

November 19, 2025

# MINUTES

**STATE OF NORTH CAROLINA  
COUNTY OF HENDERSON**

**BOARD OF COMMISSIONERS  
WEDNESDAY, NOVEMBER 19, 2025**

The Henderson County Board of Commissioners met for a regularly scheduled meeting at 9:30 a.m. in the Commissioners' Meeting Room of the Historic Courthouse on Main Street, Hendersonville.

Present were: Chairman William Lapsley, Vice-Chair J. Michael Edney, Commissioner Sheila Franklin, Commissioner Jay Egolf, County Manager John Mitchell, Assistant County Manager Chris Todd, Public Safety Director Jimmy Brissie, Financial Services Director Samantha Reynolds, County Attorney Russ Burrell, and Clerk to the Board Denisa Lauffer.

Absent was Commissioner Rebecca McCall

Also present were: Budget Manager/Internal Auditor Sonya Flynn, Chief Communications Officer Mike Morgan, Sheriff Lowell Griffin, Recovery Director Natalia Santana-Pollard, Planning Director Autumn Radcliff, Planner Austin Parks, Code A/V Technician Oscar Guerrero, DSS Director Lorie Horne, Parks and Recreation Director Bruce Gilliam, Grants Administrator Emily Kanipe, Director of Human Resources Karen Ensley, Behavioral Health Director Jodi Grabowski, Director of Facility Services Andrew Griffin, Soil and Water Conservation Director/Conservationist Director Jonathon Wallin, Capital Projects Manager Bryan Rhodes, Social Media Coordinator Tiffany Lucey, Finance Director Randal Cox, and NC Lead Fellow Abby Buxton. Deputy Chris Stepp provided security.

## **CALL TO ORDER/WELCOME**

Commissioner Lapsley called the meeting to order and welcomed all in attendance.

## **INVOCATION**

John Mitchell provided the invocation.

## **PLEDGE OF ALLEGIANCE**

Chairman Lapsley led the Pledge of Allegiance to the American Flag.

## **PUBLIC COMMENT** *(Comments are the views and opinions of the speaker)*

- Steve and Carey Hayo spoke about losing their home during Hurricane Helene and expressed frustration with the lack of response from FEMA. They requested clearer communication on the County's current status and progress in recovery efforts.
- Brett Warner informed the Board that the two EV chargers at the Historic Courthouse are currently blocked by construction portables. He noted that the \$111,000 project took several years to complete, the chargers were only operational for two weeks, and placing the construction trailers about 16 feet to the right would have kept them accessible. He requested that the chargers remain available throughout the construction period.

Approved:

## DISCUSSION/ADJUSTMENT OF AGENDA

*Chairman Lapsley made a motion to approve the agenda as presented. All voted in favor, and the motion carried.*

*Vice-Chair Edney made a motion to adopt the consent agenda. All voted in favor, and the motion carried.*

## CONSENT AGENDA

### Approval of Minutes

Draft minutes were presented for Board review and approval for the following meeting:

November 3, 2025

*Motion: I move the Board approve the minutes from November 3, 2025.*

### Tax Collector's Report

The following report from the office of the Tax Collector was provided for the Board's information.

Please find outlined below collections information through November 5, 2025 for 2025 real and personal property bills mailed on July 31, 2025. Vehicles taxes are billed monthly by NC DMV.

#### Henderson County Annual Bills (Real and Personal Property):

|                        |                  |                                                                                     |
|------------------------|------------------|-------------------------------------------------------------------------------------|
| 2025 Beginning Charge: | \$103,835,355.51 |  |
| Discoveries & Imm.     | \$204,717.83     |                                                                                     |
| Releases & Refunds:    | (\$89,663.07)    |                                                                                     |
| Net Charge:            | \$103,950,410.27 |                                                                                     |
| Unpaid Taxes:          | \$74,231,483.95  |                                                                                     |
| Amount Collected:      | \$29,718,926.32  | Unpaid 71.41%                                                                       |

#### Henderson County Registered Motor Vehicles (As Collected by NC DMV):

|                   |                |
|-------------------|----------------|
| Net Charge:       | \$2,838,085.01 |
| Unpaid Taxes:     | \$10,681.56    |
| Amount Collected: | \$2,827,403.45 |

99.62%

#### Henderson County FY25 Budget Analysis:

|               | Budget Ordinance | Revenue Collected            |
|---------------|------------------|------------------------------|
| Ad Valorem:   | \$106,227,288.00 | \$32,546,329.77              |
| Prior Years:  | \$1,030,500.00   | \$331,756.91                 |
| Budget Total: | \$107,257,788.00 | YTD Revenue: \$32,878,086.68 |



### Vendor Proposal Approval

The Board was requested to approve Palmetto State Roofing and Sheet Metal's proposal and authorize staff to proceed with the procurement and installation of the Henderson County Public Schools (HCPS) MRTS Various Roofing Projects, inclusive of projects at East Henderson High School and Flat Rock Middle School, per the approved HCPS MRTS FY2026 Projects Listing.

The proposal received from Palmetto State Roofing and Sheet Metal is for a total price of \$402,200 (including the base bid and alternate #1), versus the budget of \$500,000 for HCPS MRTS FY2026 Various Roofing Projects.

Approved:

*Motion: I move the Board award the contract, for the purchase and installation of the HCPS MRTS Various Roofing Projects FY2026, to Palmetto State Roofing and Sheet Metal, for \$402,200.*

#### **2025.193 Reimbursement Resolution – Clear Creek and Etowah Sewer Systems**

The Board was presented with a proposed reimbursement resolution for consideration. The purpose of a reimbursement resolution is to allow construction project and planning costs incurred prior to the closing of the financing to be reimbursed from the financing proceeds.

NOTE: The “not to exceed” figures in the resolution is **not** intended to accurately state the project costs, but rather to act as a safe harbor number for the purpose of these resolutions only.

*Motion: I move that the Board approve the reimbursement resolution \*attached to this agenda item for the Clear Creek Sewer System.*

\*Copy attached to these minutes.

#### **Public Health Records Destruction Request**

Staff requested approval from the Board of Commissioners to destroy original records listed on the Public Disposal Requests and Destruction Logs that were provided – 29 total pages included in accordance with the North Carolina Department of Natural and Cultural Resources Local Health Department Records Retention and Disposition Schedule as the period of these records have expired.

The Board of Health approved the destruction of these records at their August 18, 2025 meeting.

*Motion: I move the Board approve the destruction of public health records as presented.*

#### **2025.194 Vendor Contract Approval and Budget Amendment – HCPS MRTS**

The Board was requested to approve the proposal from LS3P of \$676,500 for architectural design services for the new Henderson County Public Schools Bus Garage.

