safety:</b>			
<b>Sheriff and Communications:</b>			
Salaries and employee benefits		17,643,053	16,485,420
Operating expenditures		2,437,624	2,637,643
Capital outlay		142,389	1,066,302
Total	21,432,456	20,223,066	1,209,390
<b>Jail:</b>			
Salaries and employee benefits		4,187,942	4,012,661
Operating expenditures		1,363,493	1,361,964
Capital outlay		33,259	-
Total	6,245,927	5,584,694	661,233
<b>Emergency Management:</b>			
Salaries and employee benefits		577,889	624,252
Operating expenditures		208,806	201,113
Capital outlay		156,676	69,951
Total	1,035,155	943,371	91,784
<b>Fire Services:</b>			
Salaries and employee benefits		319,561	435,438
Operating expenditures		266,364	218,166
Capital outlay		124,916	225,962
Total	802,047	710,841	91,206
<b>Inspections:</b>			
Salaries and employee benefits		1,314,353	1,119,578
Operating expenditures		103,549	110,977
Capital outlay		-	24,385
Total	1,469,486	1,417,902	51,584
<b>Code Enforcement Services:</b>			
Salaries and employee benefits		286,738	264,036
Operating expenditures		50,847	7,077
Capital outlay		-	26,630
Total	338,837	337,585	1,252
<b>Site Development:</b>			
Salaries and employee benefits		252,596	227,234
Operating expenditures		7,128	7,421
Capital outlay		-	24,154
Total	260,041	259,724	317

**HENDERSON COUNTY, NORTH CAROLINA****GENERAL FUND****SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES****IN FUND BALANCE - BUDGET AND ACTUAL****FOR THE YEAR ENDED JUNE 30, 2023****WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2022**

	<b>2023</b>			<b>2022</b>
	<b>Budget</b>	<b>Actual</b>	<b>Variance Over/Under</b>	<b>Actual</b>
<b>Emergency Medical Services:</b>				
Salaries and employee benefits		8,209,383		6,345,577
Operating expenditures		821,513		740,144
Capital outlay		117,512		725,143
Total	9,148,449	9,148,408	41	7,810,864
<b>Animal Control:</b>				
Salaries and employee benefits		597,317		530,587
Operating expenditures		184,266		180,562
Total	823,714	781,583	42,131	711,149
<b>Rescue Squad:</b>				
Operating expenditures		557,750		381,902
Total	557,750	557,750	-	381,902
Total public safety	42,113,862	39,964,924	2,148,938	38,054,279
<b>Environmental Protection:</b>				
<b>Soil and Water Conservation:</b>				
Salaries and employee benefits		368,665		367,779
Operating expenditures		462,031		52,591
Capital outlay		37,195		-
Total	1,243,657	867,891	375,766	420,370
<b>Forestry Service</b>	91,484	58,085	33,399	49,173
Total environmental protection	1,335,141	925,976	409,165	469,543
<b>Economic and Physical Development:</b>				
<b>Planning:</b>				
Salaries and employee benefits		756,911		532,124
Operating expenditures		50,544		157,537
Capital outlay		-		24,154
Total	913,427	807,455	105,972	713,815
<b>Agricultural Extension:</b>				
Salaries and employee benefits		411,187		395,334
Operating expenditures		74,835		71,651
Total	598,356	486,022	112,334	466,985
<b>Project Management:</b>				
Salaries and employee benefits		178,899		272,196
Operating expenditures		4,368		4,663
Capital outlay		-		-
Total	286,800	183,267	103,533	276,859

**HENDERSON COUNTY, NORTH CAROLINA****GENERAL FUND****SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES****IN FUND BALANCE - BUDGET AND ACTUAL****FOR THE YEAR ENDED JUNE 30, 2023****WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2022**

	<b>2023</b>			<b>2022</b>
	<b>Budget</b>	<b>Actual</b>	<b>Variance Over/Under</b>	<b>Actual</b>
<b>Agri-Business Development:</b>				
Salaries and employee benefits		186,735		170,098
Operating expenditures		43,232		37,865
Total	232,823	229,967	2,856	207,963
<b>Other Transfers:</b>				
Heritage museum	100,000	100,000	-	100,000
Economic development contracts	801,724	588,883	212,841	656,536
Total	901,724	688,883	212,841	756,536
Total economic and physical development	2,933,130	2,395,594	537,536	2,422,158
<b>Human Services:</b>				
<b>Health:</b>				
<b>General and Administration:</b>				
Salaries and employee benefits		8,169,620		7,628,476
Operating expenditures		1,826,525		1,553,144
Capital outlay		26,688		12,099
Total	14,144,039	10,022,833	4,121,206	9,193,719
Total public health	14,144,039	10,022,833	4,121,206	9,193,719
<b>Environmental Health:</b>				
Salaries and employee benefits		1,470,924		1,331,386
Operating expenditures		59,256		85,113
Capital outlay		-		-
Total	1,668,124	1,530,180	137,944	1,416,499
<b>Home and Community Block Grant:</b>				
Operating expenditures		886,976		893,189
Total	886,976	886,976	-	893,189
<b>Medical Services:</b>				
Operating expenditures		106,700		97,050
Total	106,700	106,700	-	97,050
<b>Social Services:</b>				
<b>Mental Health:</b>				
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, 2023****WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2022**

	<b>2023</b>			<b>2022</b>
	<b>Budget</b>	<b>Actual</b>	<b>Variance Over/Under</b>	<b>Actual</b>
<b>Administration:</b>				
Salaries and employee benefits		14,008,295		13,059,178
Operating expenditures		1,234,966		1,277,223
Capital outlay		-		25,478
Total	16,708,669	15,243,261	1,465,408	14,361,879
<b>TANF Program:</b>				
County participation only	1,000	-	1,000	-
<b>Income Maintenance Program:</b>				
Supplemental aid to the aged		238,354		255,356
Supplemental aid to the disabled		545,638		470,014
Crisis intervention payments		154,403		217,713
Total	1,202,414	938,395	264,019	943,083
<b>LIEAP Operations:</b>				
LIEAP Operations	418,397	44,245	374,152	829,905
<b>Foster Care:</b>				
State boarding home		550,000		464,500
Foster care - children		590,872		685,024
Adoption assistance		314,142		308,990
Total	1,675,167	1,455,014	220,153	1,458,514
<b>Other Assistance:</b>				
Social work contracts	158,888	150,294	8,594	154,243
Medicaid transportation	40,000	27,397	12,603	12,996
Aid to the blind	7,539	7,539	-	7,686
Adult day care	86,256	77,365	8,891	32,080
General assistance	101,000	72,818	28,182	62,276
JOBS program	5,000	536	4,464	304
EDTAP program	201,384	174,246	27,138	123,557
Emergency assistance	5,000	58,990	(53,990)	30,859
Other assistance	279,943	222,732	57,211	763,532
Total	885,010	791,917	93,093	1,187,533
Total social services	21,419,269	19,001,444	2,417,825	19,309,526

**HENDERSON COUNTY, NORTH CAROLINA****GENERAL FUND****SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES****IN FUND BALANCE - BUDGET AND ACTUAL****FOR THE YEAR ENDED JUNE 30, 2023****WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2022**

	<b>2023</b>			<b>2022</b>
	<b>Budget</b>	<b>Actual</b>	<b>Variance Over/Under</b>	<b>Actual</b>
<b>Veteran Services:</b>				
Salaries and employee benefits		90,341		63,726
Operating expenditures		17,604		17,216
Total	141,120	107,945	33,175	80,942
<b>Juvenile Justice Grant:</b>				
Operating expenditures	291,020	284,353	6,667	303,088
Total human services	38,657,248	31,940,431	6,716,817	31,294,013
<b>Cultural and Recreational:</b>				
<b>Library:</b>				
Salaries and employee benefits		2,991,277		2,852,298
Operating expenditures		775,862		741,144
Capital outlay		-		47,779
Total	3,909,223	3,767,139	142,084	3,641,221
<b>Parks and Recreation:</b>				
Salaries and employee benefits		1,642,550		1,418,362
Operating expenditures		871,345		823,517
Capital outlay		-		44,510
Total	2,598,829	2,513,895	84,934	2,286,389
Total cultural and recreational	6,508,052	6,281,034	227,018	5,927,610
<b>Intergovernmental:</b>				
Education:				
Public schools - current expense		31,612,938		30,133,459
Public schools - capital expense		1,500,000		1,500,000
Community colleges - capital expense		5,250,000		4,748,181
Total education	38,362,938	38,362,938	-	36,381,640
<b>Debt Service:</b>				
Principal	14,147,446	14,147,445	1	13,686,571
Interest	6,075,480	6,069,534	5,946	6,422,624
Total debt service	20,222,926	20,216,979	5,947	20,109,195
Total expenditures	181,672,525	168,415,264	13,257,261	157,643,989
Revenues over (under) expenditures	(12,188,866)	18,330,559	30,519,425	17,891,246

**HENDERSON COUNTY, NORTH CAROLINA****GENERAL FUND****SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES****IN FUND BALANCE - BUDGET AND ACTUAL****FOR THE YEAR ENDED JUNE 30, 2023****WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2022**

	<b>2023</b>			<b>2022</b>
	<b>Budget</b>	<b>Actual</b>	<b>Variance Over/Under</b>	<b>Actual</b>
<b>Other Financing Sources (Uses):</b>				
Lease liabilities issued	-	124,916	124,916	695,626
Subscription liabilities issued	719,020	1,057,551	338,531	0
Transfers in	3,321,310	3,313,287	(8,023)	2,740,152
Transfers (out)	(15,688,464)	(15,688,464)	-	(15,744,744)
Appropriated fund balance	<u>23,837,000</u>	<u>-</u>	<u>(23,837,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>12,188,866</u>	<u>(11,192,710)</u>	<u>(23,381,576)</u>	<u>(12,308,966)</u>
Net changes in fund balance	<u>\$ -</u>	<u>7,137,849</u>	<u>\$ 7,137,849</u>	<u>5,582,280</u>
<b>Fund Balance:</b>				
Fund balance - beginning		85,899,635		80,317,355
End of year - June 30		<u>\$ 93,037,484</u>		<u>\$ 85,899,635</u>

## **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, 2023**

		<b>Actual</b>		
	<b>Project Authorization</b>	<b>Prior Years</b>	<b>Current Year</b>	<b>Total to Date</b>
<b>Revenues:</b>				
Restricted intergovernmental revenues	\$ 29,129,210	\$ 2,011,822	\$ 354,696	\$ 2,366,518
Investment earnings	24,453	132,780	19,579	152,359
Miscellaneous	732,793	1,621,506	532,559	2,154,065
Total	<u>29,886,456</u>	<u>3,766,108</u>	<u>906,834</u>	<u>4,672,942</u>
<b>Expenditures:</b>				
General government	<u>99,716,955</u>	<u>43,739,169</u>	<u>11,262,483</u>	<u>55,001,652</u>
<b>Debt Service:</b>				
Interest and fees	<u>314,951</u>	<u>314,951</u>	<u>-</u>	<u>314,951</u>
Total expenditures	<u>100,031,906</u>	<u>44,054,120</u>	<u>11,262,483</u>	<u>55,316,603</u>
Revenues over (under) expenditures	<u>(70,145,450)</u>	<u>(40,288,012)</u>	<u>(10,355,649)</u>	<u>(50,643,661)</u>
<b>Other Financing Sources (Uses):</b>				
Transfers (out):				
To General Fund	(234,045)	(517,238)	-	(517,238)
To Public Transit Fund	(153,120)	(153,120)	-	(153,120)
To Capital Projects Fund	(1,682,182)	(650,000)	-	(650,000)
Transfers in:				
From General Fund	13,164,689	12,479,062	3,888,742	16,367,804
From Capital Reserve Fund	2,006,550	646,265	147,388	793,653
From Capital Projects Fund	1,359,500	650,000	-	650,000
From ARPA Fund	17,150,000	44,336	560,543	604,879
From Public Transit Fund	<u>296,977</u>	<u>296,977</u>	<u>-</u>	<u>296,977</u>
Total transfers in (out)	<u>31,908,369</u>	<u>12,796,282</u>	<u>4,596,673</u>	<u>17,392,955</u>
Debt issued	32,947,851	33,325,000	-	33,325,000
Bond premium	3,950,016	5,315,686	-	5,315,686
Appropriated fund balance	<u>1,339,214</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>70,145,450</u>	<u>51,436,968</u>	<u>4,596,673</u>	<u>56,033,641</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 11,148,956</u>	<u>(5,758,976)</u>	<u>\$ 5,389,980</u>
<b>Fund Balance:</b>				
Beginning of year - July 1			<u>10,537,701</u>	
End of year - June 30			<u>\$ 4,778,725</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, 2023**

