COMPREHENSIVE ANNUAL FINANCIAL REPORT

CITY OF HENDERSON

HENDERSON, NORTH CAROLINA

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Prepared by the City of Henderson Finance Department

Finance Director
Sandra Wilkerson

CITY OF HENDERSON
TABLE OF CONTENTS
JUNE 30, 2011

Exhibits		Page
	Introductory Section:	
	Letter of Transmittal	a-g
	Organization Chart	h
	Elected Officials	i
	Financial Section:	
	Independent Auditor's Report	1
	Management's Discussion and Analysis	3-12
	Basic Financial Statements:	
	Government-wide Financial Statements:	
1	Statement of Net Assets	13
2	Statement of Activities	14
	Fund Financial Statements:	
3	Balance Sheet – Governmental Funds	15
4	Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	16
	Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	17
5	Statement of Revenues, Expenditures, and Changes in Fund Balances – Annual Budget and Actual – General Fund	18
6	Statement of Fund Net Assets – Proprietary Funds	19
7	Statement of Revenues, Expenses, and Changes in Fund Net Assets – Proprietary Funds	20
8	Statement of Cash Flows – Proprietary Funds	21-22
9	Statement of Fiduciary Net Assets	23
10	Statement of Changes in Net Assets – Fiduciary Funds	24

CITY OF HENDERSON
TABLE OF CONTENTS
JUNE 30, 2011

Exhibit		Page
	Notes to the Financial Statements	25-54
	Required Supplemental Financial Data:	
11	Law Enforcement Officers' Special Separation Allowance – Schedule of Funding Progress	55
	Law Enforcement Officers' Special Separation Allowance – Schedule of Employer Contributions	56
	Law Enforcement Officers' Special Separation Allowance- Notes to the Required Schedules	56
12	Other Postemployment Benefits – Schedule of Funding Progress	57
	Other Postemployment Benefits – Schedule of Employer Contributions	58
	Other Postemployment Benefits – Notes to the Required Schedules	58

Statements/Schedules

Individual Fund Statements and Schedules

Schedule 1	Schedules of Revenues, Expenditures, and Changes in Fund Balance General Fund – Budget and Actual--General Fund	59-62
Schedule 2	Combining Balance Sheet – Non-major Governmental Funds	63-64
Schedule 3	Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Non-major Governmental Funds	65-66
Schedule 4	Schedules of Revenues, Expenditures, and Changes in Fund Balances -Budget and Actual—Bureau of Justice Grant 03	67
Schedule 5	Schedules of Revenue, Expenditures, and Changes in Fund Balances-Budget and Actual—Recycling Project Grant	68
Schedule 6	Schedules of Revenue, Expenditures, and Changes in Fund Balances-Budget and Actual— Governor's Crime Commission – COPS Grant	69
Schedule 7	Schedules of Revenue, Expenditures, and Changes in Fund Balances-Budget and Actual— David Street Project	70
Schedule 8	Schedule of Revenue, Expenditures, and Changes in Fund Balances-Budget and Actual— Cary Chapel Crossing Project	71
Schedule 9	Schedules of Revenue, Expenditures, and Changes in Fund Balances-Budget and Actual— Governor's Crime Commission Grants	72

CITY OF HENDERSON
TABLE OF CONTENTS
JUNE 30, 2011

Statements/Schedules		Page
Schedule 10	Schedules of Revenue, Expenditures, and Changes in Fund Balances-Budget and Actual— 2010 Community Revi Initiative Grant	73
Schedule 11	Schedules of Revenue, Expenditures, and Changes in Fund Balances-Budget and Actual—NCDOT Governor's Highway Safety Grant	74
Schedule 12	Schedules of Revenue, Expenditures, and Changes in Fund Balances-Budget and Actual—Governor's Crime Commission Viper Radio Grant	75
Schedule 13	Schedules of Revenue, Expenditures, and Changes in Fund Balances-Budget and Actual— Bureau of Justice Recovery Grant	76
Schedule 14	Schedules of Revenue, Expenditures, and Changes in Fund Balances-Budget and Actual—Bureau of Justice – JAG Grant	77
Schedule 15	Schedules of Revenue, Expenditures, and Changes in Fund Balances-Budget and Actual—2010 BJA Grant	78
Schedule 16	Schedules of Revenue, Expenditures, and Changes in Fund Balances-Budget and Actual—Capital Reserve Fund - General	79
Schedule 17	Schedules of Revenue, Expenditures, and Changes in Fund Balances-Budget and Actual—General-Capital Project Fund	80-81
Schedule 18	Schedules of Revenue, Expenditures, and Changes in Fund Balances-Budget and Actual—Powell Bill-Capital Project Fund	82
Schedule 19	Schedules of Revenue, Expenditures, and Changes in Fund Balances-Budget and Actual—Elmwood Cemetery-Permanent Fund	83
Schedule 20	Schedules of Revenue and Expenditures-Budget and Actual— (Non-GAAP): Water Fund	84-86
Schedule 21	Schedules of Revenue and Expenditures-Budget and Actual— (Non-GAAP): Sewer Fund	87-89
Schedule 22	Schedules of Revenue and Expenditures-Budget and Actual— (Non-GAAP): Regional Water System Fund	90-91
Schedule 23	Schedules of Revenue and Expenditures-Budget and Actual— (Non-GAAP): Water-Capital Projects	92
Schedule 24	Schedules of Revenue and Expenditures-Budget and Actual— (Non-GAAP): Regional Water System-Capital Projects	93
Schedule 25	Schedules of Revenue and Expenditures-Budget and Actual— (Non-GAAP): Sewer-Capital Projects	94

CITY OF HENDERSON
TABLE OF CONTENTS
JUNE 30, 2011

Statements/Schedules		Page
Schedule 26	Schedules of Revenue and Expenditures-Budget and Actual—(Non-GAAP): Capital Reserve Utilities Fund	95
Schedule 27	Schedules of Revenue and Expenditures-Budget and Actual—(Non-GAAP): Capital Reserve Fund-Regional COE	96
Schedule 28	Schedules of Revenue and Expenditures-Budget and Actual—(Non-GAAP): Capital Reserve Fund-Regional 20MGD	97
Schedule 29	Schedules of Revenue and Expenditures-Budget and Actual—(Non-GAAP): Capital Reserve Fund-Regional	98
Schedule 30	Schedule of Ad Valorem Taxes Receivable	99
Schedule 31	Analysis of Current Tax Levy – City-Wide Levy	100

Tables

Statistical Section:

1	Net Assets by Component	101
2	Changes in Net Assets	102-103
3	Fund Balances- Governmental Funds	104
4	Changes in Fund Balances, Governmental Funds	105-106
5	Assessed Value of Taxable Property	107
6	Property Tax Rates-Direct and Overlapping Governments	108
7	Principal Property Taxpayers	109
8	Property Tax Levies and Collections	110
9	Ratio of Outstanding Debt by Type	111
10	Ratio of General Obligation Bonded Debt	112
11	Direct and Overlapping Governmental Activities Debt	113
12	Computation of Legal Debt Margin	114
13	Demographic Statistics	115
14	Ten Largest Employers	116
15	Number of Government Employees	117

CITY OF HENDERSON
TABLE OF CONTENTS
JUNE 30, 2011

Compliance Section:

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Governmental Auditing Standards*	118-119
Report on Compliance with Requirements Applicable to Each Major Federal Program and Internal Control Over Compliance in Accordance with OMB Circular A-133 and the State Single Audit Implementation Act	120-121
Report on Compliance with Requirements Applicable to Each Major State Program and Internal Control Over Compliance in Accordance with Applicable sections of OMB Circular A-133 and the State Single Audit Implementation Act	122-123

Statements/Schedules		Page
32	Schedule of Findings and Questioned Costs	124-126
33	Schedule of Expenditures of Federal and State Awards	127

Introductory Section

January 18, 2012

To the Honorable Mayor James D. O'Geary and Members of the City Council
and Citizens of the City of Henderson
Henderson, North Carolina

We are pleased to present the Comprehensive Annual Financial Report (CAFR) to the City of Henderson, for the fiscal year ended June 30, 2011. The financial statements and supplemental schedules contained herein have been audited by the independent certified public accounting firm of Phillips, Dorsey, Thomas, Waters & Brafford, P.A. and their unqualified opinion is included in the general financial statements. However, this report is presented by the City, who is responsible for the accuracy of the data as well as the completeness and fairness of its presentation, including all disclosures. We believe the data, as presented, is accurate in all material aspects; that it is presented in a manner designed to fairly set forth the financial position and results of operations of the City as measured by the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain the maximum understanding of the City's financial affairs have been included.

The Comprehensive Annual Financial Report is presented in four (4) principal sections: Introductory, Financial, Statistical and Compliance Sections. The Introductory Section contains this letter of transmittal and provides a brief overview of the objectives of the report, the operations and organization of the City, a list of principal officials and a copy of the Certificate of Achievement for Excellence in Financial Reporting. The Financial Section includes the independent auditor's report, combined financial statements, notes to the financial statements and more detailed individual fund statements and schedules. Also included directly behind the auditor's report is a Management's Discussion and Analysis (MD&A) letter which gives a quick overview of the City's overall financial condition. Unlike the transmittal letter, the MD&A is audited. Readers should refer to the MD&A as an additional tool to better analyze the financial condition of the City. The auditor's report, combined statements, and the notes are often issued separately for securities offerings or widespread distribution and are frequently referred to as "liftable" financial statements. The Statistical Section includes selected financial and economic data designed to provide a more complete understanding of the City. Many tables in this section present financial data for the past ten (10) years. Finally, the Compliance Section includes the independent certified public accountants' report on internal control and compliance with laws and regulations. All schedules and exhibits necessary to satisfy the requirements of the Single Audit regulations are also included in this section.

This report includes all the funds of the City and incorporates all activities that are controlled by, or dependent upon, the City's executive or legislative branches. Control by, or dependence on the City, was determined on the basis of budget adoption, taxing authority, outstanding debt secured by revenues or general obligations of the City, obligations of the City to finance any deficits that may occur, or receipt of significant subsidies from the City.

Summary Profile of the City of Henderson

Henderson was founded by the William Reavis family in 1811 when a store and residence was constructed. Some 29 years later, in 1840, the Raleigh and Gaston Railroad Company established a depot here and the Henderson community was incorporated as a City by an act of the General Assembly in 1841.

Henderson encompasses approximately 10 square miles and is the county seat of Vance County. Located just 20 miles south of the Virginia/North Carolina line in the North Central Piedmont Region of the State, the city is also located on the Southeastern tip of Kerr Lake. The towns of Kittrell and Middleburg are the only other incorporated municipalities within the County. Henderson is the largest city within the five county region consisting of Franklin, Granville, Person, Vance and Warren counties. As a prominent *gateway* into North Carolina from Virginia, Henderson is in proximity to the following major metropolitan areas:

Raleigh	50 minutes, 45 miles
Durham	45 minutes, 40 miles
Research Triangle Park (RTP)	45 minutes, 45 miles
Chapel Hill	55 minutes, 50 miles
Greensboro	80 minutes, 70 miles

The North Central Piedmont climate is relatively mild with moderate winters and warm summers. The area's annual mean temperature is 59.7 degrees F with temperatures averaging 42 degrees F in January and 78.3 F in June. The average annual precipitation is 47.67 inches, including an average snowfall of 2.5 inches. Henderson is located within the Roanoke River and Tar River basins and is at an elevation of approximately 509 feet above sea level.

The city's population increased steadily through the early 2000's; however, the 2010 Federal Decennial Census revealed a loss of population. This is attributed to the impacts of the Recession and loss of the textile manufacturing base.

1970	1980	1990	2000	2010
13,896	13,522	15,761	16,095	15,368

Form of Government

The City has utilized the Council-Manager form of government since 1966. The Mayor and eight (8) members of City Council are elected on a non-partisan basis for two-year terms. Henderson is divided into four (4) wards and two Council Members are elected from each ward

as follows: one (1) at-large and one (1) at-ward. The City will begin its conversion to four-year staggered terms concurrent with the Council elections scheduled for May 2012.

The Mayor and Council Members, or governing body, are responsible for the legislative affairs of the City by way of establishing policies, enacting Ordinances and Resolutions, as well as the *Annual Operating and Capital Budget* and the *Strategic Plan.* The City Council meets on the second and fourth Mondays of each month in order to conduct the business of the City.

The City Manager is appointed by the City Council and serves at its pleasure. The position is appointed on a merit-basis and serves as the City's chief executive officer. The City Manager is responsible for providing recommendations to the Mayor and City Council on policy matters, implementing such policies and laws as adopted by them, and providing leadership and management oversight for the day-to-day operations of the various departments, agencies and services provided to citizens and customers.

The City Council also appoints the City Attorney and City Clerk. The City Attorney serves at the pleasure of the Council and provides legal advice and guidance to the Council, prepares ordinances and defends the City as appropriate should litigation arise. The City Clerk serves as the official *Keeper of the Records* of the City, transcribes the minutes of Council meetings and attests to the Mayor's signature on all official documents.

The City is empowered to levy a property tax on real and certain personal properties within its boundaries. It is also empowered to levy various fees and rates for services to its citizens and customers. North Carolina General Statues enable the City to extend its corporate limits via voluntary and/or involuntary annexation, which occurs periodically when deemed appropriate by the governing body.

The *Annual Strategic Plan*, reviewed and updated during an annual strategic planning session in January of each year and adopted in February of each year, provides for overall guidance in developing the *Annual Operating and Capital Budget*. The City Council develops key strategic objectives and action plans that identify its top priorities. City Administration develops the recommended budget with these key strategic objectives in mind.

The *Annual Operating and Capital Budget* serves as the foundation of the City's financial planning and control. The City Council is required to hold a public hearing on the City Manager's recommended budget and to adopt a final budget no later than 30 June of each year, the end of the City's fiscal year. The final, or appropriated, budget is prepared by fund function and department: for example, General Fund—Police Department. The City Manager is authorized to approve certain transfers within departments and within funds; however, transfers from contingency and reserve accounts and between funds, and amendments increasing and/or decreasing initial fund appropriations requires the approval of the governing body.

Henderson is a *full service* city providing police, fire, water treatment and distribution, sanitary sewer collection and treatment, street maintenance, engineering, household sanitation services, including recycling, garage and fleet services, planning and community development, code compliance and general administration, finance and human resources. Additionally,

Henderson and Vance County have formed collaborative partnerships to provide several jointly funded services for all citizens of Henderson and Vance County. The joint services include: economic development, E-911 emergency services, parks and recreation, tax billing and collection, election board services and public library. Henderson also participates in a collaborative partnership with the City of Oxford and County of Warren in the Kerr Lake Regional Water System. Henderson is the majority owner (60%) and the City of Oxford and County of Warren each own a 20% share in the facility. Henderson is responsible for operating the facility. The Regional Water System partners, through their distribution systems and water sales contracts to other entities provide potable water service to the following jurisdictions, in whole or part: Henderson, Kittrell, Vance County, Franklin County, Oxford, Stem, Stovall, Granville County, Warren County, Warrenton, Norlina and Northampton County.

Economic Conditions and Outlook

The City is home to nearly 1,000 businesses, including approximately 12 manufacturers, 240 retailers and 250 service businesses. Six major banks and several credit unions are also located within the area. Major manufacturing products include home furnishings, glass, pet food, sleeping bags and tents, and solar panels. Four major distribution facilities exist in the area, along with several smaller ones. Henderson's location is in the geographic center of Vance County and bisected by I-85 and U.S. Hwy 1, making it an excellent location for manufacturing and distribution.

Henderson and Vance County have been hit hard by the double impacts of the Great Recession and the loss of traditional agricultural and textile jobs over the past decade. In response to this reality, the City Council and Vance County Commissioners established a joint economic development program in July 2009.

Per capita income (PCI) data is not available for the city; however, data is available for the county which includes the city. In 2000, PCI for Henderson/Vance was $21,672 when compared to the state's $27,914 and the US $30,318. In 2009, the most recent year for which data is available, Henderson/Vance is $30,236, the state is $34,879 and the US is $39,635.

The Henderson—Vance County Economic Development Commission is charged with the responsibility of implementing the region's economic development strategy with various partners including the NC Department of Commerce, various public and private utility providers, other governmental entities, etc. Of significance is the recent development of the Triangle North Business Park. This is a multi-jurisdiction economic development effort that provides for the sharing of ad valorem tax revenues between the Triangle North partners of Vance, Warren, Granville and Franklin counties. This innovative partnership, enabled by State legislation, has the effect of removing political boundaries and enables a true, effective regional economic development partnership.

The proximity of this region to the Research Triangle Park situated between Raleigh and Durham on I-40, abundant water resources and I-85 access allows for the Triangle North partnership to engage in economic development recruiting in a significant way. The recent announcement of *Semprius*, a high-tech solar panel manufacturer that will locate in the Vance

Triangle North Business Park, affirms the visionary leadership to establish the Triangle North partnership parks and will provide 250 high paying jobs to the area's residents.

Tourism plays a major role in the region's economy. The Vance County Tourism Office manages various events including *Shag, Shine and Dine*, a major classic cars event in October and fishing tournaments at Kerr Lake.

Downtown redevelopment is well underway with the conversion of vacant upper floors in buildings facing Garnett Street, downtown's *main street.* Twelve apartments have been constructed, and twelve are currently under construction, thanks to the receipt of $2M in HUD Hope VI Main Street grant funding and partnerships with various downtown property owners. Additionally, Henderson is actively pursuing a rail passenger station. The Southeast High Speed Rail line will be built along the rail right-of-way bisecting Henderson. Planning for this major transportation initiative anticipates an initial two-daily stops in downtown. The return of rail passenger service with high speed rail is considered to be a long-term economic development tool with impacts similar to those realized subsequent to the construction of I-85 along the city's northern and western boundaries.

The first quarter of FY12 is beginning to show initial signs of economic recovery. Sales tax revenues are now exceeding budget estimates and are near 2008 levels. Unemployment, while high, is lower than it has been for the past year. The recent announcements of the Semprius' location in Vance Triangle North Business Park, Sheetz and Big Lots as well as expansions at Vescom, ACS and Pacific Coast Feathers have all served to provide for needed expansion of the economic base, creation of 520 new value-added jobs and have improved the outlook in the community for continued economic expansion in 2012. Finally, Maria Parham Medical Center, located in the city, has completed its merger with Duke-Lifepoint. This merger assures the continued viability of the local medical center and will provide expanded medical services and access to Duke Medical Center's services.

Long-Term Financial Planning

The City seeks to consistently maintain a strong financial position as evidenced by its bond rating of A2 (Moody's Investor Service). The governing body has approved conservative fiscal policies that provide for growth in the undesignated general fund balance and has been aggressive in its efforts with economic development efforts. It is felt these combined strategies will not only maintain the current bond rating, but will also help it improve over the coming years.

The City has recently approved a major 10-year Capital Improvements Plan for its utilities. Of major note will be expansion of the Regional Water Plant from 10mgd to 20mgd. Inter-basin permit review is underway; however, the new plant's expansion has been designed and approved. Construction is expected to commence in 2014 or early 2015. Additionally, the antiquated water reclamation facility will undergo a $16.5M renovation. Design engineering is underway and construction contracts are expected to be awarded in late 2012.

The governing body's goal is to restore its undesignated general fund balance to 30%. Significant progress has been made since 2005 when the fund balance dipped to dangerously low, unacceptable levels. The City Council does not appropriate undesignated fund balance for recurring expenses.

The City Council approved the FY 10-11 Budget on 14 June 2010. The total FY11 Budget, inclusive of all funds, was $29,635,923.

Major Initiatives

The City's fiscal year ending June 30, 2011 closed with numerous accomplishments and a variety of projects and programs well underway. Each of these initiatives, in one form or another, is designed to improve and expand the City's capabilities for serving its residents and customers.

- Privatization of household sanitation services, including conversion to containerized, curbside service and cemetery maintenance.
- Growth in the General Fund's unassigned fund balance of $1,983,708
- Completion of major update to 10-year utilities capital improvements plan
- No increase in the property tax rate
- Receipt of State loan/grant in the amount of $16.5M for renovations to water reclamation facility
- Initiated refunding of $9.1M 1999 utilities revenue bonds

For the Future

The FY11-12 Annual Operating and Capital Budget was approved by City Council on 13 June 2011. The FY12 Budget, inclusive of all funds, is $34,347,576. The new budget did not increase the property tax, but did provide for moderate increases in the water, sewer and sanitation rates. The FY11-12 operating budget is constrained due to the effects of the on-going Recession; however, it funds the continuation of current operational needs associated with the City's needs.

Awards and Acknowledgements

The City has participated in the Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting. GFOA recognizes governmental units that issue their comprehensive annual financial reports (CAFR) substantially in conformity with GAAP and all legal requirements. The City has received this award for its CAFR for the 2010 Report.

A Certificate of Achievement is valid for a period of only one year. We believe our current CAFR continues to meet the Certificate of Achievement Program's requirements and it will be submitted to the GFOA to determine eligibility for another certificate.

The preparation of this report has been accomplished by the City's Finance Department staff, with assistance from William L. Stark and Company, Inc., and the independent auditors, Phillips, Dorsey, Thomas, Waters & Brafford, PA. The contributions of all are invaluable and greatly appreciated.

It is also appropriate to thank the Mayor and Members of the City Council for improving the financial position of the City through their interest and support in planning and conducting the financial affairs of the City.

Respectfully submitted,

A. Ray Griffin, Jr.
City Manager

Judith W. Woods
Accounting Supervisor

ORGANIZATION CHART

City Clerk
Esther J. McCrackin

Mayor and City Council
Mayor James D. O'Geary
James C. Kearney, Sr.
Sara M. Coffey
Garry Daeke
Michael C. Inscoe
George M. Daye
Brenda G. Peace-Jenkins
Lonnie Davis, Jr.
D. Michael Rainey

City Attorney
John H. Zollicoffer, Jr.

City Manager
A. Ray Griffin, Jr.

Executive Assistant
Patricia Pearson

Assistant City Manager
Frank Frazier

Finance
(vacant)

Budget
Rev Collection
Customer Service
Cash Management
Payroll
Accounting
Business License

Human Resources
Cathy Brown

Recruitment
Orientation
Evaluation
Employee Relations
Benefits Adm.
Risk Management

Police
Keith Sidwell

Administration
Patrol
Drug Enforce.
Community Watch
Partnerships

Code Compliance
Corey Williams

Code Enforcement
Minimum Housing
Abandoned Structures

Planning & C.D.
Erris Dunston

Long/Short Range Planning
CDBG Housing
Main Street

Water Reclamation
Tom Spain

Treatment
Testing
Monitoring
I&I

Engineering
Pete Sokalski

Surveying
Mapping
Construction Mgmt/Eng Services
Public Buildings

Special Projects
Vacant

Recreation & Parks
W. Alan Gill

Adult/Youth Activities
Sr. Citizens Programs
Cultural Arts
Grounds Maintenance
Youth Services
Aquatic
Parks

Fire
Daniel E. Wilkerson

Suppression
Rescue
Training
Fire Prevention
Inspection

Water Distribution & Sewer Collection
Andy Perkinson

Distribution
Collection
Training
I&I
Meter Reading

Regional Water
Christy Lipscomb

Treatment
Testing
Monitoring

Public Services
(vacant)

Fleet Maintenance
Street Sanitation
Cemetery
Sanitation & Recycling

Mayor and Members of City Council

James D. O'Geary
Mayor

Members of City Council

James C. Kearney, Sr.
Appointed in March 2011 to fill unexpired term of Mary Emma Evans
Sara M. Coffey
Michael C. Inscoe
D. Michael Rainey

Lonnie Davis, Jr.
Mayor Pro-Tempore
George M. Daye
Garry D. Daeke
Brenda G. Peace-Jenkins

City Administration

A. Ray Griffin, Jr.
City Manager

John H. Zollicoffer, Jr.
City Attorney
Esther J. McCrackin
City Clerk

Sandra C. Wilkerson
Finance Director (retired 31 October 2011)
Judith W. Woods
Accounting Supervisor

Financial Section

PHILLIPS, DORSEY, THOMAS, WATERS & BRAFFORD, P.A.
CERTIFIED PUBLIC ACCOUNTANTS

Drawer 1359 • 349 Ruin Creek Rd. • Henderson, NC 27536
252-438-8154 • Wats 800-356-7674 • Fax 252-492-5066

Susan R. Waters, CPA
Michael H. Brafford, CPA
Franklin L. Irvin, Jr., CPA
Janet N. Green, CPA

Tonya B. Kilgore, CPA
Cecilia E. Leahy, CPA
Dena M. Thomason, CPA

Ronald S. Dorsey, CPA (Retired)

Independent Auditor's Report

To the Henderson City Council
City of Henderson, North Carolina

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Henderson, North Carolina, as of and for the year ended June 30, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Henderson's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Henderson, North Carolina as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

AMERICAN INSTITUTE OF CPAS
NC ASSOCIATION OF CPAS

In accordance with Government Auditing Standards, we have also issued our report dated January 18, 2012 on our consideration of the City of Henderson's internal control over financial reporting and our test of its compliance with certain provisions of laws, regulations, contracts, and grants. The purpose of the report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing. 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 read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis and The Law Enforcement Officers' Special Separation Allowance's and the Other Postemployment Benefits' Schedules of Funding Progress and Schedules of Employer Contributions are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We 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 this information and express no opinion on it.

Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements of the City of Henderson, North Carolina. The combining and individual nonmajor fund financial statements and schedules, presented as schedules 1-28, as well as the accompanying schedule of expenditures of federal and State awards as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the State Single Audit Implementation Act, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and the accompanying schedule of expenditures of federal and State awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Phillips, Dorsey, Thomas, Watson & Broffard, P.A.
CERTIFIED PUBLIC ACCOUNTANTS

January 18, 2012

City of Henderson
Management's Discussion and Analysis
June 30, 2011

As management of the City of Henderson, we offer readers of the City of Henderson's financial statements this narrative overview and analysis of the financial activities of the City of Henderson for the fiscal year ended June 30, 2011. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the City's financial statements, which follow this narrative.