The Board was also requested to appropriate \$676,500 in unallocated fund balance from the HCPS MRTS fund to fund the architectural design services.

*Motion: I move the Board approve the proposal from LS3P and the associated budget amendment.*

#### **2025.195 US DOJ Asset Forfeiture Fund Expenditure**

The Sheriff's Office requested that the Board approve an appropriation from the Sheriff's Office Restricted US DOJ funds (114431-451005-9066) in the amount of \$104,027 to purchase the list of equipment provided to enhance the operations of the Sheriff's Office.

*Motion: I move the Board approve the budget amendment to allow appropriation from Restricted US DOJ funds.*

#### **2025.196 Hendersonville Board of Realtors Lease**

Henderson County has approached the Hendersonville Board of Realtors to lease parking spaces located at their office. This parking will serve as additional parking to support the Courthouse and

Approved:

Detention Center Renovation projects.

*Motion: I move the Board approve the lease between Henderson County and Hendersonville Board of Realtors and authorize the County Manager to execute the lease on behalf of Henderson County.*

### **Hurricane Helene Update**

The most current information pertaining to Hurricane Helene was provided as part of this agenda item for the Board's review.

*Vice-Chair Edney made a motion to adopt the consent agenda. All voted in favor, and the motion carried.*

## **PUBLIC HEARINGS**

### **2025.197 Name Two Unnamed Rights-of-Way**

*Motion: Chairman Lapsley made a motion to go into the public hearing. All voted in favor, and the motion carried.*

Staff provided notice to all property owners, and one property owner suggested road names of Joyce Whitmire Dr and James Osteen Dr to the two unnamed rights-of-way (ROW). The ROWs are required to be named under the Property Addressing Ordinance for E911 purposes.

Staff sent letters to all property owners notifying them of the date and time of the public hearing and the proposed road names, and the hearing was advertised in the Hendersonville Lightning.

Public Input: There was none.

*Motion: Chairman Lapsley made a motion to go out of the public hearing. All voted in favor, and the motion carried.*

*Motion: Commissioner Franklin made the motion that the Board approve renaming the ROWs as Joyce Whitmire Drive and James Osteen Drive in order to be in compliance with the property addressing ordinance. All voted in favor, and the motion carried.*

### **2025.198 Name One Unnamed Right-of-Way**

*Motion: Chairman Lapsley made a motion to go into the public hearing. All voted in favor, and the motion carried.*

Staff provided notice to all property owners, and one property owner suggested naming the unnamed right-of-way (ROW) New Morning Way. The ROWs are required to be named under the Property Addressing Ordinance for E911 purposes.

Staff sent letters to all property owners notifying them of the date and time of the public hearing

Approved:

and the proposed road names, and the hearing was advertised in the Hendersonville Lightning.

Public Input: There was none.

*Motion: Chairman Lapsley made a motion to go out of the public hearing. All voted in favor, and the motion carried.*

*Motion: Vice-Chair Edney the motion the Board approve renaming the ROWs as New Morning Way in order to be in compliance with the property addressing ordinance. I move that the Board approve renaming the ROWs as New Morning Way in order to be in compliance with the property addressing ordinance. All voted in favor, and the motion carried.*

### **2025.199 Final Approval of a Financing Contract for the Medical Office Building – Spartanburg Highway Project and Property Purchase**

*Motion: Chairman Lapsley made a motion to into the public hearing. All voted in favor, and the motion carried.*

A public hearing was scheduled for November 19, 2025, at 9:30 a.m. in the above matter. Notice was published in the *Hendersonville Lightning* on November 5, 2025.

The Board gave notice that this hearing would be conducted concerning the approval of the execution and delivery of the Financing Contract and the County's the acquisition, construction and equipping of the Project. Under the proposal, the County would pay the capital costs of acquisition, construction, and equipping of a new medical office building and related site improvements to expand UNC Health Pardee's outpatient and primary care services within the County (collectively, the "*Health Project*"), and (b) the acquisition, development, and improvement of real property to support economic development initiatives. This would be done pursuant to an installment financing contract (the "*Contract*"), in a principal amount not to exceed \$45,000,000 under which the County will make certain installment payments.

This public hearing was being held to satisfy two legal requirements:

1. **State law (G.S. 160A-20)** requires a public hearing before it enters into the First Amendment to the Installment Financing Contract, which is part of the overall legal structure that allows the execution and delivery of limited obligation bonds to finance these projects.
2. **Federal tax law (Section 147(f) of the Internal Revenue Code)** requires a public hearing, commonly referred to as a "TEFRA hearing," before tax-exempt bonds may be issued for projects being used by certain nonprofit entities, such as UNC Health Pardee.

Public Input: There was none.

*Motion: Chairman Lapsley made a motion to go out of the public hearing. All voted in favor, and the motion carried.*

*Motion: Vice-Chair Edney made the motion to adopt the resolution approving an amendment to an installment financing contract and delivery thereof; and providing for certain other related matters. All voted in favor, and the motion carried.*

Approved:

## DISCUSSION

### Pardee Hospital Budget Presentation

Pardee Hospital CEO and President Jay Kirby presented the Audit Results for Pardee Hospital.

## Audit Report FY2025

### BDO Performed the 2025 Audit

#### Audit Results



- There were no changes in significant accounting policies and practices during 2025.
- Management did not make any significant changes to the processes or significant assumptions used to develop significant accounting estimates in 2025.
- There were no corrected misstatements, other than those that were clearly trivial, related to accounts and/or disclosures that we brought to the attention of management.
- There was one uncorrected misstatement for Shared Services cost related to amortization of Epic. UNC as a system uncorrected the mapping from Shared Services to Depreciation and Amortization line item on the income statement.