		<b>Actual</b>		
	<b>Project Authorization</b>	<b>Prior Years</b>	<b>Current Year</b>	<b>Total to Date</b>
<b>Revenues:</b>				
Investment earnings	\$ 51,400	\$ 607,289	\$ 99,102	\$ 706,391
Miscellaneous	971,191	1,064,068	52,136	1,116,204
Total revenues	<u>1,022,591</u>	<u>1,671,357</u>	<u>151,238</u>	<u>1,822,595</u>
<b>Expenditures:</b>				
Capital outlay:				
General education	<u>109,272,807</u>	<u>94,045,140</u>	<u>4,199,903</u>	<u>98,245,043</u>
<b>Debt Service:</b>				
Interest and fees	<u>526,366</u>	<u>526,366</u>	<u>-</u>	<u>526,366</u>
Total expenditures	<u>109,799,173</u>	<u>94,571,506</u>	<u>4,199,903</u>	<u>98,771,409</u>
Revenues over (under) expenditures	<u>(108,776,582)</u>	<u>(92,900,149)</u>	<u>(4,048,665)</u>	<u>(96,948,814)</u>
<b>Other Financing Sources (Uses):</b>				
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	14,128,098	6,519,168	1,365,632	7,884,800
From BRCC-MRTS Project Fund	<u>7,150,804</u>	<u>3,771,798</u>	<u>1,483,994</u>	<u>5,255,792</u>
Total other financing sources (uses)	<u>108,776,582</u>	<u>97,788,646</u>	<u>2,849,626</u>	<u>100,638,272</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 4,888,497</u>	(1,199,039)	<u>\$ 3,689,458</u>
<b>Fund Balance:</b>				
Fund balance - beginning			<u>4,326,601</u>	
End of year - June 30			<u>\$ 3,127,562</u>	

## **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, 2023

	Nonmajor Special Revenue Funds	Nonmajor Capital Project Funds	Debt Service Fund	Total Nonmajor Governmental Funds
<b>Assets:</b>				
Cash and investments	\$ 3,509,154	\$ 17,093,800	\$ 4,007,189	\$ 24,610,143
Accounts receivable, net	831,423	-	-	831,423
Prepaid items	17,774	-	-	17,774
Restricted cash	3,584,663	-	-	3,584,663
Total assets	<u>\$ 7,943,014</u>	<u>\$ 17,093,800</u>	<u>\$ 4,007,189</u>	<u>\$ 29,044,003</u>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable and accrued liabilities	\$ 327,220	\$ -	\$ -	\$ 327,220
Liabilities to be paid from restricted assets	24,312	-	-	24,312
Advances from grantors	1,167,337	-	-	1,167,337
Total liabilities	<u>1,518,869</u>	<u>-</u>	<u>-</u>	<u>1,518,869</u>
<b>Deferred Inflows of Resources:</b>				
Prepaid taxes	4,911	-	-	4,911
Unavailable revenues	684,994	-	-	684,994
Total deferred inflows of resources	<u>689,905</u>	<u>-</u>	<u>-</u>	<u>689,905</u>
<b>Fund Balances:</b>				
Non-spendable				
Prepaid items	17,774	-	-	17,774
Restricted:				
Stabilization by state statute	14,607	-	-	14,607
Restricted, all other	3,402,936	-	-	3,402,936
Committed	2,298,923	6,829,862	4,007,189	13,135,974
Assigned	-	-	-	-
Unassigned	-	10,263,938	-	10,263,938
Total fund balances	<u>5,734,240</u>	<u>17,093,800</u>	<u>4,007,189</u>	<u>26,835,229</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 7,943,014</u>	<u>\$ 17,093,800</u>	<u>\$ 4,007,189</u>	<u>\$ 29,044,003</u>

**HENDERSON COUNTY, NORTH CAROLINA****COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2023**

	<b>Nonmajor Special Revenue Funds</b>	<b>Nonmajor Capital Project Funds</b>	<b>Debt Service Fund</b>	<b>Total Nonmajor Governmental Funds</b>
<b>Revenues:</b>				
Ad valorem taxes	\$ 14,089,668	\$ -	\$ -	\$ 14,089,668
Restricted intergovernmental revenues	510,912	-	-	510,912
Sales and services	80,598	-	-	80,598
Investment earnings	95,999	-	-	95,999
Miscellaneous	835,201	-	-	835,201
Total revenues	<u>15,612,378</u>	<u>-</u>	<u>-</u>	<u>15,612,378</u>
<b>Expenditures:</b>				
Current:				
General government	1,665,753	-	-	1,665,753
Public safety	12,929,728	-	-	12,929,728
Economic and physical development	818,516	-	-	818,516
Human services	189,687	-	-	189,687
Education	449,614	-	-	449,614
Total expenditures	<u>16,053,298</u>	<u>-</u>	<u>-</u>	<u>16,053,298</u>
Revenues over (under) expenditures	<u>(440,920)</u>	<u>-</u>	<u>-</u>	<u>(440,920)</u>
<b>Other Financing Sources (Uses):</b>				
Transfers from:				
General Fund	34,874	10,264,848	-	10,299,722
School Capital Projects Fund			1,778,900	1,778,900
Transfers to:				
General Capital Projects Fund	-	(147,388)	-	(147,388)
School Capital Projects Fund	-	(2,849,626)	-	(2,849,626)
Debt Service Fund	-	(1,778,900)	-	(1,778,900)
General Fund	-	-	(2,290,327)	(2,290,327)
Total other financing sources (uses)	<u>34,874</u>	<u>5,488,934</u>	<u>(511,427)</u>	<u>5,012,381</u>
Net change in fund balances	<u>(406,046)</u>	<u>5,488,934</u>	<u>(511,427)</u>	<u>4,571,461</u>
<b>Fund Balances:</b>				
Beginning of year, July 1	<u>6,140,286</u>	<u>11,604,866</u>	<u>4,518,616</u>	<u>22,263,768</u>
End of year - June 30	<u>\$ 5,734,240</u>	<u>\$ 17,093,800</u>	<u>\$ 4,007,189</u>	<u>\$ 26,835,229</u>

## **Nonmajor Special Revenue Funds**

**HENDERSON COUNTY, NORTH CAROLINA**

**NONMAJOR SPECIAL REVENUE FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2023**

	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, 2023
<b>Assets:</b>							
Cash and investments	\$ -	\$ 765,142	\$ 2,605,116	\$ 138,896	\$ -	\$ -	\$ 3,509,154
Accounts receivable, net	-	6,712	692,889	102,358	29,464	-	831,423
Prepaid items	10,998	6,776	-	-	-	-	17,774
Restricted cash	2,323,235	-	-	-	87,620	1,173,808	3,584,663
Total assets	<u>\$ 2,334,233</u>	<u>\$ 778,630</u>	<u>\$ 3,298,005</u>	<u>\$ 241,254</u>	<u>\$ 117,084</u>	<u>\$ 1,173,808</u>	<u>\$ 7,943,014</u>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>							
<b>Liabilities:</b>							
Accounts payable and accrued liabilities	\$ -	\$ 4,804	\$ 72,782	\$ 236,343	\$ 6,820	\$ 6,471	\$ 327,220
Liabilities to be paid from restricted assets	24,312	-	-	-	-	-	24,312
Advances from grantors-payable from restricted assets	-	-	-	-	-	1,167,337	1,167,337
Total liabilities	<u>24,312</u>	<u>4,804</u>	<u>72,782</u>	<u>236,343</u>	<u>6,820</u>	<u>1,173,808</u>	<u>1,518,869</u>
<b>Deferred Inflows of Resources:</b>							
Prepaid taxes	-	-	-	4,911	-	-	4,911
Unavailable revenues	-	-	684,994	-	-	-	684,994
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>684,994</u>	<u>4,911</u>	<u>-</u>	<u>-</u>	<u>689,905</u>
<b>Fund Balances:</b>							
Non-spendable							
Prepaid items	10,998	6,776	-	-	-	-	17,774
Restricted:							
Stabilization by state statute	-	6,712	7,895	-	-	-	14,607
Restricted, all other	-	760,338	2,532,334	-	110,264	-	3,402,936
Committed	2,298,923	-	-	-	-	-	2,298,923
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
Total fund balances	<u>2,309,921</u>	<u>773,826</u>	<u>2,540,229</u>	<u>-</u>	<u>110,264</u>	<u>-</u>	<u>5,734,240</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 2,334,233</u>	<u>\$ 778,630</u>	<u>\$ 3,298,005</u>	<u>\$ 241,254</u>	<u>\$ 117,084</u>	<u>\$ 1,173,808</u>	<u>\$ 7,943,014</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, 2023**

	<b>Nonmajor Special Revenue Funds</b>						
	<b>Revaluation Reserve Fund</b>	<b>Emergency Telephone System Fund (E-911)</b>	<b>Public Transit Fund</b>	<b>Fire Districts Fund</b>	<b>Miscellaneous Other Governmental Activities Fund</b>	<b>Opioid Settlement Fund</b>	<b>Totals June 30, 2023</b>
<b>Revenues:</b>							
Ad valorem taxes	\$ 1,517,381	\$ -	\$ -	\$ 12,572,287	\$ -	\$ -	\$ 14,089,668
Restricted intergovernmental revenues	-	-	510,912	-	-	-	510,912
Sales and services	-	80,598	-	-	-	-	80,598
Investment earnings	55,343	22,230	-	1,781	3,460	13,185	95,999
Miscellaneous	-	-	179,945	-	655,256	-	835,201
Total revenues	<u>1,572,724</u>	<u>102,828</u>	<u>690,857</u>	<u>12,574,068</u>	<u>658,716</u>	<u>13,185</u>	<u>15,612,378</u>
<b>Expenditures:</b>							
Current:							
General government	1,206,681	-	-	-	459,072	-	1,665,753
Public safety	-	335,660	-	12,594,068	-	-	12,929,728
Economic and physical development	-	-	818,516	-	-	-	818,516
Human Services	-	-	-	-	176,321	13,366	189,687
Education	-	-	-	-	449,614	-	449,614
Total expenditures	<u>1,206,681</u>	<u>335,660</u>	<u>818,516</u>	<u>12,594,068</u>	<u>1,085,007</u>	<u>13,366</u>	<u>16,053,298</u>
Revenues over (under) expenditures	366,043	(232,832)	(127,659)	(20,000)	(426,291)	(181)	(440,920)
<b>Other Financing Sources (Uses):</b>							
Transfers from:							
General Fund	-	-	14,874	20,000	-	-	34,874
Total other financing sources (uses)	-	-	14,874	20,000	-	-	34,874
Net change in fund balances	366,043	(232,832)	(112,785)	-	(426,291)	(181)	(406,046)
<b>Fund Balances:</b>							
Beginning of year, July 1	<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>
End of year - June 30	<u>\$ 2,309,921</u>	<u>\$ 773,826</u>	<u>\$ 2,540,229</u>	<u>\$ -</u>	<u>\$ 110,264</u>	<u>\$ -</u>	<u>\$ 5,734,240</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, 2023****WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2022**

