

HENDERSON COUNTY NORTH CAROLINA

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2024

Prepared by: Finance Department
Finance Director: Randall L. Cox, MPA

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HENDERSON COUNTY, NORTH CAROLINA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2024

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INTRODUCTORY SECTION

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HENDERSON COUNTY
FINANCE DEPARTMENT

HISTORIC COURTHOUSE ANNEX
113 NORTH MAIN STREET
HENDERSONVILLE, NC 28792

PHONE: 828-697-4821
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November 19, 2024

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, 2024, is hereby submitted. Laws of the State of North Carolina, along with policies and procedures of the North Carolina Local Government Commission, require that all local governments in the State publish a complete set of financial statements annually. The financial statements must be presented in conformity with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants.

However, responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with Henderson County. To provide a reasonable basis for making these representations, the management of Henderson County has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft or misuse and compile sufficient reliable information for the preparation of the financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the County's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute assurance, that the financial statements will be free from material misstatement.

To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of the operation of the various funds of Henderson County. All disclosures necessary to enable the reader to gain an understanding of the County's financial activities have been included.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The goal of the independent audit was to provide reasonable assurance that the financial statements of Henderson County for the fiscal year ended June 30, 2024 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, 2024 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, 2024, 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 120,597. 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 1st in NC for apples, producing 80% of the crop for the #7 apple state in the U.S.; tomatoes, sweet corn and "green industry" crops (greenhouses, nurseries, ornamentals, and sod) each range from 1st to 3rd 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 14th 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

Fiscal Year	Permits	Dollar Value	Unemployment Rates
2024	963	\$ 521,462,698	3.4
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

The number of permits issued in fiscal year 2024 for new residential and commercial construction increased by 17 percent from the previous fiscal year. The total dollar value of those new permits increased by \$60.74 million or 13.18 percent. This increase was due to higher valued residential projects permitted during the year. The local unemployment rate increased in fiscal year 2024 due to economic recoveries and growing labor force. Healthcare and social assistance ranks first in County employment with an estimated current value of \$330 million. Manufacturing ranks second with an estimated value of \$316 million while retail trade has an estimated value of \$174 million in the County.

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

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

Company Name	Product	Approximate Number of Employees
Wilsonart International	High-Pressure Laminate Countertops	520
Meritor	Commercial Truck Axles	480
Linamar Light Metals	Light Metal Casting, Forgings, and Assembly	450
Sierra Nevada	Beer	350
Kimberly-Clark	Health Products	300

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 43.1 cents per \$100 dollars of taxable valuation. Total General Fund revenues increased by \$13.3 million or 7.1% over the previous fiscal year. Total General Fund expenses increased by \$11.1 million or 6.6% over fiscal year 2023. Total General Fund Balance increased by \$2,848,238 to \$95,885,722. Unassigned Fund Balance, the amount available for appropriation in the General Fund, increased by \$447,865 to \$68,796,352. 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 \$973,304 in fiscal year 2024. The net position of the Justice Academy Sewer Fund increased by \$27,579 in fiscal year 2024.

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 2024.

FOR THE FUTURE. For fiscal year 2025, 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 2024. The Board budgeted \$22.93 million in Unassigned General Fund Balance to balance the fiscal year 2025 budget. For employees, a cost of living increase and performance pay was included in the fiscal year 2025 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 \$45.5 million in Unassigned General Fund Balance or 22.80 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, 2023. This was the 35th 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 Annual Comprehensive 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.

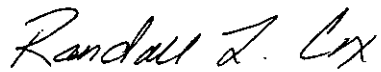
USE OF THE REPORT. The Government Finance Officers Association reports a growing awareness that the annual financial report should be management's report to its governing body, constituents, oversight bodies, resource providers, investors, and creditors. We agree with this direction, and in keeping with 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

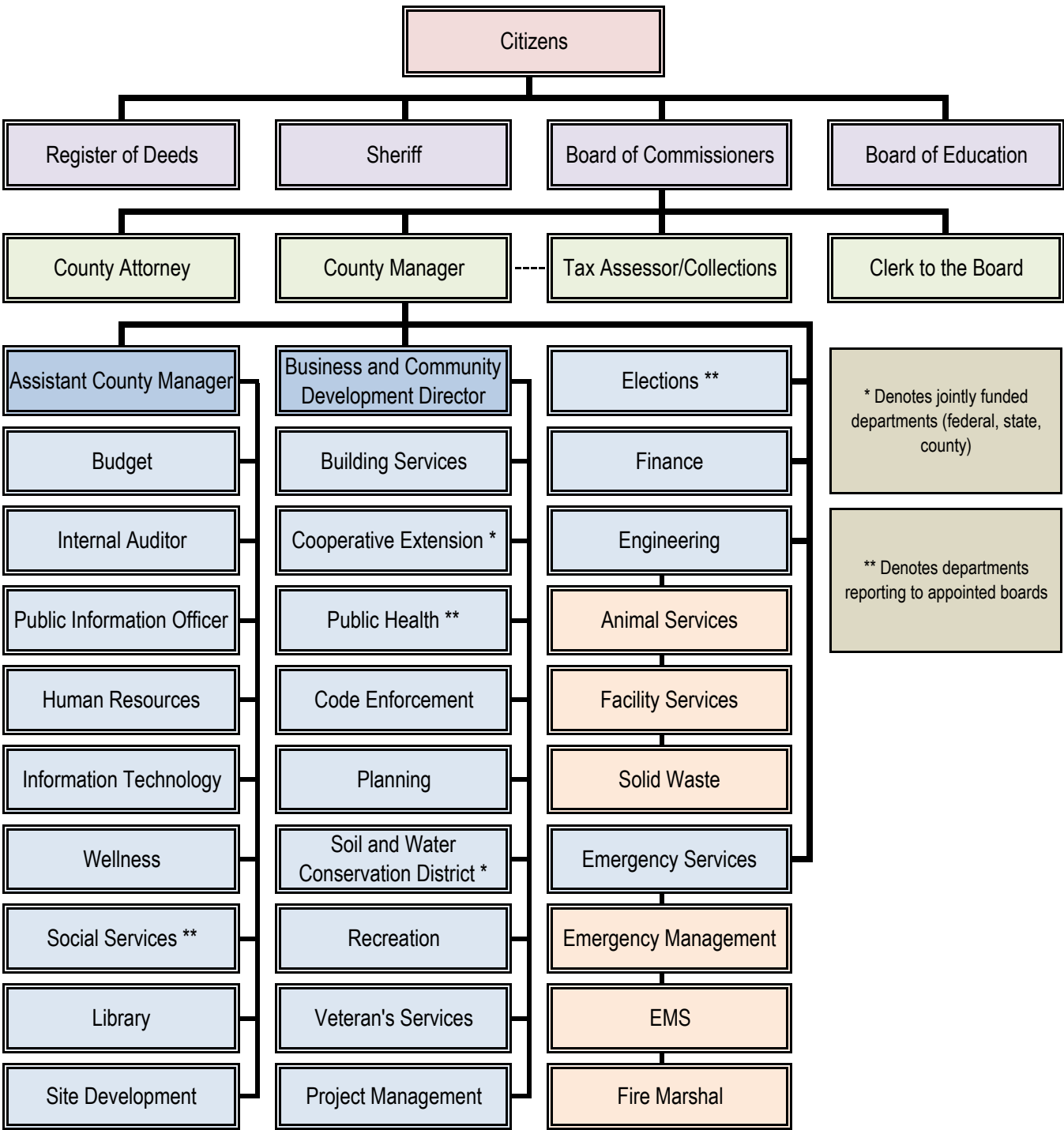
financial report possible. Each has my sincere appreciation for their contributions made towards the completion of this report.

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 cursive script that reads "Randall L. Cox".

Randall L. Cox, MPA
Finance Director



HENDERSON COUNTY, NORTH CAROLINA

List of Principal Officials

June 30, 2024

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
Financial Services Director	Samantha Reynolds
Finance Director	Randall Cox
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	David Jenkins
Public Transportation Planner	Janna Bianculli
Lead 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, 2023

Christopher P. Morill

Executive Director/CEO

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FINANCIAL SECTION

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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, 2024, 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, 2024, 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 98.3%, 98.5%, and 99.9% of the assets, net position, and revenues, respectively, of the discretely presented component units as of June 30, 2024, 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 table of contents, and schedule of expenditures of federal and state awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("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 2024 and 2023 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 accompanying supplemental information, as listed in the table of contents, and 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, 2024 and 2023, 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 the County as of and for the year ended June 30, 2023 (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 2023 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 November 19, 2024, 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
November 19, 2024

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HENDERSON COUNTY, NORTH CAROLINA

Management's Discussion and Analysis

June 30, 2024

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, 2024. 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

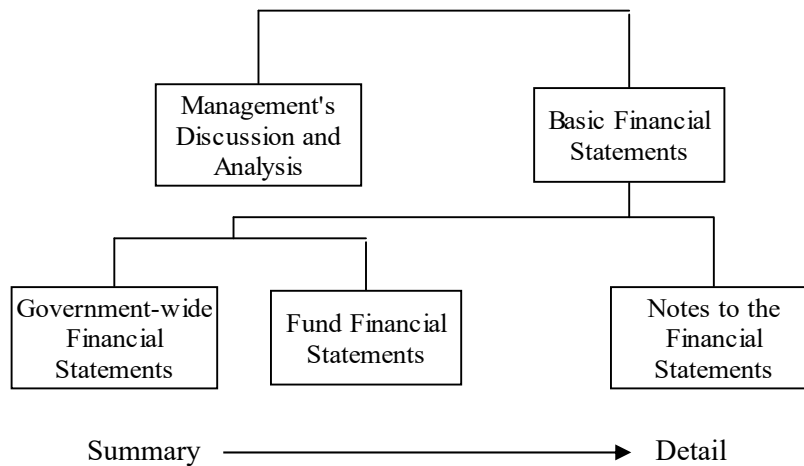
- The assets and deferred outflows of resources of the County exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$74,779,354 (*net position*). In accordance with North Carolina law, liabilities of the County include approximately \$111,198,257 in long-term 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 \$28,393,161. Net position in the governmental activities increased by \$27,392,308. This increase was primarily due to an increase in EMS fees, property tax revenue, and investment earnings. Net position in the business-type activities increased by \$1,000,853. This increase is due to an increase 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 \$140,998,531, an increase of \$12,439,631 in comparison with the prior year. Approximately 38.2% of this total amount, or \$53,881,276, is non-spendable or restricted.
- At the end of the current fiscal year, available fund balance for the General Fund was \$68,796,352, or 38.32%, 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 \$5,176,821 (3.4%) during the current fiscal year due to payment on limited obligation debt principal during the fiscal year. An installment note in the amount of \$10,000,000 was incurred in the Landfill Fund during FY2024.

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	
	2024	2023	2024	2023	2024	2023
Assets and Deferred Outflows:						
Current and other assets	\$ 190,720,563	\$ 168,940,718	\$ 11,638,679	\$ 3,025,533	\$ 202,359,242	\$ 171,966,251
Restricted non-current assets	12,585,705	13,493,506	-	-	12,585,705	13,493,506
Capital assets	123,857,518	114,149,787	12,008,819	9,283,512	135,866,337	123,433,299
Total assets	327,163,786	296,584,011	23,647,498	12,309,045	350,811,284	308,893,056
Deferred outflows of resources	37,690,379	38,426,662	778,267	779,873	38,468,646	39,206,535
Total assets and deferred outflows	364,854,165	335,010,673	24,425,765	13,088,918	389,279,930	348,099,591
Liabilities and Deferred Inflows:						
Long-term liabilities	216,003,611	225,676,502	11,517,337	2,694,739	227,520,948	228,371,241
Other liabilities	65,682,115	52,089,220	2,432,095	913,507	68,114,210	53,002,727
Total liabilities	281,685,726	277,765,722	13,949,432	3,608,246	295,635,158	281,373,968
Deferred inflows of resources	18,760,028	20,228,848	105,390	110,582	18,865,418	20,339,430
Total liabilities and deferred inflows	300,445,754	297,994,570	14,054,822	3,718,828	314,500,576	301,713,398
Net Position:						
Net investment in capital assets	94,399,309	79,584,947	10,819,886	8,750,177	105,219,195	88,335,124
Restricted	53,230,614	35,839,504	-	-	53,230,614	35,839,504
Unrestricted	(83,221,512)	(78,408,348)	(448,943)	619,913	(83,670,455)	(77,788,435)
Total net position	<u>\$ 64,408,411</u>	<u>\$ 37,016,103</u>	<u>\$ 10,370,943</u>	<u>\$ 9,370,090</u>	<u>\$ 74,779,354</u>	<u>\$ 46,386,193</u>

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 \$74,779,354 as of June 30, 2024. The County's net position increased by \$28,393,161 for the fiscal year ended June 30, 2024. Net position of the County is reported in three categories: net investment in capital assets of \$105,219,195; restricted net position of \$53,230,614; and unrestricted net position of (\$83,670,455).

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 \$111.2 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 99.40%.
- Other budgetary control efforts, including the cutoff of departmental spending prior to fiscal year-end.
- Actual expenditures in the General Fund were less than the budgeted amount by \$10,113,691.
- Revenues, transfers, and other financing sources in the General Fund exceeded expenditures and other financing uses by \$2,848,238.

Governmental Activities. Governmental activities increased the County's net position by \$27,392,308, or (96.5%), of the total increase in the net position of the Henderson County. This increase is primarily due to increases in ad valorem taxes, EMS revenues, and investment earnings.

Business-Type Activities. Business-type activities increased the County's net position by \$1,001,853, or 3.5% of the total increase in the net position of the Henderson County. The increase is attributable to an increase in charges for services for FY2024, 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>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Revenues:						
Program revenues:						
Charges for services	\$ 18,672,534	\$ 10,636,039	\$ 8,811,058	\$ 8,307,391	\$ 27,483,592	\$ 18,943,430
Operating grants and contributions	22,598,020	28,548,374	304,500	274,212	22,902,520	28,822,586
Capital grants and contributions	13,972,719	-	-	-	13,972,719	-
General revenues:						
Property taxes	123,982,372	113,067,097	-	-	123,982,372	113,067,097
Other taxes	51,546,691	51,343,355	-	-	51,546,691	51,343,355
Other	7,317,599	4,371,910	174,024	50,615	7,491,623	4,422,525
Total revenues	<u>238,089,935</u>	<u>207,966,775</u>	<u>9,289,582</u>	<u>8,632,218</u>	<u>247,379,517</u>	<u>216,598,993</u>
Expenses:						
General government	48,209,691	39,738,524	-	-	48,209,691	39,738,524
Public safety	66,227,249	57,920,062	-	-	66,227,249	57,920,062
Environmental protection	880,273	997,810	-	-	880,273	997,810
Economic and physical development	4,057,454	3,509,927	-	-	4,057,454	3,509,927
Human services	38,098,474	34,700,762	-	-	38,098,474	34,700,762
Cultural and recreational	6,852,701	6,323,192	-	-	6,852,701	6,323,192
Education	40,571,982	38,835,084	-	-	40,571,982	38,835,084
Interest on long-term debt	4,494,540	4,898,762	-	-	4,494,540	4,898,762
Solid waste disposal	-	-	9,537,009	9,140,203	9,537,009	9,140,203
Other	-	-	56,983	62,949	56,983	62,949
Total expenses	<u>209,392,364</u>	<u>186,924,123</u>	<u>9,593,992</u>	<u>9,203,152</u>	<u>218,986,356</u>	<u>196,127,275</u>
Change in net position position before transfers and special items	28,697,571	21,042,652	(304,410)	(570,934)	28,393,161	20,471,718
Transfers	<u>(1,305,263)</u>	<u>(1,500,000)</u>	<u>1,305,263</u>	<u>1,500,000</u>	<u>-</u>	<u>-</u>
Change in net position	27,392,308	19,542,652	1,000,853	929,066	28,393,161	20,471,718
Net Position:						
Beginning of year - July 1	<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>
End of year - June 30	<u>\$ 64,408,411</u>	<u>\$ 37,016,103</u>	<u>\$ 10,370,943</u>	<u>\$ 9,370,090</u>	<u>\$ 74,779,354</u>	<u>\$ 46,386,193</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 \$68,796,352, while total fund balance was \$95,885,722. 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 38.32% of total General Fund expenditures, while total fund balance represents 53.00% of that same amount.

At June 30, 2024, the governmental funds of the County reported a combined fund balance of \$140,998,531, a 9.68% increase from last year. This was due to ad valorem property tax, local option sales tax collections, and EMS fees being significantly more than had originally been budgeted. Budgeted amounts continued to be estimated conservatively. Collections of these taxes and fees 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 increased in the current year by \$1,196,448 due to an increase in transfers from the Capital Reserve Fund to fund approved projects.

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 \$1,587,215 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 FY2024 due to better than anticipated revenue collections in several categories, coupled with actual General Fund expenditures coming in well under budget at fiscal year-end. County departments' diligence in monitoring their operational budgets, particularly during the coronavirus pandemic, resulted in total expenditures being \$10.1 million under budget at fiscal year-end. On the revenue side, the largest positive budget variances were in the ad valorem property taxes, local option sales taxes, permits and fees, and sales and services, which combined to be \$15,929,709 over budget. Separately, a total of \$24.3 million in General Fund balance was appropriated to balance the FY2024 budget. None of the \$24.3 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 2024 General Fund revenues increased by \$11.2 million, or 5.8%, over the prior fiscal year, as compared to General Fund expenditures, which increased by \$15.4 million, or 8.4%, over fiscal year 2023. 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 transfers to the Capital Projects Fund and Landfill Fund and an increase in salaries and wages expenditures. Total General Fund balance increased \$2,848,238, while the amount of unassigned fund balance that is available for appropriation increased by \$452,386 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 \$8,120,903. 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 all nine major revenue categories with the largest variance being in the Ad Valorem Taxes category. This category had a positive actual to budget variance of \$6,640,073. The second largest variance was in Local Option Sales Taxes, which had a positive actual to budget variance of \$4,053,158. Total General Fund revenues had a total positive actual to budget variance of \$17,359,492.

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 \$(448,943). During the fiscal year 2024, proprietary fund net position increased \$1,001,853. 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, 2024, totals \$135,866,337 (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

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Land	\$ 19,916,699	\$ 19,916,699	\$ 6,038,035	\$ 6,038,035	\$ 25,954,734	\$ 25,954,734
Buildings	76,551,217	79,644,700	-	-	76,551,217	79,644,700
Plant and distribution systems	-	-	1,908,107	1,836,409	1,908,107	1,836,409
Equipment	2,531,536	2,334,457	1,294,017	1,091,547	3,825,553	3,426,004
Vehicles and motor equipment	5,539,836	5,011,109	109,326	170,320	5,649,162	5,181,429
Construction in progress	17,869,298	5,858,034	2,659,333	147,201	20,528,631	6,005,235
Real Property lease asset	556,102	635,538	-	-	556,102	635,538
Equipment lease asset	11,905	17,008	-	-	11,905	17,008
Subscription asset	880,925	732,242	-	-	880,925	732,242
Total	\$123,857,518	\$114,149,787	\$ 12,008,818	\$ 9,283,512	\$135,866,336	\$123,433,299

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, 2024, Henderson County had total bonded debt outstanding of \$135,592,054 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**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Limited obligation bonds	\$ 135,592,054	\$ 147,906,969	\$ -	\$ -	\$ 135,592,054	\$ 147,906,969
Direct placement - installment purchase	<u>3,742,857</u>	<u>6,071,428</u>	<u>10,000,000</u>	<u>533,335</u>	<u>13,742,857</u>	<u>6,604,763</u>
Total	<u>\$ 139,334,911</u>	<u>\$ 153,978,397</u>	<u>\$ 10,000,000</u>	<u>\$ 533,335</u>	<u>\$ 149,334,911</u>	<u>\$ 154,511,732</u>

Henderson County's total long-term debt decreased by \$5,176,821 during the past fiscal year.

The bond ratings are a clear indication of the sound financial condition of the County, which helps to keep interest costs low on the County's outstanding debt. Henderson County has maintained current bond ratings with Standard & Poor's and Moody's, as follows:

Standard & Poor's	AA
Moody's	Aa2

The State of North Carolina limits the amount of general obligation debt that a unit of government can issue to 8% of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for Henderson County is \$1,825,102,418. As of June 30, 2024, Henderson County's limited obligation and installment notes payable indebtedness was \$150,656,466, which is 8.3% 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 \$204,542,012 General Fund budget for fiscal year 2025. The fiscal year 2025 ad valorem property tax rate remained at 43.10 cents per \$100 of assessed property valuation. Sales tax was budgeted at \$43,739,610, 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 FY2025 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, 2025

Governmental Activities. For FY2025, 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 FY2024, actual sales tax collections far exceeded original budgeted amounts. Unassigned General Fund Balance of \$22.9 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 FY2025 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 FY2025. This fee was last increased in FY2022. Retained Earnings of \$619,913 were appropriated for the FY2025 budget. The Fund is also charged with covering the annual debt service required on \$10 million in financing that was secured for a major capital improvements project which is on-going. Solid waste revenues are estimated to offset the projected operating costs for the waste facilities during FY2025.