Financial Highlights

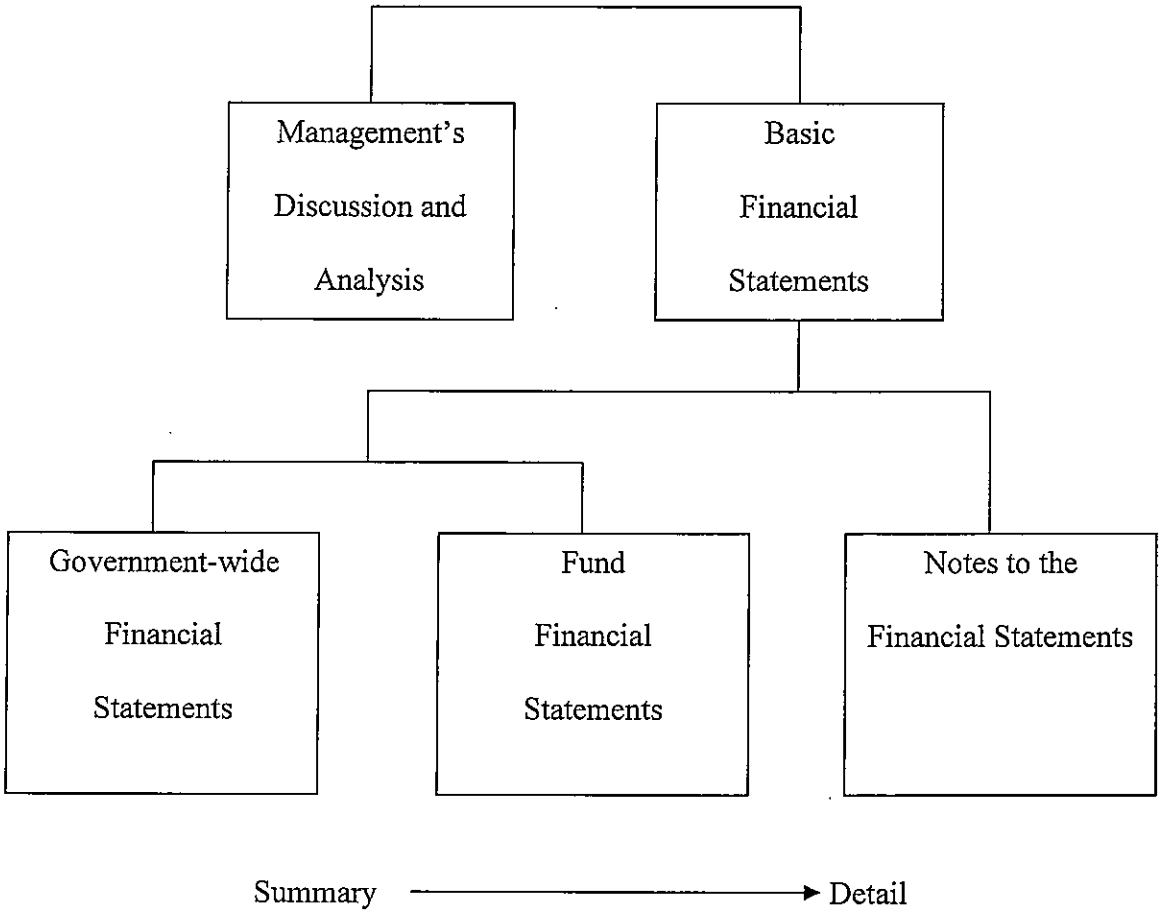
- The assets of the City of Henderson exceeded its liabilities at the close of the fiscal year by $75,818,156.
- The government's total net assets increased by $2,443,533.
- As of the close of the current fiscal year, the City of Henderson's governmental funds reported combined ending fund balances of $5,316,799, with a net change of $80,240 in fund balance. Approximately 56.07 percent of this total amount, or $2,981,184, is non spendable or restricted.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was $1,983,708, or 14.22 percent of total general fund expenditures for the fiscal year.
- The City of Henderson's total debt decreased by $3,166,654 (13.00%) during the current fiscal year.
- The City of Henderson has maintained its A2, A, and AA- bond rating for the 10th consecutive year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Henderson's basic financial statements. The City'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 City 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 the City of Henderson.

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

The first two statements (Exhibits 1 and 2) in the basic financial statements are the **Government-wide Financial Statements.** They provide both short and long-term information about the City's financial status.

The next statements (Exhibits 3 through 10) are **Fund Financial Statements.** These statements focus on the activities of the individual parts of the City's government. These statements provide more detail than the government-wide statements. There are three parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements; and 3) the proprietary fund statements.

The next section of the basic financial statements is the **notes**. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, **supplemental information** is provided to show details about the City's individual funds. Budgetary information required by the General Statutes also can be found in this part of the statements.

Government-wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the City'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 City's financial status as a whole.

The two government-wide statements report the City's net assets and how they have changed. Net assets are the difference between the City's total assets and total liabilities. Measuring net assets is one way to gauge the City's financial condition.

The government-wide statements are divided into two categories: 1) governmental activities; and 2) business-type activities. The governmental activities include most of the City's basic services such as public safety, parks and recreation, and general administration. Property taxes and state and federal grant funds finance most of these activities. The business-type activities are those that the City charges customers to provide services. These include the water services offered by the City of Henderson.

The government-wide financial statements are on Exhibits 1 and 2 of this report.

Fund Financial Statements

The fund financial statements provide a more detailed look at the City'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. The City of Henderson, 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 and the City's budget ordinance. All of the funds of the City of Henderson can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds – Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the City'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* that provides a short-term spending 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 City'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 City of Henderson 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 City, the management of the City, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the City to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the City complied with the budget ordinance and whether or not the City succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the board; 2) the final budget as amended by the board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges.

Proprietary Funds – The City of Henderson has one kind of proprietary fund. The *Enterprise Fund* is used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Henderson uses an enterprise fund to account for its water and sewer activity. These funds are the same as those functions shown in the business-type activities in the Statement of Net Assets and the Statement of Activities.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. The City of Henderson has one fiduciary fund, which is a pension trust fund.

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.

Other Information – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the City of Henderson's progress in funding its obligation to provide pension benefits to its employees.

Government-Wide Financial Analysis

The City of Henderson's Net Assets
Figure 2

	Governmental Activities		Business-Type Activities		Totals	
	2011	2010	2011	2010	2011	2010
Current and other assets	$ 6,130,710	$ 6,564,761	$ 8,279,618	$ 6,772,149	$ 14,410,328	$ 13,336,910
Capital assets	18,794,117	19,817,730	66,184,996	65,987,982	84,979,113	85,805,712
Restricted assets	355,429	-	2,457,210	2,478,604	2,812,639	2,478,604
Total Assets	$25,280,256	$26,382,491	$76,921,824	$ 75,238,735	$102,202,080	$101,621,226
Long-term liabilities outstanding	$ 6,600,190	$ 6,634,474	$15,074,159	$ 17,369,638	$. 21,674,349	$ 24,004,112
Other liabilities	1,362,570	1,310,429	3,347,005	2,932,062	4,709,575	4,242,491
Total Liabilities	$ 7,962,760	$ 7,944,903	$18,421,164	$ 20,301,700	$ 26,383,924	$ 28,246,603
Net Assets:						
Investment in capital assets, net of related debt	$14,328,977	$14,686,579	$49,450,831	$ 46,753,174	$ 63,779,808	$ 61,439,753
Restricted	3,185,989	1,772,784	-	-	3,185,989	1,772,784
Unrestricted	(197,470)	1,978,225	9,049,829	8,183,861	8,852,359	10,162,086
	$17,317,496	$18,437,588	$58,500,660	$ 54,937,035	$ 75,818,156	$ 73,374,623

As noted earlier, net assets may serve as a useful indicator of a government's financial position over time. In the case of the City of Henderson, assets exceeded liabilities by $75,818,156 as of June 30, 2011. Net assets are reported in three categories: capital assets, net of related debt; restricted net assets; and unrestricted net assets.

By far the largest portion of the City of Henderson's net assets in the amount of $63,779,808 reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt issued to acquire those assets that is still outstanding. The City of Henderson uses these capital assets to provide services to citizens: consequently, these assets are not available for future spending. Although the City of Henderson's investment in its capital assets is reported net of the outstanding related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Henderson Changes in Net Assets
Figure 3

	Governmental Activities		Business-Type Activities		Totals	
Revenues	2011	2010	2011	2010	2011	2010
Program Revenues:						
Charges for services	$ 5,050,163	$ 4,910,996	$13,541,898	$12,911,533	$18,592,061	$ 17,822,529
Operating grants and contributions	718,763	1,687,630	-	-	718,763	1,687,630
Capital grants and contributions	332,582	-	1,198,775	-	1,531,357	-
General Revenues:						
Property Taxes	5,188,448	5,182,210	-	-	5,188,448	5,182,210
Other taxes	3,139,189	3,242,167	-	-	3,139,189	3,242,167
Other	214,948	161,577	357,728	704,649	572,676	866,226
Total Revenues	$14,644,093	$15,184,580	$15,098,401	$13,616,182	$29,742,494	$ 28,800,762
Expenses						
General government	$ 2,566,627	$ 2,633,778	$ -	$ -	$ 2,566,627	$ 2,633,778
Public safety	6,798,592	7,349,933	-	-	6,798,592	7,349,933
Economic and physical dev.	444,922	45,732	-	-	444,922	45,732
Transportation and utilities	2,034,973	2,001,374	-	-	2,034,973	2,001,374
Envrionmental protection	900,033	859,341	-	-	900,033	859,341
Cultural & recreation	2,384,515	2,471,824	-	-	2,384,515	2,471,824
Human Services	302,533	267,359	-	-	302,533	267,359
Interest on long-term debt	242,768	285,532	-	-	242,768	285,532
Water	-	-	5,048,324	4,674,484	5,048,324	4,674,484
Sewer	-	-	3,732,705	3,787,908	3,732,705	3,787,908
Regional water system	-	-	2,842,969	2,618,048	2,842,969	2,618,048
Total Expenses	$15,674,963	$15,914,873	$11,623,998	$11,080,440	$27,298,961	$ 26,995,313
In(De)crease in Net Assets before Transfers	$ (1,030,870)	$ (730,293)	$ 3,474,403	$ 2,535,742	$ 2,443,533	$ 1,805,449
Transfers	(89,222)	246,637	89,222	(246,637)	-	-
In(De)crease in Net Assets	(1,120,092)	(483,656)	3,563,625	2,289,105	2,443,533	1,805,449
Net Assets, July 1	18,437,588	18,921,244	54,937,035	52,647,930	73,374,623	71,569,174
Net Assets, June 30	$17,317,496	$18,437,588	$58,500,660	$54,937,035	$75,818,156	$ 73,374,623

Governmental activities: Governmental activities decreased the City's net assets by $(1,120,092). A key element of this decrease is as follows:

- Decrease in operating grants and decrease in other taxes and licenses.

Business-type activities: Business-type activities increased the City of Henderson's net assets by $3,536,625. A key element of this increase is as follows:

- Water rates increased for the surrounding counties and cost-saving measures taken to help reduce operating costs in the Water Fund, Sewer Fund and the Regional Water System Fund.

Financial Analysis of the City's Funds

As noted earlier, the City of Henderson uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the City of Henderson's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the City of Henderson'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 the City of Henderson. At the end of the current fiscal year, fund balance available in the General Fund was $3,295,674 while total fund balance in the General Fund reached $4,613,658. Fund balance available represents 23.24 percent of the total General Fund's expenditures, while total fund balance represents 32.54 percent of that same amount.

At June 30, 2011, the governmental funds of the City of Henderson reported a combined fund balance of $5,316,799, a 2 percent increase over last year. Included in this change in fund balance are increases in fund balance in the General Fund and decreases in the Non-major Funds.

General Fund Budgetary Highlights: During the fiscal year, the City revised the budget on several occasions. 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.

Proprietary Fund. The City's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net assets of the business-type activities at the end of the fiscal year amounted to $9,049,829. The total increase in net assets for the business-type activities was $3,563,625. The key element for this increase was rate increases.

Capital Asset and Debt Administration

Capital assets. The City of Henderson's investment in capital assets for its governmental activities and business type activities as of June 30, 2011, totaled $84,979,113 (net of accumulated depreciation). These assets include buildings, roads and bridges, land, machinery and equipment, and vehicles.

Major capital asset transactions during the year include the following additions:

- Equipment and vehicles for governmental-type activities: $109,205.
- Increase in construction in progress for governmental-type activities: $562,323.
- Furniture, equipment and vehicles for business-type activities: $22,917.
- Increase in construction in progress for business-type activities: $1,649,312.

City of Henderson's Capital Assets
(Net of depreciation)
Figure 4

	Governmental Activities		Business-Type Activities		Totals	
	2011	2010	2011	2010	2011	2010
Land	$ 4,131,513	$ 4,131,513	$ 2,077,368	$ 2,077,368	$ 6,208,881	$ 6,208,881
Buildings	9,731,213	9,884,583	17,314,580	17,894,992	27,045,793	27,779,575
Distribution systems	-	-	42,268,221	43,037,064	42,268,221	43,037,064
Construction in progress	3,351,671	3,104,980	3,998,918	2,349,606	7,350,589	5,454,586
Other improvements	346,163	960,246	-	-	346,163	960,246
Equipment and vehicles	1,233,557	1,736,408	525,909	628,952	1,759,466	2,365,360
Total	$ 18,794,117	$ 19,817,730	$ 66,184,996	$ 65,987,982	$ 84,979,113	$ 85,805,712

Additional information on the City's capital assets can be found in the notes to the financial statements beginning on page 37 of this report.

Debt. As of June 30, 2011, the City of Henderson had total debt outstanding of $21,199,305. Of this, $11,194,305 is debt backed by the full faith and credit of the City. The remainder of the City's debt represents bonds secured solely by specified revenue sources (i.e. revenue bonds).

City of Henderson's Outstanding Debt
General Obligations and Revenue Bonds
Figure 5

	Governmental Activities		Business-Type Activities		Totals	
	2011	2010	2011	2010	2011	2010
Capital leases	$ 245,060	$ 296,804	$ 215,829	$ 321,115	$ 460,889	$ 617,919
Installment loans	4,220,080	4,834,347	6,513,336	8,143,693	10,733,416	12,978,040
Revenue bonds	-	-	10,005,000	10,770,000	10,005,000	10,770,000
	$ 4,465,140	$ 5,131,151	$16,734,165	$19,234,808	$21,199,305	$24,365,959

The City of Henderson's total debt decreased by $3,166,654 (13%) during the past fiscal year, primarily due to the normal amortization of debt.

As mentioned in the financial highlights section of this document, the City of Henderson maintained for the 10th consecutive year, its A2 bond rating from Moody's Investor Service, an A rating from Standard and Poor's Corporation and an AA- from Fitch Ratings. The rating for Fitch was reviewed and incorporated a one-notch enhancement. This bond rating is a clear indication of the sound financial condition of the City of Henderson. The City of Henderson is one of the few cities in the country that maintains the highest financial rating from all three major rating agencies. This achievement is a primary factor in keeping interest costs low on the City's outstanding debt.

North Carolina general statues limit the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for the City of Henderson is $65,996,525.

Additional information regarding the City of Henderson's long-term debt can be found in the notes to the financial statements. (See Long-Term Obligations, pages 46-52) (Note III.B.6).

Economic Factors and Next Year's Budgets and Rates

The following key economic indicators reflect the growth and prosperity of the City.

- The City of Henderson's unemployment rate of approximately 13.50%.
- Retail continues to grow within the City.

Budget Highlights for the Fiscal Year Ending June 30, 2012

Governmental Activities: Property taxes are expected to remain constant. Also, sales taxes are expected to decrease in the upcoming year, but utility franchise taxes are expected to be slightly increased.

Budgeted expenditures in the General Fund are expected to remain constant at a total of $14,598,834.

Requests for Information

This report is designed to provide an overview of the City's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to City Manager A. Ray Griffin, Jr., City of Henderson, P.O. Box 1434, Henderson, NC 27536.

Exhibit 1

City of Henderson, North Carolina
Statement of Net Assets
June 30, 2011

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	$ 4,122,828	$ 5,824,744	$ 9,947,572
Taxes receivables (net)	640,861	-	640,861
Accrued interest receivable on taxes	102,650	-	102,650
Accounts receivable (net)	1,207,868	2,471,232	3,679,100
Inventories	-	40,145	40,145
Internal balances	56,503	(56,503)	-
Restricted cash and cash equivalents	355,429	2,457,210	2,812,639
Total current assets	$ 6,486,139	$ 10,736,828	$ 17,222,967
Non-current assets:			
Capital assets:			
Land, non-depreciable improvements, and construction in progress	$ 7,483,184	$ 6,076,286	$ 13,559,470
Other capital assets, net of depreciation	11,310,933	60,108,710	71,419,643
Total capital assets	$ 18,794,117	$ 66,184,996	$ 84,979,113
Total assets	$ 25,280,256	$ 76,921,824	$ 102,202,080
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	$ 387,657	$ 561,271	$ 948,928
Accrued interest payable	16,764	141,400	158,164
Customer deposits	-	31,243	31,243
Unearned revenue	38,172	-	38,172
Current portion of long-term liabilities	919,977	2,613,091	3,533,068
Total current liabilities	$ 1,362,570	$ 3,347,005	$ 4,709,575
Long-term liabilities:			
Due in more than one year	6,600,190	15,074,159	21,674,349
Total liabilities	$ 7,962,760	$ 18,421,164	$ 26,383,924
NET ASSETS			
Invested in capital assets, net of related debt	$ 14,328,977	$ 49,450,831	$ 63,779,808
Restricted for:			
Capital Projects	285,432	-	285,432
Stabilization by State Statue	1,317,984	-	1,317,984
Elmwood Cemetery Fund	430,210	-	430,210
Streets - Powell Bill	299,017	-	299,017
Public Safety	837,941	-	837,941
Economic Development	15,405		15,405
Unrestricted	(197,470)	9,049,829	8,852,359
Total net assets	$ 17,317,496	$ 58,500,660	$ 75,818,156

The notes to the financial statements are an integral part of this statement.

Exhibit 2

City of Henderson, North Carolina
Statement of Activities
For the Year Ended June 30, 2011

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets – Primary Government: Governmental Activities	Net (Expense) Revenue and Changes in Net Assets – Primary Government: Business-type Activities	Net (Expense) Revenue and Changes in Net Assets – Primary Government: Total
Primary Government:							
Governmental Activities:							
General government	$ 2,566,627	$ 306,870	$ 16,200	$ -	$ (2,243,557)	$ -	$ (2,243,557)
Public safety	6,798,592	449,415	229,530	-	(6,119,647)	-	(6,119,647)
Economic and physical development	444,922	15,212	-	292,088	(137,622)	-	(137,622)
Transportation and utilities	2,034,973	437,339	460,304	40,494	(1,096,836)	-	(1,096,836)
Environmental protection	900,033	2,936,451	11,005	-	2,047,423	-	2,047,423
Cultural and recreation	2,384,515	904,876	1,724	-	(1,477,915)	-	(1,477,915)
Code compliance	170,385	-	-	-	(170,385)		(170,385)
Planning and community development	132,148	-	-	-	(132,148)		(132,148)
Interest on long-term debt	242,768	-	-	-	(242,768)	-	(242,768)
Total Governmental Activities	$ 15,674,963	$ 5,050,163	$ 718,763	$ 332,582	$ (9,573,455)	$ -	$ (9,573,455)
Business-type Activities:							
Water	$ 5,048,324	$ 5,356,668	$ -	$ 462,335	$ -	$ 770,679	$ 770,679
Sewer	3,732,705	4,159,558	-	736,440	-	1,163,293	1,163,293
Regional Water System	2,842,969	4,025,672	-	-	-	1,182,703	1,182,703
Total Business-type Activities	$ 11,623,998	$ 13,541,898	$ -	$ 1,198,775	$ -	$ 3,116,675	$ 3,116,675
Total Primary Government	$ 27,298,961	$ 18,592,061	$ 718,763	$ 1,531,357	$ (9,573,455)	$ 3,116,675	$ (6,456,780)

General Revenues:			
Taxes:			
Property taxes, levied for general purpose	$ 5,188,448	$ -	$ 5,188,448
Other taxes and licenses: Local option sales tax	2,150,394	-	2,150,394
Vehicle rental tax	11,672	-	11,672
Unrestricted intergovernmental	977,123	-	977,123
Investment earnings	10,524	89,638	100,162
Miscellaneous	204,424	268,090	472,514
Total general revenues not including transfers	8,542,585	357,728	8,900,313
Transfers	(89,222)	89,222	-
Total general revenues and transfers	$ 8,453,363	$ 446,950	$ 8,900,313
Change in net assets	$ (1,120,092)	$ 3,563,625	$ 2,443,533
Net assets, beginning	18,437,588	54,937,035	73,374,623
Net assets, ending	$ 17,317,496	$ 58,500,660	$ 75,818,156

The notes to the financial statements are an integral part of this statement.

Exhibit 3

City of Henderson, North Carolina
Balance Sheet
Governmental Funds
June 30, 2011

	General	Total Non-Major Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	$ 3,396,979	$ 767,531	$ 4,164,510
Restricted cash and cash equivalents	299,017	56,412	355,429
Property tax receivable, net	640,861	-	640,861
Accounts receivable, net	1,172,256	35,612	1,207,868
Due from other funds	145,728	-	145,728
Total assets	$ 5,654,841	$ 859,555	$ 6,514,396
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable and accrued liabilities	$ 338,902	$ 48,755	$ 387,657
Bank overdraft	-	41,682	41,682
Due to other funds	23,248	65,977	89,225
Deferred revenue	640,861	-	640,861
Unearned revenue	38,172	-	38,172
Total liabilities	$ 1,041,183	$ 156,414	$ 1,197,597
Fund balances:			
Non Spendable			
Perpetual maintenance	$ -	$ 430,210	$ 430,210
Restricted			
Stabilization by State Statute	1,317,984	-	1,317,984
Public Safety	837,941	-	837,941
Streets-Powell Bill	299,017	-	299,017
Cary Chapel Crossing Project	-	15,405	15,405
Public Safety - Capital Project	-	24,215	24,215
Capital Reserve - General	-	56,412	56,412
Assigned			
Subsequent year's expenditures	175,008	-	175,008
Capital Projects Funds	-	204,805	204,805
Unassigned	1,983,708	(27,906)	1,955,802
Total fund balances	$ 4,613,658	$ 703,141	$ 5,316,799
Total liabilities and fund balances	$ 5,654,841	$ 859,555	$ 6,514,396

Amounts reported for governmental activities in the statement of net assets (Exhibit 1) are different because:

Accrued interest receivable is not reported on the fund basis, but is reported for full accrual.	$ 102,650
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	18,794,117
Liabilities for earned but deferred revenues are reported in the fund statements.	640,861
Some liabilities, including bonds payable, revolving loan, installment purchases, accrued interest, and compensated absences are not due and payable in the current period and therefore are not reported in the funds (Note 5).	(7,536,931)
Net assets of governmental activities	$ 17,317,496

The notes to the financial statements are an integral part of this statement.

Exhibit 4

City of Henderson, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2011

	General Fund	Total Non-Major Funds	Total Governmental Funds
REVENUES			
Ad valorem taxes	$ 5,259,600	$ -	$ 5,259,600
Local option sales taxes	2,496,141	-	2,496,141
Unrestricted intergovernmental	977,123	-	977,123
Restricted intergovernmental	463,107	555,934	1,019,041
Permits and fees	92,333	-	92,333
Sales and services	4,295,878	-	4,295,878
Investment earnings	10,623	(99)	10,524
Miscellaneous	500,645	-	500,645
Total revenues	$ 14,095,450	$ 555,835	$ 14,651,285
EXPENDITURES			
Current:			
General government	$ 1,366,911	$ -	$ 1,366,911
Public safety	5,823,401	50,668	5,874,069
Planning and community development	132,148	-	132,148
Cemetery	69,545	-	69,545
Code compliance	170,385	-	170,385
Donations to local agencies	664,791	-	664,791
Economic and physical development	32,812	638,678	671,490
Transportation and utilities	1,984,752	-	1,984,752
Environmental protection	791,878	-	791,878
Cultural and recreational	1,494,213	-	1,494,213
Non-departmental	430,086	-	430,086
Debt service:			
Principal	764,141	-	764,141
Interest and other charges	226,004	-	226,004
Total expenditures	$ 13,951,067	$ 689,346	$ 14,640,413
Excess (deficiency) of revenues over expenditures	$ 144,383	$ (133,511)	$ 10,872
OTHER FINANCING SOURCES (USES)			
Capital lease obligation issued	$ 98,131	$ -	$ 98,131
Transfers from other funds	200,114	98,309	298,423
Transfers to other funds	(327,124)	(62)	(327,186)
Total other financing sources (uses)	$ (28,879)	$ 98,247	$ 69,368
Net change in fund balance	$ 115,504	$ (35,264)	$ 80,240
Fund balances, beginning	$ 4,498,154	$ 738,405	$ 5,236,559
Fund balances, ending	$ 4,613,658	$ 703,141	$ 5,316,799

The notes to the financial statements are an integral part of this statement.

Exhibit 4

City of Henderson, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2011

Amounts reported for governmental activities in the statement of activities are different because:			
Net changes in fund balances - total governmental funds		$	80,240
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.			
Capital outlay expenditures which were capitalized	$ 671,528		
Depreciation expense for governmental assets	(1,379,509)		
Close out of capital projects (Weed and Seed) (Non-capitalized)	(315,632)	$	(1,023,613)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.			
Change in accrued interest receivable on taxes			-
Change in deferred revenue for tax revenues			(71,152)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.			
New long-term debt issued	$ (98,131)		
Principal payments on long-term debt	764,142		
Change in accrued interest payable	(16,764)		
			649,247
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.			
Compensated absences	$ 24,666		
Net OPEB obligation	(756,355)		
Net pension obligation	(23,125)	$	(754,814)
Net revenue of internal service funds determined to be governmental-type.			-
Total changes in net assets of governmental activities		$	(1,120,092)

The notes to the financial statements are an integral part of this statement.

Exhibit 5

City of Henderson, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual - General Fund
For the Year Ended June 30, 2011

	General Fund			
	Budget			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive (Negative)
REVENUES				
Ad valorem taxes	$ 5,319,600	$ 5,319,600	$ 5,259,600	$ (60,000)
Local option sales taxes	2,585,599	2,585,599	2,496,141	(89,458)
Unrestricted intergovernmental	882,590	882,590	977,123	94,533
Restricted intergovernmental	436,000	436,000	463,107	27,107
Permits and fees	100,000	100,000	92,333	(7,667)
Sales and services	4,360,214	4,460,214	4,295,878	(164,336)
Investment earnings	11,000	11,000	10,623	(377)
Miscellaneous	58,900	135,751	500,645	364,894
Total revenues	$ 13,753,903	$ 13,930,754	$ 14,095,450	$ 164,696
EXPENDITURES				
Current:				
General government	$ 1,508,425	$ 1,467,495	$ 1,366,911	$ 100,584
Public safety	6,534,915	5,876,800	5,823,401	53,399
Planning and Community Development	136,630	136,630	132,148	4,482
Cemetery	123,910	77,390	69,545	7,845
Code Compliance	126,430	177,830	170,385	7,445
Donations to Local Agencies	291,735	687,766	664,791	22,975
Economic and physical development	44,120	34,120	32,812	1,308
Transportation and utilities	2,163,932	2,156,222	1,984,752	171,470
Environmental protection	819,750	811,300	791,878	19,422
Cultural and recreational	1,954,030	1,595,750	1,494,213	101,537
Non-Departmental	1,035,846	391,250	430,086	(38,836)
Contingency	-	6,551	-	6,551
Debt service:				
Principal	-	840,634	764,141	76,493
Interest and other charges	-	292,786	226,004	66,782
Total expenditures	$ 14,739,723	$ 14,552,524	$ 13,951,067	$ 601,457
Excess (deficiency) of revenues over expenditures	$ (985,820)	$ (621,770)	$ 144,383	$ 766,153
Other financing sources (uses):				
Capital lease obligation issued	$ -	$ -	$ 98,131	$ 98,131
Transfers from other funds	388,350	186,580	200,114	13,534
Transfers to other funds	-	(104,310)	(327,124)	(222,814)
Total other financing sources (uses)	$ 388,350	$ 82,270	$ (28,879)	$ (111,149)
Fund balance appropriated	597,470	539,500		(539,500)
Net Change in Fund Balance	$ -	$ -	$ 115,504	$ 115,504
Fund balances, beginning			$ 4,498,154	
Fund balances, ending			$ 4,613,658	

The notes to the financial statements are an integral part of this statement.