	<b>2023</b>			<b>2022</b>
	<b>Budget</b>	<b>Actual</b>	<b>Variance Over/Under</b>	<b>Actual</b>
<b>Revenues:</b>				
Ad valorem taxes	\$ 1,517,381	\$ 1,517,381	\$ -	1,145,980
Investment earnings	-	55,343	55,343	7,703
Total revenues	<u>1,517,381</u>	<u>1,572,724</u>	<u>55,343</u>	<u>1,153,683</u>
<b>Expenditures:</b>				
Current:				
General government	<u>1,517,381</u>	<u>1,206,681</u>	<u>310,700</u>	<u>898,769</u>
Net change in fund balance	<u>\$ -</u>	<u>366,043</u>	<u>\$ 366,043</u>	<u>254,914</u>
<b>Fund Balance:</b>				
Beginning of year - July 1		<u>1,943,878</u>		<u>1,688,964</u>
End of year - June 30		<u>\$ 2,309,921</u>		<u>\$ 1,943,878</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, 2023****WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2022**

	<b>2023</b>			<b>2022</b>
	<b>Budget</b>	<b>Actual</b>	<b>Variance Over/Under</b>	<b>Actual</b>
<b>Revenues:</b>				
Investment earnings	\$ -	\$ 22,230	\$ 22,230	3,061
Subscriber charges	80,548	80,598	50	720,426
Total revenues	80,548	102,828	22,280	723,487
<b>Expenditures:</b>				
Current:				
Public safety	452,332	335,660	116,672	295,703
Revenues over (under) expenditures	(371,784)	(232,832)	138,952	427,784
<b>Other Financing Sources (Uses):</b>				
Transfers in:				
From General Fund	-	-	-	1,830
Appropriated fund balance	371,784	-	(371,784)	-
Net change in fund balance	\$ -	(232,832)	\$ (232,832)	429,614
<b>Fund Balance:</b>				
Beginning of year - July 1		1,006,658		577,044
End of year - June 30		\$ 773,826		\$ 1,006,658

**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	\$ 773,826
Cumulative prior period revenues and expenditures not reported in the fund (difference in beginning fund balance - budget to actual vs. revised PSAP report)	(45,921)
Ending balance, PSAP revenue - expenditure report	\$ 727,905

**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, 2023****WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2022**

	<b>2023</b>			<b>2022</b>
	<b>Budget</b>	<b>Actual</b>	<b>Variance Over/Under</b>	<b>Actual</b>
<b>Revenues:</b>				
Restricted intergovernmental	\$ 887,861	\$ 510,912	\$ (376,949)	\$ 1,834,544
Miscellaneous	166,018	179,945	13,927	-
Total revenues	<u>1,053,879</u>	<u>690,857</u>	<u>(363,022)</u>	<u>1,834,544</u>
<b>Expenditures:</b>				
Current:				
Economic and physical development	<u>1,088,403</u>	<u>818,516</u>	<u>269,887</u>	<u>907,614</u>
Revenues over (under) expenditures	<u>(34,524)</u>	<u>(127,659)</u>	<u>(93,135)</u>	<u>926,930</u>
<b>Other Financing Sources (Uses):</b>				
Transfers out:				
To General Capital Projects Fund	-	-	-	-
Transfers in:				
General Fund	14,874	14,874	-	433,635
Appropriated fund balance	<u>19,650</u>	<u>-</u>	<u>(19,650)</u>	<u>-</u>
Total other financing sources (uses)	<u>34,524</u>	<u>14,874</u>	<u>(19,650)</u>	<u>433,635</u>
Net change in fund balance	<u>\$ -</u>	<u>(112,785)</u>	<u>\$ (112,785)</u>	<u>1,360,565</u>
<b>Fund Balance:</b>				
Beginning of year - July 1		<u>2,653,014</u>		<u>1,292,449</u>
End of year - June 30		<u>\$ 2,540,229</u>		<u>\$ 2,653,014</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, 2023****WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2022**

	<b>2023</b>			<b>2022</b>
	<b>Budget</b>	<b>Actual</b>	<b>Variance Over/Under</b>	<b>Actual</b>
<b>Revenues:</b>				
Ad valorem taxes	\$ 12,554,124	\$ 12,572,287	\$ 18,163	12,016,105
Investment earnings	19,950	1,781	(18,169)	131
Total revenues	<u>12,574,074</u>	<u>12,574,068</u>	<u>(6)</u>	<u>12,016,236</u>
<b>Expenditures:</b>				
Current:				
Public safety	<u>12,594,074</u>	<u>12,594,068</u>	<u>6</u>	<u>11,988,336</u>
Total expenditures	<u>12,594,074</u>	<u>12,594,068</u>	<u>6</u>	<u>11,988,336</u>
Revenues over (under) expenditures	<u>(20,000)</u>	<u>(20,000)</u>	<u>-</u>	<u>27,900</u>
<b>Other Financing Sources (Uses):</b>				
Transfers from other funds	<u>20,000</u>	<u>20,000</u>	<u>-</u>	<u>20,000</u>
Total other financing sources (uses)	<u>20,000</u>	<u>20,000</u>	<u>-</u>	<u>20,000</u>
Net change in fund balance	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>47,900</u>
<b>Fund Balance:</b>				
Beginning of year - July 1		<u>-</u>		<u>(47,900)</u>
End of year - June 30		<u>\$ -</u>		<u>\$ -</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, 2023****WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2022**

	<b>2023</b>			<b>2022</b>
	<b>Budget</b>	<b>Actual</b>	<b>Variance Over/Under</b>	<b>Actual</b>
<b>Revenues:</b>				
Improvement guarantees	\$ 137,031	\$ 50,000	\$ (87,031)	\$ 934,186
Representative payee revenues	274,494	181,867	(92,627)	179,576
Fines and forfeitures	274,957	423,389	148,432	477,004
Investment earnings	6,116	3,460	(2,656)	1,628
Total revenues	<u>692,598</u>	<u>658,716</u>	<u>(33,882)</u>	<u>1,592,394</u>
<b>Expenditures:</b>				
Current:				
General government	594,959	459,072	135,887	703,728
Human services	323,440	176,321	147,119	178,229
Education	<u>275,457</u>	<u>449,614</u>	<u>(174,157)</u>	<u>449,797</u>
Total expenditures	<u>1,193,856</u>	<u>1,085,007</u>	<u>108,849</u>	<u>1,331,754</u>
Revenues over (under) expenditures	(501,258)	(426,291)	74,967	260,640
<b>Other Financing Sources (Uses):</b>				
Appropriated fund balance	<u>501,258</u>	<u>-</u>	<u>(501,258)</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>(426,291)</u>	<u>\$ (426,291)</u>	<u>260,640</u>
<b>Fund Balance:</b>				
Fund balance - beginning, as previously reported		536,555		275,915
Prior period adjustment - change in accounting principle		<u>-</u>		
Fund balance - beginning, as restated		<u>536,555</u>		<u>275,915</u>
End of year - June 30		<u>\$ 110,264</u>		<u>\$ 536,555</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, 2023****WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2022**

	<b>2023</b>			<b>2022</b>
	<b>Budget</b>	<b>Actual</b>	<b>Variance Over/Under</b>	<b>Actual</b>
<b>Revenues:</b>				
Opioid Settlement Funds	\$ 27,900	\$ -	\$ (27,900)	\$ -
Investment earnings	-	13,185	13,185	181
Total revenues	<u>27,900</u>	<u>13,185</u>	<u>(14,715)</u>	<u>181</u>
<b>Expenditures:</b>				
Current:				
Human services	<u>27,900</u>	<u>13,366</u>	<u>(14,534)</u>	<u>-</u>
Total expenditures	<u>27,900</u>	<u>13,366</u>	<u>(14,534)</u>	<u>-</u>
Revenues over (under) expenditures	-	(181)	(181)	181
<b>Other Financing Sources (Uses):</b>				
Appropriated fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>(181)</u>	<u>\$ (181)</u>	<u>181</u>
<b>Fund Balance:</b>				
Beginning of year - July 1		<u>181</u>		<u>-</u>
End of year - June 30		<u>\$ -</u>		<u>\$ 181</u>

## **Nonmajor Capital Project Funds**

**HENDERSON COUNTY, NORTH CAROLINA**
**NONMAJOR CAPITAL PROJECT FUNDS**  
**COMBINING BALANCE SHEET**  
**JUNE 30, 2023**

	<b>Nonmajor Capital Project Funds</b>			
	<b>General Capital Reserve Fund</b>	<b>HCPS- MRTS Fund</b>	<b>BRCC- MRTS Fund</b>	<b>Totals June 30, 2023</b>
<b>Assets:</b>				
Cash and investments	\$ 6,829,862	\$ 8,484,858	\$ 1,779,080	\$ 17,093,800
Total assets	\$ 6,829,862	\$ 8,484,858	\$ 1,779,080	\$ 17,093,800
<b>Fund Balances:</b>				
Committed	\$ 6,829,862	\$ -	\$ -	\$ 6,829,862
Total fund balances	6,829,862	8,484,858	1,779,080	17,093,800
Total liabilities and fund balances resources, and fund balances	\$ 6,829,862	\$ 8,484,858	\$ 1,779,080	\$ 17,093,800



**HENDERSON COUNTY, NORTH CAROLINA**

**NONMAJOR CAPITAL PROJECT FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	<b>Nonmajor Capital Project Funds</b>			
	<b>General Capital Reserve Fund</b>	<b>HCPS- MRTS Fund</b>	<b>BRCC- MRTS Fund</b>	<b>Totals June 30, 2023</b>
<b>Other Financing Sources (Uses):</b>				
Transfers from:				
General Fund	\$ 1,710,808	\$ 5,132,424	\$ 3,421,616	\$ 10,264,848
Transfers to:				
General Capital Projects Fund	(147,388)	-	-	(147,388)
School Capital Projects Fund	-	(1,365,632)	(1,483,994)	(2,849,626)
Debt Service Fund	-	-	(1,778,900)	(1,778,900)
Total other financing sources (uses)	<u>1,563,420</u>	<u>3,766,792</u>	<u>158,722</u>	<u>5,488,934</u>
Net change in fund balances	1,563,420	3,766,792	158,722	5,488,934
<b>Fund Balances:</b>				
Beginning of year - July 1	<u>5,266,442</u>	<u>4,718,066</u>	<u>1,620,358</u>	<u>11,604,866</u>
End of year - June 30	<u>\$ 6,829,862</u>	<u>\$ 8,484,858</u>	<u>\$ 1,779,080</u>	<u>\$ 17,093,800</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, 2023****WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2022**

	<b>2023</b>			<b>2022</b>
	<b>Budget</b>	<b>Actual</b>	<b>Variance Over/Under</b>	<b>Actual</b>
<b>Other Financing Sources (Uses):</b>				
Transfers out:				
To General Capital Projects Fund	(1,858,196)	(147,388)	1,710,808	(20,000)
Transfers in:				
From General Fund	1,710,808	1,710,808	-	1,894,808
Appropriated fund balance	147,388	-	(147,388)	-
Total other financing sources (uses)	-	1,563,420	1,563,420	1,874,808
Net change in fund balance	\$ -	1,563,420	\$ 1,563,420	1,874,808
<b>Fund Balance:</b>				
Beginning of year - July 1		5,266,442		3,391,634
End of year - June 30		\$ 6,829,862		\$ 5,266,442

**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, 2023**

	<b>2023</b>			<b>2022</b>
	<b>Budget</b>	<b>Actual</b>	<b>Variance Over/Under</b>	<b>Actual</b>
<b>Other Financing Sources (Uses):</b>				
Transfers in:				
From General Fund	\$ 5,132,424	\$ 5,132,424	\$ -	\$ 4,934,424
Transfers out:				
To Schools Capital Projects Fund	(9,277,739)	(1,365,632)	7,912,107	(1,786,028)
Appropriated fund balance	<u>4,145,315</u>	<u>-</u>	<u>(4,145,315)</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>3,766,792</u>	<u>3,766,792</u>	<u>3,148,396</u>
Net change in fund balance	<u>\$ -</u>	<u>3,766,792</u>	<u>\$ 3,766,792</u>	<u>3,148,396</u>
<b>Fund Balance:</b>				
Beginning of year - July 1		<u>4,718,066</u>		<u>1,569,670</u>
End of year - June 30		<u>\$ 8,484,858</u>		<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, 2023**