Requests for Information

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

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BASIC FINANCIAL STATEMENTS – OVERVIEW

HENDERSON COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION JUNE 30, 2024

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Henderson County Hospital Corporation	Henderson County Tourism Development Authority
Assets:					
Current assets:					
Cash and cash equivalents	\$ 124,082,540	\$ 2,040,453	\$ 126,122,993	\$ 16,177,776	\$ 1,791,067
Investments	-	-	-	17,843,269	-
Taxes receivable, net	853,662	-	853,662	-	-
Receivables, net	23,990,743	787,159	24,777,902	44,112,676	391,310
Lease receivable	918,540	-	918,540	-	-
Pledges receivable	-	-	-	125,779	-
Healthcare Access and Stabilization Program settlement	-	-	-	13,070,781	-
Inventories	75,465	-	75,465	8,550,976	-
Prepaid items	108,191	-	108,191	7,184,985	-
Restricted cash and cash equivalents	40,691,422	8,811,067	49,502,489	-	-
Restricted investments	-	-	-	1,665,140	-
Total current assets	190,720,563	11,638,679	202,359,242	108,731,382	2,182,377
Non-current assets:					
Net pension asset	145,958	-	145,958	-	-
Lease receivable, non-current	12,439,747	-	12,439,747	-	-
Capital assets:					
Land and construction in progress	37,785,997	8,697,368	46,483,365	18,200,537	-
Other capital assets, net of depreciation	84,622,589	3,311,451	87,934,040	84,889,349	21,279
Right to use lease and subscription assets, net of amortization	1,448,932	-	1,448,932	-	1,686,074
Total capital assets	123,857,518	12,008,819	135,866,337	103,089,886	1,707,353
Other assets	-	-	-	13,244,075	-
Total non-current assets	136,443,223	12,008,819	148,452,042	116,333,961	1,707,353
Total assets	327,163,786	23,647,498	350,811,284	225,065,343	3,889,730
Deferred Outflows of Resources					
OPEB deferrals	11,959,623	265,280	12,224,903	-	-
Pension deferrals	25,562,722	512,987	26,075,709	-	-
Charge on refunding	168,034	-	168,034	-	-
Total deferred outflows of resources	37,690,379	778,267	38,468,646	-	-
Total assets and deferred outflows of resources	364,854,165	24,425,765	389,279,930	225,065,343	3,889,730
Liabilities:					
Current liabilities:					
Accounts payable and accrued expenses	12,007,273	1,547,256	13,554,529	27,911,287	107,939
Liabilities to be paid from restricted assets	4,127,549	-	4,127,549	-	-
Advances from grantors - payable from restricted assets	31,614,061	-	31,614,061	-	-
Third-party payer settlements	-	-	-	3,921,532	-
Due within one year	17,933,232	884,839	18,818,071	10,213,118	53,527
Total current liabilities	65,682,115	2,432,095	68,114,210	42,045,937	161,466
Long-term liabilities:					
Net pension liability - LGERS	38,570,087	827,346	39,397,433	-	-
Total pension liability - LEOSSA	7,553,223	-	7,553,223	-	-
Total OPEB liability	39,869,997	884,370	40,754,367	-	-
Other long-term liabilities	-	-	-	12,000	-
Due in more than one year	130,010,304	9,805,621	139,815,925	46,576,062	1,708,770
Total long-term liabilities	216,003,611	11,517,337	227,520,948	46,588,062	1,708,770
Total liabilities	281,685,726	13,949,432	295,635,158	88,633,999	1,870,236
Deferred Inflows of Resources					
Prepaid taxes	222,497	-	222,497	-	-
OPEB deferrals	4,607,119	102,192	4,709,311	-	-
Pension deferrals	1,005,715	3,198	1,008,913	-	-
Leases	12,924,697	-	12,924,697	-	-
Other deferred inflows	-	-	-	715,283	-
Total deferred inflows of resources	18,760,028	105,390	18,865,418	715,283	-

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

HENDERSON COUNTY, NORTH CAROLINA

**STATEMENT OF NET POSITION
JUNE 30, 2024**

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Henderson County Hospital Corporation	Henderson County Tourism Development Authority
Net Position:					
Net investment in capital assets	94,399,309	10,819,886	105,219,195	45,519,951	(22,764)
Restricted for:					
Stabilization by state statute	22,114,668	-	22,114,668	-	391,310
Register of Deeds	275,217	-	275,217	-	-
Register of Deeds' pension plan	145,958	-	145,958	-	-
General government	11,478,394	-	11,478,394	-	-
Public safety	8,274,861	-	8,274,861	-	-
Human services	7,152,903	-	7,152,903	-	-
Education	926,930	-	926,930	-	-
Cultural and recreational	90,063	-	90,063	-	-
Economic and physical development	2,771,620	-	2,771,620	-	-
By donor	-	-	-	1,504,764	-
Tourism promotion	-	-	-	-	1,650,948
Unrestricted	(83,221,512)	(448,943)	(83,670,455)	88,691,346	-
Total net position	<u>\$ 64,408,411</u>	<u>\$ 10,370,943</u>	<u>\$ 74,779,354</u>	<u>\$ 135,716,061</u>	<u>\$ 2,019,494</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, 2024**

		Program Revenues		
		Charges for	Operating	Capital
	Expenses	Services	Grants and	Grants and
			Contributions	Contributions
Functions/Programs:				
Primary Government:				
Governmental Activities:				
General government	\$ 48,209,691	\$ 4,559,417	\$ 297,886	\$ 13,036,400
Public safety	66,227,249	12,208,216	709,801	-
Environmental protection	880,273	89,040	306,996	-
Economic and physical development	4,057,454	166,572	908,186	-
Human services	38,098,474	1,038,304	20,199,377	-
Cultural and recreational	6,852,701	610,985	175,774	-
Education	40,571,982	-	-	936,319
Interest on long-term debt	4,494,540	-	-	-
Total governmental activities	<u>209,392,364</u>	<u>18,672,534</u>	<u>22,598,020</u>	<u>13,972,719</u>
Business-Type Activities:				
Landfill	9,537,009	8,766,058	304,500	-
Justice Academy Sewer	56,983	45,000	-	-
Total business-type activities	<u>9,593,992</u>	<u>8,811,058</u>	<u>304,500</u>	<u>-</u>
Total primary government	<u>\$ 218,986,356</u>	<u>\$ 27,483,592</u>	<u>\$ 22,902,520</u>	<u>\$ 13,972,719</u>
Component Units:				
Henderson County Hospital Corporation	\$ 430,195,658	\$ 432,732,542	\$ (476,444)	\$ -
Henderson County Tourism Development Authority	4,719,450	6,766	-	-
Total	<u>\$ 434,915,108</u>	<u>\$ 432,739,308</u>	<u>\$ (476,444)</u>	<u>\$ -</u>

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

HENDERSON COUNTY, NORTH CAROLINA

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2024

	Net (Expense) Revenue and Changes in Net Position				
	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Henderson County Hospital Corporation	Henderson County Tourism Development Authority
Functions/Programs:					
Primary Government:					
Governmental Activities:					
General government	\$ (30,315,988)	\$ -	\$ (30,315,988)		
Public safety	(53,309,232)	-	(53,309,232)		
Environmental protection	(484,237)	-	(484,237)		
Economic and physical development	(2,982,696)	-	(2,982,696)		
Human services	(16,860,793)	-	(16,860,793)		
Cultural and recreational	(6,065,942)	-	(6,065,942)		
Education	(39,635,663)	-	(39,635,663)		
Interest on long-term debt	(4,494,540)	-	(4,494,540)		
Total governmental activities	<u>(154,149,091)</u>	<u>-</u>	<u>(154,149,091)</u>		
Business-Type Activities:					
Landfill	-	(466,451)	(466,451)		
Justice Academy Sewer	-	(11,983)	(11,983)		
Total business-type activities	<u>-</u>	<u>(478,434)</u>	<u>(478,434)</u>		
Total primary government	<u>(154,149,091)</u>	<u>(478,434)</u>	<u>(154,627,525)</u>		
Component Units:					
Henderson County Hospital Corporation				\$ 2,060,440	\$ -
Henderson County Tourism Development Authority				-	(4,712,684)
Total				<u>2,060,440</u>	<u>(4,712,684)</u>
General Revenues:					
Taxes:					
Property taxes, levied for general purpose	123,982,372	-	123,982,372	-	-
Local option sales tax	45,779,949	-	45,779,949	-	-
Other taxes and licenses	5,766,742	-	5,766,742	-	3,713,681
Investment earnings, unrestricted	7,317,599	167,924	7,485,523	1,634,783	154,397
Miscellaneous, unrestricted	-	6,100	6,100	-	7,237
Other	-	-	-	890,480	-
Total general revenues	<u>182,846,662</u>	<u>174,024</u>	<u>183,020,686</u>	<u>2,525,263</u>	<u>3,875,315</u>
Transfers	<u>(1,305,263)</u>	<u>1,305,263</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total general revenues, special items and transfers	<u>181,541,399</u>	<u>1,479,287</u>	<u>183,020,686</u>	<u>2,525,263</u>	<u>3,875,315</u>
Change in net position	<u>27,392,308</u>	<u>1,000,853</u>	<u>28,393,161</u>	<u>4,585,703</u>	<u>(837,369)</u>
Net Position:					
Beginning of year - July 1	37,016,103	9,370,090	46,386,193	131,130,358	2,856,863
End of year - June 30	<u>\$ 64,408,411</u>	<u>\$ 10,370,943</u>	<u>\$ 74,779,354</u>	<u>\$ 135,716,061</u>	<u>\$ 2,019,494</u>

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

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FUND FINANCIAL STATEMENTS

HENDERSON COUNTY, NORTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2024

	General Fund	General Capital Projects Fund	School Capital Projects Fund	American Rescue Plan Fund	Other Governmental Funds	Total Governmental Funds
Assets:						
Cash and cash equivalents	\$ 88,463,137	\$ 4,838,420	\$ 2,174,167	\$ -	\$ 28,606,816	\$ 124,082,540
Taxes receivable, net	853,662	-	-	-	-	853,662
Other receivables, net	18,061,780	3,923,111	18,453	-	1,987,399	23,990,743
Lease receivable	13,358,287	-	-	-	-	13,358,287
Inventories	75,465	-	-	-	-	75,465
Prepaid items	88,373	-	-	-	19,818	108,191
Restricted cash and cash equivalents	275,217	16,937,445	612,964	16,614,619	6,251,177	40,691,422
Total assets	<u>\$ 121,175,921</u>	<u>\$ 25,698,976</u>	<u>\$ 2,805,584</u>	<u>\$ 16,614,619</u>	<u>\$ 36,865,210</u>	<u>\$ 203,160,310</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:						
Liabilities:						
Accounts payable and accrued liabilities:	\$ 2,468,621	\$ -	\$ -	\$ -	\$ 344,875	\$ 2,813,496
Accrued payroll liabilities:	7,442,839	-	-	-	-	7,442,839
Liabilities to be paid from restricted assets	-	2,786,358	1,265,237	-	75,954	4,127,549
Advances from grantors - payable from restricted assets	-	16,937,445	-	14,676,616	-	31,614,061
Total liabilities	<u>9,911,460</u>	<u>19,723,803</u>	<u>1,265,237</u>	<u>14,676,616</u>	<u>420,829</u>	<u>45,997,945</u>
Deferred Inflows of Resources:						
Property taxes receivable	853,662	-	-	-	-	853,662
Unavailable revenues	-	-	-	-	777,264	777,264
Prepaid taxes	214,666	-	-	-	7,831	222,497
Other receivables	1,385,714	-	-	-	-	1,385,714
Leases	12,924,697	-	-	-	-	12,924,697
Total deferred inflows of resources	<u>15,378,739</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>785,095</u>	<u>16,163,834</u>
Fund Balances:						
Non-spendable:						
Inventory	75,465	-	-	-	-	75,465
Prepaid items	88,373	-	-	-	19,818	108,191
Restricted:						
Stabilization by state statute	17,109,656	3,923,111	18,453	-	1,063,448	22,114,668
Restricted, all other	9,815,876	2,052,062	1,521,894	1,938,003	16,255,117	31,582,952
Committed	-	-	-	-	18,320,903	18,320,903
Assigned for subsequent year's expenditures	22,925,936	-	-	-	-	22,925,936
Assigned, all other	395,306	-	-	-	-	395,306
Unassigned	45,475,110	-	-	-	-	45,475,110
Total fund balances	<u>95,885,722</u>	<u>5,975,173</u>	<u>1,540,347</u>	<u>1,938,003</u>	<u>35,659,286</u>	<u>140,998,531</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 121,175,921</u>	<u>\$ 25,698,976</u>	<u>\$ 2,805,584</u>	<u>\$ 16,614,619</u>	<u>\$ 36,865,210</u>	<u>\$ 203,160,310</u>

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

HENDERSON COUNTY, NORTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS JUNE 30, 2024

Ending fund balance for Governmental Funds		140,998,531
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:		123,857,518
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:		3,016,640
Net pension asset		145,958
Net pension liability LGERS		(38,570,087)
Total pension liability LEOSSA		(7,553,223)
OPEB Liability		(42,187,576)
Deferred inflows of resources related to pensions are not reported in the funds:		
ROD	(6,462)	
LGERS	(149,074)	
LEOSSA	(850,179)	(1,005,715)
Deferred inflows of resources related to OPEB are not reported in the funds:		(4,607,119)
Deferred outflows of resources related to pensions are not reported in the funds:		
ROD	89,933	
LGERS	23,914,931	
LEOSSA	1,557,858	25,562,722
Deferred outflows of resources related to OPEB are not reported in the funds:		11,959,623
Long-term liabilities and compensated absences are not due and payable in the current period and, therefore, are not reported in the funds.		(145,625,957)
Deferred charges related to advance refunding bond issued - included on government-wide Statement of Net Position, but are not current financial resources		168,034
Some liabilities, including accrued interest, are not due and payable in the current period and, therefore, are not reported in the funds.		(721,938)
Health insurance incurred but not reported claims are not due and payable in the current period and, therefore, are not reported in the funds.		(1,029,000)
Net position of governmental activities		<u>\$ 64,408,411</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, 2024

	General Fund	General Capital Projects Fund	School Capital Projects Fund	American Rescue Plan Fund	Other Governmental Funds	Total Governmental Funds
Revenues:						
Ad valorem taxes	\$ 105,376,735	\$ -	\$ -	\$ -	\$ 18,546,821	\$ 123,923,556
Local option sales taxes	45,779,949	-	-	-	-	45,779,949
Other taxes and licenses	5,697,896	-	-	-	-	5,697,896
Unrestricted intergovernmental revenues	68,846	-	-	-	-	68,846
Restricted intergovernmental revenues	19,574,846	2,960,584	-	6,450,781	908,186	29,894,397
Permits and fees	3,776,270	-	-	-	-	3,776,270
Sales and services	11,099,732	-	-	-	16,665	11,116,397
Investment earnings	5,619,155	142,154	114,299	1,158,103	283,888	7,317,599
Miscellaneous	3,019,127	2,142,043	18,469	-	5,376,225	10,555,864
Total revenues	<u>200,012,556</u>	<u>5,244,781</u>	<u>132,768</u>	<u>7,608,884</u>	<u>25,131,785</u>	<u>238,130,774</u>
Expenditures:						
Current:						
General government	27,133,611	-	-	-	1,399,138	28,532,749
Public safety	45,379,381	-	-	50,000	17,287,835	62,717,216
Environmental protection	808,899	-	-	-	-	808,899
Economic and physical development	2,925,048	-	-	-	793,495	3,718,543
Human services	35,375,231	-	-	-	229,951	35,605,182
Cultural and recreational	6,882,571	-	-	-	-	6,882,571
Education	40,128,000	-	-	-	416,856	40,544,856
Capital outlay	1,160,614	17,401,193	7,834,304	-	-	26,396,111
Debt service:						
Principal retirement	14,230,548	-	-	-	-	14,230,548
Interest and other charges	5,515,462	-	-	-	-	5,515,462
Total expenditures	<u>179,539,365</u>	<u>17,401,193</u>	<u>7,834,304</u>	<u>50,000</u>	<u>20,127,275</u>	<u>224,952,137</u>
Revenues over (under) expenditures	<u>20,473,191</u>	<u>(12,156,412)</u>	<u>(7,701,536)</u>	<u>7,558,884</u>	<u>5,004,510</u>	<u>13,178,637</u>
Other Financing Sources (Uses):						
Transfers from other funds:						
From General Fund	-	5,655,420	-	-	13,442,668	19,098,088
From Capital Reserve Fund	-	1,298,765	-	-	300,000	1,598,765
From other funds	1,839,791	6,400,781	7,742,856	-	-	15,983,428
Transfers to other funds	(20,031,001)	(2,106)	(1,628,535)	(6,400,781)	(9,923,121)	(37,985,544)
Subscription liabilities issued	566,257	-	-	-	-	566,257
Total other financing sources (uses)	<u>(17,624,953)</u>	<u>13,352,860</u>	<u>6,114,321</u>	<u>(6,400,781)</u>	<u>3,819,547</u>	<u>(739,006)</u>
Net change in fund balances	<u>2,848,238</u>	<u>1,196,448</u>	<u>(1,587,215)</u>	<u>1,158,103</u>	<u>8,824,057</u>	<u>12,439,631</u>
Fund Balances:						
Beginning - July 1	<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>
End of year - June 30	<u>\$ 95,885,722</u>	<u>\$ 5,975,173</u>	<u>\$ 1,540,347</u>	<u>\$ 1,938,003</u>	<u>\$ 35,659,286</u>	<u>\$ 140,998,531</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, 2024

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		\$ 12,439,631
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		149,116
Property tax revenues and other fees and services		58,816
Unavailable revenues		(1,635,620)
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	16,064,852	
Depreciation expense for governmental assets	(6,325,123)	
Right to use subscription asset capital outlay expenditures which were capitalized	566,258	
Amortization expense for intangible assets	(502,114)	9,803,873
Loss on the disposal of capital assets not recognized on modified accrual basis		(96,142)
Expenses related to compensated absences that do not require current financial resources are not reported as expenditures in the governmental funds statement.		(452,100)
Health insurance incurred but not reported claims that do not require current financial resources are not reported as expenditures in the governmental funds statement		(341,827)
Contribution/Benefit payments subsequent to the measurement date are not included in the Statement of Activities:		
LEOSSA	278,386	
LGERS	7,411,335	
ROD	10,300	
OPEB	2,317,579	10,017,600
Pension and OPEB Expense reported in the statement of activities do not require the use of current financial resources		
LEOSSA	(705,458)	
LGERS	(11,185,455)	
ROD	(38,230)	
OPEB plan expense	(4,887,023)	(16,816,166)
Accrued interest that does not require current financial resources are not reported as expenditures in the governmental funds statement.		23,007
The issuance of long-term debt provides current financial resources to governmental funds, but does not effect net position.		(566,258)
Amortization of debt premiums is a reduction of expenses on the Statement of Activities.		997,915
Expenses reported on fund financial statements that are capitalized on government-wide statements - refunding costs		(420,083)
Principal repayments are reported as expenditures in the governmental funds statement. However, in the Statement of Activities, these transactions are not an expense, rather they are a decrease in liabilities.		14,230,546
Total change in net position of governmental activities		<u>\$ 27,392,308</u>

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

HENDERSON COUNTY, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL GENERAL FUND FOR THE YEAR ENDED JUNE 30, 2024

	General Fund			
	Budgeted Amounts			Variance Favorable
	Original	Final	Actual	(Unfavorable)
Revenues:				
Ad valorem taxes	\$ 98,736,662	\$ 98,736,662	\$ 105,376,735	\$ 6,640,073
Local option sales taxes	41,726,791	41,726,791	45,779,949	4,053,158
Other taxes and licenses	1,650,000	5,411,294	5,697,896	286,602
Unrestricted intergovernmental revenues	50,000	50,000	68,846	18,846
Restricted intergovernmental revenues	17,217,304	19,264,129	19,574,846	310,717
Permits and fees	2,208,580	2,219,136	3,776,270	1,557,134
Sales and services	7,712,937	7,706,990	11,099,732	3,392,742
Investment earnings	1,505,000	5,158,239	5,619,155	460,916
Miscellaneous	1,380,639	2,379,823	3,019,127	639,304
Total revenues	172,187,913	182,653,064	200,012,556	17,359,492
Expenditures:				
Current:				
General government	25,863,289	31,290,134	27,892,788	3,397,346
Public safety	46,593,278	47,324,885	45,701,183	1,623,702
Environmental protection	678,061	1,114,030	808,899	305,131
Economic and physical development	3,226,215	3,242,106	2,925,048	317,058
Human services	37,893,365	39,508,381	35,413,759	4,094,622
Cultural and recreational	6,958,458	7,281,926	6,923,678	358,248
Education	40,128,000	40,128,000	40,128,000	-
Debt service:				
Principal retirement	14,152,006	14,230,548	14,230,548	-
Interest and other charges	5,533,046	5,533,046	5,515,462	17,584
Total expenditures	181,025,718	189,653,056	179,539,365	10,113,691
Revenues over (under) expenditures	(8,837,805)	(6,999,992)	20,473,191	27,473,183
Other Financing Sources (Uses):				
Subscription liabilities issued	-	566,258	566,257	(1)
Transfers from other funds	72,217	2,137,683	1,839,791	(297,892)
Transfers to other funds	(14,082,777)	(20,031,001)	(20,031,001)	-
Appropriated fund balance	22,848,365	24,327,052	-	(24,327,052)
Total other financing sources (uses)	8,837,805	6,999,992	(17,624,953)	(24,624,945)
Net change in fund balance	\$ -	\$ -	2,848,238	\$ 2,848,238
Fund Balance:				
Beginning of year, July 1			93,037,484	
End of year - June 30			\$ 95,885,722	

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, 2024

	American Rescue Plan Fund			
	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Revenues:				
Restricted intergovernmental:				
American Rescue Plan Fund	\$ -	\$ -	\$ 6,450,781	\$ 6,450,781
Investment earnings	-	-	1,158,103	1,158,103
Total revenues	-	-	7,608,884	7,608,884
Expenditures:				
Current:				
Public safety:				
Other grant expenditures	-	100,000	50,000	50,000
Total expenditures	-	100,000	50,000	50,000
Revenues over (under) expenditures	-	(100,000)	7,558,884	7,658,884
Other Financing Sources (Uses):				
Transfers out:				
To General Fund	-	(47,415)	-	47,415
To General Capital Projects Fund	-	(16,545,122)	(6,400,781)	10,144,341
Appropriated fund balance	-	16,692,537	-	(16,692,537)
Total other financing sources (uses)	-	100,000	(6,400,781)	(6,500,781)
Net change in fund balance	\$ -	\$ -	1,158,103	\$ 1,158,103
Fund Balance:				
Beginning of year - July 1			779,900	
End of year - June 30			\$ 1,938,003	

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

HENDERSON COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION PROPRIETARY FUNDS JUNE 30, 2024

	Enterprise Funds		
	Non-Major		
	Landfill Fund	Justice Academy Sewer Fund	Total
Assets:			
Current assets:			
Cash and cash equivalents	\$ 1,264,620	\$ 775,833	\$ 2,040,453
Accounts receivable, net	783,409	3,750	787,159
Restricted cash and cash equivalents	8,811,067	-	8,811,067
Total current assets	10,859,096	779,583	11,638,679
Capital assets:			
Land and construction in progress	8,690,704	6,664	8,697,368
Other capital assets, net of depreciation	3,159,368	152,083	3,311,451
Total non-current assets	11,850,072	158,747	12,008,819
Total assets	22,709,168	938,330	23,647,498
Deferred Outflows of Resources:			
OPEB deferrals	265,280	-	265,280
Pension deferrals	512,987	-	512,987
Total deferred outflows of resources	778,267	-	778,267
Liabilities:			
Current liabilities:			
Accounts payable and accrued expenses	1,544,463	2,793	1,547,256
Current portion of compensated absences	5,890	-	5,890
Current portion of OPEB liability	51,407	-	51,407
Current portion of long-term obligations	827,542	-	827,542
Total current liabilities	2,429,302	2,793	2,432,095
Non-current liabilities:			
Liabilities payable from restricted assets:			
Accrued landfill closure and post-closure care costs	419,280	-	419,280
Compensated absences	53,008	-	53,008
OPEB liability due in more than one year	884,370	-	884,370
Net pension liability - LGERS	827,346	-	827,346
Long-term obligations	9,333,333	-	9,333,333
Total non-current liabilities	11,517,337	-	11,517,337
Total liabilities	13,946,639	2,793	13,949,432
Deferred Inflows of Resources:			
OPEB deferrals	102,192	-	102,192
Pension deferrals	3,198	-	3,198
Total deferred inflows of resources	105,390	-	105,390
Net Position:			
Net investment in capital assets	10,661,139	158,747	10,819,886
Unrestricted	(1,225,733)	776,790	(448,943)
Total net position	\$ 9,435,406	\$ 935,537	\$ 10,370,943

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, 2024

	Enterprise Funds		
	Non-Major		
	Landfill Fund	Justice Academy Sewer Fund	Total
Operating Revenues:			
Charges for services	\$ 8,766,058	\$ 45,000	\$ 8,811,058
Operating Expenses:			
Salaries and employee benefits	1,512,757	-	1,512,757
Other operating expenses	7,286,839	43,771	7,330,610
Repairs and maintenance	343,879	2,349	346,228
Depreciation	330,589	10,863	341,452
Total operating expenses	9,474,064	56,983	9,531,047
Operating loss	(708,006)	(11,983)	(719,989)
Non-Operating Revenues (Expenses):			
Grant revenue	304,500	-	304,500
Interest income	128,392	39,532	167,924
Interest expense	(62,945)	-	(62,945)
Gain on sale of capital assets	6,100	-	6,100
Total non-operating revenues (expenses)	376,047	39,532	415,579
Income (loss) before transfers	(331,959)	27,549	(304,410)
Transfers:			
Transfers in	1,305,263	-	1,305,263
Change in net position	973,304	27,549	1,000,853
Net Position:			
Beginning of year - July 1	8,462,102	907,988	9,370,090
End of year - June 30	\$ 9,435,406	\$ 935,537	\$ 10,370,943

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, 2024

	Enterprise Funds		
	Non-Major		
	Landfill Fund	Justice Academy Sewer Fund	Total
Cash Flows from Operating Activities:			
Cash received from customers	\$ 8,646,369	\$ 45,000	\$ 8,691,369
Cash paid for goods and services	(6,828,006)	(45,664)	(6,873,670)
Cash paid to employees for services	(1,369,974)	-	(1,369,974)
Net cash used by operating activities	448,389	(664)	447,725
Cash Flows from Non-Capital Financing Activities:			
Transfers in	1,305,263	-	1,305,263
Proceeds from non-capital grants	304,500	-	304,500
Net cash provided by non-capital financing activities	1,609,763	-	1,609,763
Cash Flows from Capital and Related Financing Activities:			
Acquisition and construction of capital assets	(3,126,071)	-	(3,126,071)
Installment purchase debt issued	10,000,000	-	10,000,000
Proceeds from sale of long-term asset	6,100	-	6,100
Long-term debt payments	(533,335)	-	(533,335)
Interest paid	(62,945)	-	(62,945)
Net cash used by capital and related financing activities	6,283,749	-	6,283,749
Cash Flows from Investing Activities:			
Interest on investments	128,393	39,532	167,925
Net increase in cash and cash equivalents	8,470,294	38,868	8,509,162
Cash and Cash Equivalents:			
Beginning of year - July 1	1,605,393	736,965	2,342,358
End of year - June 30	\$ 10,075,687	\$ 775,833	\$ 10,851,520

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, 2024

	Enterprise Funds		
	Non-Major		Total
	Landfill Fund	Justice Academy Sewer Fund	
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating loss	\$ (708,006)	\$ (11,983)	\$ (719,989)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	330,589	10,863	341,452
(Increase) decrease in deferred outflows of resources for pensions	(35,429)	-	(35,429)
Increase (decrease) in net pension liability	118,528	-	118,528
Increase (decrease) in deferred inflows of resources for pensions	(2,144)	-	(2,144)
Landfill closure and post-closure care costs	(160,874)	-	(160,874)
Changes in assets and liabilities:	59,312		59,312
(Increase) decrease in accounts receivable	(119,689)	-	(119,689)
(Increase) decrease in prepaid expense	15,705		15,705
Increase (decrease) in accounts payable and accrued liabilities	888,569	456	889,025
(Increase) decrease in deferred outflows of resources - OPEB	37,035	-	37,035
Increase (decrease) in deferred inflows of resources - OPEB	(3,048)	-	(3,048)
Increase (decrease) in other post-employment benefits	23,008	-	23,008
Increase (decrease) in accrued vacation pay	4,833	-	4,833
Total adjustments	1,156,395	11,319	1,167,714
Net cash provided (used) by operating activities	\$ 448,389	\$ (664)	\$ 447,725

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

HENDERSON COUNTY, NORTH CAROLINA**STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2024**

	<u>Custodial Funds</u>
Assets:	
Cash and cash equivalents	\$ 505,959
Receivables, net	<u>685,758</u>
Total assets	<u>1,191,717</u>
Liabilities:	
Accounts payable and accrued liabilities	<u>191,709</u>
Net Position:	
Restricted for:	
Individuals, organizations and other governments	<u>1,000,008</u>
Total net position	<u><u>\$ 1,000,008</u></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, 2024**

	Custodial Funds
Additions:	
Ad valorem taxes for other governments	\$ 19,122,948
Cooperative extension receipts	65,644
Contributions from employees	393,516
Program fees collected	561,678
Investment earnings	11,767
Total additions	<u>20,155,553</u>
Deductions:	
Tax distributions to other governments	18,836,525
Employee flex benefits	393,516
Distributions to programs	627,845
Total deductions	<u>19,857,886</u>
Net decrease in fiduciary net position	297,667
Net Position:	
Beginning of year - July 1	<u>702,341</u>
End of year - June 30	<u><u>\$ 1,000,008</u></u>

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

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HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

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 a discretely presented component unit and is reported in a separate column in the government-wide financial statements to emphasize it is both legally and substantively separate from the County. 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, 2024

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, 2024

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, 2024

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. 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.