## Audit Report FY2025

### Audit Report Yields No Weaknesses or Deficiencies for FY2025 Reporting

|                                                                                                                     |            |                            |
|---------------------------------------------------------------------------------------------------------------------|------------|----------------------------|
| <b>Financial Statements</b>                                                                                         |            |                            |
| 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  | <u>  X  </u> no            |
| • Significant deficiency(ies) identified?                                                                           | _____ yes  | <u>  X  </u> none reported |
| Noncompliance material to financial statements noted?                                                               | _____ yes  | <u>  X  </u> no            |
| <b>Federal Awards</b>                                                                                               |            |                            |
| Internal control over major federal programs:                                                                       |            |                            |
| • Material weakness(es) identified?                                                                                 | _____ yes  | <u>  X  </u> no            |
| • Significant deficiency(ies) identified?                                                                           | _____ yes  | <u>  X  </u> none reported |
| Type of auditor's report issued on compliance for major federal programs:                                           | Unmodified |                            |

## Audited Financial Performance

### FY2025 Revenues

- 2025 Gross Revenue decreased 0.56% over prior year
  - Admissions decreased by 7.93%
  - Births increased by 14.65%
  - Surgeries dropped by 14.35% (*Baxter Fluid Shortage*)
  - Imaging increased by 1.08%
  - Medical Oncology increased by 2.56%
- Collection rate outperformed budget and prior year
  - UNC Pardee had \$43 million in uncompensated care for FY2025
- FY2025 Net Revenues grew by 4.5% as compared to FY 2024

## Audited Financial Performance

### FY2025 Expenses

- Expenses increased by 4.5% as compared to FY2024
  - Salaries and Benefits increased 5% as compared to prior year
  - Contract Labor expense decreased 20.4% when compared to prior year
  - Drugs increased by 14% due to cost related to contract pharmacy cost and increase in cancer care
  - Other expenses increase 7.5% as compared to prior year
    - Medicaid Assessment was the largest source of growth in other expenses

### FY 2025 Margin

- Operating Margin FY2025 of 0.82% as compared to 0.81% in FY2024
- Investment revenue increased 41% year over year
- FY2025 Net Margin of 0.73%

Approved:

## Budget Forecast for FY2026

|                                      | Hendersonville County Hospital Corporation |                        |
|--------------------------------------|--------------------------------------------|------------------------|
|                                      | UNC Health Pardee                          |                        |
|                                      | 2026 Budget                                |                        |
| <b>Patient Service Revenue</b>       |                                            |                        |
|                                      | Inpatient                                  | 325,690,177            |
|                                      | Outpatient                                 | 1,071,156,585          |
| <b>Total Patient Service Revenue</b> |                                            | <b>\$1,396,846,762</b> |
| <b>Revenue Deductions</b>            |                                            |                        |
|                                      | Charity                                    | 37,048,768             |
|                                      | Bad Debt                                   | 21,720,509             |
|                                      | Contractual Allowances                     | 954,374,104            |
|                                      | HASP                                       | -18,473,685            |
|                                      | Cost Report Settlements                    | 1,129,967              |
| <b>Total Revenue Deductions</b>      |                                            | <b>\$995,799,663</b>   |
| <b>Net Patient Service Revenue</b>   |                                            | <b>\$401,047,099</b>   |
| Other Operating Revenue              |                                            | 43,026,685             |
| <b>Net Operating Revenue</b>         |                                            | <b>\$444,073,784</b>   |

## Budget Forecast for FY2026

|                                 | Hendersonville County Hospital Corporation |                      |
|---------------------------------|--------------------------------------------|----------------------|
|                                 | UNC Health Pardee                          |                      |
|                                 | 2026 Budget                                |                      |
| <b>Operating Expenses</b>       |                                            |                      |
|                                 | Salaries and Benefits                      | 198,498,554          |
|                                 | Medical and Surgical Supplies              | 48,107,881           |
|                                 | Drugs                                      | 77,900,609           |
|                                 | Contract Services                          | 41,818,383           |
|                                 | Shared Services Allocation                 | 22,596,444           |
|                                 | Other Supplies and Services                | 19,655,440           |
|                                 | Depreciation and Amortization              | 21,707,262           |
|                                 | All Other                                  | 9,351,735            |
| <b>Total Operating Expenses</b> |                                            | <b>\$439,636,308</b> |
| <b>Operating Income (Loss)</b>  |                                            | <b>\$4,437,476</b>   |

## Pardee by the Numbers

|                                                           |                                                             |                                                    |                                        |                                                             |                                           |
|-----------------------------------------------------------|-------------------------------------------------------------|----------------------------------------------------|----------------------------------------|-------------------------------------------------------------|-------------------------------------------|
| <b>60</b><br>Primary Care<br>Providers in<br>14 locations | <b>70+</b><br>Specialists<br>representing<br>18 specialties | <b>30,000</b><br>Emergency<br>Department<br>visits | <b>68,400</b><br>Urgent Care<br>visits | <b>200,000</b><br>Primary Care<br>visits                    | <b>80,000</b><br>Specialty Care<br>visits |
| <b>&gt;13,000</b><br>Surgeries                            | <b>&gt;300,000</b><br>Physical<br>Therapy visits            | <b>130,000</b><br>Imaging<br>studies               | <b>2,000</b><br>Cardiac<br>Cath        | <b>12</b><br>Pardee @Work<br>on-site<br>employer<br>clinics | <b>UNC</b><br>HEALTH<br>Pardee            |

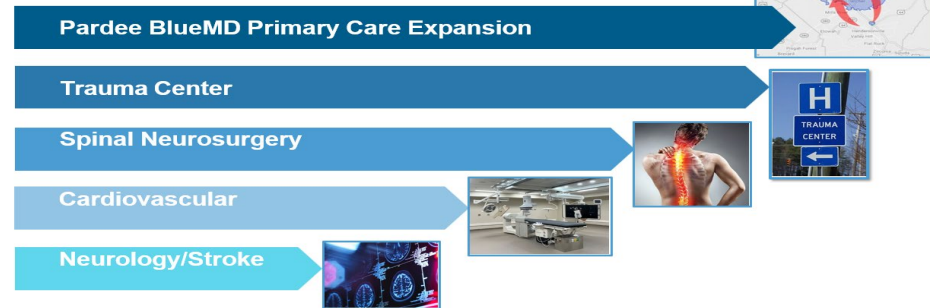
Approved:

## The Power of Partnership

Pardee has developed partnerships with academic institutions throughout the region to support recruitment



### Primed for Growth



### Expanding Our Regional Footprint

- Pardee BlueMD primary care services
- Pardee Rx pharmacy and drive-thru
- Specialty services



**Spartanburg Hwy. Campus**  
Spartanburg Hwy., Hendersonville



### Expanding Our Regional Footprint

UNC Health and UNC Health Pardee have filed a plan with the state's Certificate of Need (CON) office to develop UNC Health West Medical Center (UNC Health West), a new, 129-bed community hospital in Buncombe County.

UNC Health West builds on UNC Health Pardee's record of public service and proven experience and dedication to the western region and UNC Health's commitment to the health and wellness of our state, resulting in increased access and improved care for the residents of Buncombe and surrounding counties.

Approved:

## Meeting the Need

- UNC Health Pardee is investing \$30 million to establish a 23-bed inpatient adolescent behavioral health facility.
- The project will require renovating 40,000 square feet of hospital space and is expected to open in June 2026.
- The much-needed facility is made possible through a partnership with the North Carolina Department of Health and Human Services (NCDHHS), Vaya Health, and the UNC School of Medicine.