	<b>2023</b>			<b>2022</b>
	<b>Budget</b>	<b>Actual</b>	<b>Variance Over/Under</b>	<b>Actual</b>
<b>Other Financing Sources (Uses):</b>				
Transfers in:				
From General Fund	\$ 3,421,616	\$ 3,421,616	\$ -	\$ 3,289,616
Transfers out:				
To Schools Capital Projects Fund	(1,996,939)	(1,483,994)	512,945	(1,362,831)
To Debt Service Fund	(1,778,900)	(1,778,900)	-	(1,811,300)
Appropriated fund balance	<u>354,223</u>	<u>-</u>	<u>(354,223)</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>158,722</u>	<u>158,722</u>	<u>115,485</u>
Net change in fund balance	<u>\$ -</u>	<u>158,722</u>	<u>\$ 158,722</u>	<u>115,485</u>
<b>Fund Balance:</b>				
Beginning of year - July 1		<u>1,620,358</u>		<u>1,504,873</u>
End of year - June 30		<u>\$ 1,779,080</u>		<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, 2023****WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2022**

	<b>2023</b>			<b>2022</b>
	<b>Budget</b>	<b>Actual</b>	<b>Variance Over/Under</b>	<b>Actual</b>
<b>Expenditures:</b>				
Debt service:				
Principal repayments	\$ 1,778,900	\$ -	\$ 1,778,900	\$ -
Total expenditures	1,778,900	-	1,778,900	-
Revenues over (under) expenditures	(1,778,900)	-	1,778,900	-
<b>Other Financing Sources (Uses):</b>				
Transfers in:				
From School Capital Project Fund	1,778,900	1,778,900	-	1,811,300
Transfers out:				
To General Fund	(2,290,327)	(2,290,327)	-	(2,740,152)
Appropriated fund balance	2,290,327	-	(2,290,327)	-
Total other financing sources (uses)	1,778,900	(511,427)	(2,290,327)	(928,852)
Net change in fund balance	\$ -	(511,427)	\$ (511,427)	(928,852)
<b>Fund Balance:</b>				
Beginning of year - July 1		4,518,616		5,447,468
End of year - June 30		\$ 4,007,189		\$ 4,518,616

## **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, 2023****WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2022**

	<b>2023</b>			<b>2022</b>
	<b>Budget</b>	<b>Actual</b>	<b>Variance Over/Under</b>	<b>Actual</b>
<b>Revenues:</b>				
Operating revenues	\$ 8,519,236	\$ 8,262,391	\$ (256,845)	\$ 8,298,392
Non-operating revenues:				
Grant revenues	222,000	274,212	52,212	239,763
Sale of capital assets	15,000	4,705	(10,295)	6,470
Interest income	4,000	26,760	22,760	4,981
Total revenues	<u>8,760,236</u>	<u>8,568,068</u>	<u>(192,168)</u>	<u>8,549,606</u>
<b>Expenditures:</b>				
Salaries and employee benefits	1,266,139	1,335,049	(68,910)	1,069,953
Other operating expenditures	8,074,027	7,030,158	1,043,869	6,255,847
Repairs and maintenance	315,182	262,843	52,339	257,072
Capital outlay	451,251	598,451	(147,200)	331,783
Total expenditures	<u>10,106,599</u>	<u>9,226,501</u>	<u>880,098</u>	<u>7,914,655</u>
<b>Debt Service:</b>				
Interest paid	30,001	21,332	8,669	25,080
Principal retirement	133,333	133,333	-	133,333
Total debt service	<u>163,334</u>	<u>154,665</u>	<u>8,669</u>	<u>158,413</u>
Revenues over (under) expenditures	(1,509,697)	(813,098)	(1,080,935)	476,538
<b>Other Financing Sources (Uses):</b>				
Transfers in:				
From General Fund	1,500,000	1,500,000	-	-
Appropriated retained earnings	9,697	-	(9,697)	-
Total other financing sources (uses)	<u>1,509,697</u>	<u>1,500,000</u>	<u>(9,697)</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>686,902</u>	<u>\$ 686,902</u>	<u>\$ 476,538</u>
<b>Reconciliation of Modified Accrual Basis to Full Accrual Basis:</b>				
Reconciling items:				
Capital outlay, capitalized		598,451		
Principal paid on debt		133,333		
Change in accrued interest		2,770		
Change in compensated absences		(2,381)		
Change in net pension liability		(521,623)		
Change in deferred outflows of resources - pension		186,718		
Change in deferred inflows of resources - pension		265,651		
Pension expense		69,254		
Change in other post-employment benefits		14,426		
Change in deferred outflows of resources - OPEB		6,371		
Change in deferred inflows of resources - OPEB		(92,645)		
Post-closure care costs		(116,536)		
Depreciation		(302,826)		
Total reconciling items		<u>240,963</u>		
Change in net position		<u>\$ 927,865</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, 2023****WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2022**

	<b>2023</b>			<b>2022</b>
	<b>Budget</b>	<b>Actual</b>	<b>Variance Over/Under</b>	<b>Actual</b>
<b>Revenues:</b>				
Operating revenues	\$ 45,000	\$ 45,000	\$ -	45,000
Non-operating revenues:				
Interest income	5,781	19,150	13,369	3,032
Total revenues	50,781	64,150	13,369	48,032
<b>Expenditures:</b>				
Water and sewer administration:				
Operating expenditures	61,738	48,489	13,249	53,687
Repairs and maintenance	4,043	3,597	446	1,451
Total expenditures	65,781	52,086	13,695	55,138
Revenues over (under) expenditures	(15,000)	12,064	27,064	(7,106)
<b>Other Financing Sources (Uses):</b>				
Appropriated retained earnings	15,000	-	(15,000)	-
Total other financing sources (uses)	15,000	-	(15,000)	-
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	12,064	\$ 12,064	\$ (7,106)
<b>Reconciliation of Modified Accrual Basis to Full Accrual Basis:</b>				
Reconciling items:				
Depreciation		(10,863)		
Total reconciling items		(10,863)		
Change in net position		\$ 1,201		

## **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.

## **Custodial Funds**

**HENDERSON COUNTY, NORTH CAROLINA**

**COMBINING STATEMENT OF FIDUCIARY NET POSITION**

**CUSTODIAL FUNDS**

**JUNE 30, 2023**

	<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>Register of Deeds Fund</u>	<u>Total Custodial Funds</u>
<b>Assets:</b>									
Cash and cash equivalents	\$ 162,573	\$ -	\$ 193,765	\$ 22,389	\$ 86,369	\$ 8,014	\$ 25,044	\$ (8,358)	\$ 489,796
Receivables, net	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>413,133</u>	<u>-</u>	<u>413,133</u>
Total assets	<u>162,573</u>	<u>-</u>	<u>193,765</u>	<u>22,389</u>	<u>86,369</u>	<u>8,014</u>	<u>438,177</u>	<u>(8,358)</u>	<u>902,929</u>
<b>Liabilities:</b>									
Accounts payable and accrued liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>200,588</u>	<u>-</u>	<u>200,588</u>
<b>Net Position:</b>									
Restricted for:									
Individuals, organizations and other governments	<u>\$ 162,573</u>	<u>\$ -</u>	<u>\$ 193,765</u>	<u>\$ 22,389</u>	<u>\$ 86,369</u>	<u>\$ 8,014</u>	<u>\$ 237,589</u>	<u>\$ (8,358)</u>	<u>\$ 702,341</u>

**HENDERSON COUNTY, NORTH CAROLINA**

**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
CUSTODIAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2023**

	<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>Register of Deeds Funds</u>	<u>Total Custodial Funds</u>
<b>Additions:</b>									
Ad valorem taxes for other governments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,191,554	\$ -	\$ 15,191,554
Cooperative extension receipts	77,648	-	-	-	-	-	-	-	77,648
Contributions from employees	-	316,022	-	-	-	-	-	-	316,022
Program fees collected	-	-	67,648	69,700	371,393	-	-	-	508,741
Investment earnings	-	-	24,866	-	-	-	-	-	24,866
Total additions	<u>77,648</u>	<u>316,022</u>	<u>92,514</u>	<u>69,700</u>	<u>371,393</u>	<u>-</u>	<u>15,191,554</u>	<u>-</u>	<u>16,118,831</u>
<b>Deductions:</b>									
Tax distributions to other governments	-	-	-	-	-	-	15,199,182	-	15,199,182
Employee flex benefits	-	316,022	-	-	-	-	-	-	316,022
Distributions to programs	<u>46,314</u>	<u>-</u>	<u>57,290</u>	<u>79,969</u>	<u>389,461</u>	<u>-</u>	<u>-</u>	<u>8,358</u>	<u>581,392</u>
Total deductions	<u>46,314</u>	<u>316,022</u>	<u>57,290</u>	<u>79,969</u>	<u>389,461</u>	<u>-</u>	<u>15,199,182</u>	<u>8,358</u>	<u>16,096,596</u>
Net increase (decrease) in fiduciary net position	31,334	-	35,224	(10,269)	(18,068)	-	(7,628)	(8,358)	22,235
<b>Net Position:</b>									
Beginning of year - July 1	<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>-</u>	<u>680,106</u>
End of year - June 30	<u>\$ 162,573</u>	<u>\$ -</u>	<u>\$ 193,765</u>	<u>\$ 22,389</u>	<u>\$ 86,369</u>	<u>\$ 8,014</u>	<u>\$ 237,589</u>	<u>\$ (8,358)</u>	<u>\$ 702,341</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, 2023**

<b>Fiscal Year</b>	<b>Uncollected Balance July 1, 2022</b>	<b>Additions</b>	<b>Collections and Credits</b>	<b>Uncollected Balance June 30, 2023</b>
2022-2023	\$ -	\$ 99,847,355	\$ 99,118,247	\$ 729,108
2021-2022	644,015		431,868	212,147
2020-2021	247,895	-	141,363	106,532
2019-2020	149,925	-	64,115	85,810
2018-2019	91,315	-	20,451	70,864
2017-2018	48,828	-	8,084	40,744
2016-2017	37,360	-	5,485	31,875
2015-2016	39,030	-	4,168	34,862
2014-2015	40,977	-	2,731	38,246
2013-2014	79,036	-	6,079	72,957
2012-2013	98,138	-	98,138	-
Total	<u>\$ 1,476,519</u>	<u>\$ 99,847,355</u>	<u>\$ 99,900,729</u>	1,423,145
Less: allowance for uncollectible accounts: General Fund				<u>(536,029)</u>
Ad valorem taxes receivable net: General Fund				<u>\$ 887,116</u>
<b>Reconciliation with Revenues:</b>				
Ad valorem taxes - General Fund				\$ 98,536,453
Ad valorem taxes - Revaluation Fund				<u>1,517,381</u>
Total ad valorem taxes				100,053,834
Reconciling items:				
Interest and advertising fees				(35,919)
Late list penalty				(162,383)
Other fees and miscellaneous adjustments				(52,941)
Amounts written off per statute of limitations				<u>98,138</u>
Total collections and credits				<u>\$ 99,900,729</u>

# HENDERSON COUNTY, NORTH CAROLINA

## ANALYSIS OF CURRENT TAX LEVY FOR THE YEAR ENDED JUNE 30, 2023

	County-Wide			Total Levy	
	Property Valuation	Rate	Amount of Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
<b>Original Levy:</b>					
Property taxed at current year's rate	<u>\$ 17,943,439,253</u>	\$ 0.5610	<u>\$ 100,662,694</u>	<u>\$ 92,005,693</u>	<u>\$ 8,657,001</u>
<b>Discoveries:</b>					
Current year taxes	28,162,303	0.5610	157,991	157,991	-
Penalties	<u>-</u>		<u>176,936</u>	<u>176,936</u>	<u>-</u>
Total	<u>28,162,303</u>		<u>334,927</u>	<u>334,927</u>	<u>-</u>
<b>Releases</b>	<u>(205,038,531)</u>	0.5610	<u>(1,150,266)</u>	<u>(1,083,123)</u>	<u>(67,143)</u>
Total property valuation	<u>\$ 17,766,563,025</u>				
<b>Net Levy</b>			99,847,355	91,257,497	8,589,858
Uncollected taxes at June 30, 2023			<u>(729,108)</u>	<u>(722,683)</u>	<u>(6,425)</u>
<b>Current Year's Taxes Collected</b>			<u>\$ 99,118,247</u>	<u>\$ 90,534,814</u>	<u>\$ 8,583,433</u>
<b>Current Levy Collection Percentage</b>			99.27%	99.21%	99.93%



