

HENDERSON COUNTY NORTH CAROLINA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2008

HENDERSON COUNTY NORTH CAROLINA

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FOR THE YEAR ENDED JUNE 30, 2008

Prepared by: Finance Department
Finance Director: J. Carey McLelland

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Comprehensive Annual Financial Report
For the Year Ended June 30, 2008

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INTRODUCTORY SECTION



HENDERSON COUNTY
FINANCE DEPARTMENT

HISTORIC COURTHOUSE ANNEX
113 NORTH MAIN STREET
HENDERSONVILLE, NC 28792

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

October 22, 2008

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

The Comprehensive Annual Financial Report of Henderson County, North Carolina, for fiscal year ended June 30, 2008 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 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, 2008 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 unqualified opinion that Henderson County's financial statements for the year ended June 30, 2008 are fairly presented in conformity with GAAP.

The Governmental Accounting Standards Board issued Statement 44 which is the first time the Board has issued authoritative guidance for the statistical section in the report. Statement 44 has changed the statistical section almost completely and focuses on the following information: financial trends, revenue capacity, debt capacity, demographic and economic information and operating information.

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 Circular A-133, Audits of State and Local Governments and Non-Profit Organizations. Information related to this single audit, including the schedule of expenditures of federal and state awards, findings and recommendations, and independent auditors' reports on internal control and compliance with applicable laws and regulations are presented in the compliance section of this document.

For financial reporting purposes, in accordance with 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. It has been determined that for the fiscal year ended June 30, 2008, there is one blended component unit, the Cane Creek Water and Sewer District, and one discretely presented component unit, the Henderson County Hospital Corporation, which are required to be presented in the County's combined financial statements. The water and sewer district exists to provide and maintain water and sewer systems for county residents within the district. The County's Board of Commissioners serves as the governing board for the district. The district is reported as an Enterprise Fund in the County's financial statements. Henderson County Hospital Corporation is reported in the financial statements in a manner similar to a proprietary fund. The Board of Commissioners appoints the members of the Hospital Board. 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 Henderson County Industrial Facility and Pollution Control Financing Authority is also 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.

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. 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 102,142. 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. The manager is responsible for implementing policies, managing daily operations, and appointing department heads.

The County provides the citizens with a wide range of services that include public safety, health and social services, planning and development, environmental protection, cultural and recreational activities, and others. Public safety, human services, education and debt service represent the majority of the annual budget. This report includes all the County activities in maintaining these services. The County also extends financial support to certain boards, agencies, 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 and Western Highlands Local Management Entity.

ECONOMIC CONDITIONS AND OUTLOOK

The County, located just south of Asheville, North Carolina, is within one hours 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 various 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. There are currently 48,619 acres of farmland and over 21,000 acres of harvested cropland in the County. The main agricultural income in the County continues to be produced from greenhouses and nurseries at \$88 million and vegetables and fruit at \$38 million.

Travel and tourism continues to be the second largest industry in North Carolina. The County's tourism industry continues to grow due to its location, seasonal climate, and the variety of activities to do and sights to see. Our local Travel and Tourism Department does an excellent job of promoting the County and surrounding areas. The County is home to the State Theater of North Carolina, the Flat Rock Playhouse and Carl Sandburg's Home, a national historic site. The world renowned Biltmore Estate is just a short drive in a neighboring County. There are a number of camps, hiking trails and waterfalls to view in and around the County. The most current value by the State of North Carolina of tourism to the County is estimated to be \$199.8 million.

HENDERSON COUNTY, NORTH CAROLINA CHART OF CONSTRUCTION VALUES AND UNEMPLOYMENT RATES

<u>Fiscal Year</u>	<u>Permits</u>	<u>Dollar Value</u>	<u>Unemployment Rates</u>
2008	1,789	\$331,657,633	4.7%
2007	2,179	\$276,533,610	3.6%
2006	1,828	\$217,185,218	4.2%
2005	2,393	\$219,789,581	4.2%
2004	1,956	\$189,475,928	4.9%

Manufacturing continues to rank first in employment with a current annual estimated value of \$575 million. In an effort to attract new industry and to help existing industry to expand, the County offers and provides economic incentive payments to companies based on the number of new hires and the total new taxable investment planned. 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 following table lists the major manufacturing employers in the County:

<u>Company Name</u>	<u>Product</u>	<u>Approximate Number of Employees</u>
Wilsonart International	Laminated plastics	697
General Electric Lighting	Outdoor lighting systems	520
Meritor Vehicle Systems	Truck axles	485
UPM Raflatac, Inc.	Paper products	348
Continental Teves, Inc.	Automotive brake systems	320
Borg-Warner	Automotive cooling systems	237
Manual Woodworkers	Wooden crafts and woven products	227
Kimberly-Clark	Health products	215
Kyocera Feldmuelhle, Inc.	Industrial ceramics	180
Printpack, Inc.	Paper products	170

MAJOR INITIATIVES

FOR THE YEAR. Property was revalued by the County Assessor as of January 1, 2007 and was effective for FY2008. The County is on a 4-year tax revaluation cycle. The Board of Commissioners adopted a balanced budget for the fiscal year which included a decrease of 10.3 cents in the county-wide ad valorem property tax rate to 46.2 cents per \$100 dollars of valuation. Total General Fund revenues grew by \$8.1 million or 7.5 percent over the previous fiscal year while total General Fund expenditures increased by only \$3.4 million or 3.3 percent over FY2007. Total General Fund Balance increased by \$7.3 million to \$33,970,011 while Unreserved/Undesignated General Fund Balance increased by \$6.49 million to \$21,872,379. All other governmental funds ended up in a positive financial position and the County's three enterprise funds continued to grow, be self-supporting and add to reserves in FY2008.

During FY2008, construction and rehabilitation of the Historic Henderson County Courthouse, the new home for the Board of Commissioners and County Management, was completed. The new Henderson County Heritage Museum, which has been a great success since opening, also moved into the historic courthouse. Due to growth in service demands and an aging facility, a new branch library in the Etowah Community was also completed. Both of these projects were financed by long-term bank installment financing contracts at low interest rates.

In June 2008, the Board of Commissioners approved funding of \$32 million at a very favorable interest rate of 3.72 percent to construct new elementary schools for Hillandale and Mills River and to finish up the second phase of new construction at Dana Elementary School. The two new elementary schools have been on the project list for sometime and will help with student growth issues in their respective areas of the County. All three of these major school construction projects are expected to be completed in FY2009.

The Board of Commissioners created a Capital Reserve Fund to accumulate funds for future capital projects. This Fund has a current balance of \$2.7 million which is comprised of proceeds from the sale of the surplus facilities and a \$1.4 million General Fund transfer in FY2008.

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 of these debt capacity measures were met for FY2008.

FOR THE FUTURE. In a current national economy that is in a crisis financially, the Board will have to exercise caution in planning for future budgets. With future growth in sales tax proceeds uncertain and a slowdown in residential and commercial capital investment activity, more pressure will be placed on the ad valorem property tax to continue providing the current level of services or the Board may have to make tough decisions on cutting some service levels.

The Board has worked very hard to provide funding for school and community college capital projects over the past eight years. The replacement and improvement of school facilities and the funding needed will be an issue the Board of Commissioners will continue to be faced with in planning future budgets. Classroom additions at various schools and a new transportation bus garage are anticipated school projects within the next five years that are included on the County's Capital Improvement Plan (CIP).

In August 2007, the General Assembly enacted legislation giving counties the ability to put new revenue options in place. The legislation allows either a maximum .4 percent land transfer tax or a .25 percent local option sales tax, but not both, to be passed by voter referendum. The revenues generated from either of these two options are not restricted. The Board of Commissioners has chosen to place the sales tax option back on the November 2008 ballot and have earmarked the funds generated, which is estimated to be approximately \$2 million in the first full year, from this new tax to pay for schools debt service.

The General Assembly provided Medicaid relief to counties to be phased out over three fiscal years. In return, the State took a percentage of the County's Public School Building Capital Fund revenue source, commonly called the ADM Fund, in FY2008 and will take a half percent local sales tax over the next two fiscal years phasing out this article of sales tax completely. Counties will be required to hold cities/towns harmless for their loss of this half percent sales tax from its own sales tax proceeds. Counties have been guaranteed to be held harmless by the State and will receive at least \$500,000 annually if Medicaid savings is less than the sales tax taken.

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 of Commissioner's Fund Balance Policy is to have at least 12 percent in General Fund Unreserved/Undesignated Fund balance at fiscal year-end. Henderson County had \$21.8 million in Unreserved/Undesignated General Fund Balance or 20.12 percent of total General Fund expenditures including transfers 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 General Fund Balance available for appropriation. The current level of fund balance savings available places the County in a better position financially to face an uncertain economy in the future.

RISK MANAGEMENT. The County participates in two of the self-funded risk financing pools administered by the North Carolina Association of County Commissioners. Through these pools, the County obtains property coverage equal to replacement value of real and personal owned property subject to a blanket limit of \$208.6 million, general liability of \$2 million per occurrence and worker's compensation coverage up to the statutory limits of \$2 million. The pools are reinsured through commercial companies for single occurrence losses in excess of \$500,000 up to a \$2 million limit for general liability coverage, \$500,000 of aggregate annual losses in excess of \$25,000 per occurrence for property coverage, and single occurrence losses up to \$350,000 for workers' compensation. The county has an excellent safety program in place and all employees receive accident prevention training annually in order to control losses.

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 Finance Director, Register of Deeds, Tax Collector and Delinquent Tax Collector are bonded for \$200,000, \$50,000, \$1,000,000 and \$250,000 respectively. The remaining employees that have access to funds are bonded under a blanket bond for \$250,000.

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 \$80,000 per individual health insurance claim with a lifetime maximum of \$5,000,000.

CASH MANAGEMENT. Cash, which is temporarily idle during the year, may be invested in instruments authorized by North Carolina General Statute 159-30(c). Specifically, the County invested idle cash in demand deposits, U.S. Government securities and agencies and the North Carolina Capital Management Trust during the fiscal year. Investment earnings include unrealized gains and losses from the implementation of the Governmental Accounting Standards Board ("GASB") Statement 31, which requires certain investments to be recorded at market value. The County does not expect to realize these gains or losses because the County has

historically held all investments to maturity and continues to plan to hold all investments to maturity. At all times, consideration was given to receiving the highest reasonable yields available, while maintaining the safety and liquidity of these funds and necessary cash flow requirements.

PENSION PLANS. Permanent county employees regularly scheduled to work 20 hours or more each week are required to participate in the North Carolina Local Governmental Employee's Retirement System. Six percent of the employee's gross pay is withheld and is matched with 4.90 percent for general County employees and 4.78 percent for law enforcement officers by the County. Two other supplemental pension plans maintained by the State of North Carolina exist for certified law enforcement officers and registers of deeds. The County pays to the State a defined contribution to support both of these pension plans.

OTHER INFORMATION

INDEPENDENT AUDIT. State statutes require an annual audit by independent certified public accountants. The firm of Martin Starnes & Associates, CPAs, P.A. was selected by the government's management. 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's Circular A-133. 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 is included in the financial section of this report. The auditor's reports on internal controls and compliance with applicable laws and regulations can be found in the compliance section of this report.

AWARDS. The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Henderson County, North Carolina, for the year ended June 30, 2007. This was the nineteenth consecutive year Henderson County received this prestigious award. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement Program requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

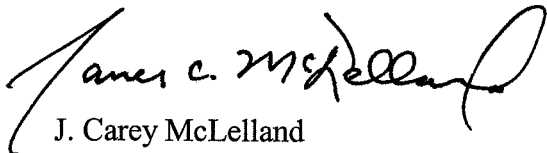
USE OF THE REPORT. The Government Finance Officers Association reports a growing awareness that the annual financial report should be management's report to its governing body, constituents, oversight bodies, resource providers, investors and creditors. We agree with this direction, and in keeping with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

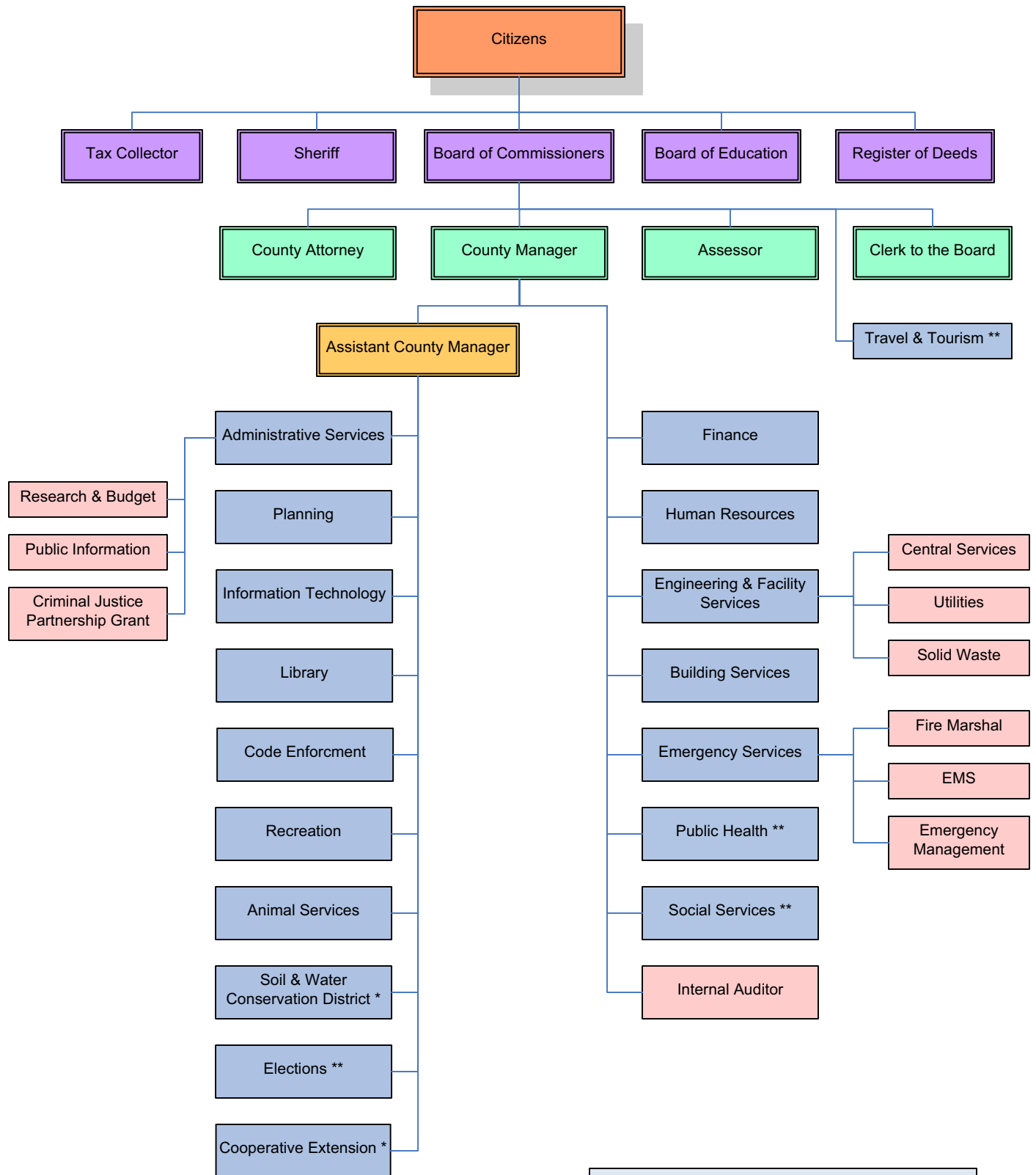
ACKNOWLEDGMENTS. A combined effort of Martin Starnes & Associates, CPAs, P.A., the Henderson County Finance Department Staff, the Internal Auditor and county departments made preparation of this comprehensive annual financial report possible. Each has my sincere appreciation for their contributions made towards the completion of this report.

In closing, I wish to thank the Board of Commissioners for their leadership in making Henderson County 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 black ink, appearing to read "James C. McLelland". The signature is fluid and cursive, with a large, sweeping initial "J" and a long, horizontal flourish extending to the right.

J. Carey McLelland
Finance Director



* Denotes jointly funded departments (state/federal/county).
** Denotes departments reporting to appointed boards.

HENDERSON COUNTY, NORTH CAROLINA

List of Principal Officials

June 30, 2008

Board of Commissioners

Chairman.....William L. Moyer
Vice Chairman Charlie Messer
Commissioner Chuck McGrady
Commissioner Larry R. Young
Commissioner Mark Williams

County Officials

County Manager..... Steven D. Wyatt
Assistant County Manager..... Selena D. Coffey
Building Services/Erosion Control Natalie Berry
Central Services Manager Leslie E. Capps
Clerk to the Board Elizabeth W. Corn
Clerk of Court Kimberly G. Justice
Code Enforcement Director Toby Linville
Cooperative Extension Director (Interim) Renay Knapp
County Assessor..... Stan Duncan
County Attorney..... C. Russell Burrell
County Engineer Marcus Jones
Elections Director Beverly Cunningham
EMS Manager Terry B. Layne
Finance Director..... J. Carey McLelland
Fire Marshal/Emergency Services Director Rocky D. Hyder
Human Resources Director Janice Prichard
Information Technology Director Becky Snyder
Library Director William E. Snyder, Jr.
Planning Director Anthony Starr
Public Health Director Thomas D. Bridges
Public Transportation Manager Hope Bleecker
Recreation Director Tim Hopkin
Register of Deeds Nedra W. Moles
Sheriff Richard W. Davis
Social Services Director..... Liston B. Smith
Soil and Water Conservation District Director Jonathan Wallin
Solid Waste Manager Will Sagar
Tax Collector..... Terry F. Lyda
Travel and Tourism Director Melody E. Heltman
Utilities Manager Doyle Freeman
Veteran Services Officer Michael A. Murdock

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Henderson County
North Carolina

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2007

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Charles S. Cox

President

Jeffrey R. Emer

Executive Director



FINANCIAL SECTION





Martin Starnes & Associates, CPAs, P.A.

A Professional Association of Certified Public Accountants and Management Consultants

INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Henderson County, North Carolina

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Henderson County, North Carolina, as of and for the year ended June 30, 2008, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Henderson County, North Carolina's management. Our responsibility is to express an opinion on these basic financial statements based on our audit. We did not audit the financial statements of the Henderson County Hospital Corporation. Those financial statements were audited by other auditors whose report thereon has been furnished to us; and our opinion, insofar as it relates to the amounts included for the Henderson County Hospital Corporation is based solely on the report of other auditors.

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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit and the report of the other auditors provides a reasonable basis for our opinions.

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 unit, each major fund, and the aggregate remaining fund information of Henderson County, North Carolina, as of June 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof, and the respective budgetary comparison for the General Fund and the Fire District Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Management's Discussion and Analysis, the schedules of funding progress, employer contributions and the notes to the required schedules for the Law Enforcement Officers' Special Separation Allowance, are not a required part of the basic financial but is supplementary information required by the Governmental Accounting Standards Board. We, and the other auditors have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion thereon.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 22, 2008 on our consideration of Henderson County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was performed for the purpose of forming an opinion on financial statements that collectively comprise the basic financial statements of Henderson County, North Carolina. The introductory section, individual fund financial statements and schedules, combining nonmajor governmental statements, agency fund statements, other schedules, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects, in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion thereon.

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, NC
October 22, 2008

HENDERSON COUNTY, NORTH CAROLINA

Management's Discussion and Analysis

June 30, 2008

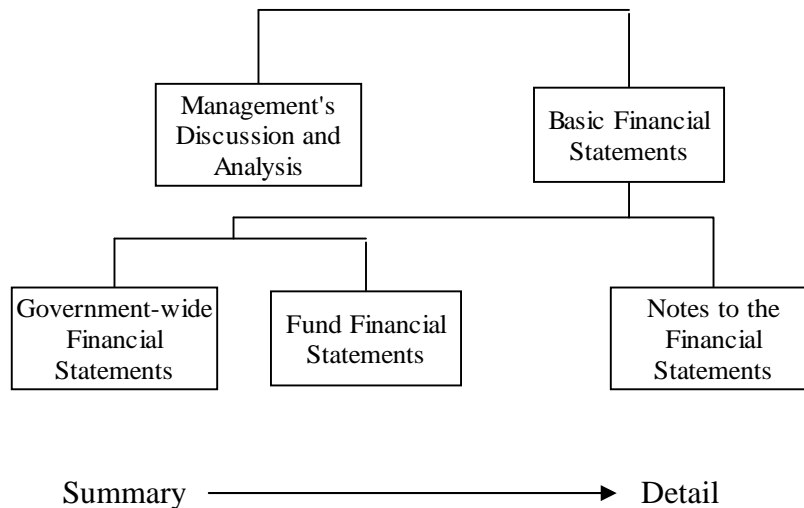
As management of Henderson County, we offer readers of Henderson County's financial statements this narrative overview and analysis of the financial activities of Henderson County for the fiscal year ended June 30, 2008. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the County's financial statements, which follow this narrative.

Financial Highlights

- The assets of Henderson County exceeded its liabilities at the close of the fiscal year by \$36.7 million (*net assets*). In accordance with North Carolina law, liabilities of the County include approximately \$83,134,651 and \$15,078,650 in long-term debt associated with assets belonging to the Henderson County Board of Public Education and Blue Ridge Community College, respectively. 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 assets.
- The County's total net assets increased by \$5.6 million. Net assets in the governmental activities increased by \$3.0 million, as a result of higher ad valorem tax collections, increased investment earnings on unspent proceeds and controlled spending in all functions with the best results in the Human Services function. Net assets in the business-type activities increased by \$2.6 million as a result of a positive operating income in all three enterprise funds.
- As of the close of the current fiscal year, Henderson County's governmental funds reported combined ending fund balances of \$71,009,260, an increase of \$15,319,196, in comparison with the prior year. Approximately 86 percent of this total amount, or \$61,017,753, is available for spending at the government's discretion (*unreserved fund balance*).
- At the end of the current fiscal year, unreserved/undesignated fund balance for the General Fund was \$21,872,379, or 20.12 percent of total General Fund expenditures, including transfers to other funds for the fiscal year.
- Henderson County's total general obligation and installment note debt increased by \$24,427,789 (22.92) percent during the current fiscal year primarily from the issuance of \$32 million in new debt to finance school capital projects.

Overview of the Financial Statements

This discussion and analysis are 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.

Figure 1**Required Components of Annual Financial Report****Basic Financial Statements**

The financial statements of the County for the fiscal year ended June 30, 2008 are modified to incorporate implementation of Governmental Accounting Standards Board Statement Number 34 (GASB 34). For many years, the primary focus of local government financial statements has been summarized by fund type information. GASB 34 added government-wide financial statements to the presentation, thus providing two different pictures of the County's financial operations.

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 K) 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 final 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. After the notes, **supplemental information** is provided to show details about the County's nonmajor governmental funds and nonmajor proprietary fund, all of which are added together in one column on the basic financial statements. Budgetary information required by the General Statutes also can be found in this part of the statements.

Following the notes is the required supplemental information. This section contains funding information about the County's Law Enforcement Officers' Special Separation Allowance.

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 assets and how they have changed. Net assets are the difference between the County's total assets and total liabilities. Measuring net assets is one way to gauge the County's financial condition.

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

Government activities - These activities of the County include general government, public safety, human services, economic and physical development, environmental protection, transportation, education, and cultural recreation.

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 for which Henderson County is financially accountable. Financial information for this component unit is reported separately from the financial information for the primary government itself.

The government-wide financial statements are on pages 16-18 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 two categories: governmental funds and proprietary 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 government activities (reported in the Statement of Net Assets 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. To account for the difference between the budgetary basis of accounting and the modified accrual basis, a reconciliation showing the differences in the reported activities, is shown at the end of the budgetary statement.

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 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 Assets and the Statement of Activities.

Agency Funds - Agency funds are used to account for assets held on behalf of others. The County has eight major agency funds and several smaller agency 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 start on page 28 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 law enforcement officers. Required supplementary information can be found beginning on page 63 of this report.

Government-Wide Financial Analysis

Figure 2

Henderson County's Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Assets:						
Current and other assets	\$ 81,299,713	\$ 64,211,121	\$ 9,224,191	\$ 7,624,071	\$ 90,523,904	\$ 71,835,192
Capital assets	75,886,397	62,839,783	17,033,972	16,471,243	92,920,369	79,311,026
Total assets	157,186,110	127,050,904	26,258,163	24,095,314	183,444,273	151,146,218
Liabilities:						
Long-term liabilities	131,634,448	106,633,512	5,221,898	5,646,586	136,856,346	112,280,098
Other liabilities	9,220,435	7,096,262	642,279	637,220	9,862,714	7,733,482
Total liabilities	140,854,883	113,729,774	5,864,177	6,283,806	146,719,060	120,013,580
Net Assets:						
Invested in capital assets, net of related debt	42,917,076	25,994,918	14,332,671	13,452,142	57,249,747	39,447,060
Restricted	346,809	318,524	-	-	346,809	318,524
Unrestricted	(26,932,658)	(12,992,312)	6,061,315	4,359,366	(20,871,343)	(8,632,946)
Total net assets	\$ 16,331,227	\$ 13,321,130	\$ 20,393,986	\$ 17,811,508	\$ 36,725,213	\$ 31,132,638

As noted earlier, net assets may serve over time as one useful indicator of a government's financial condition. The assets of Henderson County exceeded liabilities by \$36,725,213 as of June 30, 2008. The County's net assets increased by \$5,592,575, for the fiscal year ended June 30, 2008. Net assets of the County are reported in three categories: invested in capital assets, net of related debt of \$57,249,747; restricted net assets of \$346,809, represents resources that are subject to external restrictions on how they may be used; and unrestricted net assets of (\$20,871,343).

The invested in capital assets, net of related debt 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.

Another category of net assets is unrestricted net assets. At June 30, 2008, the total net deficit of (\$20,871,343) is primarily attributable to the governmental activities unrestricted net deficit balance of (\$26,932,658).

As with many counties in the State of North Carolina, the County's deficit in unrestricted net assets 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 \$98.2 million of outstanding debt on the County's financial statements was related to assets included in the school system and the community college's financial statements. Principal and interest requirements will be provided by an appropriation in the year in which they become due.

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

- An increase in total assets
- Continued diligence in the collection of all revenue sources, both current and delinquent
- A property tax collection rate of 97.66 percent, which is above the statewide average
- 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 \$6.3 million
- Revenues and other financing sources in the General Fund exceeded expenditures, transfers and other financing uses by \$7.3 million

Governmental Activities: Governmental activities increased the County's net assets by \$3,010,097, or 54 percent of the total increase in the net assets of the Henderson County.

Business-Type Activities: Business-type activities increased the County's net assets by \$2,582,478, or a 46 percent increase in the net assets of the Henderson County. See figure 3.

Financial Analysis of the County's Funds

Figure 3

Henderson County's Changes in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Revenues:						
Program revenues:						
Charges for services	\$ 9,911,697	\$ 9,999,402	\$ 6,026,980	\$ 5,897,199	\$ 15,938,677	\$ 15,896,601
Operating grants and contributions	21,113,997	18,624,855	534,877	498,756	21,648,874	19,123,611
Capital grants and contributions	-	-	721,353	2,261,002	721,353	2,261,002
General revenues:						
Property taxes	64,331,927	58,929,080	-	-	64,331,927	58,929,080
Other taxes	27,456,640	26,885,784	-	-	27,456,640	26,885,784
Other	2,807,166	4,999,299	317,517	355,520	3,124,683	5,354,819
Total revenues	<u>125,621,427</u>	<u>119,438,420</u>	<u>7,600,727</u>	<u>9,012,477</u>	<u>133,222,154</u>	<u>128,450,897</u>
Expenses:						
General government	20,573,746	29,572,399	-	-	20,573,746	29,572,399
Public safety	28,376,181	23,161,801	-	-	28,376,181	23,161,801
Environmental protection	715,577	745,597	-	-	715,577	745,597
Economic and physical development	2,939,542	3,303,513	-	-	2,939,542	3,303,513
Human services	32,116,159	31,597,865	-	-	32,116,159	31,597,865
Cultural and Education	3,712,969	2,709,515	-	-	3,712,969	2,709,515
Interest on long-term debt	29,547,701	15,217,354	-	-	29,547,701	15,217,354
Solid waste disposal	4,847,599	4,804,820	-	-	4,847,599	4,804,820
Other	-	-	3,992,430	4,065,503	3,992,430	4,065,503
Total expenses	<u>122,829,474</u>	<u>111,112,864</u>	<u>4,800,105</u>	<u>4,755,322</u>	<u>127,629,579</u>	<u>115,868,186</u>
Increase (decrease) in net assets before transfers	2,791,953	8,325,556	2,800,622	4,257,155	5,592,575	12,582,711
Transfers	218,144	211,488	(218,144)	(211,488)	-	-
Increase (decrease) in net assets	3,010,097	8,537,044	2,582,478	4,045,667	5,592,575	12,582,711
Net assets, beginning	<u>13,321,130</u>	<u>4,784,086</u>	<u>17,811,508</u>	<u>13,765,841</u>	<u>31,132,638</u>	<u>18,549,927</u>
Net assets, ending	<u>\$ 16,331,227</u>	<u>\$ 13,321,130</u>	<u>\$ 20,393,986</u>	<u>\$ 17,811,508</u>	<u>\$ 36,725,213</u>	<u>\$ 31,132,638</u>

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, unreserved fund balance 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, unreserved fund balance of the General Fund was \$21,872,379, while total fund balance was \$33,970,011. As a measure of the General Fund's liquidity, it may be useful to compare unreserved fund balance to total General Fund expenditures, including transfers to other funds. Unreserved fund balance represents 20.74 percent of total General Fund expenditures, while total fund balance represents 32.20 percent of that same amount.

At June 30, 2008, the governmental funds of the County reported a combined fund balance of \$71,009,260, a 27.51 percent increase from last year. The primary reason for this increase was issuance of \$32 million in new debt and the related financing proceeds held in escrow to pay for school capital project expenditures.

General Fund Budgetary Highlights: The County experienced a successful year financially during fiscal year 2008 due in large part to total expenditures being held far below revised budgetary levels during the year. Primary reasons for this were related to the savings in the County's share of actual Medicaid payments (\$1.2 million) due to the State of North Carolina's implementation plan to phase out the county's share of Medicaid. Also, budgeted debt service of \$2.3 million on new school projects was also deferred until fiscal year 2009. On the revenue side, ad valorem property tax revenues were \$1.9 million over budget and investment of idle cash resulted in earnings being \$1.0 million over budget for the fiscal year.

Total fiscal year 2008 revenues grew by \$8.1 million or 7.5 percent over the prior fiscal year as compared to expenditures which only increased by \$3.4 million or 3.3 percent over fiscal year 2007. The majority of the growth in expenditures continues to be in the human services, education, and debt service categories. Total General Fund balance increased \$7.3 million and the amount of unreserved/undesignated fund balance that is available for appropriation increased by \$6.4 million at fiscal year-end.

The County revised the budget on several occasions 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 and expenditures by \$1,698,738 or less than two percent of the original budget.

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 assets of all the proprietary funds at the end of the fiscal year amounted to \$6,061,315. During the fiscal year 2008, proprietary fund net assets increased \$2,582,478. The increase in total net assets for the proprietary funds is due to all three enterprise funds having a positive operating income at the end of the fiscal year.

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, 2008 totals \$92,920,369 (net of accumulated depreciation). These assets include land, buildings, plant and distribution systems, equipment, automotive equipment, and construction in progress.

Figure 4

Henderson County's Capital Assets (net of depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Land	\$ 10,731,187	\$ 10,731,187	\$ 1,715,576	\$ 1,715,576	\$ 12,446,763	\$ 12,446,763
Buildings	46,768,842	35,158,619	-	-	46,768,842	35,158,619
Plant and distribution systems	-	-	14,978,812	14,517,620	14,978,812	14,517,620
Equipment	1,352,474	718,580	310,398	202,752	1,662,872	921,332
Vehicles and motor equipment	2,327,471	2,320,623	29,186	35,295	2,356,657	2,355,918
Construction in progress	14,706,423	13,910,774	-	-	14,706,423	13,910,774
Total	\$ 75,886,397	\$ 62,839,783	\$ 17,033,972	\$ 16,471,243	\$ 92,920,369	\$ 79,311,026

Additional information on the County's capital assets can be found on pages 42-44 of the Notes to the basic financial statements.

Long-term debt. As of June 30, 2008, Henderson County had total bonded debt outstanding of \$2,885,000 backed by the full faith, credit and taxing power of the County. The County also has multiple 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.

Figure 5

**Henderson County's General Obligation Bonds and
Installment Notes Payable**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
General obligation bonds	\$ 2,885,000	\$ 4,760,000	\$ -	\$ -	\$ 2,885,000	\$ 4,760,000
Installment notes payable	<u>125,412,622</u>	<u>98,792,033</u>	<u>2,701,300</u>	<u>3,019,000</u>	<u>128,113,922</u>	<u>101,811,033</u>
Total	<u>\$ 128,297,622</u>	<u>\$ 103,552,033</u>	<u>\$ 2,701,300</u>	<u>\$ 3,019,000</u>	<u>\$ 130,998,922</u>	<u>\$ 106,571,033</u>

Henderson County's total long-term debt increased by \$24,427,789 (22.92 percent) 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 cost low on the County's outstanding debt. Henderson County has maintained the following current bond ratings:

Standard & Poors	AAm
Moody's	Aa3
Fitch	AA-

The State of North Carolina limits the amount of general obligation debt that a unit of government can issue to eight percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for Henderson County is \$873,775,756.

Additional information regarding Henderson County's long-term debt can be found on pages 52-60 of this audited financial report.

Economic Factors and Next Year's Budget and Rates

The County of Henderson has approved a \$117,084,157 General Fund budget for fiscal year 2009, which represents a 1.8 percent increase from the final 2008 budget. The property tax rate remains at a revenue neutral rate of 46.2 cents per \$100 of assessed valuation.

The following factors were considered when developing the FY2009 budget:

- Funding debt service for new elementary school capital projects
- Requests for additional public schools and community college funding
- Growth in ad valorem property tax revenues
- Lower sales tax revenue projections due to declining economic indicators
- Major increases in the cost of utilities and fuel
- Maintaining an adequate unreserved fund balance meeting Board Policy requirements
- Continued rise in healthcare costs

Budget Highlights for the Fiscal Year Ending June 30, 2009

Governmental Activities: Current year property tax collections are budgeted to grow only 1.5 percent over prior year actual collections. Adjustments were made in projected sales tax revenues for FY2009 due to declining economic indicators locally and in anticipation of the State taking a percentage of this revenue source to offset Medicaid relief. With very little growth remaining from other revenue sources, Unreserved General Fund balance of \$2.3 million was appropriated to cover new schools debt service. County departments were charged with holding operational expenditures to a growth rate of 2.7 percent in FY2009. School and community college funding requests along with the new debt service are the major budgetary factors requiring much of the County's revenue growth.

Business-Type Activities: The solid waste tipping fee for the Landfill Enterprise Fund will increase by \$4.09 to \$52 per ton to offset increased hauling costs from additional waste moving through the transfer stations due to closure of the construction and demolition landfill effective June 30, 2008. Included in the increase is a new \$2 per ton fee being charged by the State of North Carolina effective July 1, 2008. Revenues budgeted are expected to offset the projected operating costs for the facilities including hauling costs while again adding some reserves for future capital needs.

The Cane Creek Water and Sewer District and Justice Academy Sewer Fund sewer rates remain unchanged for FY2009. Growth in the Cane Creek District continues with increased pressure to provide infrastructure to meet service demands from new residential housing developments in the northwestern part of the County. District revenues are expected to increase again in FY2009 due to new customers coming online and will cover operating expenses of the Fund while adding reserves for future infrastructure needs. Operating revenues and expenses in the Justice Academy Sewer Fund are expected to remain constant in FY2009.

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, 113 North Main Street, Hendersonville, North Carolina 28792.



BASIC FINANCIAL STATEMENTS – OVERVIEW



HENDERSON COUNTY, NORTH CAROLINA

STATEMENT OF NET ASSETS

JUNE 30, 2008

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Henderson County Hospital Corporation
Assets:				
Cash and cash equivalents	\$ 68,233,374	\$ 8,565,753	\$ 76,799,127	\$ 5,062,472
Investments	-	-	-	24,396,055
Taxes receivable (net)	1,836,340	-	1,836,340	-
Receivables (net)	10,130,629	658,438	10,789,067	24,662,445
Pledges receivable	-	-	-	342,623
Inventories	14,386	-	14,386	2,260,441
Prepaid items	98,803	-	98,803	955,106
Restricted cash and cash equivalents	986,181	-	986,181	33,338
Restricted investments	-	-	-	2,086,441
Capital assets:				
Land and construction in progress	25,437,610	1,715,576	27,153,186	4,322,248
Other capital assets, net of depreciation	50,448,787	15,318,396	65,767,183	69,057,344
Net capital assets	75,886,397	17,033,972	92,920,369	73,379,592
Assets held for sale	-	-	-	3,691,670
Other assets	-	-	-	172,714
Total assets	157,186,110	26,258,163	183,444,273	137,042,897
Liabilities:				
Accounts payable and accrued expenses	8,877,149	642,279	9,519,428	14,270,549
Third-party payor settlements	-	-	-	3,204,059
Unearned revenue	343,286	-	343,286	-
Long-term liabilities:				
Due within one year	9,853,178	420,901	10,274,079	1,257,839
Due in more than one year	121,781,270	4,800,997	126,582,267	13,142,519
Total liabilities	140,854,883	5,864,177	146,719,060	31,874,966
Net Assets:				
Invested in capital assets, net of related debt	42,917,076	14,332,671	57,249,747	58,979,234
Restricted for:				
Register of Deeds	346,809	-	346,809	-
Debt service	-	-	-	465,000
Bond proceeds to be used for capital projects	-	-	-	53,121
Capital projects	-	-	-	757,961
Other purposes	-	-	-	2,135,630
Unrestricted	(26,932,658)	6,061,315	(20,871,343)	42,776,985
Total net assets	\$ 16,331,227	\$ 20,393,986	\$ 36,725,213	\$ 105,167,931

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

HENDERSON COUNTY, NORTH CAROLINA

STATEMENT OF ACTIVITIES JUNE 30, 2008

	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Functions/Programs				
Primary Government:				
Governmental Activities:				
General government	\$ 20,573,746	\$ 737,144	\$ 727,155	\$ -
Public safety	28,376,181	4,739,681	1,901,716	-
Environmental protection	715,577	-	504,249	-
Economic and physical development	2,939,542	1,652,472	1,000,987	-
Human services	32,116,159	2,518,859	15,919,725	-
Cultural and recreational	3,712,969	263,541	260,165	-
Education	29,547,701	-	800,000	-
Interest on long-term debt	4,847,599	-	-	-
Total governmental activities	<u>122,829,474</u>	<u>9,911,697</u>	<u>21,113,997</u>	<u>-</u>
Business-Type Activities:				
Landfill	3,992,430	4,808,323	234,877	-
Cane Creek Water and Sewer	771,571	1,163,657	300,000	721,353
Other business-type activities	36,104	55,000	-	-
Total business-type activities	<u>4,800,105</u>	<u>6,026,980</u>	<u>534,877</u>	<u>721,353</u>
Total primary government	<u>\$ 127,629,579</u>	<u>\$ 15,938,677</u>	<u>\$ 21,648,874</u>	<u>\$ 721,353</u>
Component Unit:				
Henderson County Hospital Corporation	<u>\$ 130,052,346</u>	<u>\$ 127,992,932</u>	<u>\$ -</u>	<u>\$ -</u>

General Revenues:

Taxes:

- Property taxes, levied for general purpose
- Local option sales tax
- Other taxes and licenses

Grants and contributions not restricted to specific programs

Investment earnings, unrestricted

Miscellaneous, unrestricted

Transfers

Total general revenues and transfers

Change in net assets

Net Assets:

Beginning of year - July 1

End of year - June 30

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

Exhibit B

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			Component Unit
Governmental Activities	Business-Type Activities	Total	Henderson County Hospital Corporation
\$ (19,109,447)	\$ -	\$ (19,109,447)	
(21,734,784)	-	(21,734,784)	
(211,328)	-	(211,328)	
(286,083)	-	(286,083)	
(13,677,575)	-	(13,677,575)	
(3,189,263)	-	(3,189,263)	
(28,747,701)	-	(28,747,701)	
(4,847,599)	-	(4,847,599)	
<u>(91,803,780)</u>	<u>-</u>	<u>(91,803,780)</u>	
-	1,050,770	1,050,770	
-	1,413,439	1,413,439	
-	18,896	18,896	
<u>-</u>	<u>2,483,105</u>	<u>2,483,105</u>	
<u>(91,803,780)</u>	<u>2,483,105</u>	<u>(89,320,675)</u>	
			<u>\$ (2,059,414)</u>
64,331,927	-	64,331,927	-
24,547,750	-	24,547,750	-
2,908,890	-	2,908,890	-
27,035	-	27,035	1,687,589
2,780,131	317,517	3,097,648	1,225,660
<u>-</u>	<u>-</u>	<u>-</u>	<u>458,204</u>
<u>218,144</u>	<u>(218,144)</u>	<u>-</u>	<u>-</u>
94,813,877	99,373	94,913,250	3,371,453
<u>3,010,097</u>	<u>2,582,478</u>	<u>5,592,575</u>	<u>1,312,039</u>
<u>13,321,130</u>	<u>17,811,508</u>	<u>31,132,638</u>	<u>103,855,892</u>
<u>\$ 16,331,227</u>	<u>\$ 20,393,986</u>	<u>\$ 36,725,213</u>	<u>\$ 105,167,931</u>

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

HENDERSON COUNTY, NORTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2008

	<u>General</u>	<u>General Capital Projects Fund</u>	<u>School Capital Projects Fund</u>	<u>Fire Districts Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:						
Cash and cash equivalents	\$ 27,565,216	\$ 4,841,339	\$ 30,219,061	\$ 1,442,211	\$ 4,165,547	\$ 68,233,374
Taxes receivable, net	1,836,340	-	-	-	-	1,836,340
Other receivables, net	9,347,638	247,120	106,531	-	429,340	10,130,629
Due from other funds	46,353	-	-	-	-	46,353
Inventories	14,386	-	-	-	-	14,386
Prepaid items	98,803	-	-	-	-	98,803
Restricted assets:						
Cash and investments	986,181	-	-	-	-	986,181
 Total assets	 <u>\$ 39,894,917</u>	 <u>\$ 5,088,459</u>	 <u>\$ 30,325,592</u>	 <u>\$ 1,442,211</u>	 <u>\$ 4,594,887</u>	 <u>\$ 81,346,066</u>
Liabilities and Fund Balances:						
Liabilities:						
Accounts payable and accrued liabilities	\$ 1,571,788	\$ 1,080,722	\$ 1,695,542	\$ 1,412,626	\$ 147,072	\$ 5,907,750
Accrued payroll liabilities	2,037,399	-	-	-	-	2,037,399
Due to other funds	-	-	-	-	46,353	46,353
Deferred revenues	2,315,719	-	-	29,585	-	2,345,304
Total liabilities	<u>5,924,906</u>	<u>1,080,722</u>	<u>1,695,542</u>	<u>1,442,211</u>	<u>193,425</u>	<u>10,336,806</u>
Fund Balances:						
Reserved for:						
State statute	9,257,898	-	-	-	273,611	9,531,509
Inventories	14,386	-	-	-	-	14,386
Prepaid items	98,803	-	-	-	-	98,803
Register of Deeds	346,809	-	-	-	-	346,809
Unreserved, designated for:						
Subsequent year's budget	2,352,740	-	-	-	-	2,352,740
Drug enforcement	26,996	-	-	-	-	26,996
Unreserved, undesignated:	21,872,379	4,007,737	28,630,050	-	-	54,510,166
Unreserved, reported in nonmajor:						
Debt service funds	-	-	-	-	1,131,480	1,131,480
Special revenue funds	-	-	-	-	2,996,371	2,996,371
Total fund balances	<u>33,970,011</u>	<u>4,007,737</u>	<u>28,630,050</u>	<u>-</u>	<u>4,401,462</u>	<u>71,009,260</u>
 Total liabilities and fund balances	 <u>\$ 39,894,917</u>	 <u>\$ 5,088,459</u>	 <u>\$ 30,325,592</u>	 <u>\$ 1,442,211</u>	 <u>\$ 4,594,887</u>	

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	75,886,397
Deferred revenues in the governmental funds are used to offset accounts receivable not expected to be available within 60 days of year-end. These receivables are a component of net assets in the Statement of Net Assets.	2,002,018
Long-term liabilities and compensated absences are not due and payable in the current period and, therefore, are not reported in the funds.	(131,634,448)
Some liabilities, including accrued interest are not due and payable in the current period and, therefore, are not reported in the funds.	(932,000)
Net assets of governmental activities	<u>\$ 16,331,227</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, 2008**

	<u>General</u>	<u>General Capital Projects Fund</u>	<u>School Capital Projects Fund</u>	<u>Fire Districts Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:						
Ad valorem taxes	\$ 58,210,259	\$ -	\$ -	\$ 6,229,325	\$ -	\$ 64,439,584
Local option sales taxes	23,380,137	-	-	-	-	23,380,137
Other taxes and licenses	1,701,124	-	-	-	945,423	2,646,547
Unrestricted intergovernmental revenues	27,035	-	-	-	-	27,035
Restricted intergovernmental revenues	19,247,048	1,213	-	-	562,791	19,811,052
Permits and fees	2,555,970	-	-	-	-	2,555,970
Sales and services	7,242,291	-	-	-	153,556	7,395,847
Investment earnings	1,713,187	504,516	430,364	62,009	70,055	2,780,131
Miscellaneous	1,643,171	409,376	106,531	-	573,823	2,732,901
Total revenues	<u>115,720,222</u>	<u>915,105</u>	<u>536,895</u>	<u>6,291,334</u>	<u>2,305,648</u>	<u>125,769,204</u>
Expenditures:						
Current:						
General government	11,662,163	14,557,318	-	-	628,887	26,848,368
Public safety	21,567,927	-	-	6,291,334	484,044	28,343,305
Environmental protection	526,530	-	-	-	189,047	715,577
Economic and physical development	1,370,981	-	-	-	1,529,529	2,900,510
Human services	31,791,107	-	-	-	-	31,791,107
Cultural and recreation	3,642,030	-	-	-	-	3,642,030
Intergovernmental:						
Education	22,745,069	-	13,779,115	-	-	36,524,184
Debt service:						
Principal retirement	7,535,472	-	-	-	-	7,535,472
Interest and other charges	4,640,599	-	-	-	-	4,640,599
Total expenditures	<u>105,481,878</u>	<u>14,557,318</u>	<u>13,779,115</u>	<u>6,291,334</u>	<u>2,831,507</u>	<u>142,941,152</u>
Revenues over (under) expenditures	<u>10,238,344</u>	<u>(13,642,213)</u>	<u>(13,242,220)</u>	<u>-</u>	<u>(525,859)</u>	<u>(17,171,948)</u>
Other Financing Sources (Uses):						
Transfers from other funds	264,706	795,000	270,000	-	2,276,095	3,605,801
Issuance of debt	-	273,000	32,000,000	-	-	32,273,000
Transfers to other funds	(3,216,095)	-	-	-	(171,562)	(3,387,657)
Total other financing sources (uses)	<u>(2,951,389)</u>	<u>1,068,000</u>	<u>32,270,000</u>	<u>-</u>	<u>2,104,533</u>	<u>32,491,144</u>
Net change in fund balances	7,286,955	(12,574,213)	19,027,780	-	1,578,674	15,319,196
Fund Balances:						
Beginning of year - July 1	<u>26,683,056</u>	<u>16,581,950</u>	<u>9,602,270</u>	<u>-</u>	<u>2,822,788</u>	<u>55,690,064</u>
End of year - June 30	<u>\$ 33,970,011</u>	<u>\$ 4,007,737</u>	<u>\$ 28,630,050</u>	<u>\$ -</u>	<u>\$ 4,401,462</u>	<u>\$ 71,009,260</u>

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

HENDERSON COUNTY, NORTH CAROLINA**RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES-
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2008**

Amounts reported for governmental activities in the Statement of Activities (Exhibit B) are different due to the following items:

Total net change in fund balances - total governmental funds	\$ 15,319,196
Property tax revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds statement.	(107,657)
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 60 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 in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds statement.	(40,120)
Expenses related to compensated absences and law enforcement officers separation allowance that do not require current financial resources are not reported as expenditures in the governmental funds statements.	(255,347)
Capital outlays are reported as expenditures in the governmental funds statement. However, in the Statement of Activities, capital outlay is not an expense, rather it is an increase in capital assets.	14,678,560
Depreciation expense allocates the costs of capital assets over their useful lives. It is not reported as an expenditure in the governmental funds statement.	(1,607,872)
Cost of capital asset disposed of during the year, not recognized on modified accrual basis	(24,074)
Expenses that do not require current financial resources are not reported as expenditures in the governmental funds statement.	(207,000)
The issuance of long-term debt provides current financial resources to governmental funds but does not effect net assets.	(32,273,000)
Principal repayments are reported as expenditures in the governmental funds statement. However, in the Statement of Activities, these transactions are not an expense, rather they are a decrease in liabilities.	<u>7,527,411</u>
Total changes in net assets of governmental activities	<u>\$ 3,010,097</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 - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2008**

	General Fund			
	Budgeted Amounts			Variance from Final Budget Over/Under
	Original	Final	Actual	
Revenues:				
Ad valorem taxes	\$ 56,297,186	\$ 56,297,186	\$ 58,210,259	\$ 1,913,073
Local option sales taxes	22,918,993	22,918,993	23,380,137	461,144
Other taxes and licenses	1,840,120	1,840,120	1,701,124	(138,996)
Unrestricted intergovernmental revenues	26,500	26,500	27,035	535
Restricted intergovernmental revenues	18,751,256	20,110,886	19,247,048	(863,838)
Permits and fees	2,344,295	2,344,295	2,555,970	211,675
Sales and services	6,644,343	6,813,182	7,242,291	429,109
Investment earnings	640,000	640,000	1,713,187	1,073,187
Miscellaneous	3,635,701	3,799,370	1,643,171	(2,156,199)
Total revenues	113,098,394	114,790,532	115,720,222	929,690
Expenditures:				
Current:				
General government	12,509,279	12,333,862	11,662,163	671,699
Public safety	21,205,867	21,854,314	21,567,927	286,387
Environmental protection	499,030	559,030	526,530	32,500
Economic and physical development	1,761,510	1,855,260	1,370,981	484,279
Human services	32,980,269	33,959,267	31,791,107	2,168,160
Cultural and recreational	3,929,112	4,025,072	3,642,030	383,042
Intergovernmental:				
Education	22,960,069	22,960,069	22,745,069	215,000
Debt Service:				
Principal retirement	9,085,545	9,085,545	7,535,472	1,550,073
Interest and other charges	5,383,289	5,383,289	4,640,599	742,690
Total expenditures	110,313,970	112,015,708	105,481,878	6,533,830
Revenues over (under) expenditures	2,784,424	2,774,824	10,238,344	7,463,520
Other Financing Sources (Uses):				
Transfers from other funds	253,144	262,744	264,706	1,962
Transfers to other funds	(3,037,568)	(3,037,568)	(3,216,095)	(178,527)
Total other financing sources (uses)	(2,784,424)	(2,774,824)	(2,951,389)	(176,565)
Net change in fund balances	\$ -	\$ -	7,286,955	\$ 7,286,955
Fund Balances:				
Beginning of year - July 1			26,683,056	
End of year - June 30			\$ 33,970,011	

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, 2008**

	Fire Districts Fund			
	Budgeted Amounts			Variance from Final Budget Over/Under
	Original	Final	Actual	
Revenues:				
Ad valorem taxes	\$ 5,975,879	\$ 6,291,879	\$ 6,229,325	\$ (62,554)
Investment earnings	25,000	25,000	62,009	37,009
Total revenues	6,000,879	6,316,879	6,291,334	(25,545)
Expenditures:				
Current				
Public safety	6,000,879	6,316,879	6,291,334	25,545
Total expenditures	6,000,879	6,316,879	6,291,334	25,545
Revenues over (under) expenditures	-	-	-	-
Net change in fund balance	\$ -	\$ -	-	\$ -
Fund Balance:				
Beginning of year - July 1			-	
End of year - June 30			\$ -	

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

HENDERSON COUNTY, NORTH CAROLINA

**STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2008**

	Enterprise Funds			
	Major		Non Major	Total
	Landfill Fund	Cane Creek Water and Sewer District	Other Proprietary Funds	
Assets:				
Current assets:				
Cash and cash equivalents	\$ 3,536,881	\$ 4,534,558	\$ 494,314	\$ 8,565,753
Accounts receivable, net	332,849	320,089	5,500	658,438
Total current assets	3,869,730	4,854,647	499,814	9,224,191
Noncurrent assets:				
Capital assets:				
Land and construction in progress	1,406,581	308,995	-	1,715,576
Other capital assets, net of depreciation	2,741,085	12,240,577	336,734	15,318,396
Total capital assets	4,147,666	12,549,572	336,734	17,033,972
Total assets	8,017,396	17,404,219	836,548	26,258,163
Liabilities:				
Current liabilities:				
Accounts payable	271,842	369,192	1,245	642,279
Current portion of compensated absences	2,550	1,578	-	4,128
Current portion of long-term debt	98,973	317,800	-	416,773
Total current liabilities	373,365	688,570	1,245	1,063,180
Noncurrent liabilities:				
Liabilities payable from restricted assets:				
Accrued landfill closure and postclosure care costs	2,380,348	-	-	2,380,348
Compensated absences	22,946	14,203	-	37,148
Installment purchase payable	-	2,383,501	-	2,383,501
Total noncurrent liabilities	2,403,294	2,397,704	-	4,800,997
Total liabilities	2,776,658	3,086,274	1,245	5,864,177
Net Assets:				
Invested in capital assets, net of related debt	4,147,666	9,848,271	336,734	14,332,671
Unrestricted	1,093,072	4,469,674	498,569	6,061,315
Total net assets	\$ 5,240,738	\$ 14,317,945	\$ 835,303	\$ 20,393,986

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

HENDERSON COUNTY, NORTH CAROLINA
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN FUND NET ASSETS - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2008**

	Enterprise Funds			
	Major		Nonmajor	
	Landfill Fund	Cane Creek Water and Sewer District	Other Proprietary Funds	Total
Operating Revenues:				
Charges for services	\$ 4,808,323	\$ 1,163,657	\$ 55,000	\$ 6,026,980
Operating Expenses:				
Salaries and employee benefits	765,561	-	-	765,561
Other operating expenses	3,143,627	303,096	25,659	3,472,382
Depreciation	83,242	360,247	10,445	453,934
Total operating expenses	3,992,430	663,343	36,104	4,691,877
Operating income (loss)	815,893	500,314	18,896	1,335,103
Nonoperating Revenues (Expenses):				
Miscellaneous revenue	234,877	300,000	-	534,877
Interest income	122,146	175,922	19,449	317,517
Interest expense	-	(108,228)	-	(108,228)
Total nonoperating revenues (expenses)	357,023	367,694	19,449	744,166
Income (loss) before capital contributions and transfers	1,172,916	868,008	38,345	2,079,269
Transfers:				
Transfers in	52,628	-	-	52,628
Transfers out	-	270,772	-	270,772
Net transfers	52,628	(270,772)	-	(218,144)
Capital contributions	-	721,353	-	721,353
Change in net assets	1,225,544	1,318,589	38,345	2,582,478
Net Assets:				
Beginning of year - July 1	4,015,194	12,999,356	796,958	17,811,508
End of year - June 30	\$ 5,240,738	\$ 14,317,945	\$ 835,303	\$ 20,393,986

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, 2008

	Enterprise Funds			
	Major		Nonmajor	Total
	Landfill Fund	Cane Creek Water and Sewer District	Other Proprietary Funds	
Cash Flows From Operating Activities:				
Cash received from customers	\$ 4,825,334	\$ 1,193,636	\$ 55,000	\$ 6,073,970
Cash paid for goods and services	(3,272,448)	(258,575)	(25,836)	(3,556,859)
Cash paid to employees for services	(783,657)	6,244	-	(777,413)
Net cash provided (used) by operating activities	769,229	941,305	29,164	1,739,698
Cash Flows From Non-Capital Financing:				
Transfers in	52,628	-	-	52,628
Transfers out	-	(270,772)	-	(270,772)
Proceeds from operating grants	234,878	300,000	-	534,878
Net cash provided (used) by non-capital financing activities	287,506	29,228	-	316,734
Cash Flows From Capital and Related Financing Activities:				
Acquisition and construction of capital assets	(142,882)	(873,782)	-	(1,016,664)
Proceeds from capital contributions	-	721,353	-	721,353
Principal paid on bond maturities and equipment contracts	-	(317,800)	-	(317,800)
Interest paid on bond maturities	-	(108,228)	-	(108,228)
Net cash provided (used) for capital and related financing activities	(142,882)	(578,457)	-	(721,339)
Cash Flows From Investing Activities:				
Interest on investments	122,146	175,922	19,449	317,517
Net increase (decrease) in cash and cash equivalents	1,035,999	567,998	48,613	1,652,610
Cash and Cash Equivalents - Beginning of Year	2,500,882	3,966,560	445,701	6,913,143
Cash and Cash Equivalents - End of Year	<u>\$ 3,536,881</u>	<u>\$ 4,534,558</u>	<u>\$ 494,314</u>	<u>\$ 8,565,753</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating income (loss)	\$ 815,893	\$ 500,314	\$ 18,896	\$ 1,335,103
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	83,242	360,247	10,445	453,934
Landfill closure and postclosure care costs	(95,036)	-	-	(95,036)
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable	17,011	29,979	-	46,990
Increase (decrease) in accounts payable and accrued liabilities	(33,785)	44,521	(177)	10,559
Increase (decrease) in accrued vacation pay	(18,096)	6,244	-	(11,852)
Total adjustments	(46,664)	440,991	10,268	45,697
Net cash provided by operating activities	<u>\$ 769,229</u>	<u>\$ 941,305</u>	<u>\$ 29,164</u>	<u>\$ 1,739,698</u>

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

HENDERSON COUNTY, NORTH CAROLINA**STATEMENT OF FIDUCIARY NET ASSETS****FIDUCIARY FUNDS****JUNE 30, 2008**

	Agency Funds
	<hr/>
Assets:	
Cash and cash equivalents	\$ 675,320
	<hr/>
Liabilities:	
Intergovernmental payable	\$ 675,320
	<hr/>

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

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2008

1. Summary of Significant Accounting Policies

The accounting policies of Henderson County and its discretely presented component unit conform to accounting principles generally accepted in the United States of America 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. The blended component unit, although it is a legally separate entity, is, in substance, part of the County's operations.

Blended Component Unit

Cane Creek Water and Sewer District

The Cane Creek Water and Sewer District (the "District") exists to provide and maintain water and sewer systems for County residents within the District. Under State law (G.S. 162A-89), the County's Board of Commissioners also serves as the governing board for the District. Therefore, the District is reported as an Enterprise Fund in the County's basic financial statements. The District does not issue separate financial statements.

Discretely Presented Component Units

Henderson County Hospital Corporation

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 an eleven-member board of trustees, one of which is a County commissioner. The Board of County Commissioners appoints all trustees and can remove any trustee with or without cause. The Hospital, which has a September 30 year-end, is presented as if it were a Proprietary Fund.

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

Margaret R. Pardee Memorial Hospital
715 Fleming Street
Hendersonville, N.C. 28791

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2008

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 Henderson 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 assets 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. Government-Wide and Fund Financial Statements – Basis of Presentation

The Statement of Net Assets 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 nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

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.

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2008

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. Nonoperating 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 – This is the County's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

General Capital Projects Fund – This fund accounts for resources utilized in construction of County facilities.

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

Fire Districts Fund – This fund accounts for the ad valorem tax levies of the twelve fire districts in Henderson County.

The County reports the following major enterprise funds:

Landfill Fund – This fund accounts for the operation, maintenance, and development of the County's landfill and transfer station facility.

Cane Creek Water and Sewer District Fund – This fund is used to account for the operations of the water and sewer district in the Cane Creek district.

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 ten special revenue funds: the Revaluation Reserve, Travel and Tourism, CDBG-Scattered Site Housing, Crisis Housing Assistance Program, Mills River Watershed Protection, Mud Creek Watershed Restoration, Public Transit, Emergency Watershed Protection Project, Capital Reserve and Sheriff E-911.

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2008

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 two capital project funds within the governmental fund types: the School Capital Projects Fund and the General Capital Projects Fund.

Agency Funds – Agency funds are custodial in nature and do not involve the measurement of operating results. Agency funds are used to account for assets the County holds on behalf of others. The County maintains the following agency funds: the School Fines and Forfeitures Fund, which accounts for the collection and payment of fines and forfeitures to the Board of Education in the County; the Social Services Fund, which accounts for monies deposited with the Department of Social Services for the benefit of certain individuals; the Agriculture Fund, which accounts for assets held by the County for the benefit of certain individuals in the County; the Flexible Spending Fund, which accounts for assets held for County employees in accordance with the provisions of Internal Revenue Code Section 125; the Fireman's Association Fund, which accounts for assets held for the Fireman's Association; the Recreation Sponsorship Fund, which accounts for monies collected for advertising signs on display at the County's ball fields that is used for maintenance, repairs and improvements by recreation facilities; the Land Development Fund, which accounts for a percentage of subdivision guarantee improvement funds that are held for developers until the improvements are completed; the Motor Vehicle Tax Fund, which accounts for the three percent interest on the first month of delinquent motor vehicle taxes that the County is required to remit to the North Carolina Department of Motor Vehicles; and the other agency funds, which account for miscellaneous funds held by the County for the benefit of others.

C. Measurement Focus and Basis of Accounting

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

Government-Wide, Proprietary, and Fiduciary Fund Financial Statements. The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus, except for the agency funds which have no measurement focus. The government-wide, propriety fund, and fiduciary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange 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, 2008

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

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

The County considers all revenues available if they are collected within 60 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 are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of January 1, 1993, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, Henderson County is responsible for billing and collecting the property taxes on all registered motor vehicles on behalf of all municipalities and special tax districts in the County. For registered motor vehicles property taxes are due the first day of the fourth month after the vehicles are registered. The billed taxes are applicable to the fiscal year in which they become due. Therefore, taxes for vehicles registered from March 2007 through February 2008 apply to the fiscal year ended June 30, 2008. Uncollected taxes that were billed during this period are shown as a receivable on these financial statements.

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. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been satisfied.

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2008

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 assets 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.

All governmental and business-type activities and enterprise funds of the County follow FASB Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

D. 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 capital project funds. All annual appropriations lapse at fiscal year-end. Project ordinances are adopted for the Crisis Housing Fund, 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 object level for the multi-year funds. The budget officer is authorized to transfer authorized appropriations within a department 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.

E. Assets, Liabilities 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).

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2008

The County and the Hospital's investments with a maturity of more than one year at acquisition and non-money market investments are carried at fair value as determined by quoted market prices. The securities of the NCCMT Cash Portfolio, an SEC-registered (2a-7) money market fund, are valued at fair value, which is the NCCMT's share price. The NCCMT Term Portfolio's securities are valued at fair value. 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 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. Margaret R. Pardee Hospital considers demand deposits and investments purchased with an original maturity of three months or less, which are not limited as to use, to be cash and cash equivalents.

Restricted Assets

The unexpended bond proceeds of the Hospital's Serial Bonds are classified as restricted assets because their use is completely restricted to the purpose for which the bonds were originally issued. The restricted assets of \$ 986,184 in the General Fund represent the balance in the sinking fund required by a financing contract to construct schools.

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, 2008. The County does not currently allow discounts that apply to taxes paid prior to the due date.

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, 2008

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.

Capital Assets

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

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

	<u>Years</u>
Buildings	40
Sewer and water infrastructure	40
Improvements	25
Furniture and equipment	10
Vehicles	6
Computer equipment	3

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

	<u>Years</u>
Buildings	20
Equipment	10
Leasehold improvements	10-20
Computers	3

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 assets.

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2008

Compensated Absences

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

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

Estimates

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

Net Assets / Fund Balances

Net Assets

Net assets in the government-wide and proprietary fund financial statements are classified as invested in capital assets, net of related debt; restricted; and unrestricted. Restricted net assets represent constraints on resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through State statutes.

Fund Balances

In the governmental fund financial statements, reservations or restrictions of fund balance represent amounts that are not appropriable or are legally segregated for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

State law [G.S. 159-13(b) (16)] restricts the appropriation of fund balance to an amount not to exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts as those amounts stand at the close of the fiscal year preceding the budget year.

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2008

The governmental fund types classify fund balances as follows:

Reserved

Reserved by State statute - portion of fund balance, in addition to other reserved balances, which is not available for appropriation under State law [G.S. 159-8(a)]. This amount is usually comprised of receivable balances that are not offset by deferred revenues, inventories, and prepaid items.

Reserved for inventories - portion of fund balance not available for appropriation because it represents the year-end balance of ending inventories that are not expendable available resources.

Reserved for prepaid items – portion of fund balance not available for appropriation because it represents the year-end balance of prepaid items that are not expendable available resources.

Reserved for 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.

Unreserved

Designated for subsequent year's budget – portion of total fund balance available for appropriation that has been designated for the adopted subsequent year's budget ordinance.

Designated for Drug Enforcement – portion of fund balance available for appropriation that has been designated for drug enforcement.

Undesignated – portion of total fund balance available for appropriation that is uncommitted at year-end.

2. Detail Notes on All Funds

A. Assets

Deposits

All of the County 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.

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2008

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 Hospital rely on the State Treasurer to monitor those financial institutions. The County analyzes the financial soundness of any other financial institution used by the County. The County complies with the provisions G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2008, the County's deposits had a carrying amount of \$40,557,858 and a bank balance of \$41,974,622. Of the bank balance, \$300,000 was covered by federal depository insurance, and \$41,674,622 in interest-bearing deposits was covered by collateral held under the Pooling Method. At June 30, 2008, Henderson County had \$5,006 cash on hand.

At September 30, 2007, the Hospital's deposits had a carrying amount of approximately \$5,096,000 and a bank balance of approximately \$6,713,000 of the bank balance, \$461,000 was covered by federal depository insurance and \$6,252,000 was covered by collateral held under the Pooling Method.

Investments

At June 30, 2008, the County had the following investments and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less Than 6 Months</u>	<u>6-12 Months</u>	<u>1-3 Years</u>
North Carolina Capital Management				
Trust-Cash Portfolio	\$ 7,484,802	\$ 7,484,802	\$ -	\$ -
Commercial Paper	1,130,644	1,130,644	-	-
Money Market Funds	29,282,318	29,282,318	-	-
Total	<u>\$ 37,897,764</u>	<u>\$ 37,897,764</u>	<u>\$ -</u>	<u>\$ -</u>

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2008

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

Credit Risk. State law limits investments in commercial paper to the top rating issued by nationally recognized statistical rating organizations (NRSROs). As of June 30, 2008, The County's investments in the NC Capital Management Trust Cash Portfolio carried a credit rating of AAAM by Standard & Poor's as of June 30, 2008. The County's investments in US Agencies (Federal Home Loan Bank) are rated AAA by Standard & Poor's and Aaa by Moody's Investors Service. The County has no formal policy on credit risk.

Custodial Credit Risk. For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. The County has no policy on custodial 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 percent of the County's investments are in Citigroup, Inc. commercial paper. These investments are 100% of the County's total investment of \$1,130,644 in commercial paper. The County has no formal policy on the concentration of credit risk.

At September 30, 2007, the Hospital's investment consisted of the following:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less Than Year</u>	<u>2-3 Years</u>	<u>4-7 Years</u>	<u>No Maturity Date</u>
U.S. Government securities	\$ 4,688,752	\$ 2,230,342	\$ 1,943,370	\$ 515,040	\$ -
U.S. Government agencies	5,055,519	2,786,694	2,268,825	-	-
North Carolina Capital Management Trust	6,828,898	-	-	-	6,828,898
Equity securities and funds	9,540,629	-	-	-	9,540,629
Certificate of deposit	283,410	283,410	-	-	-
Total	<u>\$ 26,397,208</u>	<u>\$ 5,300,446</u>	<u>\$ 4,212,195</u>	<u>\$ 515,040</u>	<u>\$ 16,369,527</u>

Interest Rate Risk. The Hospital does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2008

Credit Risk. The Hospital's investments in N.C. Capital Management Trust Cash Portfolio carried a credit rating of AAAM by Standard & Poor's as of September 30, 2007. The Hospital's investment in N.C. Capital Management Trust Term Portfolio is unrated. The Term Portfolio is authorized to invest in obligations of the U.S. government and agencies, and also in high-grade money market instruments are permitted under North Carolina General Statutes 159-30 as amended. The Hospital's investments in U.S. Government Agencies (Fannie Mae) are rated AAA by Standard & Poor's and Aaa by Moody's Investors Service. The Hospital has no policy on credit risk.

Property Tax – Use-Value Assessment on Certain Lands

In accordance with the General Statutes, agriculture, horticulture, and forest land may be taxed by the County at the present-use value as opposed to market value. When the property loses its eligibility for use-value taxation, the property tax is recomputed at market value for the current year and the three preceding fiscal years, along with the accrued interest from the original due date. This tax is immediately due and payable. The following are property taxes that could become due if present use-value eligibility is lost. These amounts have not been recorded in the financial statements.

Year Levied	Tax	Interest	Total
2005	\$ 910,307	\$ 236,680	\$ 1,146,987
2006	963,298	163,761	1,127,059
2007	1,775,627	142,050	1,917,677
2008	<u>1,817,228</u>	<u>-</u>	<u>1,817,228</u>
Total	<u>\$ 5,466,460</u>	<u>\$ 542,491</u>	<u>\$ 6,008,951</u>

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2008

Receivables

Receivables at the government-wide level at June 30, 2008 were as follows:

	<u>Accounts</u>	<u>Taxes and Accrued Interest</u>	<u>Due from other Governments</u>	<u>Other</u>	<u>Total</u>
Governmental Activities:					
General	\$ 8,873,125	\$ 3,515,040	\$ 342,550	\$ 943,927	\$ 13,674,642
Other governmental	<u>429,340</u>	<u>-</u>	<u>353,651</u>	<u>-</u>	<u>782,991</u>
Total receivables	9,302,465	3,515,040	696,201	943,927	14,457,633
Allowance for doubtful accounts	<u>(811,964)</u>	<u>(1,678,700)</u>	<u>-</u>	<u>-</u>	<u>(2,490,664)</u>
Total governmental activities	<u>\$ 8,490,501</u>	<u>\$ 1,836,340</u>	<u>\$ 696,201</u>	<u>\$ 943,927</u>	<u>\$ 11,966,969</u>
Business-Type Activities:					
Landfill	\$ 337,622	\$ -	\$ -	\$ -	\$ 337,622
Water and sewer	478,294	-	-	-	478,294
Other proprietary funds	<u>5,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,500</u>
Total receivables	821,416	-	-	-	821,416
Allowance for doubtful accounts	<u>(162,978)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(162,978)</u>
Total business-type activities	<u>\$ 658,438</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 658,438</u>

The due from other governments that is owed to the County consists of the following:

Local option sales tax \$ 696,201

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2008

Capital Assets

Capital asset activity for the year ended June 30, 2008 was as follows:

	<u>Balance July 1, 2007</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Balance June 30, 2008</u>
Governmental Activities:					
Capital Assets Not Being Depreciated:					
Land	\$ 10,731,187	\$ -	\$ -	\$ -	\$ 10,731,187
Construction in progress	13,910,774	13,568,535	-	(12,772,886)	14,706,423
Total capital assets not being depreciated	<u>24,641,961</u>	<u>13,568,535</u>	<u>-</u>	<u>(12,772,886)</u>	<u>25,437,610</u>
Capital Assets Being Depreciated:					
Buildings	49,870,861	-	-	12,772,886	62,643,747
Equipment	2,830,058	492,729	(92,809)	-	3,229,978
Vehicles and motor equipment	3,760,169	617,296	(225,250)	-	4,152,215
Total capital assets being depreciated	<u>56,461,088</u>	<u>1,110,025</u>	<u>(318,059)</u>	<u>12,772,886</u>	<u>70,025,940</u>
Less Accumulated Depreciation:					
Buildings	14,950,755	924,150	-	-	15,874,905
Equipment	1,780,208	185,458	(88,162)	-	1,877,504
Vehicles and motor equipment	1,532,303	498,264	(205,823)	-	1,824,744
Total accumulated depreciation	<u>18,263,266</u>	<u>1,607,872</u>	<u>(293,985)</u>	<u>-</u>	<u>19,577,153</u>
Total capital assets being depreciated, net	<u>38,197,822</u>	<u>(497,847)</u>	<u>(24,074)</u>	<u>12,772,886</u>	<u>50,448,787</u>
Governmental activities capital assets, net	<u>\$ 62,839,783</u>	<u>\$ 13,070,688</u>	<u>\$ (24,074)</u>	<u>\$ -</u>	<u>\$ 75,886,397</u>

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

General government	\$ 375,795
Public safety	759,499
Economic and physical development	39,032
Human services	339,532
Cultural and recreational	94,014
Total	<u>\$ 1,607,872</u>

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2008

	<u>Balance July 1, 2007</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2008</u>
Business-Type Activities:				
Landfill:				
Capital Assets Not Being Depreciated:				
Land	\$ 1,406,581	\$ -	\$ -	\$ 1,406,581
Total capital assets not being depreciated	<u>1,406,581</u>	<u>-</u>	<u>-</u>	<u>1,406,581</u>
Capital Assets Being Depreciated:				
Plant and distribution systems	2,846,108	-	-	2,846,108
Furniture and maintenance equipment	502,980	144,932	(7,500)	640,412
Vehicles	1,090,436	-	-	1,090,436
Total capital assets being depreciated	<u>4,439,524</u>	<u>144,932</u>	<u>(7,500)</u>	<u>4,576,956</u>
Less Accumulated Depreciation:				
Plant and distribution systems	310,066	31,562	-	341,628
Furniture and maintenance equipment	367,298	51,681	(5,450)	413,529
Vehicles	1,080,714	-	-	1,080,714
Total accumulated depreciation	<u>1,758,078</u>	<u>83,243</u>	<u>(5,450)</u>	<u>1,835,871</u>
Total capital assets being depreciated, net	<u>2,681,446</u>	<u>61,689</u>	<u>(2,050)</u>	<u>2,741,085</u>
Landfill capital assets, net	<u>\$ 4,088,027</u>	<u>\$ 61,689</u>	<u>\$ (2,050)</u>	<u>\$ 4,147,666</u>
Cane Creek Water and Sewer District:				
Capital Assets Not Being Depreciated:				
Land	\$ 308,995	\$ -	\$ -	\$ 308,995
Total capital assets not being depreciated	<u>308,995</u>	<u>-</u>	<u>-</u>	<u>308,995</u>
Capital Assets Being Depreciated:				
Plant and distribution systems	13,747,627	839,429	-	14,587,056
Furniture and maintenance equipment	308,489	34,353	-	342,842
Vehicles	50,363	-	-	50,363
Total capital assets being depreciated	<u>14,106,479</u>	<u>873,782</u>	<u>-</u>	<u>14,980,261</u>
Less Accumulated Depreciation:				
Plant and distribution systems	2,115,144	334,314	-	2,449,458
Furniture and maintenance equipment	239,503	19,824	-	259,327
Vehicles	24,790	6,109	-	30,899
Total accumulated depreciation	<u>2,379,437</u>	<u>360,247</u>	<u>-</u>	<u>2,739,684</u>
Total capital assets being depreciated, net	<u>11,727,042</u>	<u>513,535</u>	<u>-</u>	<u>12,240,577</u>
Cane Creek Water and Sewer District capital assets, net	<u>\$ 12,036,037</u>	<u>\$ 513,535</u>	<u>\$ -</u>	<u>\$ 12,549,572</u>

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2008

	<u>Balance July 1, 2007</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2008</u>
Justice Academy Water and Sewer District:				
Capital Assets Being Depreciated:				
Plant and distribution systems	\$ 441,187	\$ -	\$ -	\$ 441,187
Furniture and maintenance equipment	<u>17,234</u>	<u>-</u>	<u>-</u>	<u>17,234</u>
Total capital assets being depreciated	<u>458,421</u>	<u>-</u>	<u>-</u>	<u>458,421</u>
Less Accumulated Depreciation:				
Plant and distribution systems	94,018	10,435	-	104,453
Furniture and maintenance equipment	<u>17,234</u>	<u>-</u>	<u>-</u>	<u>17,234</u>
Total accumulated depreciation	<u>111,252</u>	<u>10,435</u>	<u>-</u>	<u>121,687</u>
Total capital assets being depreciated, net	<u>347,169</u>	<u>(10,435)</u>	<u>-</u>	<u>336,734</u>
Justice Academy Water and Sewer District capital assets, net	<u>\$ 347,169</u>	<u>\$ (10,435)</u>	<u>\$ -</u>	<u>\$ 336,734</u>
Business-type activities capital assets, net	<u>\$ 16,471,243</u>			<u>\$ 17,033,972</u>

Construction Commitments

The government has active construction projects as of June 30, 2008. The projects include County facilities, school construction and water and sewer district projects. At year-end, the government's commitments with contractors are as follows:

<u>Project</u>	<u>Remaining Commitment</u>
Dana Elementary School	\$ 2,439,733
Hillandale Elementary School	764,951
Sugarloaf Road Elementary School	10,667,356
Mills River Elementary School	11,267,972
BRCC Technology Building	<u>462,198</u>
Total	<u>\$ 25,602,210</u>

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2008

Activity for the Henderson County Hospital Corporation for the year ended September 30, 2007 was as follows:

	<u>Balance</u> <u>July 1, 2007</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Balance</u> <u>June 30, 2008</u>
Capital Assets Not Being Depreciated:					
Land	\$ 4,228,689	\$ -	\$ (270,221)	\$ -	\$ 3,958,468
Construction in progress	2,843,510	4,991,570	-	(7,471,300)	363,780
Capital Assets Being Depreciated:					
Land improvements	1,214,378	27,822	(205,356)	-	1,036,844
Buildings and fixed equipment	86,420,899	75,925	(4,277,376)	2,910,117	85,129,565
Moveable equipment	78,840,001	2,060,640	(2,518,518)	4,561,183	82,943,306
Totals at historical cost	<u>173,547,477</u>	<u>7,155,957</u>	<u>(7,271,471)</u>	<u>-</u>	<u>173,431,963</u>
Less Accumulated Depreciation:					
Buildings	926,045	51,619	(104,762)	-	872,902
Equipment	34,244,204	3,552,283	(1,252,563)	-	36,543,924
Vehicles and motor equipment	56,373,953	8,389,241	(2,127,649)	-	62,635,545
Total accumulated depreciation	<u>91,544,202</u>	<u>11,993,143</u>	<u>(3,484,974)</u>	<u>-</u>	<u>100,052,371</u>
Total capital assets being depreciated, net	<u>\$ 82,003,275</u>	<u>\$ (4,837,186)</u>	<u>\$ (3,786,497)</u>	<u>\$ -</u>	<u>\$ 73,379,592</u>

B. Liabilities

Payables

Payables at government-wide level at June 30, 2008 were as follows:

	<u>Vendors</u>	<u>Salaries and</u> <u>Benefits</u>	<u>Accrued</u> <u>Interest</u>	<u>Total</u>
Governmental Activities:				
General	\$ 1,571,788	\$ 2,037,399	\$ 932,000	\$ 4,541,187
Other governmental	<u>4,335,962</u>	<u>-</u>	<u>-</u>	<u>4,335,962</u>
Total governmental activities	<u>\$ 5,907,750</u>	<u>\$ 2,037,399</u>	<u>\$ 932,000</u>	<u>\$ 8,877,149</u>
Business-Type Activities:				
Landfill	\$ 256,940	\$ 14,902	\$ -	\$ 271,842
Water and Sewer Fund	369,192	-	-	369,192
Other	<u>1,245</u>	<u>-</u>	<u>-</u>	<u>1,245</u>
Total business-type activities	<u>\$ 627,377</u>	<u>\$ 14,902</u>	<u>\$ -</u>	<u>\$ 642,279</u>

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2008

Pension Plan Obligation

Local Governmental Employees' Retirement System

Plan Description - Henderson County contributes to the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS provides retirement and disability benefits to plan members and beneficiaries. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Local Governmental Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Funding Policy - Plan members are required to contribute six percent of their annual covered salary. The County is required to contribute at an actuarially determined rate. For the County, the current rate for employees not engaged in law enforcement and for law enforcement officers is 4.90% and 4.78%, respectively, of annual covered payroll. The contribution requirements of members and of Henderson County are established and may be amended by the North Carolina General Assembly. The County's contributions to LGERS for the years ended June 30, 2008, 2007, and 2006 were \$1,444,938, \$1,305,057, and \$1,256,800 respectively. The contributions made by the County equaled the required contributions for each year.

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. The Separation Allowance is equal to .85 percent 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. The plan does not issue a separate stand-alone financial report. Each local government makes benefit payments required under this plan.

All full-time County law enforcement officers are covered by the Separation Allowance. At December 31, 2007, the Separation Allowance's membership consisted of 129 active plan members and 7 retired members receiving benefits.

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2008

Summary of Significant Accounting Policies

Basis of Accounting. The County has chosen to fund the Separation Allowance on a pay-as-you-go basis. There are no plan assets and the liability is not material; therefore, the plan is not presented as a pension trust fund in the County's Comprehensive Annual Financial Report. Pension expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting.

Method Used to Value Investments. No funds are set aside to pay benefits and administration costs. These expenditures are paid as they come due.

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. The County's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. There were no contributions made by employees.

The annual required contribution for the current year was determined as part of the December 31, 2006, actuarial valuation using the projected unit, credit actuarial cost method. The actuarial assumptions included (a) 7.25% investment rate of return and (b) projected salary increases ranging from 4.5% to 12.3% per year. Item (b) included an inflation component of 3.75%. The assumptions did not include post-retirement benefit increases.

Annual Pension Cost and Net Pension Obligation

The County's annual pension cost and net pension obligation to the Separation Allowance for the current year were as follows:

Employer annual required contribution	\$ 198,970
Interest on net pension obligation	90,736
Adjustment to annual required contribution	<u>(76,905)</u>
Annual pension cost	212,801
Employer contributions made	<u>67,589</u>
Increase (decrease) in net pension obligation	145,212
Net pension obligation, July 1	<u>1,251,533</u>
Net pension obligation, June 30	<u><u>\$ 1,396,745</u></u>

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2008

Three-Year Trend Information:

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2006	\$ 205,305	13.26%	\$ 1,115,116
6/30/2007	188,891	27.78%	1,251,533
6/30/2008	212,801	31.76%	1,396,745

Funded Status and Funding Progress

As of December 31, 2007, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits was \$2,045,918, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$2,045,918.

The covered payroll (annual payroll of active employees covered by the plan) was \$5,891,020 and the ratio of the UAAL to the covered payroll was 34.73 percent.

The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of the plan assets are increasing or decreasing over time relative to the actuarial accrued liability benefits.

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 Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR 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 five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2008, were \$441,825, which consisted of \$301,142 from the County and \$140,683 from the law enforcement officers.

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2008

Register of Deeds' Supplemental Pension Fund

Plan Description. Henderson County also contributes to the Register of Deeds' Supplemental Pension Fund (Fund), a non-contributory, defined contribution plan administered by the North Carolina Department of State Treasurer. The Fund provides supplemental pension benefits to any 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. The Registers of Deeds' Supplemental Pension Fund is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR 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. On a monthly basis, the County remits to the Department of State Treasurer an amount equal to one and one-half percent (1.5%) of the monthly receipts collected pursuant to Article 1 of G.S. 161. Immediately following January 1 of each year, the Department of State Treasurer divides ninety-three percent (93%) of the amount in the Fund at the end of the preceding calendar year into equal shares to be disbursed as monthly benefits. The remaining seven percent (7%) of the Fund's assets may be used by the State Treasurer in administering the Fund. For the fiscal year ended June 30, 2008, the County's required and actual contributions were \$10,460.

Other Post-Employment Health Care Benefits

At retirement, all County employees determined eligible to participate in the County's retiree health insurance program shall continue to participate in the County's health insurance plan as a subscriber at the retiree's or the County's premium costs based on the retiree's combined years of age and service and to continue dependent care coverage for spouse and/or children.

The Hospital provides post-retirement group term life insurance benefits to all eligible employees who retire from the Hospital.

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/her death, but the benefit may not exceed \$20,000. Effective July 1, 2006, the death benefit payments to beneficiaries must be a minimum of

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2008

\$25,000 and will not exceed \$50,000. All death benefit payments are made from the Death Benefit Plan. The County has no liability beyond the payment of monthly contributions. 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. Because the benefit payments are made by the Death Benefit Plan and not by the County, the County does not determine the number of eligible participants. For the fiscal year ended June 30, 2008, the County made contributions to the State for death benefits of \$0. The County's required contributions for employees not engaged in law enforcement and for law enforcement officers represented .10% and .14% of covered payroll, respectively.

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 \$80,000 per individual health insurance claim with a lifetime maximum of \$5,000,000. Aggregate stop-loss is set at the level of 120 percent with a minimum aggregate attachment point of \$5,838,016 and a contract period maximum of \$1,000,000.

Landfill Closure and Postclosure Care Costs

State and federal 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 postclosure 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 postclosure care costs as an operating expense in each period.

Due to a redetermination of postclosure costs being performed after the landfill stopped accepting waste, the estimated postclosure costs decreased significantly from the amount estimated in prior years. The \$2,380,348 reported as landfill postclosure care liability at June 30, 2008, represents the cumulative amount reported at that date for costs yet to be incurred. The County will recognize the remaining estimated cost of postclosure care as incurred. These amounts are based on what it would cost to perform all postclosure care in 2008. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

Henderson County Hospital Corporation Pension Plan

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

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2008

Deferred / Unearned Revenues

The balance in deferred revenues on the fund statements and unearned revenues on the government-wide statements at June 30, 2008 is composed of the following elements:

	<u>Deferred Revenue</u>	<u>Unearned Revenue</u>
Prepaid revenue not yet earned (General)	\$ 343,286	\$ 343,286
Taxes receivable, net (General)	1,836,340	-
Other receivable (General)	136,093	-
Taxes receivable, net (Special Revenue)	<u>29,585</u>	<u>-</u>
Total	<u>\$ 2,345,304</u>	<u>\$ 343,286</u>

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 of the self-funded risk financing pools administered by the Risk Management Agency of the North Carolina Association of County Commissioners. Through these pools, the County obtains property coverage equal to replacement value of real and personal owned property subject to a blanket limit of \$144.9 million per occurrence, general liability coverage of \$2 million per occurrence, workers' compensation coverage up to statutory limits. The pools are reinsured through commercial companies for single occurrence losses in excess of \$500,000 up to a \$2 million limit for general liability coverage, \$500,000 of aggregate annual losses in excess of \$25,000 per occurrence for property coverage, and single occurrence losses up to \$350,000 for workers' compensation.

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 that are performance bonded through a commercial surety bond. The Finance Director and Tax Collector are bonded for \$200,000 and \$1,000,000, respectively. The remaining employees that have access to funds are bonded under a blanket bond for \$250,000.

The County carries flood insurance through the National Flood Insurance Program (NFIP). Because the County is in an area of the State that has been mapped and designated an "A" area (An area close to a river, lake or stream) by the Federal Emergency Management Agency, the County is eligible to purchase coverage of \$500,000 per structure through the NFIP.

Claims and Judgments

At June 30, 2008, 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.

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2008

Long-Term Obligations

Installment Financing Contracts

The County has entered into four 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, 2008 are as follows:

\$9,065,000 Detention Center Series 1999 due in annual principal payments of \$445,000 on June 1 through 2019. Interest is payable semi-annually at rates ranging from 3.8% to 5.63%, fluctuating throughout the life of the certificates.	\$ 4,970,000
\$16,290,000 School Projects Series 2001 due in annual principal payments of \$815,000 on March 1 through 2021. Interest is payable semi-annually at rates ranging from 4.25% to 5.00%, fluctuating throughout the life of the certificates.	10,585,000
\$25,875,000 Projects Series 2005A due in annual principal payments ranging from \$630,000 to \$1,430,000 on May 1 through 2025. Interest is payable semi-annually at rates ranging from 3.0% to 5.0%, fluctuating throughout the life of the certificates.	23,835,000
\$41,610,000 Projects Series 2006A due in annual principal payments ranging from \$1,550,000 to \$2,185,000 on June 1 through 2026. Interest is payable semi-annually at rates ranging from 4.375% to 5.00%, fluctuating throughout the life of the certificates.	<u>38,390,000</u>
Total installment contracts	<u>\$ 77,780,000</u>

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2008

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

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>
2009	\$ 3,945,000	\$ 3,721,137
2010	4,445,000	3,551,475
2011	4,890,000	3,353,438
2012	4,885,000	3,123,163
2013	4,880,000	2,903,800
2014-2018	24,400,000	10,950,225
2019-2023	20,935,000	5,002,825
2024-2026	<u>9,400,000</u>	<u>802,413</u>
Total	<u>\$ 77,780,000</u>	<u>\$ 33,408,476</u>

Installment Purchases

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

On April 10, 2002, the County entered into an installment purchase contract for property improvements to Hendersonville Middle School. The transaction requires one final balloon payment of \$3,000,000 on April 5, 2015. The County is required to make 12 annual deposits of \$164,363 into a debt service fund to fund the final payment. The installment loan was designated as Qualified Zone Academy Bonds, pursuant to Section 1397E of the Internal Revenue Code of 1986, and as such the obligation of the County is interest free.

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2008

Other installment purchase contracts payable at June 30, 2008, are comprised of the following individual issues:

Governmental Activities:

\$6,750,000 Fletcher Elementary Series 2000 due in semi-annual principal payments of \$168,750 on August 10, 2000 through 2020. The interest rate throughout the issue is 4.19%	\$ 4,050,000
\$9,100,000 Middle School Project financing contract due in semi-annual principal payments of \$303,333, including interest charged at an annual rate of 4.09%, payments will continue through April 10, 2017.	5,460,001
\$560,000 voting equipment financing contract due in quarterly payments of \$30,801 including interest at an annual rate of 3.70%, payments will continue through March 17, 2011.	312,525
\$958,000 vehicle financing contract due in semi-annual payments of \$84,251 including interest at an annual rate of 3.35%, payments will continue through October 20, 2008.	166,407
\$1,750,000 library financing contract due in quarterly payments of \$53,332 including interest at an annual rate of 4.01%, payments will continue through May 10, 2017.	1,604,745
\$435,000 property financing contract due in quarterly payments of \$8,503 including interest at an annual rate of 4.75%, payments will continue through December 29, 2026.	215,509
\$690,000 vehicle financing contract due in quarterly payments of \$61,064 including interest at an annual rate of 3.75%, payments will continue through October 13, 2009.	362,854
\$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.	32,000,000
\$273,000 Travel and Tourism Building Project financing contract due in quarterly installments of \$35,482 including interest at an annual rate of 3.5%, payments will continue through April 4, 2010.	273,000
\$3,000,000 Hendersonville Middle School Qualified Zone Academy Bonds requiring 12 annual deposits of \$164,363 into a debt service fund; final payment of the bonds is April 5, 2015.	<u>3,000,000</u>
Total installment purchases indebtedness	<u>\$ 47,445,041</u>

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2008

Business-Type Activities:

\$3,178,000 sewer installment contract due in quarterly installments of \$79,450 plus interest at 3.7321%, payments will continue through November 27, 2016.

\$ 2,701,300

Long-Term Debt

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

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>
2009	\$ 3,759,977	\$ 1,625,856
2010	3,496,108	1,525,282
2011	3,217,954	1,401,512
2012	3,135,279	1,284,896
2013	3,143,601	1,169,598
2014-2018	16,302,836	4,119,858
2019-2023	9,817,857	1,820,953
2024-2027	<u>4,571,429</u>	<u>255,086</u>
Total	<u>\$ 47,445,041</u>	<u>\$ 13,203,041</u>

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

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>
2009	\$ 317,800	\$ 96,367
2010	317,800	84,507
2011	317,800	72,646
2012	317,800	60,786
2013	317,800	48,925
2014-2018	<u>1,112,300</u>	<u>77,835</u>
Total	<u>\$ 2,701,300</u>	<u>\$ 441,066</u>

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2008

General Obligation Indebtedness

All general obligation bonds serviced by the County's General Fund are collateralized by the full faith, credit, and taxing power of the County. Cane Creek Water and Sewer Systems issues general obligation bonds to provide funds for the acquisition and construction of major water system capital improvements. These bonds, which are recorded in the Cane Creek Water and Sewer District Fund, are collateralized by the full faith, credit, and taxing power of the District. Principal and interest payments are appropriated when due.

The County's general obligation bonds payable at June 30, 2008 are comprised of the following individual issues:

\$18,570,000 1998 County's General Obligation Refunding

Bonds due on June 1 in installments as follows:

2008 - \$1,875,000; 2009 - \$1,825,000; 2010 - \$ 1,060,000.

Interest ranges from 3.25% to 4.25% throughout the life
of the bonds.

\$ 2,885,000

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

Governmental Activities:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>
2009	\$ 1,825,000	\$ 122,613
2010	1,060,000	45,050
Total	<u>\$ 2,885,000</u>	<u>\$ 167,663</u>

At June 30, 2008, Henderson County had no bonds authorized but unissued and a legal debt margin of \$873,775,756.

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2008

Other Long-Term Obligations

The County has entered into agreements to finance various proceeds to accommodate economic and industrial development. Other long-term obligations at June 30, 2008 are comprised of the following individual issues:

\$60,000 financing agreement for economic development incentives for The Warm Company due in annual installments of \$60,000; payments will continue through August 2010.	\$	36,000
\$1,000,000 financing agreement incentives for economic development incentives for UPM-RAFLATAC, Inc. due in annual installments of \$100,000; payments will continue through December 2006.		100,000
\$85,967 financing agreement for economic development incentives for Pepsi-Cola Bottling Company of Hickory, N.C., Inc. due in annual installments of \$17,193 payments will continue through December 2009.		<u>51,581</u>
Total other long-term obligations	\$	<u>187,581</u>

Annual debt service requirements to maturity for the County's other long-term obligations are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>
2009	\$ 129,193	\$ -
2010	29,193	-
2011	<u>29,195</u>	<u>-</u>
Total	<u>\$ 187,581</u>	<u>\$ -</u>

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2008

Long-Term Obligation Activity

A summary of changes in long-term debt follows:

	Balance July 1, 2007	Increases	Decreases	Balance June 30, 2008	Current Portion of Balance
Governmental Activities:					
General obligation bonds	\$ 4,760,000	\$ -	\$ 1,875,000	2,885,000	\$ 1,825,000
Other long-term obligations	323,466	-	135,885	187,581	129,193
Installment purchases	16,983,567	32,273,000	1,811,526	47,445,041	3,759,977
Installment contracts	81,485,000	-	3,705,000	77,780,000	3,945,000
Compensated absences	1,829,946	848,780	738,645	1,940,081	194,008
Pension benefit obligations	1,251,533	145,212	-	1,396,745	-
Total governmental activities	<u>\$ 106,633,512</u>	<u>\$ 33,266,992</u>	<u>\$ 8,266,056</u>	<u>\$ 131,634,448</u>	<u>\$ 9,853,178</u>
Business-Type Activities:					
Installment purchase	\$ 3,019,100	\$ -	\$ 317,800	\$ 2,701,300	\$ 317,800
Accrued landfill closure and postclosure care cost	2,574,357	-	95,036	2,479,321	98,973
Compensated absences	53,128	15,859	27,710	41,277	4,128
Total business-type activities	<u>\$ 5,646,585</u>	<u>\$ 15,859</u>	<u>\$ 440,546</u>	<u>\$ 5,221,898</u>	<u>\$ 420,901</u>
Discretely Presented Component Units:					
Revenue bonds	\$ 13,305,000		\$ 560,000	\$ 12,745,000	\$ 590,000
Capitalized leases	2,971,218	-	1,315,860	1,655,358	667,839
Total discretely presented component units and long-term liabilities	<u>\$ 16,276,218</u>	<u>\$ -</u>	<u>\$ 1,875,860</u>	<u>\$ 14,400,358</u>	<u>\$ 1,257,839</u>

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.

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2008

Capital Leases

The Hospital has entered into agreements to lease certain equipment. The lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception. The leases have bargain purchase options.

At September 30, 2007, the cost of assets held under capital leases was approximately \$15,934,000, less accumulated depreciation and amortization of approximately \$13,429,000. Amortization expense related to these assets of approximately \$2,442,000 is included in depreciation and amortization expense for the year ended September 30, 2007.

At September 30, 2007, the future minimum payments under the Hospital's capital leases consist of the following:

<u>Year Ending September 30</u>	
2008	\$ 770,137
2009	555,403
2010	391,411
2011	132,138
2012	<u>241</u>
Total minimum lease payments	1,849,330
Less: amount representing interest	<u>(193,972)</u>
Present value of the minimum lease payments	<u>\$ 1,655,358</u>

Revenue Bonds

In September 2001, the County issued \$15,300,000 of Hospital Revenue Bonds to finance capital improvements at Margaret R. Pardee Memorial Hospital. Interest is a variable market rate throughout the life of the bonds. The revenue bonds, which mature through October 1, 2021, are reported on the Hospital's financial statements because the principal and interest on the bonds are payable from the net revenues of the Hospital. The revenue bonds do not constitute a legal or equitable pledge, charge, lien or encumbrance upon any of the County's property or upon its income, receipts, or revenues. The taxing power of the County is not pledged for payment of the principal or interest on the revenue bonds, and no owner has the right to complete the exercise of the taxing power of the County or their forfeiture of any of its property in connection with any default under the bond order.

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2008

Annual debt service requirements to maturity for the revenue bonds are as follows:

Year Ending September 30	Principal	Interest
2008	\$ 590,000	\$ 471,614
2009	620,000	447,558
2010	650,000	422,338
2011	685,000	395,760
2012	720,000	367,824
2013-2017	4,165,000	1,370,028
2018-2022	5,315,000	432,814
Total	<u>\$ 12,745,000</u>	<u>\$ 3,907,936</u>

On June 11, 2008, there was a current refunding of the \$15,300,000 Hospital Revenue Bonds with a refunding bond issued in the amount of \$12,155,000. Interest was converted to a fixed rate.

Interfund Balances and Activity

Transfers to/from other funds at June 30, 2008 consist of the following:

	From	To	Purpose
General Fund	\$ 3,216,095	\$ 264,706	
Revaluation Reserve Fund	-	623,115	Revaluation of property
Mills River Watershed Protection Fund	4,630	-	Project closeout
Public Transit Fund	-	88,617	Transportation services
Emergency Watershed Fund	6,932	-	Project closeout
Debt Service	-	164,363	School debt service
School Capital Projects Fund	-	270,000	School capital projects
County Capital Projects Fund	-	795,000	County capital projects
County Capital Reserve Fund	-	1,400,000	Capital projects reserve
Travel and Tourism Fund	160,000	-	Administrative cost
Landfill Fund	-	52,628	Personnel costs
Cane Creek Water and Sewer District Fund	270,772	-	Personnel and billing operations

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2008

The following is a summary of interfund receivables and payables.

<u>Receivable Entity</u>	<u>Payable Entity</u>	<u>Amount</u>
General Fund	Other Governmental Funds	\$ 46,353

3. Joint Ventures

The County, in conjunction with the State of North Carolina and Henderson County Board of Education, participates in a joint venture to operate Blue Ridge Community College. 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 \$2,058,821 to the community college for capital operational expenses during the fiscal year ending June 30, 2008. In addition, the County made debt service payments of \$1,698,689 including interest, during the year ended June 30, 2008, on general obligation bonds and certificates of participation (COPs) issued for community college facilities. 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, 2008. 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 seven other counties, participates in the Western Highlands Area Authority, a Local Management Entity, which provides mental health, development disability and substance abuse services to residents of the eight-County area. Each participating government appoints members to the governing board of the Authority. The County has ongoing financial responsibility to provide maintenance of effort funding to assist in providing mental health services primarily within Henderson 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, 2008. None of the eight participating governments has any equity interest in the Authority, so no equity has been reflected in the financial statements at June 30, 2008. Complete financial statements for the Authority may be obtained from the Authority's administrative office at 356 Biltmore Avenue, Asheville, North Carolina.

HENDERSON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2008

4. Jointly Governed Organization

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

5. Summary Disclosure of Significant Commitments and Contingencies

Federal- and State-Assisted Programs

The County has received proceeds from federal and State grants. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant monies to the grantor agencies. Management believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the refund of grant monies.

Benefit Payments Issued by the State

The amounts listed below were paid directly to individual recipients by the State from federal and State monies. County personnel are involved with certain functions, primarily eligibility determinations, that cause benefit payments to be issued by the State. These amounts disclose this additional aid to County recipients, which do not appear in the basic financial statements because they are not revenues and expenditures of the County.

	<u>Federal</u>	<u>State</u>
Temporary Assistance to Needy Families	\$ 731,972	\$ -
Medicaid	57,121,349	29,359,518
Food Stamp Program	6,418,321	-
WIC	1,610,293	-
Adoption Assistance	312,907	91,113
Low Income Energy Assistance	133,942	-
State/County Special Assistance for Adults	-	882,676
Total	<u>\$ 66,328,784</u>	<u>\$ 30,333,307</u>



REQUIRED SUPPLEMENTAL FINANCIAL DATA

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

- Schedule of Funding Progress for the Law Enforcement Officers' Special Separation Allowance.
- Notes to the Required Schedules for the Law Enforcement Officers' Special Separation Allowance.



HENDERSON COUNTY, NORTH CAROLINA

LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL)		Funded Ratio (A/B)	Unfunded AAL (UAAL) (B-A)	Covered Payroll (C)	UAAL as a % of Covered Payroll ((B-A)/C)
		Projected Unit Credit (B)					
12/31/2007	\$ -	\$ 2,045,918		0.00%	\$ 2,045,918	\$ 5,891,020	34.73%
12/31/2006	-	1,705,055		0.00%	1,705,055	5,625,074	30.31%
12/31/2005	-	1,426,389		0.00%	1,426,389	5,212,692	27.42%
12/31/2004	-	1,538,713		0.00%	1,538,713	4,964,811	30.99%
12/31/2003	-	1,213,157		0.00%	1,213,157	4,494,889	26.99%
12/31/2002	-	1,151,106		0.00%	1,151,106	4,493,816	25.62%
12/31/2001	-	1,023,367		0.00%	1,023,367	4,230,571	24.19%
12/31/2000	-	895,880		0.00%	895,880	3,703,676	24.19%
12/31/1999	-	512,848		0.00%	512,848	3,377,440	15.18%
12/31/1998	-	475,256		0.00%	475,256	3,136,737	15.15%
12/31/1997	-	428,608		0.00%	428,608	2,955,827	14.50%
12/31/1996	-	346,882		0.00%	346,882	2,418,739	14.34%

Schedule of Employer Contributions

Fiscal Year Ending	Annual Required Contribution	Percentage Contributed
2008	\$ 198,970	0.00%
2007	174,778	0.00%
2006	158,440	0.00%
2005	150,619	0.00%
2004	144,257	0.00%
2003	125,471	0.00%
2002	79,691	0.00%
2001	75,160	0.00%
2000	80,528	0.00%
1999	72,872	0.00%
1998	59,705	0.00%

Notes to the Required Schedules:

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

Valuation date	December 31, 2006
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay closed
Remaining amortization period	24 years
Asset valuation method	Market value
Actuarial assumptions	
Investment rate of return	7.25%
Projected salary increases	4.5% to 12.3%
Includes inflation at	3.75%
Cost of living adjustments	None



SUPPLEMENTARY INFORMATION

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



THE GENERAL FUND

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



HENDERSON COUNTY, NORTH CAROLINA

GENERAL FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2008

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Ad Valorem Taxes:			
Taxes - current		\$ 57,816,278	
Penalties, interest and advertising		393,981	
Total	\$ 56,297,186	58,210,259	\$ 1,913,073
Local Option Sales Taxes:			
Article 39 one percent		8,742,034	
Article 40 one-half of one percent		5,178,326	
Article 42 one-half of one percent		5,135,912	
Article 44 one-half of one percent		4,206,965	
Medicaid hold harmless		116,900	
Total	22,918,993	23,380,137	461,144
Other Taxes and Licenses:			
Deed stamp excise tax		1,665,219	
Gross receipts rental tax		35,845	
Privilege licenses		60	
Total	1,840,120	1,701,124	(138,996)
Unrestricted Intergovernmental Revenues:			
Payment in lieu of taxes	26,500	27,035	535
Total	26,500	27,035	535
Restricted Intergovernmental Revenues:			
Federal and state grants		18,807,675	
Controlled substance tax		94,088	
Court facility fee		245,722	
ABC net revenues		72,606	
ABC bottles taxes		26,957	
Total	20,110,886	19,247,048	(863,838)

HENDERSON COUNTY, NORTH CAROLINA

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Permits and Fees:			
Inspection fees		1,711,958	
Register of Deeds		697,162	
Enforcement fees		146,850	
Total	<u>2,344,295</u>	<u>2,555,970</u>	<u>211,675</u>
Sales and Services:			
Rents, concessions and fees		4,605,790	
Jail fees		343,536	
Ambulance fees		2,029,424	
Recreation fees		263,541	
Total	<u>6,813,182</u>	<u>7,242,291</u>	<u>429,109</u>
Investment Earnings	<u>640,000</u>	<u>1,713,187</u>	<u>1,073,187</u>
Miscellaneous:			
Sale of materials		81,829	
Other		1,561,342	
Total	<u>3,799,370</u>	<u>1,643,171</u>	<u>(2,156,199)</u>
Total revenues	<u>114,790,532</u>	<u>115,720,222</u>	<u>929,690</u>
Expenditures:			
General Government:			
Governing Body:			
Salaries and employee benefits		221,924	
Operating expenditures		136,768	
Donations and dues		350,534	
Total	<u>713,351</u>	<u>709,226</u>	<u>4,125</u>

HENDERSON COUNTY, NORTH CAROLINA

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Administration:			
Salaries and employee benefits		900,907	
Operating expenditures		<u>384,203</u>	
Total	<u>1,332,896</u>	<u>1,285,110</u>	<u>47,786</u>
Elections:			
Salaries and employee benefits		304,571	
Operating expenditures		<u>187,259</u>	
Total	<u>669,764</u>	<u>491,830</u>	<u>177,934</u>
Finance:			
Salaries and employee benefits		503,083	
Operating expenditures		<u>65,686</u>	
Total	<u>590,222</u>	<u>568,769</u>	<u>21,453</u>
Taxes:			
Salaries and employee benefits		1,403,650	
Operating expenditures		<u>581,580</u>	
Total	<u>2,233,048</u>	<u>1,985,230</u>	<u>247,818</u>
Legal:			
Salaries and employee benefits		434,859	
Contracted services		<u>72,461</u>	
Total	<u>580,666</u>	<u>507,320</u>	<u>73,346</u>
Register of Deeds:			
Salaries and employee benefits		1,199,702	
Operating expenditures		<u>130,085</u>	
Total	<u>1,329,787</u>	<u>1,329,787</u>	<u>-</u>

HENDERSON COUNTY, NORTH CAROLINA

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Public Buildings:			
Salaries and employee benefits		799,763	
Operating expenditures		1,679,610	
Capital outlay		194,741	
Total	<u>2,714,662</u>	<u>2,674,114</u>	<u>40,548</u>
Garage and Grounds:			
Salaries and employee benefits		289,930	
Operating expenditures		642,239	
Capital outlay		5,895	
Total	<u>941,724</u>	<u>938,064</u>	<u>3,660</u>
Court Facilities:			
Operating expenditures		172,529	
Total	<u>180,100</u>	<u>172,529</u>	<u>7,571</u>
Data Processing:			
Salaries and employee benefits		503,504	
Operating expenditures		496,680	
Total	<u>1,047,642</u>	<u>1,000,184</u>	<u>47,458</u>
Total general government	<u>12,333,862</u>	<u>11,662,163</u>	<u>671,699</u>
Public Safety:			
Sheriff and Communications:			
Salaries and employee benefits		8,911,298	
Operating expenditures		1,908,383	
Capital outlay		529,437	
Total	<u>11,358,007</u>	<u>11,349,118</u>	<u>8,889</u>

HENDERSON COUNTY, NORTH CAROLINA

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Jail:			
Salaries and employee benefits		2,690,586	
Operating expenditures		928,980	
Capital outlay		230,479	
Total	<u>3,852,354</u>	<u>3,850,045</u>	<u>2,309</u>
Emergency Management:			
Salaries and employee benefits		157,133	
Operating expenditures		24,355	
Capital outlay		23,150	
Total	<u>209,470</u>	<u>204,638</u>	<u>4,832</u>
Fire Services:			
Salaries and employee benefits		136,346	
Operating expenditures		156,819	
Total	<u>301,564</u>	<u>293,165</u>	<u>8,399</u>
Inspections:			
Salaries and employee benefits		852,655	
Operating expenditures		119,360	
Total	<u>1,146,437</u>	<u>972,015</u>	<u>174,422</u>
Code Enforcement Services:			
Salaries and employee benefits		278,458	
Operating expenditures		24,541	
Total	<u>319,341</u>	<u>302,999</u>	<u>16,342</u>
Erosion Control:			
Salaries and employee benefits		111,825	
Operating expenditures		42,602	
Capital outlay		34,717	
Total	<u>216,890</u>	<u>189,144</u>	<u>27,746</u>

HENDERSON COUNTY, NORTH CAROLINA

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Emergency Medical Services:			
Salaries and employee benefits		3,086,438	
Operating expenditures		450,542	
Capital outlay		21,582	
Total	<u>3,559,951</u>	<u>3,558,562</u>	<u>1,389</u>
Animal Control:			
Salaries and employee benefits		361,003	
Operating expenditures		127,378	
Total	<u>514,697</u>	<u>488,381</u>	<u>26,316</u>
Day Reporting Center:			
Salaries and employee benefits		58,810	
Operating expenditures		85,529	
Total	<u>148,878</u>	<u>144,339</u>	<u>4,539</u>
Rescue Squad:			
Operating expenditures	<u>92,943</u>	<u>92,943</u>	<u>-</u>
Property Addressing:			
Salaries and employee benefits		112,019	
Operating expenditures		10,559	
Total	<u>133,782</u>	<u>122,578</u>	<u>11,204</u>
Total public safety	<u>21,854,314</u>	<u>21,567,927</u>	<u>286,387</u>
Environmental Protection:			
Soil and water conservation:			
Salaries and employee benefits		219,475	
Operating expenditures		83,782	
Total	<u>325,818</u>	<u>303,257</u>	<u>22,561</u>
Forestry service	<u>48,561</u>	<u>38,870</u>	<u>9,691</u>

HENDERSON COUNTY, NORTH CAROLINA

GENERAL FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2008

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Utilities:			
Salaries and employee benefits		183,858	
Operating expenditures		<u>545</u>	
Total	<u>184,651</u>	<u>184,403</u>	<u>248</u>
 Total environmental protection	 <u>559,030</u>	 <u>526,530</u>	 <u>32,500</u>
 Economic and Physical Development:			
Planning:			
Salaries and employee benefits		491,886	
Operating expenditures		<u>90,803</u>	
Total	<u>650,858</u>	<u>582,689</u>	<u>68,169</u>
 Agricultural Extension:			
Salaries and employee benefits		295,977	
Operating expenditures		<u>87,365</u>	
Total	<u>390,024</u>	<u>383,342</u>	<u>6,682</u>
 Other Transfers:			
Economic development contracts	<u>814,378</u>	<u>404,950</u>	<u>409,428</u>
Total	<u>814,378</u>	<u>404,950</u>	<u>409,428</u>
 Total economic and physical development	 <u>1,855,260</u>	 <u>1,370,981</u>	 <u>484,279</u>
 Human Services:			
Health:			
 General and Administration:			
Salaries and employee benefits		1,485,428	
Operating expenditures		<u>738,943</u>	
Total	<u>2,321,038</u>	<u>2,224,371</u>	<u>96,667</u>

HENDERSON COUNTY, NORTH CAROLINA

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Public Health:			
Bio-terrorism program			
Salaries and employee benefits		27,684	
Operating expenditures		<u>27,695</u>	
Total	<u>70,530</u>	<u>55,379</u>	<u>15,151</u>
AIDS Grant:			
Salaries and employee benefits		9,795	
Operating expenditures		<u>1,330</u>	
Total	<u>12,500</u>	<u>11,125</u>	<u>1,375</u>
Tuberculosis Clinic:			
Salaries and employee benefits		2,886	
Operating expenditures		<u>3,789</u>	
Total	<u>15,879</u>	<u>6,675</u>	<u>9,204</u>
Maternal Health:			
Salaries and employee benefits		539,616	
Operating expenditures		<u>117,774</u>	
Total	<u>684,150</u>	<u>657,390</u>	<u>26,760</u>
Family Planning:			
Salaries and employee benefits		112,725	
Operating expenditures		<u>120,866</u>	
Total	<u>270,838</u>	<u>233,591</u>	<u>37,247</u>
Child Health:			
Salaries and employee benefits		532,422	
Operating expenditures		<u>103,173</u>	
Total	<u>695,597</u>	<u>635,595</u>	<u>60,002</u>

HENDERSON COUNTY, NORTH CAROLINA

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
WIC:			
Salaries and employee benefits		391,813	
Operating expenditures		26,551	
Capital outlay		6,898	
Total	<u>445,953</u>	<u>425,262</u>	<u>20,691</u>
B&C Cancer Control:			
Salaries and employee benefits		11,976	
Operating expenditures		33,822	
Total	<u>49,713</u>	<u>45,798</u>	<u>3,915</u>
Risk Reduction:			
Salaries and employee benefits		19,789	
Operating expenditures		18,032	
Total	<u>40,510</u>	<u>37,821</u>	<u>2,689</u>
IAP Program:			
Salaries and employee benefits		17,443	
Operating expenditures		3,690	
Total	<u>21,582</u>	<u>21,133</u>	<u>449</u>
N.C. Cardiovascular Health:			
Operating expenditures	<u>145,833</u>	<u>150,000</u>	<u>(4,167)</u>
Total	<u>145,833</u>	<u>150,000</u>	<u>(4,167)</u>
Smart Start- Child Care:			
Salaries and employee benefits		65,924	
Operating expenditures		9,142	
Total	<u>75,564</u>	<u>75,066</u>	<u>498</u>

HENDERSON COUNTY, NORTH CAROLINA

GENERAL FUND

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Smart Start - Preventive Dental:			
Salaries and employee benefits		59,698	
Operating expenditures		<u>57,159</u>	
Total	<u>117,719</u>	<u>116,857</u>	<u>862</u>
Smart Start - Nurturing Parent:			
Salaries and employee benefits	16,948	15,844	
Operating expenditures	<u>5,052</u>	<u>3,801</u>	<u>1,251</u>
Total	<u>22,000</u>	<u>19,645</u>	<u>1,251</u>
Behavioral Health Program:			
Salaries and employee benefits		32,581	
Operating expenditures		<u>1,695</u>	
Total	<u>43,280</u>	<u>34,276</u>	<u>9,004</u>
School Health Nurse Program:			
Salaries and employee benefits		390,887	
Operating expenditures		<u>48,454</u>	
Total	<u>492,161</u>	<u>439,341</u>	<u>52,820</u>
Total public health	<u>5,524,847</u>	<u>5,189,325</u>	<u>334,418</u>
Environmental Health:			
Salaries and employee benefits		989,156	
Operating expenditures		<u>72,278</u>	
Total	<u>1,077,416</u>	<u>1,061,434</u>	<u>15,982</u>
Home and Community Block Grant:			
Operating expenditures	<u>707,672</u>	<u>707,654</u>	<u>18</u>
Total	<u>707,672</u>	<u>707,654</u>	<u>18</u>

HENDERSON COUNTY, NORTH CAROLINA

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Youth Services:			
Salaries and employee benefits		580,038	
Operating expenditures		<u>57,864</u>	
Total	<u>689,620</u>	<u>637,902</u>	<u>51,718</u>
Social Services:			
Mental Health:			
Operating expenditures		<u>528,612</u>	
Total	<u>528,612</u>	<u>528,612</u>	<u>-</u>
Administration:			
Salaries and employee benefits		8,636,808	
Operating expenditures		2,781,320	
Capital outlay		<u>7,582</u>	
Total	<u>11,715,698</u>	<u>11,425,710</u>	<u>289,988</u>
Smart Start:			
Salaries and employee benefits		36,938	
Operating expenditures		<u>447,753</u>	
Total	<u>491,937</u>	<u>484,691</u>	<u>7,246</u>
TANF Program :			
County participation only	<u>308,529</u>	<u>274,647</u>	<u>33,882</u>
Medicaid:			
County participation only	<u>5,216,957</u>	<u>4,033,843</u>	<u>1,183,114</u>

HENDERSON COUNTY, NORTH CAROLINA

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Income Maintenance Program:			
Supplemental aid to the aged		374,959	
Supplemental aid to the disabled		508,627	
Crisis intervention payments		<u>147,096</u>	
Total	<u>1,077,670</u>	<u>1,030,682</u>	<u>46,988</u>
Daycare Operations:			
Day care for children	<u>3,754,686</u>	<u>3,695,425</u>	<u>59,261</u>
Foster Care:			
State boarding home		382,211	
Foster care - children		781,370	
Adoption assistance		<u>208,307</u>	
Total	<u>1,401,549</u>	<u>1,371,888</u>	<u>29,661</u>
NC Fast Program:			
Operating expenditures		<u>18,961</u>	
Total	<u>39,000</u>	<u>18,961</u>	<u>20,039</u>
Other Assistance:			
Social work contracts	81,721	59,569	22,152
Medicaid transportation	600,000	646,673	(46,673)
Aid to the blind	5,500	5,547	(47)
Adult day care	15,854	13,880	1,974
General assistance	67,000	52,499	14,501
JOBS Program	67,000	51,526	15,474
EDTAP program	161,552	197,675	(36,123)
Emergency assistance	50,000	47,763	2,237
Other assistance	<u>147,267</u>	<u>28,697</u>	<u>118,570</u>
Total	<u>1,195,894</u>	<u>1,103,829</u>	<u>92,065</u>
Total social services	<u>25,730,532</u>	<u>23,968,288</u>	<u>1,762,244</u>

HENDERSON COUNTY, NORTH CAROLINA

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Veteran Services:			
Salaries and employee benefits		19,882	
Operating expenditures		<u>1,266</u>	
Total	<u>21,170</u>	<u>21,148</u>	<u>22</u>
Juvenile Justice Grant:			
Operating expenditures	<u>208,010</u>	<u>205,356</u>	<u>2,654</u>
Total human services	<u>33,959,267</u>	<u>31,791,107</u>	<u>2,167,056</u>
Cultural and Recreation:			
Library:			
Salaries and employee benefits		2,040,430	
Operating expenditures		800,532	
Capital outlay		<u>23,074</u>	
Total	<u>3,001,846</u>	<u>2,864,036</u>	<u>137,810</u>
Parks and Recreation:			
Salaries and employee benefits		505,851	
Operating expenditures		<u>272,143</u>	
Total	<u>1,023,226</u>	<u>777,994</u>	<u>245,232</u>
Total cultural and recreation	<u>4,025,072</u>	<u>3,642,030</u>	<u>383,042</u>
Intergovernmental:			
Education:			
Public schools - current expense		18,802,573	
Public schools - capital expense		1,883,675	
Community colleges - current expense		<u>2,058,821</u>	
Total education	<u>22,960,069</u>	<u>22,745,069</u>	<u>215,000</u>

HENDERSON COUNTY, NORTH CAROLINA

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Debt Service:			
Principal	9,085,545	7,535,472	1,550,073
Interest	5,383,289	4,640,599	742,690
Total debt service	<u>14,468,834</u>	<u>12,176,071</u>	<u>2,292,763</u>
 Total expenditures	<u>112,015,708</u>	<u>105,481,878</u>	<u>6,532,726</u>
 Revenues over expenditures	<u>2,774,824</u>	<u>10,238,344</u>	<u>7,463,520</u>
 Other Financing Sources (Uses):			
Transfers in	262,744	264,706	1,962
Transfers out	<u>(3,037,568)</u>	<u>(3,216,095)</u>	<u>(178,527)</u>
 Total other financing sources (uses)	<u>(2,774,824)</u>	<u>(2,951,389)</u>	<u>(176,565)</u>
 Net changes in fund balance	<u>\$ -</u>	<u>7,286,955</u>	<u>\$ 7,286,955</u>
 Fund Balance:			
Beginning of year - July 1		<u>26,683,056</u>	
End of year - June 30		<u><u>\$ 33,970,011</u></u>	

OTHER MAJOR GOVERNMENTAL FUNDS

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

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



HENDERSON COUNTY, NORTH CAROLINA

**GENERAL CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008**

		<u>Actual</u>		
	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>
Revenues:				
Restricted intergovernmental revenues	\$ 500,000	\$ -	\$ 1,213	\$ 1,213
Investment earnings	-	1,394,657	504,516	1,899,173
Miscellaneous	<u>330,000</u>	<u>430,740</u>	<u>409,376</u>	<u>840,116</u>
Total	<u>830,000</u>	<u>1,825,397</u>	<u>915,105</u>	<u>2,740,502</u>
Expenditures:				
Capital outlay:				
General government	<u>44,819,180</u>	<u>28,642,370</u>	<u>14,557,318</u>	<u>43,199,688</u>
Total	<u>44,819,180</u>	<u>28,642,370</u>	<u>14,557,318</u>	<u>43,199,688</u>
Revenues over (under) expenditures	<u>(43,989,180)</u>	<u>(26,816,973)</u>	<u>(13,642,213)</u>	<u>(40,459,186)</u>
Other Financing Sources (Uses):				
Installment financing issued	40,508,910	40,496,536	273,000	40,769,536
Transfers in:				
From General Fund	2,085,000	1,632,117	670,000	2,302,117
From Travel and Tourism Fund	125,000	-	-	-
From Sewer District Fund	449,185	449,185	125,000	574,185
From Solid Waste Fund	800,000	800,000		800,000
From Trust and Agency Fund	<u>21,085</u>	<u>21,085</u>	<u>-</u>	<u>21,085</u>
Total other financing sources (uses)	<u>43,989,180</u>	<u>43,398,923</u>	<u>1,068,000</u>	<u>44,466,923</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ 16,581,950</u>	<u>(12,574,213)</u>	<u>\$ 4,007,737</u>
Fund Balance:				
Beginning of year - July 1			<u>16,581,950</u>	
End of year - June 30			<u>\$ 4,007,737</u>	

HENDERSON COUNTY, NORTH CAROLINA
**SCHOOL CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008**

		Actual		
	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>
Revenues:				
Restricted intergovernmental	\$ 456,629	\$ 456,629	\$ -	\$ 456,629
Investment earnings	-	1,029,091	430,364	1,459,455
Miscellaneous	-	527,842	106,531	634,373
Total	<u>456,629</u>	<u>2,013,562</u>	<u>536,895</u>	<u>2,550,457</u>
Expenditures:				
Capital outlay:				
General education	<u>61,439,512</u>	<u>20,191,966</u>	<u>13,779,115</u>	<u>33,971,081</u>
Total	<u>61,439,512</u>	<u>20,191,966</u>	<u>13,779,115</u>	<u>33,971,081</u>
Revenues under expenditures	<u>(60,982,883)</u>	<u>(18,178,404)</u>	<u>(13,242,220)</u>	<u>(31,420,624)</u>
Other Financing Sources (Uses):				
Installment financing issued	60,680,674	28,680,674	32,000,000	60,680,674
Transfers in:				
From General Fund	795,000	525,000	270,000	795,000
Transfers out:				
To General Fund	(1,425,000)	(1,425,000)	-	(1,425,000)
Appropriated fund balance	<u>932,209</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>60,982,883</u>	<u>27,780,674</u>	<u>32,270,000</u>	<u>60,050,674</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ 9,602,270</u>	19,027,780	<u>\$ 28,630,050</u>
Fund Balances:				
Beginning of year - July 1			<u>9,602,270</u>	
End of year - June 30			<u>\$ 28,630,050</u>	

NONMAJOR GOVERNMENTAL FUNDS



HENDERSON COUNTY, NORTH CAROLINA

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS JUNE 30, 2008

	Revaluation Reserve Fund	Travel and Tourism Fund	CDBG - Scattered Site Housing Fund	Crisis Housing Assistance Fund	Mills River Watershed Protection Fund	Mud Creek Watershed Restoration Fund
Assets:						
Cash and investments	\$ 21,016	\$ 102,678	\$ 1,117	\$ 1,957	\$ -	\$ -
Accounts receivable, net	-	114,240	-	109	-	44,741
Total assets	\$ 21,016	\$ 216,918	\$ 1,117	\$ 2,066	\$ -	\$ 44,741
Liabilities and Fund Balances:						
Liabilities:						
Accounts payable and accrued liabilities	\$ 16,159	\$ 42,267	\$ -	\$ -	\$ -	\$ 620
Due to other funds	-	-	-	2,066	-	35,675
Total liabilities	16,159	42,267	-	2,066	-	36,295
Fund Balances:						
Reserved by State statute	-	114,240	-	-	-	44,741
Unreserved:						
Undesignated	4,857	60,411	1,117	-	-	(36,295)
Total fund balances	4,857	174,651	1,117	-	-	8,446
Total liabilities and fund balances	\$ 21,016	\$ 216,918	\$ 1,117	\$ 2,066	\$ -	\$ 44,741

Schedule C-1

Sheriff E-911 Fund	Public Transit Fund	Emergency Watershed Protection Project Fund	Capital Reserve Fund	Totals June 30, 2008	Debt Service Fund	Total Nonmajor Governmental Funds
\$ 170,104	\$ -	\$ -	\$ 2,737,195	\$ 3,034,067	\$ 1,131,480	\$ 4,165,547
114,630	155,620	-	-	429,340	-	429,340
<u>\$ 284,734</u>	<u>\$ 155,620</u>	<u>\$ -</u>	<u>\$ 2,737,195</u>	<u>\$ 3,463,407</u>	<u>\$ 1,131,480</u>	<u>\$ 4,594,887</u>
\$ 18,891	\$ 69,135	\$ -	\$ -	\$ 147,072	\$ -	\$ 147,072
-	8,612	-	-	46,353	-	46,353
18,891	77,747	-	-	193,425	-	193,425
114,630	-	-	-	273,611	-	273,611
151,213	77,873	-	2,737,195	2,996,371	1,131,480	4,127,851
265,843	77,873	-	2,737,195	3,269,982	1,131,480	4,401,462
<u>\$ 284,734</u>	<u>\$ 155,620</u>	<u>\$ -</u>	<u>\$ 2,737,195</u>	<u>\$ 3,463,407</u>	<u>\$ 1,131,480</u>	<u>\$ 4,594,887</u>

HENDERSON COUNTY, NORTH CAROLINA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2008

	Revaluation Reserve Fund	Travel and Tourism Fund	CDBG - Scattered Site Housing Fund	Crisis Housing Assistance Fund	Mills River Watershed Protection Fund
Revenues:					
Other taxes and licenses	\$ -	\$ 945,423	\$ -	\$ -	\$ -
Restricted intergovernmental revenues	-	-	33,062	25,480	-
Sales and services	-	153,556	-	-	-
Investment earnings	675	11,392	-	-	-
Miscellaneous	-	-	-	-	-
Total revenues	<u>675</u>	<u>1,110,371</u>	<u>33,062</u>	<u>25,480</u>	<u>-</u>
Expenditures:					
Current:					
General government	628,887	-	-	-	-
Public safety	-	-	-	-	-
Environmental protection	-	-	-	-	-
Economic and physical development	-	1,049,313	31,945	25,480	-
Total expenditures	<u>628,887</u>	<u>1,049,313</u>	<u>31,945</u>	<u>25,480</u>	<u>-</u>
Revenues over (under) expenditures	<u>(628,212)</u>	<u>61,058</u>	<u>1,117</u>	<u>-</u>	<u>-</u>
Other Financing Sources (Uses):					
Transfers from:					
General Fund	623,115	-	-	-	-
Transfers to:					
General Capital Projects Fund	-	(125,000)	-	-	-
General Fund	-	(35,000)	-	-	(4,630)
Total other financing sources (uses)	<u>623,115</u>	<u>(160,000)</u>	<u>-</u>	<u>-</u>	<u>(4,630)</u>
Net change in fund balances	(5,097)	(98,942)	1,117	-	(4,630)
Fund Balances:					
Beginning of year - July 1	<u>9,954</u>	<u>273,593</u>	<u>-</u>	<u>-</u>	<u>4,630</u>
End of year - June 30	<u>\$ 4,857</u>	<u>\$ 174,651</u>	<u>\$ 1,117</u>	<u>\$ -</u>	<u>\$ -</u>

Schedule C-2

Mud Creek Watershed Restoration Fund	Sheriff E-911 Fund	Public Transit Fund	Emergency Watershed Protection Project Fund	Capital Reserve Fund	Totals June 30, 2008	Debt Service Fund	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 945,423	\$ -	\$ 945,423
123,509	-	380,740	-	-	562,791	-	562,791
-	-	-	-	-	153,556	-	153,556
-	7,518	-	-	-	19,585	50,470	70,055
-	573,823	-	-	-	573,823	-	573,823
<u>123,509</u>	<u>581,341</u>	<u>380,740</u>	<u>-</u>	<u>-</u>	<u>2,255,178</u>	<u>50,470</u>	<u>2,305,648</u>
-	-	-	-	-	628,887	-	628,887
-	484,044	-	-	-	484,044	-	484,044
128,669	-	-	60,378	-	189,047	-	189,047
-	-	422,791	-	-	1,529,529	-	1,529,529
<u>128,669</u>	<u>484,044</u>	<u>422,791</u>	<u>60,378</u>	<u>-</u>	<u>2,831,507</u>	<u>-</u>	<u>2,831,507</u>
<u>(5,160)</u>	<u>97,297</u>	<u>(42,051)</u>	<u>(60,378)</u>	<u>-</u>	<u>(576,329)</u>	<u>50,470</u>	<u>(525,859)</u>
-	-	88,617	-	1,400,000	2,111,732	164,363	2,276,095
-	-	-	-	-	(125,000)	-	(125,000)
-	-	-	(6,932)	-	(46,562)	-	(46,562)
<u>-</u>	<u>-</u>	<u>88,617</u>	<u>(6,932)</u>	<u>1,400,000</u>	<u>1,940,170</u>	<u>164,363</u>	<u>2,104,533</u>
(5,160)	97,297	46,566	(67,310)	1,400,000	1,363,841	214,833	1,578,674
13,606	168,546	31,307	67,310	1,337,195	1,906,141	916,647	2,822,788
<u>\$ 8,446</u>	<u>\$ 265,843</u>	<u>\$ 77,873</u>	<u>\$ -</u>	<u>\$ 2,737,195</u>	<u>\$ 3,269,982</u>	<u>\$ 1,131,480</u>	<u>\$ 4,401,462</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, 2008

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Investment earnings	\$ -	\$ 675	\$ 675
Total revenues	-	675	675
Expenditures:			
Current:			
General government	629,587	628,887	700
Total expenditures	629,587	628,887	700
Revenues over (under) expenditures	(629,587)	(628,212)	1,375
Other Financing Sources (Uses):			
Transfers in:			
From General Fund	629,587	623,115	(6,472)
Total other financing sources (uses)	629,587	623,115	(6,472)
Net change in fund balance	\$ -	(5,097)	\$ (5,097)
Fund Balance:			
Beginning of year - July 1		9,954	
End of year - June 30		<u>\$ 4,857</u>	

HENDERSON COUNTY, NORTH CAROLINA**TRAVEL AND TOURISM FUND****SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES****IN FUND BALANCE - BUDGET AND ACTUAL****FOR THE YEAR ENDED JUNE 30, 2008**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Other taxes and licenses	\$ 862,090	\$ 945,423	\$ 83,333
Sales and services	145,000	153,556	8,556
Investment earnings	2,000	11,392	9,392
Total revenues	<u>1,009,090</u>	<u>1,110,371</u>	<u>101,281</u>
Expenditures:			
Current:			
Economic and physical development	<u>1,054,090</u>	<u>1,049,313</u>	<u>4,777</u>
Revenues over (under) expenditures	<u>(45,000)</u>	<u>61,058</u>	<u>106,058</u>
Other Financing Sources (Uses):			
Transfers out:			
To General Fund	(35,000)	(35,000)	-
To Capital Projects Fund	(125,000)	(125,000)	-
Appropriated fund balance	<u>205,000</u>	<u>-</u>	<u>(205,000)</u>
Total other financing sources (uses)	<u>45,000</u>	<u>(160,000)</u>	<u>(205,000)</u>
Net change in fund balance	<u>\$ -</u>	<u>(98,942)</u>	<u>\$ (98,942)</u>
Fund Balance:			
Beginning of year - July 1		<u>273,593</u>	
End of year - June 30		<u>\$ 174,651</u>	

HENDERSON COUNTY, NORTH CAROLINA

CDBG - SCATTERED SITE HOUSING FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2008

		Actual		
	Project Authorization	Prior Years	Current Year	Total to Date
Revenues:				
Restricted intergovernmental	\$ 400,000	\$ 384,756	\$ 33,062	\$ 417,818
Total revenues	<u>400,000</u>	<u>384,756</u>	<u>33,062</u>	<u>417,818</u>
Expenditures:				
Current:				
Economic and physical development	<u>400,000</u>	<u>384,756</u>	<u>31,945</u>	<u>416,701</u>
Total expenditures	<u>400,000</u>	<u>384,756</u>	<u>31,945</u>	<u>416,701</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	1,117	<u>\$ 1,117</u>
Fund Balance:				
Beginning of year - July 1			-	
End of year - June 30			<u>\$ 1,117</u>	

HENDERSON COUNTY, NORTH CAROLINA

CRISIS HOUSING - ASSISTANCE PROGRAM FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2008

	Project	Actual		
	Authorization	Prior	Current	Total
		Years	Year	to Date
Revenues:				
Restricted intergovernmental	\$ 300,000	\$ 32,667	\$ 25,480	\$ 58,147
Total revenues	<u>300,000</u>	<u>32,667</u>	<u>25,480</u>	<u>58,147</u>
Expenditures:				
Current:				
Economic and physical development	<u>300,000</u>	<u>32,667</u>	<u>25,480</u>	<u>58,147</u>
Total expenditures	<u>300,000</u>	<u>32,667</u>	<u>25,480</u>	<u>58,147</u>
Revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
Fund Balance:				
Beginning of year - July 1			-	
End of year - June 30			<u>\$ -</u>	

HENDERSON COUNTY, NORTH CAROLINA
**MILLS RIVER WATERSHED PROTECTION FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2008**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Other Financing Sources (Uses):			
Transfers out:			
To General Fund	\$ (4,630)	\$ (4,630)	\$ -
Appropriated fund balance	<u>4,630</u>	<u>-</u>	<u>(4,630)</u>
Total other financing sources (uses)	<u>-</u>	<u>(4,630)</u>	<u>(4,630)</u>
 Net change in fund balance	 <u>\$ -</u>	 (4,630)	 <u>\$ (4,630)</u>
 Fund Balance:			
Beginning of year - July 1		<u>4,630</u>	
End of year - June 30		<u>\$ -</u>	

HENDERSON COUNTY, NORTH CAROLINA

MUD CREEK WATERSHED RESTORATION FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Restricted intergovernmental revenues	\$ 489,860	\$ 123,509	\$ (366,351)
Total revenues	<u>489,860</u>	<u>123,509</u>	<u>(366,351)</u>
Expenditures:			
Current:			
Environmental protection	<u>489,860</u>	<u>128,669</u>	<u>361,191</u>
Total expenditures	<u>489,860</u>	<u>128,669</u>	<u>361,191</u>
Net change in fund balance	<u>\$ -</u>	<u>(5,160)</u>	<u>\$ (5,160)</u>
Fund Balance:			
Beginning of year - July 1		<u>13,606</u>	
End of year - June 30		<u>\$ 8,446</u>	

HENDERSON COUNTY, NORTH CAROLINA**SHERIFF E-911 FUND****SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008**

	Budget	Actual	Variance Over/Under
Revenues:			
Investment earnings	\$ 45,180	\$ 7,518	\$ (37,662)
Miscellaneous	543,000	573,823	30,823
Total revenues	<u>588,180</u>	<u>581,341</u>	<u>(6,839)</u>
Expenditures:			
Current:			
Public safety	<u>588,180</u>	<u>484,044</u>	<u>104,136</u>
Total expenditures	<u>588,180</u>	<u>484,044</u>	<u>104,136</u>
Net change in fund balance	<u>\$ -</u>	97,297	<u>\$ 97,297</u>
Fund Balance:			
Beginning of year - July 1		<u>168,546</u>	
End of year - June 30		<u>\$ 265,843</u>	

HENDERSON COUNTY, NORTH CAROLINA

PUBLIC TRANSIT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2007

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Restricted intergovernmental	\$ 612,262	\$ 380,740	\$ (231,522)
Total revenues	<u>612,262</u>	<u>380,740</u>	<u>(231,522)</u>
Expenditures:			
Current:			
Economic and physical development	<u>700,879</u>	<u>422,791</u>	<u>278,088</u>
Total expenditures	<u>700,879</u>	<u>422,791</u>	<u>278,088</u>
Revenues over (under) expenditures	<u>(88,617)</u>	<u>(42,051)</u>	<u>46,566</u>
Other Financing Sources (Uses):			
Transfers in:			
General Fund	<u>88,617</u>	<u>88,617</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>46,566</u>	<u>\$ 46,566</u>
Fund Balance:			
Beginning of year - July 1		<u>31,307</u>	
End of year - June 30		<u>\$ 77,873</u>	

HENDERSON COUNTY, NORTH CAROLINA
**EMERGENCY WATERSHED PROTECTION FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2008**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Restricted intergovernmental revenues	\$ 67,311	\$ -	\$ (67,311)
Total revenues	<u>67,311</u>	<u>-</u>	<u>(67,311)</u>
Expenditures:			
Current:			
Environmental protection	<u>60,378</u>	<u>60,378</u>	<u>-</u>
Total expenditures	<u>60,378</u>	<u>60,378</u>	<u>-</u>
Other Financing Sources (Uses):			
Transfers in:			
From General Fund	<u>6,933</u>	<u>6,932</u>	<u>1</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>(67,310)</u>	<u>\$ (67,310)</u>
Fund Balance:			
Beginning of year - July 1		<u>67,310</u>	
End of year - June 30		<u>\$ -</u>	

HENDERSON COUNTY, NORTH CAROLINA**CAPITAL RESERVE FUND****SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES****IN FUND BALANCE - BUDGET AND ACTUAL****FOR THE YEAR ENDED JUNE 30, 2008**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Other Financing Sources (Uses):			
Transfers out:			
To General Capital Projects Fund	\$ (1,400,000)	\$ -	\$ 1,400,000
Transfers in:			
From General Fund	<u>1,400,000</u>	<u>1,400,000</u>	<u>-</u>
Total other financing sources and (uses)	<u>-</u>	<u>1,400,000</u>	<u>1,400,000</u>
 Revenues and other financing sources over (under) expenditures and other financing uses	 <u>\$ -</u>	 <u>\$ 1,400,000</u>	 <u>\$ 1,400,000</u>
 Fund Balance:			
Beginning of year - July 1		<u>1,337,195</u>	
End of year - June 30		<u>\$ 2,737,195</u>	

DEBT SERVICE FUND

The Debt Service Fund is used to account for all expenditures for principal and interest for all long-term debt payments. The other governmental fund types provide the resources to the Debt Service Fund to make the payments through transfers.



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, 2008**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Investment earnings	\$ -	\$ 50,470	\$ 50,470
Total revenues	-	50,470	50,470
Expenditures:			
Current:			
General education	164,363	-	164,363
Revenues over (under) expenditures	(164,363)	50,470	214,833
Other Financing Sources (Uses):			
Transfers in:			
From General Fund	164,363	164,363	-
Total other financing sources (uses)	164,363	164,363	-
Net change in fund balance	\$ -	214,833	\$ 214,833
Fund Balance:			
Beginning of year - July 1		916,647	
End of year - June 30		<u>\$ 1,131,480</u>	



ENTERPRISE FUND

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 fees.

Cane Creek Water and Sewer District Fund – accounts for water and sewer operations in the Cane Creek District financed by user fees.

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



HENDERSON COUNTY, NORTH CAROLINA**LANDFILL FUND****SCHEDULE OF REVENUES AND EXPENDITURES****BUDGET AND ACTUAL (NON-GAAP)****FOR THE YEAR ENDED JUNE 30, 2008**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Operating revenues	\$ 4,590,144	\$ 5,043,200	\$ 453,056
Nonoperating revenues:			
Interest income	<u>80,000</u>	<u>122,146</u>	<u>42,146</u>
Total revenues	<u>4,670,144</u>	<u>5,165,346</u>	<u>495,202</u>
Expenditures:			
Salaries and employee benefits	786,057	765,561	-
Other operating expenditures	3,601,457	3,143,627	-
Capital outlay	<u>332,630</u>	<u>144,932</u>	<u>-</u>
Total expenditures	<u>4,720,144</u>	<u>4,054,120</u>	<u>666,024</u>
Revenue over (under) expenditures	<u>(50,000)</u>	<u>1,111,226</u>	<u>(170,822)</u>
Other Financing Sources (Uses):			
Transfers in:			
From Sewer Fund	<u>50,000</u>	<u>52,628</u>	<u>2,628</u>
Total other financing sources (uses)	<u>50,000</u>	<u>52,628</u>	<u>2,628</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>1,163,854</u>	<u>\$ 1,163,854</u>
Reconciliation of modified accrual basis to full accrual basis:			
Reconciling items:			
Capital outlay		144,932	
Depreciation		<u>(83,242)</u>	
Total reconciling items		<u>61,690</u>	
Change in net assets		<u>\$ 1,225,544</u>	

HENDERSON COUNTY, NORTH CAROLINA

**CANE CREEK WATER AND SEWER DISTRICT FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2008**

	Budget	Actual	Variance Over/Under
Revenues:			
Operating revenues	\$ 1,047,833	\$ 1,163,657	\$ 115,824
Nonoperating revenues:			
Miscellaneous revenue	300,000	300,000	-
Interest income	-	175,922	-
Total revenues	1,347,833	1,639,579	291,746
Expenditures:			
Water and sewer administration:			
Operating expenditures	667,632	303,096	-
Capital outlay	36,029	152,428	-
Total expenditures	703,661	455,524	248,137
Debt Service:			
Interest paid	108,228	108,228	-
Principal retirement	317,800	317,800	-
Total debt service	426,028	426,028	-
Revenues over (under) expenditures	218,144	758,027	43,609
Other Financing Sources (Uses):			
Transfers out:			
To General Fund	218,144	270,772	(52,628)
Total other financing sources (uses)	218,144	270,772	(52,628)
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	487,255	\$ 487,255
Reconciliation of modified accrual basis to full accrual basis:			
Reconciling items:			
Capital contribution		721,353	
Capital outlay		152,428	
Payment of debt principal		317,800	
Depreciation		(360,247)	
Total reconciling items		831,334	
Change in net assets		\$ 1,318,589	

HENDERSON COUNTY, NORTH CAROLINA
JUSTICE ACADEMY SEWER FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2008

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Operating revenues	\$ 31,022	\$ 55,000	\$ 23,978
Nonoperating revenues:			
Interest income	-	19,449	19,449
Total revenues	31,022	74,449	43,427
Expenditures:			
Water and sewer administration:			
Operating expenditures	27,022	25,659	1,363
Capital outlay	4,000	-	4,000
Total expenditures	31,022	25,659	5,363
Revenues over (under) expenditures	\$ -	48,790	\$ 48,790
Reconciliation of modified accrual basis to full accrual basis:			
Reconciling items:			
Depreciation		(10,445)	
Change in net assets		\$ 38,345	



AGENCY FUNDS

Agency Funds are used to account for assets held by the County as an agent for individuals, private organizations, other governments and/or other funds.

Individual Fund Descriptions:

Social Services Fund - accounts for assets held by the Social Services Department for the benefit of certain individuals in the County.

Agriculture Fund – accounts for assets held by the County for the benefit of certain individuals in the County.

Flexible Spending Fund – accounts for assets held for County employees in accordance with provisions of Internal Revenue Code Section 125.

Fireman's Association Fund – accounts for assets held for the Fireman's Association.

Recreational Sponsorship Fund – accounts for funds generated from the sale of field advertising signs used for park facilities.

Land Development Fund – accounts for a percentage of subdivision guarantee improvement funds that are held for developers until the improvements are completed.

School Fines and Forfeitures Fund – accounts for fines and forfeitures collected by the court system and passed directly to the public school system as required by General Statute.

Motor Vehicle Tax Fund –accounts for the three percent interest on the first month of delinquent motor vehicle taxes that the County is required to remit to the North Carolina Department of Motor Vehicles

Other Agency Funds – accounts for miscellaneous funds held by the County for the benefit of others.



HENDERSON COUNTY, NORTH CAROLINA

**AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2008**

	<u>Balance July 1, 2007</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2008</u>
Social Services Fund:				
Assets:				
Cash and cash equivalents	\$ 17,105	\$ 154,748	\$ 140,938	\$ 30,915
Liabilities:				
Accounts payable	\$ 17,105	\$ 154,748	\$ 140,938	\$ 30,915
Agriculture Fund:				
Assets:				
Cash and accounts receivable	\$ 17,320	\$ 20,965	\$ 15,177	\$ 23,108
Liabilities:				
Intergovernmental payable	\$ 17,320	\$ 20,965	\$ 15,177	\$ 23,108
Flexible Spending Fund:				
Assets:				
Cash and accounts receivable	\$ 12,807	\$ 272,893	\$ 274,833	\$ 10,867
Liabilities:				
Intergovernmental payable	\$ 12,807	\$ 272,893	\$ 274,833	\$ 10,867
Fireman's Association Fund:				
Assets:				
Cash and accounts receivable	\$ 106,843	\$ 59,574	\$ 46,138	\$ 120,279
Liabilities:				
Intergovernmental payable	\$ 106,843	\$ 59,574	\$ 46,138	\$ 120,279
Recreation Sponsorship Fund:				
Assets:				
Cash and cash equivalents	\$ 37,196	\$ -	\$ -	\$ 37,196
Liabilities:				
Intergovernmental payable	\$ 37,196	\$ -	\$ -	\$ 37,196
Land Development Fund:				
Assets:				
Cash and cash equivalents	\$ 432,720	\$ 351,126	\$ 576,712	\$ 207,134
Liabilities:				
Intergovernmental payable	\$ 432,720	\$ 351,126	\$ 576,712	\$ 207,134

HENDERSON COUNTY, NORTH CAROLINA

AGENCY FUNDS

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2008**

	<u>Balance July 1, 2007</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2008</u>
School Fines & Forfeitures Fund				
Assets:				
Cash and cash equivalents	\$ <u>-</u>	\$ <u>897,339</u>	\$ <u>897,339</u>	\$ <u>-</u>
Liabilities:				
Intergovernmental payable	\$ <u>-</u>	\$ <u>897,339</u>	\$ <u>897,339</u>	\$ <u>-</u>
Motor Vehicle Tax Fund:				
Assets:				
Cash and cash equivalents	\$ <u>3,823</u>	\$ <u>39,578</u>	\$ <u>39,893</u>	\$ <u>3,508</u>
Liabilities:				
Intergovernmental payable	\$ <u>3,823</u>	\$ <u>39,578</u>	\$ <u>39,893</u>	\$ <u>3,508</u>
Other Agency Funds:				
Assets:				
Cash and cash equivalents	\$ <u>186,095</u>	\$ <u>3,042,247</u>	\$ <u>2,986,029</u>	\$ <u>242,313</u>
Liabilities:				
Intergovernmental payable	\$ <u>186,095</u>	\$ <u>3,042,247</u>	\$ <u>2,986,029</u>	\$ <u>242,313</u>
Totals - All Agency Funds:				
Assets:				
Cash and receivables	\$ <u>813,909</u>	\$ <u>4,838,470</u>	\$ <u>4,977,059</u>	\$ <u>675,320</u>
Liabilities:				
Intergovernmental payable	\$ <u>813,909</u>	\$ <u>4,838,470</u>	\$ <u>4,977,059</u>	\$ <u>675,320</u>
Total liabilities	\$ <u>813,909</u>	\$ <u>4,838,470</u>	\$ <u>4,977,059</u>	\$ <u>675,320</u>

ADDITIONAL FINANCIAL DATA

This section contains additional information on taxes receivable, and the tax levy as of June 30, 2008.



HENDERSON COUNTY, NORTH CAROLINA**SCHEDULE OF AD VALOREM TAXES RECEIVABLE - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2008**

Fiscal Year	Uncollected Balance June 30, 2007	Additions	Collections and Credits	Uncollected Balance June 30, 2008
2007-2008		\$ 58,251,472	\$ 56,887,367	\$ 1,364,105
2006-2007	1,617,828		1,050,899	566,929
2005-2006	424,609	-	152,146	272,463
2004-2005	227,996	-	39,014	188,982
2003-2004	247,832	-	23,277	224,555
2002-2003	220,204	-	8,887	211,317
2001-2002	173,035	-	6,463	166,572
2000-2001	180,125	-	4,050	176,075
1999-2000	174,026	-	2,831	171,195
1998-1999	174,715	-	1,868	172,847
1997-1998	<u>126,485</u>	<u>-</u>	<u>126,485</u>	<u>-</u>
Totals	<u>\$ 3,566,855</u>	<u>\$ 58,251,472</u>	<u>\$ 58,303,287</u>	3,515,040
Less: allowance for uncollectible accounts: General Fund				<u>(1,678,700)</u>
Ad valorem taxes receivable net: General Fund				<u>\$ 1,836,340</u>
Reconciliation with Revenues:				
Ad valorem taxes - General Fund				\$ 58,210,259
Reconciling items:				
Penalties, interest and advertising				(398,730)
Tax refunds				360,240
Taxes written off and other				<u>131,518</u>
Total collections and credits				<u>\$ 58,303,287</u>

HENDERSON COUNTY, NORTH CAROLINA
**ANALYSIS OF CURRENT TAX LEVY
FOR THE YEAR ENDED JUNE 30, 2008**

	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	\$ 12,152,019,390	\$ 0.4620	\$ 56,241,545	\$ 53,419,983	\$ 2,821,562
Motor vehicles taxed at prior year's rate	344,163,190	0.5650	1,944,954	-	1,944,954
Total	<u>12,496,182,580</u>		<u>58,186,499</u>	<u>53,419,983</u>	<u>4,766,516</u>
Discoveries:					
Current year taxes	42,364,935	0.4620	195,726	195,726	-
Prior year taxes	10,977,735	0.5650	67,905	67,905	-
Penalties	-		73,333	73,333	-
Total	<u>53,342,670</u>		<u>336,964</u>	<u>336,964</u>	<u>-</u>
Abatements	(23,608,022)	0.4620	(271,991)	(167,315)	(104,676)
Total property valuation	<u>\$ 12,525,917,228</u>				
Net Levy			58,251,472	53,589,632	4,661,840
Uncollected taxes at June 30, 2008			<u>1,364,105</u>	<u>875,659</u>	<u>488,446</u>
Current Year's Taxes Collected			<u>\$ 56,887,367</u>	<u>\$ 52,713,973</u>	<u>\$ 4,173,394</u>
Current Levy Collection Percentage			<u>97.66%</u>	<u>98.37%</u>	<u>89.52%</u>

HENDERSON COUNTY, NORTH CAROLINA**ANALYSIS OF CURRENT TAX LEVY - COUNTY-WIDE LEVY
FOR THE YEAR ENDED JUNE 30, 2008**Secondary Market Disclosures:

Assessed Valuation:

Assessment ratio (1)	90.75%
Real Property	\$ 10,558,326,041
Personal Property	1,769,324,843
Public Service Companies (2)	<u>198,266,344</u>

Total Assessed Valuation	<u>\$ 12,525,917,228</u>
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Tax Rate per \$100	0.462
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Levy (includes discoveries, releases and abatements) (3)	\$ 58,251,472
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In addition to the County-wide rate, the following table lists the levies by the County on behalf of school districts and fire protection districts for the fiscal year ended June 30, 2008.

Fire Protection Districts	<u>6,100,422</u>
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Total	<u>\$ 64,351,894</u>
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(1) Percentage of appraised value has been established by statute
North

Carolina Property Tax Commission

(3) The levy includes interest and penalties

HENDERSON COUNTY, NORTH CAROLINA

DISCRETELY PRESENTED COMPONENT UNIT
HENDERSON COUNTY HOSPITAL CORPORATION
SCHEDULE OF REVENUES, EXPENDITURES -
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Operating revenues	\$ 126,247,306	\$ 127,992,932	\$ 1,745,626
Nonoperating revenues:			
Interest income	886,950	1,825,569	938,619
Miscellaneous income (expense)	<u>(750,000)</u>	<u>(141,705)</u>	<u>608,295</u>
Total revenues	<u>126,384,256</u>	<u>129,676,796</u>	<u>3,292,540</u>
Expenditures:			
Operating expenditures:			
Salaries and employee benefits	66,602,312	69,178,366	(2,576,054)
Operating expenditures	46,871,826	48,878,487	(2,006,661)
Depreciation and amortization	11,472,100	11,995,493	523,393
Total expenditures	<u>124,946,238</u>	<u>130,052,346</u>	<u>(4,059,322)</u>
Revenues over (under) expenditures	<u>1,438,018</u>	<u>(375,550)</u>	<u>7,351,862</u>
Individuals and others	1,524,149	1,599,364	75,215
Capital contributions	<u>-</u>	<u>88,225</u>	<u>88,225</u>
Net change in fund balance	<u>\$ 2,962,167</u>	<u>\$ 1,312,039</u>	<u>\$ 7,515,302</u>

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.



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

	Fiscal Year				
	2004	2005	2006	2007	2008
Governmental activities					
Invested in capital assets, net of related debt	\$ 25,056,708	\$ 15,631,980	\$ 17,886,041	\$ 25,994,918	\$ 42,917,076
Restricted	111,956	160,729	248,699	318,524	346,809
Unrestricted	<u>(26,291,897)</u>	<u>(10,545,164)</u>	<u>(13,350,654)</u>	<u>(12,992,312)</u>	<u>(26,932,658)</u>
Total governmental activities net assets	<u>\$ (1,123,233)</u>	<u>\$ 5,247,545</u>	<u>\$ 4,784,086</u>	<u>\$ 13,321,130</u>	<u>\$ 16,331,227</u>
Business-type activities					
Invested in capital assets, net of related debt	\$ 8,037,206	\$ 9,435,656	\$ 10,125,836	\$ 13,452,142	\$ 14,233,698
Unrestricted	<u>3,019,111</u>	<u>2,283,998</u>	<u>3,640,005</u>	<u>4,359,366</u>	<u>6,160,288</u>
Total business-type activities	<u>\$ 11,056,317</u>	<u>\$ 11,719,654</u>	<u>\$ 13,765,841</u>	<u>\$ 17,811,508</u>	<u>\$ 20,393,986</u>
Primary government					
Invested in capital assets, net of related debt	\$ 33,093,914	\$ 25,067,636	\$ 28,011,877	\$ 39,447,060	\$ 57,150,774
Restricted	111,956	160,729	248,699	318,524	346,809
Unrestricted	<u>(23,272,786)</u>	<u>(8,261,166)</u>	<u>(9,710,649)</u>	<u>(8,632,946)</u>	<u>(20,772,370)</u>
Total primary government net assets	<u>\$ 9,933,084</u>	<u>\$ 16,967,199</u>	<u>\$ 18,549,927</u>	<u>\$ 31,132,638</u>	<u>\$ 36,725,213</u>

Note: Accrual-basis financial information for the county government as a whole is available back to 2003 only, the year GASB Statement 34 was implemented. The decrease in capital assets net of related debt from FY2004 to FY2005 is due to the issuance of \$25.8 million in new debt in May of 2005. The significant increase in total net assets from FY2006 to FY2008 is primarily due to the investment in capital assets net of any related debt

Schedule 2
Henderson County
Changes in Net Assets,
Last Five Fiscal Years
(accrual basis of accounting)

	Fiscal Year				
	2004	2005	2006	2007	2008
Expenses					
Governmental activities:					
General government	\$ 9,636,247	\$ 11,407,380	\$ 20,754,875	\$ 20,711,316	\$ 20,573,746
Public safety	20,081,366	23,487,233	23,870,516	23,161,801	28,376,181
Environmental protection	368,585	744,817	2,777,434	745,597	715,577
Economic and physical development	3,333,981	3,187,593	2,931,244	3,303,513	2,939,542
Human Services	23,675,869	25,940,590	28,050,637	31,597,865	32,116,159
Cultural and recreation	3,075,883	3,452,018	3,730,608	2,709,515	3,712,969
Education	23,063,272	19,615,543	20,418,061	24,078,437	29,547,701
Interest on long term debt	2,442,078	1,746,726	2,705,438	4,804,820	4,847,599
Total governmental activities	<u>85,677,281</u>	<u>89,581,900</u>	<u>105,238,813</u>	<u>111,112,864</u>	<u>122,829,474</u>
Business-type activities:					
Landfill	3,438,021	3,691,541	3,976,161	4,065,503	3,992,430
Cane Creek water and sewer	1,370,401	393,788	475,168	658,003	771,571
Other business-type activities	29,892	27,937	35,548	31,816	36,104
Total business-type activities	<u>4,838,314</u>	<u>4,113,266</u>	<u>4,486,877</u>	<u>4,755,322</u>	<u>4,800,105</u>
Total primary government expenses	<u>\$ 90,515,595</u>	<u>\$ 93,695,166</u>	<u>\$ 109,725,690</u>	<u>\$ 115,868,186</u>	<u>\$ 127,629,579</u>
Program Revenues					
Governmental activities					
Charges for services:					
General government	\$ 2,709,280	\$ 721,329	\$ 1,368,663	\$ 663,299	\$ 737,144
Public safety	2,659,675	756,144	3,555,211	5,001,265	4,739,681
Environmental protection	-	-	-	-	-
Economic and physical development	1,861	1,442,614	2,322,570	1,604,882	1,652,472
Human services	234,235	2,750,650	2,210,820	2,450,968	2,518,859
Cultural and recreation	171,093	173,873	296,506	278,988	263,541
Education	-	-	-	-	-
Operating grants and contributions:					
General government	296,007	151,052	155,176	388,567	727,155
Public safety	822,301	857,396	528,181	1,000,900	1,901,716
Environmental protection	671,865	41,428	238,089	740,691	504,249
Economic and physical development	965,442	1,030,417	2,299,781	1,033,462	1,000,987
Human services	10,851,065	13,845,185	13,415,019	14,571,769	15,919,725
Cultural and recreation	257,747	302,857	275,240	272,054	260,165
Education	-	-	-	617,412	800,000
Capital grants and contributions:					
General Government	-	-	8,820	-	-
Cultural and recreation	-	-	49,600	-	-
Education	-	52,470	615,000	-	-
Total governmental activities program revenues	<u>19,640,571</u>	<u>22,125,415</u>	<u>27,338,676</u>	<u>28,624,257</u>	<u>31,025,694</u>
Business-type activities:					
Charges for services	5,913,784	5,126,857	5,468,857	5,897,199	6,026,980
Operating grants and contributions	232,124	1,108,124	961,565	498,756	534,877
Capital grants and contributions	266,112	140,870	130,383	2,261,002	721,353
Total business-type activities program revenues	<u>6,412,020</u>	<u>6,375,851</u>	<u>6,560,805</u>	<u>8,656,957</u>	<u>7,283,210</u>
Total primary government program revenues	<u>\$ 26,052,591</u>	<u>\$ 28,501,266</u>	<u>\$ 33,899,481</u>	<u>\$ 37,281,214</u>	<u>\$ 38,308,904</u>

Schedule 2
Henderson County
Changes in Net Assets,
Last Five Fiscal Years
(accrual basis of accounting)

	Fiscal Year				
	2004	2005	2006	2007	2008
Net (Expense)/Revenue					
Governmental activities	\$ (66,036,710)	\$ (67,456,485)	\$ (77,900,137)	\$ (82,488,607)	\$ (91,803,780)
Business-type activities	1,573,706	2,262,585	2,073,928	3,901,635	2,483,105
Total primary government net (expense)/revenue	<u>\$ (64,463,004)</u>	<u>\$ (65,193,900)</u>	<u>\$ (75,826,209)</u>	<u>\$ (78,586,972)</u>	<u>\$ (89,320,675)</u>
General Revenues and Other					
Changes in Net Assets					
Governmental activities:					
Property taxes	\$ 46,232,977	\$ 47,851,376	\$ 51,743,823	\$ 58,929,080	\$ 64,331,927
Local option sales tax	18,851,961	19,730,435	20,540,587	23,920,538	24,547,750
Other taxes and licenses	1,876,023	2,210,814	2,892,255	2,965,246	2,908,890
Grants and contributions not restricted	35,133	27,039	27,469	27,349	27,035
Investment earnings	147,447	750,138	1,463,391	3,602,951	2,780,131
Miscellaneous	1,448,034	1,601,486	524,079	1,368,999	-
Transfers	161,092	1,655,975	245,075	211,488	218,144
Total governmental activities:	<u>68,752,667</u>	<u>73,827,263</u>	<u>77,436,679</u>	<u>91,025,651</u>	<u>94,813,877</u>
Business-type activities:					
Investment earnings	31,948	50,903	217,882	355,520	317,517
Miscellaneous	3,209	5,824	-	-	-
Transfers	(161,092)	(1,655,975)	(245,075)	(211,488)	(218,144)
Total business-type activities	<u>(125,935)</u>	<u>(1,599,248)</u>	<u>(27,193)</u>	<u>144,032</u>	<u>99,373</u>
Total primary government	<u>\$ 68,626,732</u>	<u>\$ 72,228,015</u>	<u>\$ 77,409,486</u>	<u>\$ 91,169,683</u>	<u>\$ 94,913,250</u>
Change in Net Assets					
Governmental activities	\$ 2,715,957	\$ 6,370,778	\$ (463,459)	\$ 8,537,044	\$ 3,010,097
Business-type activities	1,447,771	663,337	2,046,187	4,045,667	2,582,478
Total primary government	<u>\$ 4,163,728</u>	<u>\$ 7,034,115</u>	<u>\$ 1,582,728</u>	<u>\$ 12,582,711</u>	<u>\$ 5,592,575</u>

Note: Accrual-basis financial information for the county government as a whole is available back to FY2003 only, the year GASB Statement 34 was implemented.

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

	Fiscal Year			
	1999	2000	2001	2002
General Fund				
Reserved for:				
State statute	\$ 6,566,497	\$ 7,013,754	\$ 5,434,612	\$ 4,952,611
Inventories	21,977	16,267	13,272	17,904
Prepaid items	-	30,800	29,950	47,545
Register of Deeds	-	-	-	38,384
Total reserved	<u>6,588,474</u>	<u>7,060,821</u>	<u>5,477,834</u>	<u>5,056,444</u>
Unreserved, designated for:				
Subsequent year's budget	-	-	780,000	709,882
Drug enforcement	-	-	-	-
Unreserved (deficit), undesignated:	<u>5,880,032</u>	<u>6,673,143</u>	<u>8,333,421</u>	<u>9,079,518</u>
Total General Fund	<u>\$ 12,468,506</u>	<u>\$ 13,733,964</u>	<u>\$ 14,591,255</u>	<u>\$ 14,845,844</u>
 All Other Governmental Funds				
Reserved for:				
State statute	\$ 86,962	\$ 176,275	\$ 203,242	\$ 110,951
Prepaid items	-	-	-	-
Unreserved (deficit), undesignated:				
Unreserved, reported in nonmajor:				
Special revenue and debt service funds	18,016	1,213,075	2,090,881	1,201,339
Capital projects funds	<u>-</u>	<u>12,081,287</u>	<u>14,543,896</u>	<u>12,568,693</u>
Total all other governmental funds	<u>\$ 104,978</u>	<u>\$ 13,470,637</u>	<u>\$ 16,838,019</u>	<u>\$ 13,880,983</u>

Fiscal Year					
2003	2004	2005	2006	2007	2008
\$ 4,809,834	\$ 7,118,014	\$ 6,085,013	\$ 7,542,377	\$ 8,972,465	\$ 9,257,898
16,191	11,649	18,295	14,998	16,333	14,386
46,190	46,310	67,145	56,110	53,335	98,803
129,243	111,956	160,729	248,699	318,524	346,809
<u>5,001,458</u>	<u>7,287,929</u>	<u>6,331,182</u>	<u>7,862,184</u>	<u>9,360,657</u>	<u>9,717,896</u>
486,606	400,000	-	515,000	1,841,778	2,352,740
-	-	-	-	99,126	26,996
<u>7,121,581</u>	<u>7,284,036</u>	<u>9,932,388</u>	<u>12,902,473</u>	<u>15,381,495</u>	<u>21,872,379</u>
<u>\$ 12,609,645</u>	<u>\$ 14,971,965</u>	<u>\$ 16,263,570</u>	<u>\$ 21,279,657</u>	<u>\$ 26,683,056</u>	<u>\$ 33,970,011</u>
\$ 78,814	\$ 64,047	\$ 159,701	\$ 401,060	\$ 153,693	\$ 273,611
-	-	-	-	5,986	-
363,424	590,310	781,540	942,744	2,663,109	4,127,851
<u>3,985,305</u>	<u>660,117</u>	<u>23,357,918</u>	<u>42,402,936</u>	<u>26,184,220</u>	<u>32,637,787</u>
<u>\$ 4,427,543</u>	<u>\$ 1,314,474</u>	<u>\$ 24,299,159</u>	<u>\$ 43,746,740</u>	<u>\$ 29,007,008</u>	<u>\$ 37,039,249</u>

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

	Fiscal Year				
	1999	2000	2001	2002	2003
Revenues					
Taxes:					
Property	\$ 34,074,822	\$ 36,782,190	\$ 38,768,924	\$ 41,249,794	\$ 42,631,095
Sales	12,601,801	13,631,076	14,090,618	14,716,365	14,836,112
Other	1,441,833	1,443,615	1,470,718	1,520,027	1,608,439
Total taxes	<u>48,118,456</u>	<u>51,856,881</u>	<u>54,330,260</u>	<u>57,486,186</u>	<u>59,075,646</u>
Intergovernmental	20,525,385	16,708,073	13,804,992	15,198,997	12,052,413
Permits and Fees	1,108,843	1,146,335	1,505,143	1,543,488	1,819,856
Sales and Services	2,731,214	2,545,073	3,084,165	3,542,269	3,773,924
Investment Earnings	376,994	1,070,633	1,662,326	622,764	339,493
Miscellaneous	1,055,270	926,138	817,928	939,081	948,094
Total Revenues	<u>73,916,162</u>	<u>74,253,133</u>	<u>75,204,814</u>	<u>79,332,785</u>	<u>78,009,426</u>
Expenditures					
General Government	6,042,236	6,280,986	6,898,418	6,909,525	8,114,877
Public Safety	14,000,715	14,913,621	16,415,826	18,364,897	14,392,284
Environmental Protection	174,308	181,201	229,879	231,064	251,016
Economic Development	3,556,130	2,111,060	2,547,010	2,298,912	2,378,287
Human Services	16,271,536	18,077,620	19,975,574	21,023,485	22,581,034
Culture and Recreation	2,876,745	2,419,121	2,681,466	2,720,848	2,841,095
Education	14,884,907	16,113,222	16,840,663	18,438,926	18,393,390
Capital Outlay	10,152,477	9,994,226	19,304,291	17,710,331	13,379,967
Debt Service:					
Principal	3,353,541	3,789,040	3,432,490	4,123,986	4,873,216
Interest	1,268,735	1,248,471	1,722,206	2,462,018	2,691,125
Total Expenditures	<u>72,581,330</u>	<u>75,128,568</u>	<u>90,047,823</u>	<u>94,283,992</u>	<u>89,896,291</u>
Excess of revenues over (under) expenditures	<u>1,334,832</u>	<u>(875,435)</u>	<u>(14,843,009)</u>	<u>(14,951,207)</u>	<u>(11,886,865)</u>
Other Financing Sources (Uses)					
Transfers in	2,573,597	3,671,327	1,797,338	2,530,116	3,339,914
Transfers out	(2,931,933)	(4,123,915)	(1,666,662)	(3,385,988)	(3,142,688)
Proceeds from certificates of participation	-	9,065,000	16,290,000	-	-
Bond Proceeds	18,570,000	-	-	-	-
Refunding bonds issued	(18,476,142)	-	-	-	-
Sale of capital assets	-	-	-	1,000,000	-
Proceeds from installment note	-	6,899,850	2,650,000	12,100,000	-
Total other financing sources (uses)	<u>(264,478)</u>	<u>15,512,262</u>	<u>19,070,676</u>	<u>12,244,128</u>	<u>197,226</u>
Net change in fund balances	<u>\$ 1,070,354</u>	<u>\$ 14,636,827</u>	<u>\$ 4,227,667</u>	<u>\$ (2,707,079)</u>	<u>\$ (11,689,639)</u>
Debt service as a percentage of noncapital expenditures	7.40%	7.73%	7.29%	8.60%	9.89%

Fiscal Year				
2004	2005	2006	2007	2008
\$ 46,232,977	\$ 47,851,376	\$ 52,074,680	\$ 58,637,892	\$ 64,439,584
18,851,961	19,730,435	20,540,587	22,661,455	23,380,137
1,876,023	2,210,814	2,892,255	2,752,039	2,646,547
<u>66,960,961</u>	<u>69,792,625</u>	<u>75,507,522</u>	<u>84,051,386</u>	<u>90,466,268</u>
13,899,560	16,307,844	18,472,353	18,113,945	19,838,087
1,810,064	1,945,291	2,081,006	2,295,267	2,555,970
3,966,080	3,899,319	5,909,591	7,500,403	7,395,847
147,743	558,999	1,463,391	3,602,951	2,780,131
1,448,034	1,566,357	2,945,274	3,925,450	2,732,901
<u>88,232,442</u>	<u>94,070,435</u>	<u>106,379,137</u>	<u>119,489,402</u>	<u>125,769,204</u>
8,710,370	9,569,567	10,166,052	11,479,942	12,090,414
15,629,184	22,169,007	23,090,778	23,989,110	27,503,940
368,585	744,817	2,777,434	725,323	715,577
2,799,098	3,250,597	2,901,890	3,235,715	2,900,510
23,452,151	25,769,902	27,968,583	31,276,781	31,776,627
3,047,538	3,308,167	3,529,766	3,561,998	3,618,956
19,191,870	19,770,627	20,418,061	22,038,249	22,745,069
9,211,337	6,069,945	24,539,541	23,222,119	29,413,988
4,498,477	4,888,061	5,587,776	7,680,164	7,535,472
2,442,078	1,746,726	2,808,404	4,702,820	4,640,599
<u>89,350,688</u>	<u>97,287,416</u>	<u>123,788,285</u>	<u>131,912,221</u>	<u>142,941,152</u>
<u>(1,118,246)</u>	<u>(3,216,981)</u>	<u>(17,409,148)</u>	<u>(12,422,819)</u>	<u>(17,171,948)</u>
1,946,650	3,742,448	1,060,357	1,077,587	2,540,801
(1,785,558)	(2,086,473)	(797,541)	(866,099)	(2,322,657)
-	25,837,296	41,610,000	-	-
205,949	-	-	-	-
-	-	-	-	-
5,000	-	-	-	-
-	-	-	2,875,000	32,273,000
<u>372,041</u>	<u>27,493,271</u>	<u>41,872,816</u>	<u>3,086,488</u>	<u>32,491,144</u>
\$ <u>(746,205)</u>	\$ <u>24,276,290</u>	\$ <u>24,463,668</u>	\$ <u>(9,336,331)</u>	\$ <u>15,319,196</u>
8.66%	7.27%	8.46%	11.39%	10.73%

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

Fiscal Year	Real Property			Present-use Value (1)	Personal Property
	Residential Property	Commercial Property	Industrial Property		
1999	\$ 3,342,220,520	\$ 542,463,690	\$ *	\$ 86,555,500	\$ 1,136,804,150
2000	4,123,166,820	939,191,400	*	95,958,510	1,280,253,281
2001	4,155,601,400	1,125,136,100	*	96,471,000	1,340,312,075
2002	4,312,158,328	956,913,679	199,250,268	102,544,235	1,468,210,940
2003	4,866,476,349	827,146,680	168,707,200	135,732,300	1,347,359,271
2004	5,938,575,453	984,707,640	186,990,000	175,533,400	1,304,635,023
2005	6,116,732,717	1,042,055,875	*	175,077,500	1,373,596,646
2006	6,300,234,699	1,103,108,886	*	176,733,520	1,406,919,730
2007 (5)	6,202,171,841	1,201,065,700	177,020,530	115,788,123	1,722,357,586
2008	9,117,452,386	1,287,653,289	*	153,220,366	1,769,324,843

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

Notes:

- (1) Present use value property is agricultural, horticultural and forestland for which the owner has applied for the property to be taxed at its present use. The difference in taxes on the present use basis and the taxes that would have been payable is a lien on the property and is deferred. The taxes become due if the property ceases to qualify for present use value. The preceding three fiscal years taxes are then required to be paid.
 - (2) Public service companies valuations are provided to the County by the North Carolina Department of Revenue. These amounts include both real and personal property.
 - (3) Per \$100 of value.
 - (4) The estimated market value is calculated by dividing the assessed value by an assessment-to-sales ratio determined by the N.C. Department of Revenue. The ratio is based on actual property sales which took place during the fiscal year. The ratio for the most recent year is not yet available.
 - (5) Property in Henderson County is reassessed every four years. The last reassessment was on January 1, 2007 and was the basis for FY2008 taxes.
- * Indicates valuation was included in Commercial Property Valuation

Public Service Companies (2)	Total Taxable Assessed Value	Total Direct Tax Rate (3)	Estimated Actual Taxable Value (4)
\$ 157,856,140	\$ 5,265,900,000	\$ 0.585	\$ 5,265,900,000
161,639,387	6,600,209,398	0.500	6,878,083,991
162,610,825	6,880,131,400	0.500	7,778,554,438
167,366,750	7,206,444,200	0.500	8,391,295,063
162,593,200	7,508,015,000	0.500	7,548,019,503
160,976,534	8,751,418,050	0.475	9,470,206,742
161,003,632	8,868,466,370	0.475	10,257,305,540
168,808,340	9,155,805,175	0.515	10,921,871,854
193,340,879	9,611,744,659	0.565	11,465,757,675
198,266,344	12,525,917,228	0.462	13,802,663,612

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

	Fiscal Year					
	1999	2000	2001	2002	2003	2004
Henderson County	\$ 0.585	\$ 0.500	\$ 0.500	\$ 0.500	\$ 0.500	\$ 0.475
<u>Municipality Rates:</u>						
Hendersonville	0.550	0.450	0.450	0.450	0.450	0.430
Laurel Park	0.360	0.310	0.310	0.310	0.310	0.300
Fletcher	0.250	0.250	0.250	0.250	0.270	0.250
Mills River	0.000	0.000	0.000	0.000	0.075	0.070
Flat Rock	0.000	0.000	0.000	0.000	0.000	0.000
Saluda	0.450	0.520	0.520	0.500	0.500	0.500
Downtown - Main Street	0.250	0.250	0.250	0.300	0.300	0.300
Downtown - Seventh Ave.	0.100	0.100	0.100	0.100	0.100	0.100
<u>Fire Districts:</u>						
Bat Cave	0.090	0.080	0.080	0.090	0.090	0.090
Blue Ridge	0.090	0.080	0.090	0.090	0.090	0.080
Dana	0.090	0.075	0.100	0.100	0.100	0.090
Edneyville	0.100	0.090	0.095	0.095	0.095	0.090
Etowah-Horse Shoe	0.070	0.073	0.073	0.073	0.080	0.075
Fletcher	0.085	0.080	0.105	0.095	0.095	0.095
Gerton	0.120	0.120	0.120	0.120	0.120	0.120
Green River	0.080	0.065	0.070	0.085	0.085	0.075
Mills River	0.070	0.060	0.065	0.065	0.065	0.060
Mountain Home	0.090	0.085	0.085	0.095	0.095	0.095
Saluda	0.070	0.070	0.070	0.090	0.090	0.090
Valley Hill	0.080	0.070	0.080	0.090	0.090	0.080
Valley Hill II	0.080	0.060	0.060	0.080	0.080	0.080

Source: Henderson County Tax Collector

Fiscal Year			
2005	2006	2007	2008
\$ 0.475	\$ 0.515	\$ 0.565	\$ 0.462

0.430	0.430	0.430	0.380
0.310	0.310	0.335	0.270
0.270	0.270	0.220	0.270
0.075	0.075	0.075	0.075
0.000	0.085	0.085	0.075
0.500	0.500	0.540	0.605
0.300	0.300	0.300	0.250
0.100	0.100	0.100	0.100

0.090	0.090	0.090	0.080
0.095	0.095	0.095	0.085
0.090	0.090	0.100	0.100
0.090	0.0925	0.095	0.085
0.075	0.085	0.085	0.080
0.095	0.095	0.095	0.095
0.115	0.115	0.115	0.115
0.075	0.075	0.075	0.060
0.065	0.065	0.065	0.065
0.105	0.105	0.105	0.095
0.090	0.090	0.090	0.075
0.080	0.080	0.080	0.070
0.080	0.080	0.080	0.070

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

Taxpayer	Type of Business	Fiscal Year 2008		
		Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Meritor Heavy Vehicle Systems	Truck axles	\$ 149,138,298	1	1.19%
Duke Energy	Electric utility	111,206,118	2	0.89%
Continental Teves, Inc.	Automobile brake systems	76,042,493	3	0.61%
UPM Raflatac, Inc.	Paper products	76,022,235	4	0.61%
Berkley Mills	Textiles	61,410,251	5	0.49%
BellSouth	Telephone utility	36,790,060	6	0.29%
General Electric Lighting Systems	Lighting systems	36,458,641	7	0.29%
Wilsonart International, Inc.	Laminate products	34,427,552	8	0.27%
Public Service Company of NC	Natural gas utility	28,772,931	9	0.23%
Borg-Warner Automotive Cooling	Automobile cooling systems	26,262,316	10	0.21%
Totals		\$ 636,530,895		5.08%

Source: Henderson County Assessor

* Information not available for taxpayer

Fiscal Year 1999			
	Assessed Valuation	Rank	Percentage of Total Assessed Valuation
\$	64,277,094	2	1.22%
	82,611,624	1	1.57%
	52,330,427	4	0.99%
	*		
	56,764,615	3	1.08%
	47,056,068	6	0.89%
	49,035,214	5	0.93%
	38,007,863	7	0.72%
	24,355,726	8	0.46%
\$	414,438,631		7.87%

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

Fiscal Year	Taxes Levied for the Fiscal Year		Adjustments	Total Adjusted Levy	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
	(Original Levy)				Amount	Percentage of Original Levy	
1999	\$ 30,856,156	\$	(35,782)	\$ 30,820,374	\$ 29,816,129	\$ 96.74%	\$ 831,419
2000	33,244,364		(71,691)	33,172,673	31,937,101	96.28%	1,064,377
2001	34,612,864		(138,710)	34,474,154	33,234,919	96.41%	1,063,160
2002	36,307,004		(222,388)	36,084,616	34,972,030	96.92%	946,014
2003	37,683,586		(89,150)	37,594,436	36,389,317	96.79%	993,802
2004	41,378,068		210,365	41,588,433	40,302,593	96.91%	1,061,285
2005	42,241,452		51,043	42,292,495	41,166,934	97.34%	936,579
2006	46,981,907		229,493	47,211,400	45,835,220	97.09%	1,103,717
2007	54,697,004		(357,661)	54,339,343	52,721,515	97.02%	1,050,899
2008	58,186,499		64,973	58,251,472	56,887,367	97.66%	-

Source: Henderson County Tax Collector

Total Collections to Date		
Amount	Percentage of Adjusted Levy	Uncollected
\$ 30,647,548	99.44%	\$ 172,826
33,001,478	99.48%	171,195
34,298,079	99.49%	176,075
35,918,044	99.54%	166,572
37,383,119	99.44%	211,317
41,363,878	99.46%	224,555
42,103,513	99.55%	188,982
46,938,937	99.42%	272,463
53,772,414	98.96%	566,929
56,887,367	97.66%	1,364,105
		<u>\$ 3,515,019</u>

Schedule 9
Henderson County
Ratios of Outstanding Debt by Type,
Last Ten Fiscal Years
(dollars in thousands, except per capita)

Fiscal Year	Governmental Activities				Business-Type Activities	
	General Obligation Bonds	Certificates of Participation	Installment Loans	Other	General Obligation Bonds	Installment Loans
1999	\$ 21,115,000	\$ -	\$ 2,051,871	\$ 1,803,453	\$ 1,365,000	\$ 69,941
2000	19,015,000	8,610,000	7,645,121	1,613,133	1,342,000	23,851
2001	16,895,000	24,445,000	9,441,189	1,167,635	1,318,000	-
2002	14,775,000	23,175,000	20,814,486	796,680	1,293,000	-
2003	12,690,000	21,905,000	19,598,121	1,352,317	1,266,000	-
2004	10,645,000	20,635,000	18,415,037	1,425,550	1,238,000	-
2005	8,640,000	45,240,000	16,751,301	1,054,197	1,209,000	-
2006	6,680,000	84,950,000	15,473,676	532,952	1,178,000	-
2007	4,760,000	81,485,000	16,983,567	323,466	-	3,019,100
2008	2,885,000	77,780,000	47,445,041	187,581	-	2,701,300

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. Calendar year 2007 personal income not available to calculate FY2008.

Total Primary Government		Per Capita (1)	Percentage of Personal Income (1)
\$	26,405,265	\$ 307	1.18%
	38,249,105	437	1.65%
	53,266,824	594	2.14%
	60,854,166	666	2.40%
	56,811,438	612	2.24%
	52,358,587	554	2.02%
	72,894,498	758	2.65%
	108,814,628	1,113	3.70%
	106,571,133	1,065	3.33%
	130,998,922	1,283	*

Schedule 10
Henderson County
Ratios of General Bonded Debt Outstanding,
Last Ten Fiscal Years
(dollars in thousands, except per capita)

Fiscal Year	General Bonded Debt Outstanding			Percentage of Personal Income(1)	Percentage of Actual Taxable Value of Property(2)	Per Capita(1)
	General Obligation Bonds	Less: Amounts Restricted to Repaying Principal	Total			
1999	\$ 22,480,000	\$ 2,123,000	\$ 20,357,000	0.91%	0.39%	\$ 237
2000	20,357,000	2,044,000	18,313,000	0.79%	0.28%	209
2001	18,213,000	2,145,000	16,068,000	0.65%	0.23%	179
2002	16,068,000	2,112,000	13,956,000	0.55%	0.19%	153
2003	13,956,000	2,073,000	11,883,000	0.47%	0.16%	128
2004	11,883,000	2,034,000	9,849,000	0.38%	0.11%	104
2005	9,849,000	1,991,000	7,858,000	0.29%	0.09%	82
2006	7,858,000	1,952,000	5,906,000	0.20%	0.06%	60
2007	4,760,000	1,875,000	2,885,000	0.09%	0.03%	29
2008	2,885,000	1,825,000	1,060,000	*	0.01%	10

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. Calendar 2007 personal income not available to calculate fiscal year 2008.

(2) See Schedule 5 for property valuation data.

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

	Fiscal Year			
	1999	2000	2001	2002
Assessed Value of Property	\$ 5,265,900	\$ 6,600,209	\$ 6,880,131	\$ 7,206,444
Debt Limit, 8% of Assessed Value (Statutory Limitation)	421,272	528,017	550,410	576,516
Amount of Debt Applicable to Limit:				
Gross debt	26,405	38,249	53,267	60,854
Less: Debt outstanding for water and sewer purposes	1,365	1,342	1,318	1,293
Total net debt applicable to limit	25,040	36,907	51,949	59,561
Legal Debt Margin	<u>\$ 396,232</u>	<u>\$ 491,110</u>	<u>\$ 498,461</u>	<u>\$ 516,955</u>
Total net debt applicable to the limit as a percentage of debt limit	5.94%	6.99%	9.44%	10.33%

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.

Fiscal Year					
2003	2004	2005	2006	2007	2008
\$ 7,508,015	\$ 8,751,418	\$ 8,868,466	\$ 9,155,805	\$ 9,611,745	\$ 12,525,917
600,641	700,113	709,477	732,464	768,940	1,002,073
56,811	52,359	72,894	108,815	106,571	130,998
1,266	1,238	1,209	1,178	3,019	2,701
55,545	51,121	71,685	107,637	103,552	128,297
\$ 545,096	\$ 648,992	\$ 637,792	\$ 624,827	\$ 665,388	\$ 873,776
9.25%	7.30%	10.10%	14.70%	13.47%	12.80%

Schedule 12
Henderson County
Direct and Overlapping Governmental Activities Debt
As of June 30, 2008
(dollars in thousands)

<u>Governmental Unit</u>	<u>Net General Bonded Debt</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
Direct			
Debt repaid with property taxes: County	\$ 2,885,000	100.00%	\$ 2,885,000
Overlapping:			
City of Hendersonville	810,000	100.00%	<u>810,000</u>
Total direct and overlapping debt			<u><u>\$ 3,695,000</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)
1999	85,933	\$ 2,230,756	\$ 25,934	11,251	2.60%	29,016
2000	87,621	2,325,154	26,475	11,215	2.40%	29,067
2001	89,680	2,487,683	27,752	11,257	3.00%	29,858
2002	91,416	2,540,130	27,923	11,610	4.40%	31,433
2003	92,856	2,536,341	27,469	11,574	5.20%	29,223
2004	94,538	2,592,505	27,689	11,918	4.90%	33,554
2005	96,158	2,751,038	28,958	12,292	4.20%	35,835
2006	97,792	2,939,450	30,440	12,578	4.20%	34,795
2007	100,107	3,197,591	32,431	12,792	3.60%	36,680
2008	102,142	*	*	12,887	4.70%	39,544

Notes:

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

* Information not yet available.

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

Employer	2008			1999		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Henderson County Public Schools	1865	1	3.99%	1350	1	3.51%
Margaret R. Pardee Hospital	1141	2	2.44%	1070	2	2.78%
Park Ridge Hospital	1050	3	2.25%	400	8	1.04%
Henderson County	738	4	1.58%	563	6	1.46%
Wilsonart International, Inc.	697	5	1.49%	850	4	2.21%
Ingles	674	6	1.44%	200	9	0.52%
General Electric Lighting Systems	520	7	1.11%	1000	3	2.60%
Wal-Mart Associates Inc.	500	8	1.07%	475	7	1.23%
Meritor Heavy Vehicle Systems	485	9	1.04%	670	5	1.74%
UPM Raflatac, Inc.	348	10	0.74%	*		

* Information not available for employer

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

Function/Program	Full-time Equivalent Employees as of June 30				
	1999	2000	2001	2002	2003
General government	77	77	83	87	88
Public safety	188	193	210	220	223
Environmental protection	23	21	22	22	22
Economic and physical development	29	20	21	18	19
Human Services	200	218	233	232	236
Cultural and recreation	46	40	47	47	46
Total	<u>563</u>	<u>569 0</u>	<u>616</u>	<u>626</u>	<u>634</u>

Source: Human Resources Department

Note: This schedule represents number of persons employed as of June 30 of each year. Vacant positions are not included in the above numbers. Full time personnel work 2,088 hours per year (less vacation and sick leave). For purposes of this schedule the number of part time employees has been divided by 2.5 to arrive at has been divided by 2.5 to arrive at the full time equivalents.

Full-time Equivalent Employees as of June 30

2004	2005	2006	2007	2008
89	93	97	103	104
228	236	258	271	265
22	22	23	23	21
20	21	21	21	22
239	251	263	273	272
49	48	50	50	54
<u>647</u>	<u>671</u>	<u>712</u>	<u>741</u>	<u>738</u>

Schedule 16
Henderson County
Operating Indicators by Function
Last Ten Fiscal Years

Function	Fiscal Year				
	1999	2000	2001	2002	2003
<u>General Government</u>					
# of Registered Voters	59,204	62,204	66,292	66,670	66,815
<u>Public Safety</u>					
# of building permits issued	4,561	4,309	4,496	4,219	4,112
# of calls dispatched	59,611	61,882	64,931	68,494	72,343
<u>Human Services</u>					
# of food & lodging sites inspected	1,452	1,513	1,556	1,586	1,605
# of Health clients served	8,895	9,944	9,056	8,763	9,187
<u>Economic and Physical Development</u>					
Number of major subdivision plan reviews	20	23	22	21	20
<u>Cultural and Recreation</u>					
Library book circulation	797,459	834,198	892,773	953,250	796,843
<u>Education</u>					
Total \$ spent per ADM	\$ 1,509	\$ 1,512	\$ 1,610	\$ 1,788	\$ 1,860
<u>Enterprise Fund - Landfill</u>					
Solid waste generated # tons/day	125	149	175	237	230

Sources: Calendar year data for various governmental and business-type functions.

Note: During fiscal year 2003 a change was made in the methodology of counting circulations in the public library. Health client totals do not include Foreign Travel services. The decline in the # of food & lodging site inspections for 2008 is due to a new State requirement that inspections can occur 2-4 times instead of 4 annually based on the site's food process. The number of calls dispatched is up considerably in 2008 from calls dispatched to the Sheriff's Dept.

Fiscal Year				
2004	2005	2006	2007	2008
70,558	67,992	70,510	71,431	74,823
4,040	4,158	4,433	4,014	4,990
84,727	87,875	88,884	103,320	133,644
1,686	1,654	1,701	1,745	1,461
9,477	9,503	9,317	9,038	9,580
22	36	44	50	29
785,999	818,842	916,649	916,000	955,000
1,850 \$	1,820 \$	1,920 \$	2,151 \$	2,286
310	280	343	314	255

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

Function	Fiscal Year				
	1999	2000	2001	2002	2003
<u>Public Safety</u>					
Sheriff's Department:					
Stations	1	1	1	1	1
Patrol vehicles	N/A	115	113	117	117
<u>Cultural and Recreation</u>					
Park Acreage	305	305	305	305	305
Parks	7	7	7	7	7
Ballfields and courts	27	27	27	27	27
Libraries	5	5	5	5	5

Sources: Various County Departments

Fiscal Year				
2004	2005	2006	2007	2008
1	1	1	1	1
121	124	130	130	136
305	305	320	320	320
7	7	7	7	7
27	27	31	31	31
5	6	6	6	6