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

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

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

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

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

C. Budgetary Data

The County's budgets are adopted as required by North Carolina General Statutes. An annual budget ordinance is adopted for all funds except the 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.

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

Cash and Cash Equivalents

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

Restricted Assets

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

Governmental Activities:

General Fund	Restricted register of deeds funds	\$ 275,217
General Capital Projects Fund	Unexpended grant proceeds	16,937,445
School Capital Projects Fund	Unexpended debt proceeds	612,964
ARPA Fund	Unexpended grant proceeds	16,614,619
Opioid Settlement Fund	Unexpended opioid settlement proceeds	3,497,901
Other Governmental Funds	Tax revaluation	2,713,503
	DSS representative payees, fines and forfeitures improvement guarantees	39,773
Total governmental activities		<u>\$ 40,691,422</u>

Business-Type Activities

Landfill Fund	Unexpended debt proceeds	\$ 8,811,067
Total business-type activities		<u>\$ 8,811,067</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, 2023. 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.

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

Allowances for Doubtful Accounts

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

Inventories and Prepaid Items

The inventories of the County and the Hospital are valued at cost (first-in, first-out), which approximates market values. The County's General Fund inventory consists of expendable supplies that are recorded as expenditures when purchased. The inventory of the Hospital consists of materials and supplies held for consumption or resale. The cost of the inventory carried in the Hospital is recorded as an expense as it is consumed or sold.

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

Capital Assets

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

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

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

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

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

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

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

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. With the implementation of GASB No. 101 in fiscal year 2024-25, the County and Hospital will estimate what sick leave is “more likely than not to be paid or used” and recognize that portion as a liability for compensated absence and salary-related payments.

Opioid Settlement Funds

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

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

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

The County has received \$4,668,458 as part of this settlement through Fiscal Year 2024. 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. \$244,602 has been expended as of June 30, 2024. 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 \$607,237 for medical expenses, \$1,000,000 for projects related to broadband, \$10,800,000 for centralized wastewater collection, \$348,000 for services to foster youth and \$10,000,000 for revenue replacement. Amounts totaling \$6,400,781 were transferred to the General Capital Project Fund in Fiscal Year

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

2024. The unspent amount of funds, \$14,676,616, on hand is reported in the American Rescue Plan Major Special Revenue Fund as an asset with an offsetting amount reported as unearned revenues, a liability. 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.

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.

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

Restricted Fund Balance

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

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

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

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

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

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.

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

Restricted fund balance, other at June 30, 2024 is as follows:

<u>Purpose</u>	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>General Capital Projects Fund</u>	<u>School Capital Projects Fund</u>	<u>American Rescue Plan Fund</u>	<u>Total Restricted</u>
Restricted for stabilization by state statute	\$ 17,109,656	\$ 1,063,448	\$ 3,923,111	\$ 18,453	\$ -	\$ 22,114,668
Restricted, all other:						
Register of Deeds	275,217	-	-	-	-	275,217
General Government	-	9,426,332	-	-	-	9,426,332
Public safety	5,815,593	521,265	-	-	1,938,003	8,274,861
Economic and physical development	-	2,771,620	-	-	-	2,771,620
Human services	3,635,003	3,517,900	-	-	-	7,152,903
Cultural and recreational	90,063	-	-	-	-	90,063
Education	-	18,000	2,052,062	1,521,894	-	3,591,956
Total	<u>\$ 26,925,532</u>	<u>\$ 17,318,565</u>	<u>\$ 5,975,173</u>	<u>\$ 1,540,347</u>	<u>\$ 1,938,003</u>	<u>\$ 53,697,620</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 \$145,958.

Committed Fund Balance

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

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

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

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

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

Committed fund balance at June 30, 2024 is as follows:

Purpose	Other Governmental Funds
Committed:	
Revaluation	\$ 2,637,549
General government	5,635,724
Economic and physical development	10,047,630
Total	<u>\$ 18,320,903</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, 2024 is as follows:

Purpose	General Fund
Assigned:	
Subsequent year's expenditures	\$ 22,925,936
Public safety	395,306
Total	<u>\$ 23,321,242</u>

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

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

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

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	\$ 95,885,722
Less:	
Inventories	(75,465)
Prepaid items	(88,373)
Stabilization by state statute	(17,109,656)
Restricted-other	<u>(9,815,876)</u>
Total available fund balance	<u>\$ 68,796,352</u>

Defined Benefit and Cost-Sharing Plans

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

The County participates in another OPEB, for health insurance (the "Plan"). The County currently finances the Plan following a pay-as-you-go approach, paying an amount each year equal to the premiums related to the coverage. For purposes of measuring the total OPEB liability, deferred 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.

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

2. Detail Notes On All Funds

A. Assets

Deposits

All of the County's and the Hospital's deposits are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits exceeding the federal depository insurance coverage level are collateralized with securities held by the County or the Hospital's agent in these units' names. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the County and the Hospital, these deposits are considered to be held by their agents in the entities' names. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the County or the Hospital, or with the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the County or the Hospital under the Pooling Method, the potential exists for under collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The County has no formal policy regarding custodial credit risk for deposits but relies on the State Treasurer to enforce strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method and to monitor them for compliance. The State Treasurer enforces standards of minimum capitalization for all pooling method financial institutions. The County and the Hospital rely on the State Treasurer to monitor those financial institutions. The County analyzes the financial soundness of any other financial institution used by the County. The County complies with the provisions G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2024, the County's and TDA's deposits had a carrying amount of \$17,478,562 and \$1,790,512, respectively, and a bank balance of \$21,152,716. 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, 2024, the County and TDA had \$6,650 and \$555, respectively, cash on hand.

At June 30, 2024, the Hospital's deposits had a carrying amount of \$16,177,776 and a bank balance of approximately \$17,970,000. 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.

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

Investments

At June 30, 2024, 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	\$ 7,521,615			\$ 7,521,615
U.S. government agencies	Fair Value-Level 2	21,341,776	-	3,848,691	17,493,085
Commercial paper	Fair Value-Level 2	48,549,647	38,935,133	9,614,514	-
North Carolina Capital Management Trust - Government Portfolio	Fair Value-Level 1	80,727,232	80,727,232	-	-
Total		<u>\$ 158,140,270</u>	<u>\$ 119,662,365</u>	<u>\$ 13,463,205</u>	<u>\$ 25,014,700</u>

Treasury

	<u>Fair Value</u>
Treasury Note	<u>\$ 7,521,615</u>

U.S. Government Agencies:

	<u>Fair Value</u>
Federal National Mortgage Association	\$ 11,690,780
Federal Home Loan Mortgage Corporation	9,650,996
	<u>\$ 21,341,776</u>

Commercial Paper:

	<u>Fair Value</u>
Credit Agricole Corp	\$ 14,626,303
ING Fund	4,866,089
Natixis	9,719,611
Toyota Mtr Cr Corp	14,530,478
Lloyds Bank	4,807,166
	<u>\$ 48,549,647</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 Standard & Poor's 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.

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

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 recognized statistical rating organizations (NRSROs). As of June 30, 2024, 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, 2024. 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, 2024. 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 6% and Federal National Mortgage Association are 8% 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 7%, ING Fund at 3%, Toyota Motor Credit Corp at 10%, Lloyds Bank at 3% and Credit Agricole Corp at 10%. The County has no formal policy on the concentration of credit risk.

At June 30, 2024, the Hospital's investments consisted of the following:

Investment Type	Valuation Measurement Method	Fair Value	Less than Year	1-3 Years	No Maturity Date
U.S. government agencies	Fair Value-Level 2	\$ 6,826,853	\$ 6,057,709	\$ 769,144	\$ -
North Carolina Capital Management Trust	Fair Value-Level 1	5,100	-	-	5,100
Equity securities and funds	Fair Value-Level 1	10,685,778	-	-	10,685,778
Stocks and mutual funds	Fair Value-Level 1	1,200,424	-	-	1,200,424
Fixed income investments	Fair Value-Level 1	424,647	-	-	424,647
Cash and cash equivalents	Fair Value-Level 1	365,607	-	-	365,607
Total		<u>\$ 19,508,409</u>	<u>\$ 6,057,709</u>	<u>\$ 769,144</u>	<u>\$ 12,681,556</u>

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

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

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

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

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

Credit Risk. State law limits investments in commercial paper to the top rating issued by nationally recognized statistical rating organizations (NRSROs). The Hospital manages credit risk through quarterly reviews of the portfolio by the Finance Committee of the Hospital's Board of Directors and limits the credit risk of investments through its investment policy. The Hospital's investments in the NC Capital Management Trust Cash Portfolio carried a credit rating of AAAm by Standard & Poor's and AAA-mf by Moody's Investor Service as of June 30, 2024.

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 U.S. Government Agencies (Fannie Mae) are rated AAA by Standard & Poor's and AAA by Moody's Investors Service.

Property Tax – Use-Value Assessment on Certain Lands

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

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

Year Ended				
June 30	Tax	Interest	Total	
2021	\$ 2,277,311	\$ 592,101	\$ 2,869,412	
2022	2,299,483	390,912	2,690,395	
2023	2,238,890	179,111	2,418,001	
2024	1,863,250	-	1,863,250	
Total	<u>\$ 8,678,934</u>	<u>\$ 1,162,124</u>	<u>\$ 9,841,058</u>	

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

Receivables

Receivables at the government-wide level at June 30, 2024 were as follows:

	<u>Accounts</u>	<u>Taxes</u>	<u>Due From Other Governments</u>	<u>Lease Receivable</u>	<u>Total</u>
Governmental Activities:					
General	\$ 11,663,746	\$ 1,360,985	\$ 12,057,710	\$ 13,358,287	\$ 38,440,728
Other governmental	<u>5,928,963</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,928,963</u>
Total receivables	17,592,709	1,360,985	12,057,710	13,358,287	44,369,691
Allowance for doubtful accounts	<u>(5,659,676)</u>	<u>(507,323)</u>	<u>-</u>	<u>-</u>	<u>(6,166,999)</u>
Total governmental activities	<u>\$ 11,933,033</u>	<u>\$ 853,662</u>	<u>\$ 12,057,710</u>	<u>\$ 13,358,287</u>	<u>\$ 38,202,692</u>
Business-Type Activities:					
Landfill	\$ 783,380	\$ -	\$ 29	\$ -	\$ 783,409
Justice Academy	<u>3,750</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,750</u>
Total receivables	<u>\$ 787,130</u>	<u>\$ -</u>	<u>\$ 29</u>	<u>\$ -</u>	<u>\$ 787,159</u>

Due from other governments consisted of the following:

Governmental Activities:	
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 2024, the County recognized \$1,030,913 of lease revenue and \$325,660 of interest revenue under the lease.

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

Capital Assets

Capital asset activity for the year ended June 30, 2024 was as follows:

	<u>Balance July 1, 2023</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Balance June 30, 2024</u>
Governmental Activities:					
Non-Depreciable Capital Assets:					
Land	\$ 19,916,699	\$ -	\$ -	\$ -	\$ 19,916,699
Construction in progress	5,858,034	14,128,512	(1,828,345)	(288,903)	17,869,298
Total non-depreciable capital assets	<u>25,774,733</u>	<u>14,128,512</u>	<u>(1,828,345)</u>	<u>(288,903)</u>	<u>37,785,997</u>
Depreciable Capital Assets:					
Buildings	139,884,838	619,620	-	245,263	140,749,721
Equipment	10,443,433	822,521	(58,085)	43,640	11,251,509
Vehicles and motor equipment	12,684,964	2,322,544	(742,066)	-	14,265,442
Real property lease asset	794,907	-	(498)	-	794,409
Equipment lease asset	26,201	-	1,013	-	27,214
Subscription asset	<u>1,057,551</u>	<u>566,258</u>	<u>(134,376)</u>	<u>-</u>	<u>1,489,433</u>
Total depreciable capital assets	<u>164,891,894</u>	<u>4,330,943</u>	<u>(934,012)</u>	<u>288,903</u>	<u>168,577,728</u>
Less Accumulated Depreciation and Amortization:					
Buildings	60,240,138	3,958,366	-	-	64,198,504
Equipment	8,108,976	663,919	(52,922)	-	8,719,973
Vehicles and motor equipment	7,673,855	1,702,838	(651,087)	-	8,725,606
Real property lease asset	159,369	79,436	(498)	-	238,307
Equipment lease asset	9,193	5,103	1,013	-	15,309
Subscription asset	<u>325,309</u>	<u>417,575</u>	<u>(134,376)</u>	<u>-</u>	<u>608,508</u>
Total accumulated depreciation	<u>76,516,840</u>	<u>\$ 6,827,237</u>	<u>\$ (837,870)</u>	<u>\$ -</u>	<u>82,506,207</u>
Total depreciable capital assets	<u>88,375,054</u>				<u>86,071,521</u>
Total depreciable capital assets, net	<u>\$ 114,149,787</u>				<u>\$ 123,857,518</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	\$ 2,851,854	\$ 472,005	\$ 3,323,859
Public safety	2,596,948	20,551	2,617,499
Economic and physical development	196,161	-	196,161
Human services	446,236	-	446,236
Cultural and recreational	<u>233,924</u>	<u>9,558</u>	<u>243,482</u>
Total	<u>\$ 6,325,123</u>	<u>\$ 502,114</u>	<u>\$ 6,827,237</u>

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

	<u>Balance</u> <u>July 1, 2023</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2024</u>
Business-Type Activities:				
Landfill:				
Non-Depreciable Capital Assets:				
Land	\$ 6,031,371	\$ -	\$ -	\$ 6,031,371
Construction in progress	<u>147,201</u>	<u>2,571,444</u>	<u>(59,312)</u>	<u>2,659,333</u>
Total non-depreciable capital assets	<u>6,178,572</u>	<u>2,571,444</u>	<u>(59,312)</u>	<u>8,690,704</u>
 Depreciable Capital Assets:				
Plant and distribution systems	3,596,341	166,077	(452,800)	3,309,618
Furniture and maintenance equipment	2,435,161	388,550	(7,645)	2,816,066
Vehicles	<u>1,010,206</u>	<u>-</u>	<u>(21,965)</u>	<u>988,241</u>
Total depreciable capital assets	<u>7,041,708</u>	<u>554,627</u>	<u>(482,410)</u>	<u>7,113,925</u>
 Less Accumulated Depreciation:				
Plant and distribution systems	1,922,878	83,516	(452,800)	1,553,594
Furniture and maintenance equipment	1,343,614	186,079	(7,644)	1,522,049
Vehicles	<u>839,886</u>	<u>60,994</u>	<u>(21,965)</u>	<u>878,915</u>
Total accumulated depreciation	<u>4,106,378</u>	<u>\$ 330,589</u>	<u>\$ (482,409)</u>	<u>3,954,558</u>
Total depreciable capital assets, net	<u>2,935,330</u>			<u>3,159,367</u>
Landfill capital assets, net	<u>\$ 9,113,902</u>			<u>\$ 11,850,071</u>

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

	<u>Balance</u> <u>July 1, 2023</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2024</u>
Justice Academy Water and Sewer District:				
Non-Depreciable Capital Assets:				
Land	\$ 6,664	\$ -	\$ -	\$ 6,664
Depreciable Capital Assets:				
Plant and distribution systems	434,523	-	-	434,523
Furniture and maintenance equipment	17,234	-	-	17,234
Total depreciable capital assets	451,757	-	-	451,757
Less Accumulated Depreciation:				
Plant and distribution systems	271,577	10,863	-	282,440
Furniture and maintenance equipment	17,234	-	-	17,234
Total accumulated depreciation	288,811	10,863	-	299,674
Total depreciable capital assets, net	162,946	<u>\$ (10,863)</u>	<u>\$ -</u>	152,083
Justice Academy Water and Sewer District capital assets, net	169,610			158,747
Business-type activities capital assets, net	<u>\$ 9,283,512</u>			<u>\$ 12,008,818</u>

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

Capital asset activity for the Henderson County Hospital Corporation for the year ended June 30, 2024 was as follows:

	Balance July 1, 2023	Increases	Transfers/ Decreases	Balance June 30, 2024
Non-Depreciable Capital Assets:				
Land	\$ 10,071,618	\$ -	\$ -	\$ 10,071,618
Construction in progress	11,567,507	13,964,946	(17,403,534)	8,128,919
Total non-depreciable capital assets	<u>21,639,125</u>	<u>13,964,946</u>	<u>(17,403,534)</u>	<u>18,200,537</u>
Depreciable Capital Assets:				
Land improvements	4,012,292	-	11,195,728	15,208,020
Buildings and fixed equipment	128,988,124	774,658	3,652,733	133,415,515
Moveable equipment	144,992,076	-	2,527,557	147,519,633
Right to use lease assets	27,332,515	-	-	27,332,515
Total depreciable capital assets	<u>305,325,007</u>	<u>774,658</u>	<u>17,376,018</u>	<u>323,475,683</u>
Less Accumulated Depreciation:				
Land improvements	2,218,888	146,280	-	2,365,168
Buildings and fixed equipment	92,771,169	4,216,462	-	96,987,631
Moveable equipment	119,357,743	5,682,651	(27,516)	125,012,878
Right to use lease assets	10,529,859	3,690,798	-	14,220,657
Total accumulated depreciation	<u>224,877,659</u>	<u>13,736,191</u>	<u>(27,516)</u>	<u>238,586,334</u>
Total depreciable capital assets, net	<u>80,447,348</u>	<u>\$ 1,003,413</u>	<u>\$ -</u>	<u>84,889,349</u>
Total capital assets, net	<u>\$ 102,086,473</u>			<u>\$ 103,089,886</u>

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

Capital asset activity for the Henderson County Tourism Development Authority for the year ended June 30, 2024 was as follows:

	<u>Balance</u> <u>July 1, 2023</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Balance</u> <u>June 30, 2024</u>
Governmental Activities:					
Depreciable Capital Assets:					
Equipment	\$ 40,489	\$ -	\$ -	\$ -	\$ 40,489
Vehicles	23,784	-	-	-	23,784
Real property lease asset	1,883,789	-	-	-	1,883,789
Total depreciable capital assets	<u>1,948,062</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,948,062</u>
Less Accumulated Depreciation and Amortization:					
Equipment	(12,663)	(6,547)	-	-	(19,210)
Vehicles	(23,784)	-	-	-	(23,784)
Real property lease asset amortization	<u>(131,810)</u>	<u>(65,905)</u>	<u>-</u>	<u>-</u>	<u>(197,715)</u>
Total accumulated depreciation and amortization	<u>(168,257)</u>	<u>\$ (72,452)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(240,709)</u>
Governmental activities capital assets, net	<u>\$ 1,779,805</u>				<u>\$ 1,707,353</u>

B. Liabilities

Payables

Payables at the government-wide level at June 30, 2024 were as follows:

	<u>Vendors</u>	<u>Salaries and Benefits</u>	<u>Accrued Interest</u>	<u>Insurance Claims Incurred, But Not Reported</u>	<u>Total</u>
Governmental Activities:					
General	\$ 3,497,621	\$ 6,413,839	\$ 721,938	1,029,000	\$ 11,662,398
Other governmental	<u>317,481</u>	<u>27,394</u>	<u>-</u>	<u>-</u>	<u>344,875</u>
Total governmental activities	<u>\$ 3,815,102</u>	<u>\$ 6,441,233</u>	<u>\$ 721,938</u>	<u>\$ 1,029,000</u>	<u>\$ 12,007,273</u>
Business-Type Activities:					
Landfill	\$ 1,510,029	\$ 34,434	\$ -	\$ -	\$ 1,544,463
Justice Academy Sewer	<u>2,793</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,793</u>
Total business-type activities	<u>\$ 1,512,822</u>	<u>\$ 34,434</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,547,256</u>

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

Pension Plan Obligation

Local Governmental Employees' Retirement System

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

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

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, 2024 was 14.10% of compensation for law enforcement officers and 12.85% for general employees and firefighters, actuarially determined as an amount that,

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the plan from the County were \$7,570,312 for the year ended June 30, 2024.

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, 2024, the County reported a liability of \$39,397,433 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2022. The total pension liability was then rolled forward to the measurement date of June 30, 2023 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, 2024 (measured as of June 30, 2023), the County's proportion was 0.595%, which was an increase of 0.003% from its proportion as of June 30, 2023 (measured as of June 30, 2022).

For the year ended June 30, 2024, the County recognized pension expense of \$11,390,280. At June 30, 2024, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 4,390,041	\$ 94,510
Changes of assumptions	1,674,164	-
Net difference between projected and actual earnings on pension plan investments	10,544,478	
Changes in proportion and differences between County contributions and proportionate share of contributions	248,923	57,762
County's contributions subsequent to the measurement date	7,570,312	-
Total	<u>\$ 24,427,918</u>	<u>\$ 152,272</u>

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

\$7,570,312 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ending June 30, 2025. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Total
2025	\$ 6,069,822
2026	3,124,722
2027	7,064,913
2028	445,877
Total	<u>\$ 16,705,334</u>

Actuarial Assumptions. The total pension liability in the December 31, 2022 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, 2022 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, 2023 are summarized in the following table:

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed income	33.0%	0.9%
Global equity	38.0%	6.5%
Real estate	8.0%	5.9%
Alternatives	8.0%	8.2%
Opportunistic Fixed Income	7.0%	5.0%
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 one percentage point lower (5.50%) or one 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>\$ 68,254,505</u>	<u>\$ 39,397,433</u>	<u>\$ 15,639,588</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, 2024

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, 2022, the Separation Allowance's membership consisted of 146 active plan members and 24 retired members receiving benefits.