**HENDERSON COUNTY, NORTH CAROLINA****ANALYSIS OF CURRENT TAX LEVY - COUNTY-WIDE LEVY  
FOR THE YEAR ENDED JUNE 30, 2023****Secondary Market Disclosures:**

Assessed valuation:

Assessment ratio (1) 73.58%

Real property \$ 14,438,575,628

Personal property 2,939,691,547

Public service companies (2) 388,295,850Total assessed valuation \$ 17,766,563,025Tax rate per \$100 \$ 0.5610

Levy (includes discoveries, releases and abatements) (3) \$ 99,670,419

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, 2023:

Fire protection districts 12,635,741Total \$ 112,306,160

(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									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Governmental activities										
Net investment in capital assets	\$ 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	\$ 79,584,947
Restricted	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	35,839,504
Unrestricted	(52,396,535)	(40,465,616)	(32,157,779)	(26,929,929)	(35,575,041)	(39,349,491)	(47,367,379)	(61,578,063)	(83,572,909)	(78,408,348)
Total governmental activities	\$ <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>	\$ <u>37,016,103</u>
Business-type activities										
Net investment in capital assets	\$ 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	\$ 8,750,177
Unrestricted	2,839,915	2,811,796	2,448,361	2,068,469	2,202,076	3,097,627	1,920,788	86,475	108,942	619,913
Total business-type activities	\$ <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>	\$ <u>9,370,090</u>
Primary government										
Net investment in capital assets	\$ 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	\$ 88,335,124
Restricted	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	35,839,504
Unrestricted	(49,556,620)	(37,653,820)	(29,709,418)	(24,861,460)	(33,372,965)	(36,251,864)	(45,446,591)	(61,491,588)	(83,463,967)	(77,788,435)
Total primary government net position	\$ <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>	\$ <u>46,386,193</u>

**Note:** The significant increase in total net position of the County from FY2014 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									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Expenses</b>										
Governmental activities:										
General government	\$ 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	\$ 39,738,524
Public safety	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	57,920,062
Environmental protection	424,250	338,819	531,160	365,917	380,516	394,269	574,971	542,544	499,951	997,810
Economic and physical development	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	3,509,927
Human Services	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	34,700,762
Cultural and recreation	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	6,323,192
Education	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	38,835,084
Interest on long term debt	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	4,898,762
Total governmental activities	<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>	<u>186,924,123</u>
Business-type activities:										
Landfill	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	9,140,203
Cane Creek water and sewer	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	46,677	52,100	44,392	46,468	40,000	42,868	61,672	72,494	66,001	62,949
Total business-type activities	<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>	<u>9,203,152</u>
Total primary government expenses	<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>	<u>\$ 196,127,275</u>
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
General government	\$ 672,612	\$ 783,476	\$ 798,409	\$ 1,645,719	\$ 1,873,496	\$ 1,927,430	\$ 1,928,402	\$ 2,121,156	\$ 2,313,812	\$ 2,527,576
Public safety	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	6,354,323
Environmental protection	-	-	-	-	-	-	-	-	-	3,457
Economic and physical development	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	77,621
Human services	504,719	537,524	599,761	638,328	607,698	643,984	682,914	733,016	271,821	327,844
Cultural and recreation	180,563	195,252	227,410	232,412	217,401	247,826	156,033	110,461	1,347,990	1,345,218
Operating grants and contributions:										
General government	461,373	534,848	730,585	1,899,583	-	1,698,578	1,856,774	2,832,956	1,636,659	5,418,982
Public safety	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	2,232,108
Environmental protection	57,655	100,086	-	101,476	102,681	75,267	103,842	196,483	35,735	33,515
Economic and physical development	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	1,719,073
Human services	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	16,123,760
Cultural and recreation	206,592	213,366	298,926	294,362	286,229	409,997	469,476	334,682	574,072	434,020
Education	954,977	883,468	1,261,483	815,492	910,920	703,685	991,159	1,395,213	1,781,250	2,586,916
Capital grants and contributions:										
General government	-	-	1,125,364	1,916,161	-	-	-	-	1,106,390	-
Total governmental activities program revenues	<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>	<u>39,184,413</u>
Business-type activities:										
Charges for services	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	8,307,391
Operating grants and contributions	150,304	168,144	157,751	159,490	161,908	176,439	188,106	221,608	239,763	274,212
Capital grants and contributions	283,260	183,052	945,795	832,040	611,400	205,880	415,200	-	-	-
Total business-type activities program revenues	<u>6,309,202</u>	<u>6,952,338</u>	<u>8,400,688</u>	<u>9,129,363</u>	<u>9,400,456</u>	<u>9,803,044</u>	<u>9,711,213</u>	<u>8,153,447</u>	<u>8,583,155</u>	<u>8,581,603</u>
Total primary government program revenues	<u>\$ 35,650,097</u>	<u>\$ 41,282,959</u>	<u>\$ 39,933,255</u>	<u>\$ 43,275,271</u>	<u>\$ 38,251,788</u>	<u>\$ 40,595,335</u>	<u>\$ 41,582,383</u>	<u>\$ 45,485,957</u>	<u>\$ 47,515,613</u>	<u>\$ 47,766,016</u>
<b>Net (Expense)/Revenue</b>										
Governmental activities	\$ (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)	\$ (147,739,710)

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

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Business-type activities	(451,643)	616,341	1,891,418	1,608,307	1,020,090	607,948	(405,761)	209,311	193,711	(621,549)
Total primary government net (expense)/revenue	<u>\$ (82,664,122)</u>	<u>\$ (80,219,007)</u>	<u>\$ (92,437,211)</u>	<u>\$ (108,998,311)</u>	<u>\$ (109,820,199)</u>	<u>\$ (120,673,290)</u>	<u>\$ (146,547,574)</u>	<u>\$ (161,851,963)</u>	<u>\$ (164,373,790)</u>	<u>\$ (148,361,259)</u>
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Property taxes	\$ 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	\$ 113,067,097
Local option sales tax	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	45,656,830
Other taxes and licenses	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	5,686,525
Investment earnings	(170,434)	444,340	674,764	660,977	1,005,343	1,637,047	1,380,303	648,923	567,840	4,371,910
Gain on sale	-	3,407,477	-	-	-	-	-	-	-	-
Miscellaneous	107,159	-	-	-	-	-	-	-	-	-
Transfers	(54,000)	(49,480)	(54,000)	(54,000)	(54,000)	(54,000)	(54,000)	(2,702,578)	-	-
Total governmental activities:	<u>92,840,224</u>	<u>98,344,092</u>	<u>102,284,557</u>	<u>112,493,563</u>	<u>116,835,328</u>	<u>124,318,621</u>	<u>138,802,154</u>	<u>144,660,071</u>	<u>156,024,299</u>	<u>168,782,362</u>
Business-type activities:										
Investment earnings	53,943	45,849	57,550	37,959	48,049	89,091	78,423	21,990	8,013	45,910
Gain/Loss on sale	-	-	-	-	-	-	-	17,587	6,470	4,705
Transfers	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	<u>107,943</u>	<u>95,330</u>	<u>111,550</u>	<u>91,959</u>	<u>102,049</u>	<u>143,091</u>	<u>132,423</u>	<u>(19,842,842)</u>	<u>14,483</u>	<u>50,615</u>
Total primary government	<u>\$ 92,948,167</u>	<u>\$ 98,439,422</u>	<u>\$ 102,396,107</u>	<u>\$ 112,585,522</u>	<u>\$ 116,937,377</u>	<u>\$ 124,461,712</u>	<u>\$ 138,934,577</u>	<u>\$ 124,817,229</u>	<u>\$ 156,038,782</u>	<u>\$ 168,832,977</u>
<b>Change in Net Position</b>										
Governmental activities	\$ 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)	\$ 19,542,652
Business-type activities	<u>(343,700)</u>	<u>711,671</u>	<u>2,002,968</u>	<u>1,700,266</u>	<u>1,122,139</u>	<u>751,039</u>	<u>(273,338)</u>	<u>(19,633,531)</u>	<u>208,194</u>	<u>929,066</u>
Total primary government	<u>\$ 10,284,045</u>	<u>\$ 18,220,415</u>	<u>\$ 9,958,896</u>	<u>\$ 3,587,211</u>	<u>\$ 7,117,178</u>	<u>\$ 3,788,422</u>	<u>\$ (7,612,997)</u>	<u>\$ (37,034,734)</u>	<u>\$ (8,335,008)</u>	<u>\$ 20,471,718</u>

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

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Fund										
Non-spendable:										
Inventories	\$ 57,349	\$ 50,999	\$ 54,995	\$ 56,255	\$ 51,217	\$ 68,606	\$ 65,959	\$ 57,958	\$ 69,614	\$ 86,040
Prepays	178,654	227,910	210,479	260,721	228,858	251,163	232,368	232,368	-	1,031,445
Restricted:										
Stabilization for State statute	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	15,264,138
Restricted, all other	177,966	210,668	181,130	208,471	107,884	2,520,979	5,721,901	5,768,652	6,945,576	8,307,374
Committed:										
Assigned for subsequent year's expenditures	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	22,838,365
Assigned all other	220,978	224,033	179,625	512,301	432,647	467,394	459,873	264,903	384,606	487,398
Unassigned:	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	45,022,724
Total General Fund	\$ 41,537,760	\$ 42,191,196	\$ 45,033,107	\$ 50,339,059	\$ 53,828,770	\$ 55,954,705	\$ 63,349,613	\$ 80,317,355	\$ 85,899,635	\$ 93,037,484
All Other Governmental Funds										
Non-spendable:										
Prepays	\$ -	\$ -	\$ 2,337	\$ 28,365	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 17,774
Restricted:										
Stabilization for State statute	619,125	351,130	662,353	498,849	1,233,222	362,117	425,693	641,596	574,275	70,787
Restricted, all other	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	12,032,943
Committed:										13,135,974
Special revenue and debt service funds	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	9,295,256	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:	(196,705)	(51,791)	(250,075)	(70,469)	(1,013,595)	(1,790,610)	(5,137,132)	(137,003)	9,810,390	10,263,938
Total all other governmental funds	\$ 14,263,838	\$ 13,157,586	\$ 17,109,939	\$ 16,337,840	\$ 16,925,404	\$ 31,459,630	\$ 71,505,298	\$ 59,287,530	\$ 37,325,185	\$ 35,521,416