Exhibit 6

City of Henderson, North Carolina
Statement of Fund Net Assets
Proprietary Funds
June 30, 2011

	Water Fund	Sewer Fund	Regional Water System Fund	Total
ASSETS				
Current assets:				
Cash and cash equivalents	$ 1,422,769	$ 1,108,172	$ 3,293,803	$ 5,824,744
Accounts receivable (net)	878,272	1,448,520	144,440	2,471,232
Due from other funds	128,341	102,959	22	231,322
Inventories	-	14,398	25,747	40,145
Restricted cash and cash equivalents	252,197	1,691,216	513,797	2,457,210
Total current assets	$ 2,681,579	$ 4,365,265	$ 3,977,809	$ 11,024,653
Non-current assets:				
Capital assets:				
Land, non-depreciable improvements, and construction in progress	$ 2,383,465	$ 1,962,290	$ 1,730,531	$ 6,076,286
Other capital assets, net of depreciation	16,150,147	23,242,001	20,716,562	60,108,710
Total capital assets	$ 18,533,612	$ 25,204,291	$ 22,447,093	$ 66,184,996
Total assets	$ 21,215,191	$ 29,569,556	$ 26,424,902	$ 77,209,649
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	$ 191,345	$ 292,513	$ 77,413	$ 561,271
Accrued interest payable	87,109	8,820	45,471	141,400
Due to other funds	265,335	17,276	5,214	287,825
Customer deposits	31,243	-	-	31,243
Current portion of long-term liabilities	1,153,207	381,077	1,078,807	2,613,091
Total current liabilities	$ 1,728,239	$ 699,686	$ 1,206,905	$ 3,634,830
Long-term liabilities:				
Other postemployment benefits	$ 214,985	$ 438,944	$ 194,657	$ 848,586
Compensated absences payable	19,561	61,637	23,301	104,499
Due in more than one year	9,411,987	1,131,500	3,577,587	14,121,074
Total long-term liabilities	$ 9,646,533	$ 1,632,081	$ 3,795,545	$ 15,074,159
Total liabilities	$ 11,374,772	$ 2,331,767	$ 5,002,450	$ 18,708,989
NET ASSETS				
Invested in capital assets, net of related debt	$ 7,968,418	$ 23,691,714	$ 17,790,699	$ 49,450,831
Unrestricted	1,872,001	3,546,075	3,631,753	9,049,829
Total net assets	$ 9,840,419	$ 27,237,789	$ 21,422,452	$ 58,500,660
Total Liabilities and Net Assets	$ 21,215,191	$ 29,569,556	$ 26,424,902	$ 77,209,649

The notes to the financial statements are an integral part of this statement.

Exhibit 7

City of Henderson, North Carolina
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For The Fiscal Year Ended June 30, 2011

	Water Fund	Sewer Fund	Regional Water System Fund	Total
OPERATING REVENUES				
Charges for services	$ 5,225,101	$ 4,139,017	$ 4,012,677	$ 13,376,795
Tap fees	39,369	20,455	-	59,824
Other operating revenues	92,198	86	12,995	105,279
Total operating revenues	$ 5,356,668	$ 4,159,558	$ 4,025,672	$ 13,541,898
OPERATING EXPENSES				
Administration	$ 177,043	$ -	$ -	$ 177,043
Water treatment and distribution	3,997,262	-	-	3,997,262
Regional water system	-	-	2,193,920	2,193,920
Waste water treatment	-	2,327,788	-	2,327,788
Sewer Collection	-	468,278	-	468,278
Sewer Collection I&I	-	150,992	-	150,992
Depreciation	299,564	714,409	478,305	1,492,278
Total operating expenses	$ 4,473,869	$ 3,661,467	$ 2,672,225	$ 10,807,561
Operating income (loss)	$ 882,799	$ 498,091	$ 1,353,447	$ 2,734,337
NONOPERATING REVENUES (EXPENSES)				
Investment earnings	$ 4,964	$ 76,793	$ 7,881	$ 89,638
Sprint / T-Mobile agreements	35,803	-	-	35,803
Vance County	-	161,856	-	161,856
Insurance proceeds	4,835	57,380	-	62,215
Gain (loss) from sale of assets	1,866	938	3,493	6,297
Interest and other charges	(574,455)	(71,238)	(170,744)	(816,437)
Workers comp. reimbursement	270	1,381	268	1,919
Other nonoperating income	-	-	-	-
Total nonoperating revenue (expenses)	$ (526,717)	$ 227,110	$ (159,102)	$ (458,709)
Income (loss) before contributions and transfers	$ 356,082	$ 725,201	$ 1,194,345	$ 2,275,628
Capital contributions	462,335	736,440	-	1,198,775
Transfers from other funds	871,695	119,348	252,156	1,243,199
Transfers to other funds	(122,990)	(823,461)	(207,526)	(1,153,977)
Change in net assets	$ 1,567,122	$ 757,528	$ 1,238,975	$ 3,563,625
Total net assets, beginning	8,273,297	26,480,261	20,183,477	54,937,035
Total net assets, ending	$ 9,840,419	$ 27,237,789	$ 21,422,452	$ 58,500,660

The notes to the financial statements are an integral part of this statement.

Exhibit 8

City of Henderson, North Carolina
Statement of Cash Flows
Proprietary Funds
For The Fiscal Year Ended June 30, 2011

	Water Fund	Sewer Fund	Regional Water System Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	$ 5,440,889	$ 3,652,338	$ 4,172,578	$ 13,265,805
Cash paid for goods and services	(3,513,585)	(1,825,009)	(1,728,199)	(7,066,793)
Cash paid to or on behalf of employees for services	(433,729)	(806,890)	(366,793)	(1,607,412)
Net cash provided (used) by operating activities	$ 1,493,575	$ 1,020,439	$ 2,077,586	$ 4,591,600
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Sprint / T-Mobile agreements	$ 35,803	$ -	$ -	$ 35,803
Insurance proceeds	4,835	57,380	-	62,215
Workers comp. reimbursement	270	1,381	268	1,919
Vance County	-	161,856	-	161,856
Transfers from other funds	871,695	119,348	252,156	1,243,199
Transfers to other funds	(122,990)	(823,461)	(207,526)	(1,153,977)
Total cash flows from noncapital financing activities	$ 789,613	$ (483,496)	$ 44,898	$ 351,015
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				-
Acquisition and construction of capital assets	$ (644,421)	$ (943,879)	$ (100,989)	$ (1,689,289)
Capital contributions	462,335	736,440	-	1,198,775
Principal paid on bond maturities and equipment contracts	(1,127,486)	(345,426)	(1,027,734)	(2,500,646)
Interest paid on bond maturities and equipment contracts	(574,455)	(71,238)	(170,744)	(816,437)
Proceeds from sale of assets	1,866	938	3,493	6,297
Net cash provided (used) by capital and related financing activities	$ (1,882,161)	$ (623,165)	$ (1,295,974)	$ (3,801,300)
CASH FLOWS FROM INVESTING ACTIVITIES				-
Interest on investments	$ 4,964	$ 76,793	$ 7,881	$ 89,638
Net increase (decrease) in cash and cash equivalents	$ 405,991	$ (9,429)	$ 834,391	$ 1,230,953
Balances, beginning	1,268,975	2,808,817	2,973,209	7,051,001
Balances, ending	$ 1,674,966	$ 2,799,388	$ 3,807,600	$ 8,281,954

The notes to the financial statements are an integral part of this statement.

Exhibit 8

City of Henderson, North Carolina
Statement of Cash Flows
Proprietary Funds
For The Fiscal Year Ended June 30, 2011

	Water Fund	Sewer Fund	Regional Water System Fund	Total
Reconciliation of operating income to net cash provided by operating activities				
Operating income	$ 882,799	$ 498,091	$ 1,353,447	$ 2,734,337
Adjustments to reconcile operating income to net cash provided by operating activities:				-
Depreciation	$ 299,564	$ 714,409	$ 478,305	$ 1,492,278
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable	84,221	(507,220)	146,906	(276,093)
Increase (decrease) in allowance for doubtful accounts	-	-	-	-
(Increase) decrease in inventory	-	4,237	16,731	20,968
Increase (decrease) in accounts payable and accrued liabilities	142,069	144,210	16,217	302,496
Increase in customer deposits	-	-	-	-
Increase in accrued OPEB liability	83,227	152,016	69,102	304,345
Increase (decrease) in accrued vacation pay	1,695	14,696	(3,122)	13,269
Total adjustments	$ 610,776	$ 522,348	$ 724,139	$ 1,857,263
Net cash provided by operating activities	$ 1,493,575	$ 1,020,439	$ 2,077,586	$ 4,591,600

The notes to the financial statements are an integral part of this statement.

Exhibit 9

City of Henderson, North Carolina
Statement of Fiduciary Net Assets
Fiduciary Fund
June 30, 2011

	Pension Trust Fund
Assets	
Cash and cash equivalents	$ 116,476
Total assets	$ 116,476
Net Assets	
Held in trust for Employees' pension benefits	$ 116,476
Total net assets	$ 116,476

The notes to the financial statements are an integral part of this statement.

Exhibit 10

City of Henderson, North Carolina
Statement of Changes in Net Assets
Fiduciary Fund
For the Fiscal Year Ended June 30, 2011

	Pension Trust Fund
Additions	
Investment earnings	$ -
Deductions	
Transfer to General Fund	60,460
Changes in net assets held in trust for:	
Employees' pension benefits	$ (60,460)
Net assets-Beginning	176,936
Net assets-Ending	$ 116,476

The notes to the financial statements are an integral part of this statement.

I. Summary of Significant Accounting Policies

The accounting policies of the City of Henderson conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies:

A. Reporting Entity

The City of Henderson is a municipal corporation, which is governed by an elected mayor and an eight-member council.

B. Component Unit

The accompanying statements present the City's primary government. The City has no component units over which it is financially accountable.

C. Basis of Presentation

Government-wide Statements: The statement of net assets and the statement of activities display information about the primary government. 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. Any 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 City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the City and for each function of the City'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 (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the City's funds, including its fiduciary funds. 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 result from non-exchange transactions. Other non-operating revenues are ancillary activities such as investment earnings.

The City reports the following major governmental funds:

General Fund. The General Fund is the general operating fund of the City. The General Fund accounts for all financial resources except those that are required to be accounted for in another fund. The primary revenue sources are advalorem taxes, State grants, and various other taxes and licenses. The primary expenditures are for public safety, street maintenance and construction, and sanitation services, parks and recreation, and general governmental services. The City maintains separate Street Improvement and Powell Bill Funds for accounting purposes. These funds have been consolidated into the General Fund for reporting purposes.

The City reports the following non-major governmental funds:

Grant Project Special Revenue Fund. This fund is used to account for grant funds that are restricted for use for a particular purpose.

General Capital Projects Fund. This fund is used to account for financial resources to be used for the acquisition and construction of major capital facilities for the General Fund.

Capital Project – Capital Reserve – General. This fund is used to accumulate funds to be expended on future capital projects.

Powell Bill Capital Projects Fund. This fund is used to account for financial resources to be used for the acquisition and construction of major capital facilities for the Powell Bill Fund.

Elmwood Cemetery Permanent Fund. The fund is legally restricted so that any earnings, if applicable, (and not principal) may be used.

The City reports the following major enterprise funds:

Water Fund. This fund is used to account for the general operations and user charges collected for the water services provided by the City.

Sewer Fund. This fund is used to account for the general operations and user charges collected for the sewer services provided by the City.

Regional Water System Fund. This fund is used to account for general operations and user charges of Regional Water Plant at Kerr Lake which provides water to the City and surrounding area.

The City reports the following fund types:

Pension Trust Fund. The City has a Pension Trust Fund, the Special Separation Allowance Fund, that accounts for the Law Enforcement Officers' Special Separation Allowance, a single-employer, public employee retirement system.

D. Measurement Focus and Basis of Accounting

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

Government-wide and Proprietary Fund Financial Statements. The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary 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 City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, 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 and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as 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 City's

enterprise funds are charges to customers for sales and services. The City also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the water and sewer 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 general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

The City considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Advalorem taxes receivable are not accrued as a 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, Vance County is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts in the County, including the City of Henderson. For motor vehicles registered under the staggered system, 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, the City's vehicle taxes for vehicles registered in Vance County from March 2010 through February 2011 apply to the fiscal year ended June 30, 2011. Uncollected taxes that were billed during this period are shown as a receivable in these financial statements and are offset by deferred revenues.

Sales taxes and certain intergovernmental revenues collected and held by the State at year-end on behalf of the City 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. Grant revenues which are unearned at year-end are recorded as unearned revenues. Under the terms of grant agreements, the City 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 City's policy to first apply cost-

reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

As permitted by generally accepted accounting principles, the City has elected to apply only applicable FASB Statements and Interpretations issued on or before November 30, 1989, that do not contradict GASB pronouncements in its accounting and reporting practices for its proprietary operations.

E. Budgetary Data

The City's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund, Capital Reserve, Fiduciary, and the Enterprise Funds. All annual appropriations lapse at the fiscal-year end. The appropriations are adopted at the object level (e.g., salaries, capital outlay) for the General Fund. Project ordinances are adopted for the Grant Projects Special Revenue Fund, the Capital Projects Fund, and the Enterprise Fund Capital Projects Funds, which are consolidated with the operating funds for reporting purposes. 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. Amendments are required for any revisions that alter total expenditures of any fund or that change functional appropriations by more than $1,000. All amendments must be approved by the governing board. During the year, several immaterial amendments to the original budget were necessary. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim that covers that time until the annual ordinance can be adopted.

F. Assets, Liabilities, and Fund Equity

1. Deposits and Investments

All deposits of the City are made in board-designated official depositories and are secured as required by State law (G.S. 159-31). The City may designate, as an official depository, any bank or savings association whose principal office is located in North Carolina. Also, the City 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 City to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances and the North Carolina Capital

Management Trust (NCCMT). The City's investments are reported at fair value as determined by quoted market prices. The securities of the NCCMT Cash Portfolio, a SEC-registered (2a-7) money market mutual fund, are

valued at fair value, which is the NCCMT's share price. The NCCMT Term Portfolio's securities are valued at fair value.

2. Cash and Cash Equivalents

The City 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.

3. Restricted Assets

The unexpected loan proceeds of the governmental and business-type activities debt are classified as restricted assets because their use is completely restricted to the purpose for which the loans were originally issued. Powell Bill funds are also classified as restricted cash because it can be expended only for purpose of maintaining, repairing, constructing, reconstructing or widening of local streets per G.S. 136-41.1 through 136-41.4. Customer deposits held by the City before any services are supplied are restricted to the service for which the deposit was collected.

4. Ad Valorem Taxes Receivable

In accordance with State law (G.S. 105-347 and G.S. 159-13(a)), the City levies ad valorem taxes on property other than major vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, interest does not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2010.

5. Allowance 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.

6. Inventories and Prepaid Items

The inventories of the City are valued at cost (first-in, first-out), which approximates market. The inventories of the City's enterprise funds consist of materials and supplies held for subsequent use. The costs of these inventories are recorded as an expense as the inventories are consumed.

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 and expensed as the items are used.

7. Capital Assets

Capital assets are defined by the government as assets with an initial, individual cost of more than $5,000 with an estimated useful life of two years. 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. 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 are depreciated using the straight-line method over the following estimated useful lives:

Asset Class	Estimated Useful Lives
Buildings	50
Improvements	25
Vehicles	5
Furniture and equipment	10
Computer equipment	3

8. Long-Term Obligations

In the government-wide financial statements, and 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. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method that approximates the effective interest method. Bonds payable are reported net of the applicable bond premiums or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

9. Compensated Absences

The vacation policies of the City provide for the accumulation of up to forty days earned vacation leave with each leave being fully vested when earned. For the City's government wide and proprietary funds, an expense and a liability for compensated absences and the salary-related payments are recorded within the funds as the leave is earned. The City, has assumed a first-in, first-out method of using accumulated compensated time. The portion of that time that is estimated to be used in the next fiscal year has been designated as a current liability in the government-wide financial statements.

The City's sick leave policies 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 the City has no obligation for the accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

10. Net Assets/Fund Balances

Net Assets

Net assets in 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 statute.

Fund Balances

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

The governmental fund types classify fund balances as follows:

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

Perpetual maintenance – Cemetery resources that are required to be retained in perpetuity for the cemetery.

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

Restricted for Stabilization by State Statute - portion of fund balance that is restricted by State Statute [G.S. 159-8(a)].

Restricted for Public Safety – portion of fund balance that is available for appropriation but legally segregated for use to deter and investigate crimes. This amount represents the balance of the total drug/asset forfeiture funds.

Restricted for Streets – Powell Bill portion of fund balance that is restricted by the North Carolina Department of Transportation for street construction and maintenance expenditures. This amount represents the balance of the total unexpended Powell Bill funds.

Restricted for Cary Chapel Crossing Project – portion of fund balance that is restricted by donations for use in the economic development of Cary Chapel Crossing.

Restricted for Public Safety – Capital Project – portion of fund balance that is restricted by the Bureau of Justice Assistance for the purchase of capital assets in public safety.

Restricted for Capital Reserve – General – portion of fund balance restricted by general statue for future use in capital projects.

Assigned fund balance – portion of fund balance that the City of Henderson intends to use for a specific purpose.

Subsequent year's expenditures – portion of the fund balance that is appropriated in the next year's budget that is not already classified in restricted or committed. The governing body approves the appropriations; however, the budget ordinance authorizes the City Manager to reallocate as necessary.

Assigned for Capital Project funds – portion of fund balance that has been budgeted by the Board for specific projects.

Unassigned fund balance – the portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds.

II. Stewardship, Compliance, and Accountability

Excess of Expenditures Over Appropriations

For the fiscal year ended June 30, 2011, the expenditures made in the City's General Fund exceeded the authorized appropriations made by the governing board for the non-departmental. The City's Water Fund exceeded the authorized appropriations made by the governing board for the water distribution, debt service and utility street repair. The City's Regional Water System Fund exceeded the authorized appropriations made by the governing board for the regular operating. Management will more closely review the budget reports to ensure compliance in future years.

Deficit in Fund Balance or Net Assets of Individual Funds

The Bureau of Justice Grant-03 Fund, Recycling Project Grant Fund, Governor's Crime Commission Grants Fund, 2010 Community Revi Inititative Grant Fund, Capital Project - NCDOT Governor's Highway Safety Grant Fund and the Capital Project - Bureau of Justice JAG Grant Fund had deficits in fund balances at year-end. The Governmental Activities have a deficit in the unrestricted net assets at year end. The Management will more closely monitor these funds in future years.

III. Detail Notes on All Funds

A. Assets

1. Deposits

All the deposits of the City are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the City's agents 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 City, these deposits are considered to be held by the City's agents in their names. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the City or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the City under the Pooling Method, the potential exists for undercollaterization, 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 City has no policy regarding custodial credit risk for deposits. The State Treasurer enforces standards of minimum capitalization for all pooling method financials institutions. The City relies on the State Treasurer to monitor those financial institutions. The City analyzes the financial soundness of any other financial institution used by the City. The City complies with the provisions of G. S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2011, the City's deposits had a carrying amount of $6,250,417 and a bank balance of $6,691,369. Of the bank balance, $250,000 was covered by federal depository insurance. The rest of which was covered under by collateral held under the pooling method.

2. Investments

The City has no policy regarding credit risk. The City's investment in the North Carolina Capital Management Trust's Cash Portfolio carried a credit rating of AAAm by Standard & Poor's as of June 30, 2011.

At June 30, 2011, the City's investments were as follows:

Reported Value	Fair Value
$6,626,270	$6,626,270

3. Receivables-Allowance for Doubtful Accounts

For the City, the amounts presented in Exhibit 1, the Combined Balance Sheet, are net of the following allowances for doubtful accounts:

Fund	June 30, 2011
Property Taxes Receivable and Sanitation-General Fund	$ 354,297
Accounts Receivable-Enterprise Funds	400,526
Total	$ 754,823

Receivables at the government-wide level at June 30, 2011, were as follows:

	Accounts	Taxes & Related Accrued Interest	Due From Other Governments	Total
Governmental activities:				
General	$ 1,392,165	$ 913,511	$ -	$ 2,305,676
Allowance for doubtful accounts	(184,297)	(170,000)	-	(354,297)
Total Governmental Activities	$ 1,207,868	$ 743,511	$ -	$ 1,951,379
Business-Type activities:				
Water Fund	$ 1,068,955	$ -	$ -	$ 1,068,955
Sewer Fund	1,658,363	-	-	1,658,363
Regional Water System Fund	144,440	-	-	144,440
Allowance for doubtful accounts	(400,526)	-	-	(400,526)
Total Business-Type Activities	$ 2,471,232	$ -	$ -	$ 2,471,232

4. Capital Assets

Capital asset activity for the Primary Government for the year ended June 30, 2011, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	$ 4,131,513	$ -	$ -	$ 4,131,513
Construction in progress	3,104,980	562,323	315,632	3,351,671
Total capital assets not being depreciated	7,236,493	562,323	315,632	7,483,184
Capital assets being depreciated:				
Buildings	10,957,860	-	-	10,957,860
Other improvements	12,468,920	-	-	12,468,920
Equipment and vehicles	8,937,112	109,205	344,054	8,702,263
Total capital assets being depreciated	32,363,892	109,205	344,054	32,129,043
Less accumulated depreciation for:				
Buildings	1,073,277	153,370	-	1,226,647
Other improvements	11,508,674	614,083	-	12,122,757
Equipment and vehicles	7,200,704	612,056	344,054	7,468,706
Total accumulated depreciation	19,782,655	1,379,509	344,054	20,818,110
Total capital assets being depreciated, net	12,581,237			11,310,933
Governmental activity capital assets, net	$ 19,817,730			$ 18,794,117

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

General government	$ 659,647
Public safety	526,970
Enviromental protection	48,215
Recreation and parks	144,677
	$ 1,379,509

	Beginning Balances	Increases	Decreases	Ending Balances
Business-type activities:				
Water Fund				
Capital assets not being depreciated:				
Land	$ 1,710,560	$ -	$ -	$ 1,710,560
Construction in progress	40,538	632,367	-	672,905
Total capital assets not being depreciated	1,751,098	632,367	-	2,383,465
Capital assets being depreciated:				
Buildings	1,830,858	-	-	1,830,858
Distribution system	18,582,723	-	-	18,582,723
Equipment and vehicles	625,906	12,054	42,982	594,978
Total capital assets being depreciated	21,039,487	12,054	42,982	21,008,559
Less accumulated depreciation for:				
Buildings	363,086	21,745	-	384,831
Distribution system	3,742,269	242,881	-	3,985,150
Equipment and vehicles	496,475	34,938	42,982	488,431
Total accumulated depreciation	4,601,830	299,564	42,982	4,858,412
Total capital assets being depreciated, net	16,437,657			16,150,147
Water fund capital assets, net	18,188,755			18,533,612
Regional Water System Fund				
Capital assets not being depreciated:				
Land	155,672	-	-	155,672
Construction in progress	1,478,877	95,982	-	1,574,859
Total capital assets not being depreciated	1,634,549	95,982	-	1,730,531
Capital assets being depreciated:				
Buildings	6,808,289	-	-	6,808,289
Distribution system	20,939,534	-	-	20,939,534
Equipment and vehicles	659,473	5,009	-	664,482
Total capital assets being depreciated	28,407,296	5,009	-	28,412,305
Less accumulated depreciation for:				
Buildings	3,378,688	101,117	-	3,479,805
Distribution system	3,463,997	332,896	-	3,796,893
Equipment and vehicles	374,753	44,292	-	419,045
Total accumulated depreciation	7,217,438	478,305	-	7,695,743
Total capital assets being depreciated, net	21,189,858			20,716,562
Regional water system fund capital assets, net	22,824,407			22,447,093
Sewer Fund				
Capital assets not being depreciated:				
Land	187,886	-	-	187,886
Land (CIP)	23,250	-	-	23,250
Construction in progress	830,191	920,963	-	1,751,154
Total capital assets not being depreciated	1,041,327	920,963	-	1,962,290
Capital assets being depreciated:				
Buildings	22,992,934	-	-	22,992,934
Distribution system	13,182,129	-	-	13,182,129
Equipment and vehicles	1,874,037	22,917	15,800	1,881,154
Total capital assets being depreciated	38,049,100	22,917	15,800	38,056,217
Less accumulated depreciation for:				
Buildings	9,995,315	457,550	-	10,452,865
Distribution system	2,461,056	193,066	-	2,654,122
Equipment and vehicles	1,659,236	63,793	15,800	1,707,229
Total accumulated depreciation	14,115,607	714,409	15,800	14,814,216
Total capital assets being depreciated, net	23,933,493			23,242,001
Sewer fund capital assets, net	24,974,820			25,204,291
Business-type activities capital assets, net	$ 65,987,982			$ 66,184,996

B. Liabilities

1. Pension Plan Obligations

a. Local Governmental Employees' Retirement System Plan Description

Plan Description. The City of Henderson 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 City is required to contribute at an actuarially determined rate. For the City, the current rate for employees not engaged in law enforcement and for law enforcement officers is 6.50% and 6.41%, respectively, of annual covered payroll. The contribution requirements of members and of the City of Henderson are established and may be amended by the North Carolina General Assembly. The City's contributions to LGERS for the years ended June 30, 2011, 2010, and 2009 was $448,853, $383,752 and $370,840, respectively. The contributions made by the City equaled the required contributions for each year.

b. Law Enforcement Officers Special Separation Allowance

1. *Plan Description.*

The City of Henderson administers a public employee retirement system (the "Separation Allowance"), a single-employer defined benefit pension plan that provides retirement benefits to the City'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. A separate report was not issued for the plan.

All full-time law enforcement officers of the City are covered by the Separation Allowance. At December 31, 2010, the Separation Allowance's membership consisted of:

Retirees receiving benefits	6
Terminated plan members entitled to but not yet receiving benefits	0
Active plan members	60
Total	66

2. *Summary of Significant Accounting Policies*

Basis of Accounting. The City has chosen to fund the Separation Allowance on a pay as you go basis. Pension expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting.

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

3. *Contributions*

The City 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 City'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 report contribution for the current year was determined as part of the December 31, 2010, actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 5.00% investment rate of return (net of administrative expenses) and (b) projected salary increases ranging from 4.25% to 7.85% per year. Both (a) and (b) included an inflation component of 3.00%. The assumptions did not include post employment benefit increases.