A separate report was not issued for the plan.

Summary of Significant Accounting Policies

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

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

Actuarial Assumptions

The entry age normal actuarial cost method was used in the December 31, 2022 valuation. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	3.25 to 7.75%, including inflation and productivity factor
Discount rate	4.00%

The discount rate used to measure the TPL is the Standard & Poor's Municipal Bond 20-Year High Grade Rate Index.

The actuarial assumptions used in the December 31, 2022 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, 2024

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 one 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 three years. Rates for female members are set forward one 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 three 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 \$530,673 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, 2024, the County reported a total pension liability of \$7,553,223. The total pension liability was measured as of December 31, 2023 based on a December 31, 2022 actuarial valuation. The total pension liability was rolled forward to December 31, 2023 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2024, the County recognized pension expense of \$957,745.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 532,714	\$ -
Changes of assumptions	746,758	850,179
County's benefit payments and plan administrative expense made subsequent to the measurement date	<u>278,386</u>	<u>-</u>
Total	<u>\$ 1,557,858</u>	<u>\$ 850,179</u>

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

The County paid \$278,386 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, 2025. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Total
2025	\$ 350,408
2026	252,909
2027	(121,516)
2028	(87,861)
2029	35,353
Total	\$ 429,293

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 4.00%, as well as what the County's total pension liability would be if it were calculated using a discount rate that is one percentage point lower (3.00%) or one percentage point higher (5.00%) than the current rate:

	1% Decrease (3.00%)	Discount Rate (4.00%)	1% Increase (5.00%)
Total pension liability	\$ 8,125,777	\$ 7,553,223	\$ 7,031,960

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

	2024
Beginning balance	\$ 7,172,543
Service cost	256,259
Interest on total pension liability	298,757
Differences between expected and actual experience in the measurement of the total pension liability	151,404
Changes of assumptions or other inputs	155,894
Benefit payments	(481,634)
Ending balance of the total pension liability	\$ 7,553,223

Changes of Assumptions. Changes of assumptions and other inputs reflect a change in the discount rate from 4.31% at December 31, 2022 to 4.00% at December 31, 2023.

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

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, 2022 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 \$1,272,441 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 ("RODSPF"), 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 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.

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

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 \$10,300 for the year ended June 30, 2024.

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

At June 30, 2024, the County reported an asset of \$145,958 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2023. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2022. The total pension liability was then rolled forward to the measurement date of June 30, 2023 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, 2023 measurement date, the County's proportion was 1.215%, which was a decrease of 0.03% from its proportion measured as of June 30, 2022.

For the year ended June 30, 2023 measurement date, the County recognized pension expense of \$38,223. At June 30, 2024, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 6,462
Net difference between projected and actual earnings on pension plan investments	74,139	-
Changes in proportion and differences between County contributions and proportionate share of contributions	5,494	-
County's contributions subsequent to the measurement date	10,300	-
Total	<u>\$ 89,933</u>	<u>\$ 6,462</u>

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

\$10,300 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, 2025. Other amounts reported as deferred inflows or outflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending	
June 30	Total
2025	\$ 20,834
2026	26,138
2027	21,523
2028	4,676
Total	<u>\$ 73,171</u>

Actuarial Assumptions. The total pension liability in the December 31, 2022 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, 2022 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 Registers of Deeds' Supplemental Pension fund is 100% invested in the Bond Index External Investment Pool.

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.

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The long-term expected real rate of return for the Bond Index Investment Pool as of June 30, 2023 is 0.78%. All rates of return and inflation are annualized.

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

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

	1% Decrease (2.00%)	Discount Rate (3.00%)	1% Increase (4.00%)
County's proportionate share of the net pension liability (asset)	\$ (99,634)	\$ (145,958)	\$ (185,020)

Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in the separately issued 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, 2023, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2022. The total pension liability for LEOSSA was measured as of December 31, 2023, with an actuarial valuation date of December 31, 2022. 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:

	LGERS	ROD	LEOSSA	Total
Proportionate share of net pension liability (asset)	\$39,397,433	\$ (145,958)	-	\$39,251,475
Proportion of the net pension liability (asset)	0.59831%	1.21460%	N/A	-
Total pension liability	-	-	7,553,223	7,553,223
Pension expense	11,390,280	38,223	957,745	12,386,248

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

At June 30, 2024, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>LGERS</u>	<u>ROD</u>	<u>LEOSSA</u>	<u>Total</u>
Deferred Outflows of Resources:				
Pensions - difference between expected and actual experience	\$ 4,390,041	\$ -	\$ 532,714	\$ 4,922,755
Pensions - difference between projected and actual investment earnings	10,544,478	74,139	-	10,618,617
Changes of assumptions	1,674,164	-	746,758	2,420,922
Pensions - change in proportion and difference between employer contributions and proportionate share of contributions	248,923	5,494	-	254,417
County contributions (LGERS, ROD)/ benefit payments and administration costs (LEOSSA) subsequent to the measurement date	<u>7,570,312</u>	<u>10,300</u>	<u>278,386</u>	<u>7,858,998</u>
Total	<u>\$ 24,427,918</u>	<u>\$ 89,933</u>	<u>\$ 1,557,858</u>	<u>\$ 26,075,709</u>
Deferred Inflows of Resources:				
Pensions - difference between expected and actual experience	\$ 94,510	\$ 6,462	\$ -	\$ 100,972
Pensions - difference between projected and actual investment earnings	-	-	-	-
Changes of assumptions	-	-	850,179	850,179
Pensions - change in proportion and difference between employer contributions and proportionate share of contributions	<u>57,762</u>	<u>-</u>	<u>-</u>	<u>57,762</u>
Total	<u>\$ 152,272</u>	<u>\$ 6,462</u>	<u>\$ 850,179</u>	<u>\$ 1,008,913</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, 2024

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 custodial 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, 2024, the County made payments for post-retirement health benefit premiums of \$2,368,986. The County is self-insured and contracts with a private carrier to administer the healthcare plan. A separate report was not issued for the plan. This is a single employer defined benefit plan. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75. Management of the HCB Plan is vested in the Henderson County Board of Commissioners.

County Contributions Based on Years of Creditable Service	
Years of Creditable Service	
Less than 10 years of actual service w/ HC	0%
Age plus years of service is 70-74 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, 2024

Total OPEB Liability

The County's total OPEB liability of \$43,123,353 was measured as of June 30, 2023 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	3.54%
Measurement date	3.65%
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

	Total OPEB Liability
Balance at June 30, 2022	<u>\$ 42,063,093</u>
Changes for the year:	
Service cost	2,048,789
Interest	1,532,498
Changes of benefit terms	-
Differences between expected and actual experience	(417,312)
Changes of assumptions or other inputs	(447,330)
Benefit payments	<u>(1,656,385)</u>
Net changes	<u>1,060,260</u>
Balance at June 30, 2023	<u><u>\$ 43,123,353</u></u>

Changes in assumptions and other inputs reflect a change in the Municipal Bond Index Rate from 3.54% to 3.65%.

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

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 through 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 one percentage point lower (2.65%) or one percentage point higher (4.65%) than the current discount rate:

	1% Decrease (2.65%)	Current (3.65%)	1% Increase (4.65%)
Total OPEB liability	<u>\$ 47,404,056</u>	<u>\$ 43,123,353</u>	<u>\$ 39,307,480</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 one percentage point lower or one percentage point higher than the current healthcare cost trend rates:

	1% Decrease	Current Discount Rate	1% Increase
Total OPEB liability	<u>\$ 37,936,693</u>	<u>\$ 43,123,353</u>	<u>\$ 49,315,140</u>

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

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

For the year ended June 30, 2024, the County recognized OPEB expense of \$4,995,425. At June 30, 2024, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 6,212,799	\$ 494,142
Changes of assumptions	3,643,118	4,215,169
Benefit payments and plan administrative expense made subsequent to the measurement date	2,368,986	-
Total	<u>\$ 12,224,903</u>	<u>\$ 4,709,311</u>

\$2,368,986 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, 2025. Other amounts reported as deferred inflows and outflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30	Total
2025	\$ 1,491,596
2026	1,556,996
2027	1,509,306
2028	1,262,441
2029	(365,892)
Thereafter	<u>(307,841)</u>
Total	<u>\$ 5,146,606</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 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

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

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 30 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 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 \$580,155 reported as landfill post-closure care liability at June 30, 2024 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 2024. 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, 2024

Deferred Outflows and Inflows of Resources

	Deferred Outflows of Resources	Deferred Inflows of Resources
Charge on refunding of debt	\$ 168,034	\$ -
Pensions - difference between expected and actual experience:		
LGERS	4,390,041	94,510
Register of Deeds	-	6,462
OPEB	6,212,799	494,142
LEOSSA	532,714	-
Pensions - difference between projected and actual investment earnings:		
LGERS	10,544,478	-
Register of Deeds	74,139	-
Changes of Assumptions:		
LGERS	1,674,164	-
Register of Deeds	-	-
LEOSSA	746,758	850,179
OPEB	3,643,118	4,215,169
Pensions - change in proportion and difference between employer contributions and proportionate share of contributions:		
LGERS	248,923	57,762
Register of Deeds	5,494	-
Contributions to pension plans in 2023-2024 fiscal year - LGERS, LEOSSA, ROD, OPEB	10,227,984	-
Prepaid taxes not yet earned (General Fund)	-	214,666
Prepaid fire district tax, net (Special Revenue Fund)	-	7,831
Taxes receivable, net (General Fund)	-	853,662
Other receivables (General Fund)	-	1,385,714
Unavailable revenue (Special Revenue Fund)	-	777,264
Leases (General)	-	12,924,697
Total	\$ 38,468,646	\$ 21,882,058

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

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, 2024

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

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

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

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

	Year Ended June 30	
	2024	2023
Unpaid claims:		
Beginning of year - July 1	\$ 698,065	238,893
Incurred claims	12,886,259	13,019,932
Claim payments	<u>(12,555,324)</u>	<u>(12,560,760)</u>
End of year - June 30	<u>\$ 1,029,000</u>	<u>\$ 698,065</u>

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

Claims and Judgments

At June 30, 2024, 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, 2024

The future minimum lease obligations and the net present value of the minimum lease payments as of June 30, 2024 were as follows:

Year Ending June 30	Principal	Interest
2025	\$ 81,009	\$ 12,743
2026	82,733	11,019
2027	71,722	9,264
2028	70,596	7,624
2029	72,251	5,969
2030-2034	83,014	19,986
2034-2039	81,936	10,904
2040-2044	36,141	3,459
2045	7,740	180
Total	<u>\$ 587,142</u>	<u>\$ 81,148</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, 2024 were as follows:

Year Ending June 30	Principal	Interest
2025	\$ 438,209	\$ 20,933
2026	153,921	7,724
2027	70,214	3,757
2028	72,069	1,903
Total	<u>\$ 734,413</u>	<u>\$ 34,317</u>

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

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, 2024 are as follows:

Landfill:

\$10,000,000 Solid Waste 3rd transfer station bay with annual principal payments of \$666,667, including interest that is payable at 4.07%.

Payments will continue through June 1, 2039

\$ 10,000,000

Total installment purchases indebtedness

\$ 10,000,000

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

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

Year Ending June 30	Principal	Interest
2025	\$ 500,000	\$ 48,000
2026	500,000	24,000
Total	\$ 1,000,000	\$ 72,000

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, 2024

Other direct placement installment purchase contracts payable at June 30, 2024 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.

\$ 2,742,857

Total installment purchases indebtedness

\$ 2,742,857

The County's outstanding contracts from direct placements related to the Clear Creek Elementary School and Etowah Elementary School projects of \$2,742,857 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:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>
2025	\$ 1,828,571	\$ 58,629
2026	914,286	11,726
Total	<u>\$ 2,742,857</u>	<u>\$ 70,355</u>

Business-Type Activities:

Landfill:

\$10,000,000 Solid Waste 3rd transfer station bay with annual principal payments of \$666,667, including interest that is payable at 4.07%.

Payments will continue through June 1, 2039

\$ 10,000,000

Total installment purchases indebtedness

\$ 10,000,000

The County's outstanding contracts from direct placements related to the Henderson County Solid Waste Facility of \$10,000,000 is secured by a deed of trust for the benefit of the bank, pursuant to which the County grants a lien on the site. The contracts contain a provision that in an event of default, there will be foreclosure of the collateral. The County liability is limited to the collateral.

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

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

Year Ending June 30	Landfill	
	Principal	Interest
2025	\$ 666,667	\$ 425,089
2026	666,667	379,867
2027	666,667	352,733
2028	666,667	325,600
2029	666,667	298,467
2030-2034	3,333,335	1,085,333
2035-2039	3,333,330	407,000
Total	<u>\$ 10,000,000</u>	<u>\$ 3,274,089</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, 2024

The County's limited obligation bonds payable at June 30, 2024 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.	\$ 1,355,000
\$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%.	4,300,000
\$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%.	18,915,000
\$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 30 th at an interest rate ranging from 2.50% to 5.00%.	12,650,000
\$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 1 st and June 1 st at an interest rate ranging from 5.00% to 3.00%	8,135,000
\$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 1 st and June 1 st at an interest rate ranging from 5.00% to 3.375%	17,035,000
\$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 1 st and June 1 st at an interest rate ranging from 2.75% to 5.00%	42,005,000
\$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 1 st and June 1 st at an interest rate ranging from 3.00% to 4.00%	<u>17,200,000</u>
Total governmental limited obligation bonds payable	<u>\$ 121,595,000</u>

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

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

Year Ending June 30	Principal	Interest
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>\$ 121,595,000</u>	<u>\$ 35,272,477</u>

Governmental Activities:

At June 30, 2024, the County had no bonds authorized, but unissued, and a legal debt margin of \$1,825,102,418.

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

Long-Term Obligation Activity

A summary of changes in long-term debt follows:

	Balance July 1, 2023	Increases	Decreases	Transfer	Balance June 30, 2024	Current Portion of Balance
Governmental Activities:						
Limited obligation bonds	\$ 132,912,000	\$ -	\$(11,317,000)	\$ -	\$ 121,595,000	\$ 11,273,000
Add unamortized bond premium	14,994,969	-	(997,915)	-	13,997,054	997,915
Total limited obligation bonds	147,906,969	-	(12,314,915)	-	135,592,054	12,270,915
Other long-term obligations:						
Leases	665,682	-	(78,540)	-	587,142	81,009
Subscriptions	674,590	566,258	(506,435)	-	734,413	438,209
Direct placement - installment purchases	4,571,428	-	(1,828,571)	-	2,742,857	1,828,571
Direct placement - installment contracts	1,500,000	-	(500,000)	-	1,000,000	500,000
Net pension liability (LGRS)	33,044,410	5,525,677	-	-	38,570,087	-
Compensated absences	4,517,391	3,440,699	(2,988,599)	-	4,969,491	496,949
Total OPEB liability	41,150,324	1,037,252	-	-	42,187,576	2,317,579
Total pension liability (LEOSSA)	7,172,543	380,680	-	-	7,553,223	-
Total governmental activities	<u>\$ 241,203,337</u>	<u>\$ 10,950,566</u>	<u>\$(18,217,060)</u>	<u>\$ -</u>	<u>\$ 233,936,843</u>	<u>\$ 17,933,232</u>
Business-Type Activities:						
Landfill:						
Direct placement - installment purchases	\$ 533,335	\$ 10,000,000	\$ (533,335)	\$ -	\$ 10,000,000	\$ 666,667
Accrued landfill closure and post-closure care cost	741,030	-	(160,875)	-	580,155	160,875
Net pension liability (LGRS)	708,818	118,528	-	-	827,346	-
Total OPEB liability	912,769	23,008	-	-	935,777	51,407
Compensated absences	54,065	34,796	(29,963)	-	58,898	5,890
Total Landfill	<u>2,950,017</u>	<u>10,176,332</u>	<u>(724,173)</u>	<u>-</u>	<u>12,402,176</u>	<u>884,839</u>
Total business-type activities	<u>\$ 2,950,017</u>	<u>\$ 10,176,332</u>	<u>\$ (724,173)</u>	<u>\$ -</u>	<u>\$ 12,402,176</u>	<u>\$ 884,839</u>

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

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

Discretely Presented Component Unit:

	Balance July 1, 2023	Increases	Decreases	Balance June 30, 2024	Current Portion of Balance
Revenue bonds	\$ 33,695,549	\$ 4,391,339	\$ 2,653,045	\$ 35,433,843	\$ 2,727,643
Notes Payable	-	715,500	-	715,500	715,500
Leases	22,264,884	3,047,346	4,672,393	20,639,837	6,769,975
Total	<u>\$ 55,960,433</u>	<u>\$ 8,154,185</u>	<u>\$ 7,325,438</u>	<u>\$ 56,789,180</u>	<u>\$ 10,213,118</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, 2024 and 2023, the Corporation had drawn \$14,500,000 and \$10,108,758, 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%.

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

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

Leases

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

Scheduled future payment requirements subsequent to June 30, 2024 are as follows:

Year Ending June 30	Bonds	Notes	Lease Liabilities	Interest
2025	\$ 2,727,643	\$ 715,500	\$ 6,769,975	\$ 1,754,480
2026	2,825,079	-	3,266,344	1,535,155
2027	2,906,378	-	3,240,146	1,346,540
2028	2,988,564	-	2,270,482	1,158,099
2029	3,073,664	-	1,385,663	978,933
2030-2034	11,361,515	-	3,707,227	3,015,853
2035-2039	6,474,000	-	-	1,505,327
2040-2042	3,077,000	-	-	468,882
Total	<u>\$ 35,433,843</u>	<u>\$ 715,500</u>	<u>\$ 20,639,837</u>	<u>\$ 11,763,269</u>

Net Investment in Capital Assets

Net investment in capital assets at June 30, 2024 is computed as follows:

	Governmental Activities	Business-Type Activities
Capital assets, net of accumulated depreciation	\$ 123,857,518	\$ 12,008,819
Restricted cash from debt issuance	-	8,811,067
Long-term debt	(140,656,466)	(10,000,000)
Long-term debt for assets not owned by the County	<u>111,198,257</u>	<u>-</u>
Net investment in capital assets	<u>\$ 94,399,309</u>	<u>\$ 10,819,886</u>

Unspent debt proceeds of \$612,964 and deferred outflows - charge on refunding of \$168,034 are both related to Schools, which the County does not hold title to the asset; therefore, are not included in the net investment in capital assets calculation.

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

Construction Commitments

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

<u>Project</u>	<u>Remaining Commitment</u>
Judicial Center Project	\$ 9,463,664
Medical Office Buildings Project	967,266
Ecusta Trail Project	5,450,384
Total	<u>\$ 15,881,314</u>

Interfund Balances and Activity

Transfers to/from other funds for the year ended June 30, 2024 consist of the following:

	<u>Transfer In</u>					<u>Total</u>
	<u>General Fund</u>	<u>General Capital Projects Fund</u>	<u>School Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Enterprise Fund</u>	
Transfer out						
General Fund	\$ -	\$ 5,655,420	\$ -	\$ 13,442,668	\$ 1,305,263	\$ 20,031,001
General Capital Projects Fund	2,106	-	-	300,000	-	2,106
School Capital Projects Fund	1,628,535	-	-	-	-	1,628,535
American Rescue Plan Fund	-	6,400,781	-	-	-	6,400,781
Other Governmental Funds	<u>209,150</u>	<u>1,298,765</u>	<u>7,742,856</u>	<u>-</u>	<u>-</u>	<u>9,923,121</u>
Total	<u>\$ 1,839,791</u>	<u>\$ 13,354,966</u>	<u>\$ 7,742,856</u>	<u>\$ 13,742,668</u>	<u>\$ 1,305,263</u>	<u>\$ 37,985,544</u>

Interfund Transfer Purpose

To General Fund:	To fund debt service payments
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

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

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 \$5,500,000 to the Community College for operational expenses during the fiscal year ended June 30, 2024. In addition, the County made debt service payments of \$5,274,932, including interest, during the year ended June 30, 2024, on limited obligation bonds and certificates of participation (COPs) issued for the Community College facilities. In addition, the County funded a facilities Maintenance and Repair, Technology and Security Initiative for \$2,794,992 for approved projects of the Community College, of which \$1,819,149 was spent in FY24. 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, 2024. 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, 2024. 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, 2024. Complete financial statements for the LME may be obtained from the LME's administrative office at 200 Ridgefield Court, Asheville, North Carolina.

4. Jointly Governed Organization

The County, in conjunction with other counties and municipalities, established the Land of Sky Regional Council of Governments (the "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.

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

6. Subsequent Events

On September 26, 2024, Hurricane Helene devastated much of the Western part of North Carolina. The effects on Henderson County included service delivery interruption for many County functions including, loss of power, internet access, property damage, and lack of access to severely impacted areas of the county. Henderson County was one of 25 counties in Western North Carolina declared eligible for disaster assistance due to the impacts of Hurricane Helene. The full impact of the storm continues to evolve and Henderson County is uncertain about the complete effect on its financial conditions as recovery efforts are organized. Henderson County has identified and confirmed eligibility for funding from the Federal Emergency Management Agency (FEMA) to assist in recovery efforts.

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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

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HENDERSON COUNTY, NORTH CAROLINA**SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY****LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE****REQUIRED SUPPLEMENTARY INFORMATION****LAST EIGHT FISCAL YEARS**

	Law Enforcement Officers' Special Separation Allowance							
	2024	2023	2022	2021	2020	2019	2018	2017
Beginning balance	\$ 7,172,543	\$ 8,017,278	7,839,267	\$ 5,212,267	\$ 4,735,595	\$ 4,644,992	\$ 4,561,820	\$ 4,609,945
Service cost	256,259	377,737	364,623	229,878	198,328	200,837	161,720	179,379
Interest on the total pension liability	298,757	176,381	147,752	164,898	166,301	141,245	169,905	159,386
Differences between expected and actual experience	151,404	120,677	219,654	627,325	309,396	263,037	(173,704)	-
Changes of assumptions or other inputs	155,894	(1,163,262)	(186,607)	1,912,980	136,434	(164,110)	245,524	(96,170)
Benefit payments	(481,634)	(356,268)	(367,411)	(308,081)	(333,787)	(350,406)	(320,273)	(290,720)
Ending balance of the total pension liability	<u>\$ 7,553,223</u>	<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 EIGHT FISCAL YEARS

	Law Enforcement Officers' Special Separation Allowance							
	2024	2023	2022	2021	2020	2019	2018	2017
Total pension liability	\$ 7,553,223	\$ 7,172,543	8,017,278	\$ 7,839,267	\$ 5,212,267	\$ 4,735,595	\$ 4,644,992	\$ 4,561,820
Covered-employee payroll*	9,553,223	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	79.06%	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 SEVEN YEARS

	Total OPEB Liability						
	2024	2023	2022	2021	2020	2019	2018
Beginning balance	\$ 42,063,093	\$ 42,727,861	\$ 39,358,947	\$ 21,660,306	\$ 20,227,240	\$ 19,284,840	\$ 19,572,675
Service cost	2,048,789	2,477,368	2,433,380	1,073,501	997,087	955,028	1,023,125
Interest on TOL and cash flows	1,532,498	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	(417,312)	2,642,682	(126,315)	8,571,865	144,390	(211,456)	(171,424)
Changes of assumptions or other inputs	(447,330)	(5,157,908)	1,745,893	4,589,399	727,218	373,320	(942,686)
Benefit payments	(1,656,385)	(1,586,302)	(1,590,179)	(1,527,874)	(1,199,364)	(846,103)	(774,419)
Ending balance of the total OPEB liability	<u>\$ 43,123,353</u>	<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	\$ 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	103.25%	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:

Fiscal Year	Rate
2024	3.65%
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***

	Local Government Employees' Retirement System									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
County's proportion of the net pension liability (asset) (%)	0.59485%	0.59831%	0.58125%	0.59300%	0.59773%	0.58639%	0.56991%	0.58474%	0.55923%	0.54613%
County's proportion of the net pension liability (asset) (\$)	\$ 39,397,433	\$ 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)
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
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	77.97%	73.81%	20.80%	50.65%	40.85%	34.86%	22.06%	36.78%	7.55%	-10.15%
Plan fiduciary net position as a percentage of the total pension liability**	82.49%	84.14%	95.51%	88.61%	90.86%	91.63%	94.18%	91.47%	98.09%	102.64%

* 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**

	Local Government Employees' Retirement System									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 7,570,312	\$ 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
Contributions in relation to the contractually required contribution	<u>7,570,312</u>	<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>
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	\$57,770,867	\$ 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
Contributions as a percentage of covered payroll	13.10%	12.78%	11.70%	10.27%	9.11%	7.91%	7.23%	7.00%	6.79%	7.09%

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

	Register of Deeds' Supplemental Pension Fund									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
County's proportion of the net pension liability (asset) (%)	1.214600%	1.240065%	1.27195%	1.31172%	1.21325%	1.38721%	1.42083%	1.42155%	1.36491%	1.31871%
County's proportion of the net pension liability (asset) (\$)	\$ (145,958)	\$ (164,262)	\$ (244,380)	\$ (300,620)	\$ (239,520)	\$ (229,764)	\$ (242,521)	\$ (265,773)	\$ (316,304)	\$ (298,899)
County's covered payroll	\$ 107,216	\$ 100,414	\$ 92,039	\$ 89,266	\$ 86,520	\$ 90,827	\$ 79,713	\$ 73,231	\$ 73,416	\$ 69,039
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	-136.13%	-163.58%	-265.52%	-336.77%	-276.84%	-252.97%	-304.24%	-362.92%	-430.84%	-432.94%
Plan fiduciary net position as a percentage of the total pension liability **	135.74%	139.04%	156.53%	173.62%	164.11%	153.31%	153.77%	160.17%	197.29%	193.88%

* 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**

	Register of Deeds' Supplemental Pension Fund									
	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 10,300	\$ 10,840	\$ 14,223	\$ 15,265	\$ 12,560	\$ 11,532	\$ 11,871	\$ 12,345	\$ 11,612	\$ 10,922
Contributions in relation to the contractually required contribution	<u>10,300</u>	<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>
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	\$ 111,734	\$ 107,216	\$ 100,414	\$ 92,039	\$ 89,266	\$ 86,520	\$ 90,827	\$ 79,713	\$ 73,231	\$ 73,416
Contributions as a percentage of covered payroll	9.22%	10.11%	14.16%	16.59%	14.07%	13.33%	13.07%	15.49%	15.86%	14.88%

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SUPPLEMENTARY INFORMATION

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

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THE GENERAL FUND

The General Fund accounts for resources traditionally associated with government that are not required legally or by sound financial management to be accounted for in other funds.