**Pardee Adolescent Behavioral Health Center**  
Pardee Hospital, Hendersonville



## Henderson County Audit Results for the Fiscal Year ended June 30, 2025 *(this item was moved up in the discussion portion of this meeting)*

Cherry Bekaert Engagement Director Daniel Gougherty presented the audit results to the Board.

Henderson County, North Carolina

### Audit Executive Summary

November 19, 2025



## Results of the Audit

We have audited the financial statements of Henderson County, North Carolina ("County") as of and for the year ended June 30, 2025, in accordance with generally accepted auditing standards and *Government Auditing Standards* and have issued our report dated November 14, 2025.

We have also audited the County's compliance with the types of compliance requirements described in the OMB Compliance Supplement and the Audit Manual for Governmental Auditors in North Carolina that could have a direct and material effect on each of the County's major federal and state programs for the year ended June 30, 2025.

We have issued an unmodified opinion on the financial statements and will issue an opinion on the single audit upon completion.

Approved:

## Internal Control Communication

In planning and performing our audit, we considered 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 opinion on the financial statements and on compliance 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. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls.

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.

## Internal Control Communication

### Material Weakness

- ▶ 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 County's financial statements will not be prevented, or detected and corrected, on a timely basis.

### Significant Deficiency

- ▶ 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.

We identified a deficiency that we considered to be a material weaknesses as noted on the next slide.

## Internal Control Communication

### Material Weakness

#### ▶ Finding 2025-001:

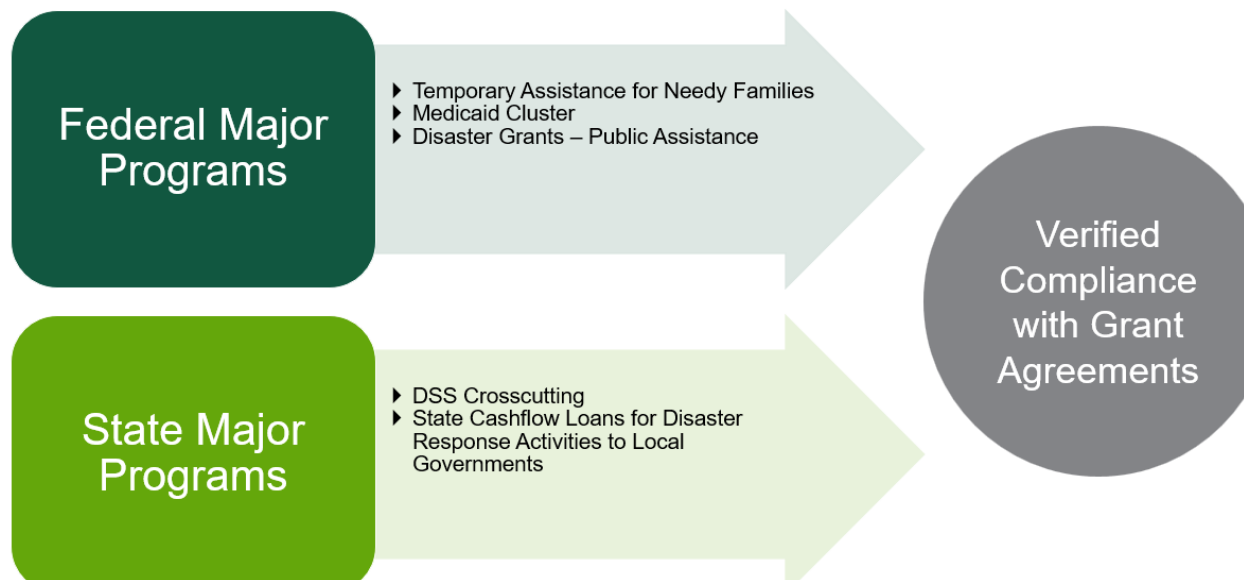
##### ▶ Financial Reporting - Accruals

- ▶ The County should have recorded a receivable and revenue of approximately \$2.1 million in the General Capital Project Fund and Government Wide financial statements in the prior year for a reimbursement request related to costs incurred prior to June 30, 2024 that were received within the County's 90-day availability period.

Approved:

## Internal Control and Compliance

### Single Audit (Grants)



## Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management.

### Corrected Misstatements

- ▶ To record a restatement of \$11,421,572 in the Government Wide Financial Statements related to the Opioid Settlement Memorandum of Agreement to record the receivable and revenue due to the receivable being related to an exchange like transaction rather than a non-exchange transaction.

## Corrected and Uncorrected Misstatements

### Uncorrected Misstatements

An understatement of the beginning net position and expenses related to the County's vacation accrual of approximately \$398,000 related to the inclusion of pension plan contributions in the prior year before the implementation of GASB 101.

An understatement of approximately \$440,000 of account payable and expenditures in the General Capital Projects Fund.

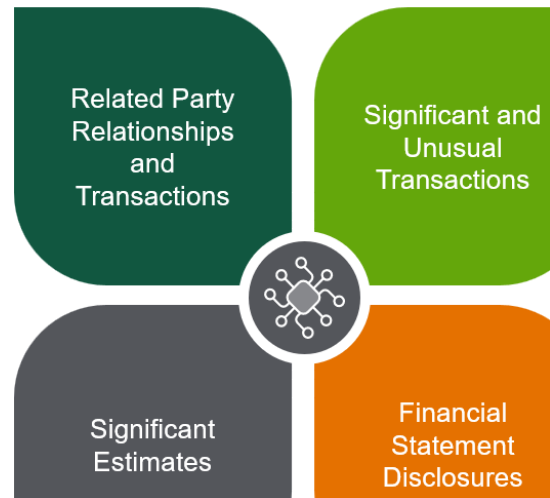
An understatement of accounts receivable and revenue of approximately \$34,000 in the Solid Waste Fund to convert to the accrual basis of accounting.

Approved:

# Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the County are described in Note 1 to the financial statements.

The County changed accounting policies related to compensated absences liability by adopting Governmental Accounting Standards Statement No. 101, *Compensated Absences*, implemented during fiscal year June 30, 2025.



As part of our audit, we evaluated the County's identification of, accounting for, and disclosure of the County's relationships and transactions with related parties as required by professional standards.

We noted none of the following:

- Related parties or related party relationships or transactions that were previously undisclosed to us;
- Significant related party transactions that have not been approved in accordance with the County's policies or procedures or for which exceptions to the County's policies or procedures were granted;
- Significant related party transactions that appeared to lack a business purpose;
- Noncompliance with applicable laws or regulations prohibiting or restricting specific types of related party transactions; and
- Difficulties in identifying the party that ultimately controls the County.