Annual Pension Cost and Net Obligation. The City's annual pension cost and net pension obligation to the Separation Allowance for the current year were as follows:

Employer annual required contribution	$ 88,855
Interest on net pension obligation	10,329
Adjustment to annual required contribution	(11,059)
Annual pension cost	$ 88,125
Contributions made	(65,000)
Increase (decrease) in net pension obligation	$ 23,125
Net pension obligation beginning of year	206,575
Net pension obligation end of year	$229,700

3 Year Trend Information

For Year Ended June 30	Annual Pension Cost (APC)	Percentage of (APC) Contributed	Net Pension Obligation
2009	58,747	11.19%	141,005
2010	65,570	0.00%	206,575
2011	88,125	73.76%	229,700

4. *Funded Status and Funding Progress*

As of December 31, 2010, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and the unfunded actuarial accrued liability (UAAL) was $784,030. The covered payroll (annual payroll of active employees covered by the plan) was $2,085,763, and the ratio of the UAAL to the covered payroll was 37.59 percent.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

c. Supplemental Retirement Income Plan for Law Enforcement Officers

Plan Description. The City 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 and other employees employed by the City. 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 the 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 the City to 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 and other employees may make voluntary contributions to the plan. Contributions for the year ended June 30, 2011 were $242,509, which consisted of $127,530 from the City and $114,979 from the law enforcement officers.

d. Firemen's and Rescue Squad Workers' Pension Fund

Plan Description. The State of North Carolina contributes, on behalf of the City of Henderson, to the Firemen's and Rescue Squad Workers Pension Fund (Fund), a cost-sharing multiple-employer defined benefit pension plan with a special funding situation administered by the State of North Carolina. The Fund provides pension benefits for eligible fire and rescue squad workers that have elected to become members of the fund. Article 86 of G.S. Chapter 58 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Firemen's and Rescue Workers Pension Fund 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 the Fund. 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 $10 per month to the Fund. The State, a nonemployer controller, funds the plan through appropriations. The City does not contribute to the Fund. Contribution requirements of plan members and the State of North Carolina are established and may be amended by the North Carolina General Assembly.

e. Deferred Compensation Plan

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Service Code Section 457. The Plan, which is available to all City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

f. Other Postemployment Benefits

1. Healthcare Benefits

Plan Description. According to a City resolution, the City provides postretirement health care benefits to retirees of the City, provided they participate in the North Carolina Local Governmental Employees' Retirement System (System) and have at least five years of creditable service with the City. With fifteen years of creditable service and retired from the System, the City will pay benefits for ten years. With twenty years, the City will pay benefits for life. The City pays the full cost of coverage for these benefits through private insurers. Also, the City's retirees can purchase coverage for their dependents at the City's group rates.

Membership of the plan consisted of the following at December 31, 2009, the date of the last actuarial valuation:

	General Employees:	Law Enforcement Officers:
Retirees and dependents receiving benefits	68	-
Terminated plan members entitled to but not yet receiving benefits	-	-
Active plan members	164	53
Total	232	53

Funding Policy. The City pays the full cost of coverage for the healthcare benefits paid to qualified retirees under a City resolution that can be amended by the City Council. The City's members pay $684 per month for dependent coverage. The City has chosen to fund the healthcare benefits on a pay as you go basis.

The current ARC rate is 11.05% of annual covered payroll. For the current year, the city contributed $357,736 or 4.79% of annual covered payroll. The city obtains healthcare coverage through private insurers. The City's required contributions, under a City resolution, for employees not engaged in law enforcement and for law enforcement officers represented 0 % and 0% of covered payroll, respectively. There were no contributions made by employees, except for dependent coverage in the amount of $-0-. The City's obligation to contribute to the plan is established and may be amended by the City Council.

Summary of Significant Accounting Policies. Postemployment expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting. No funds are set aside to pay benefits and administration costs. These expenditures are paid as they come due.

Annual OPEB Cost and Net OPEB Obligation. The City's annual OPEB cost (expense) is calculated based on the *annual required contribution of the employer* (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation for the healthcare benefits:

Annual required contribution	$ 1,412,742
Interest on net OPEB obligation	41,485
Adjustment to annual required contribution	(35,791)
Annual OPEB cost (expense)	1,418,436
Contributions made	(357,736)
Increase (decrease) in net OPEB obligation	$ 1,060,700
Net OPEB obligation, beginning of year	2,178,271
Net OPEB obligation, end of year	$ 3,238,971

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2011 were as follows:

June 30,	OBEP Cost	OPEB Cost Contributed	Obligation
6/30/2009	$1,312,462	20.98%	$ 1,037,137
6/30/2010	$1,418,436	19.55%	$ 2,178,271
6/30/2011	$1,418,436	25.22%	$ 3,238,971

Funded Status and Funding Progress. As of December 31, 2009, the most recent actuarial valuation date, the plan was partially funded. The actuarial accrued liability for benefits and, thus, the unfunded actuarial accrued liability (UAAL) was $9,899,313. The covered payroll (annual payroll of active employees covered by the plan) was $ 7,469,376, and the ratio of the UAAL to the covered payroll was 132.50 %. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples included assumptions about future employment, mortality, and healthcare trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of

funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefits costs between the employer and plan members at that point. The actuarial methods and assumptions used included techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value assets, consistent with the long-term perspective of the calculations.

In the December 31, 2009 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.00 percent investment rate of return (net of administrative expenses), which is the expected long-term investment returns on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual medical cost trend increase of between 10.50 to 5.00 percent annually. The investment rate included a 3.75 percent inflation assumption. The actuarial value of assets, if any, was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2009 was 30 years.

2. Other Employment Benefits

The City 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 multiple-employer, State-administered, cost sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or 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 are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest months salary in a row during the 24 months prior to the employee's death, but the benefit may not exceed $50,000. All death benefit payments are made from the Death Benefit Plan. The City has no liability beyond the payment of monthly contributions. The contributions to the Death Benefit plan cannot be separated between the post-employment benefit amount and the other benefit amount. The City considers these contributions to be immaterial.

The City's required contributions for employees not engaged in law enforcement and for law enforcement officers represented 6.50% and 6.41% of covered

payroll, respectively. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount.

3. Deferred Revenues

The balance in deferred revenues at year-end is composed of the following element:

Taxes Receivable (General Fund)	$ 640,861

4. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City participates in three self-funded risk financing pools administered by the North Carolina League of Municipalities. Through these pools, the City obtains general liability and auto liability coverage of $1 million per occurrence, property coverage up to the total insurance values of the property policy, workers' compensation coverage up to statutory limits and employee health coverage up to $2 million lifetime limit. The pools are reinsured through commercial companies for single occurrence claims against general liability, auto liability and property in excess of $500,000 and $300,000 up to statutory limits for workers' compensation. The pools are reinsured for annual employee health claims in excess of $150,000.

The property liability pool has an aggregate limit for the total property losses in a single year, with the reinsurance limit based upon a percentage of the total insurance values.

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

In accordance with G.S. 159-29, the City's employees that have access to $100 or more at any given time of the City's funds are performance bonded through a commercial surety bond. The finance officer is bonded for $250,000. The remaining employees that have access to funds are bonded under a blanket bond for $250,000.

5. Claims, Judgments, and Contingent Liabilities

None.

6. Long Term Obligations

a. Capital Leases

The City 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.

Leased Property	Date Executed	Payment Requirements
Fire Ladder Truck	9/2/2004	6 annual payments of $61,780
Garbage Truck	9/2/2004	6 annual payments of $18,049
Generator	12/3/2004	8 annual payments of $56,347
Backhoe	8/11/2005	6 annual payments of $13,602
Knuckleboom Grapple Unit	8/16/2007	6 annual payments of $17,668
Backhoe/Mower	8/16/2007	4 annual payments of $7,024
Street Truck, Fire Car & Rec Car	10/29/2008	3 annual payments of $22,556
Water Dist Truck & Reg Truck	10/29/2008	3 annual payments of $12,202
Fire Truck	10/29/2008	5 annual payments of $32,604
Excavator & Video Camera	10/29/2008	5 annual payments of $34,698
Mobile & Portable Radio System	9/1/2010	5 annual payments of $21,043

The following is an analysis of the assets recorded under capital leases at June 30, 2011:

Classes of Property	Cost	Accumulated Depreciation	Net Book Value
Equipment	$ 831,932	$548,332	$283,600
Vehicles and motorized equipment	1,240,542	1,014,792	225,750
Total	$2,072,474	$1,563,124	$509,350

The future minimum lease obligations and the net present value of the minimum lease payments as of June 30, 2011 are as follows:

Year Ending June 30	Governmental	Business-Type
2012	$93,872	$103,248
2013	71,316	91,046
2014	53,647	34,698
2015	21,043	-
2016	21,043	-

Total Minimum Lease Payments	$260,921	$228,992
Less amount representing interest	(15,861)	(13,163)
Present Value of Minimum Lease Payment	$245,060	$215,829

b. Notes Payable and Revolving Loans

At June 30, 2011, the City of Henderson had a legal debt margin of $ 65,996,525.

Annual debt service requirements to maturity for long-term obligations are as follows:

Serviced by the General Fund:

$3,964,000 note payable to Wachovia Bank due in 15 annual installments of $264,267 plus interest at 5.46% for the Aycock Recreation Complex.	$ 1,321,330
$4,840,000 note payable to Wachovia Bank due in semi-annual installments ranging from $304,036 to $505,770 including interest at 4.84% for a police station.	2,735,000
$163,750 note payable to Vance County due in annual installments of $32,750 with no interest.	163,750

Serviced by the Sewer Fund:

$2,747,865 note payable to the North Carolina Division of Environmental Management due in 20 annual installments of $137,393 plus interest at 3.385% for sewer improvements.	412,073
$2,305,706 note payable to the North Carolina Division of Emergency Management due in 20 annual installments of $115,285 plus interest at 3.43% for sewer improvements.	691,712
$1,255,360 note payable to the North Carolina Department of Environment and Natural Resources due in 10 annual installments of $62,227 plus interest at 5.85% for sewer improvements.	311,132

Serviced by Water Fund:	
$841,968 note payable to the North Carolina Department of Environment and Natural Resources due in 20 annual installments of $42,098 plus interest at 3.43% for water lines.	252,590
$2,957,697 note payable to the North Carolina Department of Environment and Natural Resources due in 10 annual installments of $295,770 plus interest at 2.25% for water lines.	295,770
Serviced by Regional Water Fund:	
$3,800,000 note payable to Bank of America due in 20 semi-annual installments ranging from $225,502 to $225,297 including interest at 2.9% for water lines.	868,500
$5,115,000 note payable to Bank of America due in 26 semi-annual installments ranging from $250,550 to $261,580 including interest at 3.18% for water lines.	2,367,000
$2,130,000 note payable to Bank of America due in 31 semi-annual installments of $95,823 including interest at 3.74% for water lines.	1,314,559
Total	$10,733,416

	Governmental Activities		Business Type Activities	
Year Ending June 30	Principal	Interest	Principal	Interest
2012	$ 647,016	$ 204,519	$ 1,660,587	$ 211,600
2013	647,016	173,150	1,404,746	157,966
2014	647,016	141,781	986,274	114,198
2015	647,016	110,412	869,833	79,497
2016	647,016	79,043	895,401	48,644
2017-2019	985,000	92,444	696,495	41,228
	$4,220,080	$ 801,348	$6,513,336	$653,133

c. Revenue Bond

$15,630,000 Combined Enterprise System Revenue Bonds, Series 2001, (Water and Sewer Fund) issued for water and sewer system improvements. Principal installments are due annually on May 1, with semi-annual interest payments due on November 1 and May 1, at an annual interest rate of 4.00%.	$10,005,000

The future payments of the Revenue Bond for the years ending June 30 are as follows:

Year Ending June 30	Principal	Interest	Total
2012	$ 790,000	$ 509,685	$ 1,299,685
2013	825,000	474,925	1,299,925
2014	875,000	431,613	1,306,613
2015	915,000	385,675	1,300,675
2016	965,000	337,638	1,302,638
2017-2021	5,635,000	880,650	6,515,650
	$10,005,000	$3,020,186	$13,025,186

The City has been in compliance with the covenants as to rates, fees, and charges in Section 704 of the Bond order, authorizing the issuance of Water and Sewer Revenue Bonds, Series 2001, since its' adoption in 2001. Section 704(a) of the Bond Order requires the parity debt service coverage ratio to be no less than 125% (or 1.25) and the subordinate debt service coverage ratio to be no less than 100% or (1.00). The debt service ratio calculations for the year ended June 30, 2011, are as follows:

	Water and Sewer Fund
Income (Loss) Before Contributions and Transfers	$ 1,081,283
Add Back:	
Interest and Other Charges	645,693
Depreciation	1,013,973
Net Revenues	$2,740,949
Parity Debt	
Debt Service, Principal and Interest (Revenue Bond Only)	$1,307,198
Debt Coverage Ratio	2.10

Required Debt Coverage Ratio	1.25
Subordinate Debt	
Debt Service, Principal and Interest	
All (Includes Capital Leases)	$2,118,602
Subtract Parity Debt	(1,307,198)
Debt Service, Principal and Interest	
(All, excluding Parity Debt)	$ 811,404
Debt Coverage Ratio	
Net Revenues	$2,740,949
Less: Parity Debt	(1,307,198)
Subtotal	$1,433,751
Debt Service, Principal and Interest	
(All, excluding Parity Debt)	$ 811,404
Debt Coverage Ratio	1.77
Required Debt Coverage Ratio	1.00

The City has pledged future water and sewer customer revenues, net of specified operating expenses, to repay $15,630,000 in water and sewer system revenue bonds issued in 2001. Proceeds from the bonds provided financing for the extension of water lines. The bonds are payable solely from water and sewer customer net revenues and are payable through 2021. The total principal and interest remaining to be paid on the bond is $13,025,186. Principal and interest paid for the current year was $1,307,198.

d. Changes in General Long-Term Debt

	Balance July 1, 2010	Increases	Decreases	Balance June 30, 2011	Current Portion
Governmental Activities:					
Notes Payable	$4,834,347	$ -0-	($ 614,267)	$ 4,220,080	$ 647,016
Capital Leases	296,804	98,131	(149,875)	245,060	86,517
Net Pension Obligation	206,575	23,125	-0-	229,700	-0-
Other Post-employment Benefits	1,634,030	756,355	-0-	2,390,385	-0-
Compensated absences	459,608	-0-	(24,666)	434,942	186,444
Governmental activity long-term liabilities	$7,431,364	$ 877,611	($ 788,808)	$ 7,520,167	$ 919,977

Business-type Activities:					
Notes Payable	$ 8,143,693	$ -0-	($1,630,357)	$ 6,513,336	$1,660,587
Revenue Bond	10,770,000	-0-	(765,000)	10,005,000	790,000
Capital Leases	321,115	-0-	(105,286)	215,829	95,483
Other Post-employment Benefits	544,241	304,345	-0-	848,586	-0-
Compensated absences	91,230	13,269	-0-	104,499	67,021
Business-type activity long-term liabilities	$ 19,870,279	$ 317,614	($2,500,643)	$17,687,250	$2,613,091

Compensated absences, other post-employment benefits and net pension obligation for governmental activities have typically been liquidated in the General Fund.

C. Interfund Balances and Activity

Transfers From/To Other Funds at June 30, 2011 consists of the following:

From the Water, Regional Water System, and Sewer Funds to General Fund to supplement other funding sources	$ 139,592
From the Bureau of Justice 2003 Fund to General Fund	62
From the Pension Trust Fund to General Fund	60,460
From General Fund to Special Revenue Funds – Grant match	(83,498)
From General Fund to Water Fund to supplement funds	(183,063)
From General Fund to Sewer Fund to supplement funds	(45,752)
From General Fund to Capital Projects-General Fund	(14,811)
	$(127,010)
Interfund balances	$ 145,728

7. Fund Balance

The following schedule provides management and citizens with information on the portion of fund that is available for appropriation:

Total Fund Balance – General Fund	$ 4,613,658
Less:	
Stabilization by State Statute	1,317,984
Public Safety	837,941
Streets-Powell Bill	299,017
Appropriated Fund Balance in 2012 Budget	175,008
Remaining Fund Balance	1,983,708

IV. Jointly Governed Organization

The City, in conjunction with five counties and fifteen municipalities, established the Kerr-Tar Regional Council of Governments (Council). The participating governments established the Council to coordinate various funding received from federal and state agencies. Each participating government appoints at least one member to the Council's governing board. The City paid membership fees of $8,048 to the Council during the fiscal year ended June 30, 2011.

V. Joint Ventures

H. Leslie Perry Memorial Library

The City participates in a joint venture to operate H. Leslie Perry Memorial Library with Vance County. Each participating government appoints six board members to the twelve-member board of the Library. The City has an ongoing financial responsibility for the joint venture because the Library's continued existence depends on the participating governments' continued funding. None of the participating governments have any equity interest in the Library, so no equity interest has been reflected in the financial statements at June 30, 2011.

In accordance with the intergovernmental agreement between the participating governments, the City appropriated $262,230 to the Library to supplement its activities. Complete financial statements for the Library can be obtained from the Library's office at 205 Breckenridge Street, Henderson, NC 27536.

Aeronautics Authority of the City of Henderson, City of Oxford, County of Granville and County of Vance

The City also participates in a joint venture to operate the Oxford-Henderson Airport Authority. The City appoints one member to the four-member board. None of the participating governments have an equity interest in the Authority, so no equity interest has been reflected in the financial statements at June 30, 2011.

In accordance with the intergovernmental agreement between the participating governments, the City appropriated $26,022 to the Authority to supplement its activities. Complete financial statements can be obtained from the Aeronautics Authority of the City of Henderson, City of Oxford, County of Granville and County of Vance, 6514 Airport Road, Oxford, NC 27565.

VI. Summary Disclosure of Significant Contingencies

Federal and State Assisted Programs

The City has received proceeds from several 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 moneys 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 moneys.

VII. Significant Effects of Subsequent Events

After year end, the City Council authorized the issuance of an $8,024,000 Combined Enterprise System Revenue Refunding Bond, Series 2011. This Bond will be applied to the redemption of the outstanding Combined Enterprise System Revenue Bonds, Series 2001 along with other funds created by the Series 2001 Bond Order.

Exhibit 11

City of Henderson, North Carolina
Law Enforcement Officers' Special Separation Allowance
Required Supplementary Information
Schedule of Funding Progress
June 30, 2011

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) -Projected Unit Credit (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b - a)/c)
2001	$ 245,594	$ 430,693	$ 185,099	57.02%	$ 1,789,681	10.34%
2002	$ 248,940	$ 481,430	$ 232,490	51.71%	$ 1,868,813	12.44%
2003	$ 244,138	$ 487,682	$ 243,544	50.06%	$ 1,812,982	13.43%
2004	$ 240,723	$ 487,064	$ 246,341	49.42%	$ 1,785,985	13.79%
2005	$ 242,324	$ 473,285	$ 230,961	51.20%	$ 1,917,449	12.05%
2006	$ 240,352	$ 558,458	$ 318,106	43.04%	$ 1,884,257	16.88%
2007	$ 229,951	$ 628,386	$ 398,435	36.59%	$ 1,894,019	21.04%
2008	$ 217,047	$ 675,357	$ 458,310	32.14%	$ 2,017,254	22.72%
2009	$ 192,621	$ 847,450	$ 654,829	22.73%	$ 2,203,775	29.71%
2010	$ 115,000	$ 899,030	$ 784,030	12.79%	$ 2,085,763	37.59%

Exhibit 11

City of Henderson, North Carolina
Law Enforcement Officers' Special Separation Allowance
Required Supplementary Information
Schedule of Employer Contributions
June 30, 2011

Year Ended June 30,	Annual Required Contribution	Percentage Contributed	Contributions Made
2001	$ 17,049	1.00	$ 17,009
2002	$ 33,595	0.41	$ 13,749
2003	$ 40,329	0.29	$ 11,867
2004	$ 48,358	0.13	$ 6,110
2005	$ 47,205	0.08	$ 3,564
2006	$ 48,355	0.10	$ 4,717
2007	$ 46,216	0.53	$ 24,512
2008	$ 51,109	0.10	$ 4,928
2009	$ 57,738	0.11	$ 6,573
2010	$ 64,229	-	$ -
2011	$ 88,855	0.73	$ 65,000

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	12/31/2010
Actuarial cost method	Projected unit credit
Amortization method	Level Percent of Pay Closed
Remaining amortization period	20 Years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return	5.00%
Projected salary increases	4.25%-7.85%
Includes inflation at	3.00%
Cost-of living adjustments	N/A

Exhibit 12

City of Henderson, North Carolina
Other Postemployment Benefits
Required Supplementary Information
Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) -Projected Unit Credit (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b - a)/c)
12/31/2006	$ -	$ 14,970,034	$ 14,970,034	0.00%	$ 7,111,936	210.49%
12/31/2009	$ -	$ 9,899,313	$ 9,899,313	0.00%	$ 7,469,376	132.53%

Exhibit 12

City of Henderson, North Carolina
Other Postemployment Benefits
Required Supplementary Information
Schedule of Employer Contributions

Year Ended June 30,	Annual Required Contribution	Percentage Contributed	Contributions Made
2009	$ 1,312,462	20.98%	$ 275,325
2010	$ 1,412,742	19.63%	$ 277,302
2011	$ 1,412,742	25.32%	$ 357,736

Notes to the Required Schedules:

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

Valuation date	12/31/2009
Actuarial cost method	Projected unit credit
Amortization method	Level Percent of Pay, open
Remaining amortization period	30 Years
Asset valuation method	Market Value
Actuarial assumptions:	
Investment rate of return*	4.00%
Medical cost trend rate	
Pre-Medicare trend rate	10.50% - 5.00%
Post-Medicare trend rate	9.00% - 5.00%
Year of Ultimate trend rate	2017
*Includes inflation at	3.75%

Schedule 1

City of Henderson, North Carolina
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actuals
For the Fiscal Year Ended June 30, 2011
With Comparative Totals For the Year Ended June 30, 2010

	Budget	Actual	Variance Positive (Negative)	2010 Actual
Revenues:				
Ad valorem taxes:				
Current year		$ 4,803,194		$ 4,792,999
Prior years		370,886		403,874
Penalties and Interest		85,520		100,818
Total	$ 5,319,600	$ 5,259,600	$ (60,000)	$ 5,297,691
Other taxes and licenses:				
ABC net revenues		$ 16,200		$ 18,000
Local option sales tax		2,150,394		2,164,956
Privilege licenses		306,870		119,919
Solid waste disposal tax		11,005		11,089
Vehicle rental tax		11,672		14,995
Total	$ 2,585,599	$ 2,496,141	$ (89,458)	$ 2,328,959
Unrestricted intergovernmental:				
Payments in lieu of taxes		$ -		$ 1,802
Vance County ABC-5%		3,306		1,578
Franchise tax		902,259		915,707
Bear and wine tax		71,558		23,210
Total	$ 882,590	$ 977,123	$ 94,533	$ 942,297
Restricted intergovernmental:				
State Street Aid grant		$ 447,950		$ 446,955
DOT mowing / snow contract		12,354		-
Bullet Proof Vest Grant		2,803		-
Total	$ 436,000	$ 463,107	$ 27,107	$ 446,955
Permits and fees:				
Cable T.V. franchise		$ -		$ -
Auto Tags		92,333		101,619
Total	$ 100,000	$ 92,333	$ (7,667)	$ 101,619
Sales and services:				
Recreation	80,000	$ 36,726		$ 56,035
Refuse collections	1,589,830	1,652,199		1,576,595
Misc. refuse collections	5,000	5,385		6,932
Leaf bags	2,000	1,741		-
Recycling rebates	500	280		428
Debt setoff-refuse collections	3,000	622		1,791
Street cuts and sidewalks	-	-		21
Bad debt recovery	1,500	2,285		3,000
Cemetery interment	30,000	20,690		33,500
Aquatics Center	60,000	75,648		92,387
Police Training Central rental	2,000	2,000		2,000
Rental-Ramsey Street	-	5,400		10,200
Rental-Fox Pond Park	500	1,227		255
Demolition and lot cleaning	2,000	3,350		4,636
Administration fees	1,249,899	1,249,899		1,249,899
Garage fees	570,930	437,339		521,671
County contracts	850,055	785,875		866,608
Zoning and reclassification	13,000	15,212		15,805
Total	$ 4,460,214	$ 4,295,878	$ (164,336)	$ 4,441,763

Schedule 1

City of Henderson, North Carolina
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actuals
For the Fiscal Year Ended June 30, 2011
With Comparative Totals For the Year Ended June 30, 2010

	Budget	Actual	Variance Positive (Negative)	2010 Actual
Investment earnings				
General Fund		$ 9,930		$ 9,566
Powell Bill		693		655
Library		-		24
Total	$ 11,000	$ 10,623	$ (377)	$ 10,245
Miscellaneous:				
Parking violations	4,000	$ 4,115		$ 6,198
Civil penalties	-	(15)		50
Liens collected	-	-		603
Drug tax/Forfeitures	-	333,906		343,354
Court fees and charges	15,000	11,126		16,309
Fire code violations	500	950		500
False alarm fines	-	5,000		-
Recreation donations	-	1,724		10,468
Miscellaneous	4,400	6,387		29,727
Insurance proceeds	-	20,279		24,256
Workers compensation reimbursement	-	6,429		29,652
Progress Energy lighting rebate	25,451	25,405		-
Sale of assets	86,400	85,339		35,165
Total	$ 135,751	$ 500,645	$ 364,894	$ 496,282
Total revenues	$ 13,930,754	$ 14,095,450	$ 164,696	$ 14,065,811
Expenditures:				
General government:				
Governing Body		$ 219,740		$ 227,353
Administration		400,198		386,139
Human Resources		130,497		129,945
Finance		521,248		527,019
Public Buildings		95,228		103,577
Total	$ 1,467,495	$ 1,366,911	$ 100,584	$ 1,374,033
Public safety:				
Police		$ 3,799,228		$ 4,096,913
Fire		2,024,173		1,970,147
Total	$ 5,876,800	$ 5,823,401	$ 53,399	$ 6,067,060
Planning and Community Development	$ 136,630	$ 132,148	$ 4,482	$ 136,608
Cemetery	$ 77,390	$ 69,545	$ 7,845	$ 125,267
Code Compliance	$ 177,830	$ 170,385	$ 7,445	$ 130,751
Donations to Local Agencies	$ 687,766	$ 664,791	$ 22,975	$ 694,316

Schedule 1

City of Henderson, North Carolina
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actuals
For the Fiscal Year Ended June 30, 2011
With Comparative Totals For the Year Ended June 30, 2010

	Budget	Actual	Variance Positive (Negative)	2010 Actual
Economic and Physical Development	$ 34,120	$ 32,812	$ 1,308	$ 20,044
Transportation and Utilities				
Street Repair and Construction		$ 1,066,435		$ 1,083,965
City Garage		685,008		633,543
Administration-Public Works		207,287		206,195
Airport		26,022		26,022
Total	$ 2,156,222	$ 1,984,752	$ 171,470	$ 1,949,725
Enviromental Protection	$ 811,300	$ 791,878	$ 19,422	$ 674,421
Culture and recreation:				
Recreation and Parks		$ 784,499		$ 790,710
Aycock Aquatics Center		283,399		303,358
Recreation-Youth		164,085		202,301
Donation to Library		262,230		262,236
Total	$ 1,595,750	$ 1,494,213	$ 101,537	$ 1,558,605
Non-Departmental				
Insurance deductible		$ 15,544		$ 11,500
Group insurance - retiree		357,736		277,302
Unemployment costs		12,886		8,992
Information deductible		43,920		39,910
Total	$ 391,250	$ 430,086	$ (38,836)	$ 337,704
Debt service:				
Principal retirement		$ 764,141		$ 745,148
Interest and other charges		226,004		285,532
Total debt service	$ 1,133,420	$ 990,145	$ 143,275	$ 1,030,680
Contingency	$ 6,551	$ -	$ 6,551	$ -
Total expenditures	$ 14,552,524	$ 13,951,067	$ 601,457	$ 14,099,214
Revenues over (under) expenditures	$ (621,770)	$ 144,383	$ 766,153	$ (33,403)