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HENDERSON COUNTY, NORTH CAROLINA**GENERAL FUND****SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES****IN FUND BALANCE - BUDGET AND ACTUAL****FOR THE YEAR ENDED JUNE 30, 2024****WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2023**

	2024		2023
	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Ad Valorem Taxes:			
Taxes - current		\$ 104,926,371	98,036,061
Penalties, interest, and advertising		450,364	500,392
Total	\$ 98,736,662	105,376,735	\$ 6,640,073
Local Option Sales Taxes:			
Article 39 one percent		18,772,616	18,174,388
Article 40 one-half of one percent		11,569,740	11,259,081
Article 42 one-half of one percent		10,575,932	10,222,481
Article 44 one-half of one percent		849,761	787,769
Medicaid hold harmless		4,011,900	5,213,111
Total	41,726,791	45,779,949	4,053,158
Other Taxes and Licenses:			
Deed stamp excise tax		1,462,202	1,393,620
Gross receipts rental tax		80,171	75,521
Privilege licenses		394,229	361,771
Occupancy tax		3,761,294	3,791,255
Total	5,411,294	5,697,896	286,602
Unrestricted Intergovernmental Revenues:			
Payment in lieu of taxes	50,000	68,846	18,846
Restricted Intergovernmental Revenues:			
Federal and state grants		19,170,670	20,144,062
Controlled substance tax		-	43,171
Court facility fee		118,783	127,770
ABC net revenues		244,798	226,788
ABC bottles taxes		40,595	40,642
Total	19,264,129	19,574,846	310,717
Permits and Fees:			
Inspection fees		3,088,040	2,357,058
Register of Deeds		477,395	456,648
Enforcement fees		209,330	230,079
Watershed fees		1,505	1,315
Total	2,219,136	3,776,270	1,557,134

HENDERSON COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2024
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2023

	2024		2023
	Budget	Actual	Variance Favorable (Unfavorable)
Sales and Services:			
Rents, concessions, and fees		2,864,205	2,604,428
Jail fees		241,773	317,925
Ambulance fees		6,682,606	2,942,661
Recreation fees		280,235	271,289
Lease revenue		1,030,913	1,041,461
Total	<u>7,706,990</u>	<u>11,099,732</u>	<u>3,392,742</u>
Investment Earnings	<u>5,158,239</u>	<u>5,619,155</u>	<u>460,916</u>
Miscellaneous:			
Sale of materials		182,052	151,619
Interest on lease receivable		325,660	346,016
Other		2,511,415	1,988,638
Total	<u>2,379,823</u>	<u>3,019,127</u>	<u>639,304</u>
Total revenues	<u>182,653,064</u>	<u>200,012,556</u>	<u>17,359,492</u>
Expenditures:			
General Government:			
Governing Body:			
Salaries and employee benefits		360,536	342,328
Operating expenditures		286,783	252,331
Donations and dues		808,499	983,540
Total	<u>1,525,551</u>	<u>1,455,818</u>	<u>69,733</u>
Administration:			
Salaries and employee benefits		3,407,938	2,802,198
Operating expenditures		4,275,900	5,765,733
Total	<u>7,774,504</u>	<u>7,683,838</u>	<u>90,666</u>
Elections:			
Salaries and employee benefits		611,787	593,940
Operating expenditures		358,264	118,535
Total	<u>1,073,819</u>	<u>970,051</u>	<u>103,768</u>
Finance:			
Salaries and employee benefits		1,179,697	1,066,227
Operating expenditures		154,186	165,596
Total	<u>1,344,653</u>	<u>1,333,883</u>	<u>10,770</u>

HENDERSON COUNTY, NORTH CAROLINA**GENERAL FUND****SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES****IN FUND BALANCE - BUDGET AND ACTUAL****FOR THE YEAR ENDED JUNE 30, 2024****WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2023**

	2024		2023
	Budget	Actual	Variance Favorable (Unfavorable)
Tax Administration:			
Salaries and employee benefits		1,935,657	1,986,193
Operating expenditures		530,414	560,128
Total	2,722,989	2,466,071	256,918
Legal:			
Salaries and employee benefits		1,010,658	945,730
Contracted services		34,744	29,973
Total	1,086,063	1,045,402	40,661
Register of Deeds:			
Salaries and employee benefits		553,919	530,860
Operating expenditures		124,574	250,962
Total	721,111	678,493	42,618
Facilities Services:			
Salaries and employee benefits		2,296,169	1,946,086
Operating expenditures		2,806,932	3,062,272
Capital outlay		6,100	53,965
Total	6,276,241	5,109,201	1,167,040
Garage and Grounds:			
Salaries and employee benefits		312,287	288,957
Operating expenditures		99,367	86,273
Total	468,723	411,654	57,069
Court Facilities:			
Operating expenditures		186,626	137,892
Total	194,927	186,626	8,301
Information Technology:			
Salaries and employee benefits		1,663,417	1,547,056
Operating expenditures		2,760,852	2,396,868
Capital outlay		753,077	1,106,006
Total	6,640,567	5,177,346	1,463,221
Wellness Clinic:			
Salaries and employee benefits		1,119,182	983,090
Operating expenditures		255,223	319,064
Capital outlay		-	5,585
Total	1,460,986	1,374,405	86,581
Total general government	31,290,134	27,892,788	3,397,346

HENDERSON COUNTY, NORTH CAROLINA**GENERAL FUND****SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES****IN FUND BALANCE - BUDGET AND ACTUAL****FOR THE YEAR ENDED JUNE 30, 2024****WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2023**

	2024		2023
	Budget	Actual	Variance Favorable (Unfavorable)
Public Safety:			
Sheriff and Communications:			
Salaries and employee benefits		20,138,299	17,643,053
Operating expenditures		2,621,900	2,437,624
Capital outlay		193,010	142,389
Total	23,219,896	22,953,209	266,687
Jail:			
Salaries and employee benefits		4,661,750	4,187,942
Operating expenditures		1,520,167	1,363,493
Capital outlay		-	33,259
Total	6,620,447	6,181,917	438,530
Emergency Management:			
Salaries and employee benefits		639,967	577,889
Operating expenditures		155,816	208,806
Capital outlay		63,867	156,676
Total	927,618	859,650	67,968
Fire Services:			
Salaries and employee benefits		417,376	319,561
Operating expenditures		347,462	266,364
Capital outlay		-	124,916
Total	810,951	764,838	46,113
Inspections:			
Salaries and employee benefits		1,452,766	1,314,353
Operating expenditures		102,328	103,549
Total	1,617,091	1,555,094	61,997
Code Enforcement Services:			
Salaries and employee benefits		280,741	286,738
Operating expenditures		20,637	50,847
Total	332,309	301,378	30,931
Site Development:			
Salaries and employee benefits		256,989	252,596
Operating expenditures		17,993	7,128
Total	286,537	274,982	11,555

HENDERSON COUNTY, NORTH CAROLINA**GENERAL FUND****SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES****IN FUND BALANCE - BUDGET AND ACTUAL****FOR THE YEAR ENDED JUNE 30, 2024****WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2023**

	2024		2023
	Budget	Actual	Variance Favorable (Unfavorable)
Emergency Medical Services:			
Salaries and employee benefits		10,032,372	8,209,383
Operating expenditures		1,156,109	821,513
Capital outlay		54,108	117,512
Total	11,788,491	11,242,589	545,902
Animal Control:			
Salaries and employee benefits		613,254	597,317
Operating expenditures		185,705	184,266
Capital outlay		10,817	-
Total	963,795	809,776	154,019
Rescue Squad:			
Operating expenditures		757,750	557,750
Total	757,750	757,750	-
Total public safety	47,324,885	45,701,183	1,623,702
Environmental Protection:			
Soil and Water Conservation:			
Salaries and employee benefits		405,532	368,665
Operating expenditures		345,890	462,031
Capital outlay		-	37,195
Total	962,058	751,422	210,636
Forestry Service	151,972	57,477	94,495
Total environmental protection	1,114,030	808,899	305,131
Economic and Physical Development:			
Planning:			
Salaries and employee benefits		895,803	756,911
Operating expenditures		30,974	50,544
Total	1,026,246	926,777	99,469
Agricultural Extension:			
Salaries and employee benefits		607,393	411,187
Operating expenditures		73,753	74,835
Total	682,639	681,146	1,493
Project Management:			
Salaries and employee benefits		232,952	178,899
Operating expenditures		7,837	4,368
Total	267,360	240,789	26,571

HENDERSON COUNTY, NORTH CAROLINA**GENERAL FUND****SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES****IN FUND BALANCE - BUDGET AND ACTUAL****FOR THE YEAR ENDED JUNE 30, 2024****WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2023**

	2024		2023
	Budget	Actual	Variance Favorable (Unfavorable)
Agri-Business Development:			
Salaries and employee benefits		75,253	186,735
Operating expenditures		98,525	43,232
Total	220,084	173,778	46,306
Other Transfers:			
Heritage museum	100,000	100,000	-
Economic development contracts	945,777	802,558	143,219
Total	1,045,777	902,558	143,219
Total economic and physical development	3,242,106	2,925,048	317,058
Human Services:			
Health:			
General and Administration:			
Salaries and employee benefits		8,730,697	8,169,620
Operating expenditures		1,805,671	1,826,525
Capital outlay		38,528	26,688
Total	12,403,028	10,574,896	1,828,132
Total public health	12,403,028	10,574,896	1,828,132
Environmental Health:			
Salaries and employee benefits		1,663,992	1,470,924
Operating expenditures		68,353	59,256
Total	1,850,999	1,732,345	118,654
Home and Community Block Grant:			
Operating expenditures		882,294	886,976
Total	882,294	882,294	-
Medical Services:			
Operating expenditures		80,250	106,700
Total	90,000	80,250	9,750
Strategic Behavioral Health			
Salaries and employee benefits		214,005	-
Operating expenditures		596	-
Total	333,615	214,601	119,014
Social Services:			
Mental Health:			
Operating expenditures		528,612	528,612
Total	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, 2024
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2023

	2024			2023
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Administration:				
Salaries and employee benefits		15,832,803		14,008,295
Operating expenditures		1,615,806		1,234,966
Total	18,361,104	17,448,609	912,495	15,243,261
TANF Program:				
County participation only	1,000	159	841	-
Income Maintenance Program:				
Supplemental aid to the aged		282,661		238,354
Supplemental aid to the disabled		666,913		545,638
Crisis intervention payments		17,953		154,403
Total	1,218,388	967,527	250,861	938,395
LIEAP Operations:				
LIEAP Operations	466,441	22,682	443,759	44,245
Foster Care:				
State boarding home		540,372		550,000
Foster care - children		576,143		590,872
Adoption assistance		433,307		314,142
Total	1,787,440	1,549,822	237,618	1,455,014
Other Assistance:				
Social work contracts	163,888	156,675	7,213	150,294
Medicaid transportation	40,000	30,737	9,263	27,397
Aid to the blind	8,025	8,025	-	7,539
Adult day care	86,256	50,820	35,436	77,365
General assistance	100,000	65,695	34,305	72,818
JOBS program	5,000	866	4,134	536
EDTAP program	233,699	233,699	-	174,246
Emergency assistance	5,000	22,095	(17,095)	58,990
Other assistance	337,818	263,357	74,461	222,732
Total	979,686	831,969	147,717	791,917
Total social services	23,342,671	21,349,380	1,993,291	19,001,444

HENDERSON COUNTY, NORTH CAROLINA**GENERAL FUND****SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES****IN FUND BALANCE - BUDGET AND ACTUAL****FOR THE YEAR ENDED JUNE 30, 2024****WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2023**

	2024		2023
	Budget	Actual	Variance Favorable (Unfavorable)
Veteran Services:			
Salaries and employee benefits		198,227	90,341
Operating expenditures		21,713	17,604
Total	245,704	219,940	25,764
Juvenile Justice Grant:			
Operating expenditures	360,070	360,053	17
Total human services	39,508,381	35,413,759	4,094,622
Cultural and Recreational:			
Library:			
Salaries and employee benefits		3,224,694	2,991,277
Operating expenditures		748,519	775,862
Capital outlay		5,680	-
Total	4,239,520	3,978,893	260,627
Parks and Recreation:			
Salaries and employee benefits		1,970,003	1,642,550
Operating expenditures		939,355	871,345
Capital outlay		35,427	-
Total	3,042,406	2,944,785	97,621
Total cultural and recreational	7,281,926	6,923,678	358,248
Intergovernmental:			
Education:			
Public schools - current expense		33,128,000	31,612,938
Public schools - capital expense		1,500,000	1,500,000
Community colleges - capital expense		5,500,000	5,250,000
Total education	40,128,000	40,128,000	-
Debt Service:			
Principal	14,230,548	14,230,548	-
Interest	5,533,046	5,515,462	17,584
Total debt service	19,763,594	19,746,010	17,584
Total expenditures	189,653,056	179,539,365	10,113,691
Revenues over (under) expenditures	(6,999,992)	20,473,191	27,473,183

HENDERSON COUNTY, NORTH CAROLINA**GENERAL FUND****SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES****IN FUND BALANCE - BUDGET AND ACTUAL****FOR THE YEAR ENDED JUNE 30, 2024****WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2023**

	<u>2024</u>		<u>2023</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
			<u>Actual</u>
Other Financing Sources (Uses):			
Lease liabilities issued	-	-	-
Subscription liabilities issued	566,258	566,257	(1)
Transfers in	2,137,683	1,839,791	(297,892)
Transfers (out)	(20,031,001)	(20,031,001)	-
Appropriated fund balance	24,327,052	-	(24,327,052)
			-
Total other financing sources (uses)	6,999,992	(17,624,953)	(24,624,945)
			(11,192,710)
Net changes in fund balance	\$ -	2,848,238	\$ 2,848,238
			7,137,849
Fund Balance:			
Fund balance - beginning		93,037,484	85,899,635
End of year - June 30		<u>\$ 95,885,722</u>	<u>\$ 93,037,484</u>

HENDERSON COUNTY, NORTH CAROLINA
GENERAL CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2024

		Actual		
	Project Authorization	Prior Years	Current Year	Total to Date
Revenues:				
Restricted intergovernmental revenues	\$ 45,894,464	\$ 2,366,518	\$ 2,960,584	\$ 5,327,102
Investment earnings	24,453	152,359	142,154	294,513
Miscellaneous	810,073	2,154,065	2,142,043	4,296,108
Total	<u>46,728,990</u>	<u>4,672,942</u>	<u>5,244,781</u>	<u>9,917,723</u>
Expenditures:				
General government	<u>123,547,607</u>	<u>55,001,652</u>	<u>17,401,193</u>	<u>72,402,845</u>
Debt Service:				
Interest and fees	<u>314,951</u>	<u>314,951</u>	<u>-</u>	<u>314,951</u>
Total expenditures	<u>123,862,558</u>	<u>55,316,603</u>	<u>17,401,193</u>	<u>72,717,796</u>
Revenues over (under) expenditures	<u>(77,133,568)</u>	<u>(50,643,661)</u>	<u>(12,156,412)</u>	<u>(62,800,073)</u>
Other Financing Sources (Uses):				
Transfers (out):				
To General Fund	(236,151)	(517,238)	(2,106)	(519,344)
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	18,949,513	16,367,804	5,655,420	22,023,224
From Capital Reserve Fund	2,046,550	793,653	1,298,765	2,092,418
From Capital Projects Fund	1,359,500	650,000	-	650,000
From ARPA Fund	17,150,000	604,879	6,400,781	7,005,660
From Public Transit Fund	<u>296,977</u>	<u>296,977</u>	<u>-</u>	<u>296,977</u>
Total transfers in (out)	<u>37,731,087</u>	<u>17,392,955</u>	<u>13,352,860</u>	<u>30,745,815</u>
Debt issued	34,113,251	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>77,133,568</u>	<u>56,033,641</u>	<u>13,352,860</u>	<u>69,386,501</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 5,389,980</u>	<u>1,196,448</u>	<u>\$ 6,586,428</u>
Fund Balance:				
Beginning of year - July 1			<u>4,778,725</u>	
End of year - June 30			<u>\$ 5,975,173</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, 2024

		Actual		
	Project Authorization	Prior Years	Current Year	Total to Date
Revenues:				
Investment earnings	\$ 51,400	\$ 706,391	\$ 114,299	\$ 820,690
Miscellaneous	971,191	1,116,204	18,469	1,134,673
Total revenues	<u>1,022,591</u>	<u>1,822,595</u>	<u>132,768</u>	<u>1,955,363</u>
Expenditures:				
Capital outlay:				
General education	<u>112,580,189</u>	<u>98,245,043</u>	<u>7,834,304</u>	<u>106,079,347</u>
Debt Service:				
Interest and fees	<u>526,366</u>	<u>526,366</u>	<u>-</u>	<u>526,366</u>
Total expenditures	<u>113,106,555</u>	<u>98,771,409</u>	<u>7,834,304</u>	<u>106,605,713</u>
Revenues over (under) expenditures	<u>(112,083,964)</u>	<u>(96,948,814)</u>	<u>(7,701,536)</u>	<u>(104,650,350)</u>
Other Financing Sources (Uses):				
Installment financing issued				
Bonds issued	76,750,000	76,750,000	-	76,750,000
Bond premiums issued	10,496,830	10,496,830	-	10,496,830
Transfers in:				
From Capital Reserve Fund	250,850	250,850	-	250,850
From HCPS-MRTS Project Fund	18,560,868	7,884,800	5,923,707	13,808,507
From BRCC-MRTS Project Fund	<u>7,653,951</u>	<u>5,255,792</u>	<u>1,819,149</u>	<u>7,074,941</u>
From Debt Service Fund	-	-	-	-
Transfers out:				
To General Fund	<u>(1,628,535)</u>	<u>-</u>	<u>(1,628,535)</u>	<u>(1,628,535)</u>
Total other financing sources (uses)	<u>112,083,964</u>	<u>100,638,272</u>	<u>6,114,321</u>	<u>106,752,593</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 3,689,458</u>	<u>(1,587,215)</u>	<u>\$ 2,102,243</u>
Fund Balance:				
Fund balance - beginning			<u>3,127,562</u>	
End of year - June 30			<u>\$ 1,540,347</u>	

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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.