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

	Fiscal Year							
	2014	2015	2016	2017	2018	2019	2020	2021
<b>Revenues</b>								
Taxes:								
Property	\$ 72,442,683	\$ 72,424,338	\$ 77,170,890	\$ 85,314,390	\$ 87,326,125	\$ 89,571,316	\$ 102,212,850	\$ 105,314,740
Sales	19,760,279	21,620,139	23,366,239	25,389,345	27,475,944	29,331,611	31,223,698	36,283,238
Other	931,782	1,029,292	1,140,741	1,264,544	1,275,186	3,870,415	3,522,964	4,803,459
Total taxes	93,134,744	95,073,769	101,677,870	111,968,279	116,077,255	122,773,342	136,959,512	146,401,437
Intergovernmental	20,706,830	25,071,921	20,645,727	19,815,299	17,084,955	17,828,262	17,758,510	21,324,528
Permits and Fees	1,619,034	1,826,678	1,733,166	1,982,065	2,257,302	2,037,070	2,434,227	2,447,566
Sales and Services	6,362,816	6,708,720	7,079,053	8,030,057	8,362,671	8,186,940	8,813,704	7,829,822
Investment Earnings	(170,434)	444,340	674,764	660,977	1,005,343	1,637,047	1,380,303	648,923
Capital Contribution from Hospital Corporation	-	-	1,125,364	1,916,161	-	-	-	-
Miscellaneous	836,742	742,227	1,066,521	2,845,046	1,948,467	2,718,028	3,250,733	5,405,081
Total Revenues	122,489,732	129,867,655	134,002,465	147,217,884	146,735,993	155,180,689	170,596,989	184,057,357
<b>Expenditures</b>								
General Government	12,558,117	13,889,012	15,013,218	15,580,807	16,465,343	20,165,981	21,755,645	20,724,971
Public Safety	31,855,136	32,437,433	35,111,117	37,219,677	39,235,486	41,749,275	45,769,058	49,258,496
Environmental Protection	353,846	349,239	535,599	351,476	370,056	383,970	534,182	452,678
Economic and Physical Development	2,573,661	3,729,355	3,434,656	2,918,600	3,553,267	3,130,268	3,366,655	3,713,459
Human Services	27,215,341	28,095,417	28,615,327	28,251,082	25,968,885	26,408,664	26,442,287	28,225,480
Culture and Recreation	4,343,834	4,510,926	4,472,608	4,623,841	4,662,296	5,055,989	5,050,703	5,056,341
Education	25,214,625	26,739,498	28,845,578	29,307,235	31,387,446	33,818,212	34,126,181	35,581,186
Capital Outlay	2,754,492	7,524,391	26,458,990	30,153,759	18,877,839	16,941,011	29,524,764	38,212,565
Debt Service:								
Principal	10,924,205	13,962,623	10,937,860	11,434,004	11,942,938	12,937,416	12,503,845	16,367,571
Interest	3,166,375	2,604,552	3,191,203	3,397,491	3,981,832	4,679,878	4,470,655	6,594,689
Total Expenditures	120,959,632	133,842,446	156,616,156	163,237,972	156,445,388	165,270,664	183,543,975	204,187,436
Excess of revenues over (under) expenditures	1,530,100	(3,974,791)	(22,613,691)	(16,020,088)	(9,709,395)	(10,089,975)	(12,946,986)	(20,130,079)
<b>Other Financing Sources (Uses)</b>								
Transfers in	2,873,913	5,538,729	1,603,723	4,847,926	5,416,049	4,064,289	19,724,151	8,194,845
Transfers out	(2,927,913)	(5,588,209)	(1,657,723)	(4,901,926)	(5,470,049)	(4,118,289)	(19,778,151)	(8,248,845)
Lease liabilities issued	-	-	-	-	-	-	-	-
Subscription liabilities issued	-	-	-	-	-	-	-	-
Bond premium	-	-	2,676,955	1,327,941	1,365,670	2,579,136	7,917,694	3,950,016
Insurance proceeds	107,159	-	-	-	-	-	-	-
Sale of capital assets	-	3,407,477	-	-	-	-	-	-
Debt issued	308,997	163,978	26,785,000	19,280,000	12,475,000	24,225,000	52,525,000	20,850,000
Total other financing sources (uses)	362,156	3,521,975	29,407,955	20,553,941	13,786,670	26,750,136	60,388,694	24,746,016
Net change in fund balances	\$ 1,892,256	\$ (452,816)	\$ 6,794,264	\$ 4,533,853	\$ 4,077,275	\$ 16,660,161	\$ 47,441,708	\$ 4,615,937
Debt service as a percentage of noncapital expenditures	11.95%	13.10%	10.63%	9.89%	10.94%	11.09%	9.39%	11.42%

**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)
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	13,596,591,710
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	14,260,885,864
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	15,772,298,058
2019	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 (5)	10,431,582,296	2,455,468,900	376,120,900	175,237,500	2,597,185,414	331,757,353	16,367,352,363	0.5610	16,477,753,310
2021	10,831,489,998	2,344,523,500	386,115,100	170,197,216	2,671,648,195	326,671,538	16,730,645,547	0.5610	17,813,719,705
2022	10,974,565,561	2,493,444,600	388,630,900	209,356,585	2,723,016,057	342,986,258	17,131,999,961	0.5610	19,492,547,458
2023	10,679,269,575	2,925,217,953	608,739,800	225,348,300	2,939,691,547	388,295,850	17,766,563,025	0.5610	24,145,913,326

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.

\* In 2023 the CAMA system was updated to include a data field (Property Class) for allocation of property types to more accurately reflect the correct designation.



**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	2023	
Henderson County	\$ 0.5136	\$ 0.5136	\$ 0.5136	\$ 0.5136	\$ 0.5650	\$ 0.5650	\$ 0.5650	\$ 0.5610	\$ 0.5610	\$ 0.5610	\$ 0.5610	
Municipality Rates:												
Hendersonville	0.4100	0.4400	0.4600	0.4600	0.4700	0.4700	0.4900	0.4900	0.4900	0.5200	0.5200	
Laurel Park	0.3600	0.3900	0.4300	0.4300	0.4300	0.4300	0.4300	0.4350	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	0.3400	
Mills River	0.0974	0.0974	0.1124	0.1800	0.1800	0.1800	0.1800	0.1900	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	0.1300	
Saluda	0.6050	0.6050	0.6050	0.6050	0.6050	0.6050	0.6450	0.6650	0.6650	0.6800	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	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	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	0.1200	
Blue Ridge	0.0950	0.0950	0.1200	0.1200	0.1200	0.1200	0.1200	0.1300	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	0.1400	
Edneyville	0.0950	0.0950	0.1050	0.1050	0.1050	0.1050	0.1050	0.1150	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	0.1150	
Fletcher	0.1000	0.1000	0.1150	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	0.1350	
Green River	0.0650	0.0700	0.0800	0.0800	0.0800	0.0800	0.0800	0.0900	0.0900	0.0900	0.1000	
Mills River	0.0750	0.0750	0.0900	0.0900	0.0900	0.0900	0.0900	0.1100	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	0.1200	
Raven Rock	0.0850	0.0850	0.1000	0.1000	0.1000	0.1000	0.1000	0.1150	0.1150	0.1150	0.1200	
Valley Hill	0.0800	0.0850	0.0950	0.0950	0.0950	0.0950	0.0950	0.1000	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 2023			Fiscal Year 2014		
		Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Duke Energy Carolinas LLC	Public Service	238,711,069	1	1.34%	\$ 129,998,529	1	1.03%
GF Linamar	Manufacturing	172,660,315	2	0.97%	N/A	N/A	N/A
Continental Teves Inc.	Manufacturing	116,532,236	3	0.66%	103,900,399	2	0.82%
Kimberly Clark	Manufacturing	104,055,447	4	0.59%	65,154,235	4	0.52%
Public Service Co of NC	Public Service	95,441,785	6	0.54%	35,524,922	8	0.28%
Meritor Heavy Vehicle Systems	Manufacturing	86,723,806	5	0.49%	75,185,373	3	0.60%
Sierra Nevada Brewing Co	Manufacturing	74,007,611	7	0.42%	N/A	N/A	N/A
Ingles Markets	Retail - Grocery	67,820,110	8	0.38%	44,489,263	6	0.35%
Wilsonart	Manufacturing	54,159,161	9	0.30%	36,879,171	7	0.29%
UPM Raflatac Inc	Manufacturing	43,158,757	10	0.24%	53,799,288	5	0.43%
Totals		\$ 1,053,270,297			\$ 544,931,180		

Source: Henderson County Assessor

N/A - information not available

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

Fiscal Year	Taxes Levied for the Fiscal Year (Original Levy)	* Adjustments (Discoveries and Releases)	Total Adjusted Levy	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date		Uncollected
				Amount	Percentage of Original Levy		Amount	Percentage of Adjusted Levy	
2014	62,826,593	2,032,234	64,858,827	63,541,790	101.14%	1,244,080	64,785,870	99.89%	72,957
2015	64,501,481	(178,337)	64,323,144	63,452,232	98.37%	832,666	64,284,898	99.94%	38,246
2016	67,911,724	(204,736)	67,706,988	66,876,370	98.48%	795,756	67,672,126	99.95%	34,862
2017	75,819,372	26,218	75,845,590	75,144,180	99.11%	669,535	75,813,715	99.96%	31,875
2018	77,464,082	(158,134)	77,305,948	76,859,391	99.22%	405,813	77,265,204	99.95%	40,744
2019	80,032,082	235,797	80,267,879	79,825,336	99.74%	371,679	79,825,336	99.45%	70,864
2020	92,450,097	(567,230)	91,882,867	91,093,081	98.53%	703,976	91,093,081	99.14%	85,810
2021	94,018,724	(159,802)	93,858,922	93,334,212	99.27%	418,178	93,334,212	99.44%	106,532
2022	96,470,613	(132,233)	96,338,380	95,694,365	99.20%	431,868	95,694,365	99.33%	212,147
2023	100,662,694	(815,339)	99,847,355	99,118,247	98.47%	-	99,118,247	99.27%	729,108
									\$ 1,423,145

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	Leases and Subscription Assets	Limited Obligation Bonds	Installment Purchases			
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	2.99%
2022	-	160,263,884	2,000,000	6,400,000	617,678	-	666,668	169,948,230	1,456	*
2023	-	147,906,969	1,500,000	4,571,428	1,340,272	-	533,335	155,852,004	1,311	*

**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 FY2022 or FY2023

\* - Information is 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	-	54,225,121	1.40%	0.44%	503
2014	-	51,242,101	-	51,242,101	1.24%	0.41%	471
2015	-	48,177,079	-	48,177,079	1.11%	0.38%	436
2016	-	72,990,120	-	72,990,120	1.61%	0.54%	653
2017	-	86,137,751	-	86,137,751	1.81%	0.64%	757
2018	-	91,916,827	-	91,916,827	1.82%	0.67%	798
2019	-	109,449,514	-	109,449,514	2.06%	0.77%	938
2020	-	160,278,794	-	160,278,794	2.86%	0.98%	1,365
2021	-	172,619,799	-	172,619,799	2.81%	1.03%	1,482
2022	-	160,263,884	-	160,263,884	*	0.94%	1,373
2023	-	147,906,969	-	147,906,969	*	0.83%	1,245

**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 resources that are restricted by an outside party for repayment of principal.

\* - Information not yet available.

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

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Assessed Value of Property	\$ 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	\$ 17,766,563
Debt Limit, 8% of Assessed Value (Statutory Limitation)	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	1,421,325
Amount of Debt Applicable to Limit:										
Less: Gross debt	100,732	86,482	104,414	112,957	114,243	128,135	176,847	184,148	169,948	155,852
Less: Debt outstanding for water and sewer purposes	2,816	2,450	617	411	293	941	2,649	-	-	-
Total net debt applicable to limit	97,916	84,032	103,797	112,546	113,950	127,194	174,198	184,148	169,948	155,852
Legal Debt Margin	<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>\$ 1,154,303</u>	<u>\$ 1,200,612</u>	<u>\$ 1,265,473</u>
Total debt applicable to the limit as a percentage of debt limit	9.71%	8.39%	9.84%	10.48%	10.41%	11.19%	13.30%	13.76%	12.40%	10.97%

**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, 2023**

<u><b>Governmental Unit</b></u>	<u><b>Net General Bonded Debt</b></u>	<u><b>Estimated Percentage Applicable</b></u>	<u><b>Estimated Share of Direct and Overlapping Debt</b></u>
Total County direct debt	\$ 153,978,397	100.00%	\$ 153,978,397
Overlapping:			
City of Hendersonville	539,000	100.00%	539,000
Town of Fletcher	7,211,091	100.00%	7,211,091
Total overlapping debt			<u>7,750,091</u>
Total direct and overlapping debt			\$ <u><u>161,728,488</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**

<b>Year</b>	<b>Population(1)</b>	<b>Personal Income (2) (thousands of dollars)</b>	<b>Per Capita Personal Income (2)</b>	<b>Public School Enrollment(3)</b>	<b>Unemployment Rate(4)</b>	<b>Number of Building Inspections Performed(5)</b>
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	6,149,222	52,634	12,781	4.30%	28,879
2022	116,710	*	*	12,550	3.50%	32,070
2023	118,835	*	*	12,645	3.00%	36,243