We noted no transactions entered into by the County during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

For purposes of this presentation, professional standards define significant, unusual transactions as transactions that are outside the normal course of business for the County or that otherwise appear to be unusual due to their timing, size, or nature. We noted no significant, unusual transactions during our audit.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

- Allowance for doubtful accounts;
- Depreciation expense (estimated useful lives of assets);
- Pensions, OPEB, and IBNR liabilities and related deferred outflows and inflows;
- Landfill liability; and
- Lease and SBITA liabilities, receivables and related right to use assets and deferred inflows.
- Compensated absences

Management's estimate of the identified above estimates are based on the analysis of historical collection trends, estimated useful life of the asset, actuarial valuations, engineers estimates for closure and post-closure costs, and the County's incremental borrowing rate and SBITA or lease terms. We evaluated the key factors and assumptions used to develop these estimates in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Approved:

## Independence Considerations

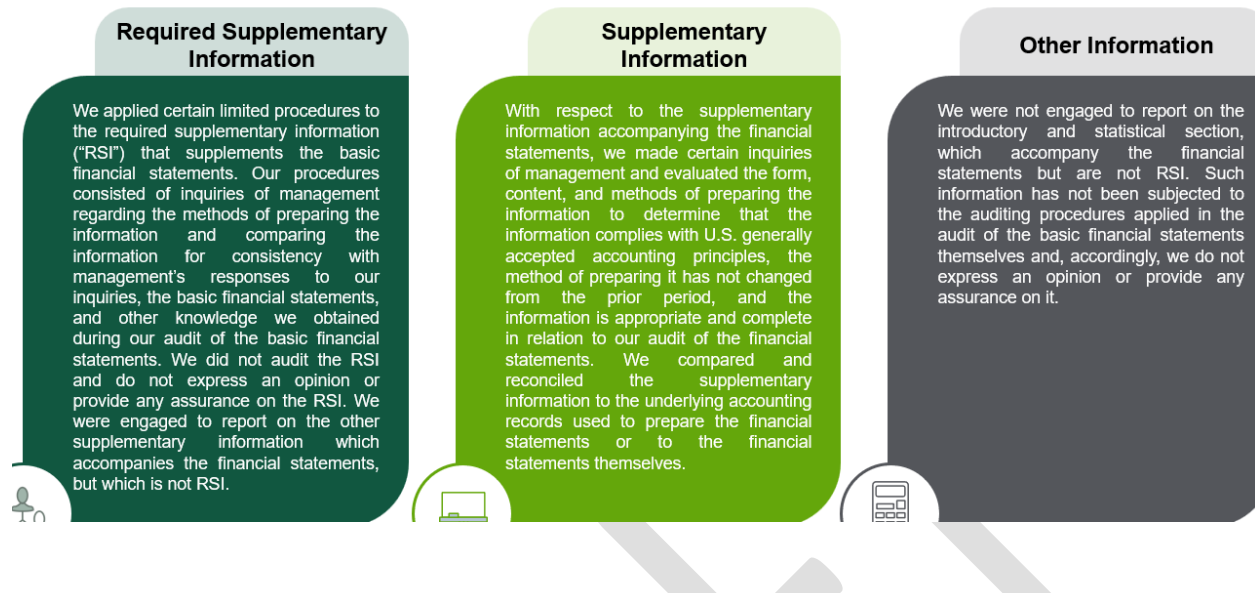
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|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <div style="background-color: #2e7d32; color: white; padding: 5px; text-align: center; font-weight: bold;">Nonattest Services</div> <div style="background-color: #004d40; padding: 10px; margin-top: 10px;"> <ul style="list-style-type: none"> <li>▶ We will complete the appropriate sections and sign the data collection form.</li> <li>▶ For all nonattest services we perform, you are responsible for designating a competent employee to oversee the services, make any management decisions, perform any management functions related to the services, evaluate the adequacy of the services, and accept overall responsibility for the results of the services.</li> </ul> </div> <div style="text-align: center; margin-top: 10px;">  </div> | <div style="background-color: #4caf50; color: white; padding: 5px; text-align: center; font-weight: bold;">Independence Conclusion</div> <div style="background-color: #2e7d32; padding: 10px; margin-top: 10px;"> <ul style="list-style-type: none"> <li>▶ We are not aware of any other circumstances or relationships that create threats to auditor independence.</li> <li>▶ We are independent of the County and have met our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit.</li> </ul> </div> <div style="text-align: center; margin-top: 10px;">  </div> |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

## Other Required Communications

|                                      |                                                                                                                                                                                                                                                                                                               |
|--------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Difficulties Encountered</b>      | We encountered no significant difficulties in dealing with management in performing and completing our audit.                                                                                                                                                                                                 |
| <b>Disagreements with Management</b> | Includes disagreements on a financial accounting, reporting, or auditing matter, <u>whether or not</u> resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit. |
| <b>Auditor Consultations</b>         | We noted no matters that are difficult or contentious for which the auditor consulted outside the engagement team.                                                                                                                                                                                            |
| <b>Management Representations</b>    | We have requested certain representations from management that are included in the management representation letter dated November 14, 2025                                                                                                                                                                   |
| <b>Management Consultations</b>      | In some cases, management may decide to consult with other accountants about auditing and accounting matters, <u>similar to</u> obtaining a "second opinion" on certain situations. To our knowledge, there were no such consultations with other accountants.                                                |
| <b>Other Findings or Issues</b>      | We generally discuss a variety of matters, including the application of accounting principles and auditing standards with management each year. These discussions occurred in the normal course of our professional <u>relationship</u> and our responses were not a condition to our retention.              |
| <b>Fraud and Illegal Acts</b>        | As of the date of this presentation, no fraud, illegal acts, or violations of laws and regulations noted.                                                                                                                                                                                                     |
| <b>Going Concern</b>                 | No events or conditions noted that indicate substantial doubt about the County's ability to continue as a going concern.                                                                                                                                                                                      |

Approved:

## Other Matters



## Upcoming Financial Reporting Changes

These standards will be effective for the County in the upcoming years and may have a significant impact on the County's financial reporting.

We would be happy to discuss with management the potential impacts on the County's financial statements and how we may be able to assist in the implementation efforts.