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, 2024

	Nonmajor Special Revenue Funds	Nonmajor Capital Project Funds	Debt Service Fund	Total Nonmajor Governmental Funds
Assets:				
Cash and investments	\$ 3,497,130	\$ 19,473,962	\$ 5,635,724	\$ 28,606,816
Accounts receivable, net	1,987,399	-	-	1,987,399
Prepaid items	19,818	-	-	19,818
Restricted cash	6,251,177	-	-	6,251,177
Total assets	<u>\$ 11,755,524</u>	<u>\$ 19,473,962</u>	<u>\$ 5,635,724</u>	<u>\$ 36,865,210</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable and accrued liabilities	\$ 344,875	\$ -	\$ -	\$ 344,875
Liabilities to be paid from restricted assets	75,954	-	-	75,954
Total liabilities	<u>420,829</u>	<u>-</u>	<u>-</u>	<u>420,829</u>
Deferred Inflows of Resources:				
Prepaid taxes	7,831	-	-	7,831
Unavailable revenues	777,264	-	-	777,264
Total deferred inflows of resources	<u>785,095</u>	<u>-</u>	<u>-</u>	<u>785,095</u>
Fund Balances:				
Non-spendable				
Prepaid items	19,818	-	-	19,818
Restricted:				
Stabilization by state statute	1,063,448	-	-	1,063,448
Restricted, all other	6,828,785	9,426,332	-	16,255,117
Committed	2,637,549	10,047,630	5,635,724	18,320,903
Total fund balances	<u>10,549,600</u>	<u>19,473,962</u>	<u>5,635,724</u>	<u>35,659,286</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 11,755,524</u>	<u>\$ 19,473,962</u>	<u>\$ 5,635,724</u>	<u>\$ 36,865,210</u>

HENDERSON COUNTY, NORTH CAROLINA**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2024**

	Nonmajor Special Revenue Funds	Nonmajor Capital Project Funds	Debt Service Fund	Total Nonmajor Governmental Funds
Revenues:				
Ad valorem taxes	\$ 18,546,821	\$ -	\$ -	\$ 18,546,821
Restricted intergovernmental revenues	908,186	-	-	908,186
Sales and services	16,665	-	-	16,665
Investment earnings	283,888	-	-	283,888
Miscellaneous	5,376,225	-	-	5,376,225
Total revenues	<u>25,131,785</u>	<u>-</u>	<u>-</u>	<u>25,131,785</u>
Expenditures:				
Current:				
General government	1,399,138	-	-	1,399,138
Public safety	17,287,835	-	-	17,287,835
Economic and physical development	793,495	-	-	793,495
Human services	229,951	-	-	229,951
Education	416,856	-	-	416,856
Total expenditures	<u>20,127,275</u>	<u>-</u>	<u>-</u>	<u>20,127,275</u>
Revenues over (under) expenditures	<u>5,004,510</u>	<u>-</u>	<u>-</u>	<u>5,004,510</u>
Other Financing Sources (Uses):				
Transfers from:				
General Fund	20,000	11,794,133	1,628,535	13,442,668
School Capital Projects Fund			-	-
General Capital Projects Fund	-	300,000	-	300,000
Transfers to:				
General Capital Projects Fund	-	(1,971,115)	-	(1,971,115)
School Capital Projects Fund	-	(6,114,321)	-	(6,114,321)
Debt Service Fund	-	(1,628,535)	-	(1,628,535)
General Fund	<u>(209,150)</u>	<u>-</u>	<u>-</u>	<u>(209,150)</u>
Total other financing sources (uses)	<u>(189,150)</u>	<u>2,380,162</u>	<u>1,628,535</u>	<u>3,819,547</u>
Net change in fund balances	<u>4,815,360</u>	<u>2,380,162</u>	<u>1,628,535</u>	<u>8,824,057</u>
Fund Balances:				
Beginning of year - July 1	<u>5,734,240</u>	<u>17,093,800</u>	<u>4,007,189</u>	<u>26,835,229</u>
End of year - June 30	<u>\$ 10,549,600</u>	<u>\$ 19,473,962</u>	<u>\$ 5,635,724</u>	<u>\$ 35,659,286</u>

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NONMAJOR SPECIAL REVENUE FUNDS

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HENDERSON COUNTY, NORTH CAROLINA

NONMAJOR SPECIAL REVENUE FUNDS COMBINING BALANCE SHEET JUNE 30, 2024

	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, 2024
Assets:							
Cash and investments	\$ -	\$ 521,639	\$ 2,829,843	\$ 145,648	\$ -	\$ -	\$ 3,497,130
Accounts receivable, net	-	1,389	780,683	99,711	46,976	1,058,640	1,987,399
Prepaid items	-	19,818	-	-	-	-	19,818
Restricted cash	2,713,503	-	-	-	39,773	3,497,901	6,251,177
Total assets	<u>\$ 2,713,503</u>	<u>\$ 542,846</u>	<u>\$ 3,610,526</u>	<u>\$ 245,359</u>	<u>\$ 86,749</u>	<u>\$ 4,556,541</u>	<u>\$ 11,755,524</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:							
Liabilities:							
Accounts payable and accrued liabilities	\$ -	\$ 374	\$ 58,223	\$ 237,528	\$ 46,120	\$ 2,630	\$ 344,875
Liabilities to be paid from restricted assets	75,954	-	-	-	-	-	75,954
Total liabilities	<u>75,954</u>	<u>374</u>	<u>58,223</u>	<u>237,528</u>	<u>46,120</u>	<u>2,630</u>	<u>420,829</u>
Deferred Inflows of Resources:							
Prepaid taxes	-	-	-	7,831	-	-	7,831
Unavailable revenues	-	-	777,264	-	-	-	777,264
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>777,264</u>	<u>7,831</u>	<u>-</u>	<u>-</u>	<u>785,095</u>
Fund Balances:							
Non-spendable							
Prepaid items	-	19,818	-	-	-	-	19,818
Restricted:							
Stabilization by state statute	-	1,389	3,419	-	-	1,058,640	1,063,448
Restricted, all other	-	521,265	2,771,620	-	40,629	3,495,271	6,828,785
Committed	2,637,549	-	-	-	-	-	2,637,549
Total fund balances	<u>2,637,549</u>	<u>542,472</u>	<u>2,775,039</u>	<u>-</u>	<u>40,629</u>	<u>4,553,911</u>	<u>10,549,600</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 2,713,503</u>	<u>\$ 542,846</u>	<u>\$ 3,610,526</u>	<u>\$ 245,359</u>	<u>\$ 86,749</u>	<u>\$ 4,556,541</u>	<u>\$ 11,755,524</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, 2024**

	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, 2024
Revenues:							
Ad valorem taxes	\$ 1,510,021	\$ -	\$ -	\$ 17,036,800	\$ -	\$ -	\$ 18,546,821
Restricted intergovernmental revenues	-	-	908,186	-	-	-	908,186
Sales and services	-	16,665	-	-	-	-	16,665
Investment earnings	129,010	32,003	-	3,413	2,773	116,689	283,888
Miscellaneous	-	-	120,119	-	587,648	4,668,458	5,376,225
Total revenues	<u>1,639,031</u>	<u>48,668</u>	<u>1,028,305</u>	<u>17,040,213</u>	<u>590,421</u>	<u>4,785,147</u>	<u>25,131,785</u>
Expenditures:							
Current:							
General government	1,311,403	-	-	-	87,735	-	1,399,138
Public safety	-	227,622	-	17,060,213	-	-	17,287,835
Economic and physical development	-	-	793,495	-	-	-	793,495
Human Services	-	-	-	-	155,465	74,486	229,951
Education	-	-	-	-	416,856	-	416,856
Total expenditures	<u>1,311,403</u>	<u>227,622</u>	<u>793,495</u>	<u>17,060,213</u>	<u>660,056</u>	<u>74,486</u>	<u>20,127,275</u>
Revenues over (under) expenditures	327,628	(178,954)	234,810	(20,000)	(69,635)	4,710,661	5,004,510
Other Financing Sources (Uses):							
Transfers from:							
General Fund	-	-	-	20,000	-	-	20,000
Transfers to:							
General Fund	<u>-</u>	<u>(52,400)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(156,750)</u>	<u>(209,150)</u>
Total other financing sources (uses)	<u>-</u>	<u>(52,400)</u>	<u>-</u>	<u>20,000</u>	<u>-</u>	<u>(156,750)</u>	<u>(189,150)</u>
Net change in fund balances	327,628	(231,354)	234,810	-	(69,635)	4,553,911	4,815,360
Fund Balances:							
Beginning of year, July 1	<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>
End of year - June 30	<u>\$ 2,637,549</u>	<u>\$ 542,472</u>	<u>\$ 2,775,039</u>	<u>\$ -</u>	<u>\$ 40,629</u>	<u>\$ 4,553,911</u>	<u>\$ 10,549,600</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, 2024****WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2023**

	2024			2023
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Revenues:				
Ad valorem taxes	\$ 1,510,021	\$ 1,510,021	\$ -	1,517,381
Investment earnings	-	129,010	129,010	55,343
Total revenues	<u>1,510,021</u>	<u>1,639,031</u>	<u>129,010</u>	<u>1,572,724</u>
Expenditures:				
Current:				
General government	<u>1,510,021</u>	<u>1,311,403</u>	<u>198,618</u>	<u>1,206,681</u>
Net change in fund balance	<u>\$ -</u>	<u>327,628</u>	<u>\$ 327,628</u>	<u>366,043</u>
Fund Balance:				
Beginning of year - July 1		<u>2,309,921</u>		<u>1,943,878</u>
End of year - June 30		<u>\$ 2,637,549</u>		<u>\$ 2,309,921</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, 2024****WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2023**

	2024			2023
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Revenues:				
Investment earnings	\$ -	\$ 32,003	\$ 32,003	22,230
Subscriber charges	16,664	16,665	1	80,598
Total revenues	16,664	48,668	32,004	102,828
Expenditures:				
Current:				
Public safety	293,716	227,622	66,094	335,660
Revenues over (under) expenditures	(277,052)	(178,954)	98,098	(232,832)
Other Financing Sources (Uses):				
Transfers out:				
To General Fund	(52,400)	(52,400)	-	-
Appropriated fund balance	329,452	-	(329,452)	-
Net change in fund balance	\$ -	(231,354)	\$ (231,354)	(232,832)
Fund Balance:				
Beginning of year - July 1		773,826		1,006,658
End of year - June 30		\$ 542,472		\$ 773,826
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		\$ 542,472		
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		\$ 496,551		

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, 2024****WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2023**

	2024			2023
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Revenues:				
Restricted intergovernmental	\$ 1,078,769	\$ 908,186	\$ (170,583)	\$ 510,912
Miscellaneous	102,709	120,119	17,410	179,945
Total revenues	<u>1,181,478</u>	<u>1,028,305</u>	<u>(153,173)</u>	<u>690,857</u>
Expenditures:				
Current:				
Economic and physical development	<u>1,245,626</u>	<u>793,495</u>	<u>452,131</u>	<u>818,516</u>
Revenues over (under) expenditures	<u>(64,148)</u>	<u>234,810</u>	<u>298,958</u>	<u>(127,659)</u>
Other Financing Sources (Uses):				
Transfers in:				
General Fund	-	-	-	14,874
Appropriated fund balance	<u>64,148</u>	<u>-</u>	<u>(64,148)</u>	<u>-</u>
Total other financing sources (uses)	<u>64,148</u>	<u>-</u>	<u>(64,148)</u>	<u>14,874</u>
Net change in fund balance	<u>\$ -</u>	<u>234,810</u>	<u>\$ 234,810</u>	<u>(112,785)</u>
Fund Balance:				
Beginning of year - July 1		<u>2,540,229</u>		<u>2,653,014</u>
End of year - June 30		<u>\$ 2,775,039</u>		<u>\$ 2,540,229</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, 2024****WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2023**

	2024			2023
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Revenues:				
Ad valorem taxes	\$ 17,038,863	\$ 17,036,800	\$ (2,063)	12,572,287
Investment earnings	<u>1,350</u>	<u>3,413</u>	<u>2,063</u>	<u>1,781</u>
Total revenues	<u>17,040,213</u>	<u>17,040,213</u>	<u>-</u>	<u>12,574,068</u>
Expenditures:				
Current:				
Public safety	<u>17,060,213</u>	<u>17,060,213</u>	<u>-</u>	<u>12,594,068</u>
Total expenditures	<u>17,060,213</u>	<u>17,060,213</u>	<u>-</u>	<u>12,594,068</u>
Revenues over (under) expenditures	<u>(20,000)</u>	<u>(20,000)</u>	<u>-</u>	<u>(20,000)</u>
Other Financing Sources (Uses):				
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>-</u>
Fund Balance:				
Beginning of year - July 1		<u>-</u>		<u>-</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, 2024****WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2023**

	2024			2023
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Revenues:				
Improvement guarantees	\$ 200,000	\$ -	\$ (200,000)	\$ 50,000
Representative payee revenues	350,000	154,674	(195,326)	181,867
Fines and forfeitures	400,000	432,974	32,974	423,389
Investment earnings	10,000	2,773	(7,227)	3,460
Total revenues	960,000	590,421	(369,579)	658,716
Expenditures:				
Current:				
General government	200,000	87,735	112,265	459,072
Human services	350,000	155,465	194,535	176,321
Education	410,000	416,856	(6,856)	449,614
Total expenditures	960,000	660,056	299,944	1,085,007
Revenues over (under) expenditures	-	(69,635)	(69,635)	(426,291)
Net change in fund balance	\$ -	(69,635)	\$ (69,635)	(426,291)
Fund Balance:				
Beginning of year - July 1		110,264		536,555
End of year - June 30		\$ 40,629		\$ 110,264

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, 2024

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

	2024			2023
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Revenues:				
Opioid Settlement Funds	\$ -	\$ 4,668,458	\$ 4,668,458	\$ -
Investment earnings	-	116,689	116,689	13,185
Total revenues	-	4,785,147	4,785,147	13,185
Expenditures:				
Current:				
Human services	298,050	74,486	223,564	13,366
Total expenditures	298,050	74,486	223,564	13,366
Revenues over (under) expenditures	(298,050)	4,710,661	5,008,711	(181)
Other Financing Sources (Uses):				
Transfers out:				
To General Fund	(298,615)	(156,750)	141,865	-
Appropriated fund balance	596,665	-	(596,665)	-
Total other financing sources (uses)	298,050	(156,750)	(454,800)	-
Net change in fund balance	\$ -	4,553,911	\$ 4,553,911	(181)
Fund Balance:				
Beginning of year - July 1		-		181
End of year - June 30		\$ 4,553,911		\$ -

NONMAJOR CAPITAL PROJECT FUNDS

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HENDERSON COUNTY, NORTH CAROLINA
NONMAJOR CAPITAL PROJECT FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2024

	Nonmajor Capital Project Funds			
	General Capital Reserve Fund	HCPS- MRTS Fund	BRCC- MRTS Fund	Totals June 30, 2024
Assets:				
Cash and investments	\$ 10,047,630	\$ 7,164,651	\$ 2,261,681	\$ 19,473,962
Total assets	\$ 10,047,630	\$ 7,164,651	\$ 2,261,681	\$ 19,473,962
Fund Balances:				
Restricted, all other	\$ -	\$ 7,164,651	\$ 2,261,681	\$ 9,426,332
Committed	10,047,630	-	-	10,047,630
Total fund balances	10,047,630	7,164,651	2,261,681	19,473,962
Total liabilities and fund balances resources, and fund balances	\$ 10,047,630	\$ 7,164,651	\$ 2,261,681	\$ 19,473,962

HENDERSON COUNTY, NORTH CAROLINA

NONMAJOR CAPITAL PROJECT FUNDS COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES FOR THE YEAR ENDED JUNE 30, 2024

	Nonmajor Capital Project Funds			
	General Capital Reserve Fund	HCPS- MRTS Fund	BRCC- MRTS Fund	Totals June 30, 2024
Other Financing Sources (Uses):				
Transfers from:				
General Fund	\$ 4,888,883	\$ 4,603,500	\$ 2,301,750	\$ 11,794,133
General Capital Projects Fund	300,000			300,000
Transfers to:				
General Capital Projects Fund	(1,971,115)	-	-	(1,971,115)
School Capital Projects Fund	-	(4,295,172)	(1,819,149)	(6,114,321)
Debt Service Fund	-	(1,628,535)	-	(1,628,535)
Total other financing sources (uses)	<u>3,217,768</u>	<u>(1,320,207)</u>	<u>482,601</u>	<u>2,380,162</u>
Net change in fund balances	3,217,768	(1,320,207)	482,601	2,380,162
Fund Balances:				
Beginning of year - July 1	<u>6,829,862</u>	<u>8,484,858</u>	<u>1,779,080</u>	<u>17,093,800</u>
End of year - June 30	<u>\$ 10,047,630</u>	<u>\$ 7,164,651</u>	<u>\$ 2,261,681</u>	<u>\$ 19,473,962</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, 2024****WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2023**

	2024			2023
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Expenditures:				
Capital outlay:	\$ 5,188,883	\$ -	\$ 5,188,883	\$ -
Total expenditures	5,188,883	-	5,188,883	-
Revenues over (under) expenditures	5,188,883	-	5,188,883	-
Other Financing Sources (Uses):				
Transfers out:				
To General Capital Projects Fund	(1,971,115)	(1,971,115)	-	(147,388)
Transfers in:				
From General Fund	4,888,883	4,888,883	-	1,710,808
From Capital Project Fund	300,000	300,000	-	-
Appropriated fund balance	2,007,510	-	(2,007,510)	-
Total other financing sources (uses)	5,188,883	3,217,768	(1,971,115)	1,563,420
Net change in fund balance	\$ -	3,217,768	\$ 3,217,768	1,563,420
Fund Balance:				
Beginning of year - July 1		6,829,862		5,266,442
End of year - June 30		\$ 10,047,630		\$ 6,829,862

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, 2024

	<u>2024</u>			<u>2023</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>Actual</u>
Other Financing Sources (Uses):				
Transfers in:				
From General Fund	\$ 4,603,500	\$ 4,603,500	\$ -	\$ 5,132,424
Transfers out:				
To Schools Capital Projects Fund	(10,716,342)	(4,295,172)	6,421,170	(1,365,632)
To Debt Service Fund	(1,628,535)	(1,628,535)	-	
Appropriated fund balance	<u>7,741,377</u>	<u>-</u>	<u>(7,741,377)</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>(1,320,207)</u>	<u>(1,320,207)</u>	<u>3,766,792</u>
Net change in fund balance	<u>\$ -</u>	<u>(1,320,207)</u>	<u>\$ (1,320,207)</u>	<u>3,766,792</u>
Fund Balance:				
Beginning of year - July 1		<u>8,484,858</u>		<u>4,718,066</u>
End of year - June 30		<u>\$ 7,164,651</u>		<u>\$ 8,484,858</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, 2024

	<u>2024</u>			<u>2023</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>Actual</u>
Other Financing Sources (Uses):				
Transfers in:				
From General Fund	\$ 2,301,750	\$ 2,301,750	\$ -	\$ 3,421,616
Transfers out:				
To Schools Capital Projects Fund	(2,794,992)	(1,819,149)	975,843	(1,483,994)
To Debt Service Fund	-	-	-	(1,778,900)
Appropriated fund balance	<u>493,242</u>	<u>-</u>	<u>(493,242)</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>482,601</u>	<u>482,601</u>	<u>158,722</u>
Net change in fund balance	<u>\$ -</u>	<u>482,601</u>	<u>\$ 482,601</u>	<u>158,722</u>
Fund Balance:				
Beginning of year - July 1		<u>1,779,080</u>		<u>1,620,358</u>
End of year - June 30		<u>\$ 2,261,681</u>		<u>\$ 1,779,080</u>

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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.

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HENDERSON COUNTY, NORTH CAROLINA**DEBT SERVICE FUND****SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES****IN FUND BALANCE - BUDGET AND ACTUAL****FOR THE YEAR ENDED JUNE 30, 2024****WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2023**

	<u>2024</u>			<u>2023</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>Actual</u>
Expenditures:				
Debt service:				
Principal repayments	\$ 1,628,535	\$ -	\$ 1,628,535	\$ -
Total expenditures	<u>1,628,535</u>	<u>-</u>	<u>1,628,535</u>	<u>-</u>
Revenues over (under) expenditures	<u>(1,628,535)</u>	<u>-</u>	<u>1,628,535</u>	<u>-</u>
Other Financing Sources (Uses):				
Transfers in:				
From General Fund	1,628,535	1,628,535	-	-
From School Capital Project Fund	-	-	-	1,778,900
Transfers out:				
To General Fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,290,327)</u>
Total other financing sources (uses)	<u>1,628,535</u>	<u>1,628,535</u>	<u>-</u>	<u>(511,427)</u>
Net change in fund balance	<u>\$ -</u>	<u>1,628,535</u>	<u>\$ 1,628,535</u>	<u>(511,427)</u>
Fund Balance:				
Beginning of year - July 1		<u>4,007,189</u>		<u>4,518,616</u>
End of year - June 30		<u>\$ 5,635,724</u>		<u>\$ 4,007,189</u>

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ENTERPRISE FUNDS

Enterprise funds account for the operations financed and operated in a manner similar to private business enterprises – where the intent of the government’s board is that the costs of providing goods or services to the general public on a continuing basis be financed primarily through user charges.

Individual Fund Descriptions:

Landfill Fund – Accounts for solid waste collection and disposal operations including recycling in the County that is financed through solid waste user fees.

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, 2024 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2023

	2024			2023
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Revenues:				
Operating revenues	\$ 9,060,624	\$ 8,766,058	\$ (294,566)	\$ 8,262,391
Non-operating revenues:				
Grant revenues	218,923	304,500	85,577	258,384
Sale of capital assets	60,000	6,100	(53,900)	4,705
Interest income	8,000	128,392	120,392	26,760
Total revenues	9,347,547	9,205,050	(142,497)	8,552,240
Expenditures:				
Salaries and employee benefits	1,360,744	1,369,974	(9,230)	1,066,061
Other operating expenditures	8,807,092	7,125,964	1,681,128	7,041,014
Repairs and maintenance	939,252	343,879	595,373	262,843
Capital outlay	8,990,025	3,126,071	5,863,954	331,783
Total expenditures	20,097,113	11,965,888	8,131,225	8,701,701
Debt Service:				
Interest paid	22,363	22,329	34	20,813
Principal retirement	533,334	533,335	(1)	133,333
Total debt service	555,697	555,664	33	154,146
Revenues over (under) expenditures	(11,305,263)	(3,316,502)	(8,273,755)	(303,607)
Other Financing Sources (Uses):				
Transfers in:				
From General Fund	1,305,263	1,305,263	-	1,500,000
Debt issuance	10,000,000	10,000,000	-	-
Total other financing sources (uses)	11,305,263	11,305,263	-	1,500,000
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	7,988,761	\$ 7,988,761	\$ 1,196,393
Reconciliation of Modified Accrual Basis to Full Accrual Basis:				
Reconciling items:				
Capital contribution		-		
Capital outlay, capitalized		3,126,071		
Principal paid on debt		533,335		
Change in accrued interest		(40,616)		
Proceeds from installment debt		(10,000,000)		
Change in compensated absences		(4,833)		
Change in net pension liability		(118,528)		
Change in deferred outflows of resources - pension		35,429		
Change in deferred inflows of resources - pension		2,144		
Pension expense				
Change in other post-employment benefits		(23,008)		
Change in deferred outflows of resources - OPEB		(37,035)		
Change in deferred inflows of resources - OPEB		3,048		
Post-closure care costs		(160,875)		
Depreciation		(330,589)		
Total reconciling items		(7,015,457)		
Change in net position		\$ 973,304		

HENDERSON COUNTY, NORTH CAROLINA**JUSTICE ACADEMY SEWER FUND****SCHEDULE OF REVENUES AND EXPENDITURES****BUDGET AND ACTUAL (NON-GAAP)****FOR THE YEAR ENDED JUNE 30, 2024****WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2023**

	<u>2024</u>			<u>2023</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>Actual</u>
Revenues:				
Operating revenues	\$ 45,000	\$ 45,000	\$ -	45,000
Non-operating revenues:				
Interest income	<u>8,439</u>	<u>39,532</u>	<u>31,093</u>	<u>19,150</u>
Total revenues	<u>53,439</u>	<u>84,532</u>	<u>31,093</u>	<u>64,150</u>
Expenditures:				
Water and sewer administration:				
Operating expenditures	64,239	43,771	20,468	48,489
Repairs and maintenance	<u>3,500</u>	<u>2,349</u>	<u>1,151</u>	<u>3,597</u>
Total expenditures	<u>67,739</u>	<u>46,120</u>	<u>21,619</u>	<u>52,086</u>
Revenues over (under) expenditures	(14,300)	38,412	52,712	12,064
Other Financing Sources (Uses):				
Appropriated retained earnings	<u>14,300</u>	-	<u>(14,300)</u>	-
Total other financing sources (uses)	<u>14,300</u>	-	<u>(14,300)</u>	-
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>38,412</u>	<u>\$ 38,412</u>	<u>\$ 12,064</u>

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

Reconciling items:

Depreciation (10,863)Total reconciling items (10,863)Change in net position \$ 27,549

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CUSTODIAL FUNDS

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HENDERSON COUNTY, NORTH CAROLINA

COMBINING STATEMENT OF FIDUCIARY NET POSITION
 CUSTODIAL FUNDS
 JUNE 30, 2024

	<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>
Assets:									
Cash and cash equivalents	\$ 170,689	\$ -	\$ 220,035	\$ -	\$ 77,258	\$ 8,014	\$ 29,963		\$ 505,959
Receivables, net	-	-	-	-	-	-	685,758	-	685,758
Total assets	<u>170,689</u>	<u>-</u>	<u>220,035</u>	<u>-</u>	<u>77,258</u>	<u>8,014</u>	<u>715,721</u>	<u>-</u>	<u>1,191,717</u>
Liabilities:									
Accounts payable and accrued liabilities	-	-	-	-	-	-	191,709	-	191,709
Net Position:									
Restricted for:									
Individuals, organizations and other governments	<u>\$ 170,689</u>	<u>\$ -</u>	<u>\$ 220,035</u>	<u>\$ -</u>	<u>\$ 77,258</u>	<u>\$ 8,014</u>	<u>\$ 524,012</u>	<u>\$ -</u>	<u>\$ 1,000,008</u>

HENDERSON COUNTY, NORTH CAROLINA

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION CUSTODIAL FUNDS FOR THE YEAR ENDED JUNE 30, 2024

	Agriculture Fund	Flexible Spending Fund	Fireman's Association Fund	HC AG Business Fund	Jail Inmate Commissary Fund	Domestic Violence Fund	Municipal Tax Collections	Register of Deeds Funds	Total Custodial Funds
Additions:									
Ad valorem taxes for other governments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19,122,948	\$ -	\$ 19,122,948
Cooperative extension receipts	65,644	-	-	-	-	-	-	-	65,644
Contributions from employees	-	393,516	-	-	-	-	-	-	393,516
Program fees collected	-	-	176,113	1,120	376,087	-	-	8,358	561,678
Investment earnings	-	-	11,767	-	-	-	-	-	11,767
Total additions	<u>65,644</u>	<u>393,516</u>	<u>187,880</u>	<u>1,120</u>	<u>376,087</u>	<u>-</u>	<u>19,122,948</u>	<u>8,358</u>	<u>20,147,195</u>
Deductions:									
Tax distributions to other governments	-	-	-	-	-	-	18,836,525	-	18,836,525
Employee flex benefits	-	393,516	-	-	-	-	-	-	393,516
Distributions to programs	<u>57,528</u>	<u>-</u>	<u>161,610</u>	<u>23,509</u>	<u>385,198</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>627,845</u>
Distributions to account holders	-	-	-	-	-	-	-	-	-
Total deductions	<u>57,528</u>	<u>393,516</u>	<u>161,610</u>	<u>23,509</u>	<u>385,198</u>	<u>-</u>	<u>18,836,525</u>	<u>-</u>	<u>19,857,886</u>
Net increase (decrease) in fiduciary net position	8,116	-	26,270	(22,389)	(9,111)	-	286,423	8,358	297,667
Net Position:									
Beginning of year - July 1	<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>
End of year - June 30	<u>\$ 170,689</u>	<u>\$ -</u>	<u>\$ 220,035</u>	<u>\$ -</u>	<u>\$ 77,258</u>	<u>\$ 8,014</u>	<u>\$ 524,012</u>	<u>\$ -</u>	<u>\$ 1,000,008</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, 2024

Fiscal Year	Uncollected Balance July 1, 2023	Additions	Collections and Credits	Uncollected Balance June 30, 2024
2023-2024	\$ -	\$ 106,589,086	\$ 105,949,546	\$ 639,540
2022-2023	729,108	-	456,571	272,537
2021-2022	212,147	-	106,691	105,456
2020-2021	106,532	-	34,242	72,290
2019-2020	85,810	-	13,743	72,067
2018-2019	70,864	-	6,786	64,078
2017-2018	40,744	-	4,791	35,953
2016-2017	31,875	-	2,707	29,168
2015-2016	34,862	-	1,535	33,327
2014-2015	38,246	-	1,677	36,569
2013-2014	<u>72,957</u>	-	<u>72,957</u>	-
Total	<u>\$ 1,423,145</u>	<u>\$ 106,589,086</u>	<u>\$ 106,651,246</u>	1,360,985
Less: allowance for uncollectible accounts: General Fund				<u>(507,323)</u>
Ad valorem taxes receivable net: General Fund				<u>\$ 853,662</u>
Reconciliation with Revenues:				
Ad valorem taxes - General Fund			\$ 105,376,735	
Ad valorem taxes - Revaluation Fund			<u>1,510,021</u>	
Total ad valorem taxes				106,886,756
Reconciling items:				
Interest and advertising fees				(301,219)
Late list penalty				(149,144)
Other fees and miscellaneous adjustments				141,896
Amounts written off per statute of limitations				<u>72,957</u>
Total collections and credits			<u>\$ 106,651,246</u>	

HENDERSON COUNTY, NORTH CAROLINA

ANALYSIS OF CURRENT TAX LEVY FOR THE YEAR ENDED JUNE 30, 2024

	County-Wide			Total Levy	
	Property Valuation	Rate	Amount of Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original Levy:					
Property taxed at current year's rate	\$ 24,776,785,933	\$ 0.4310	\$ 106,787,948	\$ 99,255,500	\$ 7,532,448
Discoveries:					
Current year taxes	6,102,341	0.4310	26,301	26,301	-
Penalties	-		145,076	145,076	-
Total	6,102,341		171,377	171,377	-
Releases	(85,902,218)	0.4310	(370,239)	(317,020)	(53,219)
Total property valuation	\$ 24,696,986,056				
Net Levy			106,589,086	99,109,857	7,479,229
Uncollected taxes at June 30, 2024			(639,540)	(633,949)	(5,591)
Current Year's Taxes Collected			\$ 105,949,546	\$ 98,475,908	\$ 7,473,638
Current Levy Collection Percentage			99.40%	99.36%	99.93%

HENDERSON COUNTY, NORTH CAROLINA**ANALYSIS OF CURRENT TAX LEVY - COUNTY-WIDE LEVY
FOR THE YEAR ENDED JUNE 30, 2024****Secondary Market Disclosures:**

Assessed valuation:

Assessment ratio (1) 99.90%

Real property	\$ 21,258,088,268
Personal property	3,010,304,467
Public service companies (2)	<u>428,593,321</u>

Total assessed valuation	<u>\$ 24,696,986,056</u>
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Tax rate per \$100	<u>\$ 0.4310</u>
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Levy (includes discoveries, releases and abatements) (3)	\$ 106,589,086
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In addition to the County-wide rate, the following table lists the levies by the County on behalf of fire protection districts for the fiscal year ended June 30, 2023:

Fire protection districts	<u>15,823,625</u>
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Total	<u>\$ 122,412,711</u>
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(1) Percentage of appraised value has been established by statute.

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

(3) The levy includes interest and penalties.

STATISTICAL SECTION

The Statistical Section includes data extracted from prior years' financial reports and various other sources.

The information presented in this section does not provide full and adequate disclosure of financial information for prior years required by generally accepted accounting principles. Such information is provided for supplementary analysis purposes and should be relied on only for the purpose specified.

Financial Trends

These schedules contain trend information to help the reader understand how the government's financial performance and well-being has changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.

Debt Capacity

These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within, which the government's financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

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

	Fiscal Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Governmental activities										
Net investment in capital assets	\$ 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	\$ 94,399,309
Restricted	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	53,230,614
Unrestricted	(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)	(83,221,512)
Total governmental activities	\$ <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>	\$ <u>64,408,411</u>
Business-type activities										
Net investment in capital assets	\$ 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	\$ 10,819,886
Unrestricted	2,811,796	2,448,361	2,068,469	2,202,076	3,097,627	1,920,788	86,475	108,942	619,913	(448,943)
Total business-type activities	\$ <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>	\$ <u>10,370,943</u>
Primary government										
Net investment in capital assets	\$ 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	\$ 105,219,195
Restricted	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	53,230,614
Unrestricted	(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)	(83,670,455)
Total primary government net position	\$ <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>	\$ <u>74,779,354</u>

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

	Fiscal Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Expenses										
Governmental activities:										
General government	\$ 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	\$ 48,209,691
Public safety	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	66,227,249
Environmental protection	338,819	531,160	365,917	380,516	394,269	574,971	542,544	499,951	997,810	880,273
Economic and physical development	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	4,057,454
Human Services	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	38,098,474
Cultural and recreation	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	6,852,701
Education	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	40,571,982
Interest on long term debt	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	4,494,540
Total governmental activities	<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>	<u>209,392,364</u>
Business-type activities:										
Landfill	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	9,537,009
Cane Creek water and sewer	1,307,043	1,460,943	1,494,231	1,442,393	1,701,044	1,776,378	-	-	-	-
Other business-type activities	52,100	44,392	46,468	40,000	42,868	61,672	72,494	66,001	62,949	56,983
Total business-type activities	<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>	<u>9,593,992</u>
Total primary government expenses	<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>	<u>\$ 218,986,356</u>
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 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	\$ 4,559,417
Public safety	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	12,208,216
Environmental protection	-	-	-	-	-	-	-	-	3,457	89,040
Economic and physical development	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	166,572
Human services	537,524	599,761	638,328	607,698	643,984	682,914	733,016	271,821	327,844	1,038,304
Cultural and recreation	195,252	227,410	232,412	217,401	247,826	156,033	110,461	1,347,990	1,345,218	610,985
Education	-	-	-	-	-	-	-	-	-	-
Operating grants and contributions:										
General government	534,848	730,585	1,899,583	-	1,698,578	1,856,774	2,832,956	1,636,659	5,419,982	297,886
Public safety	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	709,801
Environmental protection	100,086	-	101,476	102,681	75,267	103,842	196,483	35,735	33,515	306,996
Economic and physical development	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	908,186
Human services	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	20,199,377
Cultural and recreation	213,366	298,926	294,362	286,229	409,997	469,476	334,682	574,072	434,020	175,774
Education	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	-	13,036,400
Economic and physical development	-	-	-	-	-	-	-	-	-	-
Education	-	-	-	-	-	-	-	-	-	936,319
Total governmental activities program revenues	<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>39,185,413</u>	<u>55,243,273</u>
Business-type activities:										
Charges for services	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	8,811,058
Operating grants and contributions	168,144	157,751	159,490	161,908	176,439	188,106	221,608	239,763	274,212	304,500
Capital grants and contributions	183,052	945,795	832,040	611,400	205,880	415,200	-	-	-	-
Total business-type activities program revenues	<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>	<u>9,115,558</u>
Total primary government program revenues	<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>\$ 47,767,016</u>	<u>\$ 64,358,831</u>

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

	Fiscal Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Net (Expense)/Revenue										
Governmental activities	\$ (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)	\$ (154,149,091)
Business-type activities	616,341	1,891,418	1,608,307	1,020,090	607,948	(405,761)	209,311	193,711	(621,549)	(478,434)
Total primary government net (expense)/revenue	<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>	<u>\$ (154,627,525)</u>
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes	\$ 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	\$ 123,982,372
Local option sales tax	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	45,779,949
Other taxes and licenses	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	5,766,742
Investment earnings	444,340	674,764	660,977	1,005,343	1,637,047	1,380,303	648,923	567,840	4,371,910	7,317,599
Gain on sale	3,407,477	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-	-	-
Transfers	(49,480)	(54,000)	(54,000)	(54,000)	(54,000)	(54,000)	(2,702,578)	-	(1,500,000.00)	(1,305,263)
Total governmental activities:	<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>167,282,362</u>	<u>181,541,399</u>
Business-type activities:										
Investment earnings	45,849	57,550	37,959	48,049	89,091	78,423	21,990	8,013	45,910	167,924
Gain/Loss on sale	-	-	-	-	-	-	17,587	6,470	4,705	6,100
Transfers	49,481	54,000	54,000	54,000	54,000	54,000	2,702,578	-	1,500,000.00	1,305,263
Special Item - disposal of CCWSD	-	-	-	-	-	-	(22,584,997)	-	-	-
Total business-type activities	<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>1,550,615</u>	<u>1,479,287</u>
Total primary government	<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>	<u>\$ 183,020,686</u>
Change in Net Position										
Governmental activities	\$ 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	\$ 27,392,308
Business-type activities	711,671	2,002,968	1,700,266	1,122,139	751,039	(273,338)	(19,633,531)	208,194	929,066	1,000,853
Total primary government	<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>	<u>\$ 28,393,161</u>

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

	Fiscal Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
General Fund										
Non-spendable:										
Inventories	\$ 50,999	\$ 54,995	\$ 56,255	\$ 51,217	\$ 68,606	\$ 65,959	\$ 57,958	\$ 69,614	\$ 86,040	\$ 75,465
Prepays	227,910	210,479	260,721	228,858	251,163	232,368	232,368	-	1,031,445	88,373
Restricted:										
Stabilization for State statute	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	17,109,656
Restricted, all other	210,668	181,130	208,471	107,884	2,520,979	5,721,901	5,768,652	6,945,576	8,307,374	9,815,876
Committed:										
Assigned for subsequent year's expenditures	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	22,925,936
Assigned all other	224,033	179,625	512,301	432,647	467,394	459,873	264,903	384,606	487,398	395,306
Unassigned:	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	45,475,110
Total General Fund	<u>\$ 42,191,196</u>	<u>\$ 45,033,107</u>	<u>\$ 50,339,059</u>	<u>\$ 53,828,770</u>	<u>\$ 55,954,705</u>	<u>\$ 63,349,613</u>	<u>\$ 80,317,355</u>	<u>\$ 85,899,635</u>	<u>\$ 93,037,484</u>	<u>\$ 95,885,722</u>
All Other Governmental Funds										
Non-spendable:										
Prepays	\$ -	\$ 2,337	\$ 28,365	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 17,774	\$ 19,818
Restricted:										
Stabilization for State statute	351,130	662,353	498,849	1,233,222	362,117	425,693	641,596	574,275	70,787	5,005,012
Restricted, all other	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	21,767,076
Committed:										
Special revenue and debt service funds	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	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:	(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	<u>\$ 13,157,586</u>	<u>\$ 17,109,939</u>	<u>\$ 16,337,840</u>	<u>\$ 16,925,404</u>	<u>\$ 31,459,630</u>	<u>\$ 71,505,298</u>	<u>\$ 59,287,530</u>	<u>\$ 37,325,185</u>	<u>\$ 35,521,416</u>	<u>\$ 45,112,809</u>

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

	Fiscal Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenues										
Taxes:										
Property	\$ 72,424,338	\$ 77,170,890	\$ 85,314,390	\$ 87,326,125	\$ 89,571,316	\$ 102,212,850	\$ 105,314,740	\$ 108,706,208	\$ 112,626,121	\$ 123,923,556
Sales	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	45,779,949
Other	1,029,292	1,140,741	1,264,544	1,275,186	3,870,415	3,522,964	4,803,459	5,806,434	5,622,167	5,697,896
Total taxes	95,073,769	101,677,870	111,968,279	116,077,255	122,773,342	136,959,512	146,401,437	156,239,433	163,905,118	175,401,401
Intergovernmental	25,071,921	20,645,727	19,815,299	17,084,955	17,828,262	17,758,510	21,324,528	22,900,297	23,114,150	29,963,243
Permits and Fees	1,826,678	1,733,166	1,982,065	2,257,302	2,037,070	2,434,227	2,447,566	3,045,536	3,045,100	3,776,270
Sales and Services	6,708,720	7,079,053	8,030,057	8,362,671	8,186,940	8,813,704	7,829,822	8,819,769	7,262,035	11,116,397
Investment Earnings	444,340	674,764	660,977	1,005,343	1,637,047	1,380,303	648,923	567,839	4,372,557	7,317,599
Capital Contribution from Hospital Corporation	-	1,125,364	1,916,161	-	-	-	-	-	-	-
Miscellaneous	742,227	1,066,521	2,845,046	1,948,467	2,718,028	3,250,733	5,405,081	3,864,780	3,906,588	10,555,864
Total Revenues	129,867,655	134,002,465	147,217,884	146,735,993	155,180,689	170,596,989	184,057,357	195,437,654	205,605,548	238,130,774
Expenditures										
General Government	13,889,012	15,013,218	15,580,807	16,465,343	20,165,981	21,755,645	20,724,971	24,588,048	30,804,127	28,532,749
Public Safety	32,437,433	35,111,117	37,219,677	39,235,486	41,749,275	45,769,058	49,258,496	50,371,709	52,936,320	62,717,216
Environmental Protection	349,239	535,599	351,476	370,056	383,970	534,182	452,678	469,543	925,976	808,899
Economic and Physical Development	3,729,355	3,434,656	2,918,600	3,553,267	3,130,268	3,366,655	3,713,459	3,329,772	3,214,110	3,718,543
Human Services	28,095,417	28,615,327	28,251,082	25,968,885	26,408,664	26,442,287	28,225,480	31,472,242	32,130,118	35,605,182
Culture and Recreation	4,510,926	4,472,608	4,623,841	4,662,296	5,055,989	5,050,703	5,056,341	5,927,610	6,291,034	6,882,571
Education	26,739,498	28,845,578	29,307,235	31,387,446	33,818,212	34,126,181	35,581,186	36,831,437	38,812,552	40,544,856
Capital Outlay	7,524,391	26,458,990	30,153,759	18,877,839	16,941,011	29,524,764	38,212,565	38,522,464	15,462,386	26,398,217
Debt Service:										
Principal	13,962,623	10,937,860	11,434,004	11,942,938	12,937,416	12,503,845	16,367,571	13,686,571	13,687,572	14,230,548
Interest	2,604,552	3,191,203	3,397,491	3,981,832	4,679,878	4,470,655	6,594,689	6,422,624	6,052,300	5,515,462
Advanced payment to escrow agent	-	-	-	-	-	-	-	-	-	-
Total Expenditures	133,842,446	156,616,156	163,237,972	156,445,388	165,270,664	183,543,975	204,187,436	211,622,020	200,316,495	224,954,243
Excess of revenues over (under) expenditures	(3,974,791)	(22,613,691)	(16,020,088)	(9,709,395)	(10,089,975)	(12,946,986)	(20,130,079)	(16,184,366)	5,289,053	13,176,531
Other Financing Sources (Uses)										
Transfers in	5,538,729	1,603,723	4,847,926	5,416,049	4,064,289	19,724,151	8,194,845	23,662,511	22,838,208	35,051,746
Transfers out	(5,588,209)	(1,657,723)	(4,901,926)	(5,470,049)	(4,118,289)	(19,778,151)	(8,248,845)	(23,662,511)	(24,338,208)	(36,354,903)
Lease liabilities issued	-	-	-	-	-	-	-	695,626	124,916	-
Subscription liabilities issued									1,057,551	566,257
Refunding bonds issued										
Payment to bond escrow agent										
Bond premium		2,676,955	1,327,941	1,365,670	2,579,136	7,917,694	3,950,016	-	-	-
Insurance proceeds										
Sale of capital assets	3,407,477									
Debt issued	163,978	26,785,000	19,280,000	12,475,000	24,225,000	52,525,000	20,850,000	-	-	-
Contribution to TDA										
Total other financing sources (uses)	3,521,975	29,407,955	20,553,941	13,786,670	26,750,136	60,388,694	24,746,016	695,626	(317,533)	(736,900)
Net change in fund balances	\$ (452,816)	\$ 6,794,264	\$ 4,533,853	\$ 4,077,275	\$ 16,660,161	\$ 47,441,708	\$ 4,615,937	\$ (15,488,740)	\$ 4,971,520	\$ 12,439,631
Debt service as a percentage of noncapital expenditures	13.12%	10.86%	11.14%	11.58%	11.88%	11.02%	13.83%	11.62%	10.68%	9.94%

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)
2015	8,044,847,579	1,764,809,652	425,506,400	162,212,486	1,902,281,108	224,319,411	12,523,976,636	0.5136	12,599,120,496
2016 (5)	8,425,452,930	1,877,718,659	465,591,800	171,609,823	1,995,214,107	331,897,512	13,267,484,831	0.5136	12,896,141,720
2017	8,975,387,264	1,466,201,559	489,145,200	159,921,601	2,075,570,365	257,772,292	13,423,998,281	0.5650	15,474,349,604
2018	8,768,274,624	2,021,385,100	315,281,700	158,711,006	2,147,663,504	271,152,631	13,682,468,565	0.5650	16,741,060,278
2019	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	17,382,484,118
2020 (5)	10,080,135,336	2,455,468,900	376,120,900	175,237,500	2,597,185,414	331,897,513	16,367,352,363	0.5610	16,477,753,310
2021	10,467,439,798	2,344,523,500	386,115,100	170,197,216	2,671,648,195	326,671,538	16,366,595,347	0.5610	16,476,991,188
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	17,247,558,604
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
2024 (5)	16,649,541,765	3,778,767,903	801,256,400	28,522,200	3,010,304,467	428,593,321	24,696,986,056	0.4310	24,721,707,764

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 FY2024 (based on the 2023 calendar tax year) is 99.90%.
- (5) Property in Henderson County is reassessed every four years. The last reassessment was on January 1, 2023 and is the basis for FY2040 taxes.

* Indicates valuation was included in Commercial Property Valuation

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

	Fiscal Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Henderson County	\$ 0.5136	0.5650	0.5650	0.5650	.5610	.5610	.5610	.5610	.5610	.4310
Municipality Rates:										
Hendersonville										
Laurel Park	0.4600	0.4600	0.4700	0.4900	0.4900	0.4900	0.5200	0.5200	0.5200	0.5200
Fletcher	0.4300	0.4300	0.4300	0.4300	0.4350	0.4350	0.4350	0.4350	0.4350	0.4350
Mills River	0.3400	0.3400	0.3400	0.3400	0.3400	0.3400	0.3400	0.3400	0.3400	0.3400
Flat Rock	0.1124	0.1800	0.1800	0.1800	0.1900	0.1900	0.1900	0.1900	0.1900	0.1900
Saluda	0.1100	0.1100	0.1100	0.1100	0.1300	0.1300	0.1300	0.1300	0.1300	0.1300
Downtown - Main Street	0.6050	0.6050	0.6050	0.6450	0.6650	0.6650	0.6750	0.6800	0.6800	0.6800
Downtown - Seventh Ave.	0.2800	0.2800	0.2800	0.2800	0.2600	0.2600	0.2400	0.2400	0.2400	0.2400
	0.1200	0.1200	0.1200	0.1200	0.1700	0.1700	0.1700	0.1700	0.1700	0.1700
Fire Districts:										
Bat Cave										
Blue Ridge	0.1200	0.1200	0.1200	0.1200	0.1200	0.1200	0.1200	0.1200	0.1200	0.1200
Dana	0.1200	0.1200	0.1200	0.1200	0.1300	0.1300	0.1300	0.1300	0.1300	0.1300
Edneyville	0.1300	0.1300	0.1300	0.1300	0.1400	0.1400	0.1400	0.1400	0.1400	0.1400
Etowah-Horse Shoe	0.1050	0.1050	0.1050	0.1050	0.1150	0.1150	0.1150	0.1150	0.1150	0.1150
Fletcher	0.1050	0.1050	0.1050	0.1050	0.1150	0.1150	0.1150	0.1150	0.1150	0.1150
Gerton	0.1150	0.1150	0.1150	0.1150	0.1150	0.1150	0.1150	0.1150	0.1150	0.1050
Green River	0.1250	0.1250	0.1250	0.1250	0.1250	0.1350	0.1350	0.1350	0.1350	0.1350
Mills River	0.0800	0.0800	0.0800	0.0800	0.0900	0.0900	0.0900	0.0900	0.1000	0.1000
Mountain Home	0.0900	0.0900	0.0900	0.0900	0.1100	0.1100	0.1100	0.1100	0.1100	0.1000
Raven Rock	0.1200	0.1200	0.1200	0.1200	0.1200	0.1200	0.1200	0.1200	0.1200	0.1150
Valley Hill	0.1000	0.1000	0.1000	0.1000	0.1150	0.1150	0.1150	0.1150	0.1200	0.1200

Source: Henderson County Tax Collector

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

Taxpayer	Type of Business	Fiscal Year 2024			Fiscal Year 2015		
		Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Duke Energy Carolinas LLC	Public Service	271,324,321	1	1.10%	129,998,529	1	1.03%
GF Linamar	Manufacturing	178,659,630	2	0.72%	N/A	N/A	N/A
Kimberly Clark	Manufacturing	110,161,676	3	0.45%	65,154,235	4	0.52%
Public Service Co of NC	Public Service	101,102,449	4	0.41%	35,524,922	8	0.28%
Meritor Heavy Vehicle Systems	Manufacturing	91,103,454	5	0.37%	75,185,373	3	0.60%
Sierra Nevada Brewing Co	Manufacturing	76,874,785	6	0.31%	N/A	N/A	N/A
Ingles Markets	Retail - Grocery	75,965,022	7	0.31%	44,489,263	6	0.35%
Wilsonart	Manufacturing	57,778,754	8	0.23%	36,879,171	7	0.29%
Boyd Hyder	Freight	47,077,840	9	0.19%	33,331,376	9	0.26%
Lakeside Produce	Distribution - Produce	46,560,300	10	0.19%	N/A	N/A	N/A
Totals		\$ 1,056,608,231			\$ 420,562,869		

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

Fiscal Year	Taxes Levied for the Fiscal Year (Original Levy)	Adjustments	Total Adjusted Levy	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date		Uncollected
				Amount	Percentage of Original Levy		Amount	Percentage of Adjusted Levy	
2015	64,501,481	(178,337)	64,323,144	63,452,232	98.65%	834,344	64,286,576	99.94%	36,568
2016	67,911,724	(204,736)	67,706,988	66,876,370	98.77%	797,291	67,673,661	99.95%	33,327
2017	75,819,372	26,218	75,845,590	75,144,180	99.08%	672,242	75,816,422	99.96%	29,168
2018	77,464,082	(158,134)	77,305,948	76,859,391	99.42%	410,604	77,269,995	99.95%	35,953
2019	80,032,082	235,797	80,267,879	79,825,336	99.45%	378,465	80,203,801	99.92%	64,078
2020	92,450,097	(567,230)	91,882,867	91,093,081	99.14%	717,719	91,810,800	99.92%	72,067
2021	94,018,724	(159,802)	93,858,922	93,163,118	99.26%	623,514	93,786,632	99.92%	72,290
2022	96,470,613	(132,233)	96,338,380	95,466,504	99.09%	766,420	96,232,924	99.89%	105,456
2023	100,662,694	(815,339)	99,847,355	99,118,247	99.27%	456,571	99,574,818	99.73%	272,537
2024	106,787,948	(198,862)	106,589,086	105,949,546	99.40%	-	105,949,546	99.40%	639,540

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			
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	2.60%
2023	-	147,906,969	1,500,000	4,571,428	1,340,272	-	533,335	155,852,004	1,311	*
2024	-	135,592,054	1,000,000	2,742,857	1,321,555	-	10,000,000	150,656,466	1,249	*

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 FY2023 or FY2024.

* - Information not yet available.

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

Fiscal Year	General/Limited Obligation Bonded Debt Outstanding			Total	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)				
2015	-	48,177,079	-	48,177,079	1.11%	0.37%	436
2016	-	72,990,120	-	72,990,120	1.61%	0.55%	653
2017	-	86,137,751	-	86,137,751	1.81%	0.71%	757
2018	-	91,916,827	-	91,916,827	1.82%	0.75%	798
2019	-	109,449,514	-	109,449,514	2.06%	0.87%	938
2020	-	160,278,794	-	160,278,794	2.86%	1.28%	1,365
2021	-	172,619,799	-	172,619,799	2.81%	1.30%	1,482
2022	-	160,263,884	-	160,263,884	2.46%	1.19%	1,373
2023	-	147,906,969	-	147,906,969	*	1.08%	1,245
2024	-	135,592,054	-	135,592,054	*	0.95%	1,124

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

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

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

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

* - Information not yet available.

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

	Fiscal Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Assessed Value of Property	\$ 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	\$ 24,696,986
Debt Limit, 8% of Assessed Value (Statutory Limitation)	1,001,918	1,054,626	1,073,920	1,094,598	1,136,536	1,309,388	1,338,452	1,370,560	1,421,325	1,975,759
Amount of Debt Applicable to Limit:										
Less: Gross debt	86,482	104,414	112,957	114,243	128,135	176,847	184,148	169,948	155,852	150,656
Less: Debt outstanding for water and sewer purposes	2,450	617	411	293	941	2,649	-	-	-	-
Total net debt applicable to limit	84,032	103,797	112,546	113,950	127,194	174,198	184,148	169,948	155,852	150,656
Legal Debt Margin	\$ 917,886	\$ 950,829	\$ 961,374	\$ 980,648	\$ 1,009,342	\$ 1,135,190	\$ 1,154,304	\$ 1,200,612	\$ 1,265,473	\$ 1,825,103
Total debt applicable to the limit as a percentage of debt limit	8.39%	9.84%	10.48%	10.41%	11.19%	13.30%	13.76%	12.40%	10.97%	7.63%

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, 2024

<u>Governmental Unit</u>	<u>Net General Bonded Debt</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
Total County direct debt	\$ 139,334,911	100.00%	\$ 139,334,911
Overlapping:			
City of Hendersonville (1)	387,000	100.00%	387,000
Town of Fletcher	5,913,643	100.00%	5,913,643
Total overlapping debt			<u>6,300,643</u>
Total direct and overlapping debt			<u><u>\$ 145,635,554</u></u>

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

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

Year	Population(1)	Personal Income (2) (thousands of dollars)	Per Capita Personal Income (2)	Public School Enrollment(3)	Unemployment Rate(4)	Number of Building Inspections Performed(5)
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	6,524,513	55,243	12,550	3.50%	32,070
2023	118,835	*	*	12,645	3.00%	36,243
2024	120,597	*	*	12,533	3.40%	38,975

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 Nine Years Ago

Employer	2024			2015		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Henderson County Public Schools	1816	1	3.21%	1926	1	3.80%
UNC Pardee Healthcare	1700	2	3.01%	1216	3	2.40%
Advent Health (1)	1000+	3	1.77%	1262	2	2.49%
Ingles Markets, Inc.	1000+	4	1.77%	312	10	0.62%
Henderson County	897	5	1.59%	780	4	1.54%
Wilsonart International Inc.	520	6	0.92%	575	6	1.14%
Cummins-Meritor	480	7	0.85%	480	7	0.95%
Linamar Light Metals	450	8	0.80%	*	*	*
Sierra Nevada	350	9	0.62%	*	*	*
Kimberly-Clark	300	10	0.53%	*	*	*
Countywide Total Employment June 2024:	56,548					
(1) Formerly Park Ridge Hospital						

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

Function/Program	Fiscal Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
General government	104	105	103	109	112	118	116	112	107	123
Public safety	281	299	302	310	330	335	337	354	320	334
Environmental protection	20	19	19	21	22	22	23	22	25	22
Economic and physical development	24	24	25	25	26	26	26	26	25	27
Human Services	268	281	284	286	291	293	292	307	282	306
Cultural and recreation	51	51	51	52	55	58	58	59	73	64
Total	<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>	<u>876</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									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<u>General Government</u>										
# of Registered Voters	76,099	79,621	81,736	84,393	80,364	81,959	84,641	86,620	87,561	90,565
<u>Public Safety</u>										
# of building permits issued	6,542	6,430	6,771	9,598	9,398	9,120	10,433	10,841	7,363	7,415
# of calls processed	152,408	177,818	181,115	187,067	184,837	188,878	191,639	182,130	184,275	184,226
<u>Human Services</u>										
# of food & lodging sites inspected	1,595	1,563	1,256	1,600	1,718	1,291	1,004	1571	1,558	1,883
# of Health clients served	13,152	14,693	15,428	15,781	15,979	14,990	143,892	33,668	33,959	54,290
<u>Economic and Physical Development</u>										
Number of major subdivision plan reviews	6	4	5	13	13	9	13	9	12	2
<u>Cultural and Recreation</u>										
Library book circulation	910,636	927,596	1,056,328	1,031,647	1,006,065	851,571	827,294	1,014,300	1,072,404	1,088,094
<u>Education</u>										
Total \$ spent per ADM	\$ 2,346	\$ 2,366	\$ 2,480	\$ 2,615	\$ 2,984	\$ 3,113	\$ 3,182	\$ 3,491	\$ 3,787	\$ 3,823
<u>Enterprise Fund - Landfill</u>										
Solid waste generated # tons/day	258	294	318	343	371	363	388	380	387	407

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									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<u>Public Safety</u>										
Sheriff's Department:										
Stations	1	1	1	1	1	1	1	1	1	1
Vehicles	180	184	176	185	192	208	202	214	223	231
<u>Cultural and Recreation</u>										
Park Acreage	332	332	332	332	409	409	409	409	422	422
Parks	12	12	12	12	14	14	14	14	14	14
Ballfields and courts	37	37	37	37	43	43	43	43	43	43
Libraries	6	6	6	6	6	6	6	6	6	6

Source: Various County Departments

COMPLIANCE SECTION

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**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, 2024, and the related notes to the financial statements, which collectively comprises the County's basic financial statements, and have issued our report thereon dated November 19, 2024.

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.

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

Charlotte, North Carolina
November 19, 2024

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, 2024. 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, 2024. 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, 2024.

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; 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 provides a reasonable basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the County's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the County's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America, *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 auditing standards generally accepted in the United States of America, *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
November 19, 2024

**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, 2024. 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, 2024. 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, 2024.

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 auditing standards generally accepted in the United States of America, *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 auditing standards generally accepted in the United States of America, *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
November 19, 2024

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

YEAR ENDED JUNE 30, 2024

Section I—Summary of Auditor's Results

Financial Statements

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

Unmodified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted

 yes X no

Federal Awards

Internal control over major federal programs:

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

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

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

 yes X no

Identification of major federal programs:

Federal Assistance Listing Number	Names of Federal Program
20.205	Highway Planning and Construction
21.027	COVID-19: Coronavirus State and Local Fiscal Recovery Funds
93.778	Medical Assistance Cluster
93.658	Foster Care and Adoption Programs Cluster

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

\$750,000

Auditee qualified as low-risk auditee?

 yes X no

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

YEAR ENDED JUNE 30, 2024

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- Lottery
State Foster Home / SFHF Maximization
Juvenile Crime Prevention Council Programs

Other major State programs for Henderson County are Medical Assistance and Foster Care which are State matching funds on the federal program. Therefore, these program 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, 2024

None noted.

HENDERSON COUNTY, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

YEAR ENDED JUNE 30, 2024

Grantor/Pass-Through Grantor/Program Title	Federal Assistance Listing Number	State/ Pass-Through Grantor Number	Fed.(Direct and Pass-Through) Expenditures	State Expenditures	Passed-through to Subrecipients	Local Expenditures
Federal Awards:						
<u>U. S. Department of Agriculture</u>						
Food and Nutrition Service						
Passed-Through N.C. Department of Health and Human Services:						
Division of Social Services:						
<u>Supplemental Nutrition Assist. Program (SNAP) Cluster:</u>						
Administration:						
State Administrative Matching Grants for the						
Supplemental Nutrition Assistance Program						
	10.561	404, 405 417	\$ 1,150,016	\$ -	\$ -	\$ -
Total Supplemental Nutrition Assist. Program Cluster			1,150,016	-	-	-
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	399,767	-	-	-
Total U.S. Department of Agriculture			1,549,783	-	-	-
<u>U.S. Department of Justice</u>						
<u>Criminal Division</u>						
Direct Program:						
Equitable Sharing Program						
	16.922	NC0450000	94,810	-	-	-
<u>Office of Justice Programs</u>						
Passed-Through N.C. Department of Public Safety:						
<u>JAG Program:</u>						
Edward Byrne Memorial Justice Assistance Grant Program						
	16.738	15PBJA-21-GG-00278-JAGX	24,500	-	-	-
Total JAG Program			24,500	-	-	-
<u>Coprehensive Community-based Program</u>						
Comprehensive Opioid Abuse Site-Based Program						
	16.838	2020-AR-BX-0064	249,895	-	-	-
Total Comprehensive Community-based Program			249,895	-	-	-
Total U.S. Department of Justice			369,205	-	-	-

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

YEAR ENDED JUNE 30, 2024

Grantor/Pass-Through Grantor/Program Title	Federal Assistance Listing Number	State/ Pass-Through Grantor Number	Fed.(Direct and Pass-Through) Expenditures	State Expenditures	Passed-through to Subrecipients	Local Expenditures
<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	\$ 193,212	\$ -	\$ -	\$ -
Capital	20.507	NC-90-X530-00	536,267	-	-	-
Total Federal Transit Cluster			729,479	-	-	-
<u>Federal Highway Administration</u>						
Surface Transportation Block Grant Program (STBG)	20.205	BL-0007	3,751,177	-	-	-
Total U.S. Department of Transportation			4,480,656	-	-	-
<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:						
Disaster Grants - Public Assistance	97.036		178,531	-	-	-
Emergency Management Performance Grants	97.042	EMW-2015-EP-00011-S01	54,073	-	-	-
Law Enforcement Terrorist Prevention Program						
FEMA - Hurricane Ian	97.039	HMG DR-4568-NC	6,678	-	-	-
Total U.S. Department of Homeland Security			239,282	-	-	-
<u>U. S. Department of Health and Human Services</u>						
<u>Administration for Children and Families</u>						
Passed-Through N.C. Department of Health and Human Services:						
Division of Social Services:						
Administration:						
Social Services Block Grant - State In Home Services	93.667	150, 151	81,450	-	-	-
Social Services Block Grant - State Adult Day Care	93.667	30	27,899	18,029	-	-
Social Services Block Grant - APS	93.667	170	19,667	-	-	-
Social Services Block Grant - APS Essential Services	93.667	493	1,666	-	-	-
Social Services Block Grant - CPS TANF to SSBG	93.667	127	134,397	766	-	-
Social Services Block Grant - Other Service and Training	93.667	387, 390, 393	281,659	-	-	-
Child Support Enforcement	93.563	123, 423, 430	555,758	(549)	-	-
<u>Special Children Adoption Fund Cluster (Note 4):</u>						
Mary Lee Allen Promoting Safe and Stable Families	93.556	220	36,805	-	-	-
Stephanie Tubbs Jones Child Welfare Services Program	93.645	368, 464, 465	29,346	-	-	-
Total Special Children Adoption Fund Cluster (Note 4)			66,151	-	-	-

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

YEAR ENDED JUNE 30, 2024

Grantor/Pass-Through Grantor/Program Title	Federal Assistance Listing Number	State/ Pass-Through Grantor Number	Fed.(Direct and Pass-Through) Expenditures	State Expenditures	Passed-through to Subrecipients	Local Expenditures
<u>Refugee and Entrant Assistance Cluster (Note 4):</u>						
Refugee and Entrant Assistance State/Replacement Designee Administered Programs	93.566	403	\$ 15,339	\$ -	\$ -	\$ -
Total Refugee and Entrant Assistance Cluster (Note 4)			15,339	-	-	-
Low Income Home Energy Assistance - Administration	93.568	406	62,856	-	-	-
Low Income Energy Assistance Program - ARPA	93.568	498	37,088	-	-	-
Low Income Energy Assistance Program - ARPA ADM	93.568	492	480	-	-	-
Energy Assistance Payments - Direct Benefit Payments						
Low Income Home Energy Assistance - Crisis Intervention Program	93.568	372	680	-	-	-
Low Income Home Energy Assistance	93.568	352	(648)	-	-	-
Total Low Income Home energy Assistance			100,458	-	-	-
John H. Chafee Foster Care Program for Successful Transition to Adulthood - Admin	93.674	290, 291	23,396	5,849	-	-
John H. Chafee Foster Care Program for Successful Transition to Adulthood - Direct Benefits	93.674	091255869	12,647	-	-	-
Total Division of Social Services			1,320,487	24,095	-	-
<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	1,019,197	-	-	-
Temporary Assistance for Needy Families/ Work First- Direct Benefit Payments	93.558	091255869				
Total Temporary Assistance for Needy Families			1,027,362	-	-	-
<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	584,168	-	-	-
COVID-19 Foster Care Title IV-E Administration	93.658	1801NCFOST - 302, 304	-	133,962	-	-
Foster Care Title IV-E- Adoption	93.658	1801NCFOST - 091255869	214,509	24,286	-	-
Foster Care Title IV-E - CPS	93.658	1801NCFOST - 274	126,539	(7,568)	-	-
Adoption Assistance	93.659	1801NCADT - 091255869	68,928	-	-	-
Direct Benefits Payments:						
Foster Care Title IV-E	93.658	1801NCFOST - 091255869	308,275	101,648	-	-
Total Foster Care and Adoption Cluster (Note 4)			1,302,419	252,328	-	-
<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	119,345	-	-	-
Total Child Care Development Fund Cluster/			119,345	-	-	-
Temporary Assistance for Needy Families	93.558	536, 150	38,027	-	-	-
Total Administration for Children and Families			3,807,640	276,423	-	-

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

YEAR ENDED JUNE 30, 2024

Grantor/Pass-Through Grantor/Program Title	Federal Assistance Listing Number	State/ Pass-Through Grantor Number	Fed.(Direct and Pass-Through) Expenditures	State Expenditures	Passed-through to Subrecipients	Local Expenditures
<u>Centers for Medicare and Medicaid Services</u>						
Medicaid Cluster:						
Administration:						
Medical Assistance Program	93.778	XIX-MAP18 - 421, 412, 478	\$ 4,201,174	\$ 156,922	\$ -	\$ -
Total Medicaid Cluster			4,201,174	156,922	-	-
Division of Social Services:						
Administration:						
Children's Health Insurance Program - N.C. Health Choice	93.767	440, 441	151,020	10,713	-	-
Total Division of Medical Assistance			4,352,194	167,635	-	-
<u>Centers for Disease Control and Prevention</u>						
Passed-Through N.C. Department of Health and Human Services:						
Division of Public Health:						
Immunization Cooperation Agreements	93.268	1331631CEJ	17,938	-	-	-
Program	93.116	14602720NF	50	-	-	-
Public Health Emergency Preparedness	93.069	12642680EU/ER	30,421	-	-	-
Based Programs	93.136	11758380DH	28,699	-	-	-
HIV Cluster (Note 4):						
HIV Care Formula Grants - Ryan White Care Act	93.917		6,587	-	-	-
Sexually Transmitted Diseases (STD) Prevention and Control Grants	93.977	13114631NB	100	-	-	-
Preventive Health and Health Services Block Grant	93.991	12615503PH	30,431	-	-	-
Cooperative Agreements for State-Based Comprehensive Breast and						
Division of Community Health:						
National and State Tobacco Control Program	93.387	12713410QF	3,661	-	-	-
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	1175883AP5	18,383	-	-	-
Cancer Prevention and Control Programs for State, Territorial and						
Tribal Organizations	93.898	13203100D7	11,400	-	-	-
<u>Health Resources and Services Administration</u>						
Division of Public Health:						
Maternal and Child Health Services Block Grant						
Innovative Approaches			301,583	-	-	-
Child Health			-	13,679	-	-
Maternal and Child Health Services Block Grant	93.994		375,857	-	-	-
Total Maternal and Child Health Services Block Grant		12715349AR	677,440	13,679	-	-
<u>Office of the Assistant Secretary for Health</u>						
Passed-Through N.C. Department of Health and Human Services:						
Division of Public Health:						
Family Planning Services	93.217	13A15900FP	63,760	-	-	-
Total Division of Public Health			888,869	13,679	-	-

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

YEAR ENDED JUNE 30, 2024

Grantor/Pass-Through Grantor/Program Title	Federal Assistance Listing Number	State/ Pass-Through Grantor Number	Fed.(Direct and Pass-Through) Expenditures	State Expenditures	Passed-through to Subrecipients	Local Expenditures
<u>Administration for Community Living</u>						
Passed-Through Land of the Sky Regional Council:						
<u>Aging Cluster:</u>						
Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers-Legal	93.044	21/22AANCT3SS	\$ 39,668	\$ 2,532	\$ 42,200	\$ -
Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	93.044	21/22AANCT3SS	238,696	172,173	410,869	-
Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045	21/22AANCT3CM	22,948	3,214	26,162	-
Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045	21/22AANCT3HD	278,960	73,244	352,204	-
Nutrition Services Incentive Program	93.053	21/22AANCNSIP	37,999	-	-	-
Total Aging Cluster			618,271	251,163	831,435	-
National Family Caregiver Support, Title III, Part E	93.052	21/22AANCT3FC	6,056	804	6,860	-
Total Administration for Community Living			624,327	251,967	838,295	-
Total U. S. Department of Health and Human Services			9,673,030	709,704	838,295	-
<u>U.S. Department of Treasury</u>						
COVID-19: Coronavirus State and Local Fiscal Recovery Funds	21.027		6,450,781	-	-	-
Total Federal Awards			22,762,738	709,704	838,295	-
State Awards:						
<u>N.C. Department of Cultural and Natural Resources</u>						
State Aid to Public Libraries	XXXX	XXXX	-	175,774	-	-
Total N.C. Department of Cultural and Natural Resources			-	175,774	-	-
<u>N.C. Department of Environmental Quality</u>						
NC Clean Water Management Trust Fund						-
Swannanoa River Cleanup						
Recreation Trails						
Water Resources Development Project Grant	XXXX	CW22129/CW18316/CW22131	-	283,465	-	-
Environmental Enhancement Grant	XXXX	HCSWC 020-CR	-	11,121	-	-
VW-DC Fast Program	XXXX	45792VW	-	43,172	-	-
Electronics Management Grant Program	XXXX	ELECO16034	-	8,174	-	-
Total N.C. Department of Environmental Quality			-	345,931	-	-
<u>N.C. Department of Agriculture and Consumer Services</u>						
Cost Share Programs - Community Conservation Assistance Program	XXXX	45-2023-501/45-2022-502	-	6,000	-	-
Streamflow Rehab Assistance Program	XXXX	22-080-1021	-	12,440	-	-
Total N. C. Department of Agriculture and Consumer Services			-	18,440	-	-

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

YEAR ENDED JUNE 30, 2024

Grantor/Pass-Through Grantor/Program Title	Federal Assistance Listing Number	State/ Pass-Through Grantor Number	Fed.(Direct and Pass-Through) Expenditures	State Expenditures	Passed-through to Subrecipients	Local Expenditures
<u>N.C. Department of Health and Human Services</u>						
Division of Public Health:						
Other Receipts / State Supported Expenditures						
Food and Lodging Fees	XXXX	11534752SZ	\$ -	\$ 21,781	\$ -	\$ -
Aid-to-Counties	XXXX		-	91,763	-	-
Breast and Cervical Cancer Program	XXXX	1320559900	-	8,450	-	-
General Communicable Disease Control	XXXX	1175451000	-	2,586	-	-
School Nurse Funding Initiative	XXXX	1332535800	-	100,000	-	-
Maternal Health	XXXX	13A1574000	-	20,500	-	-
Family Planning - State	XXXX	13A1573500	-	8,352	-	-
HIV / STD State	XXXX	13114536RR	-	6,016	-	-
Healthy Communities	XXXX	1261550300	-	16,413	-	-
Tuberculosis Control	XXXX	1460455100	-	12,262	-	-
Communicable Disease Pandemic Recovery	XXXX	2SF1249NTT	-	127,510	-	-
State Fiscal Recovery Funds			-	102,496	-	-
High Risk Maternity Clinics			-	43,263	-	-
Total Division of Public Health			-	561,392	-	-
Division of Social Services:						
Administration:						
Child Welfare Services Adoption Subsidy and Vendor Payments	XXXX					
State Child Welfare/CPS/CS LD	XXXX	115, 117	-	158,237	-	-
AFDC Incent/Prog Integrity	XXXX	267	-	743	-	-
Direct Benefit Payments:						
State Foster Home / SFHF Maximization	XXXX	XXXX	-	202,541	-	-
Foster Care Kinship	XXXX		-	14,912	-	-
Extended Foster Care Maximization Non Title IV-E	XXXX	XXXX	-	61,683	-	-
F/C at Risk Maximization	XXXX		-	7,492	-	-
Emergency Placement Foster Care	XXXX	XXXX	-	7,375	-	-
Total Division of Social Services			-	452,983	-	-
Total N.C. Department of Health and Human Services			-	1,014,375	-	-
<u>N.C. Department of Public Safety</u>						
State Budget Allocation						
Henderson County Sheriff's Office	XXXX	HENDERSONCO 2021-2023	-	24,850	-	-
Pleasant Grove Restoration Project	XXXX	HENDERSONCO 21-23	-	179,103	179,103	-
Division of Juvenile Justice:						
Juvenile Crime Prevention Council Programs	XXXX	XXXX	-	266,020	-	-
Total N.C. Department of Public Safety			-	469,973	179,103	-

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

YEAR ENDED JUNE 30, 2024

Grantor/Pass-Through Grantor/Program Title	Federal Assistance Listing Number	State/ Pass-Through Grantor Number	Fed.(Direct and Pass-Through) Expenditures	State Expenditures	Passed-through to Subrecipients	Local Expenditures
<u>N.C. Department of Public Instruction</u>						
Public School Building Capital Fund - Lottery	XXXX	XXXX	\$ -	\$ 886,852	\$ -	\$ -
Total Public School Building Capital Fund						-
Total N.C. Department of Public Instruction			-	886,852	-	-
<u>N.C. Department of Transportation</u>						
Rural Operating Assistance Program (ROAP):						
ROAP Elderly and Disabled Transportation Assistance Program (E&TAP)	XXXX	DOT-16CL	-	113,212	-	-
ROAP Rural General Public Program (RGP)	XXXX	DOT-16CL	-	76,838	-	-
ROAP Workfirst Transitional Employment Assistance Program	XXXX	DOT-16CL	-	43,648	-	-
Total ROAP			-	233,698	-	-
Public Transportation Division						
State Maintenance Assistance Program	XXXX	DOT9	-	162,794	-	-
Total N.C. Department of Transportation			-	396,492	-	-
Total State Awards			-	4,017,541	179,103	-
<u>Other Financial Assistance:</u>						
NC Dept. of Justice						
Opioid Settlement Fund		XXXX	-	231,236	-	-
Total Federal and State Awards			\$ 22,762,738	\$ 4,248,777	\$ 1,017,398	\$ -

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

JUNE 30, 2024

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, 2024. 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.

Note 5—Opioid Settlement Fund

The North Carolina Department of Justice does not consider Opioid Settlement Funds either Federal or State financial assistance since they are from a settlement with major drug companies. Since these funds are subject to the State Single Audit Implementation Act, they are reported as Other Financial Assistance on the SEFSA and considered State awards for State single audit requirements.