**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 and based on data as of report date  
(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	2023			2014		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Henderson County Public Schools	1816	1	3.34%	1995	1	4.09%
Margaret R. Pardee Hospital	1700	2	3.12%	1197	3	2.46%
Advent Health (1)	1300	3	2.39%	1412	2	2.90%
Ingles Markets, Inc.	1184	4	2.18%	381	9	0.78%
Henderson County	832	5	1.53%	740	4	1.52%
Cummins-Meritor	698	6	1.28%	480	7	0.98%
Manual Wood Workers, Inc.	600	7	1.10%	*	*	*
Wilsonart International Inc.	600	8	1.10%	584	6	1.20%
Linamar Light Metals	515	9	0.95%	*	*	*
Sierra Nevada	450	10	0.83%	*	*	*

\* Information not available

\* Information not available for employer  
Countywide Total Employment June 2023:

54,417

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

Function/Program	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General government	100	104	105	103	109	112	118	116	112	107
Public safety	277	281	299	302	310	330	335	337	354	320
Environmental protection	22	20	19	19	21	22	22	23	22	25
Economic and physical development	23	24	24	25	25	26	26	26	26	25
Human Services	269	268	281	284	286	291	293	292	307	282
Cultural and recreation	49	51	51	51	52	55	58	58	59	73
Total	<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>	<u>832</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									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<u>General Government</u>										
# of Registered Voters	77,321	76,099	79,621	81,736	84,393	80,364	81,959	84,641	86,620	87,561
<u>Public Safety</u>										
# of building permits issued	6,430	6,542	6,430	6,771	9,598	9,398	9,120	10,433	10,841	7,363
# of calls processed	146,494	152,408	177,818	181,115	187,067	184,837	188,878	191,639	182,130	184,275
<u>Human Services</u>										
# of food & lodging sites inspected	1,497	1,595	1,563	1,256	1,600	1,718	1,291	1,004	1571	1,558
# of Health clients served	12,447	13,152	14,693	15,428	15,781	15,979	14,990	143,892	33,668	33,959
<u>Economic and Physical Development</u>										
Number of major subdivision plan reviews	4	6	4	5	13	13	9	13	9	12
<u>Cultural and Recreation</u>										
Library book circulation	951,697	910,636	927,596	1,056,328	1,031,647	1,006,065	851,571	827,294	1,014,300	1,072,404
<u>Education</u>										
Total \$ spent per ADM	\$ 2,306	\$ 2,346	\$ 2,366	\$ 2,480	\$ 2,615	\$ 2,984	\$ 3,113	\$ 3,182	\$ 3,491	\$ 3,787
<u>Enterprise Fund - Landfill</u>										
Solid waste generated # tons/day	249	258	294	318	343	371	363	388	380	387

**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									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<u>Public Safety</u>										
Sheriff's Department:										
Stations	1	1	1	1	1	1	1	1	1	1
Vehicles	158	180	184	176	185	192	208	202	214	223
<u>Cultural and Recreation</u>										
Park Acreage	331	332	332	332	332	409	409	409	409	422
Parks	11	12	12	12	12	14	14	14	14	14
Ballfields and courts	37	37	37	37	37	43	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, 2023, 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, 2023.

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. 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 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

**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*.

**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.

*Cherry Bekaert LLP*

Charlotte, North Carolina  
October 31, 2023

## **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, 2023. 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, 2023. 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, 2023.

#### ***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 the audit evidence we have obtained is sufficient and appropriate to provide 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.

### **Report on Internal Control over Compliance**

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. 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 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. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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.

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  
October 31, 2023

**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, 2023. 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, 2023. 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, 2023.

***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.

***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.

### ***Report on Internal Control over Compliance***

*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. *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 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. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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.

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  
October 31, 2023

**HENDERSON COUNTY, NORTH CAROLINA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**

YEAR ENDED JUNE 30, 2023

**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 ☒ no
- Significant Deficiency(s) identified ☐ yes ☒ none reported

Noncompliance material to financial statements noted

☐ yes ☒ no

**Federal Awards**

Internal control over major federal programs:

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

☐ yes ☒ no

Identification of major federal programs:

<b>Federal Assistance Listing Number</b>	<b>Names of Federal Program</b>
10.561	Supplemental Nutrition Assistance Program (SNAP)
21.027	COVID-19: Coronavirus State and Local Fiscal Recovery Funds
93.044	Aging Cluster
93.045	
93.053	
93.778	Medical Assistance Cluster

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

\$750,000

Auditee qualified as low-risk auditee?

☐ yes ☒ no

**HENDERSON COUNTY, NORTH CAROLINA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**

*YEAR ENDED JUNE 30, 2023*

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**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

Special Appropriations (Bat Fork, SCIF and Pleasant Grove)

Other major State programs for Henderson County are Medical Assistance and Aging which are State matching funds on the federal program. Therefore, these programs have been included in the list of major federal programs above.

**Section II—Financial Statement Findings**

None reported.

**Section III—Federal Award Findings and Questioned Costs**

None reported.

**Section IV—State Award Findings and Questioned Costs**

None reported.

**HENDERSON COUNTY, NORTH CAROLINA**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

*YEAR ENDED JUNE 30, 2023*

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**Finding 2022 -001** – Corrected.

**Finding 2022-002** – Corrected.

**Finding 2022-003** – Corrected.



# HENDERSON COUNTY, NORTH CAROLINA

## SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

YEAR ENDED JUNE 30, 2023

Grantor/Pass-Through Grantor/Program Title	Federal ALN Number	State/ Pass-Through Grantor Number	Fed.(Direct and Pass-Through) Expenditures	State Expenditures	Passed-through to Subrecipients	Local Expenditures
<b>Federal Awards:</b>						
<u><b>U. S. Department of Agriculture</b></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	\$ 976,327	\$ -	\$ -	-
Total Supplemental Nutrition Assist. Program Cluster			976,327	-		-
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	13A25403GD	387,862	-		329,255
Direct Benefit Payments:						
WIC Special Supplemental Nutrition Program for Women,						
Urban Agriculture and Innovative Production	10.935		7,500	-		-
Total U.S. Department of Agriculture			1,371,689	-		329,255
<u><b>U.S. Department of Justice</b></u>						
<u><b>Criminal Division</b></u>						
Direct Program:						
Equitable Sharing Program	16.922	NC0450000	101,589	-		-
<u><b>Office of Justice Programs</b></u>						
Passed-Through N.C. Department of Public Safety:						
<u>JAG Program:</u>						
Edward Byrne Memorial Justice Assistance Grant Program	16.738	15PBJA-21-GG-00278-JAGX	5,752	-		-
Total JAG Program			5,752	-		-

# **HENDERSON COUNTY, NORTH CAROLINA** **SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS (CONTINUED)**

YEAR ENDED JUNE 30, 2023

Grantor/Pass-Through Grantor/Program Title	Federal ALN Number	State/ Pass-Through Grantor Number	Fed.(Direct and Pass-Through) Expenditures	State Expenditures	Passed-through to Subrecipients	Local Expenditures
<u>Comprehensive Community-based Program</u>						
Comprehensive Opioid Abuse Site-Based Program	16.838	2020-AR-BX-0064	\$ 358,767	\$ -	\$ -	-
Total Comprehensive Community-based Program			358,767	-	-	-
<b>Total U.S. Department of Justice</b>			466,108	-	-	-
<u>U.S. Department of Transportation</u>						
<u>Federal Transit Administration</u>						
Passed-Through N.C. Department of Transportation:						
<u>Federal Transit Cluster:</u>						
Federal Transit Formula Grants:						
Administration	20.507	NC-90-X503-00	130,049	-	-	-
Capital	20.507	NC-90-X530-00	554,945	-	-	-
Total Federal Transit Cluster			684,994	-	-	-
<u>Federal Highway Administration</u>						
Surface Transportation Block Grant Program (STBG)	20.205	BL-0007	385,285			
<b>Total U.S. Department of Transportation</b>			1,070,279	-	-	-
<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:						
Hazard Mitigation Grant Program (HMPG)	97.039	FEMA-DR-HMGP-1871-0035	-	-	-	-
Homeland Security Grant Program	97.067	EMW-2016-SS-00011-S01	12,204	-	-	-
Disaster Grants - Public Assistance	97.036		336,209	-	-	-
Emergency Management Performance Grants	97.042	EMW-2015-EP-00011-S01	61,570	-	-	-
Law Enforcement Terrorist Prevention Program	97.074					
Hazard Mitigation Grant Program (HMPG) -						
FEMA - Hurricane Ian	97.039	HMG DR-4568-NC	46,033	-	-	-
<b>Total U.S. Department of Homeland Security</b>			456,016	-	-	-

# HENDERSON COUNTY, NORTH CAROLINA

## SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS (CONTINUED)

YEAR ENDED JUNE 30, 2023

Grantor/Pass-Through Grantor/Program Title	Federal ALN Number	State/ Pass-Through Grantor Number	Fed.(Direct and Pass-Through) Expenditures	State Expenditures	Passed-through to Subrecipients	Local Expenditures
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	\$ 76,976	\$ -	\$ -	-
Social Services Block Grant - State Adult Day Care	93.667	30	37,542	32,248		1,571
Social Services Block Grant - APS	93.667	170	23,879	-		-
Social Services Block Grant - APS Essential Services	93.667	493	12,831	-		-
Social Services Block Grant - CPS TANF to SSBG	93.667	127	160,705	-		-
Social Services Block Grant - Other Service and Training	93.667	387, 390, 393	283,348	-		79,393
Direct Benefit Payments - AFDC	93.560		-	-		(127)
Child Support Enforcement	93.563	123, 423, 430	446,530	(310)		-
<u>Special Children Adoption Fund Cluster (Note 4):</u>						
Mary Lee Allen Promoting Safe and Stable Families	93.556	220	132,900	-		-
Stephanie Tubbs Jones Child Welfare Services Program	93.645	368, 464, 465	29,718	-		2,215
Total Special Children Adoption Fund Cluster (Note 4)			162,618	-		
<u>Refugee and Entrant Assistance Cluster (Note 4):</u>						
Refugee and Entrant Assistance State/Replacement						
Designee Administered Programs	93.566	403	25,143	-		-
Total Refugee and Entrant Assistance Cluster (Note 4)			25,143	-		-
Low Income Home Energy Assistance Block Grant:						
Low Income Heating and Water Assistant Program:						
Low Income Heating and Water Assistance Program - Administration	93.568	410	13,277	-		-
Low Income Heating and Water Assistance Program - CAA	93.568	377	21,453	-		-
Low Income Energy Assistance Program:						
Low Income Home Energy Assistance - Administration	93.568	406	55,118	-		-
Low Income Energy Assistance Program - ARPA	93.568	498	33,532	-		-
Low Income Energy Assistance Program - ARPA ADM	93.568	492	13,007	-		-
Energy Assistance Payments - Direct Benefit Payments			-	-		-
Low Income Home Energy Assistance - Crisis Intervention Program	93.568	372	128,047	-		-
Low Income Home Energy Assistance	93.568	352	43,362	-		-
COVID-19 LIEAP COVID 19 Admin	93.568	314	(30)	-		-
Total Low Income Home Energy Assistance			307,766			

# HENDERSON COUNTY, NORTH CAROLINA

## SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS (CONTINUED)

YEAR ENDED JUNE 30, 2023

Grantor/Pass-Through Grantor/Program Title	Federal ALN Number	State/ Pass-Through Grantor Number	Fed.(Direct and Pass-Through) Expenditures	State Expenditures	Passed-through to Subrecipients	Local Expenditures
John H. Chafee Foster Care Program for Successful Transition to Adulthood - Admin	93.674	290, 291	\$ 32,036	\$ 8,009	\$ -	-
John H. Chafee Foster Care Program for Successful Transition to Adulthood - Direct Benefits	93.674	091255869	77,759	-	-	-
Total Division of Social Services			1,647,133	39,947	-	80,837
<u>Temporary Assistance for Needy Families</u>						
Division of Public Health:						
Temporary Assistance for Needy Families	93.558	1801NCTANF - 13A15151T245	8,165	-	-	-
Division of Social Services:						
Temporary Assistance for Needy Families (TANF)/ Work First - Admin	93.558	1801NCTANF- 151, 052, 058	847,258	-	-	-
Temporary Assistance for Needy Families/ Work First- Direct Benefit Payments	93.558	091255869				
Total Temporary Assistance for Needy Families			855,423	-	-	-
<u>Foster Care, Adoption, and Guardianship Assistance Program Cluster (Note 4):</u>						
Division of Social Services:						
Administration:						
Foster Care Title IV-E- Administration	93.658	1801NCFOST - 302, 304	651,237	-	-	427,992
Foster Care Title IV-E- Adoption	93.658	1801NCFOST - 091255869	241,535	23,684	-	224
Foster Care Title IV-E - CPS	93.658	1801NCFOST - 274	94,791	126,450	-	302,510
Adoption Assistance	93.659	1801NCADT - 091255869	51,218	-	-	19,079
Direct Benefits Payments:						
Foster Care Title IV-E	93.658	1801NCFOST - 091255869	365,279	102,120	-	180,728
Adoption Assistance-Direct Benefit Payments	93.659	091255869	-	-	-	117,183
Total Foster Care and Adoption Cluster (Note 4)			1,404,060	252,254	-	1,047,716
<u>Subsidized Child Care Cluster (Note 4)</u>						
Child Care Development Fund Cluster:						
Division of Social Services:						
Child Care Mandatory and Matching Funds of the Child Care and Development Fund - Administration	93.596	364				
Total Child Care Development Fund Cluster			140,493	-	-	-
Total Administration for Children and Families			4,047,109	292,201	-	1,128,553