- ▶ *GASB 103 – Financial Reporting Model Improvements – 2026*
- ▶ *GASB 104 – Disclosure of Certain Capital Assets - 2026*

## Local Government Commission Performance Indicators

Audit Report –

- ✓ Financial performance indicators to be considered upon submission to the LGC
- ✓ Budgeted tax levy for the General Fund did not have more than 3% uncollected
- ✓ Positive General Fund total fund balance
- ✓ Effective pre-audit process to avoid pervasive budget violations
- ✓ No late debt service payments or debt covenant compliance issues
- ✓ No statutory violation within Annual Comprehensive Financial Report
- ✓ To respond to LGC within 60 days of this presentation related to the finding reported

Approved:

## General Fund Expenditures July 1, 2024 – June 30, 2025

|                               |                |
|-------------------------------|----------------|
| Budgeted expenditures         | \$ 222,573,342 |
| Actual expenditures           | \$ 204,002,498 |
| Net expenditures under budget | \$ 18,570,844  |

(Expenditures include transfers out)

## General Fund Revenues - Budget July 1, 2024 – June 30, 2025

|                           |                |
|---------------------------|----------------|
| Annual revenues           | \$ 190,141,969 |
| Other financing sources:  |                |
| Lease Liability Issued    | \$ 66,117      |
| Transfers in              | \$ 4,807,080   |
| Appropriated Fund Balance | \$ 27,558,176  |
| Total budgeted revenues   | \$ 222,573,342 |

## General Fund Revenues July 1, 2024 – June 30, 2025

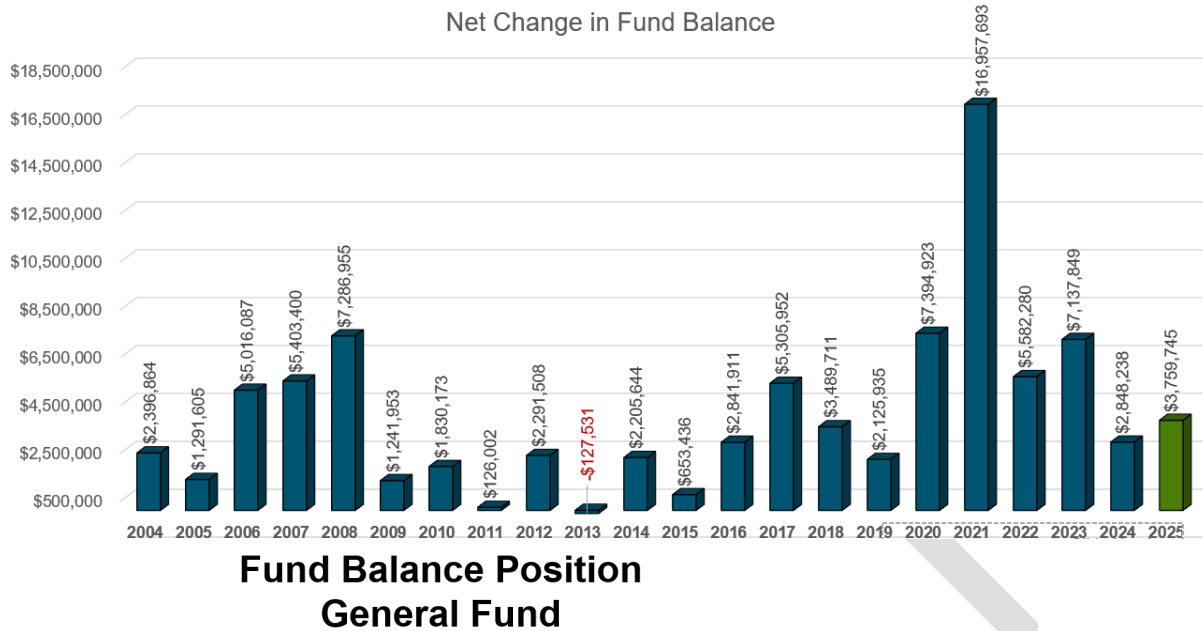
|                                                    |                |
|----------------------------------------------------|----------------|
| Total budgeted revenues<br>(Includes Fund Balance) | \$ 222,573,342 |
| Actual revenues                                    | \$ 207,762,243 |
| Net revenues under budget                          | \$ -14,811,099 |

## General Fund Summary Report July 1, 2024 – June 30, 2025

|                                   |                     |
|-----------------------------------|---------------------|
|                                   | Actual              |
| Total revenues                    | \$ 207,762,243      |
| Total expenditures                | \$ 204,002,498      |
| <b>Net Change in Fund Balance</b> | <b>\$ 3,759,745</b> |

Approved:

# Fund Balance History



Unassigned Fund Balance \$ 42,193,732

BOC Policy Level \$ 24,480,300  
(12% of actual FY 25 expenditures)

Amount over BOC Policy \$ 17,713,432  
(as of July 1, 2025)

## Clear Creek Sewer System Funding Options

Chairman Lapsley noted that several developments have occurred since the Board's last meeting. At that meeting, the Board discussed the loss of \$12.7 million in funds that had been reallocated to the Etowah Sewer System.

Vice-Chair Edney briefed the Board and the public on a recent meeting he and Commissioner McCall held with Senator Tim Moffitt and Representative Jennifer Balkcom. It was confirmed that the funds were committed as ARPA funds and must be spent by December 31, 2026. He emphasized that the process has been transparent and open, and expressed confidence that the County will work through the situation and ultimately be better positioned. Chairman Lapsley also noted that DEQ's interpretation had been received the previous night.

John Mitchell said today's discussion would begin with a presentation from County Engineer Marcus Jones outlining options for how the Board may wish to proceed. In preparing these options, staff has been in communication with the contractor, the project engineer, the General Assembly, and DWI.

Approved:

Mr. Mitchell stated that timing remains the key issue. He noted that the Board must decide how to proceed with the bids currently in hand and that, after today's discussion and review of options, the Board will need to act before the bids expire at the end of December.

Marcus Jones then presented the following to the Board.