Schedule 1

City of Henderson, North Carolina
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actuals
For the Fiscal Year Ended June 30, 2011
With Comparative Totals For the Year Ended June 30, 2010

	Budget	Actual	Variance Positive (Negative)	2010 Actual
Other financing sources (uses):				
Transfers (to) / from other funds:				
Water Fund	$ 53,970	$ 57,194	$ -	$ 262,984
Sewer Fund	27,270	30,494	-	58,167
Regional Water System Fund	-	7,024	-	20,722
Water/Sewer/Street	44,880	44,880	-	36,700
Pension Trust Fund	60,460	60,460	-	32,000
Bureau of Justice 2003	-	62	-	-
HOPE VI	-	-	-	(12,000)
Bureau of Justice	-	-	-	(3,250)
Recycling Project	-	-	-	(900)
HOPE VI (Phase II)	(12,000)	(6,000)	-	-
NC Dept. of Commerce Round II Energy	(35,430)	(35,430)	-	-
NCDOT Gov. Highway Safety Grant	(2,490)	(2,490)	-	-
2010 Community Revi. Initiative Grant	(19,979)	(19,979)	-	-
Gov. Crime Comm. Viper Radio Grant	(15,151)	(15,150)	-	-
David Street Project	(4,449)	(4,449)	-	-
Capital Projects-General Fund	(14,811)	(14,811)	-	(3,400)
Water Fund	-	(183,063)	-	(162,536)
Sewer Fund	-	(45,752)	-	-
Capital Lease Obligation Issued	-	98,131	-	-
Fund Balance Appropriated	539,500	-	-	-
Total	$ 621,770	$ (28,879)	$ (650,649)	$ 228,487
Net change in fund balance	$ -	$ 115,504	$ 115,504	$ 195,084
Fund balances, beginning		$ 4,498,154		$ 4,303,070
Fund balances, ending		$ 4,613,658		$ 4,498,154

Schedule 2

City of Henderson, North Carolina
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2011
With Comparative Totals For the Year Ended June 30, 2010

	Bureau of Justice Grant-03	Recycling Project Grant	David Street Project	Cary Chapel Crossing Project	Governor's Crime Comm. Grants	2010 Community Revi Initiative Grant	Total Nonmajor Special Revenue Funds	Capital Project - NCDOT Govenor's Highway Safety Grant
Assets								
Cash and cash equivalents	$ -	$ -	$ -	$ 15,405	$ -	$ -	$ 15,405	$ -
Restricted Cash	-	-	-	-	-	-	-	-
Accounts receivable, net	-	-	-	-	-	34,837	34,837	-
Due from general fund	-	-	-	-	-	-	-	-
Total Assets	$ -	$ -	$ -	$ 15,405	$ -	$ 34,837	$ 50,242	$ -
Liabilities and Fund Balances								
Liabilities:								
Due to General Fund	$ -	$ -	$ -	$ -	$ 7,262	$ -	$ 7,262	$ -
Bank Overdraft	71	4,499	-	-	-	29,629	34,199	7,470
Accounts payable	-	-	-	-	-	13,799	13,799	-
Total Liabilities	$ 71	$ 4,499	$ -	$ -	$ 7,262	$ 43,428	$ 55,260	$ 7,470
Fund balances:								
Non Spendable:								
Perpetual maintenance	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Restricted:	-	-	-	15,405	-	-	15,405	-
Assigned:	-	-	-	-	-	-	-	-
Unassigned:	(71)	(4,499)	-	-	(7,262)	(8,591)	(20,423)	(7,470)
Total Fund Balance	$ (71)	$ (4,499)	$ -	$ 15,405	$ (7,262)	$ (8,591)	$ (5,018)	$ (7,470)
Total Liabilities and Fund Balances	$ -	$ -	$ -	$ 15,405	$ -	$ 34,837	$ 50,242	$ -

Schedule 2

City of Henderson, North Carolina
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2011
With Comparative Totals For the Year Ended June 30, 2010

Capital Project - Governor's Crime Comm.Viper Radio Grant	Capital Project - Bureau of Justice JAG Grant	Capital Project - 2010 BJA Grant	Capital Project - Capital Reserve General	General Fund Capital Project Fund	Powell Bill Capital Project Fund	Elmwood Cemetery Permanent Fund	June 30, 2011 Total Nonmajor Governmental Funds	June 30, 2010 Total Nonmajor Governmental Funds
$ 605	$ -	$ 24,215	$ -	$ 224,213	$ 72,883	$ 430,210	$ 767,531	$ 575,000
-	-	-	56,412	-			56,412	-
-	-	-	-	775			35,612	333,537
-	-	-	-	-	-	-	-	-
$ 605	$ -	$ 24,215	$ 56,412	$ 224,988	$ 72,883	$ 430,210	$ 859,555	$ 908,537
$ -	$ -	$ -	$ -	$ 58,715	$ -	$ -	$ 65,977	$ 65,977
-	13	-	-	-	-	-	41,682	72,435
-	-	-	-	34,956	-	-	48,755	31,720
$ -	$ 13	$ -	$ -	$ 93,671	$ -	$ -	$ 156,414	$ 170,132
$ -	$ -	$ -	$ -	$ -	$ -	$ 430,210	$ 430,210	$ 430,210
-	-	24,215	56,412	-	-	-	96,032	71,907
605	-	-	-	131,317	72,883	-	204,805	249,212
-	(13)	-	-	-	-	-	(27,906)	(12,924)
$ 605	$ (13)	$ 24,215	$ 56,412	$ 131,317	$ 72,883	$ 430,210	$ 703,141	$ 738,405
$ 605	$ -	$ 24,215	$ 56,412	$ 224,988	$ 72,883	$ 430,210	$ 859,555	$ 908,537

Schedule 3

City of Henderson, North Carolina
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2011
With Comparative Totals For the Year Ended June 30, 2010

	Bureau of Justice Grant-03	Recycling Project Grant	David Street Project	Cary Chapel Crossing Project	Governor's Crime Comm. Grants	2010 Community Revi Initiative Grant	Total Nonmajor Special Revenue Funds	Capital Project - NCDOT Govenor's Highway Safety Grant
Revenues:								
Restricted intergovernmental								
Revenues								
Public Safety Grant	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Dept. of Commerce Grant	-	-	(3,500)	-	-	-	(3,500)	-
Weed and Seed Grant	-	-	-	-	-	-	-	-
Governor's Crime Commission Grant	-	-	-	-	-	47,987	47,987	-
CDBG A.L. Harris Housing Development	-	-	-	-	-	-	-	-
SAFETEA-LU Grant	-	-	-	-	-	-	-	-
US Dept of Housing and Urban Dev	-	-	-	-	-	-	-	-
Cemetery Revenues	-	-	-	-	-	-	-	-
NC Rural Center	-	-	-	-	-	-	-	-
Sales of Assets	-	-	-	-	-	-	-	-
Investment earnings	(99)	-	-	-	-	-	(99)	-
Total Revenues	$ (99)	$ -	$ (3,500)	$ -	$ -	$ 47,987	$ 44,388	$ -
Expenditures:								
Administration	$ -	$ -	$ -	$ -	$ -	$ 73,758	$ 73,758	$ -
Departmental Supplies	-	-	(201)	-	-	-	(201)	-
Rehabilitation	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	2,799	2,799	9,960
Total Expenditures	$ -	$ -	$ (201)	$ -	$ -	$ 76,557	$ 76,356	$ 9,960
Revenues Over (Under) Expenditures	$ (99)	$ -	$ (3,299)	$ -	$ -	$ (28,570)	$ (31,968)	$ (9,960)
Other Financing Sources								
Transfers in	$ -	$ -	$ 4,449	$ -	$ -	$ 19,979	$ 24,428	$ 2,490
Transfers (out)	(62)	-	-	-	-	-	(62)	-
Proceeds from capital leases	-	-	-	-	-	-	-	-
Total Other Financing Sources	$ (62)	$ -	$ 4,449	$ -	$ -	$ 19,979	$ 24,366	$ 2,490
Excess of Revenues and Other Sources Over (Under) Expenditures	$ (161)	$ -	$ 1,150	$ -	$ -	$ (8,591)	$ (7,602)	$ (7,470)
Fund Balance-July 1	90	(4,499)	(1,150)	15,405	(7,262)	-	2,584	-
Fund Balance-June 30	$ (71)	$ (4,499)	$ -	$ 15,405	$ (7,262)	$ (8,591)	$ (5,018)	$ (7,470)

Schedule 3

City of Henderson, North Carolina
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2011
With Comparative Totals For the Year Ended June 30, 2010

Capital Project - Governor's Crime Comm.Viper Radio Grant	Capital Project - Bureau of Justice JAG Grant	Capital Project - 2010 BJA Grant	Capital Project - Capital Reserve General	General Fund Capital Project Fund	Powell Bill Capital Project Fund	Elmwood Cemetery Permanent Fund	Total Nonmajor Governmental Funds 2011	Total Nonmajor Governmental Funds 2010
$ 14,545	$ -	$ 35,833	$ -	$ -	$ -	$ -	$ 50,378	$ 186,505
-	-	-	-	40,393	-	-	36,893	-
-	-	-	-	128,362	-	-	128,362	149,468
-	-	-	-	-	-	-	47,987	-
-	-	-	-	-	-	-	-	20,000
-	-	-	-	40,494	-	-	40,494	77,498
-	-	-	-	251,695	-	-	251,695	701,900
-	-	-	-	-	-	-	-	600
-	-	-	-	-	-	-	-	25,000
-	-	-	-	125	-	-	125	40,747
-	-	-	-	-	-	-	(99)	532
$ 14,545	$ -	$ 35,833	$ -	$ 461,069	$ -	$ -	$ 555,835	$ 1,202,250
$ -	$ -	$ 11,618	$ -	$ 13,228	$ -	$ -	$ 98,604	$ 105,599
-	-	-	-	-	-	-	(201)	48,752
-	-	-	-	138,045	-	-	138,045	166,087
29,090	-	-	-	411,049	-	-	452,898	656,670
$ 29,090	$ -	$ 11,618	$ -	$ 562,322	$ -	$ -	$ 689,346	$ 977,108
$ (14,545)	$ -	$ 24,215	$ -	$ (101,253)	$ -	$ -	$ (133,511)	$ 225,142
$ 15,150	$ -	$ -	$ -	$ 56,241	$ -	$ -	$ 98,309	$ 50,150
-	-	-	-	-	-	-	(62)	-
-	-	-	-	-	-	-	-	-
$ 15,150	$ -	$ -	$ -	$ 56,241	$ -	$ -	$ 98,247	$ 50,150
$ 605	$ -	$ 24,215	$ -	$ (45,012)	$ -	$ -	$ (35,264)	$ 275,292
-	(13)	-	56,412	176,329	72,883	430,210	738,405	463,113
$ 605	$ (13)	$ 24,215	$ 56,412	$ 131,317	$ 72,883	$ 430,210	$ 703,141	$ 738,405

Schedule 4

City of Henderson, North Carolina
Special Revenue Fund - Grant Project Fund - Bureau of Justice Grant 03
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
From Inception and For the Fiscal Year Ended June 30, 2011

		Actual			
	Project Authorization	Prior Years	Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
Restricted intergovernmental:					
BJA Grant 03	$ 32,595	$ 32,555	$ -	$ 32,555	$ (40)
Investment earnings	-	240	(99)	141	141
Total Revenues	$ 32,595	$ 32,795	$ (99)	$ 32,696	$ 101
Expenditures:					
Public Safety					
Travel and school	$ 6,263	$ 6,177	$ -	$ 6,177	$ 86
Departmental supplies	5,473	7,132	-	7,132	(1,659)
Capital outlay	24,481	22,947	-	22,947	1,534
Total Expenditures	$ 36,217	$ 36,256	$ -	$ 36,256	$ (39)
Revenues Over (Under) Expenditures	$ (3,622)	$ (3,461)	$ (99)	$ (3,560)	$ 62
Other Financing Sources (Used)					
Transfers in (out)	3,622	3,622	(62)	3,560	(62)
Excess of Revenues and Other Sources Over (Under) Expenditures	$ -	$ 161	$ (161)	$ -	$ -
Fund Balance, Beginning			90		
Fund Balance, Ending			$ (71)		

Schedule 5

City of Henderson, North Carolina
Special Revenue Fund - Grant Project Fund - Recycling Project Grant
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
From Inception and For the Fiscal Year Ended June 30, 2011

		Actual			
	Project Authorization	Prior Years	Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
Restricted intergovernmental:					
NC DENR Grant	$ 4,500	$ -	$ -	$ -	$ (4,500)
Investment earnings	-	-	-	-	-
Total Revenues	$ 4,500	$ -	$ -	$ -	$ (4,500)
Expenditures:					
Public Safety					
Departmental supplies	$ 5,400	$ 5,399	$ -	$ 5,399	$ 1
Capital outlay	-	-	-	-	-
Total Expenditures	$ 5,400	$ 5,399	$ -	$ 5,399	$ 1
Revenues Over (Under) Expenditures	$ (900)	$ (5,399)	$ -	$ (5,399)	$ (4,499)
Other Financing Sources (Used)					
Transfers in (out)	900	900	-	900	-
Excess of Revenues and Other Sources Over (Under) Expenditures	$ -	$ (4,499)	$ -	$ (4,499)	$ (4,499)
Fund Balance, Beginning			(4,499)		
Fund Balance, Ending			$ (4,499)		

Schedule 6

City of Henderson, North Carolina
Special Revenue Fund - Grant Project Fund - Governor's Crime Commission - COPS Grant
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
From Inception and For the Fiscal Year Ended June 30, 2011

		Actual			
	Project Authorization	Prior Years	Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
Restricted intergovernmental:					
Revenues					
Governor's Crime Commission Grant	$ 11,999	$ 10,102	$ -	$ 10,102	$ (1,897)
Investment earnings	-	-	-	-	-
Total Revenues	$ 11,999	$ 10,102	$ -	$ 10,102	$ (1,897)
Expenditures:					
Public Safety					
Departmental supplies	$ 11,999	$ 10,102	$ -	$ 10,102	$ 1,897
Capital outlay	-	-	-	-	-
Total Expenditures	$ 11,999	$ 10,102	$ -	$ 10,102	$ 1,897
Revenues Over (Under) Expenditures	$ -	$ -	$ -	$ -	$ -
Other Financing Sources (Used)					
Transfers in (out)	-	-	-	-	-
Excess of Revenues and Other Sources Over (Under) Expenditures	$ -	$ -	$ -	$ -	$ -
Fund Balance, Beginning			-		
Fund Balance, Ending			$ -		

Schedule 7

City of Henderson, North Carolina
Special Revenue Fund - Grant Project Fund - David Street Project
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
From Inception and For the Fiscal Year Ended June 30, 2011

		Actual			
	Project Authorization	Prior Years	Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
Restricted intergovernmental:					
Dept. of Commerce Grant	$ 653,449	$ 647,245	$ (3,500)	$ 643,745	$ (9,704)
Investment earnings	-	-	-	-	-
Total Revenues	$ 653,449	$ 647,245	$ (3,500)	$ 643,745	$ (9,704)
Expenditures:					
Public Safety					
Departmental Supplies	$ 6,400	$ 4,617	$ (201)	$ 4,416	$ 1,984
Contracted services	64,800	51,235	-	51,235	13,565
Acquisition	79,050	81,943	-	81,943	(2,893)
Disposition	2,000	1,950	-	1,950	50
Rehabilitiation	349,799	330,849	-	330,849	18,950
Clearence	59,000	53,845	-	53,845	5,155
Street improvements	144,800	177,096	-	177,096	(32,296)
Recreation facilities	35,200	34,460	-	34,460	740
Total Expenditures	$ 741,049	$ 735,995	$ (201)	$ 735,794	$ 5,255
Revenues Over (Under) Expenditures	$ (87,600)	$ (88,750)	$ (3,299)	$ (92,049)	$ (4,449)
Other Financing Sources (Used)					
Transfers in (out)	87,600	87,600	4,449	92,049	4,449
Excess of Revenues and Other Sources Over (Under) Expenditures	$ -	$ (1,150)	$ 1,150	$ -	$ -
Fund Balance, Beginning			(1,150)		
Fund Balance, Ending			$ -		

Schedule 8

City of Henderson, North Carolina
Special Revenue Fund - Grant Project Fund - Cary Chapel Crossing Project
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
From Inception and For the Fiscal Year Ended June 30, 2011

		Actual			
	Project Authorization	Prior Years	Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
Restricted intergovernmental:					
Dept. of Commerce Grant	$ 216,000	$ 216,000	$ -	$ 216,000	$ -
Donations	227,079	224,358	-	224,358	(2,721)
Investment earnings	-	-	-	-	-
Total Revenues	$ 443,079	$ 440,358	$ -	$ 440,358	$ (2,721)
Expenditures:					
Public Safety					
Salaries	$ 17,940	$ 1,496	$ -	$ 1,496	$ 16,444
Advertising	1,500	418	-	418	1,082
Construction	227,079	226,479	-	226,479	600
Street improvements	141,560	141,560	-	141,560	-
Sewer improvements	33,300	33,300	-	33,300	-
Water improvements	21,700	21,700	-	21,700	-
Total Expenditures	$ 443,079	$ 424,953	$ -	$ 424,953	$ 18,126
Revenues Over (Under) Expenditures	$ -	$ 15,405	$ -	$ 15,405	$ 15,405
Other Financing Sources (Used)					
Transfers in (out)	-	-	-	-	-
Excess of Revenues and Other Sources Over (Under) Expenditures	$ -	$ 15,405	$ -	$ 15,405	$ 15,405
Fund Balance, Beginning			15,405		
Fund Balance, Ending			$ 15,405		

Schedule 9

City of Henderson, North Carolina
Special Revenue Fund - Grant Project Fund - Governor's Crime Commission Grants
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
From Inception and For the Fiscal Year Ended June 30, 2011

	Project Authorization	Actual: Prior Years	Actual: Current Year	Actual: Total to Date	Variance Positive (Negative)
Revenues:					
Restricted intergovernmental:					
Revenues					
Governor's Crime Commission	$ 42,343	$ 28,255	$ -	$ 28,255	$ (14,088)
JAG 06 Grant	9,988	9,988	-	9,988	-
Investment earnings	-	-	-	-	-
Total Revenues	$ 52,331	$ 38,243	$ -	$ 38,243	$ (14,088)
Expenditures:					
Public Safety					
Operating cost - JAG 06	$ 13,317	$ 13,317	$ -	$ 13,317	$ -
Operating cost - Crime Commission	49,257	42,443	-	42,443	6,814
Capital outlay - Crime Commission	7,200	7,188	-	7,188	12
Total Expenditures	$ 69,774	$ 62,948	$ -	$ 62,948	$ 6,826
Revenues Over (Under) Expenditures	$ (17,443)	$ (24,705)	$ -	$ (24,705)	$ (7,262)
Other Financing Sources (Used)					
Transfers in (out)	17,443	17,443	-	17,443	-
Excess of Revenues and Other Sources Over (Under) Expenditures	$ -	$ (7,262)	$ -	$ (7,262)	$ (7,262)
Fund Balance, Beginning			(7,262)		
Fund Balance, Ending			$ (7,262)		

Schedule 10

City of Henderson, North Carolina
Special Revenue Fund - Grant Project Fund - 2010 Community Revi Initiative Grant
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
From Inception and For the Fiscal Year Ended June 30, 2011

		Actual			
	Project Authorization	Prior Years	Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
Restricted intergovernmental:					
Revenues					
Governor's Crime Commission Grant	$ 59,937	$ -	$ 47,987	$ 47,987	$ (11,950)
Investment earnings	-	-	-	-	-
Total Revenues	$ 59,937	$ -	$ 47,987	$ 47,987	$ (11,950)
Expenditures:					
Public Safety					
Overtime	$ 55,936	$ -	$ 54,060	$ 54,060	$ 1,876
FICA	3,469	-	3,431	3,431	38
Medicare	810	-	34	34	776
Retirement	2,774	-	2,665	2,665	109
401k matching	2,797	-	2,568	2,568	229
Departmental supplies	11,080	-	11,000	11,000	80
Capital outlay < $5,000	3,050	-	2,799	2,799	251
Total Expenditures	$ 79,916	$ -	$ 76,557	$ 76,557	$ 3,359
Revenues Over (Under) Expenditures	$ (19,979)	$ -	$ (28,570)	$ (28,570)	$ (8,591)
Other Financing Sources (Used)					
Transfers in (out)	19,979	-	19,979	19,979	-
Excess of Revenues and Other Sources Over (Under) Expenditures	$ -	$ -	$ (8,591)	$ (8,591)	$ (8,591)
Fund Balance, Beginning			-		
Fund Balance, Ending			$ (8,591)		

Schedule 11

City of Henderson, North Carolina
Capital Project - NCDOT Governor's Highway Safety Grant
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
From Inception and For the Fiscal Year Ended June 30, 2011

		Actual			
	Project Authorization	Prior Years	Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
Restricted intergovernmental:					
Governor's Highway Safety Grant	$ 7,470	$ -	$ -	$ -	$ (7,470)
Investment earnings	-	-	-	-	-
Total Revenues	$ 7,470	$ -	$ -	$ -	$ (7,470)
Expenditures:					
Public Safety					
Departmental supplies	$ -	$ -	$ -	$ -	$ -
Capital outlay	9,960	-	9,960	9,960	-
Total Expenditures	$ 9,960	$ -	$ 9,960	$ 9,960	$ -
Revenues Over (Under) Expenditures	$ (2,490)	$ -	$ (9,960)	$ (9,960)	$ (7,470)
Other Financing Sources (Used)					
Transfers in (out)	2,490	-	2,490	2,490	-
Excess of Revenues and Other Sources Over (Under) Expenditures	$ -	$ -	$ (7,470)	$ (7,470)	$ (7,470)
Fund Balance, Beginning			-		
Fund Balance, Ending			$ (7,470)		

Schedule 12

City of Henderson, North Carolina
Capital Project - Governor's Crime Commission Viper Radio Grant
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
From Inception and For the Fiscal Year Ended June 30, 2011

		Actual			
	Project Authorization	Prior Years	Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
Restricted intergovernmental:					
Governor's Crime Commission Grant	$ 15,150	$ -	$ 14,545	$ 14,545	$ (605)
Investment earnings	-	-	-	-	-
Total Revenues	$ 15,150	$ -	$ 14,545	$ 14,545	$ (605)
Expenditures:					
Public Safety					
Departmental supplies	$ -	$ -	$ -	$ -	$ -
Capital outlay < $5,000	30,300	-	29,090	29,090	1,210
Total Expenditures	$ 30,300	$ -	$ 29,090	$ 29,090	$ 1,210
Revenues Over (Under) Expenditures	$ (15,150)	$ -	$ (14,545)	$ (14,545)	$ 605
Other Financing Sources (Used)					
Transfers in (out)	15,150	-	15,150	15,150	-
Excess of Revenues and Other Sources Over (Under) Expenditures	$ -	$ -	$ 605	$ 605	$ 605
Fund Balance, Beginning			-		
Fund Balance, Ending			$ 605		

Schedule 13

City of Henderson, North Carolina
Capital Project - Bureau of Justice Recovery Grant
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
From Inception and For the Fiscal Year Ended June 30, 2011

		Actual			
	Project Authorization	Prior Years	Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
Restricted intergovernmental:					
BJA Recovery Grant 09	$ 141,946	$ 141,946	$ -	$ 141,946	$ -
Investment earnings	-	-	-	-	-
Total Revenues	$ 141,946	$ 141,946	$ -	$ 141,946	$ -
Expenditures:					
Public Safety					
Capital outlay	$ 93,064	$ 93,064	$ -	$ 93,064	
Vance Co. Grant Share	48,882	48,882	-	48,882	-
Total Expenditures	$ 141,946	$ 141,946	$ -	$ 141,946	$ -
Revenues Over (Under) Expenditures	$ -	$ -	$ -	$ -	$ -
Other Financing Sources (Used)					
Transfers in (out)	-	-	-	-	-
Excess of Revenues and Other Sources Over (Under) Expenditures	$ -	$ -	$ -	$ -	$ -
Fund Balance, Beginning			-		
Fund Balance, Ending			$ -		

Schedule 14

City of Henderson, North Carolina
Capital Project - Bureau of Justice - JAG Grant
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
From Inception and For the Fiscal Year Ended June 30, 2011

		Actual			
	Project Authorization	Prior Years	Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
Restricted intergovernmental:					
Department of Justice	$ 34,497	$ 34,497	$ -	$ 34,497	$ -
Investment Earnings	-	-	-	-	-
Total Revenues	$ 34,497	$ 34,497	$ -	$ 34,497	$ -
Expenditures:					
Public Safety					
Capital outlay	$ 25,867	$ 25,880	$ -	$ 25,880	
Vance Co. Grant Share	11,880	11,880	-	11,880	-
Total Expenditures	$ 37,747	$ 37,760	$ -	$ 37,760	$ (13)
Revenues Over (Under) Expenditures	$ (3,250)	$ (3,263)	$ -	$ (3,263)	$ (13)
Other Financing Sources (Used)					
Transfers in (out)	3,250	3,250	-	3,250	-
Excess of Revenues and Other Sources Over (Under) Expenditures	$ -	$ (13)	$ -	$ (13)	$ (13)
Fund Balance, Beginning			(13)		
Fund Balance, Ending			$ (13)		

Schedule 15

City of Henderson, North Carolina
Capital Project - 2010 BJA Grant
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
From Inception and For the Fiscal Year Ended June 30, 2011

		Actual			
	Project Authorization	Prior Years	Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
Restricted intergovernmental:					
Department of Justice Grant	$ 35,833	$ -	$ 35,833	$ 35,833	$ -
Investment earnings	-	-	-	-	-
Total Revenues	$ 35,833	$ -	$ 35,833	$ 35,833	$ -
Expenditures:					
Public Safety					
Vance County Sheriff Share	$ 11,618	$ -	$ 11,618	$ 11,618	$ -
Capital outlay < $5,000	11,930	-	-	-	11,930
Capital outlay > $5,000	12,285	-	-	-	12,285
Total Expenditures	$ 35,833	$ -	$ 11,618	$ 11,618	$ 24,215
Revenues Over (Under) Expenditures	$ -	$ -	$ 24,215	$ 24,215	$ 24,215
Other Financing Sources (Used)					
Transfers in (out)	-	-	-	-	-
Excess of Revenues and Other Sources Over (Under) Expenditures	$ -	$ -	$ 24,215	$ 24,215	$ 24,215
Fund Balance, Beginning			-		
Fund Balance, Ending			$ 24,215		

Schedule 16

City of Henderson, North Carolina
Capital Project - Capital Reserve Fund - General
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2011
With Comparative Totals For the Year Ended June 30, 2010

	Budget	Actual	Variance Positive (Negative)	2010 Total
Revenues:				
Restricted intergovernmental:				
Investment Earnings	$ 50	$ -	$ (50)	$ 48
Other Financing Sources (Uses)				
Transfer to General Fund	$ -	$ -	$ -	$ -
Fund Balance Appropriated	(50)	-	50	-
Total Other Financing Sources (Uses)	(50)	-	50	-
Excess of Revenues and Other Sources Over (Under) Expenditures	$ -	$ -	$ -	$ 48
Fund balance, beginning		56,412		56,364
Fund balance, ending		$ 56,412		$ 56,412

City of Henderson, North Carolina
Capital Project Fund - General
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
From Inception and For the Fiscal Year Ended June 30, 2011

		Actual				
			Current Year			
	Project Authorization	Prior Years	Revenues/ Expenditures	Closed	Total to Date	Variance Positive (Negative)
Revenues:						
Investment earnings	$ 169,149	$ 169,577	$ -	$ -	$ 169,577	$ 428
Rental revenue	26,207	26,208	-	-	26,208	1
Sales tax refunds	120,333	131,178	-	(12,929)	118,249	(2,084)
Private fund raising	-	550	-	-	550	550
Donations - Weed and Seed Grant	-	515	-	(515)	-	-
Weed and Seed Grant	-	95,566	-	(95,566)	-	-
Weed and Seed Grant 07-08	-	189,360	-	(189,360)	-	-
Weed and Seed Grant 08-09	149,945	121,516	-	-	121,516	(28,429)
Weed and Seed Grant 09-10	142,000	68,660	64,683	-	133,343	(8,657)
Weed and Seed 2010 Grant	157,000	-	63,679	-	63,679	(93,321)
CDBG A.L. Harris Housing Development	195,881	195,881	-	-	195,881	-
Donations	40,660	20,000	-	-	20,000	(20,660)
SAFETEA- LU - Beckford Drive Widening	825,000	77,498	40,494	-	117,992	(707,008)
HUD Reimbursement	399,900	-	-	-	-	(399,900)
Sale of Land	628,280	628,280	-	-	628,280	-
Sale of Assets	10,000	10,000	125	-	10,125	125
NC Dept. of Commerce - Round II Energy	31,570	-	844	-	844	(30,726)
Energy Efficiency & Conservation Grant	39,549	-	39,549	-	39,549	-
US Dept. of Housing and Urban Dev	1,000,000	-	56,625	-	56,625	(943,375)
NC DCA - Infrastructure Hook-up	75,000	40,747	-	-	40,747	(34,253)
NC Rural Center - Zene Street	29,000	25,000	-	-	25,000	(4,000)
US Dept. of Housing and Urban Dev	1,000,000	801,900	195,070	-	996,970	(3,030)
Total Revenues	$ 5,039,474	$ 2,602,436	$ 461,069	$ (298,370)	$ 2,765,135	$ (2,274,339)
Expenditures:						
Infrastructure Hook-up Project						
Rehabilitation	$ 67,500	$ 33,251	$ -	$ -	$ 33,251	$ 34,249
Administration	7,500	7,546	-	-	7,546	(46)
Ransom Street Development						
Advertising	-	710	-	-	710	(710)
EngineeringAdvertising	10,000	10,095	-	-	10,095	(95)
Weed and Seed Grant						
Operating expenses	-	108,794	216	(109,010)	-	-
Weed and Seed Grant 07-08						
Operating expenses	-	206,623	-	(206,623)	-	-
Weed and Seed Grant 08-09						
Operating expenses	149,945	122,124	-	-	122,124	27,821
Weed and Seed Grant 09-10						
Operating expenses	142,000	83,727	49,479	-	133,206	8,794
Weed and Seed 2010 Grant						
Operating expenses	157,000	-	88,350	-	88,350	68,650
Zene Street Redevelopment						
Site Planning & Engineering	30,000	26,000	-	-	26,000	4,000
CDBG A.L. Harris Housing Development						
Contracted services	16,900	16,900	-	-	16,900	-
Administration	907	923	-	-	923	(16)
Capital improvements	218,734	212,435	303	-	212,738	5,996
Beckford Drive Widening						
Administration	66,000	311	4,550	-	4,861	61,139
Construction	965,250	138,214	56,941	-	195,155	770,095
Beacon Light Demolition Project						
Professional services	11,500	-	6,989	-	6,989	4,511
Contracted services	399,900	-	-	-	-	399,900
City Hall Renovation						
Construction	665,359	649,073	16,200	-	665,273	86

City of Henderson, North Carolina
Capital Project Fund - General
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
From Inception and For the Fiscal Year Ended June 30, 2011

		Actual				
			Current Year			
	Project Authorization	Prior Years	Revenues/ Expenditures	Closed	Total to Date	Variance Positive (Negative)
OP Center Wall Repair						
Construction	40,000	39,875	-	-	39,875	125
NC Dept. of Commerce - Round II Energy						
Contracted services	1,900	-	1,550	-	1,550	350
Administration	8,300	-	139	-	139	8,161
Construction	56,800	-	-	-	-	56,800
Energy Efficiency & Conservation Grant						
Construction	54,360	-	54,360	-	54,360	-
Embassy Block Development - South						
Telephone	2,129	2,129	-	-	2,129	-
Travel and School	1,164	1,164	-	-	1,164	-
Supplies	4,037	4,036	-	-	4,036	1
Professional services	119,515	119,515	-	-	119,515	-
Capital outlay - land	1,000,175	1,000,175	-	-	1,000,175	-
Capital outlay - equipment	2,363	2,363	-	-	2,363	-
Planning/design	616,515	616,514	-	-	616,514	1
Legal/administrative	47,497	47,498	-	-	47,498	(1)
Demolition	925	925	-	-	925	-
US Depart of Housing and Urban Dev						
Improvements & Structures	1,006,000	-	88,425	-	88,425	917,575
US Depart of Housing and Urban Dev						
Improvements & Structures	1,012,000	813,901	194,820	-	1,008,721	3,279
Total Expenditures	$ 6,882,175	$ 4,264,821	$ 562,322	$ (315,633)	$ 4,511,510	$ 2,370,665
Revenues Over (Under) Expenditures	$ (1,842,701)	$ (1,662,385)	$ (101,253)	$ 17,263	$ (1,746,375)	$ 96,326
Other Financing Sources (Used)						
Transfer from General Fund	$ 275,491	$ 236,513	$ 56,241	$ (17,263)	$ 275,491	$ -
Transfer from Powell Bill	3,400	3,400	-	-	3,400	-
Transfer from Water Fund	3,300	3,300	-	-	3,300	-
Transfer from Sewer Fund	3,300	3,300	-	-	3,300	-
Transfer from Cemetery Fund	-	820	-	-	820	820
Transfer from General Fund (FB)	1,533,210	1,533,211	-	-	1,533,211	1
Transfer from Capital Reserve	24,000	24,000	-	-	24,000	-
Proceeds from Capital Lease	-	-	-	-	-	-
Total Other Financing Sources	$ 1,842,701	$ 1,804,544	$ 56,241	$ (17,263)	$ 1,843,522	$ 821
Excess of Revenues and Other Sources Over (Under) Expenditures	$ -	$ 142,159	$ (45,012)	$ -	$ 97,147	$ 97,147
Fund Balance, Beginning			176,329			
Fund Balance, Ending			$ 131,317			

City of Henderson, North Carolina
Capital Project Fund - Powell Bill
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
From Inception and For the Fiscal Year Ended June 30, 2011

		Actual				
			Current Year			
	Project Authorization	Prior Years	Revenues/ Expenditures	Closed	Total to Date	Variance Positive (Negative)
Revenues:						
Investment earnings	$ -	$ 21,200	$ -	$ -	$ 21,200	$ 21,200
Sales tax refunds	-	388	-	-	388	388
Total Revenues	$ -	$ 21,588	$ -	$ -	$ 21,588	$ 21,588
Expenditures:						
High Street						
Planning/design	$ 6,485	$ 4,448	$ -	$ -	$ 4,448	$ 2,037
Capital outlay - land	26,892	-	-	-	-	26,892
Total Expenditures	$ 33,377	$ 4,448	$ -	$ -	$ 4,448	$ 28,929
Revenues Over (Under) Expenditures	$ (33,377)	$ 17,140	$ -	$ -	$ 17,140	$ 50,517
Other Financing Sources (Used)						
Transfer from General Fund	$ 33,377	$ 33,377	$ -	$ -	$ 33,377	$ -
Transfer to General Fund	-	(14,472)	-	-	(14,472)	(14,472)
Transfer from Powell Bill	-	-	-	-	-	-
Total Other Financing Sources	$ 33,377	$ 18,905	$ -	$ -	$ 18,905	$ (14,472)
Excess of Revenues and Other Sources Over (Under) Expenditures	$ -	$ 36,045	$ -	$ -	$ 36,045	$ 36,045
Fund Balance, Beginning			72,883			
Fund Balance, Ending			$ 72,883			

Schedule 19

City of Henderson, North Carolina
Elmwood Cemetery Permanent Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2011
With Comparative Totals For the Year Ended June 30, 2010

	Budget	Actual	Variance Positive (Negative)	2010 Actual
Revenues:				
Restricted intergovernmental:				
Cemetery revenues	$ -	$ -	$ -	$ 600
Expenditures				
Maintenance	-	-	-	-
Revenues Over (Under) Expenditures	$ -	$ -	$ -	$ 600
Other Financing Sources (Uses)				
Fund balance appropriated	-	-	-	-
Excess of Revenues and Other Sources Over (Under) Expenditures	$ -	$ -	$ -	$ 600
Fund Balance, Beginning		430,210		429,610
Fund Balance, Ending		$ 430,210		$ 430,210

City of Henderson, North Carolina
Water Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non - GAAP)
For the Fiscal Year Ended June 30, 2011
With Comparative Totals For the Year Ended June 30, 2010

	Budget	Actual	Variance Positive (Negative)	2010 Actual
Revenues:				
Operating Revenues				
Charge for Services				
Water Charges	$ 4,804,800	$ 4,927,021	$ 122,221	$ 4,684,406
Debt setoff - water charges	5,000	4,753	(247)	8,275
Sprinklers and hydrants	120,000	113,535	(6,465)	109,012
Bad debts recovery	3,000	11,053	8,053	10,754
Returned check fees	3,800	5,050	1,250	6,074
Tapping	25,000	39,369	14,369	43,567
Reconnection	80,000	36,301	(43,699)	57,101
Set up charges	12,000	10,699	(1,301)	20,410
Overpayments utilities	-	1,721	1,721	1,202
Past due charges	100,000	99,946	(54)	118,567
Total	$ 5,153,600	$ 5,249,448	$ 95,848	$ 5,059,368
Other operating revenues				
Sale of materials	$ 1,500	$ 17,578	$ 16,078	$ 8,259
Admin Support	70,000	70,000	-	70,000
Miscellaneous	-	4,810	4,810	1,186
Over-short	-	(191)	(191)	(431)
Total	$ 71,500	$ 92,197	$ 20,697	$ 79,014
Total Operating Revenues	$ 5,225,100	$ 5,341,645	$ 116,545	$ 5,138,382
Nonoperating revenues:				
Interest on investments	$ 5,000	$ 4,964	$ (36)	$ 4,887
Insurance proceeds	-	4,835	4,835	10,494
Workers comp. reimbursement	-	270	270	1,228
Sale of assets	-	1,866	1,866	174,997
Dept. of Commerce Grant	33,000	33,000	-	-
T-Mobile Agreement	24,000	24,750	750	22,265
Sprint PCS Site Agreement	24,300	26,076	1,776	21,899
Total Nonoperating Revenues	$ 86,300	$ 95,761	$ 9,461	$ 235,770
Total Revenues	$ 5,311,400	$ 5,437,406	$ 126,006	$ 5,374,152

City of Henderson, North Carolina
Water Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non - GAAP)
For the Fiscal Year Ended June 30, 2011
With Comparative Totals For the Year Ended June 30, 2010

	Budget	Actual	Variance Positive (Negative)	2010 Actual
Expenditures:				
Administration and Engineering				
Salaries and employee benefits	$ 156,933	$ 150,705	$ 6,228	$ 89,600
Supplies	8,240	6,994	1,246	8,523
Telephone	2,500	2,514	(14)	1,887
Contracted services	3,480	3,186	294	2,438
Insurance	1,857	1,857	-	1,687
Capital outlay - noncapital	10,430	7,715	2,715	-
Other administration expenses	6,040	2,377	3,663	7,257
Contingency	-	-	-	-
Total	$ 189,480	$ 175,348	$ 14,132	$ 111,392
Water Distribution				
Salaries and employee benefits	$ 445,790	$ 430,150	$ 15,640	$ 401,416
Purchases for resale	2,301,000	2,471,506	(170,506)	2,207,742
Supplies	39,620	42,616	(2,996)	34,189
Telephone	4,600	4,789	(189)	3,882
Maintenance	41,000	35,516	5,484	51,994
Bad debt expense	30,000	17,109	12,891	16,343
Insurance	25,060	21,687	3,373	20,263
Administration support	491,295	491,295	-	491,295
Contracted services	42,700	41,803	897	40,094
Reimbursement - Water	50,000	41,493	8,507	91,051
Capital outlay - noncapital	3,000	1,784	1,216	-
Other expenses	35,280	28,937	6,343	22,891
Contingency	-	-	-	-
Total	$ 3,509,345	$ 3,628,685	$ (119,340)	$ 3,381,160
Budgetary Appropriations				
Interest and fees	$ 310,659	$ 582,647	$ (271,988)	$ 624,713
Principal	736,646	1,127,484	(390,838)	1,087,959
Capital outlay				
Equipment - Admin. Engineer	-	-	-	-
Equipment - Water Distrib.	12,100	12,054	46	85,094
Water line repairs	70,000	69,523	477	75,043
Water meter replacements	82,000	76,497	5,503	97,128
Utility street repairs	63,090	75,647	(12,557)	-
Water taps	68,000	63,683	4,317	19,097
Total	$ 1,342,495	$ 2,007,535	$ (665,040)	$ 1,989,034
Total Expenditures	$ 5,041,320	$ 5,811,568	$ (770,248)	$ 5,481,586

City of Henderson, North Carolina
Water Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non - GAAP)
For the Fiscal Year Ended June 30, 2011
With Comparative Totals For the Year Ended June 30, 2010

	Budget	Actual	Variance Positive (Negative)	2010 Actual
Other financing sources (uses):				
Transfer (to) other funds	$ (286,080)	$ (302,990)	$ (16,910)	$ (369,420)
Transfer from other funds	16,000	770,083	754,083	725,073
Total	$ (270,080)	$ 467,093	$ 737,173	$ 355,653
Revenues and Other Sources Over (Under) Expenses and Other Uses	$ -	$ 92,931	$ 92,931	$ 248,219
Appropriated Fund Balance	-	-	-	-
Revenues, Other Sources, and Appropriated Fund Balance Over (Under) Expenditures and Other Uses	$ -	$ 92,931	$ 92,931	$ 248,219

Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:

Revenues, Other Sources and Appropriated Fund Balance Over (Under) Expenditures and Other Uses	$ 92,931
Budgetary Appropriations:	
Capital Outlay	$ 12,054
Principal Payments	1,127,484
Adjustments:	
Change in accrued vacation	(1,695)
Change in accrued interest	8,192
Change in accrued OPEB Liability	(83,227)
Depreciation	(299,564)
Transfer in from Water Fund to Water Capital Project Fund	180,000
Transfer in from Regional Water System Fund to Water Capital Project Fund	39,000
Transfer in from Capital Reserve - Utilities to Water Capital Project Fund	62,612
Capital contributions	429,335
Total reconciling items	$ 1,474,191
Change in net assets	$ 1,567,122

Schedule 21

City of Henderson, North Carolina
Sewer Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non - GAAP)
For the Fiscal Year Ended June 30, 2011
With Comparative Totals For the Year Ended June 30, 2010

	Budget	Actual	Variance Positive (Negative)	2010 Actual
Revenues:				
Operating Revenues				
Charge for Services				
Sewer Charges	$ 3,843,044	$ 3,748,611	$ (94,433)	$ 3,596,525
Sewer surcharges	16,000	15,493	(507)	13,072
Debt setoff - water charges	10,000	3,906	(6,094)	15,832
Bad debts recovery	10,000	17,431	7,431	19,564
Tapping	7,000	20,455	13,455	19,603
Reconnection	147,000	84,701	(62,299)	133,235
Code violations	2,500	350	(2,150)	9,627
Set up charges	28,000	24,964	(3,036)	19,725
Fog compliance monitoring	7,500	10,353	2,853	-
Past due charges	225,000	233,207	8,207	276,657
Total	$ 4,296,044	$ 4,159,471	$ (136,573)	$ 4,103,840
Other Operating Revenues				
Sale of materials	$ -	$ -	$ -	$ -
Miscellaneous	-	87	87	350
Over-short	-	-	-	-
Total	$ -	$ 87	$ 87	$ 350
Total Operating Revenues	$ 4,296,044	$ 4,159,558	$ (136,486)	$ 4,104,190
Nonoperating Revenues:				
Interest on investments	$ 2,500	$ 3,142	$ 642	$ 2,611
Sale of assets	-	938	938	708
Insurance proceeds	-	57,380	57,380	-
Workers comp. reimbursement	-	1,381	1,381	6,282
Vance County	161,370	161,856	486	167,666
Total Nonoperating Revenues	$ 163,870	$ 224,697	$ 60,827	$ 177,267
Total Revenues	$ 4,459,914	$ 4,384,255	$ (75,659)	$ 4,281,457
Expenditures:				
Waste Water Treatment				
Salaries and employee benefits	$ 847,690	$ 798,654	$ 49,036	$ 832,836
Supplies	263,800	244,739	19,061	239,790
Telephone	15,300	14,532	768	15,078
Bad debt expense	50,000	17,024	32,976	(5,104)
Contracted Services	179,860	123,375	56,485	159,083
Maintenance	304,000	252,585	51,415	268,574
Utilities	318,200	306,063	12,137	312,522
Insurance	80,740	79,988	752	79,449
Administration support	297,150	297,150	-	297,150
Other expenses	18,460	12,979	5,481	19,360
Capital outlay - noncapital	10,000	9,751	249	-
Total	$ 2,385,200	$ 2,156,840	$ 228,360	$ 2,218,738

City of Henderson, North Carolina
Sewer Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non - GAAP)
For the Fiscal Year Ended June 30, 2011
With Comparative Totals For the Year Ended June 30, 2010

	Budget	Actual	Variance Positive (Negative)	2010 Actual
Sewer Collection				
Salaries and employee benefits	$ 165,050	$ 138,729	$ 26,321	$ 115,643
Insurance	21,480	21,269	211	22,368
Supplies	29,320	17,625	11,695	18,751
Maintenance	29,000	13,277	15,723	16,579
Telephone	2,350	2,488	(138)	2,652
Administration support	236,544	236,544	-	236,544
Reimbursement - Utility policy	2,000	1,041	959	8,167
Contracted services	9,500	3,566	5,934	14,516
Bad debts	20,000	-	20,000	-
Capital outlay - noncapital	6,000	3,538	2,462	1,100
Other expenses	11,480	8,573	2,907	6,971
Contingency	5,000	-	5,000	-
Total	$ 537,724	$ 446,650	$ 91,074	$ 443,291
Sewer Collection I & I				
Salaries and employee benefits	$ 107,380	$ 94,898	$ 12,482	$ 94,523
Insurance	6,650	6,722	(72)	6,646
Supplies	20,290	14,088	6,202	9,715
Maintenance	36,683	24,336	12,347	5,219
Contracted services	13,117	100	13,017	43,907
Capital outlay - noncapital	3,000	1,784	1,216	-
Other expenses	4,800	2,668	2,132	2,000
Contingency	23,624	-	23,624	-
Total	$ 215,544	$ 144,596	$ 70,948	$ 162,010
Budgetary Appropriations				
Interest and fees	$ 298,440	$ 73,253	$ 225,187	$ 74,737
Principal	668,950	345,425	323,525	387,355
Capital outlay			-	
Equipment - Waste Water Treatment	23,710	22,916	794	5,088
Equipment - Sewer Collection	-	-	-	12,257
Equipment - Sewer Collection I & I	-	-	-	28,330
Sewer line repairs	27,000	20,907	6,093	13,993
Sewer taps	6,000	7,117	(1,117)	6,048
Total	$ 1,024,100	$ 469,618	$ 554,482	$ 527,808
Total Expenditures	$ 4,162,568	$ 3,217,704	$ 944,864	$ 3,351,847
Other financing sources (uses):				
Transfer (to) other funds	$ (297,346)	$ (844,461)	$ (547,115)	$ (734,645)
Transfer from other funds	-	63,448	63,448	17,696
Total	$ (297,346)	$ (781,013)	$ (483,667)	$ (716,949)

City of Henderson, North Carolina
Sewer Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non - GAAP)
For the Fiscal Year Ended June 30, 2011
With Comparative Totals For the Year Ended June 30, 2010

	Budget	Actual	Variance Positive (Negative)	2010 Actual
Revenues and Other Sources Over (Under) Expenses and Other Uses	$ -	$ 385,538	$ 385,538	$ 212,661
Appropriated Fund Balance	-	-	-	-
Revenues, Other Sources, and Appropriated Fund Balance Over (Under) Expenditures and Other Uses	$ -	$ 385,538	$ 385,538	$ 212,661

Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:

Revenues, Other Sources and Appropriated Fund Balance Over (Under) Expenditures and Other Uses	$ 385,538
Budgetary Appropriations:	
Capital Outlay	$ 22,916
Principal Payments	345,425
Adjustments:	
Change in accrued vacation	(14,696)
Change in inventory	(4,237)
Change in accrued interest	2,016
Change in accrued OPEB liability	(152,016)
Depreciation	(714,409)
Transfer in from Sewer Fund to Sewer Capital Project Fund	21,000
Transfer in from Capital Reserve - Utilities to Sewer Capital Project Fund	43,400
Transfer in from Capital Reserve - RWS to Sewer Capital Project Fund	12,500
Interest income from Sewer Capital Project Fund	73,651
Capital Contributions	736,440
Total reconciling items	$ 371,990
Change in net assets	$ 757,528

Schedule 22

City of Henderson, North Carolina
Regional Water System Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non - GAAP)
For the Fiscal Year Ended June 30, 2011
With Comparative Totals For the Year Ended June 30, 2010

	Budget	Actual	Variance Positive (Negative)	2010 Actual
Revenues:				
Operating Revenues				
Charge for Services				
Water charges	$ 3,965,000	$ 4,012,677	$ 47,677	$ 3,645,146
Other operating revenues				
Miscellaneous	5,000	11,243	6,243	9,628
Total Operating Revenues	$ 3,970,000	$ 4,023,920	$ 53,920	$ 3,654,774
Nonoperating revenues:				
Interest on investments	$ 3,500	$ 7,002	$ 3,502	$ 3,432
Workers comp. reimbursement	-	268	268	1,355
Sale of asset	-	3,493	3,493	611
Total Nonoperating Revenues	$ 3,500	$ 10,763	$ 7,263	$ 5,398
Total Revenues	$ 3,973,500	$ 4,034,683	$ 61,183	$ 3,660,172
Expenditures:				
Regional Water System				
Salaries and employee benefits	$ 506,350	$ 455,596	$ 50,754	$ 478,154
Supplies	389,060	406,137	(17,077)	303,296
Maintenance	111,860	111,284	576	107,547
Insurance	46,000	41,183	4,817	40,141
Utilities	335,110	418,082	(82,972)	353,248
Administration support	294,910	294,910	-	294,910
Contracted services	354,140	364,027	(9,887)	300,802
Capital outlay noncapital	4,490	963	3,527	3,552
Other expenses	24,200	19,028	5,172	10,906
Contingency	10,000	-	10,000	-
Total	$ 2,076,120	$ 2,111,210	$ (35,090)	$ 1,892,556
Budgetary Appropriations				
Interest and fees	$ 179,607	$ 179,303	$ 304	$ 211,200
Principal	1,034,773	1,027,733	7,040	995,281
Capital outlay	5,010	5,009	1	-
Total	$ 1,219,390	$ 1,212,045	$ 7,345	$ 1,206,481
Total Expenditures	$ 3,295,510	$ 3,323,255	$ (27,745)	$ 3,099,037

City of Henderson, North Carolina
Regional Water System Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non - GAAP)
For the Fiscal Year Ended June 30, 2011
With Comparative Totals For the Year Ended June 30, 2010

	Budget	Actual	Variance Positive (Negative)	2010 Actual
Other financing sources (uses):				
Transfer (to) other funds	$ (677,990)	$ (606,264)	$ 71,726	$ (516,392)
Transfer from other funds	-	-	-	-
Total	$ (677,990)	$ (606,264)	$ 71,726	$ (516,392)
Revenues and Other Sources Over (Under) Expenses and Other Uses	$ -	$ 105,164	$ 105,164	$ 44,743
Appropriated Fund Balance	-	-	-	-
Revenues, Other Sources, and Appropriated Fund Balance Over (Under) Expenditures and Other Uses	$ -	$ 105,164	$ 105,164	$ 44,743

Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:

Revenues, Other Sources and Appropriated Fund Balance Over (Under) Expenditures and Other Uses	$ 105,164
Budgetary Appropriations:	
Capital Outlay	$ 5,009
Principal Payments	1,027,733
Adjustments:	
Change in accrued vacation	3,122
Change in inventory	(16,731)
Change in accrued interest	8,559
Change in accrued OPEB liability	(69,102)
Depreciation	(478,305)
Transfer in from Regional Water System Fund to RWS Capital Project Fund	225,000
Transfer in from Regional Water System Fund to Capital Reserve Funds - Regional	292,250
Transfer in from Sewer Fund to Capital Reserve - Utilities	207,556
Transfer in from Water Fund to Capital Reserve - Utilities	44,600
Transfer to Water Capital Project Fund from Capital Reserve - Utilities	(62,612)
Transfer to Sewer Capital Project Fund from Capital Reserve - Utilities	(43,400)
Transfer to Sewer Capital Project Fund from Capital Reserve Fund - Regional	(12,500)
Interest income from Capital Reserve - Utilities	879
Acreage charges from Capital Reserve - Utilities	1,753
Total reconciling items	$ 1,133,811
Change in net assets	$ 1,238,975

City of Henderson, North Carolina
Water Capital Project Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non GAAP)
From Inception and For the Fiscal Year Ended June 30, 2011

		Actual				
	Project Authorization	Prior Years	Current Year	Closed	Total to Date	Variance Positive (Negative)
Revenues:						
Restricted intergovernmental:						
NC DENR Grant	$ 490,948	$ -	$ 405,023	$ -	$ 405,023	$ (85,925)
NC Rural Center Grant	40,000	-	24,312	-	24,312	(15,688)
Investment Income	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total Revenues	$ 530,948	$ -	$ 429,335	$ -	$ 429,335	$ (101,613)
Expenditures:						
Perry Ave Water Line						
Professional Services	$ 1,161	$ -	$ 150	$ -	$ 150	$ 1,011
Engineering	7,545	-	6,965	-	6,965	580
Construction	69,844	-	59,578	-	59,578	10,266
Brookhaven Village MHP						
Planning / Design	64,745	40,338	18,550	-	58,888	5,857
Construction	398,608	-	395,730	-	395,730	2,878
Legal/Admin	7,665	-	1,823	-	1,823	5,842
Contingency	19,930	-	-	-	-	19,930
Hydraulics /WA Quality Study						
Legal/Admin	2,100	200	-	-	200	1,900
Engineering	126,900	-	98,982	-	98,982	27,918
Harriet St. Water Line						
Contingency	11,510	-	-	-	-	11,510
Legal/Admin	500	-	-	-	-	500
Engineering	4,500	-	1,853	-	1,853	2,647
Construction	115,102	-	-	-	-	115,102
Rate Study / CIP Grant						
Contracted Services	55,000	-	48,736	-	48,736	6,264
Total Expenditures	$ 885,110	$ 40,538	$ 632,367	$ -	$ 672,905	$ 212,205
Revenues Over (Under) Expenditures	$ (354,162)	$ (40,538)	$ (203,032)	$ -	$ (243,570)	$ 110,592
Other Financing Sources (Used)						
Transfers from Capital Reserve	$ 135,162	$ 72,550	$ 62,612	$ -	$ 135,162	$ -
Transfers from Water Fund	180,000	-	180,000	-	180,000	-
Transfers from Regional Water Fund	39,000	-	39,000	-	39,000	-
Transfers (to) other funds	-	-	-	-	-	-
Total Other Financing Sources	$ 354,162	$ 72,550	$ 281,612	$ -	$ 354,162	$ -
Excess of Revenues and Other Sources Over (Under) Expenditures	$ -	$ 32,012	$ 78,580	$ -	$ 110,592	$ 110,592

City of Henderson, North Carolina
Regional Water System Capital Projects
Schedule of Revenues and Expenditures
Budget and Actual (Non GAAP)
From Inception and For the Fiscal Year Ended June 30, 2011

	Project Authorization	Actual: Prior Years	Actual: Current Year	Actual: Closed	Actual: Total to Date	Variance Positive (Negative)
Revenues:						
Restricted intergovernmental:						
Miscellaneous grant	$ -	$ -	$ -	$ -	$ -	$ -
Investment Income	170,510	198,565	-	-	198,565	28,055
Sales tax refund	150,600	175,299	-	-	175,299	24,699
Total Revenues	$ 321,110	$ 373,864	$ -	$ -	$ 373,864	$ 52,754
Expenditures:						
20 MGD Expansion						
Engineering	$ 1,088,556	$ 1,059,347	$ -	$ -	$ 1,059,347	$ 29,209
Planning/design	13,636	13,636	-	-	13,636	-
Legal/Admin	62,622	60,622	-	-	60,622	2,000
KLRW Interbasin Transfer						
Engineering	483,776	349,818	87,548	-	437,366	46,410
Planning/design	120,000	119,988	-	-	119,988	12
Professional services	41,224	22,617	8,282	-	30,899	10,325
Warren Co. Meter Location						
Legal/Admin	5,000	-	150	-	150	4,850
Construction	95,000	-	-	-	-	95,000
Total Expenditures	$ 1,909,814	$ 1,626,028	$ 95,980	$ -	$ 1,722,008	$ 187,806
Revenues Over (Under) Expenditures	$ (1,588,704)	$ (1,252,164)	$ (95,980)	$ -	$ (1,348,144)	$ 240,560
Other Financing Sources (Used)						
Transfer from Regional Water Fund	$ 1,021,704	$ 921,692	$ 100,000	$ -	$ 1,021,692	$ (12)
Transfer from Regional (IBT)	525,000	400,000	125,000	-	525,000	-
Transfer from Capital Reserve	42,000	42,000	-	-	42,000	-
Fund balance appropriated	-	-	-	-	-	-
Total Other Financing Sources	$ 1,588,704	$ 1,363,692	$ 225,000	$ -	$ 1,588,692	$ (12)
Excess of Revenues and Other Sources Over (Under) Expenditures	$ -	$ 111,528	$ 129,020	$ -	$ 240,548	$ 240,548

City of Henderson, North Carolina
Sewer Capital Project Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non GAAP)
From Inception and For the Fiscal Year Ended June 30, 2011

	Project Authorization	Actual: Prior Years	Actual: Current Year	Actual: Closed	Actual: Total to Date	Variance Positive (Negative)
Revenues:						
Restricted intergovernmental:						
CWMT Grant	$ 429,000	$ 429,000	$ -	$ -	$ 429,000	$ -
NC Rural Center Grant	500,000	13,944	312,424	-	326,368	(173,632)
NC Rural Center Grant - W/S Planning Grant	25,000	-	-	-	-	(25,000)
CWMT Grant UV System	1,067,600	63,990	424,015	-	488,005	(579,595)
NC Rural Center Grant - UV Project	500,000	-	-	-	-	(500,000)
State Revolving Grant	5,000	-	-	-	-	(5,000)
Investment Income	-	870,621	73,652	-	944,273	944,273
Vendor rebate	75,000	-	-	-	-	(75,000)
Other	-	30,762	-	-	30,762	30,762
Total Revenues	$ 2,601,600	$ 1,408,317	$ 810,091	$ -	$ 2,218,408	$ (383,192)
Expenditures:						
Sanitation Sewer Rehab. Project						
Engineering	$ 171,070	$ 61,813	$ 2,173	$ -	$ 63,986	$ 107,084
Construction	658,641	481,382	71,530	-	552,912	105,729
Inspection	175,000	161,708	-	-	161,708	13,292
Legal/Admin	41,600	55,551	550	-	56,101	(14,501)
Contingency	67,689	-	-	-	-	67,689
Newton Dairy Pump Project						
Professional Services	1,000	-	-	-	-	1,000
Engineering	25,900	-	6,399	-	6,399	19,501
HWRF Improvements						
Legal/Admin	2,000	-	-	-	-	2,000
Engineering	68,000	-	54,400	-	54,400	13,600
UV Replacement Project						
Contingency	127,500	-	-	-	-	127,500
Legal/Admin	6,000	-	250	-	250	5,750
Engineering	109,100	92,988	11,455	-	104,443	4,657
UV Project Construction	1,275,000	-	724,610	-	724,610	550,390
Construction / Admin	150,000	-	39,597	-	39,597	110,403
Sanitation Sewer Rehab. Project / State Fund						
Engineering	10,000	-	10,000	-	10,000	-
W/S Planning Grant						
Engineering	50,000	-	-	-	-	50,000
Total Expenditures	$ 2,938,500	$ 853,442	$ 920,964	$ -	$ 1,774,406	$ 1,164,094
Revenues Over (Under) Expenditures	$ (336,900)	$ 554,875	$ (110,873)	$ -	$ 444,002	$ 780,902
Other Financing Sources (Used)						
Loans	$ -	$ 1,307,200	$ -	$ -	$ 1,307,200	$ 1,307,200
Loan discount	-	6,506	-	-	6,506	6,506
State Revolving Loan	5,000	-	-	-	-	(5,000)
Transfers from Sewer Fund	206,000	185,000	21,000	-	206,000	-
Transfers from Capital Reserve - Utilities	113,400	-	43,400	-	43,400	(70,000)
Transfers from Capital Reserve - Reg. Water	12,500	-	12,500	-	12,500	-
Other	-	1,448	-	-	1,448	1,448
Total Other Financing Sources	$ 336,900	$ 1,500,154	$ 76,900	$ -	$ 1,577,054	$ 1,240,154
Excess of Revenues and Other Sources Over (Under) Expenditures	$ -	$ 2,055,029	$ (33,973)	$ -	$ 2,021,056	$ 2,021,056

Schedule 26

City of Henderson, North Carolina
Capital Reserve Utilities Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non - GAAP)
For the Fiscal Year Ended June 30, 2011
With Comparative Totals For the Year Ended June 30, 2010

	Budget	Actual	Variance Positive (Negative)	2010 Actual
Revenues:				
Investment earnings	$ 500	$ 879	$ 379	$ 568
Acreage charges	2,000	1,753	(247)	14,189
Total	$ 2,500	$ 2,632	$ 132	$ 14,757
Other Financing Sources (Uses):				
Transfer from Water Fund	$ 44,600	$ 44,600	$ -	$ 48,740
Transfer from Sewer Fund	207,556	207,556	-	126,641
Transfer to CIP Sewer Fund	(43,400)	(43,400)	-	(24,000)
Transfer to CIP Water Fund	(62,612)	(62,612)	-	(72,550)
Fund balance appropriated	(148,644)	-	148,644	-
Total	$ (2,500)	$ 146,144	$ 148,644	$ 78,831
Revenues and Other Sources Over (Under) Expenses and Other Uses	$ -	$ 148,776	$ 148,776	$ 93,588
Fund Balance, Beginning		294,853		201,265
Fund Balance, Ending		$ 443,629		$ 294,853

City of Henderson, North Carolina
Capital Reserve Fund - Regional COE
Schedule of Revenues and Expenditures
Budget and Actual (Non - GAAP)
For the Fiscal Year Ended June 30, 2011
With Comparatives Totals For the Year Ended June 30, 2010

	Budget	Actual	Variance Positive (Negative)	2010 Actual
Revenues:				
Investment earnings	$ 70	$ -	$ (70)	$ 52
Other Financing Sources (Uses):				
Transfer from Regional Water	$ 6,000	$ 6,000	$ -	$ 4,330
Fund balance appropriated	(6,070)	-	6,070	-
Total	$ (70)	$ 6,000	$ 6,070	$ 4,330
Revenues and Other Sources Over (Under) Expenses and Other Uses	$ -	$ 6,000	$ 6,000	$ 4,382
Fund Balance, Beginning		22,877		18,495
Fund Balance, Ending		$ 28,877		$ 22,877

Schedule 28

City of Henderson, North Carolina
Capital Reserve Fund - Regional 20MGD
Schedule of Revenues and Expenditures
Budget and Actual (Non - GAAP)
For the Fiscal Year Ended June 30, 2011
With Comparatives Totals For the Year Ended June 30, 2010

	Budget	Actual	Variance Positive (Negative)	2010 Actual
Revenues:				
Investment earnings	$ 1,600	$ -	$ (1,600)	$ 1,545
Other Financing Sources (Uses):				
Transfer from Regional Water	$ 315,000	$ 236,250	$ (78,750)	$ 315,340
Transfer to Regional Water - CIP	-	-	-	(42,000)
Fund balance appropriated	(316,600)	-	316,600	-
Total	$ (1,600)	$ 236,250	$ 237,850	$ 273,340
Revenues and Other Sources Over (Under) Expenses and Other Uses	$ -	$ 236,250	$ 236,250	$ 274,885
Fund Balance, Beginning		647,672		372,787
Fund Balance, Ending		$ 883,922		$ 647,672

Schedule 29

City of Henderson, North Carolina
Capital Reserve Fund - Regional
Schedule of Revenues and Expenditures
Budget and Actual (Non - GAAP)
For the Fiscal Year Ended June 30, 2011
With Comparatives Totals For the Year Ended June 30, 2010

	Budget	Actual	Variance Positive (Negative)	2010 Actual
Revenues:				
Investment earnings	$ 50	$ -	$ (50)	$ 113
Other Financing Sources (Uses):				
Transfer from Regional Water	$ 50,000	$ 50,000	$ -	$ 60,000
Transfer to CIP Sewer Fund	(12,500)	(12,500)	-	-
Fund balance appropriated	(37,550)	-	37,550	-
Total	$ (50)	$ 37,500	$ 37,550	$ 60,000
Revenues and Other Sources Over (Under) Expenses and Other Uses	$ -	$ 37,500	$ 37,500	$ 60,113
Fund Balance, Beginning		60,113		-
Fund Balance, Ending		$ 97,613		$ 60,113

City of Henderson, North Carolina
General Fund
Schedule of Ad Valorem Taxes Receivable
June 30, 2011

Fiscal Year	Uncollected Balance June 30, 2010	Additions	Collections And Credits	Uncollected Balance June 30, 2011
2010-2011	$ -	$ 5,152,510	$ 4,817,414	$ 335,096
2009-2010	372,464	-	233,411	139,053
2008-2009	201,065	-	85,457	115,608
2007-2008	65,091	--	26,218	38,873
2006-2007	45,342	--	15,592	29,750
2005-2006	34,791	--	9,327	25,464
2004-2005	45,593	--	6,172	39,421
2003-2004	23,942	--	3,784	20,158
2002-2003	21,034	--	3,930	17,104
2001-2002	58,691	--	8,357	50,334
2000-2001	14,000	--	14,000	-
	$ 882,013	$ 5,152,510	$ 5,223,662	$ 810,861

Less: allowance for uncollectible accounts:	(170,000)
Plus: Uncollected Motor Vehicles for 2010 Levy	-
Ad valorem taxes receivable - net	$ 640,861

Reconcilement with revenues:

Ad valorem taxes - General Fund	$ 5,259,600
Reconciling items:	
Interest collected	(85,520)
Taxes written off	12,604
Collecion costs	1,257
Releases	35,721
Total collections and credits	$ 5,223,662

City of Henderson, North Carolina
Analysis of Current Tax Levy
City - Wide Levy
For the Fiscal Year Ended June 30, 2011

	City - Wide			Total Levy	
	Property Valuation	Rate	Total Levy	Property excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property taxed at current year's rate	$ 885,304,249	$ 0.585	$ 5,179,030	$ 4,803,537	$ 375,493
Penalties	-		-	-	-
Total	$ 885,304,249		$ 5,179,030	$ 4,803,537	$ 375,493
Discoveries:					
Current year taxes	$ 2,060,960	$ 0.585	$ 12,057	$ 12,057	$ -
Penalties	-		-	-	-
Total	$ 2,060,960		$ 12,057	$ 12,057	$ -
Abatements	(6,594,400)	$ 0.585	(38,577)	(38,577)	-
Total property valuation	$ 880,770,809				
Net levy			$ 5,152,510	$ 4,777,017	$ 375,493
Less Uncollected taxes at June 30, 2011			335,096	254,782	80,314
Current year's taxes collected			$ 4,817,414	$ 4,522,235	$ 295,179
Current levy collection percentage			93.50%	94.67%	78.61%

Tax Rate per $100	
General Fund	$ 0.585
Public Library Fund	-
Total	$ 0.585

Table 1

City of Henderson, North Carolina
Net Assets by Component
Last Nine Fiscal Years
(accrual basis of accounting)

	Fiscal Year								
	2011	2010	2009	2008	2007	2006	2005	2004	2003
Governmental Activities									
Invested in capital assets, net of related debt	$ 14,328,977	$ 14,686,579	$ 14,582,291	$ 12,257,263	$ 12,719,614	$ 13,815,383	$ 14,067,229	$ 12,717,286	$ 12,164,082
Restricted	3,185,989	1,772,784	1,899,503	1,893,464	1,981,404	1,670,187	1,244,796	781,456	518,537
Unrestricted (deficit)	(197,470)	1,978,225	2,439,450	4,441,365	2,611,443	2,513,837	2,297,778	2,219,277	3,619,103
Total Governmental Activities Net Assets	$ 17,317,496	$ 18,437,588	$ 18,921,244	$ 18,592,092	$ 17,312,461	$ 17,999,407	$ 17,609,803	$ 15,718,019	$ 16,301,722
Business-type Activities									
Invested in capital assets, net of related debt	$ 49,450,831	$ 46,753,174	$ 45,375,752	$ 43,605,863	$ 39,076,311	$ 43,948,036	$ 39,883,844	$ 39,463,964	$ 36,799,672
Restricted	-	-	-	225,065	215,715	238,723	235,148	509,733	2,675,765
Unrestricted (deficit)	9,049,829	8,183,861	7,272,178	7,035,416	9,851,995	3,385,127	4,002,932	3,635,530	4,197,609
Total Business-type Activities Net Assets	$ 58,500,660	$ 54,937,035	$ 52,647,930	$ 50,866,344	$ 49,144,021	$ 47,571,886	$ 44,121,924	$ 43,609,227	$ 43,673,046
Primary Government									
Invested in capital assets, net of related debt	$ 63,779,808	$ 61,439,753	$ 59,958,043	$ 55,863,126	$ 51,795,925	$ 57,763,419	$ 53,951,073	$ 52,181,250	$ 48,963,754
Restricted	3,185,989	1,772,784	1,899,503	2,118,529	2,197,119	1,908,910	1,479,944	1,291,189	3,194,302
Unrestricted (deficit)	8,852,359	10,162,086	9,711,628	11,476,781	12,463,438	5,898,964	6,300,710	5,854,807	7,816,712
Total Primary Government Net Assets	$ 75,818,156	$ 73,374,623	$ 71,569,174	$ 69,458,436	$ 66,456,482	$ 65,571,293	$ 61,731,727	$ 59,327,246	$ 59,974,768

Note: The County began to report accrual information when it implemented GASB Satement 34 in fiscal year 2003.

Table 2

City of Henderson, North Carolina
Changes in Net Assets
Last Nine Fiscal Years
(accrual basis of accounting)

	Fiscal Year								
	2011	2010	2009	2008	2007	2006	2005	2004	2003
Governmental Activities									
Expenses									
General government	$ 2,566,627	$ 2,633,778	$ 909,799	$ 3,462,318	$ 3,519,455	$ 3,012,332	$ 3,014,699	$ 2,957,638	$ 2,963,230
Public safety	6,798,592	7,349,933	6,968,586	5,690,650	5,905,905	5,504,781	5,362,047	5,101,413	4,986,679
Economic and physical development	444,922	45,732	498,004	2,079,810	140,137	127,149	122,097	160,636	-
Transportation and utilities	2,034,973	2,001,374	1,936,074	2,130,965	2,409,306	1,994,972	1,733,424	1,866,926	2,178,063
Enviromental protection	900,033	859,341	1,309,976	1,132,792	972,879	960,518	1,000,729	1,040,312	966,250
Cultural and recreational	2,384,515	2,471,824	2,006,921	2,467,644	2,034,274	2,519,676	2,552,649	2,375,373	2,527,801
Human Services	302,533	267,359	604,768	-	-	-	-	-	-
Interest on Long-Term Debt	242,768	285,532	283,950	371,805	327,287	406,453	482,669	539,223	630,044
Total Government Activities Expense	$ 15,674,963	$ 15,914,873	$ 14,518,078	$ 17,335,984	$ 15,309,243	$ 14,525,881	$ 14,268,314	$ 14,041,521	$ 14,252,067
Program Revenues									
Charges for Services									
General government	$ 306,870	$ -	$ -	$ 2,156,793	$ 2,060,967	$ -	$ -	$ -	$ -
Public safety	449,415	470,633	523,420	800	23,237	77,457	79,612	87,983	82,240
Economic and physical development	15,212	15,805	16,810	-	-	-	-	-	-
Transportation and utilities	437,339	521,671	572,373	491,781	515,003	449,676	418,441	376,595	378,795
Enviromental protection	2,936,451	2,877,402	2,853,864	1,890,034	1,692,524	1,769,362	1,652,132	1,344,424	1,344,694
Cultural and recreational	904,876	1,025,485	1,135,797	132,923	159,531	144,088	144,616	153,724	172,538
Operating Grants and Contributions	718,763	1,687,630	937,300	2,615,917	1,627,177	1,227,398	997,012	912,368	1,234,379
Capital Grants and Contributions	332,582	-	261,250	1,269,099	179,627	695,048	2,441,692	55,589	108,913
Total Program Revenues	$ 6,101,508	$ 6,598,626	$ 6,300,814	$ 8,557,347	$ 6,258,066	$ 4,363,029	$ 5,733,505	$ 2,930,683	$ 3,321,559
Total Government Activities Net Program Expense	$ (9,573,455)	$ (9,316,247)	$ (8,217,264)	$ (8,778,637)	$ (9,051,177)	$ (10,162,852)	$ (8,534,809)	$ (11,110,838)	$ (10,930,508)
General Revenues and Other Changes in Net Assets									
Taxes:									
Property taxes, levied for general purpose	$ 5,188,448	$ 5,182,210	$ 5,236,164	$ 5,106,455	$ 4,816,757	$ 5,059,207	$ 4,796,547	$ 4,537,696	$ 4,578,693
Local option sales tax	2,150,394	2,164,956	2,482,544	2,509,029	2,105,076	2,280,608	2,344,576	2,304,889	1,971,472
Other taxes and licenses	988,795	1,077,211	957,720	1,198,375	1,157,166	871,540	711,164	721,482	838,774
Unrestricted Grants and Contributions	-	-	-	-	-	15,606	14,094	19,092	24,798
Investment earnings, unrestricted	10,524	10,777	73,336	190,901	166,086	87,432	48,270	13,231	30,950
Sale of capital assets	-	-	-	638,280	-	-	-	-	-
Miscellaneous, unrestricted	204,424	150,800	94,999	130,237	39,218	1,276,304	1,282,593	1,309,726	1,207,452
Transfers	(89,222)	246,637	(7,660)	(482,577)	79,928	961,309	1,229,799	1,351,585	952,340
Total General Revenues and Other Changes in Net Assets	$ 8,453,363	$ 8,832,591	$ 8,837,103	$ 9,290,700	$ 8,364,231	$ 10,552,006	$ 10,427,043	$ 10,257,701	$ 9,604,479
Total Government Activities Change in Net Assets	$ (1,120,092)	$ (483,656)	$ 619,839	$ 512,063	$ (686,946)	$ 389,154	$ 1,892,234	$ (853,137)	$ (1,326,029)

Table 2

City of Henderson, North Carolina
Changes in Net Assets
Last Nine Fiscal Years
(accrual basis of accounting)

	Fiscal Year								
	2011	2010	2009	2008	2007	2006	2005	2004	2003
Business-type Activities									
Expenses									
Water, Sewer, and Regional water system	$ 11,623,998	$ 11,080,440	$ 11,359,948	$ 10,824,002	$ 10,098,559	$ 8,632,687	$ 8,287,232	$ 8,797,390	$ 8,526,768
Revenues									
Charges for Services	$ 13,541,898	$ 12,911,533	$ 12,513,643	$ 12,262,768	$ 11,375,807	$ 10,446,566	$ 9,390,825	$ 9,493,399	$ 9,385,529
Capital Grants and Contributions	1,198,775	-	-	-	-	2,174,464	101,006	127,816	155,057
Total Revenues	$ 14,740,673	$ 12,911,533	$ 12,513,643	$ 12,262,768	$ 11,375,807	$ 12,621,030	$ 9,491,831	$ 9,621,215	$ 9,540,586
Total Business-type Activities Net Program Expenses	$ 3,116,675	$ 1,831,093	$ 1,153,695	$ 1,438,766	$ 1,277,248	$ 3,988,343	$ 1,204,599	$ 823,825	$ 1,013,818
Other Changes in Net Assets									
Miscellaneous, unrestricted	357,728	704,649	620,231	315,387	294,887	422,928	537,897	463,958	417,489
Transfers	89,222	(246,637)	7,660	-	-	(961,309)	(1,229,799)	(1,351,585)	(945,199)
Total Business-type Activities Change in Net Assets	3,563,625	2,289,105	1,781,586	1,754,153	1,572,135	3,449,962	512,697	(63,802)	486,108
Total Primary Government Changes in Net Assets	$ 2,443,533	$ 1,805,449	$ 2,401,425	$ 2,266,216	$ 885,189	$ 3,839,116	$ 2,404,931	$ (916,939)	$ (839,921)

Note: The City began to report accrual information when it implemented GASB Statement 34 in fiscal year 2003.

Table 3

City of Henderson, North Carolina
Fund Balances, Governmental Funds
Last Nine Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year								
	2011	2010	2009	2008	2007	2006	2005	2004	2003
General Fund									
Restricted	$ 2,454,942	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Assigned	175,008	-	-	-	-	-	-	-	-
Unassigned	1,983,708	-	-	-	-	-	-	-	-
Reserved	$ -	$ 2,545,411	$ 2,229,474	$ 2,963,811	$ 2,124,600	$ 2,157,749	$ 2,196,659	$ 1,208,290	$ 1,828,736
Unreserved	-	1,952,743	2,073,596	2,243,368	1,232,149	808,870	22,268	464,163	1,332,014
Total General Fund	$ 4,613,658	$ 4,498,154	$ 4,303,070	$ 5,207,179	$ 3,356,749	$ 2,966,619	$ 2,218,927	$ 1,672,453	$ 3,160,750
All other Governmental Funds									
Nonspendable	$ 430,210	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Restricted	96,032	-	-	-	-	-	-	-	-
Assigned	204,805	-	-	-	-	-	-	-	-
Unassigned	(27,906)	-	-	-	-	-	-	-	-
Reserved	$ -	$ 430,210	$ 429,610	$ 419,112	$ 407,352	$ 391,548	$ 375,942	$ 361,848	$ 342,756
Unreserved, reported in:									
Capital Projects Funds	-	249,212	(31,104)	209,647	185,434	258,752	129,007	148,815	(804,463)
Special Revenue Funds	-	58,983	64,607	96,434	125,157	99,827	69,530	95,354	175,781
Total All Other Governmental Funds	$ 703,141	$ 738,405	$ 463,113	$ 725,193	$ 717,943	$ 750,127	$ 574,479	$ 606,017	$ (285,926)
Total for All Governmental Funds	$ 5,316,799	$ 5,236,559	$ 4,766,183	$ 5,932,372	$ 4,074,692	$ 3,716,746	$ 2,793,406	$ 2,278,470	$ 2,874,824

Note: The City began to report information when it implemented GASB Statement 34 in fiscal year 2003.
With the implementation of GASB Statement 54, the classification of the fund balance changed in 2011.

Table 4

City of Henderson, North Carolina
Changes in Fund Balances, Governmental Funds
Last Nine Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year								
	2011	2010	2009	2008	2007	2006	2005	2004	2003
Revenues									
Ad valorem taxes	$ 5,259,600	$ 5,297,691	$ 5,193,534	$ 5,138,248	$ 5,055,444	$ 5,002,610	$ 4,751,719	$ 4,558,049	$ 4,567,890
Local option sales taxes	2,496,141	2,328,959	2,482,544	2,654,438	2,105,076	2,280,608	2,344,576	2,304,889	1,971,472
Other taxes and licenses	-	-	-	-	145,953	148,403	-	-	-
Unrestricted intergovernmental	977,123	942,297	1,000,133	931,360	773,610	724,941	712,996	723,482	841,626
Restricted intergovernmental	1,019,041	1,648,073	507,059	572,888	527,811	557,016	566,308	721,164	1,078,804
Permits and fees	92,333	101,619	106,870	121,606	239,282	237,976	239,373	221,911	227,069
Sales and services	4,295,878	4,442,363	4,568,346	4,672,331	4,414,221	3,373,200	3,259,435	2,906,706	2,877,742
Other revenues	-	-	-	-	-	-	-	-	-
Investment earnings	10,524	10,777	70,107	181,623	154,968	109,763	52,879	16,442	34,019
Miscellaneous	500,645	496,282	492,953	2,173,266	1,012,085	696,676	465,020	287,302	159,332
Total Revenues	$ 14,651,285	$ 15,268,061	$ 14,421,546	$ 16,445,760	$ 14,428,450	$ 13,131,193	$ 12,392,306	$ 11,739,945	$ 11,757,954
Expenditures									
General government	$ 1,366,911	$ 1,374,033	$ 1,686,089	$ 1,702,486	$ 1,580,409	$ 1,640,613	$ 1,706,300	$ 1,713,906	$ 1,754,055
Public safety	5,874,069	6,256,868	6,512,334	5,994,425	5,486,023	5,165,341	5,446,529	5,060,207	4,842,616
Enviromental protection	791,878	674,421	900,958	998,673	974,812	959,435	1,096,460	1,135,812	966,250
Economic and physical development	671,490	807,344	57,845	49,365	50,846	86,644	87,050	91,995	93,587
Non-Departmental	430,086	337,704	42,404	30,019	35,079	35,501	4,878	2,766	12,465
Transportation and Utilities	1,984,752	1,949,725	1,886,579	2,250,585	2,079,036	1,900,408	1,639,158	1,931,594	2,073,299
Cultural and recreational	1,494,213	1,558,605	2,816,159	2,767,056	2,703,844	2,510,555	2,489,159	2,390,098	2,358,298
Planning and community development	132,148	136,608	-	-	-	-	-	-	-
Cemetery	69,545	125,267	-	-	-	-	-	-	-
Code Compliance	170,385	130,751	-	-	-	-	-	-	-
Donation to local agencies	664,791	694,316	-	-	-	-	-	-	-
Debt Service:									
Principal	764,141	745,148	704,857	794,491	784,413	741,986	623,929	669,230	597,665
Interest	226,004	285,532	304,665	371,805	355,836	406,453	482,669	506,762	630,044
Total Expenditures	$ 14,640,413	$ 15,076,322	$ 14,911,890	$ 14,958,905	$ 14,050,298	$ 13,446,936	$ 13,576,132	$ 13,502,370	$ 13,328,279
Excess (Deficiency) of Revenues Over Expenditures	$ 10,872	$ 191,739	$ (490,344)	$ 1,486,855	$ 378,152	$ (315,743)	$ (1,183,826)	$ (1,762,425)	$ (1,570,325)

Table 4

City of Henderson, North Carolina
Changes in Fund Balances, Governmental Funds
Last Nine Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year								
	2011	2010	2009	2008	2007	2006	2005	2004	2003
Other Financing Sources									
Transfer from other funds	$ 298,423	$ 460,723	$ 159,244	$ 111,995	$ 192,336	$ 1,198,626	$ 1,317,801	$ 1,469,478	$ 1,245,031
Transfers to other funds	(327,186)	(182,086)	(355,301)	(634,608)	(260,244)	(135,191)	(140,751)	(1,607,057)	(354,140)
Installment Financing	98,131	-	72,979	118,620	79,886	-	553,250	411,707	69,121
Total Other Rinancing Sources and Uses	$ 69,368	$ 278,637	$ (123,078)	$ (403,993)	$ 11,978	$ 1,063,435	$ 1,730,300	$ 274,128	$ 960,012
Net Change in Fund Balance	$ 80,240	$ 470,376	$ (613,422)	$ 1,082,862	$ 390,130	$ 747,692	$ 546,474	$ (1,488,297)	$ (610,313)
Total Expenditures,	$ 14,640,413	$ 15,076,322	$ 14,911,890						
Less: Capital Outlay Expenditures	(671,528)	(1,013,764)	(3,738,856)						
Total Noncapital Expenditues	$ 13,968,885	$ 14,062,558	$ 11,173,034						
Debt Service as a Percentage of Noncapital Expenditures	7.09%	7.33%	9.04%	8.45%	8.46%	14.68%	8.23%	9.31%	2.15%

Note: The City began to report information when it implemented GASB Statement 34 in fiscal year 2003.

Table 5

City of Henderson, North Carolina
Assessed Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year Ended June 30,	Real Property	Personal Property	Elderly Exemption	Total Assessed Value	Total Direct Tax Rate
2011	$ 733,148,790	$ 157,305,744	$ 9,683,725	$ 880,770,809	0.5850
2010	$ 738,807,561	$ 160,975,155	$ 12,703,860	$ 887,078,856	0.5850
2009	$ 740,398,927	$ 172,187,141	$ 12,634,810	$ 899,951,258	0.5650
2008	$ 603,721,711	$ 166,083,642	$ 10,098,965	$ 759,706,388	0.6700
2007	$ 611,183,592	$ 160,631,445	$ 10,563,949	$ 761,251,088	0.6700
2006	$ 592,080,970	$ 164,082,831	$ 10,326,441	$ 745,837,360	0.6700
2005	$ 600,933,500	$ 148,716,224	$ 9,019,600	$ 740,630,124	0.6700
2004	$ 592,581,160	$ 159,600,644	$ 9,235,575	$ 742,946,229	0.6400
2003	$ 571,700,670	$ 178,389,185	$ 9,291,970	$ 740,797,885	0.6100
2002	$ 569,671,400	$ 187,032,229	$ 7,990,225	$ 748,713,404	0.6100

Table 6

City of Henderson, North Carolina
Property Tax Rates - Direct and Overlapping Government
Per $100 of Assessed Value
Last Ten Fiscal Years

Fiscal Year Ended June 30,	City of Henderson	Vance County	Total
2011	$ 0.5850	$ 0.7820	$ 1.3670
2010	$ 0.5850	$ 0.7820	$ 1.3670
2009	$ 0.5650	$ 0.7980	$ 1.3630
2008	$ 0.6700	$ 0.9200	$ 1.5900
2007	$ 0.6700	$ 0.9200	$ 1.5900
2006	$ 0.6700	$ 0.9200	$ 1.5900
2005	$ 0.6700	$ 0.9200	$ 1.5900
2004	$ 0.6400	$ 0.9000	$ 1.5400
2003	$ 0.6100	$ 0.9000	$ 1.5100
2002	$ 0.6100	$ 0.9000	$ 1.5100

Note: Assessed valuations are established by the Board of County Commissions of Vance County at 100 percent of estimated market value. A revaluation is required by the North Carolina General Statutes at least every eight years.

	Components of the Total Direct Rate		
Fiscal Year Ended June 30,	General Fund	Public Library Fund	Total Direct Rate
2011	$ 0.5850	$ -	$ 0.5850
2010	$ 0.5850	$ -	$ 0.5850
2009	$ 0.5250	$ 0.0400	$ 0.5650
2008	$ 0.6300	$ 0.0400	$ 0.6700
2007	$ 0.6300	$ 0.0400	$ 0.6700
2006	$ 0.6300	$ 0.0400	$ 0.6700
2005	$ 0.6300	$ 0.0400	$ 0.6700
2004	$ 0.6000	$ 0.0400	$ 0.6400
2003	$ 0.5700	$ 0.0400	$ 0.6100
2002	$ 0.5700	$ 0.0400	$ 0.6100

Table 7

City of Henderson, North Carolina
Principal Property Taxpayers
Current Year

Taxpayer	2011 Assessed Valuation	Taxes
Century Link	$ 16,505,803	$ 96,559
Progress Energy Carolinas	15,847,032	92,705
Wal-Mart Real Estate Bus. Trust	14,415,064	84,328
Pacific Coast Feather Co.	10,133,394	59,280
W & W Properties & Rentals LLC	8,642,022	50,556
Libby Henderson Enterprises	8,267,000	48,362
Rosemyr Corporation	7,638,271	44,684
Henderson Country Club Inc.	6,016,943	35,199
Lowe's of Henderson	5,881,529	34,407
Crawford Properties	5,674,550	33,196
L.I.C. Associates - Henderson II	4,873,870	28,512
Ruin Creek Properties	4,832,721	28,271
Henderson Fields LLC	4,247,709	24,849
MDJ Partnership LLC	4,066,247	23,788
Mundra Hotels of Henderson, Inc.	3,936,974	23,031
	$ 120,979,129	$ 707,727

Table 8

City of Henderson, North Carolina
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year Ended June 30,	Tax Year	Net Levy	Current Year Collections	Percentage of Levy
2011	2010	$ 5,152,510	$ 4,817,414	93.50%
2010	2009	$ 5,165,463	$ 4,792,999	92.79%
2009	2008	$ 5,165,139	$ 4,759,265	92.14%
2008	2007	$ 5,093,720	$ 4,749,230	93.24%
2007	2006	$ 5,038,901	$ 4,743,873	94.14%
2006	2005	$ 4,988,550	$ 4,677,076	93.76%
2005	2004	$ 4,731,173	$ 4,407,893	93.17%
2004	2003	$ 4,531,972	$ 4,183,506	92.31%
2003	2002	$ 4,504,712	$ 4,140,778	91.92%
2002	2001	$ 4,192,795	$ 3,745,817	89.34%

Table 9

City of Henderson, North Carolina
Ratio of Outstanding Debt by Type
Last Eight Fiscal Years

Fiscal Year Ended June 30,	Governmental Activities		Business-type Activities			Total Primary Government	City Population Estimated*	Debt Per Capita
	Capital Leases	Notes Payable	Revenue Bonds	Capital Leases	Notes Payable			
2011	$ 245,060	$ 4,220,080	$ 10,005,000	$ 215,829	$ 6,513,336	$ 21,199,305	15,368	$ 1,379
2010	$ 296,804	$ 4,834,347	$ 10,770,000	$ 321,115	$ 8,143,693	$ 24,365,959	15,777	$ 1,544
2009	$ 437,685	$ 5,438,614	$ 11,500,000	$ 461,896	$ 9,743,507	$ 27,581,702	15,850	$ 1,740
2008	$ -	$ 6,216,142	$ -	$ -	$ 23,909,909	$ 30,126,051	15,897	$ 1,895
2007	$ -	$ 6,896,540	$ -	$ -	$ 26,217,243	$ 33,113,783	15,951	$ 2,076
2006	$ -	$ 6,857,665	$ -	$ -	$ 28,498,581	$ 35,356,246	15,906	$ 2,223
2005	$ -	$ 8,333,053	$ -	$ -	$ 30,589,665	$ 38,922,718	15,999	$ 2,433
2004	$ -	$ 8,403,732	$ -	$ -	$ 32,320,557	$ 40,724,289	16,098	$ 2,530

Note: Details regarding the City's debt can be found in the notes to the financial statements.
The City began to collect this data in 2004.
* Source: U.S. Census Bureau

Table 10

City of Henderson, North Carolina
Ratio of General Obligation Bonded Debt
Last Eight Fiscal Years

Fiscal Year Ended June 30,	General Obligation Debt	Percentage of Actual Taxable Value of Property	Debt Per Capita
2011	-	0.000%	-
2010	-	0.000%	-
2009	-	0.000%	-
2008	-	0.000%	-
2007	-	0.000%	-
2006	-	0.000%	-
2005	-	0.000%	-
2004	-	0.000%	-

Note: Details regarding the City's debt can be found in the notes to the financial statements.
The City began to collect this data in 2004.

Table 11

City of Henderson, North Carolina
Direct and Overlapping Governmental Activities Debt
General Obligation Bonds
June 30, 2011

Fiscal Year Ended June 30,	Net General Obligation Bonded Debt	Percentage Applicable to Vance County	Amount Applicable to Vance County
2011	-	0.000%	-
2010	-	0.000%	-
2009	-	0.000%	-
2008	-	0.000%	-
2007	-	0.000%	-
2006	-	0.000%	-
2005	-	92.000%	-
2004	-	90.000%	-
2003	-	90.000%	-
2002	-	90.000%	-
2001	-	84.000%	-

Table 12

City of Henderson, North Carolina
Computation of Legal Debt Margin
Last Eight Fiscal Years

Legal Debt Margin Calculation for Fiscal Year 2011			
Assessed Value			$ 880,770,809
Debt Limit - Eight Percent (8%) of Assessed Value			70,461,665
Amount of Debt Applicable to Debt Limit			
	Lease financing agreements	$ 4,465,140	
	Revolving Loan	-	
	Total Debt	$ 4,465,140	
	Less - Statutory Deductions	-	4,465,140
Legal Debt Margin			$ 65,996,525

	2011	2010	2009	2008	2007	2006	2005	2004
Debt Limit	$ 70,461,665	$ 70,966,308	$ 71,996,101	$ 60,776,511	$ 60,900,087	$ 59,666,989	$ 59,250,410	$ 59,435,698
Total Net Debt Applicable to Limit	(4,465,140)	(4,465,140)	(5,876,299)	(6,216,142)	(6,896,540)	(6,857,665)	(8,333,053)	(8,403,732)
Legal Debt Margin	$ 65,996,525	$ 66,501,168	$ 66,119,802	$ 54,560,369	$ 54,003,547	$ 52,809,324	$ 50,917,357	$ 51,031,966
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	6.34%	6.29%	8.16%	10.23%	11.32%	11.49%	14.06%	14.14%

The City began to collect this data in 2004.

Table 13

City of Henderson, North Carolina
Demographic Statistics
Last Ten Fiscal Years

Fiscal Year Ended June 30,	Population Estimated[1]	Per Capita Income[2]	Unemployment Rate*	Total Labor Force*	Public School Enrollment** (ADM)
2011	15,368	N/A	13.50%	19,372	6,868
2010	15,777	N/A	12.30%	19,371	7,109
2009	15,850	$30,236	14.40%	20,459	7,380
2008	15,897	$29,373	8.40%	19,962	7,764
2007	15,951	$26,730	7.30%	18,538	7,900
2006	15,906	$25,033	7.60%	18,496	8,170
2005	15,999	$23,887	9.10%	19,052	8,300
2004	16,098	$22,607	13.20%	18,580	8,260
2003	16,257	$21,549	12.90%	18,608	8,614
2002	16,371	$21,374	9.90%	19,585	8,219

[1] -Source: U.S. Census Bureau
[2] -Source: Bureau of Economic Analysis - U.S. Department of Commerce
* Source: Employment Security Commission - Micropolitan Statistical Area
** Source: The North Carolina Department of Public Instruction
(N/A) Information Not Available
ADM = Average Daily Membership

Table 14

City of Henderson, North Carolina
Ten Largest Employers
Current Year

Employer	Estimate of employees	% of Total Labor Force
Vance County Board of Education	1,200	6.2%
Variety Stores, Inc.	782	4.0%
Maria Parham Medical Center	750	3.9%
Pacific-Coast Feather Co.	623	3.2%
City of Henderson	250	1.3%
M. R. Williams, Inc.	225	1.2%
Clayton Homes	135	0.7%
Optimum Lighting	110	0.6%
ETC	70	0.4%
Vance County Mental Health	65	0.3%

*Source: Vance County Economic Development Commission

Table 15

City of Henderson, North Carolina
Number of Government Employees
Last Six Fiscal Years

	FY 05-06	FY 06-07	FY 07-08	FY 08-09	FY 09-10	FY 10-11
General government	20	22	22	20	20	21
Public safety	102	99	102	102	101	105
Transportation and utilities	19	17	17	16	20	20
Environmental protection	31	29	28	22	18	8
Cultural and recreation	17	16	14	15	15	15
Code compliance	2	3	3	3	2	2
Planning and community development	4	3	3	2	2	2
	195	189	189	180	178	173
Water Fund						
Engineering	5	4	4	3	3	3
Water distribution	14	15	14	13	13	15
	19	19	18	16	16	18
Sewer Fund						
Water reclamation facility	23	21	21	21	21	21
Sewer Collection	7	7	6	6	5	5
Sewer Collection I&I	-	-	3	3	3	3
	30	28	30	30	29	29
Regional Water System Fund	12	11	11	11	10	11
	256	247	248	237	233	231

The City began to collect this data in 2006

COMPLIANCE SECTION

PHILLIPS, DORSEY, THOMAS, WATERS & BRAFFORD, P.A.
CERTIFIED PUBLIC ACCOUNTANTS

Drawer 1359 • 349 Ruin Creek Rd. • Henderson, NC 27536
252-438-8154 • Wats 800-356-7674 • Fax 252-492-5066

Susan R. Waters, CPA
Michael H. Brafford, CPA
Franklin L. Irvin, Jr., CPA
Janet N. Green, CPA

Tonya B. Kilgore, CPA
Cecilia E. Leahy, CPA
Dena M. Thomason, CPA

Ronald S. Dorsey, CPA (Retired)

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the City Council
City of Henderson, North Carolina

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregated remaining fund information of the City of Henderson, North Carolina as of and for the year ended June 30, 2011, which collectively comprises the City of Henderson, North Carolina's basic financial statements, and have issued our report thereon dated January 18, 2012. 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.

Internal Control Over Financial Reporting

Management of the City of Henderson is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the City of Henderson's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in the internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the schedule of findings and responses, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent

AMERICAN INSTITUTE OF CPAS
NC ASSOCIATION OF CPAS

or detect misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and responses as item 11-01 to be a material weakness in internal control over financial reporting.

A significant deficiency is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and responses as item 11-02 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Henderson's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Governmental Auditing Standards*.

The City's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not audit the City's response and accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, others within the entity, members of the City Council, and federal and State awarding agencies and pass through entities and is not intended to be and should not be used by any other than these specified parties.

Phillips, Dorsey, Thomas, Watson & Brafford, P.A.
CERTIFIED PUBLIC ACCOUNTANTS

January 18, 2012

PHILLIPS, DORSEY, THOMAS, WATERS & BRAFFORD, P.A.
CERTIFIED PUBLIC ACCOUNTANTS

Drawer 1359 • 349 Ruin Creek Rd. • Henderson, NC 27536
252-438-8154 • Wats 800-356-7674 • Fax 252-492-5066

Susan R. Waters, CPA
Michael H. Brafford, CPA
Franklin L. Irvin, Jr., CPA
Janet N. Green, CPA

Tonya B. Kilgore, CPA
Cecilia E. Leahy, CPA
Dena M. Thomason, CPA

Ronald S. Dorsey, CPA (Retired)

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND THE STATE SINGLE AUDIT IMPLEMENTATION ACT

To the City Council
City of Henderson, North Carolina

Compliance

We have audited the compliance of the City of Henderson, North Carolina, compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of the City of Henderson's major federal programs for the year ended June 30, 2011. The City of Henderson's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City of Henderson's management. Our responsibility is to express an opinion on the City of Henderson's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the State Single Audit Implementation Act. Those standards, OMB Circular A-133, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Henderson's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City of Henderson's compliance with those requirements.

In our opinion, the City of Henderson complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect of its major federal programs for the year ended June 30, 2011.

AMERICAN INSTITUTE OF CPAS
NC ASSOCIATION OF CPAS

Internal Control Over Compliance

The management of the City of Henderson is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City of Henderson's internal control over compliance with requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, others within the entity, members of the City Council, and federal and State awarding agencies and pass through entities and is not intended to be and should not be used by any other than these specified parties.

Phillips, Dorsey, Thomas, Watson & Brafford P.A.
CERTIFIED PUBLIC ACCOUNTANTS

January 18, 2012

PHILLIPS, DORSEY, THOMAS, WATERS & BRAFFORD, P.A.
CERTIFIED PUBLIC ACCOUNTANTS

Drawer 1359 • 349 Ruin Creek Rd. • Henderson, NC 27536
252-438-8154 • Wats 800-356-7674 • Fax 252-492-5066

Susan R. Waters, CPA
Michael H. Brafford, CPA
Franklin L. Irvin, Jr., CPA
Janet N. Green, CPA

Tonya B. Kilgore, CPA
Cecilia E. Leahy, CPA
Dena M. Thomason, CPA

Ronald S. Dorsey, CPA (Retired)

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR STATE PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH APPLICABLE SECTIONS OF OMB CIRCULAR A-133 AND THE STATE SINGLE AUDIT IMPLEMENTATION ACT

To the City Council
City of Henderson, North Carolina

Compliance

We have audited the compliance of the City of Henderson, North Carolina, with the types of compliance requirements described in the Audit Manual for Governmental Auditors in North Carolina, issued by the Local Government Commission that could have a direct and material effect on each of its major State programs for the year ended June 30, 2011. The City of Henderson's major State programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major State programs is the responsibility of the City of Henderson's management. Our responsibility is to express an opinion on the City of Henderson's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; applicable sections of OMB Circular A-133, as described in the *Audit Manual for Governmental Auditors in North Carolina,* and the State Single Audit Implementation Act. Those standards, applicable sections of OMB Circular A-133, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major State program occurred. An audit includes examining, on a test basis, evidence about the City of Henderson's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City of Henderson's compliance with those requirements.

In our opinion, the City of Henderson complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major State programs for the year ended June 30, 2011.

AMERICAN INSTITUTE OF CPAS
NC ASSOCIATION OF CPAS

Internal Control Over Compliance

The management of the City of Henderson is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to State programs. In planning and performing our audit, we considered the City of Henderson's internal control over the compliance with the requirements that could have a direct and material effect on a major State program in order to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance with applicable sections of OMB Circular A-133 and the State Single Audit Implementation Act, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with a type of compliance requirement of a State program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a State program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the audit committee, management, others within the organization, members of the City Council, and federal and State awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Phillips, Dewey, Thomas, Waters & Broyhill, P.A.
CERTIFIED PUBLIC ACCOUNTANTS

January 18, 2012

CITY OF HENDERSON, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2011

A. Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

- Material weakness (es) identified? __x__ yes _____ no
- Significant Deficiency(s) identified that are not considered to be material weaknesses __x__ yes _____ no

Noncompliance material to financial statements noted _____ yes __x__ no

Federal Awards

Internal control over major federal programs:

- Material weakness (es) identified? _____ yes __x__ no
- Significant Deficiency(s) identified that are not considered to be material weaknesses _____ yes __x__ none reported

Noncompliance material to federal awards _____ yes __x__ no

Type of auditor's report issued on compliance for major federal programs: Unqualified
Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133 _____ yes __x__ no

CFDA Numbers	Name of Federal Program or Cluster

Identification of major federal programs:

14.228	Community Development Block Grants
66.468	Capitalization Grants for Drinking Water State Revolving Funds

Dollar threshold used to distinguish between Type A and Type B Programs $300,000

Auditee qualified as low-risk auditee? _____ yes __x__ no

CITY OF HENDERSON, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2011

State Awards

Internal Control Over State Programs:

- Material weakness (es) identified? ____yes __x__no
- Significant Deficiency (s) identified that are not considered to be material weaknesses ____yes __x__none reported

Noncompliance material to state awards ____yes __x__no

Type of auditors' report issued on compliance for major state programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with the State Single Audit Implementation Act ____yes __x__no

Identification of major state programs:

Program Name

N.C. Clean Water Management Trust Fund

B. Financial Statement Findings

MATERIAL WEAKNESS

11-01

Criteria: Management is responsible for establishing and maintaining internal control, including monitoring, and ensuring that bank reconciliations are prepared and reviewed by a responsible official in a timely manner.

Condition: Management did not establish and maintain internal controls to ensure that bank statements were reconciled and reviewed by a responsible official in a timely manner

Effect: The absence of controls over the bank reconciliations is considered a material weakness because more than a remote likelihood exists that a material misstatement of the financial statements could occur and not be prevented or detected and corrected by the entity's internal control.

Recommendation: Bank reconciliations should be prepared in a timely manner and reviewed by the Finance Director for completeness and accuracy.

Management Response and Corrective Action Plan: Management plans to implement internal control procedures to ensure timely preparation of bank reconciliations and the review process by the Finance Director.

Name of contact person: City Finance Director

SIGNIFICANT DEFICIENCY

11-02

Criteria: G.S. 159-8(a) states that all moneys received and expended by a local government or public authority should be included in the budget ordinance.

Condition: The City expended more than appropriated in the budget ordinance for non-departmental in the general fund; water distribution, debt service, and utility street repair in the water fund; and regular operating in the regional water system fund.

Effect: Moneys were spent that had not been appropriated.

Recommendation: Budget amendments should be adopted when revenues are received that exceed estimated revenues in the budget ordinance prior to expending the funds.

Management Response: The over expenditures were due to the recording of year end payables.

Corrective Action Plan: The City Finance Director plans to monitor more closely budgeted expenditures at year-end and meet with Department Directors regarding their projected year-end costs.

Name of contact person: City Finance Director

C. Federal Award Findings and Questioned Costs

None reported.

D. State Award Findings and Questioned Costs

None reported.

E. Summary of Prior Audit Findings

Finding 2010-1 (Bank Reconciliations)

Status: The City has not corrected this finding. See finding 2011-1 for details.

Finding 2010-2 (Expenditures in Excess of Appropriations)

Status: The City has not corrected this finding. See finding 2011-2 for details.

CITY OF HENDERSON, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2011

Grantor/Pass-through Grantor/Program Title 1(a)	Federal CFDA Number 1(b)	State/ Pass-through Grantor's Number	Fed. (Direct & Pass-through) Expenditures 1(c) (d), 2	State Expenditures 1 (d)
Federal Grants:				
Cash Programs:				
U.S. Dept. of Justice				
Direct Programs				
The Weed and Seed Program	16.595		$ 113,158	$ -
Bureau of Justice Assistance				
Passed-through the N.C. Dept. of Crime Control and Public Safety:				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2010-DJ-BX-0182	11,618	-
U.S. Dept. of Transportation				
Passed-through the N.C. Department of Transportation:				
Highway Planning,and Construction	20.205		40,494	-
U.S. Dept. of Housing and Urban Development				
Passed-through N.C. Department of Commerce				
Hope VI Phase I	14.228	NC19URD27536M07	194,820	-
Hope VI Phase II	14.228	NC19URD27536M08	56,625	-
U.S. Dept. of Energy				
Passed-through N.C. Department of Commerce				
State Energy Program-Round II Energy	81.041		844	-
ARRA-Energy Efficiency and Conservation Block Grant Program	81.128		39,549	-
Noncash Programs:				
Environmental Protection Agency				
Passed-through N.C. Department of Environment and Natural Resources				
Capitalization Grants for Drinking Water State Revolving Funds (note 2)	66.468 [3]		368,738	10,000
Total assistance - federal programs			$ 825,846	$ 10,000
State Grants:				
Cash Assistance:				
N.C. Department of Crime Control and Public Safety				
Governor's Crime Commission Grant			-	27,695
N.C. Department of Commerce				
N.C. Industrial Development Fund			-	33,000
N.C. Department of Environmental & Natural Resources				
N.C. Clean Water Management Trust Fund		2008-518	-	775,912
N.C. Department of Transportation:				
Powell Bill			-	393,332
Total assistance - State programs			$ -	$ 1,229,939
Total assistance			$ 825,846	$ 1,239,939

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

1. The accompanying schedule of expenditures of federal and State awards includes the federal and State grant activity of the City of Henderson and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the State Single Audit Implementation Act. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

2. Loans Outstanding
City of Henderson had the following loan balances outstanding at June 30, 2011. These loan balances outstanding are also included in the federal expenditures presented in the schedule.

Program Title	CFDA Number	Pass-through Grantor's Number	Amount Outstanding
Capitalization Grants for State Revolving Funds	66.458 [3]	XXXX	$ 378,738