# HENDERSON COUNTY, NORTH CAROLINA

## SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS (CONTINUED)

YEAR ENDED JUNE 30, 2023

Grantor/Pass-Through Grantor/Program Title	Federal ALN Number	State/ Pass-Through Grantor Number	Fed.(Direct and Pass-Through) Expenditures	State Expenditures	Passed-through to Subrecipients	Local Expenditures
<b><u>Centers for Medicare and Medicaid Services</u></b>						
Passed-Through N.C. Department of Health and Human Services:						
Division of Social Services:						
Medicaid Cluster:						
Administration:						
Medical Assistance Program	93.778	XIX-MAP18 - 421, 412, 478	\$ 3,655,484	\$ 418,469	\$ -	\$ 1,521,675
Total Medicaid Cluster			3,655,484	418,469		1,959,012
Division of Social Services:						
Administration:						
Children's Health Insurance Program - N.C. Health Choice	93.767	440, 441	31,354	4,474		18,506
Total Division of Medical Assistance			3,686,838	422,943	-	
<b><u>Centers for Disease Control and Prevention</u></b>						
Passed-Through N.C. Department of Health and Human Services:						
Division of Public Health:						
Immunization Cooperation Agreements	93.268	1331631CEJ	17,938	-		175,884
Project Grants and Cooperative Agreements for Tuberculosis Control Program	93.116	14602720NF	50	-		
Public Health Emergency Preparedness	93.069	12642680EU/ER	36,692			
Injury Prevention and Control Research and State and Community Based Programs	93.136	11758380DH	77,610	-		
HIV Cluster (Note 4):						
Sexually Transmitted Diseases (STD) Prevention and Control Grants	93.977	13114631NB	100	-		
Preventive Health and Health Services Block Grant	93.991	12615503PH	30,607	-		
Division of Community Health:						
National and State Tobacco Control Program	93.387	12713410QF	295	-		-
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	1175883AP5	189,095	-		42,428
Temporary Assistance for Needy Families	93.558		-	-		731
Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations	93.898	13203100D7	11,400	-		

# HENDERSON COUNTY, NORTH CAROLINA

## SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS (CONTINUED)

YEAR ENDED JUNE 30, 2023

Grantor/Pass-Through Grantor/Program Title	Federal ALN Number	State/ Pass-Through Grantor Number	Fed.(Direct and Pass-Through) Expenditures	State Expenditures	Passed-through to Subrecipients	Local Expenditures
<b><u>Health Resources and Services Administration</u></b>						
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			261,684	-	-	57,428
Infant Mortality Reduction				-	-	2,800
Child Fatality Prevention			720	-	-	-
HMHC-February Start			6,234	34,894		303,446
Child Health			18,717	-		-
Total Maternal and Child Health Services Block Grant	93.994	12715349AR	311,178	34,894	-	-
<b><u>Office of the Assistant Secretary for Health</u></b>						
Passed-Through N.C. Department of Health and Human Services:						
Division of Public Health:						
Family Planning Services	93.217	13A15900FP	54,092	-		9,593
Total Division of Public Health			729,057	34,894	-	227,905
<b><u>Administration for Community Living</u></b>						
Passed-Through Land of the Sky Regional Council:						
Aging Cluster:						
Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers-Legal	93.044	21/22AANCT3SS	61,772	3,633	65,405	-
Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	93.044	21/22AANCT3SS	220,526	154,831	375,357	-
Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045	21/22AANCT3CM	52,098	7,297	59,395	-
Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045	21/22AANCT3HD	266,912	70,081	336,993	-
Nutrition Services Incentive Program	93.053	21/22AANCNSIP	66,113	-	-	-
Total Aging Cluster			667,421	235,842	837,150	-
National Family Caregiver Support, Title III, Part E	93.052	21/22AANCT3FC	32,633	2,175	34,808	-
Total Administration for Community Living			700,054	238,017	871,958	-
<b>Total U. S. Department of Health and Human Services</b>			<b>9,163,058</b>	<b>988,055</b>	<b>871,958</b>	<b>1,356,458</b>

# HENDERSON COUNTY, NORTH CAROLINA

## SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS (CONTINUED)

YEAR ENDED JUNE 30, 2023

Grantor/Pass-Through Grantor/Program Title	Federal ALN Number	State/ Pass-Through Grantor Number	Fed.(Direct and Pass-Through) Expenditures	State Expenditures	Passed-through to Subrecipients	Local Expenditures
<b><u>U.S. Department of Treasury</u></b>						
COVID-19: Coronavirus State and Local Fiscal Recovery Funds	21.027		\$ 1,601,751	\$ -	\$ -	-
<b>Total Federal Awards</b>			14,128,901	988,055	871,958	1,685,713
<b>State Awards:</b>						
<b><u>N.C. Department of Cultural and Natural Resources</u></b>						
Division of State Library:						
State Aid to Public Libraries	XXXX	XXXX	-	148,212		-
<b>Total N.C. Department of Cultural and Natural Resources</b>			-	148,212		-
<b><u>N.C. Department of Environmental Quality</u></b>						
Recreation Trails						
Water Resources Development Project Grant	XXXX	CW22129/CW18316/CW22131	-	55,989	5,000	
Environmental Enhancement Grant	XXXX	HCSWC 020-CR		29,719		
VW-DC Fast Program	XXXX	45792VW		58,025		
Abandoned Manufactured Home Removal Grant Program	XXXX	AMH8140	-	10,000		
Electronics Management Grant Program	XXXX	ELECO16034	-	12,422		
<b>Total N.C. Department of Environmental Quality</b>			-	166,155		-
<b><u>N.C. Department of Agriculture and Consumer Services</u></b>						
Cost Share Programs - Community Conservation Assistance Program	XXXX	45-2023-501/45-2022-502		17,489		
Streamflow Rehab Assistance Program	XXXX	22-080-1021		340,058		
<b>Total N. C. Department of Agriculture and Consumer Services</b>				357,547		
<b><u>N.C. Department of Health and Human Services</u></b>						
Division of Public Health:						
Other Receipts / State Supported Expenditures						
Food and Lodging Fees	XXXX	11534752SZ	-	14,403		
PH Capacity Building	XXXX	1161411000	-	91,763		
Breast and Cervical Cancer Program	XXXX	1320559900	-	8,425		
Child Health	XXXX	1271535100	-	13,780		
General Communicable Disease Control	XXXX	1175451000	-	2,586		
Women Health Service Fund	XXXX	13A16021FR	-	9,668		167,512
School Nurse Funding Initiative	XXXX	1332535800	-	100,000		
Maternal Health	XXXX	13A1574000	-	63,763		
Family Planning - State	XXXX	13A1573500	-	8,352		
HIV / STD State	XXXX	13114536RR	-	12,766		
Healthy Communities	XXXX	1261550300	-	3,863		
Tuberculosis Control	XXXX	1460455100	-	12,262		
Communicable Disease Pandemic Recovery	XXXX	2SF1249NTT		132,391		
<b>Total Division of Public Health</b>			-	474,022		167,512

# HENDERSON COUNTY, NORTH CAROLINA

## SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS (CONTINUED)

YEAR ENDED JUNE 30, 2023

Grantor/Pass-Through Grantor/Program Title	Federal ALN Number	State/ Pass-Through Grantor Number	Fed.(Direct and Pass-Through) Expenditures	State Expenditures	Passed-through to Subrecipients	Local Expenditures
Division of Social Services:						
Administration:						
State Child Welfare/CPS/CS LD	XXXX	115, 117	\$ -	\$ 148,526	\$ -	\$ -
State/County Special Assistance for Adults - Direct Benefit Payments	XXXX	XXXX	-	-		931,204
State Foster Home / SFHF Maximization	XXXX	XXXX	-	249,103		94,251
Extended Foster Care Maximization Non Title IV-E	XXXX	XXXX	-	96,766		
Total Division of Social Services			-	494,395		931,204
Total N.C. Department of Health and Human Services			-	968,417	-	1,098,716
<b><u>N.C. Department of Public Safety</u></b>						
State Budget Allocation						
Henderson County Sheriff's Office	XXXX	HENDERSONCO 2021-2023		57,950		
Bat Fork Creek Restoration	XXXX	SL 2021-180		821,291	797,541	
Pleasant Grove Restoration Project	XXXX	SL 2021-180		820,897	795,897	
Division of Juvenile Justice:						
Juvenile Crime Prevention Council Programs	XXXX	XXXX	-	266,020	266,020	-
Division of Emergency Management:						
Hazmat Emergency Preparedness	XXXX	T2-2018-1865	-	960		-
Homeland Security Grant Program	97.067					
Total N.C. Department of Public Safety			-	1,967,118	1,859,458	-
<b><u>N.C. Department of Public Instruction</u></b>						
Public School Building Capital Fund - Lottery	XXXX	XXXX	-	851,936		
Total Public School Building Capital Fund				851,936		-
Total N.C. Department of Public Instruction			-	851,936	-	-
<b><u>N.C. Department of Transportation</u></b>						
Rural Operating Assistance Program (ROAP):						
ROAP Elderly and Disabled Transportation Assistance Program (E&TAP)	XXXX	DOT-16CL		107,047		-
ROAP Rural General Public Program (RGP)	XXXX	DOT-16CL		53,718		-
ROAP Workfirst Transitional Employment Assistance Program	XXXX	DOT-16CL		13,481		-
Passed-through Asheville Transit Services:						
Total ROAP			-	174,246		-



**HENDERSON COUNTY, NORTH CAROLINA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS (CONTINUED)**

*YEAR ENDED JUNE 30, 2023*

<b>Grantor/Pass-Through Grantor/Program Title</b>	<b>Federal ALN Number</b>	<b>State/ Pass-Through Grantor Number</b>	<b>Fed.(Direct and Pass-Through) Expenditures</b>	<b>State Expenditures</b>	<b>Passed-through to Subrecipients</b>	<b>Local Expenditures</b>
Public Transportation Division						
State Maintenance Assistance Program	XXXX	DOT9	\$ -	\$ 162,794	\$ -	\$ -
<b>Total N.C. Department of Transportation</b>			-	337,040	-	-
<b><u>N.C. Office of State Budget and Management</u></b>						
State Capital Investment Fund	XXXX	SL 2021-180	-	500,000		
Register of Deeds Grant Program	XXXX	2030RD1	-	4,166		
<b>Total NC Office of State Budget and Management</b>				504,166		
<b>Total State Awards</b>			-	5,300,591	1,859,458	1,098,716
<b>Total Federal and State Awards</b>			\$ 14,128,901	\$ 6,288,646	\$ 2,731,416	\$ 2,784,429

# **HENDERSON COUNTY, NORTH CAROLINA**

## **NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**

*JUNE 30, 2023*

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### **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, 2023. 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 SEFSA 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% de minimis indirect cost rate as allowed under the Uniform Guidance.

### **Note 4—Cluster of programs**

The following are clustered by the N.C. 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.