### General Points

|                                     |                                                                                          |
|-------------------------------------|------------------------------------------------------------------------------------------|
| Clear Creek Sewer System            | • Reimbursement of approximate \$1M spent of APRA funds (\$11.7 million moved to Etowah) |
| Options without \$12.7 M ARPA Funds | • Easements have been purchased for all options                                          |
|                                     | • Justice Academy funds (\$750,000) available for current scope only                     |

November 19, 2025

### Options without \$12.7M ARPA Funds

1. Borrow \$12.7M to replace Federal American Rescue Plan Act allocation from State
2. Reduce Scope: Henderson Creek Pump Station and Gravity Line
3. Change Scope: Edneyville Elementary School Pump Station
4. Delay Project until Grant Funding is Approved
5. Customer Rates

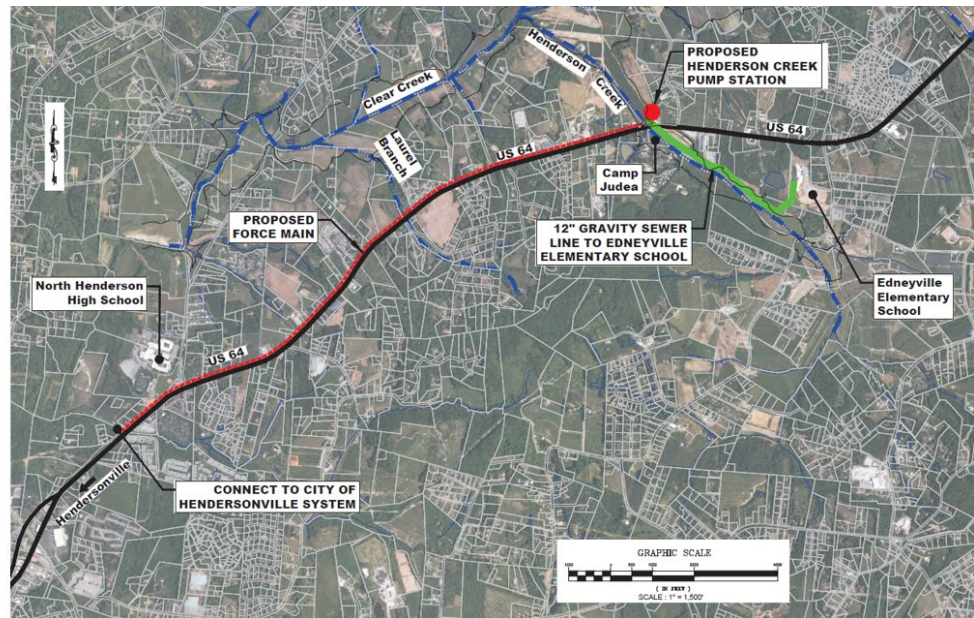
Mr. Mitchell stated that, based on the information received from DWI, additional discussion was needed to determine whether any ARPA funds may be used for one of the reduced-scope project options. He noted that this was explicit in the letter received from Shadi Eskaf, the Director of the Division of Water Infrastructure within the NC Department of Environmental Quality, the previous evening.

### Option 1: Borrow \$12.7M

- General fund will need to participate significantly or fully with debt service
- Rates for system with Debt Service will not be feasible for customers and limit or prohibit system growth
- Possible for long term repayment from Clear Creek enterprise fund to general fund: 20-50 years out
- Bid are good until January 2, 2026, with 30-day extension
- Best option for cost / customers served

Approved:

## **Option 2:** **Henderson** **Creek Pump** **Station and** **Gravity Line**



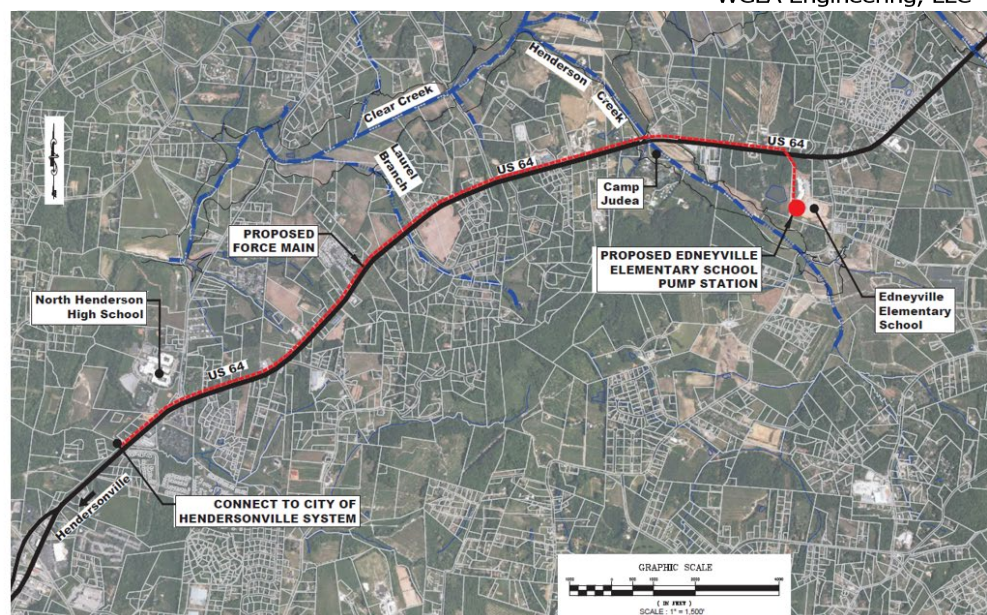
WGLA Engineering, LLC

## **Option 2: Henderson Creek Pump Station and Gravity Line**

- Budget Estimate: \$6,650,000
- Rebid required
- Serves school, Camp Judea, all parcels between the two, and possible gravity mains along US64
- Could accommodate flow from Lewis Creek pump station in the future
- Permits previously secured should support this project

WGLA Engineering, LLC

## **Option 3:** **Edneyville** **Elementary** **School** **Pump** **Station**



WGLA Engineering, LLC

Approved:

### **Option 3: Edneyville Elementary School Pump Station**

- Budget Estimate: \$4,435,000 (\$5,500,000 if 2<sup>nd</sup> PS needed)
- Updated design, new or modified permitting, and a rebid will need to be needed
- Serves school only

WGLA Engineering, LLC

### **Option 4: Delay Project until Grant Funding is Approved**

- Rebid likely needed
- Cost will increase due to escalation
- Permits are good for a year and then extensions or new permitting will be needed

