

HENDERSON COUNTY NORTH CAROLINA

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2025

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

This page left blank intentionally.

HENDERSON COUNTY, NORTH CAROLINA

ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2025

TABLE OF CONTENTS

	<u>Page</u>
Introductory Section:	
Letter of Transmittal	i-viii
Organizational Chart	ix
List of Principal Officials	x
2024 GFOA Certificate of Achievement for Excellence in Financial Reporting	xi
Financial Section:	
Report of Independent Auditor	1-3
Management's Discussion and Analysis	4-14
<u>Exhibit</u>	
Basic Financial Statements - Overview	
Government-Wide Financial Statements:	
A	Statement of Net Position 15-16
B	Statement of Activities 17-18
Fund Financial Statements:	
C	Balance Sheet - Governmental Funds 19-20
D	Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds 21
E	Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds to the Statement of Activities 22
F	Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund 23

HENDERSON COUNTY, NORTH CAROLINA

ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2025

TABLE OF CONTENTS

<u>Exhibit</u>		<u>Page</u>
	Fund Financial Statements (continued):	
G	Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Annually Budgeted Major Special Revenue Fund	24
H	Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Opioid Settlement Fund	25
I	Statement of Net Position - Proprietary Funds	26
J	Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds	27
K	Statement of Cash Flows - Proprietary Funds	28-29
L	Statement of Fiduciary Net Position - Fiduciary Funds	30
M	Statement of Changes of Fiduciary Net Position - Fiduciary Funds	31
	Notes to the Financial Statements	32-85
<u>Schedule</u>		
	Required Supplementary Information:	
A-1	Law Enforcement Officers' Special Separation Allowance Schedule of Changes in Total Pension Liability Last Nine Fiscal Years	86
A-2	Law Enforcement Officers' Special Separation Allowance Schedule of Total Liability as a Percentage of Covered-Employee Payroll Last Nine Fiscal Years	87
A-3	Schedule of Changes in Total OPEB Liability and Related Ratios - Last Eight Fiscal Years	88

HENDERSON COUNTY, NORTH CAROLINA

ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2025

TABLE OF CONTENTS

<u>Schedule</u>		<u>Page</u>
	Required Supplementary Information (continued):	
A-4	Local Government Employees' Retirement System County's Proportionate Share of Net Pension Liability (Asset) Last Ten Fiscal Years	89
A-5	Local Government Employees' Retirement System Henderson County's Contributions Last Ten Fiscal Years	90
A-6	Register of Deeds' Supplemental Pension Fund County's Proportionate Share of Net Position Liability (Asset) Last Ten Fiscal Years	91
A-7	Register of Deeds' Supplemental Pension Fund Henderson County's Contributions Last Ten Fiscal Years	92
	Supplementary Information:	
	Major Funds:	
	General Fund:	
B-1	Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	93-101
	Other Major Governmental Funds:	
B-2	General Capital Projects Fund: Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	102
B-3	Major-School Capital Projects Fund: Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	103
B-4	Major-Hurricane Helene Grant Project Fund: Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	104

HENDERSON COUNTY, NORTH CAROLINA

ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2025

TABLE OF CONTENTS

<u>Schedule</u>		<u>Page</u>
	Nonmajor Governmental Funds:	
C-1	Combining Balance Sheet - Nonmajor Governmental Funds	105
C-2	Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds	106
	Nonmajor Special Revenue Funds:	
D-1	Combining Balance Sheet	107
D-2	Combining Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	108
D-3	Revaluation Reserve Fund: Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	109
D-4	Emergency Telephone System Fund (E-911): Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	110
D-5	Public Transit Fund: Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	111
D-6	Fire Districts Fund: Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	112
D-7	Miscellaneous Other Governmental Activities Fund: Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	113

HENDERSON COUNTY, NORTH CAROLINA

ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2025

TABLE OF CONTENTS

<u>Schedule</u>		<u>Page</u>
	Nonmajor Capital Project Funds:	
E-1	Combining Balance Sheet	114
E-2	Combining Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	115
E-3	General Capital Reserve Fund: Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	116
E-4	HCPS-MRTS Fund: Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	117
E-5	BRCC-MRTS Capital Project Fund: Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	118
	Debt Service Fund:	
F-1	Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	119
	Enterprise Funds:	
G-1	Landfill Fund: Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)	120
G-2	Justice Academy Sewer Fund: Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)	121
G-3	Etowah Sewer Fund: Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)	122

HENDERSON COUNTY, NORTH CAROLINA

ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2025

TABLE OF CONTENTS

<u>Schedule</u>		<u>Page</u>
	Fiduciary Funds:	
	Custodial Funds:	
H-1	Combining Statement of Fiduciary Net Position	123
H-2	Combining Statement of Changes in Fiduciary Net Position	124
	Additional Financial Data:	
I-1	Schedule of Ad Valorem Taxes Receivable - General Fund	125
I-2	Analysis of Current Tax Levy	126
I-3	Analysis of Current Tax Levy - County-Wide Levy	127
<u>Table</u>		
	Statistical Section:	
1	Net Position by Component	128
2	Changes in Net Position	129-130
3	Fund Balances, Governmental Funds	131
4	Changes in Fund Balances, Governmental Funds	132
5	Assessed Value and Actual Value of Taxable Property	133
6	Direct and Overlapping Property Tax Rates	134
7	Principal Property Taxpayers	135
8	Property Tax Levies and Collections	136
9	Ratio of Outstanding Debt by Type	137
10	Ratios of General Bonded Debt Outstanding	138
11	Legal Debt Margin Information	139

HENDERSON COUNTY, NORTH CAROLINA

ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2025

TABLE OF CONTENTS

<u>Table</u>		<u>Page</u>
	Statistical Section (continued):	
12	Direct and Overlapping Governmental Activities Debt	140
13	Demographic and Economic Statistics	141
14	Principal Employers	142
15	Full-Time Equivalent County Government Employees by Function/Program	143
16	Operating Indicators by Function	144
17	Capital Asset Statistics by Function	145
	Compliance Section:	
	Report of Independent Auditor on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	146-147
	Schedule of Findings and Responses	148
	Summary Schedule of Prior Year Audit Findings	149
	Corrective Action Plan	150

This page left blank intentionally.

INTRODUCTORY SECTION

This page left blank intentionally.

HENDERSON COUNTY
FINANCE DEPARTMENT

HISTORIC COURTHOUSE ANNEX
113 NORTH MAIN STREET
HENDERSONVILLE, NC 28792

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

November 14, 2025

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, 2025, 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, 2025 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, 2025 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, 2025, 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 122,513. 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 2024, the most recent data available from the state of NC, the tourism industry employs over 2,700 in Henderson County and ranks 17th in travel impact among North Carolina's 100 Counties. The Henderson County Tourism Development Authority promotes the county and all of its bounty through a variety of marketing and public relations programs and supports the growth of tourism assets. Henderson County is home to the Flat Rock Playhouse - State Theater of North Carolina, the Carl Sandburg Home National Historic Site, Crest of the Blue Ridge AVA, special events, outdoor experiences, numerous camps, agri-tourism and many other attractions and cultural experiences. According to the Economic Development Partnership of NC, VisitNC.org, the impact of visitor spending in Henderson County provides an annual tax savings of approximately \$265 to each County resident.

HENDERSON COUNTY, NORTH CAROLINA

CHART OF NEW CONSTRUCTION VALUES AND UNEMPLOYMENT RATES

Fiscal Year	Permits	Dollar Value		Unemployment Rates
2025	922	\$	416,978,598	3.4
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

The number of permits issued in fiscal year 2025 for new residential and commercial construction decreased by 4 percent from the previous fiscal year. The total dollar value of those new permits increased by \$104.48 million or 20.03 percent. This decrease was due to a lower volume residential projects permitted during the year. The local unemployment rate remained flat in fiscal year 2025 as economic recoveries and growth in the labor force continued. 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	510
Cummin-Meritor	Commercial Truck Axles	500
Linamar Light Metals	Light Metal Casting, Forgings, and Assembly	480
Sierra Nevada	Beer	380
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 \$3.1 million or 1.5% over the previous fiscal year. Total General Fund expenses increased by \$9.6 million or 5.4% over fiscal year 2024. Total General Fund Balance increased by \$3,759,745 to \$99,645,468. The amount of fund balance available for appropriation in the General Fund, decreased by \$4,510,857 to \$64,285,495. 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 decreased by \$83,276 in fiscal year 2025. The net position of the Justice Academy Sewer Fund increased by \$6,266 in fiscal year 2025.

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 2025.

FOR THE FUTURE. For fiscal year 2026, the Board kept the same 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 2025. The Board budgeted \$21.61 million in Unassigned General Fund Balance to balance the fiscal year 2026 budget. For employees, a cost of living increase and performance pay was included in the fiscal year 2026 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 \$42.2 million in Unassigned General Fund Balance or 20.68 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 a subsequent compliance report to be issued separate from 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, 2024. This was the 36th 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.

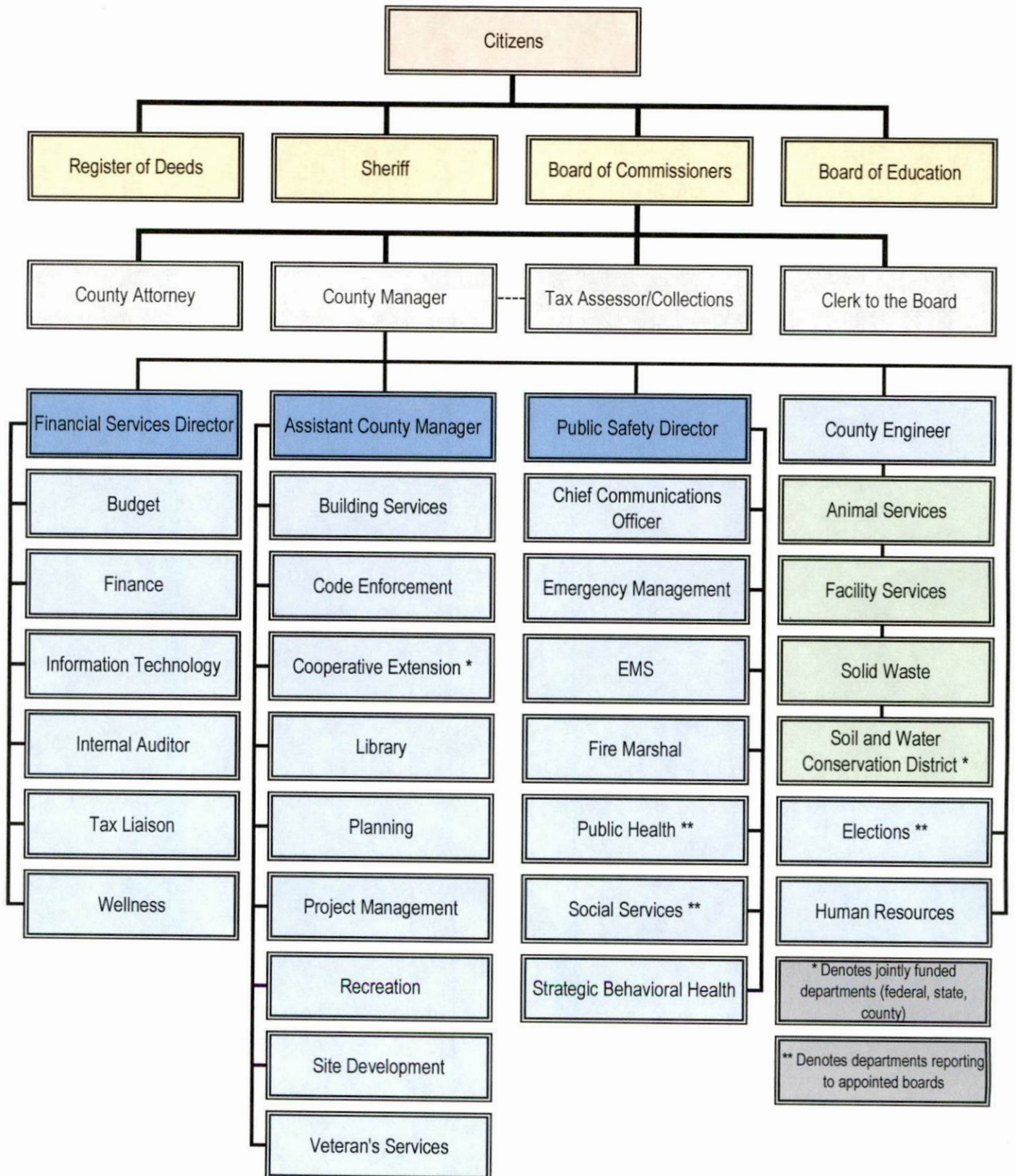
Sincerely,

A handwritten signature in cursive script that reads "Randall L. Cox".

Randall L. Cox, MPA
Finance Director

Henderson County Organizational Chart

AS OF 7/1/2024



This page left blank intentionally.

HENDERSON COUNTY, NORTH CAROLINA

List of Principal Officials

June 30, 2025

Board of Commissioners

Chairman	William G. Lapsley
Vice Chairman	J. Michael Edney
Commissioner	Jay Egolf
Commissioner	Sheila Franklin
Commissioner	Rebecca McCall

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	Lorie Horne
Soil and Water Conservation District Director	Jonathan Wallin
Solid Waste & Utilities Manager	Greg Wiggins
Veteran Services Officer	Brent Embry
Wellness Clinic Director	Jamie Gibbs

This page left blank intentionally.



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, 2024

Christopher P. Morill

Executive Director/CEO

This page left blank intentionally.

FINANCIAL SECTION

This page left blank intentionally.

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, 2025, 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, 2025, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund, the American Rescue Plan Fund, and the Opioid Settlement 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 98.6%, 98.6%, and 99.9% of the assets, net position, and revenues, respectively, of the discretely presented component units as of June 30, 2025, 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*.

Emphasis of Matter

As discussed in Note 8 to the financial statements, the County restated its beginning net position of the governmental activities and fund balances for the General Capital Project Fund and the Opioid Settlement Fund to reflect the correction of errors that occurred in the prior year. Our opinions are not modified with respect to these matters.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying supplemental information, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplemental information, as listed in the table of contents, is fairly stated, in all material respects, in relation to the basic financial statements 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, 2024 (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, is 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 2024 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 prior year comparative information in the accompanying supplemental information, as listed in the tables of contents, is 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 14, 2025, 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 14, 2025

This page left blank intentionally.

HENDERSON COUNTY, NORTH CAROLINA

Management's Discussion and Analysis

June 30, 2025

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, 2025. 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

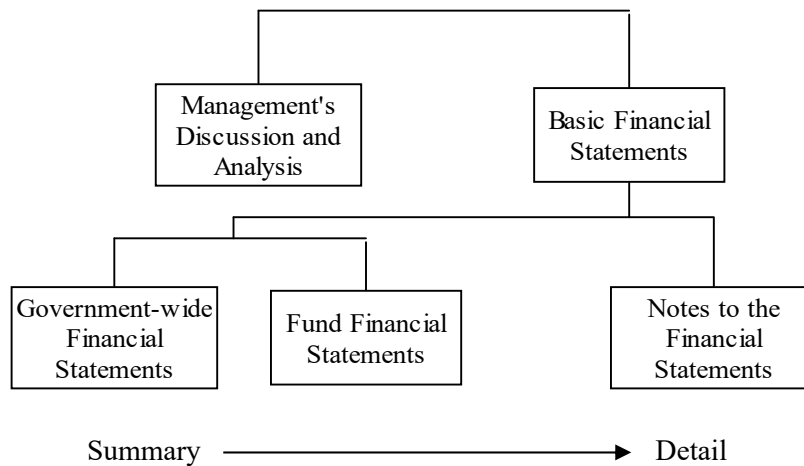
- The assets and deferred outflows of resources of the County exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$80,482,585 (*net position*). In accordance with North Carolina law, liabilities of the County include approximately \$101,609,286 in long-term debt associated with assets belonging to the Henderson County Board of Public Education and Blue Ridge Community College. As these assets are not reflected in the County's financial statements and the full amount of the long-term debt is reported, the County reports a net deficit in unrestricted net position.
- The County's total net position decreased by \$7,818,643. Net position in the governmental activities decreased by \$8,140,751. This decrease was primarily due to the financial impacts associated with Hurricane Helen recovery efforts. Net position in the business-type activities increased by \$322,108. This increase is due primarily to the acquisition of the Etowah Sewer Fund during FY2025 and 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 \$117,634,518, an increase of \$23,364,013 in comparison with the prior year. Approximately 50.7% of this total amount, or \$59,633,241, is non-spendable or restricted.
- At the end of the current fiscal year, available fund balance for the General Fund was \$64,285,495, or 33.98%, of total General Fund expenditures. Available fund balance includes the total fund balance in the general fund, less non-spendable amounts for inventories and prepaid items, the amount calculated as Stabilization for State Statute, as described in the notes accompanying the financial statements, and any restricted amounts.
- Henderson County's total limited obligation and installment note debt decreased by \$14,268,238 (10.54%) during the current fiscal year due to payment on limited obligation debt principal during the fiscal year.

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	
	2025	2024 Restated	2025	2024	2025	2024 Restated
Assets and Deferred Outflows:						
Current and other assets	\$ 199,386,626	\$ 190,720,563	\$ 3,921,011	\$ 11,638,679	\$ 203,307,637	\$ 202,359,242
Restricted non-current assets	11,637,738	26,107,580	-	-	11,637,738	26,107,580
Capital assets	138,463,894	123,857,518	18,986,745	12,008,819	157,450,639	135,866,337
Total assets	349,488,258	340,685,661	22,907,756	23,647,498	372,396,014	364,333,159
Deferred outflows of resources	34,338,785	37,690,379	707,909	778,267	35,046,694	38,468,646
Total assets and deferred outflows	383,827,043	378,376,040	23,615,665	24,425,765	407,442,708	402,801,805
Liabilities and Deferred Inflows:						
Long-term liabilities	205,771,625	216,003,611	10,661,838	11,517,337	216,433,463	227,520,948
Other liabilities	85,764,792	65,682,115	2,047,937	2,432,095	87,812,729	68,114,210
Total liabilities	291,536,417	281,685,726	12,709,775	13,949,432	304,246,192	295,635,158
Deferred inflows of resources	22,501,092	18,760,028	212,839	105,390	22,713,931	18,865,418
Total liabilities and deferred inflows	314,037,509	300,445,754	12,922,614	14,054,822	326,960,123	314,500,576
Net Position:						
Net investment in capital assets	114,482,075	94,399,309	11,122,502	10,819,886	125,604,577	105,219,195
Restricted	59,592,178	66,752,489	-	-	59,592,178	66,752,489
Unrestricted	(104,284,719)	(83,221,512)	(429,451)	(448,943)	(104,714,170)	(83,670,455)
Total net position	\$ 69,789,534	\$ 77,930,286	\$ 10,693,051	\$ 10,370,943	\$ 80,482,585	\$ 88,301,229

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 \$80,482,585 as of June 30, 2025. The County's net position decreased by \$8,140,751 for the fiscal year ended June 30, 2025. Net position of the County is reported in three categories: net investment in capital assets of \$125,604,577, restricted net position of \$59,592,178, and unrestricted net position of (\$104,714,170).

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 \$101.61 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 99.42%.
- Other budgetary control efforts, including the cutoff of departmental spending prior to fiscal year-end.
- Actual expenditures, transfers, and other financing uses in the General Fund were less than the budgeted amount by \$18,570,843.
- Revenues, transfers, and other financing sources in the General Fund exceeded expenditures and other financing uses by \$3,759,745.

Governmental Activities. Governmental activities decreased the County's net position by \$8,140,751. This decrease is primarily due to expenditures related to Hurricane Helene response and recovery efforts.

Business-Type Activities. Business-type activities increased the County's net position by \$322,108. The increase is attributable primarily to the acquisition of the Etowah Sewer System in FY2025, along with transfers from the general fund. (See Figure 3.)

Henderson County's Change in Net Position
Figure 3

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Revenues:						
Program revenues:						
Charges for services	\$ 18,109,837	\$ 18,672,534	\$ 10,777,368	\$ 8,811,058	\$ 28,887,205	\$ 27,483,592
Operating grants and contributions	41,229,384	22,598,020	233,552	304,500	41,462,936	22,902,520
Capital grants and contributions	7,078,422	16,073,022	-	-	7,078,422	16,073,022
General revenues:						
Property taxes	126,995,382	123,982,372	-	-	126,995,382	123,982,372
Other taxes	52,621,935	51,546,691	-	-	52,621,935	51,546,691
Other	7,492,688	7,317,599	380,020	174,024	7,872,708	7,491,623
Total revenues	<u>253,527,648</u>	<u>240,190,238</u>	<u>11,390,940</u>	<u>9,289,582</u>	<u>264,918,588</u>	<u>249,479,820</u>
Expenses:						
General government	40,076,262	48,209,691	-	-	40,076,262	48,209,691
Public safety	119,542,157	66,227,249	-	-	119,542,157	66,227,249
Environmental protection	748,612	880,273	-	-	748,612	880,273
Economic and physical development	5,279,460	4,057,454	-	-	5,279,460	4,057,454
Human services	41,304,060	38,098,474	-	-	41,304,060	38,098,474
Cultural and recreational	7,615,355	6,852,701	-	-	7,615,355	6,852,701
Education	42,774,774	40,571,982	-	-	42,774,774	40,571,982
Interest on long-term debt	3,967,037	4,494,540	-	-	3,967,037	4,494,540
Solid waste disposal	-	-	11,511,391	9,537,009	11,511,391	9,537,009
Other	<u>-</u>	<u>-</u>	<u>319,367</u>	<u>56,983</u>	<u>319,367</u>	<u>56,983</u>
Total expenses	<u>261,307,717</u>	<u>209,392,364</u>	<u>11,830,758</u>	<u>9,593,992</u>	<u>273,138,475</u>	<u>218,986,356</u>
Change in net position before capital contributions and transfers	(7,780,069)	30,797,874	(439,818)	(304,410)	(8,219,887)	30,493,464
Capital contributions	-	-	401,244	-	401,244	-
Transfers	<u>(360,682)</u>	<u>(1,305,263)</u>	<u>360,682</u>	<u>1,305,263</u>	<u>-</u>	<u>-</u>
Change in net position	(8,140,751)	29,492,611	322,108	1,000,853	(7,818,643)	30,493,464
Net Position:						
Beginning of year - July 1 as previously presented	77,930,285	37,016,103	10,370,943	9,370,090	88,301,228	46,386,193
Error correction Opioid settlement revenue	<u>-</u>	<u>11,421,571</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,421,571</u>
Beginning, restated	77,930,285	48,437,674	10,370,943	9,370,090	88,301,228	57,807,764
End of year - June 30	<u>\$ 69,789,534</u>	<u>\$ 77,930,285</u>	<u>\$ 10,693,051</u>	<u>\$ 10,370,943</u>	<u>\$ 80,482,585</u>	<u>\$ 88,301,228</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 \$64,285,495, while total fund balance was \$99,645,468. 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 33.98% of total General Fund expenditures, while total fund balance represents 52.67% of that same amount.

At June 30, 2025, the governmental funds of the County reported a combined fund balance of \$117,634,518, a 16.57% decrease from last year. This was due primarily to expenditures related to Hurricane Helene recovery.

The General Capital Projects Fund accounts for financial resources to be used for the acquisition and construction for major capital facilities and capital projects within the County. The fund balance decreased in the current year by \$8,019,857 due to timing of expenditures related to approved construction projects with anticipated bond issuance in fiscal year 2026.

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 \$1,191,855 due to capital outlay related to maintenance, repair, technology, and security initiatives for Henderson County Public Schools.

The Hurricane Helene Grant Project Fund accounts for financial resources to be utilized in the response and recovery of Hurricane Helene which impacted Henderson County in September 2024. The negative fund balance in the current year of \$28,775,246 is due to the timing of response and recovery expenditures and the obligation and receipt of reimbursement from the Federal Emergency Management Agency (FEMA).

The American Rescue Plan Fund accounts for financial resources to be utilized in the prevention and response of the coronavirus pandemic. The fund balance increased in the current year by \$934,079 due to investment earnings during fiscal year 2025.

General Fund Budgetary Highlights. The County's financial position increased in fiscal year 2025 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 resulted in total expenditures being \$18.6 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 & fees, sales and services, and investment earnings which combined to be \$13.0 million over budget. Separately, a total of \$27.6 million in General Fund balance was appropriated to balance the fiscal year 2025 budget. None of the \$27.6 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 2025 General Fund revenues increased by \$3.08 million, or 1.5%, over the prior fiscal year, as compared to General Fund expenditures, which increased by \$9.6 million, or 5.4%, over fiscal year 2024. 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 \$3,759,746, while the amount of unassigned fund balance that is available for appropriation decreased by \$4,595,070 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, excluding other financing sources, by \$8,999,504. The budgetary increase is primarily attributable to increases during the year for other taxes and licenses and restricted intergovernmental revenues. The ad valorem tax category had a positive actual to budget variance of \$4,022,858. The second largest variance was in Local Option Sales Taxes, which had a positive actual to budget variance of \$3,230,445. Total General Fund revenues had a total positive actual to budget variance of \$12,952,218.

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 \$(429,451). During the fiscal year 2025, proprietary fund net position increased \$322,108. This slight increase is primarily due to transfer from the general fund to supplement revenues and the acquisition of the Etowah Sewer fund.

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, 2025, totals \$157,450,639 (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	
	2025	2024	2025	2024	2025	2024
Land	\$ 19,916,699	\$ 19,916,699	\$ 6,038,035	\$ 6,038,035	\$ 25,954,734	\$ 25,954,734
Buildings	79,135,534	76,551,217	-	-	79,135,534	76,551,217
Plant and distribution systems	-	-	2,312,717	1,908,107	2,312,717	1,908,107
Equipment	2,675,121	2,531,536	1,078,530	1,294,017	3,753,651	3,825,553
Vehicles and motor equipment	5,671,045	5,539,836	209,953	109,326	5,880,998	5,649,162
Construction in progress	29,990,858	17,869,298	9,347,510	2,659,333	39,338,368	20,528,631
Real Property lease asset	476,666	556,102	-	-	476,666	556,102
Equipment lease asset	59,777	11,905	-	-	59,777	11,905
Subscription asset	538,194	880,925	-	-	538,194	880,925
Total	\$ 138,463,894	\$ 123,857,518	\$ 18,986,745	\$ 12,008,818	\$ 157,450,639	\$ 135,866,336

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, 2025, Henderson County had total bonded debt outstanding of \$123,321,139 backed by real estate. The County also has multiple direct placement installment notes outstanding of which the majority is related to debt issued for the construction and renovation of school, County, and community college facilities.

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

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

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Limited obligation bonds	\$ 123,321,139	\$ 135,592,054	\$ -	\$ -	\$ 123,321,139	\$ 135,592,054
Direct placement - installment purchase	1,414,286	3,742,857	9,333,333	10,000,000	10,747,619	13,742,857
NCST Cashflow loan	4,197,973	-	-	-	4,197,973	-
Lease liabilities	559,476	587,142	-	-	559,476	587,142
Subscription liabilities	296,204	734,413	-	-	296,204	734,413
Total	\$ 129,789,078	\$ 140,656,466	\$ 9,333,333	\$ 10,000,000	\$ 139,122,411	\$ 150,656,466

Henderson County's total long-term debt decreased by \$11,534,055 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 \$1,911,213,400. As of June 30, 2025, Henderson County's limited obligation and installment notes payable indebtedness was \$121,069,619, which is 6.3% 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 \$215,807,383 General Fund budget for fiscal year 2026. The fiscal year 2026 ad valorem property tax rate remained at 43.10 cents per \$100 of assessed property valuation. Sales tax was budgeted at \$43,970,433, 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 fiscal year 2026 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, 2026

Governmental Activities. For fiscal year 2026, the Board kept 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 fiscal year 2025, actual sales tax collections far exceeded original budgeted amounts. Unassigned General Fund Balance of \$21.6 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 fiscal year 2026 budget for employees. The Board continued to budget revenues and expenditures for all other Governmental Activity Funds conservatively.

Business-Type Activities. The solid waste tipping fee for the Solid Waste Landfill Enterprise Fund was increased to \$70 for fiscal year 2026. This fee was last increased in fiscal year 2022. Retained Earnings of \$622,039 were appropriated for the fiscal year 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 fiscal year 2026.

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.

This page left blank intentionally.

BASIC FINANCIAL STATEMENTS – OVERVIEW

This page left blank intentionally.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

HENDERSON COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION
JUNE 30, 2025

	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	\$ 124,027,258	\$ 1,360,217	\$ 125,387,475	\$ 15,731,748	\$ 1,796,940
Investments	-	-	-	17,314,410	-
Taxes receivable, net	808,767	-	808,767	-	-
Receivables, net	21,132,505	1,091,704	22,224,209	44,496,253	396,597
Lease receivable	939,952	-	939,952	-	-
Opioid receivable, net	11,706,300	-	11,706,300	-	-
Pledges receivable	-	-	-	83,739	-
Healthcare Access and Stabilization Program settlement	-	-	-	14,219,476	-
Inventories	72,354	-	72,354	10,631,548	-
Prepaid items	106,651	-	106,651	8,552,945	-
Restricted cash and cash equivalents	40,592,839	1,469,090	42,061,929	-	-
Restricted investments	-	-	-	31,717,764	-
Total current assets	199,386,626	3,921,011	203,307,637	142,747,883	2,193,537
Non-current assets:					
Net pension asset	137,942	-	137,942	-	-
Lease receivable, non-current	11,499,796	-	11,499,796	-	-
Capital assets:					
Land and construction in progress	49,907,557	15,385,545	65,293,102	13,810,012	-
Other capital assets, net of depreciation	87,481,700	3,601,200	91,082,900	88,790,308	16,292
Right to use lease and subscription assets, net of amortization	1,074,637	-	1,074,637	-	1,620,169
Total capital assets	138,463,894	18,986,745	157,450,639	102,600,320	1,636,461
Other assets	-	-	-	16,688,882	-
Total non-current assets	150,101,632	18,986,745	169,088,377	119,289,202	1,636,461
Total assets	349,488,258	22,907,756	372,396,014	262,037,085	3,829,998
Deferred Outflows of Resources					
OPEB deferrals	10,121,370	224,506	10,345,876	-	-
Pension deferrals	24,217,415	483,403	24,700,818	-	-
Total deferred outflows of resources	34,338,785	707,909	35,046,694	-	-
Total assets and deferred outflows of resources	383,827,043	23,615,665	407,442,708	262,037,085	3,829,998
Liabilities:					
Current liabilities:					
Accounts payable and accrued expenses	35,617,951	1,187,757	36,805,708	32,278,634	219,226
Liabilities to be paid from restricted assets	4,937,866	-	4,937,866	-	-
Advances from grantors - payable from restricted assets	29,632,464	-	29,632,464	29,337,112	-
Third-party payer settlements	-	-	-	2,446,074	-
Due within one year	15,576,511	860,180	16,436,691	9,372,996	52,719
Total current liabilities	85,764,792	2,047,937	87,812,729	73,434,816	271,945
Long-term liabilities:					
Net pension liability - LGERS	40,684,557	872,702	41,557,259	-	-
Total pension liability - LEOSSA	8,148,368	-	8,148,368	-	-
Total OPEB liability	35,567,615	788,937	36,356,552	-	-
Other long-term liabilities	-	-	-	211,876	-
Due in more than one year	121,371,085	9,000,199	130,371,284	48,396,799	1,639,366
Total long-term liabilities	205,771,625	10,661,838	216,433,463	48,608,675	1,639,366
Total liabilities	291,536,417	12,709,775	304,246,192	122,043,491	1,911,311
Deferred Inflows of Resources					
Prepaid taxes	237,853	-	237,853	-	-
OPEB deferrals	9,498,475	210,689	9,709,164	-	-
Pension deferrals	856,542	2,150	858,692	-	-
Leases	11,908,222	-	11,908,222	-	-
Other deferred inflows	-	-	-	726,528	-
Total deferred inflows of resources	22,501,092	212,839	22,713,931	726,528	-

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

HENDERSON COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION
JUNE 30, 2025

	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	114,482,075	11,122,502	125,604,577	43,917,821	(43,347)
Restricted for:					
Stabilization by state statute	26,729,315	-	26,729,315	-	396,597
Register of Deeds	335,038	-	335,038	-	-
Register of Deeds' pension plan	137,942	-	137,942	-	-
General government	9,832,530	-	9,832,530	-	-
Public safety	9,605,491	-	9,605,491	-	-
Human services	9,957,681	-	9,957,681	-	-
Education	317,594	-	317,594	-	-
Cultural and recreational	143,189	-	143,189	-	-
Economic and physical development	2,533,398	-	2,533,398	-	-
By donor	-	-	-	1,874,950	-
Tourism promotion	-	-	-	-	1,565,437
Unrestricted	(104,284,719)	(429,451)	(104,714,170)	93,474,295	-
Total net position	<u>\$ 69,789,534</u>	<u>\$ 10,693,051</u>	<u>\$ 80,482,585</u>	<u>\$ 139,267,066</u>	<u>\$ 1,918,687</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, 2025

		Program Revenues		
		Charges for	Operating	Capital
	Expenses	Services	Grants and	Grants and
			Contributions	Contributions
Functions/Programs:				
Primary Government:				
Governmental Activities:				
General government	\$ 40,076,262	\$ 3,217,164	\$ 3,490,998	\$ 6,007,955
Public safety	119,542,157	11,574,940	16,986,799	60,488
Environmental protection	748,612	11,185	52,800	-
Economic and physical development	5,279,460	479,971	463,077	-
Human services	41,304,060	2,526,631	19,378,500	22,427
Cultural and recreational	7,615,355	299,946	175,442	-
Education	42,774,774	-	681,768	987,552
Interest on long-term debt	3,967,037	-	-	-
Total governmental activities	261,307,717	18,109,837	41,229,384	7,078,422
Business-Type Activities:				
Landfill	11,511,391	10,552,710	233,552	-
Etowah Sewer	221,552	179,658	-	-
Justice Academy Sewer	97,815	45,000	-	-
Total business-type activities	11,830,758	10,777,368	233,552	-
Total primary government	\$ 273,138,475	\$ 28,887,205	\$ 41,462,936	\$ 7,078,422
Component Units:				
Henderson County Hospital Corporation	\$ 450,482,419	\$ 453,444,212	\$ (498,601)	\$ -
Henderson County Tourism Development Authority	3,984,510	2,779	-	-
Total	\$ 454,466,929	\$ 453,446,991	\$ (498,601)	\$ -

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

HENDERSON COUNTY, NORTH CAROLINA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025

	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	\$ (27,360,145)	\$ -	\$ (27,360,145)		
Public safety	(90,919,930)	-	(90,919,930)		
Environmental protection	(684,627)	-	(684,627)		
Economic and physical development	(4,336,412)	-	(4,336,412)		
Human services	(19,376,502)	-	(19,376,502)		
Cultural and recreational	(7,139,967)	-	(7,139,967)		
Education	(41,105,454)	-	(41,105,454)		
Interest on long-term debt	(3,967,037)	-	(3,967,037)		
Total governmental activities	(194,890,074)	-	(194,890,074)		
Business-Type Activities:					
Landfill	-	(725,129)	(725,129)		
Etowah Sewer	-	(41,894)	(41,894)		
Justice Academy Sewer	-	(52,815)	(52,815)		
Total business-type activities	-	(819,838)	(819,838)		
Total primary government	(194,890,074)	(819,838)	(195,709,912)		
Component Units:					
Henderson County Hospital Corporation				\$ 2,463,192	\$ -
Henderson County Tourism Development Authority				-	(3,981,731)
Total				2,463,192	(3,981,731)
General Revenues:					
Taxes:					
Property taxes, levied for general purpose	126,995,382	-	126,995,382	-	-
Local option sales tax	46,970,055	-	46,970,055	-	-
Other taxes and licenses	5,651,880	-	5,651,880	-	3,780,866
Investment earnings, unrestricted	7,492,688	355,215	7,847,903	2,234,044	94,616
Miscellaneous, unrestricted	-	2,291	2,291	-	5,442
Other	-	22,514	22,514	1,023,111	-
Total general revenues	187,110,005	380,020	187,490,025	3,257,155	3,880,924
Extraordinary item-Hurricane Helene expenses	-	-	-	(2,169,342)	-
Capital Contributions	-	401,244	401,244	-	-
Transfers	(360,682)	360,682	-	-	-
Total general revenues, special items and transfers	186,749,323	1,141,946	187,891,269	1,087,813	3,880,924
Change in net position	(8,140,751)	322,108	(7,818,643)	3,551,005	(100,807)
Net Position:					
Beginning of year - July 1, as previously presented	64,408,411	10,370,943	74,779,354	135,716,061	2,019,494
Error correction-capital project fund revenue recognition	2,100,303	-	2,100,303	-	-
Error correction-opioid settlement fund revenue recognition	11,421,571	-	11,421,571	-	-
Net position - beginning as restated	77,930,285	10,370,943	88,301,228	135,716,061	2,019,494
End of year - June 30	\$ 69,789,534	\$ 10,693,051	\$ 80,482,585	\$ 139,267,066	\$ 1,918,687

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

This page left blank intentionally.

FUND FINANCIAL STATEMENTS

HENDERSON COUNTY, NORTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2025

	General Fund	General Capital Projects Fund	School Capital Projects Fund	American Rescue Plan Fund	Hurricane Helene Fund	Opioid Settlement Fund	Other Governmental Funds	Total Governmental Funds
Assets:								
Cash and cash equivalents	\$ 86,321,363	\$ 2,112,954	\$ 604,633	\$ -	\$ -	\$ -	\$ 34,988,308	\$ 124,027,258
Taxes receivable, net	808,767	-	-	-	-	-	-	808,767
Other receivables, net	18,376,286	1,947,030	30,898	-	285,623	-	492,668	21,132,505
Opioid receivables, net	-	-	-	-	-	11,706,300	-	11,706,300
Lease receivable	12,439,748	-	-	-	-	-	-	12,439,748
Due from other funds	6,500,210	-	-	-	-	-	-	6,500,210
Inventories	72,354	-	-	-	-	-	-	72,354
Prepaid items	87,769	-	-	-	-	-	18,882	106,651
Restricted assets:								
Restricted cash and cash equivalents	335,038	17,755,136	612,964	14,291,518	-	4,633,683	2,964,500	40,592,839
Total assets	<u>\$ 124,941,535</u>	<u>\$ 21,815,120</u>	<u>\$ 1,248,495</u>	<u>\$ 14,291,518</u>	<u>\$ 285,623</u>	<u>\$ 16,339,983</u>	<u>\$ 38,464,358</u>	<u>\$ 217,386,632</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:								
Liabilities:								
Accounts payable and accrued liabilities	\$ 3,329,465	\$ -	\$ -	\$ -	\$ 22,560,764	\$ 1,262	\$ 449,130	\$ 26,340,621
Accrued payroll liabilities	7,581,580	-	-	-	-	-	-	7,581,580
Liabilities to be paid from restricted assets	-	4,004,365	900,003	-	-	-	33,498	4,937,866
Advances from grantors - payable from restricted assets	457,892	17,755,136	-	11,419,436	-	-	-	29,632,464
Due to other funds	-	-	-	-	6,500,105	-	105	6,500,210
Total liabilities	<u>11,368,937</u>	<u>21,759,501</u>	<u>900,003</u>	<u>11,419,436</u>	<u>29,060,869</u>	<u>1,262</u>	<u>482,733</u>	<u>74,992,741</u>
Deferred Inflows of Resources:								
Property taxes receivable	808,767	-	-	-	-	-	-	808,767
Unavailable revenues	-	-	-	-	-	10,524,040	303,363	10,827,403
Prepaid taxes	233,013	-	-	-	-	-	4,840	237,853
Other receivables	977,128	-	-	-	-	-	-	977,128
Leases	11,908,222	-	-	-	-	-	-	11,908,222
Total deferred inflows of resources	<u>13,927,130</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,524,040</u>	<u>308,203</u>	<u>24,759,373</u>
Fund Balances:								
Non-spendable:								
Inventory	72,354	-	-	-	-	-	-	72,354
Prepaid items	87,769	-	-	-	-	-	18,882	106,651
Restricted:								
Stabilization by state statute	24,430,894	1,947,030	30,898	-	285,623	-	34,870	26,729,315
Restricted, all other	10,768,956	-	317,594	2,872,082	-	5,814,681	12,951,608	32,724,921
Committed	-	-	-	-	-	-	24,694,164	24,694,164
Assigned for subsequent year's expenditures	21,612,244	-	-	-	-	-	-	21,612,244
Assigned, all other	479,519	-	-	-	-	-	-	479,519
Unassigned	42,193,732	(1,891,411)	-	-	(29,060,869)	-	(26,102)	11,215,350
Total fund balances	<u>99,645,468</u>	<u>55,619</u>	<u>348,492</u>	<u>2,872,082</u>	<u>(28,775,246)</u>	<u>5,814,681</u>	<u>37,673,422</u>	<u>117,634,518</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 124,941,535</u>	<u>\$ 21,815,120</u>	<u>\$ 1,248,495</u>	<u>\$ 14,291,518</u>	<u>\$ 285,623</u>	<u>\$ 16,339,983</u>	<u>\$ 38,464,358</u>	<u>\$ 217,386,632</u>

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

HENDERSON COUNTY, NORTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2025

Ending fund balance for Governmental Funds		\$ 117,634,518
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.		138,463,894
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.		12,613,298
Net pension asset		137,942
Net pension liability LGERS		(40,684,557)
Total pension liability LEOSSA		(8,148,368)
OPEB Liability		(37,490,665)
Deferred inflows of resources related to pensions are not reported in the funds.		
ROD	(2,466)	
LGERS	(100,211)	
LEOSSA	<u>(753,865)</u>	(856,542)
Deferred inflows of resources related to OPEB are not reported in the funds.		(9,498,475)
Deferred outflows of resources related to pensions are not reported in the funds.		
ROD	70,378	
LGERS	22,535,797	
LEOSSA	<u>1,611,240</u>	24,217,415
Deferred outflows of resources related to OPEB are not reported in the funds.		10,121,370
Long-term liabilities and compensated absences are not due and payable in the current period, and, therefore, are not reported in the funds.		(135,024,546)
Some liabilities, including accrued interest, are not due and payable in the current period and, therefore, are not reported in the funds.		(624,750)
Health insurance incurred but not reported claims are not due and payable in the current period and, therefore, are not reported in the funds.		<u>(1,071,000)</u>
Net position of governmental activities		<u>\$ 69,789,534</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, 2025

	General Fund	General Capital Projects Fund	School Capital Projects Fund	American Rescue Plan Fund	Hurricane Helene Fund	Opioid Settlement Fund	Other Governmental Funds	Total Governmental Funds
Revenues:								
Ad valorem taxes	\$ 108,623,517	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,890,661	\$ 127,514,178
Local option sales taxes	46,970,055	-	-	-	-	-	-	46,970,055
Other taxes and licenses	5,580,345	-	-	-	-	-	-	5,580,345
Unrestricted intergovernmental revenues	71,535	-	-	-	-	-	-	71,535
Restricted intergovernmental revenues	20,942,834	6,007,972	-	3,257,174	16,363,319	-	463,077	47,034,376
Permits and fees	3,011,063	-	-	-	-	-	-	3,011,063
Sales and services	10,159,799	-	-	-	-	-	273,783	10,433,582
Opioid settlement funds	-	-	-	-	-	1,489,194	-	1,489,194
Investment earnings	5,170,471	893,762	21,970	934,079	55,690	235,787	180,929	7,492,688
Miscellaneous	2,564,568	2,214,724	30,899	-	669,406	-	837,657	6,317,254
Total revenues	203,094,187	9,116,458	52,869	4,191,253	17,088,415	1,724,981	20,646,107	255,914,270
Expenditures:								
Current:								
General government	27,449,548	-	-	-	-	-	1,262,369	28,711,917
Public safety	49,085,153	-	-	-	46,993,448	-	17,772,998	113,851,599
Environmental protection	690,758	-	-	-	-	-	-	690,758
Economic and physical development	3,956,351	-	-	-	-	-	968,614	4,924,965
Human services	38,470,096	-	-	-	-	195,733	239,270	38,905,099
Cultural and recreational	7,160,142	-	-	-	-	-	-	7,160,142
Education	42,378,000	-	-	-	-	-	380,815	42,758,815
Capital outlay	799,132	22,773,991	5,509,870	-	-	-	-	29,082,993
Debt service:								
Principal retirement	14,133,562	-	-	-	-	-	-	14,133,562
Interest and other charges	5,062,141	-	-	-	-	-	-	5,062,141
Total expenditures	189,184,883	22,773,991	5,509,870	-	46,993,448	195,733	20,624,066	285,281,991
Revenues over (under) expenditures	13,909,304	(13,657,533)	(5,457,001)	4,191,253	(29,905,033)	1,529,248	22,041	(29,367,721)
Other Financing Sources (Uses):								
Transfers from other funds:								
From General Fund	-	2,012,964	-	-	-	-	12,443,968	14,456,932
From Capital Reserve Fund	-	400,000	-	-	-	-	1,090	401,090
From other funds	4,601,942	3,340,178	5,499,052	-	-	-	-	13,441,172
Transfers to other funds	(14,817,614)	(115,466)	(1,233,906)	(3,257,174)	(3,068,186)	(268,478)	(5,899,052)	(28,659,876)
Issuance of debt	66,114	-	-	-	4,197,973	-	-	4,264,087
Total other financing sources (uses)	(10,149,558)	5,637,676	4,265,146	(3,257,174)	1,129,787	(268,478)	6,546,006	3,903,405
Net change in fund balances	3,759,746	(8,019,857)	(1,191,855)	934,079	(28,775,246)	1,260,770	6,568,047	(25,464,316)
Fund Balances:								
Beginning - July 1, as previously presented	95,885,722	5,975,173	1,540,347	1,938,003	-	-	35,659,286	140,998,531
Change within financial reporting entity	-	-	-	-	-	4,553,911	(4,553,911)	-
Error correction	-	2,100,303	-	-	-	-	-	2,100,303
Fund balance - beginning, as restated	95,885,722	8,075,476	1,540,347	1,938,003	-	4,553,911	31,105,375	143,098,834
End of year - June 30	\$ 99,645,468	\$ 55,619	\$ 348,492	\$ 2,872,082	\$ (28,775,246)	\$ 5,814,681	\$ 37,673,422	\$ 117,634,518

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, 2025**

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 \$ (25,464,316)

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	110,414
Property tax revenues and other fees and services	(518,796)
Opioid Settlement revenues	(897,532)
Unavailable revenues	(519,000)

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	21,822,053	
Depreciation expense for governmental assets	(6,279,674)	
Right to use leased asset capital outlay expenditures which were capitalized	66,115	
Right to use subscription asset capital outlay expenditures which were capitalized	120,641	
Amortization expense for intangible assets	(561,051)	15,168,084

Loss on the disposal of capital assets not recognized on modified accrual basis (561,707)

Expenses related to compensated absences that do not require current financial resources are not reported as expenditures in the governmental funds statement. (265,978)

Health insurance incurred but not reported claims that do not require current financial resources are not reported as expenditures in the governmental funds statement (42,000)

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

LEOSSA	312,108	
LGERS	8,645,047	
ROD	10,350	
OPEB	1,923,050	10,890,555

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

LEOSSA	(757,557)	
LGERS	(12,089,788)	
ROD	(33,925)	
OPEB plan expense	(3,955,748)	(16,837,018)

Accrued interest that does not require current financial resources are not reported as expenditures in the governmental funds statement. 97,189

The issuance of long-term debt provides current financial resources to governmental funds, but does not effect net position. (4,264,087)

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 (168,034)

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.

14,133,560

Total change in net position of governmental activities \$ (8,140,751)

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, 2025

	General Fund			
	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Revenues:				
Ad valorem taxes	\$ 104,600,659	\$ 104,600,659	\$ 108,623,517	\$ 4,022,858
Local option sales taxes	43,739,610	43,739,610	46,970,055	3,230,445
Other taxes and licenses	1,610,000	5,439,158	5,580,345	141,187
Unrestricted intergovernmental revenues	61,000	61,000	71,535	10,535
Restricted intergovernmental revenues	16,966,465	21,656,812	20,942,834	(713,978)
Permits and fees	2,429,750	2,482,750	3,011,063	528,313
Sales and services	8,251,257	8,102,499	10,159,799	2,057,300
Investment earnings	2,010,000	2,010,000	5,170,471	3,160,471
Miscellaneous	1,473,724	2,049,481	2,564,568	515,087
Total revenues	<u>181,142,465</u>	<u>190,141,969</u>	<u>203,094,187</u>	<u>12,952,218</u>
Expenditures:				
Current:				
General government	26,978,891	31,197,481	27,719,223	3,478,258
Public safety	50,555,995	53,652,183	49,515,315	4,136,868
Environmental protection	593,337	1,000,702	690,758	309,944
Economic and physical development	4,375,872	4,551,753	3,956,351	595,402
Human services	39,590,466	44,113,483	38,489,009	5,624,474
Cultural and recreational	7,293,967	7,617,928	7,240,524	377,404
Education	42,378,000	42,378,000	42,378,000	-
Debt service:				
Principal retirement	14,039,782	14,318,571	14,133,562	185,009
Interest and other charges	8,925,626	8,925,626	5,062,141	3,863,485
Total expenditures	<u>194,731,936</u>	<u>207,755,727</u>	<u>189,184,884</u>	<u>18,570,843</u>
Revenues over (under) expenditures	<u>(13,589,471)</u>	<u>(17,613,758)</u>	<u>13,909,303</u>	<u>31,523,061</u>
Other Financing Sources (Uses):				
Issuance of debt	-	66,117	66,114	(3)
Transfers from other funds	473,611	4,807,080	4,601,942	(205,138)
Transfers to other funds	(9,810,076)	(14,817,615)	(14,817,614)	1
Appropriated fund balance	22,925,936	27,558,176	-	(27,558,176)
Total other financing sources (uses)	<u>13,589,471</u>	<u>17,613,758</u>	<u>(10,149,558)</u>	<u>(27,763,316)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>3,759,745</u>	<u>\$ 3,759,745</u>
Fund Balance:				
Beginning of year, July 1			<u>95,885,722</u>	
End of year - June 30			<u>\$ 99,645,467</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 ANNUALLY BUDGETED MAJOR SPECIAL REVENUE FUND FOR THE YEAR ENDED JUNE 30, 2025

	American Rescue Plan Fund			
	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Revenues:				
Restricted intergovernmental:				
American Rescue Plan Fund	\$ -	\$ 4,532,278	\$ 3,257,174	\$ (1,275,104)
Investment earnings	-	780,371	934,079	153,708
Total revenues	-	5,312,649	4,191,253	(1,121,396)
Expenditures:				
Current:				
Public safety:				
Other grant expenditures	-	50,000	-	50,000
Total expenditures	-	50,000	-	50,000
Revenues over (under) expenditures	-	5,262,649	4,191,253	(1,071,396)
Other Financing Sources (Uses):				
Transfers out:				
To General Fund	-	-	-	-
To General Capital Projects Fund	-	(7,037,329)	(3,257,174)	3,780,155
Appropriated fund balance	-	1,774,680	-	(1,774,680)
Total other financing sources (uses)	-	(5,262,649)	(3,257,174)	2,005,475
Net change in fund balance	\$ -	\$ -	934,079	\$ 934,079
Fund Balance:				
Beginning of year - July 1			1,938,003	
End of year - June 30			\$ 2,872,082	

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

HENDERSON COUNTY, NORTH CAROLINA

OPIOID SETTLEMENT FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL

ANNUALLY BUDGETED MAJOR SPECIAL REVENUE FUND

FOR THE YEAR ENDED JUNE 30, 2025

	2025		
	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Opioid Settlement Funds	\$ 1,044,793	\$ 1,489,194	\$ 444,401
Investment earnings	-	235,787	235,787
Total revenues	<u>1,044,793</u>	<u>1,724,981</u>	<u>680,188</u>
Expenditures:			
Current:			
Human services	595,942	195,733	400,209
Total expenditures	<u>595,942</u>	<u>195,733</u>	<u>400,209</u>
Revenues over (under) expenditures	448,851	1,529,248	1,080,397
Other Financing Sources (Uses):			
Transfers out:			
To General Fund	(473,611)	(268,478)	205,133
Appropriated fund balance	<u>24,760</u>	<u>-</u>	<u>(24,760)</u>
Total other financing sources (uses)	<u>(448,851)</u>	<u>(268,478)</u>	<u>180,373</u>
Net change in fund balance	<u>\$ -</u>	<u>1,260,770</u>	<u>\$ 1,260,770</u>
Fund Balance:			
Beginning of year - July 1		<u>4,553,911</u>	
End of year - June 30		<u>\$ 5,814,681</u>	

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

HENDERSON COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2025

	Enterprise Funds			
	Non-Major			Total
	Landfill Fund	Justice Academy Sewer Fund	Etowah Sewer Fund	
Assets:				
Current assets:				
Cash and cash equivalents	\$ 567,627	\$ 792,192	\$ 398	\$ 1,360,217
Accounts receivable, net	1,073,122	3,750	14,832	1,091,704
Restricted cash and cash equivalents	1,469,090	-	-	1,469,090
Total current assets	3,109,839	795,942	15,230	3,921,011
Capital assets:				
Land and construction in progress	15,378,881	6,664	-	15,385,545
Other capital assets, net of depreciation	3,067,825	141,220	392,155	3,601,200
Total non-current assets	18,446,706	147,884	392,155	18,986,745
Total assets	21,556,545	943,826	407,385	22,907,756
Deferred Outflows of Resources:				
OPEB deferrals	224,506	-	-	224,506
Pension deferrals	483,403	-	-	483,403
Total deferred outflows of resources	707,909	-	-	707,909
Liabilities:				
Current liabilities:				
Accounts payable and accrued expenses	1,177,467	2,023	8,267	1,187,757
Current portion of compensated absences	5,008	-	-	5,008
Current portion of OPEB liability	42,656	-	-	42,656
Current portion of long-term obligations	812,516	-	-	812,516
Total current liabilities	2,037,647	2,023	8,267	2,047,937
Non-current liabilities:				
Liabilities payable from restricted assets:				
Accrued landfill closure and post-closure care costs	288,457	-	-	288,457
Compensated absences	45,076	-	-	45,076
OPEB liability due in more than one year	788,937	-	-	788,937
Net pension liability - LGERS	872,702	-	-	872,702
Long-term obligations	8,666,666	-	-	8,666,666
Total non-current liabilities	10,661,838	-	-	10,661,838
Total liabilities	12,699,485	2,023	8,267	12,709,775
Deferred Inflows of Resources:				
OPEB deferrals	210,689	-	-	210,689
Pension deferrals	2,150	-	-	2,150
Total deferred inflows of resources	212,839	-	-	212,839
Net Position:				
Net investment in capital assets	10,582,463	147,884	392,155	11,122,502
Unrestricted	(1,230,333)	793,919	6,963	(429,451)
Total net position	\$ 9,352,130	\$ 941,803	\$ 399,118	\$ 10,693,051

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, 2025

	Enterprise Funds			
	Non-Major			
	Landfill Fund	Justice Academy Sewer Fund	Etowah Sewer Fund	Total
Operating Revenues:				
Charges for services	10,552,710	45,000	179,658	10,777,368
Total operating revenues	10,552,710	45,000	179,658	10,777,368
Operating Expenses:				
Salaries and employee benefits	1,755,030	-	-	1,755,030
Other operating expenses	8,775,505	64,645	151,781	8,991,931
Repairs and maintenance	222,459	22,307	60,682	305,448
Depreciation	353,317	10,863	9,089	373,269
Total operating expenses	11,106,311	97,815	221,552	11,425,678
Operating loss	(553,601)	(52,815)	(41,894)	(648,310)
Non-Operating Revenues (Expenses):				
Grant revenue	233,552	-	-	233,552
Interest income	314,046	41,049	120	355,215
Interest expense	(405,080)	-	-	(405,080)
Gain on sale of capital assets	2,125	-	166	2,291
Other	-	18,032	4,482	22,514
Total non-operating revenues (expenses)	144,643	59,081	4,768	208,492
Income (loss) before capital contributions and transfers	(408,958)	6,266	(37,126)	(439,818)
Capital contributions and transfers:				
Capital contributions	-	-	401,244	401,244
Transfers in	325,682	-	35,000	360,682
Total capital contributions and transfers	325,682	-	436,244	761,926
Change in net position	(83,276)	6,266	399,118	322,108
Net Position:				
Beginning of year - July 1	9,435,406	935,537	-	10,370,943
End of year - June 30	\$ 9,352,130	\$ 941,803	\$ 399,118	\$ 10,693,051

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

This page left blank intentionally.

HENDERSON COUNTY, NORTH CAROLINA

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2025**

	Enterprise Funds			
	Non-Major			
	Landfill Fund	Justice Academy Sewer Fund	Etowah Sewer Fund	Total
Cash Flows from Operating Activities:				
Cash received from customers	\$ 10,262,997	\$ 45,000	\$ 164,826	\$ 10,472,823
Cash paid for goods and services	(9,510,809)	(87,722)	(204,196)	(9,802,727)
Cash paid to employees for services	(1,644,865)	-	-	(1,644,865)
Net cash used by operating activities	(892,677)	(42,722)	(39,370)	(974,769)
Cash Flows from Non-Capital Financing Activities:				
Transfers in	325,682	-	35,000	360,682
Proceeds from non-capital grants	233,552	-	-	233,552
Non-operating revenue	-	18,032	4,482	22,514
Net cash provided by non-capital financing activities	559,234	18,032	39,482	616,748
Cash Flows from Capital and Related Financing Activities:				
Acquisition and construction of capital assets	(6,949,952)	-	166	(6,949,786)
Proceeds from sale of long-term asset	2,125	-	-	2,125
Long-term debt payments	(666,667)	-	-	(666,667)
Interest paid	(405,080)	-	-	(405,080)
Net cash used by capital and related financing activities	(8,019,574)	-	166	(8,019,408)
Cash Flows from Investing Activities:				
Interest on investments	314,047	41,049	120	355,216
Net increase in cash and cash equivalents	(8,038,970)	16,359	398	(8,022,213)
Cash and Cash Equivalents:				
Beginning of year - July 1	10,075,687	775,833	-	10,851,520
End of year - June 30	<u>\$ 2,036,717</u>	<u>\$ 792,192</u>	<u>\$ 398</u>	<u>\$ 2,829,307</u>

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

HENDERSON COUNTY, NORTH CAROLINA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

	Enterprise Funds			
	Non-Major			Total
	Landfill Fund	Justice Academy Sewer Fund	Etowah Sewer Fund	
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating loss	\$ (553,601)	\$ (52,815)	\$ (41,894)	\$ (648,310)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	353,317	10,863	9,089	373,269
Changes in assets, deferred outflows, liabilities and deferred inflows:				
(Increase) decrease in deferred outflows of resources for pensions	29,584	-	-	29,584
Increase (decrease) in net pension liability	45,356	-	-	45,356
Increase (decrease) in deferred inflows of resources for pensions	(1,048)	-	-	(1,048)
Landfill closure and post-closure care costs	(145,849)	-	-	(145,849)
(Increase) decrease in accounts receivable	(289,713)	-	(14,832)	(304,545)
Increase (decrease) in accounts payable and accrued liabilities	(366,996)	(770)	8,267	(359,499)
(Increase) decrease in deferred outflows of resources - OPEB	40,774	-	-	40,774
Increase (decrease) in deferred inflows of resources - OPEB	108,497	-	-	108,497
Increase (decrease) in other post-employment benefits	(104,184)	-	-	(104,184)
Increase (decrease) in accrued vacation pay	(8,814)	-	-	(8,814)
Total adjustments	(339,076)	10,093	2,524	(326,459)
Net cash provided (used) by operating activities	\$ (892,677)	\$ (42,722)	\$ (39,370)	\$ (974,769)
Non-Cash Capital and Related Financing Activities:				
Ownership transfer of Etowah Sewer System	\$ -	\$ -	\$ 401,244	\$ 401,244

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

HENDERSON COUNTY, NORTH CAROLINA

**STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2025**

	Custodial Funds
Assets:	
Cash and cash equivalents	\$ 568,174
Receivables, net	<u>610,391</u>
Total assets	<u>1,178,565</u>
Liabilities:	
Accounts payable and accrued liabilities	<u>251,216</u>
Net Position:	
Restricted for:	
Individuals, organizations and other governments	<u>927,349</u>
Total net position	<u>\$ 927,349</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, 2025

	<u>Custodial Funds</u>
Additions:	
Ad valorem taxes for other governments	\$ 21,200,566
Cooperative extension receipts	65,484
Contributions from employees	440,339
Program fees collected	486,153
Investment earnings	<u>12,852</u>
Total additions	<u>22,205,394</u>
Deductions:	
Tax distributions to other governments	21,325,382
Employee flex benefits	440,339
Distributions to programs	<u>512,332</u>
Total deductions	<u>22,278,053</u>
Net decrease in fiduciary net position	(72,659)
Net Position:	
Beginning of year - July 1	<u>1,000,008</u>
End of year - June 30	<u><u>\$ 927,349</u></u>

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

This page left blank intentionally.

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

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

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

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, 2025

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.

Hurricane Helene Fund. This fund is used to account for all resources utilized for disaster recovery caused by Hurricane Helene.

Opioid Settlement Fund. This fund is used to account for the state allocation of settlement funds that will fund initiatives to address the harm caused by the opioid crisis.

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, 2025

Etowah Sewer Fund. This fund accounts for sewer operations from the Etowah Sewer System.

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 five nonmajor special revenue funds: Revaluation Reserve Fund, Emergency Telephone Systems Fund (E-911), Fire Districts Fund, Public Transit Fund, and Miscellaneous Other Governmental Activities 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, proprietary fund, and fiduciary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

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 billed taxes are applicable to the fiscal year in which they are received.

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

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

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

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

lapse at fiscal year-end. Project ordinances are adopted for the General Capital Projects Fund and the School Capital Projects Fund.

All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and at the project level for the multi-year funds. The Budget Officer is authorized to transfer authorized appropriations within a function and to amend the authorized budget for pass-through funds, including federal and state grants. During the year, several amendments to the original budget were necessary; the effects of which were not material. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

D. Assets, Liabilities, Deferred Inflows and Outflows, and Fund Equity

Deposits and Investments

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

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

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

Cash and Cash Equivalents

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

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

Restricted Assets

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

Governmental Activities:

General Fund	Restricted register of deeds funds	\$ 335,038
General Capital Projects Fund	Unexpended grant proceeds	17,755,136
School Capital Projects Fund	Unexpended debt proceeds	612,964
ARPA Fund	Unexpended grant proceeds	14,291,518
Opioid Settlement Fund	Unexpended opioid settlement proceeds	4,633,683
Other Governmental Funds	Tax revaluation	2,964,500
Total governmental activities		<u>\$ 40,592,839</u>

Business-Type Activities

Landfill Fund	Unexpended debt proceeds	\$ 1,469,090
Total business-type activities		<u>\$ 1,469,090</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, 2024. The County does not currently allow discounts that apply to taxes paid prior to the due date.

Lease Receivable

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

Allowances for Doubtful Accounts

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

Inventories and Prepaid Items

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

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

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

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

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.

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

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

Long-Term Obligations

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

Compensated Absences

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

The sick leave policies of the County and the Hospital provide for an unlimited accumulation of earned sick leave. Sick leave does not vest, but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Sick leave is more likely than not to not be used for time off or otherwise paid in cash or settled through noncash means; therefore, for the County's government-wide and proprietary funds no expense or liability for sick leave has been recorded

Opioid Settlement Funds

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

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

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 \$6,157,652 as part of this settlement through Fiscal Year 2025. 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. \$708,813 has been expended as of June 30, 2025. 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 \$611,461 for medical expenses, \$100,000 for projects related to broadband, \$2,550,982 for centralized wastewater collection, \$348,000 for services to foster youth, \$9,196,433 for Strong Healthy Communities and \$10,000,000 for revenue replacement. Amounts totaling \$3,257,174 were transferred to the General Capital Project Fund in Fiscal Year 2025. The unspent amount of funds, \$11,419,433, 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.

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

Net Position/Fund Balances

Net Position

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

Fund Balances

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

The governmental fund types classify fund balances as follows:

Non-Spendable Fund Balance

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

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

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

Restricted Fund Balance

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

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

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

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

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

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

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

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

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

Restricted fund balance, other at June 30, 2025 is as follows:

	General	Other	General	School	Hurricane	American	Opioid	
	Fund	Governmental	Capital	Capital	Helene	Rescue Plan	Settlement	Total
Purpose	Fund	Funds	Projects Fund	Projects Fund	Fund	Fund	Fund	Restricted
Restricted for stabilization by state statute	\$ 24,430,894	\$ 34,870	\$ 1,947,030	\$ 30,898	\$ 285,623	\$ -	\$ -	\$ 26,729,315
Restricted, all other:								
Register of Deeds	335,038	-	-	-	-	-	-	335,038
General Government	-	9,832,530	-	-	-	-	-	9,832,530
Public safety	6,159,337	574,072	-	-	-	2,872,082	-	9,605,491
Economic and physical development	-	2,533,398	-	-	-	-	-	2,533,398
Human services	4,131,392	11,608	-	-	-	-	5,814,681	9,957,681
Cultural and recreational	143,189	-	-	-	-	-	-	143,189
Education	-	-	-	317,594	-	-	-	317,594
Total	\$ 35,199,850	\$ 12,986,478	\$ 1,947,030	\$ 348,492	\$ 285,623	\$ 2,872,082	\$ 5,814,681	\$ 59,454,236

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 \$137,942.

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.

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

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

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

Committed fund balance at June 30, 2025 is as follows:

<u>Purpose</u>	<u>Other Governmental Funds</u>
Committed:	
Revaluation	\$ 2,931,002
General government	6,628,610
Economic and physical development	15,134,552
Total	<u>\$ 24,694,164</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, 2025 is as follows:

<u>Purpose</u>	<u>General Fund</u>
Assigned:	
Subsequent year's expenditures	\$ 21,612,244
Public safety	479,519
Total	<u>\$ 22,091,763</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, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

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

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

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

Total fund balance - General Fund	\$ 99,645,468
Less:	
Inventories	(72,354)
Prepaid items	(87,769)
Stabilization by state statute	(24,430,894)
Restricted-other	<u>(10,768,956)</u>
Total available fund balance	<u>\$ 64,285,495</u>

Defined Benefit Cost-Sharing Plans

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

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

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

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.

2. Stewardship, Compliance, and Accountability

Deficit in Fund Balance of Individual Funds

As of June 30, 2025, the Hurricane Helene Fund and the Miscellaneous Other Governmental Activities Fund had a deficit fund balance of \$28,775,246 and \$14,494, respectively. The deficit fund balance in the Hurricane Helene Fund consists of disaster and recovery related expenditures for which Henderson County anticipates Federal Emergency Management Agency (FEMA) reimbursement in subsequent years but were not officially obligated as of June 30, 2025. The deficit fund balance in the Miscellaneous Other Governmental Activities Fund was due to actual revenues received less than budgeted during the year. Revenues in FY2026 are anticipated to bring the fund back to a positive fund balance.

3. 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

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

County complies with the provisions G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2025, the County's and TDA's deposits had a carrying amount of \$20,036,991 and \$1,796,385, respectively, and a bank balance of \$24,393,674. 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, 2025, the County and TDA had \$6,650 and \$555, respectively, cash on hand.

At June 30, 2025, the Hospital's deposits had a carrying amount of \$15,731,748 and a bank balance of approximately \$17,650,000. Of the bank balance, approximately \$500,000 was covered by federal depository insurance, and the balance was covered by collateral held under the Pooling Method.

Investments

At June 30, 2025, 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	\$ 14,433,021			\$ 14,433,021
U.S. government agencies	Fair Value-Level 2	15,345,090	1,524,668	2,456,153	11,364,269
Commercial paper	Fair Value-Level 2	44,243,049	44,243,049	-	-
North Carolina Capital Management					
Trust - Government Portfolio	Fair Value-Level 1	73,384,603	73,384,603	-	-
Total		<u>\$ 147,405,763</u>	<u>\$ 119,152,320</u>	<u>\$ 2,456,153</u>	<u>\$ 25,797,290</u>

Treasury:

	<u>Fair Value</u>
Treasury Note	<u>\$ 14,433,021</u>

US Government Agencies:

	<u>Fair Value</u>
Federal National Mortgage Association	\$ 7,615,458
Federal Home Loan Mortgage Corporation	7,729,632
	<u>\$ 15,345,090</u>

Commercial Paper:

	<u>Fair Value</u>
Credit Agricole Corp	\$ 4,940,876
ING Fund	4,892,569
MUFG Bank	19,750,595
Toyota Mtr Cr Corp	14,659,009
	<u>\$ 44,243,049</u>

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

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

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

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

Interest Rate Risk. As a means of limiting its exposure to fair value losses arising from interest rates, the County's investment policy limits at least half of the County's investment portfolio to maturities of less than 12 months. Also, the County's investment policy requires purchases of securities to be ladderized 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, 2025, 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, 2025. 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, 2025. 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 5% and Federal National Mortgage Association are 5% 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 ING Fund at 3%, Toyota Motor Credit Corp at 10%, MUFG Bank at 14% and Credit Agricole Corp at 3%. The County has no formal policy on the concentration of credit risk.

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

At June 30, 2025, 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	\$ 6,475,627	\$ 5,574,569	\$ 901,058	\$ -
North Carolina Capital Management Trust	Fair Value-Level 1	5,338	-	-	5,338
Equity securities and funds	Fair Value-Level 1	39,791,152	-	-	39,791,152
Stocks and mutual funds	Fair Value-Level 1	1,205,291	-	-	1,205,291
Fixed income investments	Fair Value-Level 1	477,062	-	-	477,062
Cash and cash equivalents	Fair Value-Level 1	1,077,704	-	-	1,077,704
Total		<u>\$ 49,032,174</u>	<u>\$ 5,574,569</u>	<u>\$ 901,058</u>	<u>\$ 42,556,547</u>

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

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

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

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

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, 2025.

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 Debt Securities are rated Aaa for long-term and P-1 for short-term 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

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

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	
2022	\$ 2,299,483	\$ 597,866	\$ 2,897,349	
2023	2,238,890	380,611	2,619,501	
2024	1,863,250	149,060	2,012,310	
2025	1,914,442	-	1,914,442	
Total	<u>\$ 8,316,065</u>	<u>\$ 1,127,537</u>	<u>\$ 9,443,602</u>	

Receivables

Receivables at the government-wide level at June 30, 2025 were as follows:

	Accounts	Taxes	Due From Other Governments	Lease Receivable	Total
Governmental Activities:					
General	\$ 11,069,612	\$ 1,307,504	\$ 13,004,586	\$ 12,439,748	\$ 37,821,450
Opioid Settlement	11,706,300	-	-	-	11,706,300
Other governmental	2,470,596	-	285,623	-	2,756,219
Total receivables	25,246,508	1,307,504	13,290,209	12,439,748	52,283,969
Allowance for doubtful accounts	(5,697,912)	(498,737)	-	-	(6,196,649)
Total governmental activities	<u>\$ 19,548,596</u>	<u>\$ 808,767</u>	<u>\$ 13,290,209</u>	<u>\$ 12,439,748</u>	<u>\$ 46,087,320</u>
Business-Type Activities:					
Landfill	\$ 1,009,021	\$ -	\$ 64,101	\$ -	\$ 1,073,122
Justice Academy Sewer	3,750	-	-	-	3,750
Etowah Sewer	14,832	-	-	-	14,832
Total receivables	<u>\$ 1,027,603</u>	<u>\$ -</u>	<u>\$ 64,101</u>	<u>\$ -</u>	<u>\$ 1,091,704</u>

Due from other governments consisted of the following:

Governmental Activities:	
Local option sales tax	\$ 11,451,815
Franchise tax	76,110
Sales tax reimbursement	760,768
Motor vehicle tax	715,893
Grant reimbursement	285,623
Total	<u>\$ 13,290,209</u>

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

In fiscal year 2025, the County recognized \$1,021,474 of lease revenue and \$300,994 of interest revenue under the lease.

Capital Assets

Capital asset activity for the year ended June 30, 2025 was as follows:

	Balance July 1, 2024	Increases	Decreases	Transfers	Balance June 30, 2025
Governmental Activities:					
Non-Depreciable Capital Assets:					
Land	\$ 19,916,699	\$ -	\$ -	\$ -	\$ 19,916,699
Construction in progress	17,869,298	16,248,203	-	(4,126,643)	29,990,858
Total non-depreciable capital assets	<u>37,785,997</u>	<u>16,248,203</u>	<u>-</u>	<u>(4,126,643)</u>	<u>49,907,557</u>
Depreciable Capital Assets:					
Buildings	140,749,721	2,479,776	(713,139)	4,126,643	146,643,001
Equipment	11,251,509	930,536	(99,663)	-	12,082,382
Vehicles and motor equipment	14,265,442	2,163,538	(939,213)	-	15,489,767
Real property lease asset	794,409	-	-	-	794,409
Equipment lease asset	27,214	66,115	-	-	93,329
Subscription asset	1,489,433	120,641	(1,382)	-	1,608,692
Total depreciable capital assets	<u>168,577,728</u>	<u>5,760,606</u>	<u>(1,753,397)</u>	<u>4,126,643</u>	<u>176,711,580</u>
Less Accumulated Depreciation and Amortization:					
Buildings	64,198,504	3,650,123	(341,160)	-	67,507,467
Equipment	8,719,973	742,727	(55,439)	-	9,407,261
Vehicles and motor equipment	8,725,606	1,886,824	(793,708)	-	9,818,722
Real property lease asset	238,307	79,436	-	-	317,743
Equipment lease asset	15,309	18,243	-	-	33,552
Subscription asset	608,508	463,372	(1,382)	-	1,070,498
Total accumulated depreciation	<u>82,506,207</u>	<u>\$ 6,840,725</u>	<u>\$ (1,191,689)</u>	<u>\$ -</u>	<u>88,155,243</u>
Total depreciable capital assets	<u>86,071,521</u>				<u>88,556,337</u>
Total depreciable capital assets, net	<u>\$ 123,857,518</u>				<u>\$ 138,463,894</u>

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

	Depreciation	Amortization	Total
General government	\$ 2,416,361	\$ 529,093	\$ 2,945,454
Public safety	2,867,048	22,400	2,889,448
Economic and physical development	238,786	-	238,786
Human services	510,521	-	510,521
Cultural and recreational	246,958	9,558	256,516
Total	<u>\$ 6,279,674</u>	<u>\$ 561,051</u>	<u>\$ 6,840,725</u>

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

	<u>Balance</u> <u>July 1, 2024</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2025</u>
Business-Type Activities:				
Landfill:				
Non-Depreciable Capital Assets:				
Land	\$ 6,031,371	\$ -	\$ -	\$ 6,031,371
Construction in progress	2,659,333	6,688,177	-	9,347,510
Total non-depreciable capital assets	<u>8,690,704</u>	<u>6,688,177</u>	<u>-</u>	<u>15,378,881</u>
Depreciable Capital Assets:				
Plant and distribution systems	3,309,618	109,775	-	3,419,393
Furniture and maintenance equipment	2,816,066	-	-	2,816,066
Vehicles	988,241	152,000	(145,225)	995,016
Total depreciable capital assets	<u>7,113,925</u>	<u>261,775</u>	<u>(145,225)</u>	<u>7,230,475</u>
Less Accumulated Depreciation:				
Plant and distribution systems	1,553,594	86,457	-	1,640,051
Furniture and maintenance equipment	1,522,049	215,487	-	1,737,536
Vehicles	878,915	51,373	(145,225)	785,063
Total accumulated depreciation	<u>3,954,558</u>	<u>\$ 353,317</u>	<u>\$ (145,225)</u>	<u>4,162,650</u>
Total depreciable capital assets, net	<u>3,159,367</u>			<u>3,067,825</u>
Landfill capital assets, net	<u>\$ 11,850,071</u>			<u>\$ 18,446,706</u>
	<u>Balance</u> <u>July 1, 2024</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2025</u>
Etowah Sewer:				
Non-Depreciable Capital Assets:				
Depreciable Capital Assets:				
Plant and distribution systems	\$ -	\$ 401,244	\$ -	\$ 401,244
Total depreciable capital assets	<u>-</u>	<u>401,244</u>	<u>-</u>	<u>401,244</u>
Less Accumulated Depreciation:				
Plant and distribution systems	-	9,089	-	9,089
Total accumulated depreciation	<u>-</u>	<u>\$ 9,089</u>	<u>\$ -</u>	<u>9,089</u>
Total depreciable capital assets, net	<u>-</u>			<u>392,155</u>
Etowah Sewer System capital assets, net	<u>\$ -</u>			<u>\$ 392,155</u>

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

	<u>Balance</u> <u>July 1, 2024</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2025</u>
Justice Academy Sewer:				
Non-Depreciable Capital Assets:				
Land	\$ 6,664	\$ -	\$ -	\$ 6,664
Depreciable Capital Assets:				
Plant and distribution systems	434,523	-	-	434,523
Furniture and maintenance equipment	17,234	-	-	17,234
Total depreciable capital assets	<u>451,757</u>	<u>-</u>	<u>-</u>	<u>451,757</u>
Less Accumulated Depreciation:				
Plant and distribution systems	282,440	10,863	-	293,303
Furniture and maintenance equipment	17,234	-	-	17,234
Total accumulated depreciation	<u>299,674</u>	<u>10,863</u>	<u>-</u>	<u>310,537</u>
Total depreciable capital assets, net	<u>152,083</u>	<u>\$ (10,863)</u>	<u>\$ -</u>	<u>141,220</u>
Justice Academy Sewer capital assets, net	<u>158,747</u>			<u>147,884</u>
Business-type activities capital assets, net	<u>\$ 12,008,818</u>			<u>\$ 18,986,745</u>

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

Capital asset activity for the Henderson County Hospital Corporation for the year ended June 30, 2025 was as follows:

	Balance July 1, 2024	Increases	Transfers/ Decreases	Balance June 30, 2025
Non-Depreciable Capital Assets:				
Land	\$ 10,071,618	\$ -	\$ 2,010,522	\$ 12,082,140
Construction in progress	8,128,919	547,065	(6,948,112)	1,727,872
Total non-depreciable capital assets	<u>18,200,537</u>	<u>547,065</u>	<u>(4,937,590)</u>	<u>13,810,012</u>
Depreciable Capital Assets:				
Land improvements	4,012,292	-	578,281	4,590,573
Buildings and fixed equipment	139,462,255	-	4,829,775	144,292,030
Moveable equipment	150,141,064	-	(1,717,029)	148,424,035
Right to use lease assets	29,860,072	14,707,716	(3,304,147)	41,263,641
Total depreciable capital assets	<u>323,475,683</u>	<u>14,707,716</u>	<u>386,880</u>	<u>338,570,279</u>
Less Accumulated Depreciation:				
Land improvements	2,365,168	252,732	-	2,617,900
Buildings and fixed equipment	96,987,631	4,517,926	(334,999)	101,170,558
Moveable equipment	125,012,878	5,085,944	(2,078,126)	128,020,696
Right to use lease assets	14,220,657	5,887,745	(2,137,585)	17,970,817
Total accumulated depreciation	<u>238,586,334</u>	<u>15,744,347</u>	<u>(4,550,710)</u>	<u>249,779,971</u>
Total depreciable capital assets, net	<u>84,889,349</u>	<u>\$ (489,566)</u>	<u>\$ -</u>	<u>88,790,308</u>
Total capital assets, net	<u>\$ 103,089,886</u>			<u>\$ 102,600,320</u>

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

Capital asset activity for the Henderson County Tourism Development Authority for the year ended June 30, 2025 was as follows:

	<u>Balance</u> <u>July 1, 2024</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Balance</u> <u>June 30, 2025</u>
Governmental Activities:					
Depreciable Capital Assets:					
Equipment	\$ 40,489	\$ 17,250	\$ (32,736)	\$ -	\$ 25,003
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>17,250</u>	<u>(32,736)</u>	<u>-</u>	<u>1,932,576</u>
Less Accumulated Depreciation and Amortization:					
Equipment	(19,210)	(958)	11,457	-	(8,711)
Vehicles	(23,784)	-	-	-	(23,784)
Real property lease asset amortization	<u>(197,715)</u>	<u>(65,905)</u>	<u>-</u>	<u>-</u>	<u>(263,620)</u>
Total accumulated depreciation and amortization	<u>(240,709)</u>	<u>\$ (66,863)</u>	<u>\$ 11,457</u>	<u>\$ -</u>	<u>(296,115)</u>
Governmental activities capital assets, net	<u>\$ 1,707,353</u>				<u>\$ 1,636,461</u>

B. Liabilities

Payables

Payables at the government-wide level at June 30, 2025 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	\$ 4,400,465	\$ 6,510,580	\$ 624,750	1,071,000	\$ 12,606,795
Other governmental	<u>22,978,175</u>	<u>32,981</u>	<u>-</u>	<u>-</u>	<u>23,011,156</u>
Total governmental activities	<u>\$ 27,378,640</u>	<u>\$ 6,543,561</u>	<u>\$ 624,750</u>	<u>\$ 1,071,000</u>	<u>\$ 35,617,951</u>
Business-Type Activities:					
Landfill	\$ 1,140,416	\$ 37,051	\$ -	\$ -	\$ 1,177,467
Justice Academy Sewer	2,023	-	-	-	2,023
Etowah Sewer System	<u>8,267</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,267</u>
Total business-type activities	<u>\$ 1,150,706</u>	<u>\$ 37,051</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,187,757</u>

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

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, 2025 was 15.10% of compensation for law enforcement officers and 13.60% 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, 2025

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 \$8,830,487 for the year ended June 30, 2025.

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, 2025, the County reported a liability of \$41,557,259 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2023. The total pension liability was then rolled forward to the measurement date of June 30, 2024 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, 2025 (measured as of June 30, 2024), the County's proportion was 0.616%, which was an increase of 0.022% from its proportion as of June 30, 2024 (measured as of June 30, 2023).

For the year ended June 30, 2025, the County recognized pension expense of \$12,848,311. At June 30, 2025, 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	\$ 7,282,405	\$ 48,964
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	5,649,685	-
Changes in proportion and differences between County contributions and proportionate share of contributions	1,256,623	53,397
County's contributions subsequent to the measurement date	8,830,487	-
Total	<u>\$ 23,019,200</u>	<u>\$ 102,361</u>

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

\$8,830,487 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, 2026. 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
2026	\$ 4,470,149
2027	8,556,824
2028	1,698,199
2029	(638,820)
Total	<u>\$ 14,086,352</u>

Actuarial Assumptions. The total pension liability in the December 31, 2023 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, 2023 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.

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2024 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed income	33.0%	2.4%
Global equity	38.0%	6.9%
Real estate	8.0%	6.0%
Alternatives	8.0%	8.6%
Opportunistic Fixed Income	7.0%	5.3%
Inflation protection	6.0%	4.3%
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 2.38%. All rates of return and inflation are annualized.

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

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

	<u>1% Decrease (5.50%)</u>	<u>Discount Rate (6.50%)</u>	<u>1% Increase (7.50%)</u>
County's proportionate share of the net pension liability	<u>\$ 73,640,680</u>	<u>\$ 41,557,259</u>	<u>\$ 15,164,233</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, 2025

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, 2023, the Separation Allowance's membership consisted of 152 active plan members and 29 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, 2023 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	4.28%

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

The actuarial assumptions used in the December 31, 2023 valuation were based on the results of an experience study completed by the Actuary for the Local Government Employees' Retirement System for the five-year period ending December 31, 2019.

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

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

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

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

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

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

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

Contributions

The County is required by Article 12D of G. S. Chapter 143 to provide these retirement benefits and has chosen to fund the benefit payments on a pay-as-you-go basis through appropriations made in the General Fund operating budget. There were no contributions made by employees. The County's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. The County paid \$601,495 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, 2025, the County reported a total pension liability of \$8,148,368. The total pension liability was measured as of December 31, 2024 based on a December 31, 2023 actuarial valuation. The total pension liability was rolled forward to December 31, 2024 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2025, the County recognized pension expense of \$1,045,248.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 917,677	\$ -
Changes of assumptions	381,455	753,865
County's benefit payments and plan administrative expense made subsequent to the measurement date	312,108	-
Total	<u>\$ 1,611,240</u>	<u>\$ 753,865</u>

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

The County paid \$312,108 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, 2026. 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
2026	\$ 354,962
2027	(19,463)
2028	14,192
2029	137,406
2030	58,170
Total	<u>\$ 545,267</u>

Sensitivity of the County's Total Pension Liability to Changes in the Discount Rate. The following presents the County's total pension liability calculated using the discount rate of 4.28%, as well as what the County's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.28%) or 1-percentage-point higher (5.28%) than the current rate:

	1% Decrease (3.28%)	Discount Rate (4.28%)	1% Increase (5.28%)
Total pension liability	<u>\$ 8,766,474</u>	<u>\$ 8,148,368</u>	<u>\$ 7,586,321</u>

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

	<u>2025</u>
Beginning balance	\$ 7,553,223
Service cost	301,980
Interest on total pension liability	290,807
Differences between expected and actual experience in the measurement of the total pension liability	735,680
Changes of assumptions or other inputs	(167,245)
Benefit payments	<u>(566,077)</u>
Ending balance of the total pension liability	<u>\$ 8,148,368</u>

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

Changes of Assumptions. Changes of assumptions and other inputs reflect a change in the discount rate from 4.00% at December 31, 2023 to 4.28% at December 31, 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, 2023 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 \$1,347,685 for the reporting year. No amounts were forfeited.

Register of Deeds' Supplemental Pension Fund

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

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

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

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 \$10,350 for the year ended June 30, 2025.

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

At June 30, 2025, the County reported an asset of \$137,942 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2024. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2023. The total pension liability was then rolled forward to the measurement date of June 30, 2024 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, 2024 measurement date, the County's proportion was 1.197%, which was a decrease of 0.018% from its proportion measured as of June 30, 2023.

For the year ended June 30, 2024 measurement date, the County recognized pension expense of \$33,922. At June 30, 2025, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 3,029	\$ 2,466
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	53,271	-
Changes in proportion and differences between County contributions and proportionate share of contributions	3,728	-
County's contributions subsequent to the measurement date	<u>10,350</u>	<u>-</u>
Total	<u>\$ 70,378</u>	<u>\$ 2,466</u>

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

\$10,350 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, 2026. 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
2026	\$ 28,559
2027	23,974
2028	4,836
2029	193
Total	<u>\$ 57,562</u>

Actuarial Assumptions. The total pension liability in the December 31, 2023 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, 2023 valuation were based on the results of an actuarial experience review for the period January 1, 2015 through December 31, 2019.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The adopted asset allocation policy for the RODSPF is 100% in the fixed income asset class. The estimate of arithmetic real rate of return for the fixed income asset class as of June 30, 2024 is (2.76%).

The information above is based on 30-year expectations developed with the consulting actuary for the asset, liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 2.38%. All rates of return and inflation are annualized.

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

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

	1% Decrease (2.00%)	Discount Rate (3.00%)	1% Increase (4.00%)
County's proportionate share of the net pension liability (asset)	\$ (91,399)	\$ (137,942)	\$ (177,147)

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

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

The net pension liability for LGERS and ROD was measure as of June 30, 2024, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2023. The total pension liability for LEOSSA was measured as of December 31, 2024, with an actuarial valuation date of December 31, 2023. 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)	\$ 41,557,259	\$ (137,942)	\$ -	\$ 41,419,317
Proportion of the net pension liability (asset)	0.61644%	1.19710%	N/A	-
Total pension liability	-	-	8,148,368	8,148,368
Pension expense	12,848,311	33,922	1,045,248	13,927,481

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

At June 30, 2025, 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	\$ 7,282,405	\$ 3,029	\$ 917,677	\$ 8,203,111
Pensions - difference between projected and actual investment earnings	5,649,685	53,271	-	5,702,956
Changes of assumptions	-	-	381,455	381,455
Pensions - change in proportion and difference between employer contributions and proportionate share of contributions	1,256,623	3,728	-	1,260,351
County contributions (LGERS, ROD)/ benefit payments and administration costs (LEOSSA) subsequent to the measurement date	<u>8,830,487</u>	<u>10,350</u>	<u>312,108</u>	<u>9,152,945</u>
Total	<u>\$ 23,019,200</u>	<u>\$ 70,378</u>	<u>\$ 1,611,240</u>	<u>\$ 24,700,818</u>
Deferred Inflows of Resources:				
Pensions - difference between expected and actual experience	\$ 48,964	\$ 2,466	\$ -	\$ 51,430
Pensions - difference between projected and actual investment earnings	-	-	-	-
Changes of assumptions	-	-	753,865	753,865
Pensions - change in proportion and difference between employer contributions and proportionate share of contributions	<u>53,397</u>	<u>-</u>	<u>-</u>	<u>53,397</u>
Total	<u>\$ 102,361</u>	<u>\$ 2,466</u>	<u>\$ 753,865</u>	<u>\$ 858,692</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, 2025

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, 100 retirees are eligible for post-retirement health benefits. For the fiscal year ended June 30, 2025, the County made payments for post-retirement health benefit premiums of \$1,965,706. The County is self-insured and contracts with a private carrier to administer the healthcare plan. A separate report was not issued for the plan. This is a single employer defined benefit plan. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75. Management of the HCB Plan is vested in the Henderson County Board of Commissioners.

County Contributions Based on Years of Creditable Service

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

Membership of the plan consisted of the following at June 30, 2024, the date of the latest actuarial valuation:

Inactive plan members or beneficiaries currently receiving benefit payments	100
Inactive plan members entitled to but not yet receiving benefit payments	-
Active plan members	821
	<u>921</u>

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

Total OPEB Liability

The County's total OPEB liability of \$38,322,258 was measured as of June 30, 2024 and was determined by an actuarial valuation as of June 30, 2024.

Actuarial Assumptions and Other Inputs. The total OPEB liability in the June 30, 2024 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, 2023	<u>\$43,123,353</u>
Changes for the year:	
Service cost	2,067,333
Interest	1,606,614
Changes of benefit terms	(339,633)
Differences between expected and actual experience	(6,858,010)
Changes of assumptions or other inputs	1,091,587
Benefit payments	<u>(2,368,986)</u>
Net changes	<u>(4,801,095)</u>
Balance at June 30, 2024	<u><u>\$38,322,258</u></u>

Changes in assumptions and other inputs reflect a change in the Municipal Bond Index Rate from 3.65% to 3.93%

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.

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increases used in the June 30, 2024 valuation were based on the results of an actuarial experience study for the period January 1, 2015 – December 31, 2019, adopted by the LGERS Board.

The remaining actuarial assumptions (e.g., initial per capita costs, healthcare cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2024 valuation were based on a review of recent plan experience done concurrently with the June 30, 2024 valuation.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate. The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.93%) or 1-percentage-point higher (4.93%) than the current discount rate:

	1% Decrease (2.93%)	Current (3.93%)	1% Increase (4.93%)
Total OPEB liability	<u>\$ 42,217,547</u>	<u>\$ 38,322,258</u>	<u>\$ 34,862,102</u>

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

	1% Decrease	Current Discount Rate	1% Increase
Total OPEB liability	<u>\$ 33,958,156</u>	<u>\$ 38,322,258</u>	<u>\$ 43,510,856</u>

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

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

For the year ended June 30, 2025, the County recognized OPEB expense of \$4,043,491. At June 30, 2025, 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	\$ 4,752,868	\$ 6,309,908
Changes of assumptions	3,627,302	3,399,256
Benefit payments and plan administrative expense made subsequent to the measurement date	1,965,706	-
Total	<u>\$ 10,345,876</u>	<u>\$ 9,709,164</u>

\$1,965,706 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, 2026. 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
2026	\$ 774,577
2027	726,887
2028	480,022
2029	(1,148,311)
2030	(1,041,321)
Thereafter	(1,120,848)
Total	<u>\$ (1,328,994)</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

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

payment of monthly contributions. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount. Contributions are determined as a percentage of monthly payrolls based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. The County considers these contributions to be immaterial.

Landfill Closure and Post-Closure Care Costs

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

Due to a redetermination of post-closure costs being performed after the landfill stopped accepting waste, the estimated post-closure costs decreased significantly from the amount estimated in prior years. The \$434,306 reported as landfill post-closure care liability at June 30, 2025 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 2025. 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.

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

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

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.

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	
	2025	2024
Unpaid claims:		
Beginning of year - July 1	\$ 1,029,000	698,065
Incurred claims	13,927,740	12,886,259
Claim payments	(13,885,740)	(12,555,324)
End of year - June 30	<u>\$ 1,071,000</u>	<u>\$ 1,029,000</u>

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

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

Claims and Judgments

At June 30, 2025, 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.

The future minimum lease obligations and the net present value of the minimum lease payments as of June 30, 2025 were as follows:

Year Ending		
June 30	Principal	Interest
2026	\$ 95,469	\$ 12,451
2027	84,835	10,316
2028	84,100	8,285
2029	86,156	6,228
2030	20,332	4,856
2031-2035	78,412	18,056
2036-2040	73,193	8,999
2041-2045	<u>36,979</u>	<u>2,619</u>
Total	<u>\$ 559,476</u>	<u>\$ 71,810</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.

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

The future minimum subscription obligations and the net present value of the minimum subscription payments as of June 30, 2025 were as follows:

Year Ending		
June 30	Principal	Interest
2026	\$ 153,921	\$ 7,724
2027	70,214	3,757
2028	<u>72,069</u>	<u>1,903</u>
Total	<u>\$ 296,204</u>	<u>\$ 13,384</u>

Installment Financing Contracts

The County has direct placement installment financing contracts with the Henderson County Governmental Financing Corporation, a component unit, for construction of educational and public safety facilities. These contracts were funded by execution and delivery of certificates of participation. The outstanding contracts at June 30, 2025 are as follows:

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

\$ 500,000

Total installment contracts

\$ 500,000

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

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

Year Ending		
June 30	Principal	Interest
2026	<u>\$ 500,000</u>	<u>\$ 24,000</u>
Total	<u>\$ 500,000</u>	<u>\$ 24,000</u>

Installment Purchases

As authorized by state law [G.S.160A-20 and 153A-158.1], the County has financed various direct placement property acquisitions for use by the Henderson County Public School by installment purchase. The installment purchase was issued pursuant to a deed of trust that requires legal title remain with the County as long as the debt is outstanding. The County has entered into a lease with the Henderson County Board of Public Education that transfers the rights

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

and responsibilities for maintenance and insurance of the property to the Board of Education. The lease calls for nominal annual lease payments and also contains a bargain purchase option. The lease term is the same as that of the installment purchase obligation. Due to the economic substance of the transaction, the capital position associated with the installment purchase obligation is recorded by the Board of Education.

Other direct placement installment purchase contracts payable at June 30, 2025 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.

\$ 914,286

Total installment purchases indebtedness

\$ 914,286

The County's outstanding contracts from direct placements related to the Clear Creek Elementary School and Etowah Elementary School projects of \$914,286 is secured by a deed of trust for the benefit of the bank, pursuant to which the County grants a lien on the sites. The contracts contain a provision that in an event of default, there will be foreclosure of the collateral. The County liability is limited to the collateral.

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

Year Ending		
June 30	Principal	Interest
2026	\$ 914,286	\$ 11,726
Total	\$ 914,286	\$ 11,726

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

\$ 9,333,333

Total installment purchases indebtedness

\$ 9,333,333

The County's outstanding contracts from direct placements related to the Henderson County Solid Waste Facility of \$9,333,333 is secured by a deed of trust for the benefit of the bank, pursuant to which the County grants a lien on the site. The contracts contain a provision that in an event of default, there will be foreclosure of the collateral. The County liability is limited to the collateral.

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

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
2026	\$ 666,667	\$ 379,867
2027	666,667	352,733
2028	666,667	325,600
2029	666,667	298,467
2030	666,667	271,333
2031-2035	3,333,333	949,667
2036-2039	2,666,665	271,333
Total	<u>\$ 9,333,333</u>	<u>\$ 2,849,000</u>

Limited Obligation Indebtedness

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

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

The County's limited obligation bonds payable at June 30, 2025 are comprised of the following individual issues:

Governmental Activities:

\$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%.	\$ 2,122,000
\$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%.	17,705,000
\$14,600,000 Series 2016A limited obligation bonds, due in annual principal payments of \$975,000. Payment is due annually beginning in 2023 on June 30th at an interest rate ranging from 2.50% to 5.00%.	11,675,000
\$12,475,000 Series 2017A limited obligation bonds, due in annual principal payments ranging from \$560,000 to \$630,000. Payment is due semi-annually on December 1st and June 1st at an interest rate ranging from 5.00% to 3.00%	7,505,000
\$24,225,000 Series 2018A limited obligation bonds, due in annual principal payments ranging from \$1,090,000 to \$1,220,000. Payment is due semi-annually on December 1st and June 1st at an interest rate ranging from 5.00% to 3.375%	15,815,000
\$52,525,000 Series 2020 limited obligation bonds, due in annual principal payments ranging from \$2,625,000 to \$2,630,000. Payment is due semi-annually on December 1st and June 1st at an interest rate ranging from 2.75% to 5.00%	39,375,000
\$20,850,000 Series 2021 limited obligation bonds, due in annual principal payments ranging from \$415,000 to \$1,080,000. Payment is due semi-annually on December 1st and June 1st at an interest rate ranging from 3.00% to 4.00%	<u>16,125,000</u>
Total governmental limited obligation bonds payable	<u>\$ 110,322,000</u>

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

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

Year Ending June 30	Principal	Interest
2026	\$ 9,912,000	\$ 4,507,615
2027	7,850,000	4,105,914
2028	7,915,000	3,722,539
2029	7,990,000	3,335,663
2030	8,050,000	2,952,964
2031-2035	41,320,000	9,228,520
2036-2040	27,285,000	2,496,331
Total	<u>\$ 110,322,000</u>	<u>\$ 30,349,546</u>

State Cashflow Loan for Disaster Response Activities:

As authorized by the NC Disaster Recovery Act of 2024, Session Law 2024-53 (as amended by Session Law 2024-57), the County received \$4,197,973 from the NC Department of State Treasurer's (NCDST) cashflow loan for disaster response program to cover expenditures for disaster response activities resulting from Hurricane Helene. Expenditures may be eligible for reimbursement by FEMA Public Assistance Program, National Flood Insurance Program, or other federal reimbursement program. Federal government reimbursements received on costs associated with this loan must be remitted to NCDST within five business days. The interest free loan must be repaid in accordance with the repayment schedule with the full amount paid no later than June 30, 2030.

Annual debt service requirement to maturity for the County's disaster recovery cashflow loan are as follows:

Year Ending June 30	Principal
2026	\$ 1
2027	419,797
2028	839,595
2029	1,259,392
2030	1,679,188
Total	<u>\$ 4,197,973</u>

Governmental Activities:

At June 30, 2025, the County had no bonds authorized, but unissued, and a legal debt margin of \$1,911,213,400.

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

Long-Term Obligation Activity

A summary of changes in long-term debt follows:

	Balance July 1, 2024	Increases	Decreases	Transfer	Balance June 30, 2025	Current Portion of Balance
Governmental Activities:						
Limited obligation bonds	\$ 121,595,000	\$ -	\$(11,273,000)	\$ -	\$ 110,322,000	\$ 9,912,000
Add unamortized bond premium	13,997,054	-	(997,915)	-	12,999,139	997,915
Total limited obligation bonds	135,592,054	-	(12,270,915)	-	123,321,139	10,909,915
Other long-term obligations:						
Leases	587,142	66,114	(93,780)	-	559,476	95,469
Subscriptions	734,413	-	(438,209)	-	296,204	153,921
Direct placement - installment purchases	2,742,857	-	(1,828,571)	-	914,286	914,286
Direct placement - installment contracts	1,000,000	-	(500,000)	-	500,000	500,000
NCDST cash flow loan-Helene	-	4,197,973	-	-	4,197,973	1
Net pension liability (LGRS)	38,570,087	2,114,470	-	-	40,684,557	-
Compensated absences	4,969,491	3,335,162	(3,069,185)	-	5,235,468	523,547
Total OPEB liability	42,187,576	-	(4,696,911)	-	37,490,665	1,923,050
Total pension liability (LEOSSA)	7,553,223	595,145	-	-	8,148,368	556,322
Total governmental activities	<u>\$ 233,936,843</u>	<u>\$ 10,308,864</u>	<u>\$ (22,897,571)</u>	<u>\$ -</u>	<u>\$ 221,348,136</u>	<u>\$ 15,576,511</u>
Business-Type Activities:						
Landfill:						
Direct placement - installment purchases	\$ 10,000,000	\$ -	\$ (666,667)	\$ -	\$ 9,333,333	\$ 666,667
Accrued landfill closure and post-closure care cost	580,155	-	(145,849)	-	434,306	145,849
Net pension liability (LGRS)	827,346	45,356	-	-	872,702	-
Total OPEB liability	935,777	-	(104,184)	-	831,593	42,656
Compensated absences	58,898	27,515	(36,329)	-	50,084	5,008
Total Landfill	<u>12,402,176</u>	<u>72,871</u>	<u>(953,029)</u>	<u>-</u>	<u>11,522,018</u>	<u>860,180</u>
Total business-type activities	<u>\$ 12,402,176</u>	<u>\$ 72,871</u>	<u>\$ (953,029)</u>	<u>\$ -</u>	<u>\$ 11,522,018</u>	<u>\$ 860,180</u>

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

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

Discretely Presented Component Unit:

	Balance July 1, 2024	Increases	Decreases	Balance June 30, 2025	Current Portion of Balance
Revenue bonds	\$ 35,433,843	\$ -	\$ 2,727,643	\$ 32,706,200	\$ 2,805,079
Notes Payable	715,500	-	159,000	556,500	159,000
Leases	20,639,837	9,555,492	5,688,234	24,507,095	6,408,917
Total	<u>\$ 56,789,180</u>	<u>\$ 9,555,492</u>	<u>\$ 8,574,877</u>	<u>\$ 57,769,795</u>	<u>\$ 9,372,996</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%.

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

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

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	Lease Liabilities	Interest
2026	\$ 2,805,079	\$ 6,408,917	\$ 1,754,480
2027	2,886,378	6,891,943	1,535,155
2028	2,968,564	4,886,584	1,346,540
2029	3,053,664	2,598,354	1,158,099
2030	3,141,705	1,692,490	978,933
2031-2035	9,875,713	2,028,807	3,015,853
2036-2040	5,878,000	-	1,505,327
2041-2042	2,097,097	-	468,882
Total	<u>\$ 32,706,200</u>	<u>\$ 24,507,095</u>	<u>\$ 11,763,269</u>

Net Investment in Capital Assets

Net investment in capital assets at June 30, 2025 is computed as follows:

	Governmental Activities	Business-Type Activities
Capital assets, net of accumulated depreciation	\$ 138,463,894	\$ 18,986,745
Restricted cash from debt issuance	-	1,469,090
Long-term debt	(125,591,105)	(9,333,333)
Long-term debt for assets not owned by the County	<u>101,609,286</u>	<u>-</u>
Net investment in capital assets	<u>\$ 114,482,075</u>	<u>\$ 11,122,502</u>

Unspent debt proceeds of \$2,261 is 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, 2025

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	\$ 5,485,084
Medical Office Buildings Project	342,698
Ecusta Trail Project	474,851
Total	<u>\$ 6,302,633</u>

Interfund Balances and Activity

Transfers to/from other funds for the year ended June 30, 2025 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	\$ -	\$ 2,012,964	\$ -	\$ 12,443,967	\$ 360,682	\$ 14,817,613
General Capital Projects Fund	114,375	-	-	1,091	-	115,466
School Capital Projects Fund	1,233,907	-	-	-	-	1,233,907
American Rescue Plan Fund	-	3,257,174	-	-	-	3,257,174
Hurricane Helene Fund	2,985,182	83,004				3,068,186
Opioid Fund	268,478	-	-	-	-	268,478
Other Governmental Funds	-	400,000	5,499,052	-	-	5,899,052
Total	<u>\$ 4,601,942</u>	<u>\$ 5,753,142</u>	<u>\$ 5,499,052</u>	<u>\$ 12,445,058</u>	<u>\$ 360,682</u>	<u>\$ 28,659,876</u>

Interfund Transfer Purpose

To General Fund:	To fund debt service payments, disaster recovery and opioid costs incurred
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

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

4. Joint Ventures

The County, in conjunction with the State of North Carolina and Henderson County Board of Education, participates in a joint venture to operate Blue Ridge Community College ("Community College"). Each of the three participants appoints four members of the 13-member Board of Trustees of the Community College. The President of the Community College's student government association serves as a non-voting, ex-officio member of the Board of Trustees. The Community College is included as a component unit of the State. The County has the basic responsibility for providing funding for the facilities of the Community College and also provides some financial support for the Community College's operations. In addition to providing annual appropriations for facilities, the County periodically issues general obligation bonds to provide financing for new and restructured facilities. The County has an ongoing financial responsibility for the Community College, because of the statutory responsibilities to provide funding for the Community College's facilities. The County contributed \$5,750,000 to the Community College for operational expenses during the fiscal year ended June 30, 2025. In addition, the County made debt service payments of \$5,197,294, including interest, during the year ended June 30, 2025, 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 \$456,263 was spent in FY25. 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, 2025. 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 30 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, 2025. 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, 2025. Complete financial statements for the LME may be obtained from the LME's administrative office at 200 Ridgefield Court, Asheville, North Carolina.

5. Jointly Governed Organization

The County, in conjunction with other counties and municipalities, established the Land of Sky Regional Council of Governments (Council). The participating governments established the Council to coordinate funding received from various federal and state agencies. Each participating government appoints one member to the Council's governing board.

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

6. 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.

7. 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. Henderson County's recovery efforts have been successful in the wake of Hurricane Helene. While recovery is on-going, Henderson County has identified funding from the Federal Emergency Management Agency (FEMA) to assist in recovery efforts. As of June 30, 2025, Henderson County has been obligated and deemed eligible by FEMA for \$16,363,319 in recovery funds. The County has since had \$169,326 in additional projects obligated by FEMA and continues to work with FEMA to obligate additional projects.

On October 8, 2025, Henderson County issued \$87,085,000 in Limited Obligation Bonds to fund the construction and renovation of its Detention Center along with the refunding of Series 2015 Limited Obligation Bonds.

8. Accounting for Changes and Error Corrections

Change Within Reporting Entity

The Opioid Settlement Fund moves from non-major to major fund reporting in the current fiscal year.

Error Correction

In accordance with original accounting guidance for Opioid Settlement Funds, the County treated the transactions as government-mandated and voluntary nonexchange transactions where the incurrence of eligible expenditures is required for revenue recognition. Later guidance clarified that the transactions are exchange and exchange-like transactions where revenue recognition occurs when the settlements are finalized and the County obtains a claim to resources. On the full accrual basis of accounting all revenue should have been recognized in prior years; therefore, a correction of \$11,421,571 is needed to the government-wide statements. On the modified accrual basis of accounting the resources must also be measurable and available for revenue recognition to occur; therefore, no correction is required to the fund statements.

A correction of \$2,100,303 in the County Capital Project Fund due to unrecorded receivable and revenue in the prior year.

This page left blank intentionally.

This page left blank intentionally.

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

This page left blank intentionally.

HENDERSON COUNTY, NORTH CAROLINA

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

	Law Enforcement Officers' Special Separation Allowance								
	2025	2024	2023	2022	2021	2020	2019	2018	2017
Beginning balance	\$ 7,553,223	\$ 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	301,980	256,259	377,737	364,623	229,878	198,328	200,837	161,720	179,379
Interest on the total pension liability	290,807	298,757	176,381	147,752	164,898	166,301	141,245	169,905	159,386
Differences between expected and actual experience	735,680	151,404	120,677	219,654	627,325	309,396	263,037	(173,704)	-
Changes of assumptions or other inputs	(167,245)	155,894	(1,163,262)	(186,607)	1,912,980	136,434	(164,110)	245,524	(96,170)
Benefit payments	(566,077)	(481,634)	(356,268)	(367,411)	(308,081)	(333,787)	(350,406)	(320,273)	(290,720)
Ending balance of the total pension liability	<u>\$ 8,148,368</u>	<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.

Service cost is the annual normal cost using the entry age normal actuarial funding method

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 NINE FISCAL YEARS

	Law Enforcement Officers' Special Separation Allowance								
	2025	2024	2023	2022	2021	2020	2019	2018	2017
Total pension liability	\$ 8,148,368	\$ 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*	10,622,724	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	76.71%	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 EIGHT YEARS**

	Total OPEB Liability							
	2025	2024	2023	2022	2021	2020	2019	2018
Beginning balance	\$ 43,123,353	\$ 42,063,093	\$ 42,727,861	\$ 39,358,947	\$ 21,660,306	\$ 20,227,240	\$ 19,284,840	\$ 19,572,675
Service cost	2,067,333	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	1,606,614	1,532,498	959,392	906,135	769,175	763,735	671,611	577,569
Changes of benefit terms	(339,633)	-	-	-	4,222,575	-	-	-
Differences between expected and actual experience	(6,858,010)	(417,312)	2,642,682	(126,315)	8,571,865	144,390	(211,456)	(171,424)
Changes of assumptions or other inputs	1,091,587	(447,330)	(5,157,908)	1,745,893	4,589,399	727,218	373,320	(942,686)
Benefit payments	(2,368,986)	(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>\$ 38,322,258</u>	<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	\$ 51,257,805	\$ 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	74.76%	103.25%	100.71%	109.23%	100.62%	59.08%	55.17%	61.19%

Notes to Schedule:

No OPEB assets are accumulated in trust.

Service cost is the annual normal cost using the entry age normal actuarial cost method.

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
2025	3.93%
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									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
County's proportion of the net pension liability (asset) (%)	0.61644%	0.59485%	0.59831%	0.58125%	0.59300%	0.59773%	0.58639%	0.56991%	0.58474%	0.55923%
County's proportion of the net pension liability (asset) (\$)	\$ 41,557,259	\$ 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
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
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	71.93%	77.97%	73.81%	20.80%	50.65%	40.85%	34.86%	22.06%	36.78%	7.55%
Plan fiduciary net position as a percentage of the total pension liability**	83.30%	82.49%	84.14%	95.51%	88.61%	90.86%	91.63%	94.18%	91.47%	98.09%

* 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									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution	\$ 8,830,487	\$ 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
Contributions in relation to the contractually required contribution	<u>8,830,487</u>	<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>
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	\$ 63,544,573	\$ 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
Contributions as a percentage of covered payroll	13.90%	13.10%	12.78%	11.70%	10.27%	9.11%	7.91%	7.23%	7.00%	6.79%

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									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
County's proportion of the net pension liability (asset) (%)	1.197100%	1.214600%	1.240065%	1.27195%	1.31172%	1.21325%	1.38721%	1.42083%	1.42155%	1.36491%
County's proportion of the net pension liability (asset) (\$)	\$ (137,942)	\$ (145,958)	\$ (164,262)	\$ (244,380)	\$ (300,620)	\$ (239,520)	\$ (229,764)	\$ (242,521)	\$ (265,773)	\$ (316,304)
County's covered payroll	\$ 111,734	\$ 107,216	\$ 100,414	\$ 92,039	\$ 89,266	\$ 86,520	\$ 90,827	\$ 79,713	\$ 73,231	\$ 73,416
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	-123.46%	-136.13%	-163.58%	-265.52%	-336.77%	-276.84%	-252.97%	-304.24%	-362.92%	-430.84%
Plan fiduciary net position as a percentage of the total pension liability **	133.61%	135.74%	139.04%	156.53%	173.62%	164.11%	153.31%	153.77%	160.17%	197.29%

* 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									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution	\$ 10,350	\$ 10,300	\$ 10,840	\$ 14,223	\$ 15,265	\$ 12,560	\$ 11,532	\$ 11,871	\$ 12,345	\$ 11,612
Contributions in relation to the contractually required contribution	<u>10,350</u>	<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>
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	\$ 116,695	\$ 111,734	\$ 107,216	\$ 100,414	\$ 92,039	\$ 89,266	\$ 86,520	\$ 90,827	\$ 79,713	\$ 73,231
Contributions as a percentage of covered payroll	8.87%	9.22%	10.11%	14.16%	16.59%	14.07%	13.33%	13.07%	15.49%	15.86%

This page left blank intentionally.

MAJOR FUNDS

This page left blank intentionally.

The General Fund

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

HENDERSON COUNTY, NORTH CAROLINA

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2025

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

	2025		2024
	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Ad Valorem Taxes:			
Taxes - current		\$ 108,153,725	104,926,371
Penalties, interest, and advertising		469,792	450,364
Total	\$ 104,600,659	108,623,517	\$ 4,022,858
Local Option Sales Taxes:			
Article 39 one percent		19,269,065	18,772,616
Article 40 one-half of one percent		11,770,515	11,569,740
Article 42 one-half of one percent		10,936,017	10,575,932
Article 44 one-half of one percent		864,697	849,761
Medicaid hold harmless		4,129,761	4,011,900
Total	43,739,610	46,970,055	3,230,445
Other Taxes and Licenses:			
Deed stamp excise tax		1,332,949	1,462,202
Gross receipts rental tax		90,528	80,171
Privilege licenses		327,710	394,229
Occupancy tax		3,829,158	3,761,294
Total	5,439,158	5,580,345	141,187
Unrestricted Intergovernmental Revenues:			
Payment in lieu of taxes	61,000	71,535	10,535
Restricted Intergovernmental Revenues:			
Federal and state grants		20,517,315	19,170,670
Court facility fee		111,665	118,783
ABC net revenues		276,511	244,798
ABC bottles taxes		37,343	40,595
Total	21,656,812	20,942,834	(713,978)
Permits and Fees:			
Inspection fees		2,248,369	3,088,040
Register of Deeds		578,326	477,395
Enforcement fees		184,368	209,330
Watershed fees		-	1,505
Total	2,482,750	3,011,063	528,313

HENDERSON COUNTY, NORTH CAROLINA

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2025

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

	2025		2024
	Budget	Actual	Variance Favorable (Unfavorable)
			Actual
Sales and Services:			
Rents, concessions, and fees		2,653,949	2,864,205
Jail fees		288,628	241,773
Ambulance fees		5,917,266	6,682,606
Recreation fees		278,481	280,235
Lease revenue		1,021,475	1,030,913
Total	8,102,499	10,159,799	2,057,300
Investment Earnings	2,010,000	5,170,471	3,160,471
Miscellaneous:			
Sale of capital assets		101,812	182,052
Interest on lease receivable		304,371	325,660
Other		2,158,385	2,511,415
Total	2,049,481	2,564,568	515,087
Total revenues	190,141,969	203,094,187	12,952,218
Expenditures:			
General Government:			
Governing Body:			
Salaries and employee benefits		381,343	360,536
Operating expenditures		306,196	286,783
Donations and dues		1,023,227	808,499
Capital outlay		9,246	-
Total	1,755,361	1,720,012	35,349
Administration:			
Salaries and employee benefits		2,860,496	3,407,938
Operating expenditures		4,134,279	4,275,900
Capital outlay		1,515	-
Total	7,458,333	6,996,290	462,043
Elections:			
Salaries and employee benefits		713,523	611,787
Operating expenditures		328,841	358,264
Capital outlay		9,246	-
Total	1,326,555	1,051,610	274,945

HENDERSON COUNTY, NORTH CAROLINA

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2025

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

	2025		2024
	Budget	Actual	Variance Favorable (Unfavorable)
Finance:			
Salaries and employee benefits		1,244,436	1,179,697
Operating expenditures		122,551	154,186
Total	1,435,795	1,366,987	68,808
Tax Administration:			
Salaries and employee benefits		2,142,455	1,935,657
Operating expenditures		465,286	530,414
Capital outlay		25,495	-
Total	2,917,021	2,633,236	283,785
Legal:			
Salaries and employee benefits		1,062,822	1,010,658
Contracted services		30,860	34,744
Total	1,109,579	1,093,682	15,897
Register of Deeds:			
Salaries and employee benefits		569,139	553,919
Operating expenditures		109,994	124,574
Capital outlay		5,185	-
Total	794,287	684,318	109,969
Facilities Services:			
Salaries and employee benefits		2,535,470	2,296,169
Operating expenditures		2,743,726	2,806,932
Capital outlay		16,871	6,100
Total	6,279,028	5,296,067	982,961
Garage and Grounds:			
Salaries and employee benefits		304,873	312,287
Operating expenditures		57,806	99,367
Total	517,566	362,679	154,887
Court Facilities:			
Operating expenditures		134,463	186,626
Total	153,000	134,463	18,537

HENDERSON COUNTY, NORTH CAROLINA

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2025

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

	2025		2024
	Budget	Actual	Variance Favorable (Unfavorable)
Information Technology:			
Salaries and employee benefits		1,886,109	1,663,417
Operating expenditures		2,784,013	2,760,852
Capital outlay		233,335	753,077
Total	5,912,686	4,903,457	1,009,229
Wellness Clinic:			
Salaries and employee benefits		1,189,183	1,119,182
Operating expenditures		282,201	255,223
Capital outlay		5,038	-
Total	1,538,270	1,476,422	61,848
Total general government	31,197,481	27,719,223	3,478,258
Public Safety:			
Sheriff and Communications:			
Salaries and employee benefits		21,451,752	20,138,299
Operating expenditures		2,716,021	2,621,900
Capital outlay		93,983	193,010
Total	26,242,073	24,261,756	1,980,317
Jail:			
Salaries and employee benefits		5,035,744	4,661,750
Operating expenditures		1,598,393	1,520,167
Capital outlay		8,753	-
Total	7,185,881	6,642,890	542,991
Emergency Management:			
Salaries and employee benefits		1,012,369	639,967
Operating expenditures		190,885	155,816
Capital outlay		105,671	63,867
Total	1,640,787	1,308,925	331,862
Fire Services:			
Salaries and employee benefits		517,253	417,376
Operating expenditures		216,343	347,462
Capital outlay		53,749	-
Total	954,314	787,345	166,969

HENDERSON COUNTY, NORTH CAROLINA**GENERAL FUND****SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES****IN FUND BALANCE - BUDGET AND ACTUAL****FOR THE YEAR ENDED JUNE 30, 2025****WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2024**

	2025		2024
	Budget	Actual	Variance Favorable (Unfavorable)
			Actual
Inspections:			
Salaries and employee benefits		1,714,471	1,452,766
Operating expenditures		107,898	102,328
Total	1,974,959	1,822,369	152,590
Code Enforcement Services:			
Salaries and employee benefits		314,832	280,741
Operating expenditures		37,909	20,637
Total	360,319	352,741	7,578
Site Development:			
Salaries and employee benefits		229,095	256,989
Operating expenditures		11,069	17,993
Total	244,612	240,164	4,448
Emergency Medical Services:			
Salaries and employee benefits		11,109,283	10,032,372
Operating expenditures		1,157,722	1,156,109
Capital outlay		168,006	54,108
Total	13,304,322	12,435,011	869,311
Animal Control:			
Salaries and employee benefits		685,572	613,254
Operating expenditures		195,792	185,705
Capital outlay		-	10,817
Total	962,166	881,364	80,802
Rescue Squad:			
Operating expenditures		782,750	757,750
Total	782,750	782,750	-
Total public safety	53,652,183	49,515,315	4,136,868
Environmental Protection:			
Soil and Water Conservation:			
Salaries and employee benefits		434,625	405,532
Operating expenditures		143,675	345,890
Total	867,534	578,300	289,234

HENDERSON COUNTY, NORTH CAROLINA

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2025

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

	2025			2024
			Variance	
	Budget	Actual	Favorable (Unfavorable)	Actual
Forestry Service	133,168	112,458	20,710	57,477
Total environmental protection	1,000,702	690,758	309,944	808,899
Economic and Physical Development:				
Planning:				
Salaries and employee benefits		1,123,632		895,803
Operating expenditures		92,493		30,974
Total	1,238,177	1,216,125	22,052	926,777
Agricultural Extension:				
Salaries and employee benefits		622,308		607,393
Operating expenditures		78,226		73,753
Total	787,923	700,534	87,389	681,146
Project Management:				
Salaries and employee benefits		313,437		232,952
Operating expenditures		10,773		7,837
Total	328,463	324,210	4,253	240,789
Agri-Business Development:				
Salaries and employee benefits		-		75,253
Operating expenditures		-		98,525
Total	-	-	-	173,778
Other Transfers:				
Heritage museum	100,000	100,000	-	100,000
Economic development contracts	2,097,190	1,615,482	481,708	802,558
Total	2,197,190	1,715,482	481,708	902,558
Total economic and physical development	4,551,753	3,956,351	595,402	2,925,048
Human Services:				
Health:				
General and Administration:				
Salaries and employee benefits		9,384,027		8,730,697
Operating expenditures		1,737,951		1,805,671
Capital outlay		17,258		38,528
Total	14,489,296	11,139,236	3,350,060	10,574,896
Total public health	14,489,296	11,139,236	3,350,060	10,574,896

HENDERSON COUNTY, NORTH CAROLINA

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2025

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

	2025		2024
	Budget	Actual	Variance Favorable (Unfavorable)
			Actual
Environmental Health:			
Salaries and employee benefits		1,772,141	1,663,992
Operating expenditures		63,857	68,353
Total	1,889,599	1,835,998	53,601
Home and Community Block Grant:			
Operating expenditures		966,890	882,294
Total	966,890	966,890	-
Medical Services:			
Operating expenditures		110,850	80,250
Total	115,875	110,850	5,025
Strategic Behavioral Health			
Salaries and employee benefits		315,318	214,005
Operating expenditures		1,971	596
Total	480,289	317,288	163,001
Social Services:			
Mental Health:			
Operating expenditures		528,612	528,612
Total	528,612	528,612	-
Administration:			
Salaries and employee benefits		17,658,077	15,832,803
Operating expenditures		1,405,580	1,615,806
Total	20,185,619	19,063,657	1,121,962
TANF Program:			
County participation only	1,000	-	1,000
Income Maintenance Program:			
Supplemental aid to the aged		338,028	282,661
Supplemental aid to the disabled		641,209	666,913
Crisis intervention payments		9,338	17,953
Total	1,010,000	988,575	21,425
LIEAP Operations:			
LIEAP Operations	20,000	29,736	(9,736)

HENDERSON COUNTY, NORTH CAROLINA

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2025

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

	2025		2024
	Budget	Actual	Variance Favorable (Unfavorable)
Foster Care:			
State boarding home		415,670	540,372
Foster care - children		466,356	576,143
Adoption assistance		461,627	433,307
Total	1,787,440	1,343,653	443,787
Other Assistance:			
Social work contracts	163,888	159,677	4,211
Medicaid transportation	40,000	7,266	32,734
Aid to the blind	8,800	8,349	451
Adult day care	86,256	97,417	(11,161)
General assistance	100,000	50,233	49,767
JOBS program	5,000	1,474	3,526
EDTAP program	201,384	186,743	14,641
Emergency assistance	5,000	4,996	4
Emergency rental assistance	127,056	100,398	26,658
Energy disaster funds	469,701	366,593	103,108
Other assistance	799,652	570,324	229,328
Total	2,006,737	1,553,470	453,267
Total social services	25,539,408	23,507,758	2,031,650
Veteran Services:			
Salaries and employee benefits		217,427	198,227
Operating expenditures		20,590	21,713
Capital outlay		1,655	-
Total	260,806	239,672	21,134
Juvenile Justice Grant:			
Operating expenditures	371,320	371,317	3
Total human services	44,113,483	38,489,009	5,619,449
Cultural and Recreational:			
Library:			
Salaries and employee benefits		3,326,977	3,224,694
Operating expenditures		771,419	748,519
Capital outlay		40,833	5,680
Total	4,400,815	4,139,229	261,586

HENDERSON COUNTY, NORTH CAROLINA**GENERAL FUND****SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES****IN FUND BALANCE - BUDGET AND ACTUAL****FOR THE YEAR ENDED JUNE 30, 2025****WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2024**

	2025		2024
	Budget	Actual	Variance Favorable (Unfavorable)
			Actual
Parks and Recreation:			
Salaries and employee benefits		2,222,501	1,970,003
Operating expenditures		839,245	939,355
Capital outlay		39,549	35,427
Total	<u>3,217,113</u>	<u>3,101,295</u>	<u>115,818</u>
Total cultural and recreational	<u>7,617,928</u>	<u>7,240,524</u>	<u>377,404</u>
Intergovernmental:			
Education:			
Public schools - current expense		35,628,000	33,128,000
Public schools - capital expense		1,000,000	1,500,000
Community colleges - capital expense		5,750,000	5,500,000
Total education	<u>42,378,000</u>	<u>42,378,000</u>	<u>-</u>
Debt Service:			
Principal	14,318,571	14,133,562	185,009
Interest	<u>8,925,626</u>	<u>5,062,141</u>	<u>3,863,485</u>
Total debt service	<u>23,244,197</u>	<u>19,195,703</u>	<u>4,048,494</u>
Total expenditures	<u>207,755,727</u>	<u>189,184,884</u>	<u>18,565,818</u>
Revenues over (under) expenditures	<u>(17,613,758)</u>	<u>13,909,303</u>	<u>31,523,061</u>
Other Financing Sources (Uses):			
Issuance of debt	66,117	66,114	(3)
Transfers in	4,807,080	4,601,942	(205,138)
Transfers (out)	(14,817,615)	(14,817,614)	1
Appropriated fund balance	<u>27,558,176</u>	<u>-</u>	<u>(27,558,176)</u>
Total other financing sources (uses)	<u>17,613,758</u>	<u>(10,149,558)</u>	<u>(27,763,316)</u>
Net changes in fund balance	<u>\$ -</u>	<u>3,759,745</u>	<u>\$ 3,759,745</u>
Fund Balance:			
Fund balance - beginning		<u>95,885,722</u>	<u>93,037,484</u>
End of year - June 30		<u>\$ 99,645,467</u>	<u>\$ 95,885,722</u>

This page left blank intentionally.

This page left blank intentionally.

Other Major Governmental Funds

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

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

Hurricane Helene Fund – Accounts for Federal and State funds to assist the disaster recovery efforts.

HENDERSON COUNTY, NORTH CAROLINA

MAJOR-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, 2025

		Actual		
	Project Authorization	Prior Years	Current Year	Total to Date
Revenues:				
Restricted intergovernmental revenues	\$ 49,998,960	\$ 7,427,403	\$ 6,007,972	\$ 13,435,375
Investment earnings	24,453	294,513	893,762	1,188,275
Miscellaneous	910,073	3,684,853	2,214,724	5,899,577
Total	<u>50,933,486</u>	<u>11,406,769</u>	<u>9,116,458</u>	<u>20,523,227</u>
Expenditures:				
General government	<u>139,434,100</u>	<u>72,402,845</u>	<u>22,773,991</u>	<u>95,176,836</u>
Debt Service:				
Interest and fees	<u>314,951</u>	<u>314,951</u>	-	<u>314,951</u>
Total expenditures	<u>139,749,051</u>	<u>72,717,796</u>	<u>22,773,991</u>	<u>95,491,787</u>
Revenues over (under) expenditures	<u>(88,815,565)</u>	<u>(61,311,027)</u>	<u>(13,657,533)</u>	<u>(74,968,560)</u>
Other Financing Sources (Uses):				
Transfers (out):				
To General Fund	(429,906)	(519,344)	(114,375)	(633,719)
To Public Transit Fund	(153,120)	(153,120)	-	(153,120)
To Debt Service Fund	(34,500)	-	-	-
To Capital Projects Fund	(1,218,082)	(650,000)	-	(650,000)
To Capital Reserve Fund	(16,590)	-	(1,091)	(1,091)
Transfers in:				
From General Fund	20,644,981	22,023,224	2,012,964	24,036,188
From Capital Reserve Fund	2,446,550	2,092,418	400,000	2,492,418
From Capital Projects Fund	1,391,990	650,000	-	650,000
From ARPA Fund	24,187,329	7,005,660	3,257,174	10,262,834
From Hurricane Helene Fund			83,004	83,004
From Public Transit Fund	<u>296,977</u>	<u>296,977</u>	-	<u>296,977</u>
Total transfers in (out)	<u>47,115,629</u>	<u>30,745,815</u>	<u>5,637,676</u>	<u>36,383,491</u>
Debt issued	36,483,551	33,325,000	-	33,325,000
Bond premium	3,950,016	5,315,686	-	5,315,686
Appropriated fund balance	<u>1,266,369</u>	-	-	-
Total other financing sources (uses)	<u>88,815,565</u>	<u>69,386,501</u>	<u>5,637,676</u>	<u>75,024,177</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 8,075,474</u>	<u>(8,019,857)</u>	<u>\$ 55,617</u>
Fund Balance:				
Beginning of year - July 1			5,975,173	
Restatement			<u>2,100,303</u>	
Fund balance - beginning, as restated			<u>8,075,476</u>	
End of year - June 30			<u>\$ 55,619</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, 2025

		Actual		
	Project Authorization	Prior Years	Current Year	Total to Date
Revenues:				
Investment earnings	\$ 842,027	\$ 820,690	\$ 21,970	\$ 842,660
Miscellaneous	1,339,961	572,777	30,899	603,676
Total revenues	2,181,988	1,393,467	52,869	1,446,336
Expenditures:				
Capital outlay:				
General education	118,899,658	106,079,347	5,509,870	111,589,217
Debt Service:				
Interest and fees	526,366	526,366	-	526,366
Total expenditures	119,426,024	106,605,713	5,509,870	112,115,583
Revenues over (under) expenditures	(117,244,036)	(105,212,246)	(5,457,001)	(110,669,247)
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	22,158,759	13,808,507	5,042,788	18,851,295
From BRCC-MRTS Project Fund	10,209,019	7,074,941	456,264	7,531,205
Transfers out:				
To General Fund	(2,621,422)	(1,628,535)	(1,233,906)	(2,862,441)
Total other financing sources (uses)	117,244,036	106,752,593	4,265,146	111,017,739
Net change in fund balance	\$ -	\$ 1,540,347	(1,191,855)	\$ 348,492
Fund Balance:				
Fund balance - beginning			1,540,347	
End of year - June 30			\$ 348,492	

HENDERSON COUNTY, NORTH CAROLINA

MAJOR-HURRICANE HELENE GRANT PROJECT FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2025

		Actual		
	Project Authorization	Prior Years	Current Year	Total to Date
Revenues:				
Restricted intergovernmental	\$ 56,192,450	\$ -	16,363,319	\$ 16,363,319
Investment earnings	-	-	55,690	55,690
Miscellaneous	4,290,326	-	669,406	669,406
Total revenues	60,482,776	-	17,088,415	17,088,415
Expenditures:				
Current:				
Public safety	57,414,585	-	46,993,448	46,993,448
Total public safety	57,414,585	-	46,993,448	46,993,448
Debt Service:				
Principal	6,968,022	-	-	-
Total debt service	6,968,022	-	-	-
Total expenditures	64,382,607	-	46,993,448	46,993,448
Revenues over (under) expenditures	(3,899,831)	-	(29,905,033)	(29,905,033)
Other Financing Sources (Uses):				
Transfers out:				
To General Fund	(2,985,187)	-	(2,985,182)	(2,985,182)
To Capital Project Fund	(83,004)	-	(83,004)	(83,004)
Transfers in:				
General Fund				
Debt issued	6,968,022	-	4,197,973	4,197,973
Total other financing sources (uses)	3,899,831	-	1,129,787	1,129,787
Net change in fund balance	\$ -	\$ -	(28,775,246)	\$ (28,775,246)
Fund Balance:				
Beginning of year - July 1			-	
End of year - June 30			<u>\$ (28,775,246)</u>	

This page left blank intentionally.

This page left blank intentionally.

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, 2025

	Nonmajor Special Revenue Funds	Nonmajor Capital Project Funds	Debt Service Fund	Total Nonmajor Governmental Funds
Assets:				
Cash and investments	\$ 3,392,616	\$ 24,967,082	\$ 6,628,610	\$ 34,988,308
Accounts receivable, net	492,668	-	-	492,668
Prepaid items	18,882	-	-	18,882
Restricted cash	2,964,500	-	-	2,964,500
Total assets	<u>\$ 6,868,666</u>	<u>\$ 24,967,082</u>	<u>\$ 6,628,610</u>	<u>\$ 38,464,358</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable and accrued liabilities	\$ 449,130	\$ -	\$ -	\$ 449,130
Liabilities to be paid from restricted assets	33,498	-	-	33,498
Due to other funds	105	-	-	105
Total liabilities	<u>482,733</u>	<u>-</u>	<u>-</u>	<u>482,733</u>
Deferred Inflows of Resources:				
Prepaid taxes	4,840	-	-	4,840
Unavailable revenues	303,363	-	-	303,363
Total deferred inflows of resources	<u>308,203</u>	<u>-</u>	<u>-</u>	<u>308,203</u>
Fund Balances:				
Non-spendable				
Prepaid items	18,882	-	-	18,882
Restricted:				
Stabilization by state statute	34,870	-	-	34,870
Restricted, all other	3,119,078	9,832,530	-	12,951,608
Committed	2,931,002	15,134,552	6,628,610	24,694,164
Unassigned	(26,102)	-	-	(26,102)
Total fund balances	<u>6,077,730</u>	<u>24,967,082</u>	<u>6,628,610</u>	<u>37,673,422</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 6,868,666</u>	<u>\$ 24,967,082</u>	<u>\$ 6,628,610</u>	<u>\$ 38,464,358</u>

HENDERSON COUNTY, NORTH CAROLINA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2025

	Nonmajor Special Revenue Funds	Nonmajor Capital Project Funds	Debt Service Fund	Total Nonmajor Governmental Funds
Revenues:				
Ad valorem taxes	\$ 18,890,661	\$ -	\$ -	\$ 18,890,661
Restricted intergovernmental revenues	463,077	-	-	463,077
Sales and services	273,783	-	-	273,783
Investment earnings	180,929	-	-	180,929
Miscellaneous	837,657	-	-	837,657
Total revenues	<u>20,646,107</u>	<u>-</u>	<u>-</u>	<u>20,646,107</u>
Expenditures:				
Current:				
General government	1,262,369	-	-	1,262,369
Public safety	17,772,998	-	-	17,772,998
Economic and physical development	968,614	-	-	968,614
Human services	239,270	-	-	239,270
Education	380,815	-	-	380,815
Total expenditures	<u>20,624,066</u>	<u>-</u>	<u>-</u>	<u>20,624,066</u>
Revenues over (under) expenditures	<u>22,041</u>	<u>-</u>	<u>-</u>	<u>22,041</u>
Other Financing Sources (Uses):				
Transfers from:				
General Fund	60,000	11,391,082	992,886	12,443,968
General Capital Projects Fund	-	1,090	-	1,090
Transfers to:				
General Capital Projects Fund	-	(400,000)	-	(400,000)
School Capital Projects Fund	-	(5,499,052)	-	(5,499,052)
Total other financing sources (uses)	<u>60,000</u>	<u>5,493,120</u>	<u>992,886</u>	<u>6,546,006</u>
Net change in fund balances	<u>82,041</u>	<u>5,493,120</u>	<u>992,886</u>	<u>6,568,047</u>
Fund Balances:				
Beginning of year, July 1, as previously presented	10,549,600	19,473,962	5,635,724	35,659,286
Change within financial reporting entity	<u>(4,553,911)</u>	<u>-</u>	<u>-</u>	<u>(4,553,911)</u>
Fund balance - beginning, as restated	<u>5,995,689</u>	<u>19,473,962</u>	<u>5,635,724</u>	<u>31,105,375</u>
End of year - June 30	<u>\$ 6,077,730</u>	<u>\$ 24,967,082</u>	<u>\$ 6,628,610</u>	<u>\$ 37,673,422</u>

HENDERSON COUNTY, NORTH CAROLINA

NONMAJOR SPECIAL REVENUE FUNDS
 COMBINING BALANCE SHEET
 JUNE 30, 2025

	Nonmajor Special Revenue Funds					
	Revaluation Reserve Fund	Emergency Telephone System Fund (E-911)	Public Transit Fund	Fire Districts Fund	Miscellaneous Other Governmental Activities Fund	Totals June 30, 2025
Assets:						
Cash and investments	\$ -	\$ 576,539	\$ 2,647,817	\$ 168,260	\$ -	\$ 3,392,616
Accounts receivable, net	-	24,951	313,282	120,888	33,547	492,668
Prepaid items	5,835	13,047	-	-	-	18,882
Restricted cash	2,964,500	-	-	-	-	2,964,500
Total assets	<u>\$ 2,970,335</u>	<u>\$ 614,537</u>	<u>\$ 2,961,099</u>	<u>\$ 289,148</u>	<u>\$ 33,547</u>	<u>\$ 6,868,666</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:						
Liabilities:						
Accounts payable and accrued liabilities	\$ -	\$ 2,467	\$ 114,419	\$ 284,308	\$ 47,936	\$ 449,130
Liabilities to be paid from restricted assets	33,498	-	-	-	-	33,498
Due to other funds	-	-	-	-	105	105
Total liabilities	<u>33,498</u>	<u>2,467</u>	<u>114,419</u>	<u>284,308</u>	<u>48,041</u>	<u>482,733</u>
Deferred Inflows of Resources:						
Prepaid taxes	-	-	-	4,840	-	4,840
Unavailable revenues	-	-	303,363	-	-	303,363
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>303,363</u>	<u>4,840</u>	<u>-</u>	<u>308,203</u>
Fund Balances:						
Non-spendable						
Prepaid items	5,835	13,047	-	-	-	18,882
Restricted:						
Stabilization by state statute	-	24,951	9,919	-	-	34,870
Restricted, all other	-	574,072	2,533,398	-	11,608	3,119,078
Committed	2,931,002	-	-	-	-	2,931,002
Unassigned	-	-	-	-	(26,102)	(26,102)
Total fund balances	<u>2,936,837</u>	<u>612,070</u>	<u>2,543,317</u>	<u>-</u>	<u>(14,494)</u>	<u>6,077,730</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 2,970,335</u>	<u>\$ 614,537</u>	<u>\$ 2,961,099</u>	<u>\$ 289,148</u>	<u>\$ 33,547</u>	<u>\$ 6,868,666</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, 2025

	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, 2025
Revenues:							
Ad valorem taxes	\$ 1,413,172	\$ -	\$ -	\$ 17,477,489	\$ -	\$ -	\$ 18,890,661
Restricted intergovernmental revenues	-	-	463,077	-	-	-	463,077
Sales and services	-	273,783	-	-	-	-	273,783
Investment earnings	148,485	26,936	-	4,388	1,120	-	180,929
Miscellaneous	-	-	273,815	-	563,842	-	837,657
Total revenues	<u>1,561,657</u>	<u>300,719</u>	<u>736,892</u>	<u>17,481,877</u>	<u>564,962</u>	<u>-</u>	<u>20,646,107</u>
Expenditures:							
Current:							
General government	1,262,369	-	-	-	-	-	1,262,369
Public safety	-	231,121	-	17,541,877	-	-	17,772,998
Economic and physical development	-	-	968,614	-	-	-	968,614
Human Services	-	-	-	-	239,270	-	239,270
Education	-	-	-	-	380,815	-	380,815
Total expenditures	<u>1,262,369</u>	<u>231,121</u>	<u>968,614</u>	<u>17,541,877</u>	<u>620,085</u>	<u>-</u>	<u>20,624,066</u>
Revenues over (under) expenditures	299,288	69,598	(231,722)	(60,000)	(55,123)	-	22,041
Other Financing Sources (Uses):							
Transfers from:							
General Fund	-	-	-	60,000	-	-	60,000
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>60,000</u>	<u>-</u>	<u>-</u>	<u>60,000</u>
Net change in fund balances	299,288	69,598	(231,722)	-	(55,123)	-	82,041
Fund Balances:							
Beginning of year, July 1, as previously presented	2,637,549	542,472	2,775,039	-	40,629	4,553,911	10,549,600
Change within financial reporting entity	-	-	-	-	-	(4,553,911)	(4,553,911)
Fund balance - beginning, as restated	<u>2,637,549</u>	<u>542,472</u>	<u>2,775,039</u>	<u>-</u>	<u>40,629</u>	<u>-</u>	<u>5,995,689</u>
End of year - June 30	<u>\$ 2,936,837</u>	<u>\$ 612,070</u>	<u>\$ 2,543,317</u>	<u>\$ -</u>	<u>\$ (14,494)</u>	<u>\$ -</u>	<u>\$ 6,077,730</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, 2025****WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2024**

	2025			2024
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Revenues:				
Ad valorem taxes	\$ 1,413,172	\$ 1,413,172	\$ -	1,510,021
Investment earnings	-	148,485	148,485	129,010
Total revenues	<u>1,413,172</u>	<u>1,561,657</u>	<u>148,485</u>	<u>1,639,031</u>
Expenditures:				
Current:				
General government	<u>1,413,172</u>	<u>1,262,369</u>	<u>150,803</u>	<u>1,311,403</u>
Net change in fund balance	<u>\$ -</u>	<u>299,288</u>	<u>\$ 299,288</u>	<u>327,628</u>
Fund Balance:				
Beginning of year - July 1		<u>2,637,549</u>		<u>2,309,921</u>
End of year - June 30		<u>\$ 2,936,837</u>		<u>\$ 2,637,549</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, 2025****WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2024**

	2025			2024
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Revenues:				
Investment earnings	\$ -	\$ 26,936	\$ 26,936	32,003
Subscriber charges	299,413	273,783	(25,630)	16,665
Total revenues	299,413	300,719	1,306	48,668
Expenditures:				
Current:				
Public safety	360,945	231,121	129,824	227,622
Revenues over (under) expenditures	(61,532)	69,598	131,130	(178,954)
Other Financing Sources (Uses):				
Transfers out:				
To General Fund	-	-	-	(52,400)
Appropriated fund balance	61,532	-	(61,532)	-
Net change in fund balance	\$ -	69,598	\$ 69,598	(231,354)
Fund Balance:				
Beginning of year - July 1		542,472		773,826
End of year - June 30		\$ 612,070		\$ 542,472
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		\$ 612,070		
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		\$ 566,149		

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, 2025****WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2024**

	<u>2025</u>			<u>2024</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>Actual</u>
Revenues:				
Restricted intergovernmental	\$ 1,165,030	\$ 463,077	\$ (701,953)	\$ 908,186
Miscellaneous	209,727	273,815	64,088	120,119
Total revenues	<u>1,374,757</u>	<u>736,892</u>	<u>(637,865)</u>	<u>1,028,305</u>
Expenditures:				
Current:				
Economic and physical development	<u>1,549,212</u>	<u>968,614</u>	<u>580,598</u>	<u>793,495</u>
Revenues over (under) expenditures	<u>(174,455)</u>	<u>(231,722)</u>	<u>(57,267)</u>	<u>234,810</u>
Other Financing Sources (Uses):				
Transfers in:				
Appropriated fund balance	<u>174,455</u>	<u>-</u>	<u>(174,455)</u>	<u>-</u>
Total other financing sources (uses)	<u>174,455</u>	<u>-</u>	<u>(174,455)</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>(231,722)</u>	<u>\$ (231,722)</u>	<u>234,810</u>
Fund Balance:				
Beginning of year - July 1		<u>2,775,039</u>		<u>2,540,229</u>
End of year - June 30		<u>\$ 2,543,317</u>		<u>\$ 2,775,039</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, 2025****WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2024**

	2025			2024
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Revenues:				
Ad valorem taxes	\$ 17,480,533	\$ 17,477,489	\$ (3,044)	17,036,800
Investment earnings	1,350	4,388	3,038	3,413
Total revenues	<u>17,481,883</u>	<u>17,481,877</u>	<u>(6)</u>	<u>17,040,213</u>
Expenditures:				
Current:				
Public safety	<u>17,541,883</u>	<u>17,541,877</u>	<u>6</u>	<u>17,060,213</u>
Total expenditures	<u>17,541,883</u>	<u>17,541,877</u>	<u>6</u>	<u>17,060,213</u>
Revenues over (under) expenditures	<u>(60,000)</u>	<u>(60,000)</u>	<u>-</u>	<u>(20,000)</u>
Other Financing Sources (Uses):				
Transfers from other funds	<u>60,000</u>	<u>60,000</u>	<u>-</u>	<u>20,000</u>
Total other financing sources (uses)	<u>60,000</u>	<u>60,000</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, 2025****WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2024**

	2025			2024
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Revenues:				
Improvement guarantees	\$ 200,000	\$ -	\$ (200,000)	\$ -
Representative payee revenues	350,000	227,132	(122,868)	154,674
Fines and forfeitures	400,000	336,710	(63,290)	432,974
Investment earnings	4,000	1,120	(2,880)	2,773
Total revenues	<u>954,000</u>	<u>564,962</u>	<u>(389,038)</u>	<u>590,421</u>
Expenditures:				
Current:				
General government	324,000	-	324,000	87,735
Human services	350,000	239,270	110,730	155,465
Education	<u>400,000</u>	<u>380,815</u>	<u>19,185</u>	<u>416,856</u>
Total expenditures	<u>1,074,000</u>	<u>620,085</u>	<u>453,915</u>	<u>660,056</u>
Revenues over (under) expenditures	<u>(120,000)</u>	<u>(55,123)</u>	<u>64,877</u>	<u>(69,635)</u>
Other Financing Sources (Uses):				
Appropriated fund balance	<u>120,000</u>	<u>-</u>	<u>(120,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>120,000</u>	<u>-</u>	<u>(120,000)</u>	
Net change in fund balance	<u>\$ -</u>	<u>(55,123)</u>	<u>\$ (55,123)</u>	<u>(69,635)</u>
Fund Balance:				
Beginning of year - July 1		<u>40,629</u>		<u>110,264</u>
End of year - June 30		<u>\$ (14,494)</u>		<u>\$ 40,629</u>

HENDERSON COUNTY, NORTH CAROLINA
NONMAJOR CAPITAL PROJECT FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2025

	Nonmajor Capital Project Funds			
	General Capital Reserve Fund	HCPS- MRTS Fund	BRCC- MRTS Fund	Totals June 30, 2025
Assets:				
Cash and investments	\$ 15,134,552	\$ 5,725,362	\$ 4,107,168	\$ 24,967,082
Total assets	\$ 15,134,552	\$ 5,725,362	\$ 4,107,168	\$ 24,967,082
Fund Balances:				
Restricted:				
Restricted, all other	\$ -	\$ 5,725,362	\$ 4,107,168	\$ 9,832,530
Committed	15,134,552	-	-	15,134,552
Total fund balances	15,134,552	5,725,362	4,107,168	24,967,082
Total liabilities and fund balances resources, and fund balances	\$ 15,134,552	\$ 5,725,362	\$ 4,107,168	\$ 24,967,082

HENDERSON COUNTY, NORTH CAROLINA

NONMAJOR CAPITAL PROJECT FUNDS COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES FOR THE YEAR ENDED JUNE 30, 2025

	Nonmajor Capital Project Funds			
	General Capital Reserve Fund	HCPS- MRTS Fund	BRCC- MRTS Fund	Totals June 30, 2025
Other Financing Sources (Uses):				
Transfers from:				
General Fund	\$ 5,485,832	\$ 3,603,500	\$ 2,301,750	\$ 11,391,082
General Capital Projects Fund	1,090	-	-	1,090
Transfers to:				
General Capital Projects Fund	(400,000)	-	-	(400,000)
School Capital Projects Fund	-	(5,042,789)	(456,263)	(5,499,052)
Total other financing sources (uses)	5,086,922	(1,439,289)	1,845,487	5,493,120
Net change in fund balances	5,086,922	(1,439,289)	1,845,487	5,493,120
Fund Balances:				
Beginning of year - July 1	10,047,630	7,164,651	2,261,681	19,473,962
End of year - June 30	<u>\$ 15,134,552</u>	<u>\$ 5,725,362</u>	<u>\$ 4,107,168</u>	<u>\$ 24,967,082</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, 2025****WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2024**

	2025			2024
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Expenditures:				
Capital outlay:	<u>5,486,922</u>	<u>\$ -</u>	<u>\$ 5,486,922</u>	<u>\$ -</u>
Total expenditures	<u>5,486,922</u>	<u>-</u>	<u>5,486,922</u>	<u>-</u>
Revenues over (under) expenditures	<u>5,486,922</u>	<u>-</u>	<u>5,486,922</u>	<u>-</u>
Other Financing Sources (Uses):				
Transfers out:				
To General Capital Projects Fund	(400,000)	(400,000)	-	(1,971,115)
Transfers in:				
From General Fund	5,485,832	5,485,832	-	4,888,883
From Capital Project Fund	1,090	1,090	-	300,000
Appropriated fund balance	<u>400,000</u>	<u>-</u>	<u>(400,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>5,486,922</u>	<u>5,086,922</u>	<u>(400,000)</u>	<u>3,217,768</u>
Net change in fund balance	<u>\$ -</u>	<u>5,086,922</u>	<u>\$ 5,086,922</u>	<u>3,217,768</u>
Fund Balance:				
Beginning of year - July 1		<u>10,047,630</u>		<u>6,829,862</u>
End of year - June 30		<u>\$ 15,134,552</u>		<u>\$ 10,047,630</u>

HENDERSON COUNTY, NORTH CAROLINA

HCPS - MRTS CAPITAL PROJECT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2025

	<u>2025</u>			<u>2024</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>Actual</u>
Other Financing Sources (Uses):				
Transfers in:				
From General Fund	\$ 3,603,500	\$ 3,603,500	\$ -	\$ 4,603,500
Transfers out:				
To Schools Capital Projects Fund	(10,019,012)	(5,042,789)	4,976,223	(4,295,172)
To Debt Service Fund	-	-	-	(1,628,535)
Appropriated fund balance	<u>6,415,512</u>	<u>-</u>	<u>(6,415,512)</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>(1,439,289)</u>	<u>(1,439,289)</u>	<u>(1,320,207)</u>
Net change in fund balance	<u>\$ -</u>	<u>(1,439,289)</u>	<u>\$ (1,439,289)</u>	<u>(1,320,207)</u>
Fund Balance:				
Beginning of year - July 1		<u>7,164,651</u>		<u>8,484,858</u>
End of year - June 30		<u>\$ 5,725,362</u>		<u>\$ 7,164,651</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, 2025

	<u>2025</u>			<u>2024</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	\$ -	\$ 2,301,750
Transfers out:				
To Schools Capital Projects Fund	(3,530,911)	(456,263)	3,074,648	(1,819,149)
Appropriated fund balance	<u>1,229,161</u>	<u>-</u>	<u>(1,229,161)</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>1,845,487</u>	<u>1,845,487</u>	<u>482,601</u>
Net change in fund balance	<u>\$ -</u>	<u>1,845,487</u>	<u>\$ 1,845,487</u>	<u>482,601</u>
Fund Balance:				
Beginning of year - July 1		<u>2,261,681</u>		<u>1,779,080</u>
End of year - June 30		<u>\$ 4,107,168</u>		<u>\$ 2,261,681</u>

This page left blank intentionally.

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.

This page left blank intentionally.

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, 2025****WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2024**

	<u>2025</u>			<u>2024</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>Actual</u>
Expenditures:				
Debt service:				
Principal repayments	\$ 992,887	\$ -	\$ 992,887	\$ -
Total expenditures	<u>992,887</u>	<u>-</u>	<u>992,887</u>	<u>-</u>
Revenues over (under) expenditures	<u>(992,887)</u>	<u>-</u>	<u>992,887</u>	<u>-</u>
Other Financing Sources (Uses):				
Transfers in:				
From General Fund	<u>992,887</u>	<u>992,886</u>	<u>(1)</u>	<u>1,628,535</u>
Total other financing sources (uses)	<u>992,887</u>	<u>992,886</u>	<u>(1)</u>	<u>1,628,535</u>
Net change in fund balance	<u>\$ -</u>	<u>992,886</u>	<u>\$ 992,886</u>	<u>1,628,535</u>
Fund Balance:				
Beginning of year - July 1		<u>5,635,724</u>		<u>4,007,189</u>
End of year - June 30		<u>\$ 6,628,610</u>		<u>\$ 5,635,724</u>

This page left blank intentionally.

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.

Etowah Sewer Fund – Accounts for sewer operations for the Etowah Sewer financed by user fees.

This page left blank intentionally.

HENDERSON COUNTY, NORTH CAROLINA

LANDFILL FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2025
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2024

	2025			2024
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Revenues:				
Operating revenues	\$ 10,335,731	\$ 10,552,710	\$ 216,979	\$ 8,766,058
Non-operating revenues:				
Grant revenues	298,000	233,552	(64,448)	304,500
Sale of capital assets	15,000	2,125	(12,875)	6,100
Interest income	45,000	314,046	269,046	128,392
Total revenues	10,693,731	11,102,433	408,702	9,205,050
Expenditures:				
Salaries and employee benefits	1,403,071	1,644,865	(241,794)	1,369,974
Other operating expenditures	9,801,882	8,629,656	1,172,226	7,125,964
Repairs and maintenance	325,789	222,459	103,330	343,879
Capital outlay	6,921,632	6,949,952	(28,320)	3,126,071
Total expenditures	18,452,374	17,446,932	1,005,442	11,965,888
Debt Service:				
Interest paid	425,089	425,089	-	22,329
Principal retirement	666,667	666,667	-	533,335
Total debt service	1,091,756	1,091,756	-	555,664
Revenues over (under) expenditures	(8,850,399)	(7,436,255)	(596,740)	(3,316,502)
Other Financing Sources (Uses):				
Transfers in:				
From General Fund	325,682	325,682	-	1,305,263
Transfers out	-	-	-	-
Debt issuance	7,298,984	-	(7,298,984)	10,000,000
Appropriated retained earnings	1,225,733	-	(1,225,733)	-
Total other financing sources (uses)	8,850,399	325,682	(8,524,717)	11,305,263
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	(7,110,573)	\$ (7,110,573)	\$ 7,988,761
Reconciliation of Modified Accrual Basis to Full Accrual Basis:				
Reconciling items:				
Capital contribution		-		
Capital outlay, capitalized		6,949,952		
Principal paid on debt		666,667		
Change in accrued interest		20,009		
Change in compensated absences		8,814		
Change in net pension liability		(45,356)		
Change in deferred outflows of resources - pension		(29,584)		
Change in deferred inflows of resources - pension		1,048		
Change in other post-employment benefits		104,184		
Change in deferred outflows of resources - OPEB		(40,774)		
Change in deferred inflows of resources - OPEB		(108,497)		
Post-closure care costs		(145,849)		
Depreciation		(353,317)		
Total reconciling items		7,027,297		
Change in net position		\$ (83,276)		

HENDERSON COUNTY, NORTH CAROLINA**JUSTICE ACADEMY SEWER FUND****SCHEDULE OF REVENUES AND EXPENDITURES****BUDGET AND ACTUAL (NON-GAAP)****FOR THE YEAR ENDED JUNE 30, 2025****WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2024**

	2025			2024
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Revenues:				
Operating revenues	\$ 45,000	\$ 45,000	\$ -	45,000
Non-operating revenues:				
Interest income	37,273	41,049	3,776	39,532
Other	18,032	18,032	-	-
Total revenues	<u>100,305</u>	<u>104,081</u>	<u>3,776</u>	<u>84,532</u>
Expenditures:				
Water and sewer administration:				
Operating expenditures	84,538	64,645	19,893	43,771
Repairs and maintenance	22,267	22,307	(40)	2,349
Total expenditures	<u>106,805</u>	<u>86,952</u>	<u>19,853</u>	<u>46,120</u>
Revenues over (under) expenditures	(6,500)	17,129	23,629	38,412
Other Financing Sources (Uses):				
Appropriated retained earnings	6,500	-	(6,500)	-
Total other financing sources (uses)	<u>6,500</u>	<u>-</u>	<u>(6,500)</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>17,129</u>	<u>\$ 17,129</u>	<u>\$ 38,412</u>

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

Reconciling items:

Depreciation	(10,863)
Total reconciling items	<u>(10,863)</u>

Change in net position \$ 6,266

HENDERSON COUNTY, NORTH CAROLINA**ETOWAH SEWER FUND****SCHEDULE OF REVENUES AND EXPENDITURES****BUDGET AND ACTUAL (NON-GAAP)****FOR THE YEAR ENDED JUNE 30, 2025****WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2024**

	2025			2024
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Revenues:				
Operating revenues	\$ 182,602	\$ 179,658	\$ (2,944)	-
Non-operating revenues:				
Interest income	-	120	120	-
Sale of capital assets	-	166	166	-
Other	4,482	4,482	-	-
Capital Contribution	<u>401,245</u>	<u>401,244</u>	<u>(1)</u>	<u>-</u>
Total revenues	<u>588,329</u>	<u>585,670</u>	<u>(2,659)</u>	<u>-</u>
Expenditures:				
Water and sewer administration:				
Operating expenditures	180,472	151,781	28,691	-
Repairs and maintenance	41,612	60,682	(19,070)	-
Capital outlay	<u>401,245</u>	<u>401,244</u>	<u>1</u>	<u>-</u>
Total expenditures	<u>623,329</u>	<u>613,707</u>	<u>9,622</u>	<u>-</u>
Revenues over (under) expenditures	(35,000)	(28,037)	6,963	-
Other Financing Sources (Uses):				
Transfers in:				
From General Fund	<u>35,000</u>	<u>35,000</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>35,000</u>	<u>35,000</u>	<u>-</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>6,963</u>	<u>\$ 6,963</u>	<u>\$ -</u>

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

Reconciling items:

Capital outlay	401,244
Depreciation	<u>(9,089)</u>
Total reconciling items	<u>392,155</u>

Change in net position \$ 399,118

This page left blank intentionally.

Fiduciary Funds

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

Individual Fund Descriptions:

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

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

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

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

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

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

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

HENDERSON COUNTY, NORTH CAROLINA

COMBINING STATEMENT OF FIDUCIARY NET POSITION
 CUSTODIAL FUNDS
 JUNE 30, 2025

	<u>Agriculture Fund</u>	<u>Flexible Spending Fund</u>	<u>Fireman's Association Fund</u>	<u>Jail Inmate Commissary Fund</u>	<u>Domestic Violence Fund</u>	<u>Municipal Tax Collections</u>	<u>Total Custodial Funds</u>
Assets:							
Cash and cash equivalents	\$ 172,837	\$ -	\$ 234,790	\$ 112,512	\$ 8,014	\$ 40,021	\$ 568,174
Receivables, net	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>610,391</u>	<u>610,391</u>
Total assets	<u>172,837</u>	<u>-</u>	<u>234,790</u>	<u>112,512</u>	<u>8,014</u>	<u>650,412</u>	<u>1,178,565</u>
Liabilities:							
Accounts payable and accrued liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>251,216</u>	<u>251,216</u>
Net Position:							
Restricted for:							
Individuals, organizations and other governments	<u>\$ 172,837</u>	<u>\$ -</u>	<u>\$ 234,790</u>	<u>\$ 112,512</u>	<u>\$ 8,014</u>	<u>\$ 399,196</u>	<u>\$ 927,349</u>

HENDERSON COUNTY, NORTH CAROLINA

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 CUSTODIAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2025

	<u>Agriculture Fund</u>	<u>Flexible Spending Fund</u>	<u>Fireman's Association Fund</u>	<u>Jail Inmate Commissary Fund</u>	<u>Domestic Violence Fund</u>	<u>Municipal Tax Collections</u>	<u>Total Custodial Funds</u>
Additions:							
Ad valorem taxes for other governments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 21,200,566	\$ 21,200,566
Cooperative extension receipts	65,484	-	-	-	-	-	65,484
Contributions from employees	-	440,339	-	-	-	-	440,339
Program fees collected	-	-	55,490	430,663	-	-	486,153
Investment earnings	-	-	12,852	-	-	-	12,852
Total additions	<u>65,484</u>	<u>440,339</u>	<u>68,342</u>	<u>430,663</u>	<u>-</u>	<u>21,200,566</u>	<u>22,205,394</u>
Deductions:							
Tax distributions to other governments	-	-	-	-	-	21,325,382	21,325,382
Employee flex benefits	-	440,339	-	-	-	-	440,339
Distributions to programs	<u>63,336</u>	<u>-</u>	<u>53,587</u>	<u>395,409</u>	<u>-</u>	<u>-</u>	<u>512,332</u>
Total deductions	<u>63,336</u>	<u>440,339</u>	<u>53,587</u>	<u>395,409</u>	<u>-</u>	<u>21,325,382</u>	<u>22,278,053</u>
Net increase (decrease) in fiduciary net position	2,148	-	14,755	35,254	-	(124,816)	(72,659)
Net Position:							
Beginning of year - July 1	<u>170,689</u>	<u>-</u>	<u>220,035</u>	<u>77,258</u>	<u>8,014</u>	<u>524,012</u>	<u>1,000,008</u>
End of year - June 30	<u>\$ 172,837</u>	<u>\$ -</u>	<u>\$ 234,790</u>	<u>\$ 112,512</u>	<u>\$ 8,014</u>	<u>\$ 399,196</u>	<u>\$ 927,349</u>

This page left blank intentionally.

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, 2025

Fiscal Year	Uncollected Balance July 1, 2024	Additions	Collections and Credits	Uncollected Balance June 30, 2025
2024-2025	\$ -	\$ 109,672,654	\$ 109,040,064	\$ 632,590
2023-2024	639,540	-	427,766	211,774
2022-2023	272,537	-	148,382	124,155
2021-2022	105,456	-	31,342	74,114
2020-2021	72,290	-	20,498	51,792
2019-2020	72,067	-	11,119	60,948
2018-2019	64,078	-	4,927	59,151
2017-2018	35,953	-	1,731	34,222
2016-2017	29,168	-	2,312	26,856
2015-2016	33,327	-	1,425	31,902
2014-2015	36,569	-	36,569	-
Total	\$ 1,360,985	\$ 109,672,654	\$ 109,726,135	1,307,504
Less: allowance for uncollectible accounts: General Fund				<u>(498,737)</u>
Ad valorem taxes receivable net: General Fund				<u>\$ 808,767</u>
Reconciliation with Revenues:				
Ad valorem taxes - General Fund				\$ 108,623,517
Ad valorem taxes - Revaluation Fund				<u>1,413,172</u>
Total ad valorem taxes				110,036,689
Reconciling items:				
Interest and advertising fees				(332,063)
Late list penalty				(139,281)
Other fees and miscellaneous adjustments				(27,018)
Amounts written off per statute of limitations				<u>187,808</u>
Total collections and credits				<u>\$ 109,726,135</u>

HENDERSON COUNTY, NORTH CAROLINA

ANALYSIS OF CURRENT TAX LEVY FOR THE YEAR ENDED JUNE 30, 2025

	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	\$ 25,447,479,979	\$ 0.4310	\$ 109,678,639	\$ 101,656,455	\$ 8,022,184
Discoveries:					
Current year taxes	1,432,176	0.4310	6,173	6,173	-
Penalties	-		137,324	137,324	-
Total	1,432,176		143,497	143,497	-
Releases	(34,682,654)	0.4310	(149,482)	(96,171)	(53,311)
Total property valuation	\$ 25,414,229,501				
Net Levy			109,672,654	101,703,781	7,968,873
Uncollected taxes at June 30, 2025			(632,590)	(611,341)	(21,249)
Current Year's Taxes Collected			\$ 109,040,064	\$ 101,092,440	\$ 7,947,624
Current Levy Collection Percentage			99.42%	99.40%	99.73%

HENDERSON COUNTY, NORTH CAROLINA**ANALYSIS OF CURRENT TAX LEVY - COUNTY-WIDE LEVY
FOR THE YEAR ENDED JUNE 30, 2025****Secondary Market Disclosures:**

Assessed valuation:

Assessment ratio (1) 88.72%

Real property	\$ 21,721,888,420
Personal property	3,247,914,551
Public service companies (2)	<u>444,426,530</u>

Total assessed valuation	<u>\$ 25,414,229,501</u>
--------------------------	--------------------------

Tax rate per \$100	<u>\$ 0.4310</u>
--------------------	------------------

Levy (includes discoveries, releases and abatements) (3)	\$ 109,672,654
--	----------------

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>17,135,853</u>
---------------------------	-------------------

Total	<u>\$ 126,808,507</u>
-------	-----------------------

(1) Percentage of appraised value has been established by statute.

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

(3) The levy includes interest and penalties.

This page left blank intentionally.

This page left blank intentionally.

Statistical Section

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

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

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

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

	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Governmental activities										
Net investment in capital assets	\$ 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	\$ 114,482,075
Restricted	11,451,067	11,882,299	13,491,150	16,355,698	19,872,490	22,033,213	31,688,891	35,839,504	53,843,578	59,592,178
Unrestricted	(32,157,779)	(26,929,929)	(35,575,041)	(39,349,491)	(47,367,379)	(61,578,063)	(83,572,909)	(78,408,348)	(83,834,476)	(104,284,719)
Total governmental activities	<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>	<u>\$ 69,789,534</u>
Business-type activities										
Net investment in capital assets	\$ 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	\$ 11,122,502
Unrestricted	2,448,361	2,068,469	2,202,076	3,097,627	1,920,788	86,475	108,942	619,913	(448,943)	(429,451)
Total business-type activities	<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>	<u>\$ 10,693,051</u>
Primary government										
Net investment in capital assets	\$ 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	\$ 125,604,577
Restricted	11,451,067	11,882,299	13,491,150	16,355,698	19,872,490	22,033,213	31,688,891	35,839,504	53,843,578	59,592,178
Unrestricted	(29,709,418)	(24,861,460)	(33,372,965)	(36,251,864)	(45,446,591)	(61,491,588)	(83,463,967)	(77,788,435)	(84,283,419)	(104,714,170)
Total primary government net position	<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>	<u>\$ 80,482,585</u>

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

	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Expenses										
Governmental activities:										
General government	\$ 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	\$ 40,076,262
Public safety	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	119,542,157
Environmental protection	531,160	365,917	380,516	394,269	574,971	542,544	499,951	997,810	880,273	748,612
Economic and physical development	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	5,279,460
Human Services	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	41,304,060
Cultural and recreation	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	7,615,355
Education	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	42,774,774
Interest on long term debt	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	3,967,037
Total governmental activities	<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>	<u>261,307,717</u>
Business-type activities:										
Landfill	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	11,511,391
Cane Creek water and sewer	1,460,943	1,494,231	1,442,393	1,701,044	1,776,378	-	-	-	-	-
Other business-type activities	44,392	46,468	40,000	42,868	61,672	72,494	66,001	62,949	56,983	319,367
Total business-type activities	<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>	<u>11,830,758</u>
Total primary government expenses	<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>	<u>\$ 273,138,475</u>
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 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	\$ 3,217,164
Public safety	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	11,574,940
Environmental protection	-	-	-	-	-	-	-	3,457	89,040	11,185
Economic and physical development	1,329,370	1,361,476	1,448,581	1,422,180	1,449,536	1,120,462	81,138	77,621	166,572	479,971
Human services	599,761	638,328	607,698	643,984	682,914	733,016	271,821	327,844	1,038,304	2,526,631
Cultural and recreation	227,410	232,412	217,401	247,826	156,033	110,461	1,347,990	1,345,218	610,985	299,946
Education	-	-	-	-	-	-	-	-	-	-
Operating grants and contributions:										
General government	730,585	1,899,583	-	1,698,578	1,856,774	2,832,956	1,636,659	5,419,982	297,886	3,490,998
Public safety	802,363	1,479,324	2,115,379	1,633,342	539,610	6,044,301	2,205,513	2,232,108	709,801	16,986,799
Environmental protection	-	101,476	102,681	75,267	103,842	196,483	35,735	33,515	306,996	52,800
Economic and physical development	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	463,077
Human services	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	19,378,500
Cultural and recreation	298,926	294,362	286,229	409,997	469,476	334,682	574,072	434,020	175,774	175,442
Education	1,261,483	815,492	910,920	703,685	991,159	1,395,213	1,781,250	2,586,916	-	681,768.00
Capital grants and contributions:										
General government	1,125,364	1,916,161	-	-	-	-	1,106,390	-	13,036,400	6,007,955
Public Safety	-	-	-	-	-	-	-	-	-	60,488
Human Services	-	-	-	-	-	-	-	-	-	22,427
Cultural and recreation	-	-	-	-	-	-	-	-	-	-
Education	-	-	-	-	-	-	-	-	936,319	987,552
Total governmental activities program revenues	<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>	<u>66,417,643</u>
Business-type activities:										
Charges for services	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	10,777,368
Operating grants and contributions	157,751	159,490	161,908	176,439	188,106	221,608	239,763	274,212	304,500	233,552
Capital grants and contributions	945,795	832,040	611,400	205,880	415,200	-	-	-	-	-
Total business-type activities program revenues	<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>	<u>11,010,920</u>
Total primary government program revenues	<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>	<u>\$ 77,428,563</u>

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

	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Net (Expense)/Revenue										
Governmental activities	\$ (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)	\$ (194,890,074)
Business-type activities	1,891,418	1,608,307	1,020,090	607,948	(405,761)	209,311	193,711	(621,549)	(478,434)	(819,838)
Total primary government net (expense)/revenue	\$ (92,437,211)	\$ (108,998,311)	\$ (109,820,199)	\$ (120,673,290)	\$ (146,547,574)	\$ (161,851,963)	\$ (164,373,790)	\$ (148,361,259)	\$ (154,627,525)	\$ (195,709,912)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes	\$ 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	\$ 126,995,382
Local option sales tax	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	46,970,055
Other taxes and licenses	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	5,651,880
Investment earnings	674,764	660,977	1,005,343	1,637,047	1,380,303	648,923	567,840	4,371,910	7,317,599	7,492,688
Gain on sale	-	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-	-	-
Transfers	(54,000)	(54,000)	(54,000)	(54,000)	(54,000)	(2,702,578)	-	(1,500,000)	(1,305,263)	(360,682)
Total governmental activities:	102,284,557	112,493,563	116,835,328	124,318,621	138,802,154	144,660,071	156,024,299	167,282,362	181,541,399	186,749,323
Business-type activities:										
Investment earnings	57,550	37,959	48,049	89,091	78,423	21,990	8,013	45,910	167,924	355,215
Gain/Loss on sale	-	-	-	-	-	17,587	6,470	4,705	6,100	2,291
Miscellaneous	-	-	-	-	-	-	-	-	-	22,514
Capital Contributions	-	-	-	-	-	-	-	-	-	401,244
Transfers	54,000	54,000	54,000	54,000	54,000	2,702,578	-	1,500,000	1,305,263	360,682
Special Item - disposal of CCWSD	-	-	-	-	-	(22,584,997)	-	-	-	-
Total business-type activities	111,550	91,959	102,049	143,091	132,423	(19,842,842)	14,483	1,550,615	1,479,287	1,141,946
Total primary government	\$ 102,396,107	\$ 112,585,522	\$ 116,937,377	\$ 124,461,712	\$ 138,934,577	\$ 124,817,229	\$ 156,038,782	\$ 168,832,977	\$ 183,020,686	\$ 187,891,269
Change in Net Position										
Governmental activities	\$ 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	\$ (8,140,751)
Business-type activities	2,002,968	1,700,266	1,122,139	751,039	(273,338)	(19,633,531)	208,194	929,066	1,000,853	322,108
Total primary government	\$ 9,958,896	\$ 3,587,211	\$ 7,117,178	\$ 3,788,422	\$ (7,612,997)	\$ (37,034,734)	\$ (8,335,008)	\$ 20,471,718	\$ 28,393,161	\$ (7,818,643)

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

	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General Fund										
Non-spendable:										
Inventories	\$ 54,995	\$ 56,255	\$ 51,217	\$ 68,606	\$ 65,959	\$ 57,958	\$ 69,614	\$ 86,040	\$ 75,465	\$ 72,354
Prepays	210,479	260,721	228,858	251,163	232,368	232,368	-	1,031,445	88,373	87,769
Restricted:										
Stabilization for State statute	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	24,430,894
Restricted, all other	181,130	208,471	107,884	2,520,979	5,721,901	5,768,652	6,945,576	8,307,374	9,815,876	10,768,956
Committed:										
Assigned for subsequent year's expenditures	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	21,612,244
Assigned all other	179,625	512,301	432,647	467,394	459,873	264,903	384,606	487,398	395,306	479,519
Unassigned:	<u>27,732,716</u>	<u>27,817,837</u>	<u>27,593,418</u>	<u>27,854,812</u>	<u>31,426,092</u>	<u>45,334,073</u>	<u>43,938,388</u>	<u>45,022,724</u>	<u>45,475,110</u>	<u>42,193,732</u>
Total General Fund	<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>	<u>\$ 99,645,468</u>
All Other Governmental Funds										
Non-spendable:										
Prepays	\$ 2,337	\$ 28,365	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 17,774	\$ 19,818	\$ 18,882
Restricted:										
Stabilization for State statute	662,353	498,849	1,233,222	362,117	425,693	641,596	574,275	70,787	5,005,012	2,298,421
Restricted, all other	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	21,955,965
Committed:								13135974	18,320,903	24,694,164
Special revenue and debt service funds	3,564,211	3,932,534	7,229,944	8,368,261	9,441,744	7,136,432	18,067,360	-	-	-
Capital project funds	4,637,656	5,206,297	3,329,029	4,168,651	7,622,747	6,466,177	-	-	-	-
Assigned all other:	-	-	-	-	-	-	-	-	-	-
Unassigned:	<u>(250,075)</u>	<u>(70,469)</u>	<u>(1,013,595)</u>	<u>(1,790,610)</u>	<u>(5,137,132)</u>	<u>(137,003)</u>	<u>9,810,390</u>	<u>10,263,938</u>	<u>-</u>	<u>(30,978,382)</u>
Total all other governmental funds	<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>	<u>\$ 17,989,050</u>

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

	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenues										
Taxes:										
Property	\$ 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	\$ 127,514,178
Sales	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	46,970,055
Other	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	5,580,345
Total taxes	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	180,064,578
Intergovernmental	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	47,105,911
Permits and Fees	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	3,011,063
Sales and Services	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	10,433,582
Opioid Settlement Fund	-	-	-	-	-	-	-	-	-	1,489,194
Investment Earnings	674,764	660,977	1,005,343	1,637,047	1,380,303	648,923	567,839	4,372,557	7,317,599	7,492,688
Capital Contribution from Hospital Corporation	1,125,364	1,916,161	-	-	-	-	-	-	-	-
Miscellaneous	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	6,317,254
Total Revenues	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	255,914,270
Expenditures										
General Government	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	28,711,917
Public Safety	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	113,851,599
Environmental Protection	535,599	351,476	370,056	383,970	534,182	452,678	469,543	925,976	808,899	690,758
Economic and Physical Development	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	4,924,965
Human Services	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	38,905,099
Culture and Recreation	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	7,160,142
Education	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	42,758,815
Capital Outlay	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	29,082,993
Debt Service:										
Principal	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	14,133,562
Interest	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	5,062,141
Advanced payment to escrow agent	-	-	-	-	-	-	-	-	-	-
Total Expenditures	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	285,281,991
Excess of revenues over (under) expenditures	(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	(29,367,721)
Other Financing Sources (Uses)										
Transfers in	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	28,184,819
Transfers out	(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)	(28,545,501)
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	-	-	-	-	-	-	-	-	-	-
Debt issued	26,785,000	19,280,000	12,475,000	24,225,000	52,525,000	20,850,000	-	-	-	4,264,087
Contribution to TDA	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	29,407,955	20,553,941	13,786,670	26,750,136	60,388,694	24,746,016	695,626	(317,533)	(736,900)	3,903,405
Net change in fund balances	\$ 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	\$ (25,464,316)
Debt service as a percentage of noncapital expenditures	10.86%	11.14%	11.58%	11.88%	11.02%	13.83%	11.62%	10.68%	9.94%	7.49%

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)
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
2025	16,978,905,717	3,888,086,603	825,504,300	29,391,800	3,247,914,551	444,426,530	25,414,229,501	0.4310	28,645,434,514

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 FY2024 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									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Henderson County	0.5650	0.5650	0.5650	.5610	.5610	.5610	.5610	.5610	.4310	.4310
Municipality Rates:										
Hendersonville	0.4600	0.4700	0.4900	0.4900	0.4900	0.5200	0.5200	0.5200	0.5200	0.5200
Laurel Park	0.4300	0.4300	0.4300	0.4350	0.4350	0.4350	0.4350	0.3950	0.3950	0.3950
Fletcher	0.3400	0.3400	0.3400	0.3400	0.3400	0.3400	0.3400	0.2800	0.2800	0.2800
Mills River	0.1800	0.1800	0.1800	0.1900	0.1900	0.1900	0.1900	0.1700	0.1700	0.1700
Flat Rock	0.1100	0.1100	0.1100	0.1300	0.1300	0.1300	0.1300	0.1190	0.1190	0.1190
Saluda	0.6050	0.6050	0.6450	0.6650	0.6650	0.6750	0.6800	0.6900	0.7000	0.7000
Downtown - Main Street	0.2800	0.2800	0.2800	0.2600	0.2600	0.2400	0.2400	0.2100	0.2100	0.2100
Downtown - Seventh Ave.	0.1200	0.1200	0.1200	0.1700	0.1700	0.1700	0.1700	0.2100	0.2100	0.2100
Fire Districts:										
Bat Cave	0.1200	0.1200	0.1200	0.1200	0.1200	0.1200	0.1200	0.1200	0.1200	0.1200
Blue Ridge	0.1200	0.1200	0.1200	0.1300	0.1300	0.1300	0.1300	0.1300	0.1300	0.1300
Dana	0.1300	0.1300	0.1300	0.1400	0.1400	0.1400	0.1400	0.1400	0.1400	0.1400
Edneyville	0.1050	0.1050	0.1050	0.1150	0.1150	0.1150	0.1150	0.1150	0.1150	0.1150
Etowah-Horse Shoe	0.1050	0.1050	0.1050	0.1150	0.1150	0.1150	0.1150	0.1150	0.1150	0.1150
Fletcher	0.1150	0.1150	0.1150	0.1150	0.1150	0.1150	0.1150	0.1050	0.1050	0.1050
Gerton	0.1250	0.1250	0.1250	0.1250	0.1350	0.1350	0.1350	0.1350	0.1350	0.1350
Green River	0.0800	0.0800	0.0800	0.0900	0.0900	0.0900	0.0900	0.1000	0.1000	0.1000
Mills River	0.0900	0.0900	0.0900	0.1100	0.1100	0.1100	0.1100	0.1000	0.1000	0.1000
Mountain Home	0.1200	0.1200	0.1200	0.1200	0.1200	0.1200	0.1200	0.1150	0.1150	0.1150
Raven Rock	0.1000	0.1000	0.1000	0.1150	0.1150	0.1150	0.1150	0.1200	0.1200	0.1200
Valley Hill	0.0950	0.0950	0.0950	0.1000	0.1000	0.1000	0.1000	0.9000	0.9000	0.9000

Source: Henderson County Tax Collector

**Schedule 7
Henderson County
Principal Property Tax Payers,
Current Year and 9 Years Ago**

Taxpayer	Type of Business	Fiscal Year 2025			Fiscal Year 2016		
		Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Duke Energy Carolinas LLC	Public Service	290,022,274	1	1.14%	142,063,338	1	1.08%
GF Linamar	Manufacturing	171,689,018	2	0.68%	N/A	N/A	N/A
Jabil	Manufacturing	133,074,111	3	0.52%	N/A	N/A	N/A
Kimberly Clark	Manufacturing	111,298,772	4	0.44%	71,128,481	5	0.54%
Public Service Co of NC	Public Service	100,889,469	5	0.40%	39,318,219	10	0.30%
Meritor Heavy Vehicle Systems	Manufacturing	97,122,880	6	0.38%	86,104,453	4	20.13%
Sierra Nevada Brewing Co	Manufacturing	76,689,948	7	0.30%	N/A	N/A	N/A
Ingles Markets	Retail - Grocery	73,619,767	8	0.29%	49,943,393	7	0.38%
Wilsonart	Manufacturing	58,135,479	9	0.23%	39,102,774	9	0.30%
Raflatac	Manufacturing	55,909,827	10	0.22%	N/A	N/A	N/A
Totals		\$ <u>1,168,451,545</u>			\$ <u>427,660,658</u>		

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	
2016	67,911,724	(204,736)	67,706,988	66,876,370	98.77%	798,716	67,675,086	99.95%	31,902
2017	75,819,372	26,218	75,845,590	75,144,180	99.08%	674,554	75,818,734	99.96%	26,856
2018	77,464,082	(158,134)	77,305,948	76,859,391	99.42%	412,335	77,271,726	99.96%	34,222
2019	80,032,082	235,797	80,267,879	79,825,336	99.45%	383,392	80,208,728	99.93%	59,151
2020	92,450,097	(567,230)	91,882,867	91,093,081	99.14%	728,838	91,821,919	99.93%	60,948
2021	94,018,724	(159,802)	93,858,922	93,163,118	99.26%	644,012	93,807,130	99.94%	51,792
2022	96,470,613	(132,233)	96,338,380	95,466,504	99.09%	797,762	96,264,266	99.92%	74,114
2023	100,662,694	(815,339)	99,847,355	99,118,247	99.27%	604,953	99,723,200	99.88%	124,155
2024	106,787,948	(198,862)	106,589,086	105,949,546	99.40%	427,765	106,377,311	99.80%	211,774
2025	109,678,639	(5,985)	109,672,654	109,040,064	99.42%	-	109,040,064	99.42%	632,590
									\$ 1,307,504

Source: Henderson County Tax Collector

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

Fiscal Year	Governmental Activities						Business - Type Activities		Total Primary Government	Per Capita (1)	Percentage of Personal Income (1)
	General Obligation Bonds	Limited Obligation Bonds	Installment Contracts	Installment Purchases	Lease Assets	Subscription Assets	Limited Obligation Bonds	Installment Purchases			
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	665,682	674,590	-	533,335	155,852,004	1,311	2.21%
2024	-	135,592,054	1,000,000	2,742,857	587,142	734,413	-	10,000,000	150,656,466	1,249	*
2025	-	123,321,139	500,000	914,286	559,476	296,204	-	9,333,333	134,924,438	1,101	*

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 FY2024 or FY2025.

* - Information not yet available.

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

Fiscal Year	General/Limited Obligation Bonded Debt Outstanding				Percentage of Personal Income(1)	Percentage of Actual Taxable Value of Property(2)	Per Capita(1)
	General Obligation Bonds	Limited Obligation Bonds	Less: Amounts Restricted to Repaying Principal (3)	Total			
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%	1.21%	1,365
2021	-	172,619,799	-	172,619,799	2.81%	1.29%	1,482
2022	-	160,263,884	-	160,263,884	2.46%	1.17%	1,373
2023	-	147,906,969	-	147,906,969	2.09%	1.04%	1,245
2024	-	135,592,054	-	135,592,054	*	0.83%	1,124
2025	-	123,321,139	-	123,321,139	*	0.75%	1,007

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									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Assessed Value of Property	\$ 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	\$ 25,414,230
Debt Limit, 8% of Assessed Value (Statutory Limitation)	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	2,033,138
Amount of Debt Applicable to Limit:										
Less: Gross debt	104,414	112,957	114,243	128,135	176,847	184,148	169,948	155,852	150,656	134,924
Less: Debt outstanding for water and sewer purposes	617	411	293	941	2,649	-	-	-	-	-
Total net debt applicable to limit	103,797	112,546	113,950	127,194	174,198	184,148	169,948	155,852	150,656	134,924
Legal Debt Margin	\$ 950,829	\$ 961,374	\$ 980,648	\$ 1,009,342	\$ 1,135,190	\$ 1,154,304	\$ 1,200,612	\$ 1,265,473	\$ 1,825,103	\$ 1,898,214
Total debt applicable to the limit as a percentage of debt limit	9.84%	10.48%	10.41%	11.19%	13.30%	13.76%	12.40%	10.97%	7.63%	6.64%

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, 2025

<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	\$ 123,339,585	100.00%	\$ 123,339,585
Overlapping:			
City of Hendersonville (1)	283,000	100.00%	283,000
Town of Fletcher	5,538,629	100.00%	5,538,629
Total overlapping debt			<u>5,821,629</u>
Total direct and overlapping debt			<u><u>\$ 129,161,214</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)
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	7,065,316	59,258	12,645	3.00%	36,243
2024	120,597	*	*	12,533	3.40%	38,975
2025	122,513	*	*	12,361	3.40%	44,388

Notes:

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

* Information not yet available.

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

Employer	2025			2016		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Henderson County Public Schools	2000+	1	3.44%	1815	1	3.80%
UNC Pardee Healthcare	1700	2	2.93%	1400	3	2.40%
Advent Health (1)	1000+	3	1.72%	1173	2	2.49%
Ingles Markets, Inc.	1000+	4	1.72%	407	9	0.62%
Henderson County	971	5	1.72%	792	4	1.54%
Wilsonart International Inc.	510	6	0.88%	576	6	1.14%
Cummins-Meritor	500	7	0.86%	441	7	0.95%
Linamar Light Metals	480	8	0.83%	*	*	*
Sierra Nevada	380	9	0.65%	*	*	*
Kimberly-Clark	300	10	0.52%	*	*	*
Countywide Total Employment June 2025:	58,116					
(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									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General government	105	103	109	112	118	116	112	107	123	124
Public safety	299	302	310	330	335	337	354	320	334	348
Environmental protection	19	19	21	22	22	23	22	25	22	22
Economic and physical development	24	25	25	26	26	26	26	25	27	27
Human Services	281	284	286	291	293	292	307	282	306	307
Cultural and recreation	51	51	52	55	58	58	59	73	64	62
Total	<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>	<u>890</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									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<u>General Government</u>										
# of Registered Voters	79,621	81,736	84,393	80,364	81,959	84,641	86,620	87,561	90,565	89,714
<u>Public Safety</u>										
# of building permits issued	6,430	6,771	9,598	9,398	9,120	10,433	10,841	7,363	7,415	8,490
# of calls processed	177,818	181,115	187,067	184,837	188,878	191,639	182,130	184,275	184,226	167,324
<u>Human Services</u>										
# of food & lodging sites inspected	1,563	1,256	1,600	1,718	1,291	1,004	1571	1,558	1,883	1,711
# of Health clients served	14,693	15,428	15,781	15,979	14,990	143,892	33,668	33,959	54,290	68,784
<u>Economic and Physical Development</u>										
Number of major subdivision plan reviews	4	5	13	13	9	13	9	12	2	13
<u>Cultural and Recreation</u>										
Library book circulation	927,596	1,056,328	1,031,647	1,006,065	851,571	827,294	1,014,300	1,072,404	1,088,094	1,069,288
<u>Education</u>										
Total \$ spent per ADM	\$ 2,366	\$ 2,480	\$ 2,615	\$ 2,984	\$ 3,113	\$ 3,182	\$ 3,491	\$ 3,787	\$ 3,823	\$ 4,204
<u>Enterprise Fund - Landfill</u>										
Solid waste generated # tons/day	294	318	343	371	363	388	380	387	407	436

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									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<u>Public Safety</u>										
Sheriff's Department:										
Stations	1	1	1	1	1	1	1	1	1	1
Vehicles	184	176	185	192	208	202	214	223	231	204
<u>Cultural and Recreation</u>										
Park Acreage	332	332	332	409	409	409	409	422	422	493
Parks	12	12	12	14	14	14	14	14	14	15
Ballfields and courts	37	37	37	43	43	43	43	43	43	43
Libraries	6	6	6	6	6	6	6	6	6	6

Source: Various County Departments

This page left blank intentionally.

COMPLIANCE SECTION

This page left blank intentionally.

**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 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, 2025, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated November 14, 2025.

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 and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and responses as item 2025-001 that we consider to be a material weakness.

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 financial statements. 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 matters that are required to be reported under *Government Auditing Standards*.

County's Response to Findings

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

Purpose of This Report

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

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

Charlotte, North Carolina
November 14, 2025

This page left blank intentionally.

HENDERSON COUNTY
SCHEDULE OF FINDINGS AND RESPONSES

YEAR ENDED JUNE 30, 2025

Section I—Summary of auditor’s results

Type of auditor’s report issued on whether the financial statements audited were prepared in accordance with U.S. GAAP:	Unmodified	
Internal control over financial reporting:		
Material weakness(es) identified?	<u> X </u> yes	<u> </u> no
Significant deficiency(ies) identified that are not considered to be material weaknesses	<u> </u> yes	<u> X </u> none reported
Noncompliance material to financial statements noted	<u> </u> yes	<u> X </u> no

Section II—Financial statement findings

Material Weakness – Finding 2025-001

Criteria: Henderson County’s (“County”) books and records should accurately reflect the County’s financial statements in accordance with generally accepted accounting principles (“U.S. GAAP”) for all transactions.

Condition: The County should have recorded a receivable and revenue in the General Capital Project Fund in the financial statements in the prior year for a reimbursement request related to costs incurred prior to June 30, 2024 that were received within the County’s 90-day availability period.

Effect: Accounts receivable and revenues were understated \$2,100,303, in the General Capital Projects Fund and Government Wide Financial Statements as of June 30, 2024.

Cause: While an entry was originally made to record this in the prior year, it was not reflected in the issued prior year financial statements and not identified in a timely manner by the County’s review procedures.

Recommendation: We recommend the County ensure a year-end checklist be completed to ensure all items are appropriately accounted for in the financial statements and the final version of the financial statements accurately reflect what is recorded in the accounting system.

View of Responsible Officials: The County agrees with this finding; see the Corrective Action Plan for more information.

HENDERSON COUNTY
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

YEAR ENDED JUNE 30, 2025

Section IV—Schedule of prior year audit findings

None noted.

This page left blank intentionally.

Henderson County



Audit Finding 2025-001
Financial Reporting and Close – Material Weakness

Error	Corrective Action	Person Responsible	Completion Date
Error in financial reporting related to accounts receivable in General Capital Projects Fund.	Year-end close checklist will include second party review of Financial Statements for all adjusting entries prior to issuance.	Finance Director, Randall Cox Assistant Finance Director, Jesse Ivens	Immediate

This page left blank intentionally.

HENDERSON COUNTY, NORTH CAROLINA

COMPLIANCE REPORT

For the Year Ended June 30, 2025

And Reports on Compliance and Internal Control

HENDERSON COUNTY, NORTH CAROLINA
TABLE OF CONTENTS

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 1-2

Report of Independent Auditor on Compliance for Each Major Federal Program and on Internal Control over Compliance Required by the Uniform Guidance and the State Single Audit Implementation Act..... 3-5

Report of Independent Auditor on Compliance for Each Major State Program and on Internal Control over Compliance Required by the Uniform Guidance and the State Single Audit Implementation Act..... 6-8

Schedule of Findings and Questioned Costs 9-11

Corrective Action Plan 12

Summary of Prior Year Findings 13

Schedule of Expenditures of Federal and State Financial Awards 14-21

Notes to the Schedule of Expenditures of Federal and State Financial Awards 22

**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 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, 2025, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated November 14, 2025.

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 and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2025-001 that we consider to be a material weakness.

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 financial statements. 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 matters that are required to be reported under *Government Auditing Standards*.

County's Response to Findings

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

Purpose of This Report

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

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

Charlotte, North Carolina
November 14, 2025

**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, 2025. 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.

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, 2025.

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.

Report on Schedule of Expenditures of Federal and State Awards Required by Uniform Guidance and the State Single Audit Implementation Act

We have audited 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, 2025, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated November 14, 2025, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the County's basic financial statements. The accompanying schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by the Uniform Guidance and State Single Audit Implementation Act and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 schedule of expenditures of federal and state awards is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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
December 10, 2025

**Report of Independent Auditor on Compliance for Each Major State Program and on
Internal Control over Compliance Required by the 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, 2025. 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.

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, 2025.

Basis for Opinion on Each Major State Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

Report on Schedule of Expenditures of Federal and State Awards Required by Uniform Guidance and the State Single Audit Implementation Act

We have audited 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, 2025, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated November 14, 2025, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the County's basic financial statements. The accompanying schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by the Uniform Guidance and State Single Audit Implementation Act and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal and state awards is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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
December 10, 2025

HENDERSON COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2025

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? X yes 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
93.558	Temporary Assistance for Needy Families
93.778	Medical Assistance Cluster
97.036	Disaster Grants – Public Assistance (Presidentially Declared Disaster)

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

\$1,145,354

Auditee qualified as low-risk auditee?

 X yes no

HENDERSON COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2025

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
State Cashflow Loans

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

Section II—Financial Statement Findings

Material Weakness – Finding 2025-001

Criteria: Henderson County’s (“County”) books and records should accurately reflect the County’s financial statements in accordance with generally accepted accounting principles (“U.S. GAAP”) for all transactions.

Condition: The County should have recorded a receivable and revenue in the General Capital Project Fund in the financial statements in the prior year for a reimbursement request related to costs incurred prior to June 30, 2024 that were received within the County’s 90-day availability period.

Effect: Accounts receivable and revenues were understated \$2,100,303, in the General Capital Projects Fund and Government-Wide Financial Statements as of June 30, 2024.

Cause: While an entry was originally made to record this in the prior year, it was not reflected in the issued prior year financial statements and not identified in a timely manner by the County’s review procedures.

Recommendation: We recommend the County ensure a year-end checklist be completed to ensure all items are appropriately accounted for in the financial statements and the final version of the financial statements accurately reflect what is recorded in the accounting system.

View of Responsible Officials: The County agrees with this finding; see the Corrective Action Plan for more information.

HENDERSON COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2025

Section III—Federal Award Findings and Questioned Costs

None reported.

Section IV—State Award Findings and Questioned Costs

None reported.



Audit Finding 2025-001
Financial Reporting and Close – Material Weakness

Error	Corrective Action	Person Responsible	Completion Date
Error in financial reporting related to accounts receivable in General Capital Projects Fund.	Year-end close checklist will include second party review of Financial Statements for all adjusting entries prior to issuance.	Finance Director, Randall Cox Assistant Finance Director, Jesse Ivens	Immediate

HENDERSON COUNTY, NORTH CAROLINA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

YEAR ENDED JUNE 30, 2025

None noted.

HENDERSON COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURTES OF FEDERAL AND STATE AWARDS

YEAR ENDED JUNE 30, 2025

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	\$ 1,530,913	\$ 216,609	\$ -	\$ -
Total Supplemental Nutrition Assist. Program Cluster			1,530,913	216,609	-	-
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	391,962	-	-	-
Passed through the Natural Resources Conservation Service:						
Emergency Watershed Protection Grant						
	10.902	EQIP 2018 7445322319J	1,867	-	-	-
Total U.S. Department of Agriculture			1,924,742	216,609	-	-
<u>U.S. Department of Housing and Urban Development</u>						
Passed-Through N.C. Department of Commerce:						
CDBG- State- Administered Small Cities Program Cluster						
CDBG - State Administered CDBG Cluster:						
CDBG - Sierra Nevada Water and Sewer Infrastructure Project						
	14.228	07-D-2388	-	-	-	-
CDBG-DR - Helene Disaster Rental Assistance						
	14.228	XXXXX	100,398	-	-	-
CDBG-DR - Helene Disaster Utility Assistance						
	14.228	XXXXX	366,593	-	-	-
CDBG-DR - Helene Disaster Child Welfare Essential Services						
	14.228	XXXXX	119,816	-	-	-
CDBG-DR - Helene Disaster Adult Essential Services						
	14.228	XXXXX	92,863	-	-	-
Total CDBG - State Administered CDBG Cluster			679,670	-	-	-
Total U.S. Department of Housing and Urban Development			679,670	-	-	-

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

YEAR ENDED JUNE 30, 2025

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 Justice</u>						
<u>Criminal Division</u>						
Direct Program:						
Equitable Sharing Program	16.922	NC0450000	\$ 24,171	\$ -	\$ -	\$ -
<u>Office of Justice Programs</u>						
Passed-Through N.C. Department of Public Safety:						
<u>JAG Program:</u>						
Edward Byrne Discretionary Community Projects Grant	16.738	15PBJA-24-GG-00478-BRND	5,093	-	-	-
Total JAG Program			5,093	-	-	-
<u>Coprehensive Community-based Program</u>						
Comprehensive Opiod Abuse Site-Based Program	16.838	2020-AR-BX-0064	15,633	-	-	-
Total Comprehensive Community-based Program			15,633	-	-	-
Total U.S. Department of Justice			44,897	-	-	-
<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	228,184	-	-	-
Capital	20.507	NC-90-X530-00	78,179	-	-	-
Total Federal Transit Cluster			306,363	-	-	-
<u>Federal Highway Administration</u>						
Nationally Significant Federal Lands and Tribal Projects (NSFLTP)	20.205	BL-0007	5,101,745	-	-	-
Total Highway Planning and Contruction			5,101,745	-	-	-
Total U.S. Department of Transportation			5,408,108	-	-	-
<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 (Helene)	97.036		16,363,319	-	-	-
Emergency Management Performance Grants	97.042	EMW-2015-EP-00011-S01	35,000	-	-	-
Poplar Drive/Black Cove Fire	XXXXX	305217	70,071	-	-	-
FEMA - Tropical Storm Debby	97.039	52199000	62,130	-	-	-
Total U.S. Department of Homeland Security			16,530,519	-	-	-

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

YEAR ENDED JUNE 30, 2025

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. S. Department of Health and Human Services						
<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	\$ 77,738	\$ -	\$ -	\$ -
Social Services Block Grant - State Adult Day Care	93.667	30	66,523	38,196	-	-
Social Services Block Grant - CPS TANF to SSBG	93.667	127	160,270	-	-	-
Social Services Block Grant - Other Service and Training	93.667	387, 390, 393	271,798	-	-	-
Child Support Enforcement	93.563	123, 423, 430	527,617	(578)	-	-
<u>Special Children Adoption Fund Cluster (Note 4):</u>						
Mary Lee Allen Promoting Safe and Stable Families	93.556	220	30,037	-	-	-
Stephanie Tubbs Jones Child Welfare Services Program	93.645	368, 464, 465	31,732	-	-	-
Total Special Children Adoption Fund Cluster (Note 4)			61,769	-	-	-
<u>Refugee and Entrant Assistance Cluster (Note 4):</u>						
Refugee and Entrant Assistance State/Replacement Designee Administered Programs	93.566	403	1,239	-	-	-
Total Refugee and Entrant Assistance Cluster (Note 4)			1,239	-	-	-
Energy Assistance Payments - Direct Benefit Payments						
Weatherization Assistance and Heating and Air Repair COVID-19 LIEAP COVID 19 Admin	93.568	314	43,722	-	-	-
Total Low Income Home Energy Assistance			43,722	-	-	-
Payments - State Administered Program to Territories, Adults Child Welfare Services - State Grants -	93.560		-	-	-	-
Child Welfare Services - State Grants						
John H. Chafee Foster Care Program for Successful Transition to Adulthood - Admin	93.674	290, 291	37,726	9,431	-	-
John H. Chafee Foster Care Program for Successful Transition to Adulthood - Direct Benefits	93.674	091255869	1,500	-	-	-
Total Division of Social Services			1,249,902	47,049	-	-

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

YEAR ENDED JUNE 30, 2025

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>Temporary Assistance for Needy Families</u>							
Division of Social Services:							
	Temporary Assistance for Needy Families (TANF)/ Work First - Admin	93.558	1801NCTANF- 151, 052, 058	\$ 988,929	\$ -	\$ -	\$ -
	Total Temporary Assistance for Needy Families			988,929	-	-	-
<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	1,046,843	141,866	-	-
	Adoption Assistance	93.659	1801NCADT - 091255869	60,644	-	-	-
Direct Benefits Payments:							
	Foster Care Title IV-E	93.659	1801NCFOST - 091255869	282,377	92,778	-	-
	Total Foster Care and Adoption Cluster (Note 4)			1,389,864	234,644	-	-
<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	145,744	-	-	-
	Total Child Care Development Fund Cluster/			145,744	-	-	-
	Total Administration for Children and Families			3,774,439	281,693	-	-
<u>Centers for Medicare and Medicaid Services</u>							
Passed-Through N.C. Department of Health and Human Services:							
Division of Medical Assistance:							
<u>Medicaid Cluster:</u>							
Administration:							
	Medical Assistance Program	93.778	XIX-MAP18 - 421, 412, 478	4,420,518	243,418	-	-
	Total Medicaid Cluster			4,420,518	243,418	-	-
Division of Social Services:							
Administration:							
	Children's Health Insurance Program - N.C. Health Choice	93.767	440, 441	275,556	88,162	-	-
	Total Division of Medical Assistance			4,696,074	331,580	-	-
<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	45,012	-	-	-
	Project Grants and Cooperative Agreements for Tuberculosis Control Program	93.116	14602720NF	50	-	-	-
	Public Health Emergency Preparedness -						
	Public Health Emergency Preparedness	93.069	12642680EU/ER	33,186	-	-	-
	HIV Care Formula Grants - Ryan White Care Act	93.917		12,623	-	-	-
	Sexually Transmitted Diseases (STD) Prevention and Control Grants	93.977	13114631NB	100	-	-	-
	Preventive Health and Health Services Block Grant	93.991	12615503PH	30,741	-	-	-
	Centers for Disease Control and Prevention's Collaboration with Academia to Strengthen Public Health	93.967	20G0216001	13,330	-	-	-
Division of Community Health:							
	National and State Tobacco Control Program	93.387	12713410QF	555	-	-	-
	Temporary Assistance for Needy Families	93.558		8,165	-	-	-
	Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations	93.898	13203100D7	8,125	-	-	-

The accompanying notes to the Schedule of Expenditures of Federal and State Awards are an integral part of this schedule.

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

YEAR ENDED JUNE 30, 2025

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>Health Resources and Services Administration</u>						
Passed-Through N.C. Department of Health and Human Services:						
Division of Public Health:						
AA 846 Innovative Approaches	93.994		\$ 295,561	\$ -	\$ -	\$ -
Child Fatality Prevention	93.994		-	1,572	-	-
Maternal and Child Health Services Block Grant	93.994		365,637	-	-	-
Total Maternal and Child Health Services Block Grant			661,198	1,572	-	-
<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	60,675	-	-	-
Total Division of Public Health			873,760	1,572	-	-
<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	23/24AANCT3SS	43,592	-	43,592	-
Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	93.044	23/24AANCT3SS	450,809	26,518	477,327	-
Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045	23/24AANCT3CM	28,313	1,665	29,978	-
Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045	23/24AANCT3HD	382,085	22,476	404,561	-
Nutrition Services Incentive Program	93.053	23/24AANCNSIP	40,811	-	40,811	-
Total Aging Cluster			945,610	50,659	996,269	-
National Family Caregiver Support, Title III, Part E	93.052	21/22AANCT3FC	43,484	2,899	46,383	-
Total Administration for Community Living			989,094	53,558	1,042,652	-
Total U. S. Department of Health and Human Services			10,333,367	668,403	1,042,652	-
<u>U.S. Department of Treasury</u>						
COVID-19: Coronavirus State and Local Fiscal Recovery Funds	21.027		3,257,174	-	-	-
Total Federal Awards			38,178,478	885,012	1,042,652	-

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

YEAR ENDED JUNE 30, 2025

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
State Awards:						
<u>N.C. Department of Cultural and Natural Resources</u>						
Division of Parks and Recreation: Parks and Recreation Trust Fund	XXXX	2023-1014	\$ -	\$ 291,115	\$ -	\$ -
Division of State Library: State Aid to Public Libraries	XXXX	XXXX	-	175,424	-	-
Total N.C. Department of Cultural and Natural Resources			-	466,539	-	-
<u>N.C. Department of Environmental Quality</u>						
NC Clean Water Management Trust Fund						-
Swannanoa River Cleanup						
Recreation Trails						
Stream Restoration Cane Creek	XXXX	SWCD2025	-	2,970	-	-
Mill Pond Creek Stream Restoration	XXXX	CW18316	-	21,220	-	-
Jackson Park Feasility and Engineering Study	XXXX	CW39897	-	43,575	-	-
Electronics Management Grant Program	XXXX	ELECO16034	-	8,056	-	-
Total N.C. Department of Environmental Quality			-	75,821	-	-
<u>N.C. Department of Agriculture and Consumer Services</u>						
Streamflow Rehab Assistance Program	XXXX	22-080-1021	-	4,125	-	-
Total N. C. Department of Agriculture and Consumer Services			-	4,125	-	-
<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	-	26,990	-	-
Aid-to-Counties	XXXX		-	91,763	-	-
Breast and Cervical Cancer Program	XXXX	1320559900	-	11,375	-	-
Child Health	XXXX	1271535100	-	13,679	-	-
Hurricane Helene Essential Function Support	XXXX		-	31,898	-	-
General Communicable Disease Control	XXXX	1175451000	-	2,586	-	-
School Nurse Funding Initiative	XXXX	1332535800	-	100,000	-	-
546 Communicable Disease Pandemic Recovery	XXXX	2SF1249NTT	-	44,823	-	-
719 Bridget Access Program for COVID-19 Vaccines	XXXX	2B0HHBR20G	-	17,258	-	-
122 Hurricane Helene Essential Functions Support	XXXX	2B0HHEL20H	-	31,898	-	-
Tobacco Prevention and Control	XXXX		-	18,025	-	-
Family Planning - State	XXXX	13A1573500	-	8,352	-	-
Healthy Communities	XXXX	1261550300	-	16,451	-	-
Tuberculosis Control	XXXX	1460455100	-	12,262	-	-
Communicable Disease Pandemic Recovery	XXXX	2SF1249NTT	-	108,598	-	-
State Fiscal Recovery Funds			-	99,999	-	-
High Risk Maternity Clinics			-	63,763	-	-
Total Division of Public Health			-	699,720		

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

YEAR ENDED JUNE 30, 2025

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
Division of Social Services:							
Administration:							
State Child Welfare/CPS/CS LD		XXXX	115, 117	\$ -	\$ 133,974	\$ -	\$ -
AFDC Incent/Prog Integrit		XXXX	267	-	1,196	-	-
Direct Benefit Payments:							
State Foster Home / SFHF Maximization		XXXX	XXXX	-	186,213	-	-
Foster Care Kinship		XXXX		-	27,133	-	-
Extended Foster Care Maximization Non Title IV-E		XXXX	XXXX	-	41,820	-	-
F/C at Risk Maximization		XXXX		-	3,833	-	-
State-Family Foster Max		XXXX	XXXX	-	34,709	-	-
Total Division of Social Services				-	428,878	-	-
Total N.C. Department of Health and Human Services				-	1,128,598	-	-
N.C. Department of Public Safety							
State Budget Allocation							
HCSO - 20308		XXXX	HENDERSONCO 20308	-	415,169	-	-
Emergency Management		XXXX	HENDERSONCO 20305	-	13	-	-
Soil & Water Flood Resiliency		XXXX	HENDERSONCO	-	286,347	-	-
Division of Juvenile Justice:							
Juvenile Crime Prevention Council Programs		XXXX	XXXX	-	266,020	-	-
Division of Emergency Management:							
Tier 2 LEPC		XXXX	T2-2018-1865	-	670	-	-
Total N.C. Department of Public Safety				-	968,219	-	-
N.C. Department of Public Instruction							
Public School Building Capital Fund - Lottery		XXXX	XXXX	-	967,183	-	-
Total Public School Building Capital Fund							-
Total N.C. Department of Public Instruction				-	967,183	-	-

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

YEAR ENDED JUNE 30, 2025

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 Transportation</u>							
Rural Operating Assistance Program (ROAP):							
ROAP Elderly and Disabled Transportation Assistance Program (E&TAP)		XXXX	DOT-16CL	\$ -	\$ 81,042	\$ -	\$ -
ROAP Rural General Public Program (RGP)		XXXX	DOT-16CL	-	69,993	-	-
ROAP Workfirst Transitional Employment Assistance Program		XXXX	DOT-16CL	-	35,708	-	-
Total ROAP				-	186,743	-	-
Public Transportation Division							
State Maintenance Assistance Program		XXXX	DOT9	-	162,794	-	-
Total N.C. Department of Transportation				-	349,537	-	-
<u>N.C. 911 Board</u>							
Portable Radio Grant PSAP		XXXX	FY24-2025	-	60,479	-	-
Total NC 911 Board				-	60,479	-	-
<u>NC State Board of Elections</u>							
Helene Election Funding		XXXX		-	122,159	-	-
Total NC State Board of Elections				-	122,159	-	-
<u>N.C. Office of State Budget and Management</u>							
State Budget Allocation							
Agriculture Services		XXXX	HENDERSONCO 20303	-	47,295	-	-
Dana Park		XXXX	HENDERSONCO 20304	-	20,369	-	-
Facilities Equipment		XXXX	HENDERSONCO 20306	-	101,955	-	-
Library		XXXX	HENDERSONCO 20307	-	38,475	-	-
State Cashflow Loan for Disaster Response		XXXX	Helene5144R1000000000	-	4,197,973	-	-
Total NC Office of State Budget and Management				-	4,406,067	-	-
Total State Awards				-	8,548,727	-	-
<u>Other Financial Assistance:</u>							
NC Dept. of Justice							
Opioid Settement Fund			XXXX	-	464,211	-	-
Total Federal and State Awards				\$ 38,178,478	\$ 9,897,950	\$ 1,042,652	\$ -

HENDERSON COUNTY, NORTH CAROLINA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED JUNE 30, 2025

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 (the "County") under the programs of the federal government and the state of North Carolina for the year ended June 30, 2025. 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 the County, it is not intended to, and does not, present the financial position, changes in net position, or cash flows of the 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

The 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.

Note 6—State Cashflow Loan

During the fiscal year, the County received a State Cash Flow Loan from the state of North Carolina through the North Carolina Department of State Treasurer in the amount of \$4,197,973. The loan was provided to assist the County with temporary cash flow needs and is not considered a grant or aid program. Loan proceeds received should be reported on the SEFSA as the current year expenditures.

The loan is expected to be repaid in full by the repayment date of June 30, 2030. As of June 30, 2025, the outstanding balance of the loan was \$4,197,973.