## Financing Options

| <b>OPTION 1 - Borrow \$12.7M reallocated to Etowah Sewer System project</b> |                 |             |                     |                    |                        |
|-----------------------------------------------------------------------------|-----------------|-------------|---------------------|--------------------|------------------------|
| <i>No changes to current scope</i>                                          |                 |             |                     |                    |                        |
| Financing Term                                                              | Amount Financed | All in Cost | Annual Debt Service | Total Debt Service | Tax Rate Cent Increase |
| 30 Years                                                                    | 13,017,500      | 5.00%       | 846,807             | 25,404,212         | 0.34                   |
| 20 Years                                                                    | 13,017,500      | 5.00%       | 1,044,558           | 20,891,158         | 0.42                   |
| 10 years                                                                    | 13,017,500      | 5.00%       | 1,685,826           | 16,858,258         | 0.67                   |
| <b>OPTION 2 - Borrow \$6,650,000 + \$985,000 spent</b>                      |                 |             |                     |                    |                        |
| <i>Reduced Scope - Henderson Creek Pump Station and Gravity Line</i>        |                 |             |                     |                    |                        |
| Financing Term                                                              | Amount Financed | All in Cost | Annual Debt Service | Total Debt Service | Tax Rate Cent Increase |
| 30 Years                                                                    | 7,825,875       | 5.00%       | 509,084             | 15,272,532         | 0.20                   |
| 20 Years                                                                    | 7,825,875       | 5.00%       | 627,968             | 12,559,369         | 0.25                   |
| 10 years                                                                    | 7,825,875       | 5.00%       | 1,013,487           | 10,134,866         | 0.41                   |
| <b>Option 3 - Borrow \$4,435,000 + 985,000 spent</b>                        |                 |             |                     |                    |                        |
| <i>Change Scope - Edneyville Elementary School Pump Station</i>             |                 |             |                     |                    |                        |
| Financing Term                                                              | Amount Financed | All in Cost | Annual Debt Service | Total Debt Service | Tax Rate Cent Increase |
| 30 Years                                                                    | 5,570,875       | 5.00%       | 362,393             | 10,871,802         | 0.15                   |
| 20 Years                                                                    | 5,570,875       | 5.00%       | 447,021             | 8,940,428          | 0.18                   |
| 10 years                                                                    | 5,570,875       | 5.00%       | 721,454             | 7,214,538          | 0.29                   |

Approved:

## **Customer Rates**

- Current rate analysis was studied with Blacksmith Run and a separate treatment plant: \$56 / month three years ago
- A new rate analysis will be needed after contract award
- New analysis will include bulk rate negotiations with the City of Hendersonville

### **Board Discussion**

Vice-Chair Edney reported that while Senator Moffitt did not make a firm commitment, he indicated he believed he could secure funding for the Clear Creek Sewer Project. Edney added that the County subsidizes many services for individuals—such as EMS, building inspections, health and environmental health inspections, DSS, Parks and Recreation, and veterans services—because they serve a broader community need. Although he does not view the Clear Creek Project as falling into that category, he believes the project should still move forward as planned.

Commissioner Franklin asked why a wastewater package plant was not pursued as an option. County Engineer Marcus Jones responded that the decision was based on cost and permitting challenges. He noted that the State prefers to reduce—not expand—the number of package plants, and that both capital and operating costs for such a facility would be significantly higher. Will Buie added that a package-type wastewater treatment plant was explored; however, it was not possible to secure all required components within the ARPA funding timeline.

Commissioner Egolf stated that it is difficult for the Board to make a decision without knowing the amount of funding that will ultimately be available. He noted that during his time on the School Board, there was extensive discussion beginning in 2017 about Edneyville Elementary and the need for a sewer solution, including public meetings and community outreach. Egolf emphasized that any solution must include Edneyville and stated he is opposed to increasing discharge into Henderson Creek. He added that Option 3 does not adequately address the problem.

Mr. Mitchell stated that the key decision before the Board was whether to proceed with the bids currently in hand, which apply only to Options 1 and 2. He noted that Option 2 aligns with the scope included in the October bid. For Option 1, he does not believe any ARPA funds could be used due to the project's timeline.

There was discussion regarding borrowing funds for the project, the timeline associated with securing financing, and the availability of grants, including whether those grants would be reimbursable.

Approved:

Commissioner Egolf questioned whether the Edneyville community supports the growth that sewer infrastructure would bring and stated that he does not support borrowing funds for the project.

Chairman Lapsley stated that the Board has some time before a final decision must be made. He said the County needs to direct the consultant/engineer to ask the contractor for an extension of the current bids. He noted that the next meeting falls within the 60-day bid timeframe. The Board agreed to wait to make a decision.

## **NOMINATIONS AND APPOINTMENTS**

### **1. Fletcher Planning and Zoning Board of Adjustment – 1 vac**

There were no nominations, and this item was carried to the next meeting.

### **2. Henderson County Zoning Board of Adjustment – 2 vacs.**

*Chairman Lapsley made the motion to nominate Carlos Ruiz for reappointment to Seat #4 and Mark Casoria for reappointment to Seat #7. All voted in favor, and the motion carried.*

### **3. Hendersonville City Zoning Board of Adjustment – 2 vacs.**

There were no nominations, and this item was carried to the next meeting.

### **4. Hendersonville Planning Board – 1 vac.**

*Vice-Chair Edney made the motion to nominate Lauren Rippy for reappointment to Seat #1. All voted in favor, and the motion carried.*

### **5. Home and Community Care Block Grant Committee – 1 vac.**

*Chairman Lapsley made the motion to nominate Erica Sutton for reappointment to Seat #1. All voted in favor, and the motion carried.*

### **6. Metropolitan Sewerage District of Buncombe County (MSD) – 1 vac.**

*Commissioner Franklin made the motion to nominate Jim Player for reappointment to Seat #2. All voted in favor, and the motion carried.*

### **7. Nursing/Adult Care Home Community Advisory Committee – 16 vacs.**

*Commissioner Franklin made the motion to nominate Charlotte Hooker for reappointment to Seat #1, Bob Tomasulo for reappointment to Seat #18, and Ron Howard for reappointment to Seat #21. All voted in favor, and the motion carried.*

## **COMMISSIONER UPDATES**

Commissioners Egolf, Franklin, and Edney had no comments.

Chairman Lapsley commented on the recent positive response regarding FEMA funds. Some invoices have now been obligated, but the County still has not received any money in its bank account. He referenced an October 30 letter from the attorney for the debris contractor, to whom the County owes \$30 million, reminding the County of its obligation to pay. The balance of those invoices continues to accrue interest the longer they go unpaid.

Approved:

**GENERAL ASSEMBLY UPDATE**

John Mitchell said the General Assembly will return to Raleigh tomorrow, November 20. He is not certain which items they will take up, but noted they will need to address the items that have already crossed over. Mitchell also mentioned that representatives from Congressman Edwards' office and Senator Ted Budd's office were in attendance at today's Board meeting.

**COUNTY MANAGER'S REPORT**

Mr. Mitchell noted that only one Board meeting remains before budget season is in full swing. The January mid-month meeting on January 21, 2026, will serve as the County's annual Budget Retreat. He added that the Federal Reserve will be meeting in the near future to discuss interest rates. In closing, he said the Planning Department plans to provide the Board with an update at an upcoming meeting on the progress made on the Land Development Code.

*Motion: Vice-Chair Edney made the motion to go into Closed Session pursuant to NCGS 143.318.11(a)(3). All voted in favor, and the motion carried.*

**ADJOURN**

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Denisa A. Lauffer, Clerk to the Board

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William G. Lapsley, Chairman

Approved: