

APPENDIX A

GLOSSARY OF TERMS

ABC: Alcoholic Beverage Control Commission.

Account Number: A system of numbering or otherwise designating accounts, entries, invoices, vouchers, etc., in such a manner that the symbol used quickly reveals certain required and/or desired information. This is also referred to as the Budget/Accounting Line Item.

Accounts Payable: A liability account reflecting amounts of open accounts owing to private persons or organizations for goods and services received.

Accounts Receivable: An asset account reflecting amounts owing on open accounts from private persons or organizations for goods and services provided.

Accrual Basis: A basis of accounting in which revenues are recognized when they are earned rather than received and expenses are recognized when incurred rather than paid.

Activity Classification: A grouping of expenditures based on specific lines of work performed by organizational units, i.e., public safety.

Actuals: The actual expenditures, which are historically verifiable in the City's Accounting System.

ADA: Americans with Disabilities Act.

Adaptability: The flexibility of the system or process to handle future changing customer expectations to meet today's special needs and future requirement changes.

Ad Valorem Taxes: A tax based on the assessed value of real estate or personal property and the tax rate. Property ad valorem taxes are the major source of revenue for state and municipal governments.

Administrative Support: A calculated amount of money transferred from one fund to another to offset administrative or related support.

Adopted Budget: A budget that has been prepared and reviewed in accordance with State law and has been duly adopted by the City Council.

Allocate: To set aside portions of budgeted expenditures that are specifically designated to organizations, departments, etc.

Allowance for Doubtful Accounts: A contra account, related to accounts receivable, that holds the estimated amount of collection losses.

Annual Budget: A budget covering a single fiscal year (1 July – 30 June).

Annual Routine Debt: Bond debt issued on an annual basis to fund routine needed capital improvements such as street improvements, storm drainage, facilities renovation, etc.

Appendices: Supplemental material.

Appropriations: An authorization made by the City Council permitting the City to incur obligations and make expenditures.

Appropriation Ordinance: An official enactment by the City Council to establish legal authority for City officials to obligate and expend resources.

Assessed Valuation: The value of real estate and/or personal property and equipment as determined by tax assessors and used as a basis for levying property taxes.

Assessment: The process for determining values of real and personal property for taxation purposes.

Agency Fund: A fund consisting of resources received and held by the governmental unit as an agent for others.

Audit: A methodical examination of the utilization of resources it concludes in a written report of its findings to the governing body. An audit is a test of management's accounting system to determine the extent to which the internal accounting controls are both available and being used. In Henderson, an independent auditor is hired to examine the City's financial records.

Austerity: Rigorous, self-disciplined life; life without excess.

Authorized Positions: These are employee positions which are authorized in the adopted budget to be filled during the fiscal year.

BALI: Budget/Accounting Line Item.

Balanced Budget: A budget in which anticipated revenues are equal to planned expenditures.

Bond: A long-term promise to pay a specified amount of money on a particular date. Bonds are used primarily to finance capital projects.

Bonds Issued: Bonds that have been sold.

Budget/Accounting Line Item: A system of numbering or otherwise designating accounts, entries, invoices, voucher, etc., in such a manner that the symbol used quickly reveals certain required and/or desired information. This is also referred to as the Account Number.

Budget Amendment: A procedure used by the City staff and the City Council to revise a budget appropriation.

Budget Document: A financial plan containing projected expenditures and resources covering a fiscal year prepared by the City Manager and his staff and enacted by the City Council.

Budget Calendar: The schedule of key dates, which a government follows in the preparation, and adoption of its budget.

Budget Message: An overview of the recommended budget, written by the City Manager to the City Council that discusses the major budget items and the City's present and future financial condition.

Budget Ordinance: The official enactment by the City Council to establish legal authority for City staff to obligate and expend resources.

Capital Expenses: Appropriations for the purpose of satisfying one-time expenses for new value added projects such as new roads, buildings, utility lines and facilities, recreation facilities, etc., and large capital maintenance expenses such as street milling and resurfacing, re-roofing and new windows for buildings, repairs to major facilities. Capital expenses are generally financed in one of two methods: annual cash appropriations or bonded indebtedness. The former is generally associated with routine projects such as street milling and resurfacing, facility maintenance such as roofing, etc. The latter is generally associated with very large projects such as renovation of 134 Rose Avenue (new City Hall), construction of a major new road, etc.

Capital Improvement Budget (CIP): A plan of proposed capital expenditures and the means of financing them. The capital budget is usually enacted as part of the complete annual budget, which includes both operating and capital outlays.

Capital Outlay: Expenditures that result in the acquisition of or addition to fixed assets.

Capital Reserve: An account used to indicate that a portion of fund balance is legally restricted for a specific capital purchase and is therefore not available for general appropriation.

Capitalized Interest: An equity account reflecting the accumulated earnings from bonds/loans while in escrow.

Cash Basis: A basis of accounting in which revenue is recorded only when cash is received and expenses are recorded when the cash is paid.

Cash Management: The management of cash necessary to pay for governmental services, while investing temporary cash excesses in order to earn interest revenue. Cash management refers to the activities of forecasting the inflows and outflows of cash, mobilizing cash to improve its availability for investment, establishing and maintaining banking relationships.

CBO: Community Based Organization.

CIP: Capital Improvements Plan.

CDBG: Community Development Block Grant, a federal entitlement program designed to benefit low and moderate-income persons, specifically in the areas of housing and quality of life.

City Manager: The chief executive officer of the City of Henderson, appointed by the City Council.

CMO: City Manager's Office.

COE: Corps of Engineers.

COG: Council of Governments.

COLA: Cost of living adjustment.

Commodities: Supplies; anything bought and sold.

Contingency: A budgetary reserve set aside for emergencies or unforeseen expenditures not otherwise budgeted.

Contractual Services: Services rendered to a government by private firms, individuals, or other government entities. Examples include utilities, rent and consulting services.

COPS: Certificate of Participation.

Crime Clearance Rate: The percentage of crimes cleared/solved compared to those reported.

Data Response Time: The time it takes to respond to a call for service from the time it is received until a response has been made, i.e., the time it takes to dispatch a fire engine from the station to a house fire after the call has been received.

DCA: Department of Community Assistance.

DDC: Downtown Development Commission.

Debt Ceiling: See debt limit.

Debt Limit: The maximum amount of gross or net debt that is legally permitted. In Henderson, the legal debt limit for tax-supported debt (General Fund) is 8% of assessed value of property.

Debt Management Policy: A policy dealing with the issues of debt, how it is managed, and the manner in which debt is issued.

Debt Reduction Plan: A strategic plan and policy designed to eliminate the need for annual bond issues for annual capital projects while, at the same time, increasing the amount of annual cash appropriations for capital projects.

Debt Service: The City's obligation to pay principal and interest on bonds and other debt instruments according to a pre-determined payment schedule.

Debt Service Fund: Governmental fund type used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

Debt Service Ratio: The ratio of total liabilities to total assets. This tells the proportion of a government's assets that it has financed with debt.

Deficit: An excess of expenditures over revenues or expense over income.

Department: The highest levels of operation in the structural organization of the City, which indicates overall management responsibility for a division or a group of related operational divisions.

Depreciation: A decrease in value of property through wear, deterioration, or obsolescence.

Dillon's Rule: A rule of judicial interpretation of the legal powers of local government

Discretionary General Funds: Funds that the City Council has full control over and authority to appropriate in support of general fund activities.

Distinguished Budget Presentation Awards Program: A voluntary program administered by the Government Finance Officers Association (GFOA) to encourage governments to publish efficiently organized and easily readable budget documents and to provide peer recognition and technical assistance to the fiscal officers preparing them.

Diverse: In addition to race, nationality, gender, culture, what part of the United States one may be from and the like, this concept has to do with the way we think, the respect we have for each other's opinions turning differences into advantages and similar concepts.

Draconian: unusually severe or cruel.

Efficiency: The extent to which resources are minimized and waste is eliminated in the pursuit of effectiveness. Productivity is a measure of efficiency. Efficiency is not customer driven but rather controlled by the process – resources are minimized and waste eliminated.

Effectiveness: The extent to which the outputs of the system or process meet the needs and expectations of the customers (A synonym for effectiveness is quality). Effectiveness influences the customer. The individuals who receive the output (internal and external customers) should set the effectiveness standards.

Encumbrance: The commitment of appropriated funds for future expenditures of specified goods or services.

Enterprise Funds: A governmental accounting fund in which the services provided are financed and operated similarly to those of private business. The rate schedules for these services are established to insure that revenues are adequate to meet all necessary expenditures.

Estimated Revenue: The amount of projected revenue to be collected during the fiscal year.

Expenditure: The outflow of funds paid or to be paid for an asset obtained or goods and services. Regardless of when the expense is actually paid, this term applies to all funds.

External Customer: People that live within the City of Henderson, citizens, people that receive services from the City but live outside of the City and people that live outside of the City but work here, shop and trade here, and use the City for recreational and cultural activities.

Fiscal Year (FY): The time period signifying the beginning and ending period for the recording of financial transactions. The City of Henderson's Fiscal Year begins July 1 and ends June 30, of the following year.

Fixed Assets: Assets of a long-term character intended to continue to be held or used, such as land, buildings, machinery, furniture, and other equipment.

Fund: An accounting entity which has a set of self-balancing accounts and where all financial transactions for specific activities or governmental functions are recorded.

Fund Balance: Refers to the excess of assets over liabilities and is therefore also known as a surplus fund. The portion of Fund Equity which is available for appropriation.

GAAP: Generally Accepted Accounting Principles; uniform minimum standards for financial accounting and recording, encompassing the conventions, rules and procedures that define accepted accounting principles.

General Fund: One of five governmental fund types. The general fund typically serves as the chief operating fund of a government. The general fund is used to account for all financial resources except those required to be accounted for in another fund.

General Ledger: An accounting file which is a grouping of accounts in which the activities of the City are recorded.

General Obligation Bonds: Bonds issued by a government that are backed by the full faith and credit of its taxing authority.

GFOA: The acronym used for Government Finance Officers Association of the United States and Canada.

GIS: Geographical Information System.

GO Debt: General obligation debt.

Goal: A broad/general statement of direction based on the needs of the community and government.

Governmental Funds: A generic classification adopted by the National Council on Governmental Accounting to refer to all funds other than proprietary and fiduciary funds.

GPD: Gallons per day.

Grants: A contribution or gift in cash or other assets from other government units to be used for a specific purpose.

High Performance Organization: An organization that seeks continuous improvement, strong customer service, and best practices in the delivery of public services.

Impacts: The effects which would exist as a result of making one decision or another.

Infrastructure: Streets, bridges, water and sewer lines and treatment facilities, storm drainage, traffic signals, etc.

Interest and Penalties Receivable on Taxes: Uncollected interest and penalties on property taxes.

Interest Income: Revenue earned on investments with a third party. The City uses a pooled cash system, investing the total amount of cash regardless of fund boundaries. The interest earned is then allocated back to the individual funds by average cash balance in that fund.

Inter-fund Accounts: Accounts in which transactions between funds are reflected.

Inter-fund Recoveries: Charges from the General Fund to enterprise funds to recover the cost of general government's support of the enterprise funds. Examples would be financial accounting management, data processing services, purchasing, legal and general government management, etc.

Interfund Transfers: Flows of assets (such as cash or goods) between funds of the governmental unit without equivalent flows of assets in return and without a requirement for repayment.

Inter-governmental Revenues: Revenues from other governments that can be in the form of grants, entitlements, or shared revenues.

Internal Customers: Employees and agencies of the City of Henderson that seek services and assistance from other parts of the City and its agencies.

Internal Service Fund: A proprietary fund type that may be used to report any activity that provides goods or services to other funds, departments, or agencies of the primary government.

Investments: Securities held for the production of revenues in the form of interest, dividends, and rentals or lease payments.

ISO: International Organization for Standardization.

Justifications: A defensible explanation for making one decision or another.

Lease Purchase Agreements: A contractual agreement by which capital outlay, usually equipment, may be purchased over a period not exceeding 60 months through annual lease payments.

Legal Debt Margin: Excess of the amount of debt legally authorized over the amount of debt outstanding.

LEO: Law Enforcement Officer.

Levy: The amount of tax, service charges and assessments imposed by a government.

Local Government Budget and Fiscal Control Act: An act which governs all agencies of local government in the State of North Carolina. It spells out how all monies received or expended by local governments must be budgeted, disbursed, and accounted for. It requires that certain types of funds be maintained depending on the functions and activities performed by local governments and how those functions and activities are financed.

Metric: Performance measures and indicators – numerical information that quantifies input, output, and performance dimensions of processes, products, programs, projects, services, and the overall organization (outcomes).

Long-term Debt: Debt with a maturity of more than one year after the date of issuance

Mandate: A requirement imposed upon a local government by the federal and/or state governments to provide certain levels of service.

Merit Pay System: See Performance Pay System.

MGD: Million gallons per day.

Modified Accrual Basis of Accounting: Basis of accounting used in conjunction with the current financial resources measurement focus that modifies the accrual basis in accounting in two important ways 1) revenues are not recognized until they are measurable and available, and 2) expenditures are recognized in the period in which governments in general normally liquidate the related liability rather than when that liability is first incurred (if earlier).

Municipal Bonds: A bond issued by a unit of local government.

NCDOT: North Carolina Department of Transportation.

Non-Departmental: Items of expenditure essential to the operation of the City government that do not fall within the function of any department, or which provide for expenditures related to more than one department.

Non-Operating Expenses: Expenses that are not directly related to the provision of services such as debt service.

Non-Operating Revenues: Revenues that are generated from other sources, such as interest income, and are not directly related to service activities.

Objective: A specific statement about that which is to be accomplished or achieved for a particular program during the fiscal year.

Object/Element Codes: An expenditure category, such as salaries, supplies, or professional services.

Obligations: Amounts that a government may be required legally to meet from its resources; i.e., liabilities and encumbrances.

Operating Expenses: Appropriations for the purpose of satisfying recurring annual expenses. Examples of such expenses include salaries and wages, fringe benefits, vehicle maintenance and supplies, utilities, insurance, facility maintenance and supplies, contractual services, annual appropriation to capital improvements plan, etc. Such expenses are routine expenses associated with the operations of the business. Capital expenditures can impact the operating budget in the form of debt service payments and maintenance expenses for infrastructure additions. Additionally, some capital projects can have the effect of lowering annual operating expenses.

Operating Budget: The expenditure plan for continuing everyday service programs and activities. Generally, operating expenditures are made in a single fiscal year. Expenditures include personnel services, contractual services, commodities, minor capital outlay, and debt service requirements.

Operating Transfers: Legally authorized interfund transfers from a fund receiving revenue to the fund that is to make the expenditures.

O & M: Operation and Maintenance of the Water and Waste Water Systems.

OP Ratio: The Operating Ratio is determined by comparing the cost of the goods sold and other operating expenses with net sales. The formula used to calculate the operating ratio is [(Cost of goods sold plus operating expenses divided by net sales)] x 100. This ratio is a test of the efficiency of management in their business operation.

Ordinance: A formal legislative action enacted by a majority vote by the City Council. It has the effect of law within the community and it must not conflict with federal and/or state law.

Overtime: Extra time worked beyond an employee's normal work schedule. This can be affected by holidays, sick and annual leave.

People: A demographically balanced population in which all of its segments that comprise the whole are valued for their contributions, diversity, and strengths.

Performance Pay System: An established system to recognize and financially reward employee performance that exceeds the City's standards for a classification.

Personnel Services: Expenditures for salaries, wages, and fringe benefits of a government's employees.

PIT: Process Improvement Team.

Planned: Forward-thinking, innovative, and dynamic actions resulting in a sustainable, well-balanced community where the natural environment, businesses, and residential developments work in harmony resulting in an exceptionally high quality of life.

Postemployment healthcare benefits: Medical, dental, vision, and other health-related benefits provided to terminated employees, retired employees, dependents, and beneficiaries.

Powell Bill Street Allocation: Funding from state-shared gasoline tax made to incorporated municipalities which establish their eligibility and qualify as provided by General Statutes. These funds shall be expended only for the purposes of maintaining, repairing, constructing, reconstructing or widening of local streets that are the responsibility of the municipalities or for planning, construction, and maintenance of bikeways or sidewalks along public streets and highways.

Premise: An assumption that is a foundation or basis for submission.

Prodigious: Enormous, beyond capacity.

Program: A distinct, clearly identifiable activity, function, cost center or organizational unit.

Property Tax: A tax levied on the assessed value of real and personal property.

Proprietary Funds: Funds that focus on the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows. There are two different types of proprietary funds: enterprise funds and internal service funds.

Public Hearing: An open meeting of the City Council specifically for the purpose of obtaining public comment and input on a particular issue.

Rate Stabilization Fund: A fund created to set aside reserves in order to help smooth out anticipated annual increases in service rates.

Regional Center: A well planned community whose economic, cultural, and demographic strengths are such that it attracts people and business opportunities well beyond its geo-political boundaries to take advantage of its health care services, tourism, diversified employment, and entrepreneurial opportunities, and leisure and cultural offerings.

Reserve: An account designated for a portion of the fund balance that is to be used for a specific purpose.

Resources: Resources are the people, buildings, equipment, and funds required to produce a product and/or perform services.

Retained Earnings: An equity account reflecting the accumulated earnings of an enterprise or internal service fund

Revenues: Funds the government receives as income. It includes items such as tax payments, fees from certain services, fines and forfeitures, grants, shared revenue, and interest income.

Risk Management: An organized effort to protect a government's assets against accidental loss by the most economic method.

SCADA: Supervisory Control and Data Acquisition.

Service Area: A generic title for the grouping of departments according to common areas of service; i.e., information services.

Special Assessments: A compulsory levy made against certain properties to defray part or all of the cost of a specific improvement or service which is presumed to be a general benefit to the public and of special benefit to such properties.

Special Revenue Fund: Governmental fund type used to account for the proceeds of specific revenue sources (other than for major capital projects) that are legally restricted to expenditure for specified purposes.

State Shared Revenue: Revenues levied and collected by the State of North Carolina but shared with its localities on a predetermined method.

Strategic Plan: A Strategic Plan is the product of an organization's strategic planning process that defines its strategy, or direction, and making decisions on allocating resources to pursue this strategy, including its capital and people. Strategic planning is the formal consideration of an organization's future course. All strategic planning deals with at least one of three key questions: 1) what do we do?, 2) for who do we do it?, and 3) how do we excel?.

Tax Base: The assessed valuation of all taxable real and personal property within the City's corporate limits.

Tax Levy: The total amount of revenue to be raised by property (ad valorem) taxes.

Transfers: Amounts transferred from one fund to another fund to assist in financing the services of the recipient fund.

Trust and Agency Fund: Fiduciary funds which are used to account for many of the more significant amounts of resources that a government receives and holds in a trust or agency capacity for the benefit of others. Trust Funds are used if the government is acting in the capacity of a trustee. Agency funds are used to account for assets received and held by a government in an agency relationship for the benefit of others.

Un-audited: Accounts or numbers that have not been verified for their accuracy.

Unencumbered Balance: The amount of an appropriation that is neither expended nor encumbered. It is the amount of money still available for future purposes.

Vibrant: Robust, energetic, alive, enthusiastic, vitality.

Work Budget: A balanced budget prepared by the City Manager's Office and Finance Department and presented to the governing body.

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FY 14-15 BUDGET
2014-2016 STRATEGIC PLAN SUMMARY

19-20 February 2014 Retreat: 2014-2016 Strategic Plan Summary Report:										
		Multi-Year Action Plan Scorecard	AP Time Horizon	March 2009 09-11 SP	January 2010 10-12SP	January 2011 11-13 SP	January 2012 12-14 SP	Mid-Year 12-14 SP	January 2013 13-15 SP	February 2014 14-16 SP
KSO 1		Implement Performance Excellence								
	AP 1-1	Implement Process Improvement	long term	Green	Green	Green	Green	Green	Green	Green
	AP 1-1a	Develop a Strategic Plan	short term	Blue	Completed					
	AP 1-2	In 2009-2011 Strategic Plan, this was AP 1-1								
	AP 1-3	Study Possible Areas for Privatization	short term	Green	Blue	Completed:				
	AP 1-3a	Develop Mandatory Recycling Plan/Revenues	short term			Red	Red	Removed from Plan		
	AP 1-4	Improve Citizen Engagement	short term				Tan	Green	Green	Green
KSO 2		Reduce Crime & Safe Community								
	AP 2-1	Increase Community Watch Groups	short term	Green	Blue	Completed				
	AP 2-2a	Collaborative Efforts with Local Media	short term		Blue	Completed				
	AP 2-2b	Collaborative Efforts with Partners	mid-term	Green	Blue	Completed				
	AP 2-3a	Legislative Authorities	short term	Green	Blue	Completed				
	AP 2-3b	Implement Geographic Policing	short term		Green	Blue	Completed			
	AP 2-4	Business Watch	short term				Green	Green	Green	Green
	AP 2-5	Faith Based Community Partnerships	long term						Green	Green
KSO 3		Economic Development								
	AP 3-1a	Reestablish EDC with Vance County	short term	Blue	Completed					
	AP 3-1b	Align EDC and City Strategic Plans	short term		Blue	Completed				
	AP 3-1c	Establish 1-Stop Permitting Process	short term			Green	Yellow	Red	Red	Green
	AP 3-2a	Expand Commercial Retail Base	long term	Tan	Tan	Removed: Provided in EDC Plan				
	AP 3-3c	Implement Conditional Zoning	short term			Blue	Completed			
	AP 3-3d	Locate HSR Passenger Station in Downtown	long term	Green	Green	Green	Green	Green	Green	Green
	AP 3-4	Market Henderson's Attributes	long term	Tan	Removed: Provided in EDC Plan					
	AP 3-5	Redevelop Downtown	long term	Green	Green	Green	Blue	Completed		
	AP 3-6	Complete Comprehensive Land Use Plan	short term	Green	Blue	Completed				
	AP 3-8	Improved Workforce Training	long term	Tan	Removed: Provided in EDC Plan					
KSO 4		Improve Housing Stock								
	AP 4-1	Aggressive Code Enforcement	long term	Green	Green	Green	Green	Green	Green	Green
	AP 4-3	Home Ownership Programs	short term	Green	Green	Blue	Completed			
	AP 4-4	Beacon Light	short term			Blue	Completed			
	AP 4-6	Redevelop Fint Hill	mid-term						Green	Green
	AP 4-7	Aggressive Urban Homesteading	long term						Tan	Red
KSO 5		Reliable Infrastructure								
	AP 5-1	Develop Multi-Year Utilities CIP	short term	Green	Green	Blue	Completed			
	AP 5-2	Expand Kerr Lake Regional Water Plant	long term	Green	Green	Green	Green	Green	Green	Green
	AP 5-3	Comply with CO for Sandy Creek Basin	short term	Blue	Completed					
	AP 5-4	Upgrade Sewer Plant	short term			Green	Green	Green	Green	Green
	AP 5-5	Replace 2" water lines	long term				Green	Green	Green	Green
KSO 6		Retain Qualified Municipal Workforce								
	AP 6-1	Perform Pay Classification Study	short term	Red	Red	Red	Red	Red	Red	Blue
	AP 6-2a	Merit Pay to Cola - One Time Adjustment	short term	Red	Removed					
	AP 6-2b	Update Personnel Policy/Procedures Manual	mid-term			Green	Green	Green	Green	Green
	AP 6-3	Career Development & Training Plan	short term	Green	Green	Green	Green	Green	Green	Green
	AP 6-4	Sensitivity/Diversity Training	long term						Green	Green
KSO 7		Expand Leisure Services								
	AP 7-1	Develop Walking & Bike Trails	long term	Green	Green	Green	Green	Green	Green	Green
	AP 7-4	Develop Action Plan re: Master Plan	long term						Tan	Tan
KSO 8		Provide Sufficient Funding for Services								
	AP 8-1	Grow Undesignated Fund Balance	mid-term	Green	Green	Green	Green	Green	Green	Green
	AP 8-3	Evaluate City/County Joint Programs	short term		Green	Blue	Completed			
	KEY:	Blue = Completed		Yellow = Lagging		Red = Not Accomplished				
		Green = In Process	Tan = Not Yet Started		Grey = Not in Plan					<i>Last Updated: 30 April 14</i>

citymanager/strategicplan/2014 strategic plan/2014 Updated Summary Chart

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Agency Requests

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OXFORD HENDERSON AIRPORT AUTHORITY

6514 Airport Rd.
Oxford NC 27565

March 12, 2014

Mr. Ray Griffin, Jr
City Manager
134 Rose Avenue
Henderson NC 27536

RECEIVED
cno
MAR 13 2014
BY: PJP

Dear Mr. Griffin,

The Granville-Vance Aeronautics Authority respectfully requests the contribution of \$28,750 from the City of Oxford for FY 2014-2015. The amount remains the same as 2012 and 2013.

The City of Oxford's contribution will go toward the operating expenses of the Aeronautics Authority for FY 2014-2015.

Past contributions have been used to prepare both ends of the runway for the new construction and extension of runway # 6 and taxi way. We were able to start construction on the runway and taxi way in late July, but with so much bad weather starting in January the construction was stopped until late March. The completion date has been moved back to about July 2014. This is a 2.5 million dollar project which is being funded by grants from DOT. The Aeronautics Authority pays 10% matching funds. The matching funds come from the money the four entities contribute each year, being The City of Oxford and City of Henderson, County of Granville and County of Vance.

Thank you in advance for you contributions.

The airport is vital to the continued economic growth of our area and we respectfully request your continued support.

Sincerely,



David Thomas
Chairman
Granville- Vance Aeronautics Authority

**City of Henderson
Agency Budget Request Form
FY 14-15**

1. Name of Agency: *Henderson / Oxford Airport Authority*

2. Name of person (printed), title and signature submitting request:
ANDREW D. THOMAS, CHAIRMAN Andrew D Thomas

3. Contact information (include street address, mailing address, telephone and fax numbers, email address, etc.): *6514 AIRPORT RD. OXFORD NC 27565
919-693-5769, ADAVIDTHOMAS@EMBARRASMAIL.COM*

4. Copy of minutes and/or Resolution of agency's governing body authorizing budgetary request.

5. How much money are you requesting? *\$28,750.00*

6. For what purpose, or purposes, will these funds be used? *OPERATING EXPENSES
FOR THE AIRPORT*

7. Please provide a narrative as to how your FY 13-14 Budget allocation, if any, has helped the City meet its goals and objectives. *SEE ATTACHED LETTER*

8. Please provide a narrative as to how your FY 14-15 Budget allocation request will help the City meet its goals and objective. *SEE ATTACHED LETTER*

9. Do you agree to provide the City with an audit of the funds allocated to your agency by the Council? YES NO (This audit would be required to be submitted to the Finance Director no later than six (6) months after the close of the fiscal year.)

**OXFORD-HENDERSON AIRPORT AUTHORITY
 LINE ITEM BUDGET
 GENERAL FUND - FISCAL YEAR 2014-2015**

REVENUE:	BUDGET
MUNICIPALITIES	115000
HANGAR RENTAL	82600
APPROPRIATED FUND BALANCE	436139
TOTAL REVENUE	633739
APPROPRIATIONS:	BUDGET
ADMINISTRATIVE	62000
EQUIPMENT	17850
BLDG & GROUNDS	38000
TRANSFERS-OUT-TO-CAPITAL	515000
PROJECT FUNDS	
vision 100 Project 36237.24.11.3	8889
vision 100 Project 36244.34.4.1	207000
vision 100 Project 36237.25.12.1	150000
FYI 12 NPE	150000
TOTAL APPROPRIATIONS	633739

**AERONAUTICS AUTHORITY OF THE
CITY OF HENDERSON, CITY OF OXFORD,
COUNTY OF GRANVILLE AND COUNTY OF VANCE
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2013**

David Thomas, Chairman

Joe Mahaffey, Vice-Chairman

Jimmy Brummitt, Director

Jon Carver, Director/Finance Officer

**AERONAUTICS AUTHORITY OF THE CITY OF HENDERSON, CITY OF OXFORD,
COUNTY OF GRANVILLE AND COUNTY OF VANCE
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JUNE 30, 2013**

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**AERONAUTICS AUTHORITY OF THE CITY OF HENDERSON, CITY OF OXFORD,
COUNTY OF GRANVILLE AND COUNTY OF VANCE
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JUNE 30, 2013**

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William L. Stark and Company
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Aeronautics Authority of the City of Henderson, City of Oxford,
County of Granville and County of Vance
Henderson, North Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Aeronautics Authority of the City of Henderson, City of Oxford, County of Granville and County of Vance, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Aeronautics Authority of the City of Henderson, City of Oxford, County of Granville and County of Vance basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these 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 *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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, each major fund, and the aggregate remaining fund information of the Aeronautics Authority of the City of Henderson, City of Oxford, County of Granville and County of Vance as of June 30, 2013, and the respective changes in financial position 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 4 through 11 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management regarding the methods of preparing the information, and comparing the information for consistency with management's response to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements of the Aeronautics Authority of the City of Henderson, City of Oxford, County of Granville and County of Vance as a whole. The individual fund budgetary statements and other schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The individual fund budgetary statements and other schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit and the procedures performed as described above, The individual fund budgetary statements and other schedules are fairly are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2013 on our consideration of the Aeronautics Authority of the City of Henderson, City of Oxford, County of Granville and County of Vance's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Aeronautics Authority of the City of Henderson, City of Oxford, County of Granville and County of Vance's internal control over financial reporting and compliance.

William L. Stark and Company

Certified Public Accountants

December 11, 2013

Management's Discussion and Analysis

As management of the Aeronautics Authority of the City of Henderson, City of Oxford, County of Granville and County of Vance, we offer readers of the Aeronautics Authority of the City of Henderson, City of Oxford, County of Granville and County of Vance financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended June 30, 2013. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the Authority's financial statements, which follow this narrative.

Financial Highlights

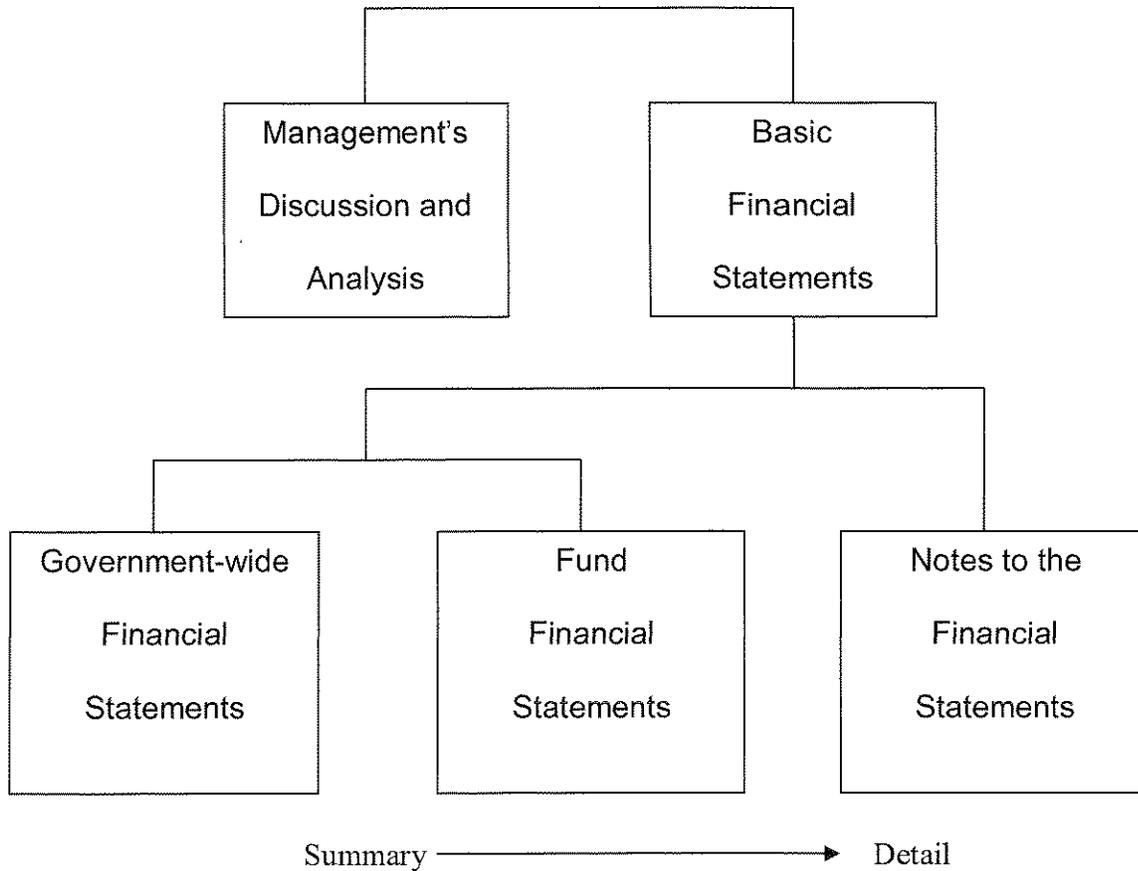
- The assets and deferred outflows of resources of the Aeronautics Authority of the City of Henderson, City of Oxford, County of Granville and County of Vance exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$4,220,350 (*net position*). The Authority's total net position increased by \$454,662, primarily due to rental of hangers, better management of operating expenses and an increase in Federal and State grants.
- As of the close of the current fiscal year, the Aeronautics Authority of the City of Henderson, City of Oxford, County of Granville and County of Vance's governmental funds reported a combined ending fund balance of \$502,595, an increase of \$17,688 in comparison with the prior year. Approximately 6 percent of this total amount, or \$29,915, is non-spendable or restricted. Additionally, the Authority has committed \$211,045 to be used for capital projects that are still being administered.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$261,635 or 199 percent of total general fund expenditures for the fiscal year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Aeronautics Authority of the City of Henderson, City of Oxford, County of Granville and County of Vance's basic financial statements. The Authority'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 Authority 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 Aeronautics Authority of the City of Henderson, City of Oxford, County of Granville and County of Vance.

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

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

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

Government-wide Financial Statements

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

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

The government-wide statements present the governmental activities, which include most of the Authority's basic services such as transportation and general government. State and federal grant funds finance most of these activities.

The government-wide financial statements are on Exhibits A and B of this report.

Fund Financial Statements

The fund financial statements provide a more detailed look at the Authority'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 Aeronautics Authority of the City of Henderson, City of Oxford, County of Granville and County of Vance, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the Authority's budget ordinance. All of the funds of Aeronautics Authority of the City of Henderson, City of Oxford, County of Granville and County of Vance are governmental funds.

Governmental Funds – Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. All of the Authority's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting*. This method also has a current financial resources focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the Authority's programs. The relationship between government activities (reported in the Statement of Net position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

The Aeronautics Authority of the City of Henderson, City of Oxford, County of Granville and County of Vance 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 Authority's member municipalities and the decisions of the Board about which services to

provide and how to pay for them. It also authorizes the Authority to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the Authority complied with the budget ordinance and whether or not the Authority 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.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements start on page 23 of this report.

Other Information – In addition to the basic financial statements and accompanying notes, this report includes certain supplementary information concerning the Aeronautics Authority of the City of Henderson, City of Oxford, County of Granville and County of Vance’s activities. This information can be found in Schedules 1 through 6, which begins on page 33 of this report.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as one useful indicator of a government’s financial condition. The assets and deferred outflows of the Aeronautics Authority of the City of Henderson, City of Oxford, County of Granville and County of Vance exceeded liabilities and deferred inflows by \$4,220,350 as of June 30, 2013. The Authority’s net position increased by \$454,662 for the fiscal year ended June 30, 2013. One of the largest portions (88%) reflects the Authority’s net investment in capital assets (e.g. land, land improvements, buildings, and equipment). The Aeronautics Authority of the City of Henderson, City of Oxford, County of Granville and County of Vance uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Of the remaining balance of \$502,595, \$19,110 is restricted for stabilization by state statute. The remaining \$483,485 is unrestricted.

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

Figure 2

	Governmental Activities	
	2013	2012
Current and other assets	\$ 530,621	\$ 537,437
Capital assets	3,717,755	3,280,781
Total assets	4,248,376	3,818,218
Other liabilities	26,140	50,280
Deferred inflows of resources	1,886	2,250
Total liabilities and deferred inflows of resources	28,026	52,530
Net position		
Net investment in capital assets	3,717,755	3,280,781
Restricted for stabilization		
by state statute	19,110	220,592
Unrestricted	483,485	264,315
Total net position	\$ 4,220,350	\$ 3,765,688

Several particular aspects of the Authority's financial operations positively influenced the total unrestricted governmental net position:

- During the current fiscal year, the Authority received \$513,297 for capital projects, which has been a main source of revenue.
- The Authority was able to keep the hangers at full occupancy for the entire year which leads to increased revenue.

**Aeronautics Authority of the City of Henderson, City of Oxford,
County of Granville and County of Vance
Changes in Net Position
Figure 3**

	Governmental Activities	
	2013	2012
Revenues:		
Program revenues:		
Charges for services	\$ 90,906	\$ 89,984
Capital grants and contributions	513,297	358,089
General revenues:		
Municipal appropriations	115,000	104,089
Investment earnings, unrestricted	154	203
Total revenues	719,357	552,365
Expenses:		
General government	92,226	53,536
Transportation	172,469	197,174
Total expenses	264,695	250,710
Increase in net position	454,662	301,655
Net position, July 1	3,765,688	3,464,033
Net position, June 30	\$ 4,220,350	\$ 3,765,688

Governmental activities. Governmental activities increased the Authority's net position by \$454,662, thereby accounting for 100% of the total increase in the net position of the Aeronautics Authority of the City of Henderson, City of Oxford, County of Granville and County of Vance. Key elements of this increase in 2013 are as follows:

- The Authority actively pursued federal and state grant funds and matching local funds to initiate capital projects vital to the Airport's continued enhancement of its facilities and its service to the community.

Financial Analysis of the Authority's Funds

As noted earlier, the Aeronautics Authority of the City of Henderson, City of Oxford, County of Granville and County of Vance uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the Aeronautics Authority of the City of Henderson, City of Oxford, County of Granville and County of Vance's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the Aeronautics Authority of the City of Henderson, City of Oxford, County of Granville and County of Vance's financing requirements.

The general fund is the chief operating fund of the Aeronautics Authority of the City of Henderson, City of Oxford, County of Granville and County of Vance. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$261,635, while total fund balance reached \$502,595. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 199 percent of total General Fund expenditures, while total fund balance represents 383 percent of that same amount.

At June 30, 2013, the governmental funds of the Aeronautics Authority of the City of Henderson, City of Oxford, County of Granville and County of Vance reported a combined fund balance of \$502,595, a 4 percent increase over last year. The primary reasons for this increase is full occupancy on the hangers for the year and increased Federal and State funding of capital projects.

General Fund Budgetary Highlights: During the fiscal year, the Authority revised its budget on one occasion. 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.

Capital Asset and Debt Administration

Capital assets. The Aeronautics Authority of the City of Henderson, City of Oxford, County of Granville and County of Vance's capital assets for its governmental activities as of June 30, 2013, totals \$3,717,755 (net of accumulated depreciation). These assets include primarily land, land improvements, buildings and equipment. Major asset additions during the year ended June 30, 2013, included \$52,256 of land improvements and \$518,074 of land.

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

Figure 4

	Governmental Activities	
	2013	2012
Land	\$ 2,279,819	\$ 1,761,745
Land improvements	883,502	900,164
Buildings	402,928	422,351
Equipment	98,587	131,015
Fencing	52,919	65,526
Total	\$ 3,717,755	\$ 3,280,801

Additional information on the Authority’s capital assets can be found in note 2 of the Basic Financial Statements.

Economic Factors and Next Year’s Budgets and Rates

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

- The Authority actively pursued federal and state grant funds and matching local funds to initiate capital projects vital to the Airport's continued enhancement of its facilities and its service to the community.
- The Authority will also continue its efforts to keep its 44 hangar units rented. Currently the Authority has no vacancies. The continued use of the invoicing system should also enhance the timely collection of rents.

Requests for Information

This report is designed to provide an overview of the Authority’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 the Chairman of the Board, The Aeronautics Authority of the City of Henderson, City of Oxford, County of Granville and County of Vance, 6514 Airport Road, Oxford, N.C. 27565.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

**AERONAUTICS AUTHORITY OF THE CITY OF HENDERSON, CITY OF OXFORD,
COUNTY OF GRANVILLE AND COUNTY OF VANCE
STATEMENT OF NET POSITION
JUNE 30, 2013**

	Governmental Activities
ASSETS	
Current Assets:	
Cash and cash equivalents	\$ 500,706
Sales tax receivable	509
Rent receivable	608
Accounts receivable – State grants	17,993
Prepaid items	10,805
Total current assets	530,621
Non-Current Assets:	
Land	2,279,819
Other capital assets, net of depreciation	1,437,936
Total non-current assets	3,717,755
Total Assets	4,248,376
LIABILITIES	
Accounts payable and accrued expenses	5,248
Accounts payable – capital projects	19,992
Gate deposits	900
Total Liabilities	26,140
DEFERRED INFLOWS OF RESOURCES	
Rent received in advance	1,886
Total Deferred Inflows of Resources	1,886
NET POSITION	
Net investment in capital assets	3,717,755
Restricted:	
Stabilization by State Statute	19,110
Unrestricted	483,485
Total Net Position	\$ 4,220,350

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

**AERONAUTICS AUTHORITY OF THE CITY OF HENDERSON, CITY OF OXFORD,
COUNTY OF GRANVILLE AND COUNTY OF VANCE
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2013**

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Capital Grants and Contributions	Governmental Activities
Governmental activities:				
General government	\$ 92,226	\$ -	\$ -	\$ (92,226)
Transportation	172,469	90,906	513,297	431,734
Total governmental activities	264,695	90,906	513,297	339,508
General revenues:				
Grants and contributions not restricted to specific programs				115,000
Other earnings – unrestricted				154
Total general revenues				115,154
Change in net position				454,662
Net Position – beginning				3,765,688
Net Position – ending				<u>\$ 4,220,350</u>

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

**AERONAUTICS AUTHORITY OF THE CITY OF HENDERSON, CITY OF OXFORD,
COUNTY OF GRANVILLE AND COUNTY OF VANCE
BALANCE SHEET
JUNE 30, 2013**

	<u>Major Funds</u>			<u>Total Nonmajor Funds</u>	<u>Total Governmental Funds</u>
	<u>General</u>	<u>Capital Projects Funds</u>			
		<u>Project # 36244.34.3.1</u>	<u>Project # 36237.24.10.1</u>		
ASSETS					
Cash and cash equivalents	\$ 500,706	\$ -	\$ -	\$ -	\$ 500,706
Sales tax receivable	509	-	-	-	509
Rent receivable	608	-	-	-	608
Accounts receivable – State grants	17,993	-	-	-	17,993
Prepaid expenses	10,805	-	-	-	10,805
Total Assets	<u>\$ 530,621</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 530,621</u>
LIABILITIES					
Accounts payable	\$ 5,248	\$ -	\$ -	\$ -	\$ 5,248
Accounts payable – capital projects	19,992	-	-	-	19,992
Gate deposits	900	-	-	-	900
Total Liabilities	<u>26,140</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>26,140</u>
DEFERRED INFLOWS OF RESOURCES					
Rent received in advance	1,886	-	-	-	1,886
Total Deferred Inflows of Resources	<u>1,886</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,886</u>
FUND BALANCES					
Nonspendable					
Prepaid items	10,805	-	-	-	10,805
Restricted					
Stabilization by State Statute	19,110	-	-	-	19,110
Committed					
Grant matching funds	211,045	-	-	-	211,045
Unassigned	261,635	-	-	-	261,635
Total Fund Balance	<u>502,595</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>502,595</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 530,621</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 530,621</u>

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

**AERONAUTICS AUTHORITY OF THE CITY OF HENDERSON, CITY OF OXFORD,
COUNTY OF GRANVILLE AND COUNTY OF VANCE
BALANCE SHEET
JUNE 30, 2013**

Amounts reported for governmental activities in the statement of Net Position (Exhibit A)
are different because:

Fund Balance - Exhibit C	\$ 502,595
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	<u>3,717,755</u>
Net Position of governmental activities:	<u>\$ 4,220,350</u>

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

**AERONAUTICS AUTHORITY OF THE CITY OF HENDERSON, CITY OF OXFORD,
COUNTY OF GRANVILLE AND COUNTY OF VANCE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2013**

	Major Funds				Total Nonmajor Funds	Total Governmental Funds
	General	Capital Projects Funds				
		Project # 36244.34.3.1	Project # 36237.24.10.1			
Revenues:						
Appropriations from municipalities	\$ 115,000	\$ -	\$ -	\$ -	\$ 115,000	
Rental income	90,906	-	-	-	90,906	
Interest income	154	-	-	-	154	
State and Federal grants	-	151,090	267,051	95,156	513,297	
Total Revenues	206,060	151,090	267,051	95,156	719,357	
Expenditures:						
Administrative	92,226	-	-	313	92,539	
Equipment acquisition and maintenance	12,869	-	-	-	12,869	
Buildings and grounds	26,244	-	-	-	26,244	
Preliminary engineering, testing	-	-	-	74,322	74,322	
Land acquisition, structure/utility relocation	-	-	296,723	-	296,723	
Engineering services basic fees	-	8,109	-	31,094	39,203	
Project inspection, quality assurance, testing	-	8,432	-	-	8,432	
Construction and project improvement	-	151,337	-	-	151,337	
Total Expenditures	131,339	167,878	296,723	105,729	701,669	
Excess of Revenues Over (Under) Expenditures	74,721	(16,788)	(29,672)	(10,573)	17,688	
Other Financing Sources (Uses):						
Transfers from other funds	-	16,788	29,672	10,573	57,033	
Transfers to other funds	(57,033)	-	-	-	(57,033)	
Total Other Financing Sources (Uses)	(57,033)	16,788	29,672	10,573	-	
Net Change in Fund Balance	17,688	-	-	-	17,688	
Fund Balance, Beginning of Year	484,907	-	-	-	484,907	
Fund Balance, End of Year	\$ 502,595	\$ -	\$ -	\$ -	\$ 502,595	

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

**AERONAUTICS AUTHORITY OF THE CITY OF HENDERSON, CITY OF OXFORD,
COUNTY OF GRANVILLE AND COUNTY OF VANCE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2013**

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of the Governmental Funds to the Statement of Activities:

Net change in fund balances—total governmental funds	\$ 17,688
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 capital outlays exceeded depreciation in the current period.	436,974
Changes in Net Position of governmental activities (page 15).	\$ 454,662

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

**AERONAUTICS AUTHORITY OF THE CITY OF HENDERSON, CITY OF OXFORD,
COUNTY OF GRANVILLE AND COUNTY OF VANCE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
ANNUAL BUDGET AND ACTUAL—GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Positive (Negative)</u>
Revenues:				
Appropriations from municipalities	\$ 115,000	\$ 115,000	\$ 115,000	\$ -
Rental income	82,680	87,000	90,906	3,906
Other income	-	-	154	154
Total Revenues	<u>197,680</u>	<u>202,000</u>	<u>206,060</u>	<u>4,060</u>
Expenditures:				
Administrative	42,503	105,312	92,226	13,086
Equipment acquisition and maintenance	32,793	14,793	12,869	1,924
Buildings and grounds	64,970	30,970	26,244	4,726
Total Expenditures	<u>140,266</u>	<u>151,075</u>	<u>131,339</u>	<u>19,736</u>
Revenues Over (Under) Expenditures	<u>57,414</u>	<u>50,925</u>	<u>74,721</u>	<u>23,796</u>
Other Financing Sources (Uses):				
Transfers to other funds	(72,875)	(66,925)	(57,033)	9,892
Total Other Financing Sources (Uses)	<u>(72,875)</u>	<u>(66,925)</u>	<u>(57,033)</u>	<u>9,892</u>
Appropriated fund balance	<u>15,461</u>	<u>16,000</u>	<u>-</u>	<u>(16,000)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>17,688</u>	<u>\$ 17,688</u>
Fund Balance				
Beginning of Year			<u>484,907</u>	
End of Year			<u>\$ 502,595</u>	

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

NOTES TO THE FINANCIAL STATEMENTS

**AERONAUTICS AUTHORITY OF THE CITY OF HENDERSON, CITY OF OXFORD,
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NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013**

1. Summary of Significant Accounting Policies

The accounting policies of the Aeronautics Authority of the City of Henderson, City of Oxford, County of Granville and County of Vance 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 Aeronautics Authority of the City of Henderson, City of Oxford, County of Granville and County of Vance operates an airport in Granville County, North Carolina. The Authority was established by an act of the General Assembly on March 8, 1945, to acquire, establish, construct, own, control, lease, equip, improve, maintain, operate and regulate airports or landing fields for the use of airplanes and other aircraft. It was organized on July 2, 1968, and began operations in the Spring of 1971. The Authority is governed by a four-member Board of Directors, one of whom is appointed for a two-year term by each of the governing boards of the City of Henderson, City of Oxford, Granville County and Vance County.

B. Basis of Presentation, Basis of Accounting

Basis of Presentation, Measurement Focus-Basis of Accounting

Government-wide Statements: The statement of net position and the statement of activities display information about the Authority. 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. These statements distinguish between the *governmental* and *business-type activities* of the Authority. 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 Authority has only governmental activities.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the Authority'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 good 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 are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the Authority's funds. The Authority only has governmental funds. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. The Authority has a general fund and a capital projects fund. The capital projects fund is considered to be a major fund.

The Authority reports the following major governmental funds:

General Fund. The General Fund is the general operating fund of the Authority. 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 annual allocations from Vance and Granville

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Counties and the Cities of Henderson and Oxford, and the rental of hanger space. The primary expenditures other than capital outlay are for repairs and maintenance and insurance.

Capital Projects Funds. Capital Projects Funds account for financial resources to be used for the acquisition and construction of major capital facilities (other than those financed by proprietary funds and trust funds). The Authority has the following major capital projects funds within its governmental fund types.

Obstruction Removal-Runway 24 End (Project #36244.34.3.1) – This fund is used to account for State Airport Aid Grant Funds. The grant is for \$187,000 (not to exceed 90% of the final total cost) and requires a 10% local match. The approved scope of the Project consists of obstruction removal (Runway 24 End).

Land Acquisition-Runway 6 Extension (Project #36237.24.10.1) – This fund is used to account for Federal funds passed through and administered by the North Carolina Department of Transportation under the provisions of the State Block Grant Program. The grant is for \$416,700 not to exceed 90% of the final total cost) and requires a 10% local match. The approved scope of the Project consists of land acquisition for Runway 6 Extension.

The Authority additionally reports the following non-major capital projects funds within its governmental fund types:

Runway Extension Paving & Lighting; Safety Overrun; Taxiway Extension (Project #36237.24.8.4)

Runway 6 & Taxiway Extension & Lighting (Project #36244.34.4.1)

Transmission Line Aerial Balls (Project #36237.24.11.3)

Measurement Focus, Basis of Accounting

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

Government-wide Financial Statements: The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the Authority gives (or receives) value without directly receiving (or giving) equal value in exchange, include grants and donations. On an accrual basis, revenues from grants and donations are 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. Internally dedicated resources are reported as general revenues rather than as program revenues.

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this

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JUNE 30, 2013**

method, revenues are recognized when measurable and available. The Authority considers all revenues available if they are collected within 60 days after year-end. Those revenues collected after the 60 days are reported as deferred inflows of resources at June 30, 2013. Expenditures are recorded when the related fund liability is incurred. General capital asset acquisitions are reported as expenditures in governmental funds. Under the terms of grant agreements, the Authority funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program.

C. Budgetary Data

The Authority's budget is adopted annually as required by the North Carolina General Statutes. All annual appropriations lapse at the fiscal year-end except for those funds, which operate under project ordinances. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level. The governing board must approve amendments. 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 budget that covers that time until the annual ordinance can be adopted.

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Equity

Deposits and Investments

All deposits of the Authority are made in board-designated official depositories and are secured as required by G.S. 159-31. The Authority may designate, as an official depository, any bank or savings association whose principal office is located in North Carolina. Also, the Authority 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 Authority 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).

Cash and Cash Equivalents

The Authority pools moneys from several funds to facilitate disbursement and investment and maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents.

Prepaid Items

Certain prepayments to vendors reflect costs applicable to future accounting periods and are classified as prepaid items in both government-wide and fund financial statements.

**AERONAUTICS AUTHORITY OF THE CITY OF HENDERSON, CITY OF OXFORD,
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NOTES TO THE FINANCIAL STATEMENTS
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Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical costs. Donated capital assets are recorded at their estimated fair value at the date of donation. Minimum capitalization costs are as follows: buildings, \$25,000; land improvements, \$15,000; equipment, \$5,000; fencing, \$5,000; autos, \$5,000. All land is capitalized. 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. The Authority's policy is to take a full year's depreciation in the year following acquisition.

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

	<u>Years</u>
Buildings	40
Land improvements	30
Equipment	5-7
Fencing	15
Autos	5

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Authority has no items that meet this criterion.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Authority has one item that meets the criterion for this category – rent received in advance.

Net position/Fund Balance

Net Position

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

Fund Balances

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

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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.

Prepaid items – Portion of fund balance that is non-spendable since it has been utilized to pay expenses of future periods.

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)].

Committed Fund Balance – Portion of fund balance that can only be used for specific purposes imposed by majority of the Authority's governing body (highest level of decision-making authority). Any changes or removal of specific purpose requires majority action by the governing body.

Committed for grant matching funds – portion of fund balance that can only be used for the required 10% local matching funds for capital project grants.

Assigned Fund Balance – portion of fund balance that the Authority's governing board has budgeted.

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

The Authority has not adopted a fund balance spending policy.

E. Reconciliation of Government-wide and Fund Financial Statements

Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position.

The governmental fund balance sheet includes a reconciliation between fund balance-total governmental funds and net position-governmental activities as reported in the government-wide statement of net position.

The net adjustment of \$3,717,755 consists of the following:

<u>Description</u>	<u>Amount</u>
Capital assets used in governmental activities are not financial resources and are therefore not reported in the fund statements.	\$ 3,717,755

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Explanation of certain differences between the governmental fund statement of revenue, expenditures, and changes in fund balance and the government-wide statement of activities.

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities.

The net adjustment of \$436,974 consists of the following:

<u>Description</u>	<u>Amount</u>
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 capital outlays exceeded the depreciation in the current period.	\$ 436,974

2. Detail Notes on All Funds

A. Assets

Deposits

All of the Authority's deposits are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits exceeding the federal depository insurance coverage level are collateralized with securities held by the Authority's agent in its name. 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 Authority these deposits are considered to be held by its agent in the entity's name. 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 Authority or with the escrow agent. Because of the inability to measure the exact amount of the collateral pledged for the Authority under the Pooling Method, the potential exists for under-collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The State Treasurer enforces standards of minimum capitalization for all pooling method financial institutions. The Authority relies on the State Treasurer to monitor those financial institutions. The Authority analyzes the financial soundness of any other financial institution used by the Authority. The Authority complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured. The Authority has no formal policy regarding custodial credit risk for deposits.

At June 30, 2013, the Authority's deposits had a carrying amount of \$500,706 and a bank balance of \$501,086. Of the bank balance, \$250,000 was covered by federal depository insurance and \$251,086 in interest bearing deposits were covered by collateral held under the Pooling Method. The Authority also maintains a petty cash fund of \$100.

**AERONAUTICS AUTHORITY OF THE CITY OF HENDERSON, CITY OF OXFORD,
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JUNE 30, 2013**

Receivables

Receivables at the government-wide level at June 30, 2013, were as follows:

	Total
Governmental activities:	
Sales tax receivable	\$ 509
Rent receivable	608
Accounts receivable—state grants	17,993
Total receivables	\$ 19,110
Allowance for doubtful accounts	-
Total governmental activities	\$ 19,110
Amounts not scheduled for collection during the subsequent year	\$ -

Capital Assets

Capital asset activity for the year ended June 30, 2013, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated				
Land	\$ 1,761,745	\$ 518,074	\$ -	\$ 2,279,819
Capital assets being depreciated:				
Buildings	\$ 749,409	\$ -	\$ -	\$ 749,409
Land improvements	2,693,472	52,256	-	2,745,728
Equipment	909,396	-	-	909,396
Fencing	189,111	-	-	189,111
Autos	5,750	-	-	5,750
Total capital assets being depreciated	\$ 4,547,138	\$ 52,256	\$ -	\$ 4,599,394
Less accumulated depreciation for:				
Buildings	\$ 327,078	\$ 19,403	\$ -	\$ 346,481
Land improvements	1,793,308	68,918	-	1,862,226
Equipment	778,381	32,428	-	810,809
Fencing	123,585	12,607	-	136,192
Autos	5,750	-	-	5,750
Total accumulated depreciation	\$ 3,028,102	\$ 133,356	\$ -	\$ 3,161,458
Total capital assets being depreciated, net	\$ 1,519,036			\$ 1,437,936
Total capital assets , net of depreciation	\$ 3,280,781			\$ 3,717,755

**AERONAUTICS AUTHORITY OF THE CITY OF HENDERSON, CITY OF OXFORD,
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JUNE 30, 2013**

Beginning balances of fixed asset categories were reclassified to conform with the Authority's accounting policies. There was no change to total capital assets net of depreciation as a result of such reclassifications.

Depreciation expense was charged to functions/programs as follows:

<u>Function</u>	<u>Amount</u>
Transportation	\$ 133,356

B. Liabilities

Payables

Payables at the government-wide level at June 30, 2013, were as follows:

	<u>Vendors</u>
Governmental Activities	
General	\$ 5,248
Transportation	<u>19,992</u>
Total Governmental Activities	<u>\$ 25,240</u>

Deferred Outflows and Inflows of Resources

The Authority has no deferred outflows of resources as of June 30, 2013.

Deferred inflows of resources at June 30, 2013 is comprised of unearned hanger rental revenues received in advance totaling \$1,886.

Risk Management

The Authority is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets, errors and omissions; injuries to employees; and natural disasters. The Authority carries commercial insurance for these risks of loss. The Authority obtains property coverage equal to replacement cost values of owned property subject to a limit of \$2,468,960 for any one occurrence and general liability coverage of \$3 million per occurrence.

The chairman and the Vice-Chairman/Finance Officer are individually bonded for \$50,000. The Authority has no employees.

The Authority has not purchased flood insurance since the Authority is not located in a flood plain and management does not view this as a significant risk.

C. Fund Balance

The Authority's Board has not adopted a formal spending policy for programs with multiple revenue sources. It is their practice to use resources in the following hierarchy: federal funds, State funds, local funds. For purposes of fund balance classification expenditures are spent from restricted fund balance first, followed in order by committed fund balance, assigned fund balance and lastly unassigned fund balance.

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NOTES TO THE FINANCIAL STATEMENTS
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The following schedule provides management and citizens with information on the portion of General fund balance that is available for appropriation:

Total Fund Balance--General Fund	\$	<u>502,595</u>
Less:		
Prepaid items	\$	10,805
Stabilization by State Statute		19,110
Committed for grant matching funds		<u>211,045</u>
Total	\$	<u>240,960</u>
 Remaining Fund Balance--Unassigned	 \$	 <u>261,635</u>

The Authority has no outstanding encumbrances at year end.

3. Summary Disclosure of Significant Commitments and Contingencies

Federal and State Assisted Programs

The Authority 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 monies to the grantor agencies. Management believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the refund of grant monies.

4. Change in Accounting Principles

The Authority implemented Governmental Accounting Standards Board (GASB) Statements 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and 65, *Items Previously Reported as Assets and Liabilities*, in the fiscal year ending June 30, 2013. In accordance with GASB Statement 63, the Statement of Net Assets has been replaced with the Statement of Net Position. Items on the Statement of Net Position are now classified into Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position.

SUPPLEMENTARY INFORMATION

**AERONAUTICS AUTHORITY OF THE CITY OF HENDERSON, CITY OF OXFORD,
 COUNTY OF GRANVILLE AND COUNTY OF VANCE
 SCHEDULE OF CASH BALANCES
 JUNE 30, 2013**

	<u>Amount Presented in Statements</u>	<u>Reported Value</u>	<u>Fair Value</u>
<u>Cash</u>			
In time deposits, NOW, SuperNOW and money markets	\$ 500,706	\$ 500,706	\$ 500,706
 <u>Distributions by Funds</u>			
General Fund			\$ 500,706

**AERONAUTICS AUTHORITY OF THE CITY OF HENDERSON, CITY OF OXFORD,
 COUNTY OF GRANVILLE AND COUNTY OF VANCE
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE—BUDGET AND ACTUAL
 OBSTRUCTION REMOVAL—RUNWAY 24 END
 PROJECT # 36244.34.3.1
 FOR FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Project Author- ization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Positive (Negative)</u>
Revenues:					
State Aid to Airports grant	\$ 187,000	\$ 34,145	\$ 151,090	\$ 185,235	\$ (1,765)
Expenditures:					
Administrative	834	300	-	300	534
Preliminary engineering, testing	20,447	20,447	-	20,447	-
Engineering services basic fees	25,301	17,191	8,109	25,300	1
Project inspection, quality assurance, testing	9,796	-	8,432	8,432	1,364
Construction and project improvement	151,400	-	151,337	151,337	63
Total Expenditures	<u>207,778</u>	<u>37,938</u>	<u>167,878</u>	<u>205,816</u>	<u>1,962</u>
Revenues Over (Under) Expenditures	(20,778)	(3,793)	(16,788)	(20,581)	197
Other Financing Sources (Uses):					
Operating transfers from other funds	<u>20,778</u>	<u>3,793</u>	<u>16,788</u>	<u>20,581</u>	<u>(197)</u>
Revenues and Other Sources Over (Under) Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balance					
Beginning of Year			<u>-</u>		
End of Year			<u>\$ -</u>		

AERONAUTICS AUTHORITY OF THE CITY OF HENDERSON, CITY OF OXFORD,
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SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE—BUDGET AND ACTUAL
LAND ACQUISITION—RUNWAY 6 EXTENSION
PROJECT # 36237.24.10.1
FOR FISCAL YEAR ENDED JUNE 30, 2013

	Project Author- ization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
State/Federal Block Grant Project	\$ 416,700	\$ 148,327	\$ 267,051	\$ 415,378	\$ (1,322)
Expenditures:					
Land acquisition, structure/utility relocation	463,000	164,807	296,723	461,530	1,470
Revenues Over (Under) Expenditures	(46,300)	(16,480)	(29,672)	(46,152)	148
Other Financing Sources (Uses):					
Operating transfers from other funds	46,300	16,480	29,672	46,152	(148)
Revenues and Other Sources Over (Under) Expenditures	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>	<u>\$ -</u>
Fund Balance					
Beginning of Year			-		
End of Year			<u>\$ -</u>		

**AERONAUTICS AUTHORITY OF THE CITY OF HENDERSON, CITY OF OXFORD,
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COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2013**

	Capital Projects Funds			Total Nonmajor Funds
	Project # 36237.24.8.4	Project # 36244.34.4.1	Project # 36237.24.11.3	
Revenues:				
State Aid to Airports grant	\$ -	\$ 48,126	\$ -	\$ 48,126
State/Federal Block Grant Project	47,030	-	-	47,030
Total Revenues	<u>47,030</u>	<u>48,126</u>	<u>-</u>	<u>95,156</u>
Expenditures:				
Administrative	313	-	-	313
Preliminary engineering, testing	40,841	33,481	-	74,322
Engineering services basic fees	11,102	19,992	-	31,094
Total Expenditures	<u>52,256</u>	<u>53,473</u>	<u>-</u>	<u>105,729</u>
Revenues Over (Under) Expenditures	(5,226)	(5,347)	-	(10,573)
Other Financing Sources (Uses):				
Operating transfers from other funds	<u>5,226</u>	<u>5,347</u>	<u>-</u>	<u>10,573</u>
Revenues and Other Sources Over (Under) Expenditures	-	-	-	-
Fund Balance				
Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**AERONAUTICS AUTHORITY OF THE CITY OF HENDERSON, CITY OF OXFORD,
 COUNTY OF GRANVILLE AND COUNTY OF VANCE
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE—BUDGET AND ACTUAL
 RUNWAY EXTENSION PAVING & LIGHTING; SAFETY OVERRUN; TAXIWAY EXTENSION
 PROJECT # 36237.24.8.4
 FOR FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Project Author- ization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Positive (Negative)</u>
Revenues:					
State/Federal Block Grant Project	\$ 122,793	\$ 72,571	\$ 47,030	\$ 119,601	\$ (3,192)
Expenditures:					
Administrative	757	-	313	313	444
Preliminary engineering, testing	82,467	39,826	40,841	80,667	1,800
Engineering services basic fees	53,213	40,808	11,102	51,910	1,303
Total Expenditures	<u>136,437</u>	<u>80,634</u>	<u>52,256</u>	<u>132,890</u>	<u>3,547</u>
Revenues Over (Under) Expenditures	(13,644)	(8,063)	(5,226)	(13,289)	355
Other Financing Sources (Uses):					
Operating transfers from other funds	<u>13,644</u>	<u>8,063</u>	<u>5,226</u>	<u>13,289</u>	<u>(355)</u>
Revenues and Other Sources Over (Under) Expenditures	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>	<u>\$ -</u>
Fund Balance					
Beginning of Year			<u>-</u>		
End of Year			<u>\$ -</u>		

AERONAUTICS AUTHORITY OF THE CITY OF HENDERSON, CITY OF OXFORD,
COUNTY OF GRANVILLE AND COUNTY OF VANCE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE—BUDGET AND ACTUAL
RUNWAY 6 & TAXIWAY EXTENSION & LIGHTING
PROJECT # 36244.34.4.1
FOR FISCAL YEAR ENDED JUNE 30, 2013

	Project Author- ization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
State Aid to Airports grant	\$ 1,863,000	\$ -	\$ 48,126	\$ 48,126	\$ (1,814,874)
Expenditures:					
Administrative	1,431	-	-	-	1,431
Preliminary engineering, testing	33,500	-	33,481	33,481	19
Engineering services basic fees	80,352	-	19,992	19,992	60,360
Project inspection, quality assurance, testing	199,500	-	-	-	199,500
Construction and project improvement	1,755,217	-	-	-	1,755,217
Total Expenditures	<u>2,070,000</u>	<u>-</u>	<u>53,473</u>	<u>53,473</u>	<u>2,016,527</u>
Revenues Over (Under) Expenditures	(207,000)	-	(5,347)	(5,347)	201,653
Other Financing Sources (Uses):					
Operating transfers from other funds	207,000	-	5,347	5,347	(201,653)
Revenues and Other Sources Over (Under) Expenditures	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>	<u>\$ -</u>
Fund Balance					
Beginning of Year			-		
End of Year			<u>\$ -</u>		

AERONAUTICS AUTHORITY OF THE CITY OF HENDERSON, CITY OF OXFORD,
COUNTY OF GRANVILLE AND COUNTY OF VANCE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE—BUDGET AND ACTUAL
TRANSMISSION LINE AERIAL BALLS
PROJECT # 36237.24.11.3
FOR FISCAL YEAR ENDED JUNE 30, 2013

	Project Author- ization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
State/Federal Block Grant Project	\$ 80,000	\$ -	\$ -	\$ -	\$ (80,000)
Expenditures:					
Equipment	88,889	-	-	-	88,889
Revenues Over (Under) Expenditures	(8,889)	-	-	-	8,889
Other Financing Sources (Uses):					
Operating transfers from other funds	8,889	-	-	-	(8,889)
Revenues and Other Sources Over (Under) Expenditures	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>	<u>\$ -</u>
Fund Balance					
Beginning of Year			-		
End of Year			<u>\$ -</u>		

COMPLIANCE SECTION



William L. Stark and Company
Certified Public Accountants

**Independent Auditor's Report On Internal Control Over Financial Reporting And On
Compliance and Other Matters Based On An Audit Of Financial Statements Performed In
Accordance With *Government Auditing Standards***

To the Board of Directors
Aeronautics Authority of the City of Henderson, City of Oxford,
County of Granville and County of Vance
Henderson, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Aeronautics Authority of the City of Henderson, City of Oxford, County of Granville and County of Vance, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon on dated December 11, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Aeronautics Authority of the City of Henderson, City of Oxford, County of Granville and County of Vance's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Aeronautics Authority of the City of Henderson, City of Oxford, County of Granville and County of Vance's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify one deficiency in internal control, described in the accompanying schedule of findings and responses that we consider to be a significant deficiency (2013-01).

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Aeronautics Authority of the City of Henderson, City of Oxford, County of Granville and County of Vance's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulation, 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 these provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Aeronautics Authority of the City of Henderson, City of Oxford, County of Granville and County of Vance's Response to Findings

The Authority's response to the findings identified in our audit are described in the accompanying schedule of findings and responses. The Authority's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

William L. Stark and Company
Certified Public Accountants

December 11, 2013

**AERONAUTICS AUTHORITY OF THE CITY OF HENDERSON, CITY OF OXFORD
COUNTY OF GRANVILLE AND COUNTY OF VANCE
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Financial Statement Findings

2013-01 Lack of Expertise in Financial Accounting and Reporting

Criteria: Responsible person should have knowledge and skills to apply GAAP in recording the entity's financial transactions or preparing its financial statements.

Condition: Employees or management lacks the skills to apply GAAP in recording the entity's financial transactions or preparing its financial statements.

Effect: Financial statements or transactions performed may be done incorrectly.

Cause: There are a limited number of personnel that possess the skills to apply GAAP in recording the entity's financial transactions or preparing its financial statements.

Recommendation: Employees or management should obtain the skills and qualifications by training and proper education in applying GAAP in recording the entity's financial transactions or preparing its financial statements.

Views of responsible officials and
planned corrective actions: The Authority agrees with this finding.

**AERONAUTICS AUTHORITY OF THE CITY OF HENDERSON, CITY OF OXFORD
COUNTY OF GRANVILLE AND COUNTY OF VANCE
CORRECTIVE ACTION PLAN
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Financial Statement Findings

2013-01 Lack of Expertise in Financial Accounting and Reporting

Name of contact person: Jon Carver, Finance Officer

Corrective Action: The Authority has obtained the service of a CPA firm to perform certain accounting services. Through this collaboration, the Authority has mitigated the deficiency to the best of its ability, given cost constraints.

Proposed Completion Date: The Board has implemented the above procedures.

**AERONAUTICS AUTHORITY OF THE CITY OF HENDERSON, CITY OF OXFORD
COUNTY OF GRANVILLE AND COUNTY OF VANCE
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Financial Statement Findings

2012-01 Segregation of Duties

Status: The Authority has implemented alternative controls in the form of user controls over accounting services contracted to an external service organization.

2012-02 Lack of Expertise in Financial Accounting and Reporting

Status: The issue persists, but the risks posed by the deficiency have been mitigated as described at finding 2013-01 above.

RECEIVED
FEB 03 2014

BY: ...PSP.....

Henderson Appearance Commission
925 S. Chestnut St.
Henderson, N.C. 27536

February 3, 2014

A. Ray Griffin, Jr.
City Manager
P.O. Box 1434
Henderson, N.C. 27536

Dear Mr. Griffin:

In response to your letter dated January 27, 2014, regarding budget requests for FY 14-15, please be advised that the Appearance Commission will not be seeking funding at this time.

The Commission has a current balance of \$6842.25, which we feel would be more than adequate to complete planned projects for the coming year. Although, we had a loss of leadership for a brief period of time, members are looking forward to once again addressing current and future projects with the City.

Thank you for keeping us involved in the fiscal planning and we look forward to working with you and the City of Henderson.

Sincerely,



Pat Newman
Chairperson

**City of Henderson
Agency Budget Request Form
FY 14-15**

1. Name of Agency:

HENDERSON APPEARANCE COMMISSION

2. Name of person (printed), title and signature submitting request:

PAT NEWMAN, Chairperson

3. Contact information (include street address, mailing address, telephone and fax numbers, email address, etc.):

925 S. Chestnut St.

HENDERSON, N.C. 27536

(352) 207-5515

4. Copy of minutes and/or Resolution of agency's governing body authorizing budgetary request.

5. How much money are you requesting?

0

6. For what purpose, or purposes, will these funds be used?

7. Please provide a narrative as to how your FY 13-14 Budget allocation, if any, has helped the City meet its goals and objectives.

8. Please provide a narrative as to how your FY 14-15 Budget allocation request will help the City meet its goals and objective.

9. Do you agree to provide the City with an audit of the funds allocated to your agency by the Council? YES NO (This audit would be required to be submitted to the Finance Director no later than six (6) months after the close of the fiscal year.)

**Henderson Community
Appearance Commission
Financial Report**

July 12, 2012

Beginning Balance – June 12, 2012 **\$ 2,453.78**

Revenues

Total Revenues **\$ 2,453.78**

Expenditures

 Check # 441 – Lowe’s (pre-paid credit card) 300.00

Total Expenditures **300.00**

Ending Balance – July 12, 2012 **\$ 2,153.78**

Balance by Funds (July 12, 2012)	
Trees Forever Fund	\$ 190.06
Regular Fund	<u>\$1,963.72</u>
Total Cash Reserve	\$2,153.78

Prepared by: *Alan Gill*

**Henderson Community
Appearance Commission
Financial Report**

August 14, 2012

Beginning Balance – July 12, 2012 **\$ 2,153.78**

Revenues

Total Revenues **\$ 2,153.78**

Expenditures

Total Expenditures

Ending Balance – August 14, 2012 **\$ 2,153.78**

Balance by Funds (Aug. 14, 2012)	
Trees Forever Fund	\$ 190.06
Regular Fund	<u>\$1,963.72</u>
Total Cash Reserve	\$2,153.78

Prepared by: *Alan Gill*

**Henderson Community
Appearance Commission
Financial Report**

September 11, 2012

Beginning Balance – August 14, 2012 **\$ 2,153.78**

Revenues

1st Quarter Funds \$ 1,000.00

Total Revenues **\$ 3,153.78**

Expenditures

Check # 442 – Rock Bridge Cemetery Co-op 100.00

Check # 443 – Domino’s Pizza, LLC 45.33

Total Expenditures **145.33**

Ending Balance – September 11, 2012 **\$ 3,008.45**

Balance by Funds (Sept.11, 2012)	
Trees Forever Fund	\$ 190.06
Regular Fund	<u>\$2,818.39</u>
Total Cash Reserve	\$3,008.45

Prepared by: *Alan Gill*

**Henderson Community
Appearance Commission
Financial Report**

October 9, 2012

Beginning Balance – September 11, 2012 **\$ 2,008.45**

Revenues

Total Revenues **\$ 3,008.45**

Expenditures

Total Expenditures

Ending Balance – October 9, 2012 **\$ 3,008.45**

Balance by Funds (Oct. 9, 2012)	
Trees Forever Fund	\$ 190.06
Regular Fund	<u>\$2,818.39</u>
Total Cash Reserve	\$3,008.45

Prepared by: *Alan Gill*

**Henderson Community
Appearance Commission
Financial Report**

November 13, 2012

Beginning Balance – October 9, 2012 **\$ 3,008.45**

Revenues

Total Revenues **\$ 3,008.45**

Expenditures

Pat Newman – Check # 445 (reimbursement for supplies)	7.78
Grace O’Geary – Check # 446 (reimbursement for supplies)	31.87

Total Expenditures **39.65**

Ending Balance – November 13, 2012 **\$ 2,968.80**

Balance by Funds (Nov.13, 2012)	
Trees Forever Fund	\$ 190.06
Regular Fund	<u>\$2,778.74</u>
Total Cash Reserve	\$2,968.80

Prepared by: *Alan Gill*

**Henderson Community
Appearance Commission
Financial Report**

December 11, 2012

Beginning Balance – November 13, 2012 \$ 2,968.89

Revenues

Refund check from Lowe's 249.80
(non-usage of credit card)

Total Revenues **\$ 3,218.69**

Expenditures

Franklin Brothers – Check # 447 68.13
(plants)
Adjustment to account 18.98

Total Expenditures **87.11**

Ending Balance – December 11, 2012 **\$ 3,131.58**

Balance by Funds (Dec. 11, 2012)	
Trees Forever Fund	\$ 190.06
Regular Fund	<u>\$2,941.52</u>
Total Cash Reserve	\$3,131.58

Prepared by: *Alan Gill*

**Henderson Community
Appearance Commission
Financial Report**

January 8, 2013

Beginning Balance – December 11, 2012 **\$ 2,968.80**

Revenues

Refund check from Lowe's 249.80
(refund - non-usage of credit card)

Total Revenues **\$ 3,218.60**

Expenditures

Franklin Brothers – Check # 447 68.13
(plants)
Adjustment to account 18.98

Total Expenditures **87.11**

Ending Balance – December 11, 2012 **\$ 3,131.49**

Balance by Funds (Dec. 11, 2012)	
Trees Forever Fund	\$ 190.06
Regular Fund	<u>\$2,941.43</u>
Total Cash Reserve	\$3,131.49

Prepared by: *Alan Gill*

**Henderson Community
Appearance Commission
Financial Report**

February 12, 2013

Beginning Balance – January 8, 2012 **\$ 3,131.49**

Revenues

Total Revenues **\$ 3,131.49**

Expenditures

Vance County Tax Office – Check # 448 5.33
(taxes on trailer)

Lowe’s , pre-paid account card – Check # 449 300.00

Rock Bridge Cemetery Preservation – Check # 450 100.00

Total Expenditures **405.33**

Ending Balance – February 12, 2013 **\$ 2,726.16**

Balance by Funds (Feb. 12, 2013)	
Trees Forever Fund	\$ 190.06
Regular Fund	<u>\$2,536.10</u>
Total Cash Reserve	\$2,726.16

Prepared by: *Alan Gill*

**Henderson Community
Appearance Commission
Financial Report**

March 12, 2013

Beginning Balance – February 12, 2013 **\$ 2,726.16**

Revenues

City of Henderson	2,000.00
2 nd & 3 rd Quarter Contribution	
Voided check to Lowe's	300.00
Check # 449 for Pre-Paid card	

Total Revenues **\$ 5,026.16**

Expenditures

Southside Office Supply – Check # 451	22.40
---------------------------------------	-------

Total Expenditures **22.40**

Ending Balance – March 12, 2013 **\$ 5,003.76**

Balance by Funds (Mar. 12, 2013)	
Trees Forever Fund	\$ 190.06
Regular Fund	<u>\$4,813.70</u>
Total Cash Reserve	\$5,003.76

Prepared by: *Alan Gill*

**Henderson Community
Appearance Commission
Financial Report**

April 9, 2013

Beginning Balance – March 12, 2013 **\$ 5,003.76**

Revenues

Total Revenues **\$ 5,003.76**

Expenditures

Lowe's, pre-paid credit card - Check # 452	300.00
Rock Bridge Cemetery Preservation – Check # 453	250.00

Total Expenditures **\$550.00**

Ending Balance – April 9, 2013 **\$ 4,453.76**

Balance by Funds (April 9, 2013)	
Trees Forever Fund	\$ 190.06
Regular Fund	<u>\$4,263.70</u>
Total Cash Reserve	\$4,453.76

Prepared by: *Alan Gill*

**Henderson Community
Appearance Commission
Financial Report**

May 14, 2013

Beginning Balance – April 9, 2013 **\$ 4,453.76**

Revenues

Total Revenues **\$ 4,453.76**

Expenditures

Total Expenditures

Ending Balance – May 14, 2013 **\$ 4,453.76**

Balance by Funds (May 14, 2013)	
Trees Forever Fund	\$ 190.06
Regular Fund	<u>\$4,263.70</u>
Total Cash Reserve	\$4,453.76

Prepared by: *Alan Gill*

**Henderson Community
Appearance Commission
Financial Report**

June 11, 2013

Beginning Balance – May 14, 2013 **\$ 4,453.76**

Revenues

City of Henderson 1,000.00
 4th Quarter Contribution

Total Revenues **\$ 5,453.76**

Expenditures

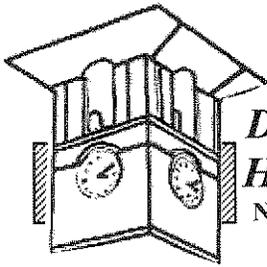
Check # 454 - Barbara Carroll 4.95
 Pictures of the Litter Sweep

Total Expenditures

Ending Balance – June 11, 2013 **\$ 5,448.81**

Balance by Funds (June 11, 2013)	
Trees Forever Fund	\$ 190.06
Regular Fund	<u>\$5,258.75</u>
Total Cash Reserve	\$5,448.81

Prepared by: *Alan Gill*



**Downtown
Henderson**
North Carolina

RECEIVED
MAR 07 2014
BY: PEP

March 6th, 2014

Mr. Ray Griffin
City Manager
134 Rose Avenue
Henderson, NC 27536

Dear Mr. Griffin,

On behalf of the Henderson-Vance Downtown Development Commission, Inc. I would like to thank you and the members of the City Council for your continued support of our organization. It is that time of the year again and we would like to request the annual \$10,000 allocation from the City of Henderson. This is the same request as in the past. We are proud of our accomplishments for 2013 and are looking forward to more great things for Downtown Henderson in 2014. We truly appreciate your financial assistance, it means a great deal to our "Downtown" and the Henderson-Vance Downtown Development Commission, Inc.

Sincerely,

Chairman
Henderson-Vance Downtown Development Commission Inc.

Henderson-Vance Downtown Development Commission, Inc.
134 Rose Avenue • P.O. Box 1434 • Henderson, NC 27536
Phone (252) 430-5734 • Fax (252) 492-7935

**City of Henderson
Agency Budget Request Form
FY 14-15**

1. Name of Agency:

Henderson-Vance Downtown Development

2. Name of person (printed), title and signature submitting request:

Phil Hart – Chairman *Phil Hart*

3. Contact information (include street address, mailing address, telephone and fax numbers, email address, etc.):

**Phil Hart
217 S. Garnett St
Henderson, NC 27536
252-438-4000
phil.hart@dataforge.us**

4. Copy of minutes and/or Resolution of agency’s governing body authorizing budgetary request.

See Attached

5. How much money are you requesting?

\$10,000

6. For what purpose, or purposes, will these funds be used?

Banner & Bracket Replacement of poles	\$300
Christmas Expenses (Hanging of Snowflakes)	\$4,800
Halloween Expense (Printing flyers to go to schools)	\$150
Web Site Hosting Expenses	\$1,000
Downtown Banner Installation	\$1,150
Insurance	\$2,200
CPA Tax Return Expenses	\$400

\$10,000

7. Please provide a narrative as to how your FY 13-14 Budget allocation, if any, has helped the City meet its goals and objectives.

FY13 budget brought new activity into the Downtown area helping to maintain positive approach and make the area more appealing for existing new businesses and residents

8. Please provide a narrative as to how your FY 14-15 Budget allocation request will help the City meet its goals and objective.

By bringing new activity into the Downtown area and maintaining a positive setting approach, the Downtown area business will be more appealing. Increased traffic will produce increased business and decreased negativity. The H-VDDC continually works to produce as much positive appeal as possible through increased partnership building.

9. Do you agree to provide the City with an audit of the funds allocated to your agency by the Council?

 X YES NO (This audit would be required to be submitted to the Finance Director no later than six (6) months after the close of the fiscal year.)

Henderson-Vance Chamber of Commerce Conference Room
Minutes

Date: January 21st, 2014 Call to Order: Phil Hart Quorum Yes No

<u>Members</u>		<u>Staff</u>
<input checked="" type="checkbox"/> Phil Hart	<input checked="" type="checkbox"/> Daniel Henley	<input checked="" type="checkbox"/> Pam Hester
<input type="checkbox"/> Brian Paynter	<input type="checkbox"/> Tracy Williams	<input checked="" type="checkbox"/> Erris Dunston
<input checked="" type="checkbox"/> Christina Brock	<input checked="" type="checkbox"/> Lois Williams	<input type="checkbox"/> Ray Griffin
<input checked="" type="checkbox"/> Marcus Barrow	<input type="checkbox"/> Terry Garrison	<input type="checkbox"/> Pete O'Geary
<input checked="" type="checkbox"/> Curtis White	<input checked="" type="checkbox"/> Stuart Litvin	
<input type="checkbox"/> Steve Moss	<input checked="" type="checkbox"/> John Barnes	
<input type="checkbox"/> Charles Douglas	<input type="checkbox"/> Jerry Ayscue	
<input checked="" type="checkbox"/> Val Short		
<input checked="" type="checkbox"/> Alice Sallins		

Approval of Minutes: December
 Motioned: Curtis White Second: Val Short

I. **WELCOME:** Phil Hart
 Phil Hart asked for the board to review the minutes. With no questions asked, Curtis White motioned to approve the December minutes but noted that there were still issues open for discussion. Second was made by Val Short.

II. **TREASURER REPORT:** Phil Hart
 1. Christina Brock noted there was one change that needed to be made to the budget. On the first page \$1,000 revenue was put into the city and it needed to go to a special line "Zene Street" deposit. It was the \$1,000 deposit from Dr. Cassandra Sparrow for the Zene Street property. Christina will create a new line and make the correction. \$1,565 was collected for parade entry fees. Christmas expenses were for Henderson Daily Dispatch printing and one strap for the snowflake installation. Expenses need to be broken down better on the budget so that a new board could follow what we owed, to who. One loan payment was collected. The bank balance on the Loan pool checking account was \$576 because a loan payment was accidently deposited there. The money was transferred to the correct account and the balance is now at the normal \$105. The budget sheet is being looked at to make changes so that it is more easily understandable for all to know. Comparisons are being made using the Main Street Solutions budget template and the Henderson-Vance Chamber of Commerce budget. Directors and Officers insurance is listed on the sheet as \$2,200 when in fact it is two different policies: CNA and American General.

Approval of the December treasurer's report with the change by Christina.
 Motioned: Lois Williams Second: Alice Sallins NO OPPOSED

III. **COMMITTEE REPORTS:**
 1. **Promotions Committee** - Lois Williams - reported there was not much to report but would like to schedule a meeting with all committee members to be proactive. Lois would like to start a campaign to rally volunteers. Alice Sallins schedule is the most demanding so it must be after 3:30. Val Short requested that it not be on a Monday. Lois is to get with the committee to schedule a meeting. Pam Hester to bring a schedule of events.
 2. **Loan Pool Committee** - Val Short - no updates but will call Jonathan Care to see where it stands. The person in default has gone in and signed an agreement and a confession of

judgment. Val Short believes the delinquent loan had a December payment made to Care. Phil Hart has also signed the agreement. Jonathan Care is doing this work pro bono. The payment will go into an escrow account, once it clears, Jonathan Care will write us a check. There is a month lag time from the time the loan payment is made until the time it gets to the H-VDDC. Mr. Care has also agreed to look over the loan pool paperwork but at the end of the year, he didn't have time. Curtis White has spoken to Bob Hubbard about re-joining the H-VDDC Board of Directors. Bob Hubbard seems to be in favor of re-joining once he is settled into his new job at First Citizens bank. Bob Hubbard actually helped create the original loan pool documents.

There are two additional people interested in using the loan pool but the committee is waiting on Jonathan Care's blessings on the paperwork. The issue was we could only find an assortment of paperwork and we want the H-VDDC to be legally covered. The board isn't interested in making additional loans until there is a full committee in place. We currently have three loans, two are paying paid on time; one is in default. The maximum loan is \$25,000. There is \$68,138 in the account. The loan pool has the authority to make a loan without taking it to the board for approval. Right now the Loan Pool Committee is Val Short, Stuart Litvin, Phil Hart: no chairman. Phil Hart asked that anyone interested in being chairperson, please contact him. Curtis White is to talk to Bob Hubbard again about his interest in joining the board. If he is interested, Phil Hart will make the call and extend the application.

3. **Zene Street Committee** – Phil Hart – Phil had spoken to Dr. Cassandra Sparrow before coming to the meeting. Still no contract available. After last month's meeting they couldn't find an attorney to close by the December 31st, 2013 deadline. Dr. Sparrow still had questions as to if we needed two attorneys. The H-VDDC put out a simple RFP and received no responses back. Dr. Sparrow said all of their contacts were in Raleigh and suggested that a local attorney be retained. Terry Garrison had not been contacted for his opinion due to his office being closed. All the H-VDDC is responsible for is drawing up a deed to the property. Even though Mike Satterwhite is in the office with John Zollicoffer, they are different attorneys and Satterwhite should be able to draw up a deed. Dr. Sparrow said the Attachment B in the original contract was to get all supporting documents that had already been done from the H-VDDC. She was reminded that she already has the notebook with everything in it that Jason Stewardson had said give her.

The H-VDDC talked about offering Dunn and Dalton a settlement but decided not to until there was cash in hand. Mr. Wrenn wants to set up a meeting to discuss a settlement with Dunn and Dalton. The board was hoping to have a contract by now. It is the opinion of the H-VDDC board that *Flint Hill, Kittrell, Vance Community Development Corporation* is given strict deadlines (again) and the deadlines adhered to. They have already voided the first agreement but if she wants to roll the \$1,000 no deadlines can be missed. If any deadline is missed, the \$1,000 will not be returned and the deal is void. The board needs to send *Flint Hill, Kittrell, Vance Community Development Corporation* a certified letter stating specific deadlines that must be met. Again, the H-VDDC spent almost the entire board meeting discussing Zene Street. Lois Williams is to create a letter for Phil Hart to send to *Flint Hill, Kittrell, Vance Community Development Corporation* spelling out the deadlines and indicating she already failed to meet the original dates and lost her \$1,000 deposit. In addition the letter is to make it clear that if she misses any of the stated deadlines or

conditions, she loses her \$1,000 and the property goes on the market. The lawyer is the responsibility of the buyer.

- IV. EXECUTIVE COMMITTEE:** _____
1. The Executive committee met on Thursday. Discussion included paying bills and getting the parade winners paid.

- V. EXECUTIVE DIRECTOR:** _____
1. Window decorating contest winners chosen:
 1. Betty B's
 2. Emrose Arts Counsel
 3. Dataforge
 4. Screen Master

There were four judges who separately went downtown in the daytime and at night. All were from out of town and knew no one. With Phil Hart's being the Chairman of the board, a discussion was had if he thought he should pass it down. The consensus of the board was the judges were from out of town, they knew no one, and Dataforge employees worked extremely hard just like everyone else. He should be able to reward his employees. The board agreed that Dataforge, and any other board member that is a Downtown business owner, should be given the award if they participate.

1. Need to schedule a retreat to finalize the Mission Statement, Vision Statement and Strategic plan. Pam Hester to email a survey to narrow down discussion as well as the Mission Statement. Retreat set for February 5th at the HPD conference center. Val Short offered her building as well.
2. Need to have a plan for the money left over from the Zene Street sale.
3. Events on Breckenridge Street need to be moved because of construction of the new performance arts center.

- VI. ADJOURN:** _____

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2012 Tax Return(s)

Prepared for HENDERSON-VANCE DOWNTOWN DEVELOPMENT
COMMISSION, INC.
CLIENT CODE: 3616

Account Number 793847
Release Number 2012.04000

Prepared by WILLIAM L. STARK AND COMPANY
POST OFFICE BOX 911
HENDERSON, NC
27536

(252)492-0008

Processing Date: 08/05/2013
Time: 09:39:57

**Special
Instructions**

Messages

200071 05-01-12

ProSystem fx

Return Information

INFORMATIONAL

Form: 9 Sheet: 1 Box: 39

- Form 990-EZ. Page 2, Part III, Lines 22, 23 and 24. An entry is present on Form 9, Box 39 to suppress the beginning fixed assets balances for Form 990-EZ. If this is not the desired treatment this entry should be removed. (37405)

Form: 990-EZ Pg 3

- Form 990-EZ. Page 3, Part V, line 41. No information has been entered on Interview Form 8, to complete line 41 regarding the states to which the organization must report. Consequently, the notation "None" has printed on line 41. If this is not correct, use Interview Form 8, Boxes 30 through 43, to enter the appropriate information. (30081)
- Form 990-EZ, Page 3, Part V, line 42b. The question regarding a financial account in a foreign country has defaulted to an answer of "No." This should be reviewed to determine if this is the correct response. If instead this question should be answered as "Yes," make an entry on Interview Form 8, Box 60 and recalculate the return. (31006)

Form: Form 4562 Entity: 1

- Depreciation. Federal Form 4562 related to Form 990-EZ Page 1, was not printed because there are no current year MACRS acquisitions, listed property assets or amortizable assets. Note that Form 4562 is never required to be filed for Form 990-EZ. However, if desired Form 4562 may be forced to print by making an entry on Interview Form DP-8, Box 37. (30144)

3616

Field Override Report

08/05/13

Form	Description	Amount\Text
990-EZ Pg 3	scarlett - 07/08/13 02:20PM	X

2012 Return Summary

HENDERSON-VANCE DOWNTOWN DEVELOPMENT
COMMISSION, INC.

58-1727589

FORM 990-EZ:

TOTAL REVENUE	11431.
TOTAL EXPENSES	16507.
EXCESS <DEFICIT>	<5076.>
BEGINNING NET ASSETS	368913.
CHANGES IN NET ASSETS	0.
ENDING NET ASSETS (PART I)	363837.

BALANCE SHEET ANALYSIS

ENDING TOTAL ASSETS	363837.
ENDING TOTAL LIABILITIES	0.
ENDING TOTAL NET ASSETS OR FUND BALANCES (PART II)	363837.
ENDING TOTAL ASSETS MINUS LIABILITIES AND NET ASSETS	0.
ENDING NET ASSETS DIFFERENCE BETWEEN PART I AND PART II	0.

WILLIAM L. STARK AND COMPANY
POST OFFICE BOX 911
HENDERSON, N.C. 27536

AUGUST 2, 2013

HENDERSON-VANCE DOWNTOWN DEVELOPMENT
COMMISSION, INC.
PO BOX 1434, 134 ROSE AVE
HENDERSON, NC 27536

HENDERSON-VANCE DOWNTOWN DEVELOPMENT COMMISSION, INC.:

ENCLOSED ARE THE ORIGINAL AND ONE COPY OF THE 2012 EXEMPT
ORGANIZATION RETURN, AS FOLLOWS...

2012 FORM 990-EZ

EACH ORIGINAL SHOULD BE DATED, SIGNED AND FILED IN ACCORDANCE
WITH THE FILING INSTRUCTIONS. THE COPY SHOULD BE RETAINED
FOR YOUR FILES.

VERY TRULY YOURS,

M. CURTIS AVERETTE, JR

TAX RETURN FILING INSTRUCTIONS

FORM 990-EZ

FOR THE YEAR ENDING

JUNE 30, 2013

Prepared for	HENDERSON-VANCE DOWNTOWN DEVELOPMENT COMMISSION, INC. PO BOX 1434, 134 ROSE AVE HENDERSON, NC 27536
Prepared by	WILLIAM L. STARK AND COMPANY POST OFFICE BOX 911 HENDERSON, NC 27536
Amount due or refund	NOT APPLICABLE
Make check payable to	NOT APPLICABLE
Mail tax return and check (if applicable) to	DEPARTMENT OF THE TREASURY INTERNAL REVENUE SERVICE CENTER OGDEN, UT 84201-0027
Return must be mailed on or before	NOVEMBER 15, 2013
Special Instructions	THE RETURN SHOULD BE SIGNED AND DATED.

Short Form Return of Organization Exempt From Income Tax

OMB No. 1545-1150

2012

Open to Public Inspection

Form **990-EZ**

Department of the Treasury
Internal Revenue Service

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code
(except black lung benefit trust or private foundation)
Sponsoring organizations of donor advised funds, organizations that operate one or more hospital facilities, and certain controlling organizations as defined in section 512(b)(13) must file Form 990. All other organizations with gross receipts less than \$200,000 and total assets less than \$500,000 at the end of the year may use this form.
The organization may have to use a copy of this return to satisfy state reporting requirements.

A For the 2012 calendar year, or tax year beginning **JUL 1, 2012** and ending **JUN 30, 2013**

<p>B Check if applicable:</p> <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Terminated <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending	<p>C Name of organization HENDERSON-VANCE DOWNTOWN DEVELOPMENT COMMISSION, INC.</p> <p>Number and street (or P.O. box, if mail is not delivered to street address) Room/suite PO BOX 1434, 134 ROSE AVE</p> <p>City or town, state or country, and ZIP + 4 HENDERSON, NC 27536</p>	<p>D Employer identification number 58-1727589</p> <p>E Telephone number 252-492-2181</p> <p>F Group Exemption Number</p>
---	--	--

G Accounting Method: Cash Accrual Other (specify) _____

I Website: **N/A**

J Tax-exempt status (check only one) — 501(c)(3) 501(c) () (insert no.) 4947(a)(1) or 527

K Check if the organization is not a section 509(a)(3) supporting organization or a section 527 organization and its gross receipts are normally not more than \$50,000. A Form 990-EZ or Form 990 return is not required though Form 990-N (e-postcard) may be required (see instructions). But if the organization chooses to file a return, be sure to file a complete return.

L Add lines 5b, 6c, and 7b, to line 9 to determine gross receipts. If gross receipts are \$200,000 or more, or if total assets (Part II, line 25, column (B) below) are \$500,000 or more, file Form 990 instead of Form 990-EZ **\$ 22963.**

Part I Revenue, Expenses, and Changes in Net Assets or Fund Balances (see the instructions for Part I)

Check if the organization used Schedule O to respond to any question in this Part I

	Description	Line	Amount
Revenue	1 Contributions, gifts, grants, and similar amounts received	1	13521.
	2 Program service revenue including government fees and contracts	2	1370.
	3 Membership dues and assessments	3	
	4 Investment income	4	59.
	5a Gross amount from sale of assets other than inventory	5a	
	b Less: cost or other basis and sales expenses	5b	
	c Gain or (loss) from sale of assets other than inventory (Subtract line 5b from line 5a)	5c	
	6 Gaming and fundraising events		
	a Gross income from gaming (attach Schedule G if greater than \$15,000)	6a	
	b Gross income from fundraising events (not including \$ _____ of contributions from fundraising events reported on line 1) (attach Schedule G if the sum of such gross income and contributions exceeds \$15,000)	6b	8013.
c Less: direct expenses from gaming and fundraising events	6c	11532.	
d Net income or (loss) from gaming and fundraising events (add lines 6a and 6b and subtract line 6c)	6d	<3519.>	
7a Gross sales of inventory, less returns and allowances	7a		
b Less: cost of goods sold	7b		
c Gross profit or (loss) from sales of inventory (Subtract line 7b from line 7a)	7c		
8 Other revenue (describe in Schedule O)	8		
9 Total revenue. Add lines 1, 2, 3, 4, 5c, 6d, 7c, and 8	9	11431.	
Expenses	10 Grants and similar amounts paid (list in Schedule O)	10	
	11 Benefits paid to or for members	11	
	12 Salaries, other compensation, and employee benefits	12	
	13 Professional fees and other payments to independent contractors	13	1375.
	14 Occupancy, rent, utilities, and maintenance	14	8085.
	15 Printing, publications, postage, and shipping	15	
	16 Other expenses (describe in Schedule O)	16	7047.
17 Total expenses. Add lines 10 through 16	17	16507.	
Net Assets	18 Excess or (deficit) for the year (Subtract line 17 from line 9)	18	<5076.>
	19 Net assets or fund balances at beginning of year (from line 27, column (A)) (must agree with end-of-year figure reported on prior year's return)	19	368913.
	20 Other changes in net assets or fund balances (explain in Schedule O)	20	0.
	21 Net assets or fund balances at end of year. Combine lines 18 through 20	21	363837.

LHA For Paperwork Reduction Act Notice, see the separate instructions.

Form **990-EZ** (2012)

HENDERSON-VANCE DOWNTOWN DEVELOPMENT
COMMISSION, INC.

Form 990-EZ (2012)

58-1727589 Page 2

Part II Balance Sheets (see the instructions for Part II)
Check if the organization used Schedule O to respond to any question in this Part II

	(A) Beginning of year		(B) End of year
22 Cash, savings, and investments	63260.	22	74749.
23 Land and buildings	234183.	23	226098.
24 Other assets (describe in Schedule O) SEE SCHEDULE O	71470.	24	62990.
25 Total assets	368913.	25	363837.
26 Total liabilities (describe in Schedule O)	0.	26	0.
27 Net assets or fund balances (line 27 of column (B) must agree with line 21)	368913.	27	363837.

Part III Statement of Program Service Accomplishments (see the instructions for Part III)
Check if the organization used Schedule O to respond to any question in this Part III

What is the organization's primary exempt purpose? DOWNTOWN REVITALIZATION

Describe the organization's program service accomplishments for each of its three largest program services, as measured by expenses. In a clear and concise manner, describe the services provided, the number of persons benefited, and other relevant information for each program title.

28	SEE SCHEDULE O		Expenses (Required for section 501(c)(3) and 501(c)(4) organizations and section 4947(a)(1) trusts; optional for others.)
29	(Grants \$) If this amount includes foreign grants, check here <input type="checkbox"/>	28a	16507.
30	(Grants \$) If this amount includes foreign grants, check here <input type="checkbox"/>	29a	
31	(Grants \$) If this amount includes foreign grants, check here <input type="checkbox"/>	30a	
31	Other program services (describe in Schedule O) (Grants \$) If this amount includes foreign grants, check here <input type="checkbox"/>	31a	
32	Total program service expenses (add lines 28a through 31a)	32	16507.

Part IV List of Officers, Directors, Trustees, and Key Employees List each one even if not compensated. (see the instructions for Part IV)
Check if the organization used Schedule O to respond to any question in this Part IV

(a) Name and title	(b) Average hours per week devoted to position	(c) Reportable compensation (Forms W-2/1099-MISC) (if not paid, enter -0-)	(d) Health benefits, contributions to employee benefit plans, and deferred compensation	(e) Estimated amount of other compensation
JASON STEWARDSON CHAIRMAN	0.50	0.	0.	0.
DAVID HARRISON TREASURER	0.50	0.	0.	0.
MARCUS BARROW BOARD MEMBER	0.25	0.	0.	0.
TOM ANDERSON BOARD MEMBER	0.25	0.	0.	0.
BRIAN PAYNTER VICE CHAIR	0.25	0.	0.	0.
PHIL HART BOARD MEMBER/CHAIR-ELECT	0.25	0.	0.	0.
VAL SHORT BOARD MEMBER	0.25	0.	0.	0.
BRIAN MARSHBURN BOARD MEMBER	0.25	0.	0.	0.
STEVE MOSS BOARD MEMBER	0.25	0.	0.	0.
TERRY GARRISON BOARD MEMBER	0.25	0.	0.	0.
CURTIS WHITE BOARD MEMBER	0.25	0.	0.	0.

**HENDERSON-VANCE DOWNTOWN DEVELOPMENT
COMMISSION, INC.**

Form 990-EZ (2012)

58-1727589

Page 3

Part V Other Information (Note the Schedule A and personal benefit contract statement requirements in the instructions for Part V) Check if the organization used Sch. O to respond to any question in this Part V

		Yes	No
33	Did the organization engage in any significant activity not previously reported to the IRS? If "Yes," provide a detailed description of each activity in Schedule O		X
34	Were any significant changes made to the organizing or governing documents? If "Yes," attach a conformed copy of the amended documents if they reflect a change to the organization's name. Otherwise, explain the change on Schedule O (see instructions)		X
35a	Did the organization have unrelated business gross income of \$1,000 or more during the year from business activities (such as those reported on lines 2, 6a, and 7a, among others)?		X
35b	If "Yes," to line 35a, has the organization filed a Form 990-T for the year? If "No," provide an explanation in Schedule O	N/A	
35c	Was the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization subject to section 6033(e) notice, reporting, and proxy tax requirements during the year? If "Yes," complete Schedule C, Part III		X
36	Did the organization undergo a liquidation, dissolution, termination, or significant disposition of net assets during the year? If "Yes," complete applicable parts of Schedule N		X
37a	Enter amount of political expenditures, direct or indirect, as described in the instructions	37a	0.
37b	Did the organization file Form 1120-POL for this year?		X
38a	Did the organization borrow from, or make any loans to, any officer, director, trustee, or key employee or were any such loans made in a prior year and still outstanding at the end of the tax year covered by this return?		X
38b	If "Yes," complete Schedule L, Part II and enter the total amount involved	38b	N/A
39	Section 501(c)(7) organizations. Enter:		
39a	a Initiation fees and capital contributions included on line 9	39a	N/A
39b	b Gross receipts, included on line 9, for public use of club facilities	39b	N/A
40a	Section 501(c)(3) organizations. Enter amount of tax imposed on the organization during the year under:		
	section 4911 <input type="checkbox"/> 0. ; section 4912 <input type="checkbox"/> 0. ; section 4955 <input type="checkbox"/> 0.		
40b	b Section 501(c)(3) and 501(c)(4) organizations. Did the organization engage in any section 4958 excess benefit transaction during the year, or did it engage in an excess benefit transaction in a prior year that has not been reported on any of its prior Forms 990 or 990-EZ? If "Yes," complete Schedule L, Part I		X
40c	c Section 501(c)(3) and 501(c)(4) organizations. Enter amount of tax imposed on organization managers or disqualified persons during the year under sections 4912, 4955, and 4958	0.	
40d	d Section 501(c)(3) and 501(c)(4) organizations. Enter amount of tax on line 40c reimbursed by the organization	0.	
40e	e All organizations. At any time during the tax year, was the organization a party to a prohibited tax shelter transaction? If "Yes," complete Form 8886-T		X
41	List the states with which a copy of this return is filed	41	NONE
42a	The organization's books are in care of	42a	PAM HESTER
	Located at	134 ROSE AVE, HENDERSON, NC	
	Telephone no.	252-430-5734	
	ZIP + 4	27536	
42b	b At any time during the calendar year, did the organization have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account)?		X
	If "Yes," enter the name of the foreign country:		
	See the instructions for exceptions and filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts.		
42c	c At any time during the calendar year, did the organization maintain an office outside of the U.S.?		X
	If "Yes," enter the name of the foreign country:		
43	Section 4947(a)(1) nonexempt charitable trusts filing Form 990-EZ in lieu of Form 1041 - Check here	43	N/A
	and enter the amount of tax-exempt interest received or accrued during the tax year		
44a	Did the organization maintain any donor advised funds during the year? If "Yes," Form 990 must be completed instead of Form 990-EZ	44a	X
44b	b Did the organization operate one or more hospital facilities during the year? If "Yes," Form 990 must be completed instead of Form 990-EZ	44b	X
44c	c Did the organization receive any payments for indoor tanning services during the year?	44c	X
44d	d If "Yes" to line 44c, has the organization filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O	44d	
45a	Did the organization have a controlled entity within the meaning of section 512(b)(13)?	45a	X
45b	Did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? If "Yes," Form 990 and Schedule R may need to be completed instead of Form 990-EZ (see instructions)	45b	X

HENDERSON-VANCE DOWNTOWN DEVELOPMENT
COMMISSION, INC.

Form 990-EZ (2012)

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46	Did the organization engage, directly or indirectly, in political campaign activities on behalf of or in opposition to candidates for public office? If "Yes," complete Schedule C, Part I	46	Yes	No
				X

Part VI Section 501(c)(3) organizations only

All section 501(c)(3) organizations must answer questions 47-49b and 52, and complete the tables for lines 50 and 51

Check if the organization used Schedule O to respond to any question in this Part VI

47	Did the organization engage in lobbying activities or have a section 501(h) election in effect during the tax year? If "Yes," complete Sch. C, Part II	47	Yes	No
				X
48	Is the organization a school as described in section 170(b)(1)(A)(ii)? If "Yes," complete Schedule E	48	Yes	No
				X
49a	Did the organization make any transfers to an exempt non-charitable related organization?	49a	Yes	No
				X
b	If "Yes," was the related organization a section 527 organization?	49b	Yes	No

50 Complete this table for the organization's five highest compensated employees (other than officers, directors, trustees and key employees) who each received more than \$100,000 of compensation from the organization. If there is none, enter "None."

(a) Name and title of each employee paid more than \$100,000	(b) Average hours per week devoted to position	(c) Reportable compensation (Forms W-2/1099-MISC)	(d) Health benefits, contributions to employee benefit plans, and deferred compensation	(e) Estimated amount of other compensation
NONE				

f Total number of other employees paid over \$100,000

51 Complete this table for the organization's five highest compensated independent contractors who each received more than \$100,000 of compensation from the organization. If there is none, enter "None." NONE

(a) Name and address of each independent contractor paid more than \$100,000	(b) Type of service	(c) Compensation

d Total number of other independent contractors each receiving over \$100,000

52 Did the organization complete Schedule A? Note: All section 501(c)(3) organizations and 4947(a)(1) nonexempt charitable trusts must attach a completed Schedule A Yes No

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here	Signature of officer	Date
	PRESIDENT Type or print name and title	

Paid Preparer Use Only	Print/Type preparer's name M. CURTIS AVERETTE, JR	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN P00833896
	Firm's name WILLIAM L. STARK AND COMPANY	Firm's EIN 56-1342467		Phone no. (252) 492-0008	
	Firm's address POST OFFICE BOX 911 HENDERSON, NC 27536				

May the IRS discuss this return with the preparer shown above? See instructions Yes No

Form 990-EZ (2012)

SCHEDULE A
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

Complete if the organization is a section 501(c)(3) organization or a section 4947(a)(1) nonexempt charitable trust.

▶ Attach to Form 990 or Form 990-EZ. ▶ See separate instructions.

OMB No. 1545-0047

2012

Open to Public Inspection

Name of the organization **HENDERSON-VANCE DOWNTOWN DEVELOPMENT COMMISSION, INC.** Employer identification number **58-1727589**

Part I Reason for Public Charity Status (All organizations must complete this part.) See instructions.

The organization is not a private foundation because it is: (For lines 1 through 11, check only one box.)

- 1 A church, convention of churches, or association of churches described in section 170(b)(1)(A)(i).
- 2 A school described in section 170(b)(1)(A)(ii). (Attach Schedule E.)
- 3 A hospital or a cooperative hospital service organization described in section 170(b)(1)(A)(iii).
- 4 A medical research organization operated in conjunction with a hospital described in section 170(b)(1)(A)(iii). Enter the hospital's name, city, and state: _____
- 5 An organization operated for the benefit of a college or university owned or operated by a governmental unit described in section 170(b)(1)(A)(iv). (Complete Part II.)
- 6 A federal, state, or local government or governmental unit described in section 170(b)(1)(A)(v).
- 7 An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in section 170(b)(1)(A)(vi). (Complete Part II.)
- 8 A community trust described in section 170(b)(1)(A)(vi). (Complete Part II.)
- 9 An organization that normally receives: (1) more than 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions - subject to certain exceptions, and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975. See section 509(a)(2). (Complete Part III.)
- 10 An organization organized and operated exclusively to test for public safety. See section 509(a)(4).
- 11 An organization organized and operated exclusively for the benefit of, to perform the functions of, or to carry out the purposes of one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2). See section 509(a)(3). Check the box that describes the type of supporting organization and complete lines 11e through 11h.
 - a Type I
 - b Type II
 - c Type III - Functionally integrated
 - d Type III - Non-functionally integrated
- e By checking this box, I certify that the organization is not controlled directly or indirectly by one or more disqualified persons other than foundation managers and other than one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2).
- f If the organization received a written determination from the IRS that it is a Type I, Type II, or Type III supporting organization, check this box _____
- g Since August 17, 2006, has the organization accepted any gift or contribution from any of the following persons?
 - (i) A person who directly or indirectly controls, either alone or together with persons described in (ii) and (iii) below, the governing body of the supported organization? _____
 - (ii) A family member of a person described in (i) above? _____
 - (iii) A 35% controlled entity of a person described in (i) or (ii) above? _____
- h Provide the following information about the supported organization(s).

	Yes	No
11g(i)		
11g(ii)		
11g(iii)		

(i) Name of supported organization	(ii) EIN	(iii) Type of organization (described on lines 1-9 above or IRC section (see instructions))	(iv) Is the organization in col. (i) listed in your governing document?		(v) Did you notify the organization in col. (i) of your support?		(vi) Is the organization in col. (i) organized in the U.S.?		(vii) Amount of monetary support
			Yes	No	Yes	No	Yes	No	
Total									

LHA For Paperwork Reduction Act Notice, see the Instructions for Form 990 or 990-EZ.

Schedule A (Form 990 or 990-EZ) 2012

HENDERSON-VANCE DOWNTOWN DEVELOPMENT

Schedule A (Form 990 or 990-EZ) 2012

COMMISSION, INC.

58-1727589 Page 2

Part II Support Schedule for Organizations Described in Sections 170(b)(1)(A)(iv) and 170(b)(1)(A)(vi)

(Complete only if you checked the box on line 5, 7, or 8 of Part I or if the organization failed to qualify under Part III. If the organization fails to qualify under the tests listed below, please complete Part III.)

Section A. Public Support

Calendar year (or fiscal year beginning in) ▶	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(f) Total
1 Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.")	29255.	1656.	82015.	78408.	13521.	204855.
2 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
3 The value of services or facilities furnished by a governmental unit to the organization without charge						
4 Total. Add lines 1 through 3	29255.	1656.	82015.	78408.	13521.	204855.
5 The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f)						
6 Public support. Subtract line 5 from line 4.						204855.

Section B. Total Support

Calendar year (or fiscal year beginning in) ▶	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(f) Total
7 Amounts from line 4	29255.	1656.	82015.	78408.	13521.	204855.
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources	512.	128.	462.	137.	59.	1298.
9 Net income from unrelated business activities, whether or not the business is regularly carried on						
10 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV.)			100.			100.
11 Total support. Add lines 7 through 10						206253.
12 Gross receipts from related activities, etc. (see instructions)					12	
13 First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and stop here <input type="checkbox"/>						

Section C. Computation of Public Support Percentage

14 Public support percentage for 2012 (line 6, column (f) divided by line 11, column (f))	14	99.32 %
15 Public support percentage from 2011 Schedule A, Part II, line 14	15	99.37 %
16a 33 1/3% support test - 2012. If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization <input checked="" type="checkbox"/>		
b 33 1/3% support test - 2011. If the organization did not check a box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization <input type="checkbox"/>		
17a 10% -facts-and-circumstances test - 2012. If the organization did not check a box on line 13, 16a, or 16b, and line 14 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and stop here. Explain in Part IV how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization <input type="checkbox"/>		
b 10% -facts-and-circumstances test - 2011. If the organization did not check a box on line 13, 16a, 16b, or 17a, and line 15 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and stop here. Explain in Part IV how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization <input type="checkbox"/>		
18 Private foundation. If the organization did not check a box on line 13, 16a, 16b, 17a, or 17b, check this box and see instructions <input type="checkbox"/>		

Schedule A (Form 990 or 990-EZ) 2012

Part III Support Schedule for Organizations Described in Section 509(a)(2)

(Complete only if you checked the box on line 9 of Part I or if the organization failed to qualify under Part II. If the organization fails to qualify under the tests listed below, please complete Part II.)

Section A. Public Support

Calendar year (or fiscal year beginning in) ►	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(f) Total
1 Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.")						
2 Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose						
3 Gross receipts from activities that are not an unrelated trade or business under section 513						
4 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
5 The value of services or facilities furnished by a governmental unit to the organization without charge						
6 Total. Add lines 1 through 5						
7a Amounts included on lines 1, 2, and 3 received from disqualified persons						
b Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of \$5,000 or 1% of the amount on line 13 for the year						
c Add lines 7a and 7b						
8 Public support. (Subtract line 7c from line 6.)						

Section B. Total Support

Calendar year (or fiscal year beginning in) ►	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(f) Total
9 Amounts from line 6						
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
c Add lines 10a and 10b						
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV.)						
13 Total support. (Add lines 9, 10c, 11, and 12.)						
14 First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and stop here <input type="checkbox"/>						

Section C. Computation of Public Support Percentage

15 Public support percentage for 2012 (line 8, column (f) divided by line 13, column (f))	15	%
16 Public support percentage from 2011 Schedule A, Part III, line 15	16	%

Section D. Computation of Investment Income Percentage

17 Investment income percentage for 2012 (line 10c, column (f) divided by line 13, column (f))	17	%
18 Investment income percentage from 2011 Schedule A, Part III, line 17	18	%

- 19a 33 1/3% support tests - 2012.** If the organization did not check the box on line 14, and line 15 is more than 33 1/3%, and line 17 is not more than 33 1/3%, check this box and **stop here**. The organization qualifies as a publicly supported organization
- b 33 1/3% support tests - 2011.** If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3%, and line 18 is not more than 33 1/3%, check this box and **stop here**. The organization qualifies as a publicly supported organization
- 20 Private foundation.** If the organization did not check a box on line 14, 19a, or 19b, check this box and see instructions

Schedule B
(Form 990, 990-EZ,
or 990-PF)

Department of the Treasury
Internal Revenue Service

Schedule of Contributors

▶ Attach to Form 990, Form 990-EZ, or Form 990-PF.

OMB No. 1545-0047

2012

Name of the organization

HENDERSON-VANCE DOWNTOWN DEVELOPMENT
COMMISSION, INC.

Employer identification number

58-1727589

Organization type (check one):

Filers of:

Section:

Form 990 or 990-EZ

501(c)(3) (enter number) organization

4947(a)(1) nonexempt charitable trust **not** treated as a private foundation

527 political organization

Form 990-PF

501(c)(3) exempt private foundation

4947(a)(1) nonexempt charitable trust treated as a private foundation

501(c)(3) taxable private foundation

Check if your organization is covered by the **General Rule** or a **Special Rule**.

Note. Only a section 501(c)(7), (8), or (10) organization can check boxes for both the General Rule and a Special Rule. See instructions.

General Rule

For an organization filing Form 990, 990-EZ, or 990-PF that received, during the year, \$5,000 or more (in money or property) from any one contributor. Complete Parts I and II.

Special Rules

For a section 501(c)(3) organization filing Form 990 or 990-EZ that met the 33 1/3% support test of the regulations under sections 509(a)(1) and 170(b)(1)(A)(vi) and received from any one contributor, during the year, a contribution of the greater of (1) \$5,000 or (2) 2% of the amount on (i) Form 990, Part VIII, line 1h, or (ii) Form 990-EZ, line 1. Complete Parts I and II.

For a section 501(c)(7), (8), or (10) organization filing Form 990 or 990-EZ that received from any one contributor, during the year, total contributions of more than \$1,000 for use *exclusively* for religious, charitable, scientific, literary, or educational purposes, or the prevention of cruelty to children or animals. Complete Parts I, II, and III.

For a section 501(c)(7), (8), or (10) organization filing Form 990 or 990-EZ that received from any one contributor, during the year, contributions for use *exclusively* for religious, charitable, etc., purposes, but these contributions did not total to more than \$1,000. If this box is checked, enter here the total contributions that were received during the year for an *exclusively* religious, charitable, etc., purpose. Do not complete any of the parts unless the **General Rule** applies to this organization because it received nonexclusively religious, charitable, etc., contributions of \$5,000 or more during the year ▶ \$ _____

Caution. An organization that is not covered by the General Rule and/or the Special Rules does not file Schedule B (Form 990, 990-EZ, or 990-PF), but it **must** answer "No" on Part IV, line 2, of its Form 990; or check the box on line H of its Form 990-EZ or on Part I, line 2 of its Form 990-PF, to certify that it does not meet the filing requirements of Schedule B (Form 990, 990-EZ, or 990-PF).

LHA For Paperwork Reduction Act Notice, see the Instructions for Form 990, 990-EZ, or 990-PF. Schedule B (Form 990, 990-EZ, or 990-PF) (2012)

Name of organization HENDERSON-VANCE DOWNTOWN DEVELOPMENT COMMISSION, INC.	Employer identification number 58-1727589
---	---

Part I Contributors (see instructions). Use duplicate copies of Part I if additional space is needed.

(a) No.	(b) Name, address, and ZIP + 4	(c) Total contributions	(d) Type of contribution
1	CITY OF HENDERSON 134 ROSE AVE HENDERSON, NC 27536	\$ 10000.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
			Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
			Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
			Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
			Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
			Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)

Name of organization HENDERSON-VANCE DOWNTOWN DEVELOPMENT COMMISSION, INC.	Employer identification number 58-1727589
---	---

Part II Noncash Property (see instructions). Use duplicate copies of Part II if additional space is needed.

(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (see instructions)	(d) Date received
		\$ _____	
		\$ _____	
		\$ _____	
		\$ _____	
		\$ _____	
		\$ _____	
		\$ _____	
		\$ _____	

Name of organization HENDERSON-VANCE DOWNTOWN DEVELOPMENT COMMISSION, INC.	Employer identification number 58-1727589
--	---

Part III Exclusively religious, charitable, etc., individual contributions to section 501(c)(7), (8), or (10) organizations that total more than \$1,000 for the year. Complete columns (a) through (e) and the following line entry. For organizations completing Part III, enter the total of exclusively religious, charitable, etc., contributions of \$1,000 or less for the year. (Enter this information once.) ▶ \$ _____
 Use duplicate copies of Part III if additional space is needed.

(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held
(e) Transfer of gift			
Transferee's name, address, and ZIP + 4		Relationship of transferor to transferee	

(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held
(e) Transfer of gift			
Transferee's name, address, and ZIP + 4		Relationship of transferor to transferee	

(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held
(e) Transfer of gift			
Transferee's name, address, and ZIP + 4		Relationship of transferor to transferee	

(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held
(e) Transfer of gift			
Transferee's name, address, and ZIP + 4		Relationship of transferor to transferee	

2012 DEPRECIATION AND AMORTIZATION REPORT
FORM 990-EZ PAGE 1

990-EZ

Asset No.	Description	Date Acquired	Method	Life	Line No.	Unadjusted Cost Or Basis	Bus % Excl	* Reduction In Basis	Basis For Depreciation	Accumulated Depreciation	Current Sec 179	Current Year Deduction
1	PROGRAM SERVICES ZENE STREET PROPERTY	122906SL	SL	40	0016	278790.			278790.	44607.		8085.
	* 990-EZ PG 1 TOTAL					278790.		0.	278790.	44607.	0.	8085.
	PROGRAM SERVICES					278790.		0.	278790.	44607.	0.	8085.
	* GRAND TOTAL					278790.		0.	278790.	44607.	0.	8085.
	990-EZ PG 1 DEPR											

SCHEDULE O
(Form 990 or 990-EZ)

Supplemental Information to Form 990 or 990-EZ

OMB No. 1545-0047

2012

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

Complete to provide information for responses to specific questions on
Form 990 or 990-EZ or to provide any additional information.
▶ Attach to Form 990 or 990-EZ.

Name of the organization	HENDERSON-VANCE DOWNTOWN DEVELOPMENT COMMISSION, INC.	Employer identification number	58-1727589
--------------------------	--	--------------------------------	------------

FORM 990-EZ, PART I, LINE 4, OTHER INVESTMENT INCOME:

DESCRIPTION OF PROPERTY:	AMOUNT:
INTEREST	59.

FORM 990-EZ, PART I, LINE 14, OCCUPANCY, RENT, UTILITIES, AND MAINTENANCE:

DESCRIPTION OF EXPENSES:	AMOUNT:
DEPRECIATION	8085.

FORM 990-EZ, PART I, LINE 16, OTHER EXPENSES:

DESCRIPTION OF OTHER EXPENSES:	AMOUNT:
BANNER INSTALLATION	1135.
ZENE STREET PROPERTY INSURANCE AND UTILITIES	3746.
INSURANCE	2166.
TOTAL TO FORM 990-EZ, LINE 16	7047.

FORM 990-EZ, PART II, LINE 24, OTHER ASSETS:

DESCRIPTION	BEG. OF YEAR	END OF YEAR
REVOLVING LOAN RECEIVABLE	31470.	22990.
CONSTRUCTION IN PROGRESS	40000.	40000.
TOTAL TO FORM 990-EZ, LINE 24	71470.	62990.

FORM 990-EZ, PART III, LINE 28, PROGRAM SERVICE ACCOMPLISHMENTS:

PURPOSE OF COMMISSION IS TO RECEIVE AND MAINTAIN A FUND OF
REAL OR PERSONAL PROPERTY TO USE AND APPLY THE WHOLE OR
ANY PART OF INCOME TO COUNTER ECONOMIC AND SOCIAL

DETERIORATION

SCHEDULE O
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

Complete to provide information for responses to specific questions on
Form 990 or 990-EZ or to provide any additional information.
▶ Attach to Form 990 or 990-EZ.

OMB No. 1545-0047

2012

**Open to Public
Inspection**

Name of the organization

HENDERSON-VANCE DOWNTOWN DEVELOPMENT
COMMISSION, INC.

Employer identification number
58-1727589

FORM 990-EZ, PART V, INFORMATION REGARDING PERSONAL BENEFIT CONTRACTS:

THE ORGANIZATION DID NOT, DURING THE YEAR, RECEIVE ANY FUNDS, DIRECTLY,
OR INDIRECTLY, TO PAY PREMIUMS ON A PERSONAL BENEFIT CONTRACT.

THE ORGANIZATION, DID NOT, DURING THE YEAR, PAY ANY PREMIUMS, DIRECTLY,
OR INDIRECTLY, ON A PERSONAL BENEFIT CONTRACT.

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Diane Cox
Executive Director

MEMORANDUM

Member
Governments

COUNTIES

Franklin
Granville
Person
Vance
Warren

TO: Region K Local Governments

FROM: James Pearce, Finance Director *JP*

DATE: March 28, 2014

SUBJECT: 2014/2015 Assessment

MUNICIPALITIES

Bunn
Butner
Creedmoor
Franklinton
Henderson
Kittrell
Louisburg
Macon
Middleburg
Norlina
Oxford
Roxboro
Stem
Stovall
Warrenton
Youngsville

The Kerr-Tar Regional Council of Governments' Board of Directors met on March 27, 2014 and approved the assessment rate for FY 2014/2015. The new rate will **increase to 57 cents** per capita using the 2010 Census information.

Attached you will find a table that shows each member government's assessment amount for the general assessment. Also attached is a budget request for Fiscal Year 2014/2015.

Enclosures

JP:gp

GENERAL ASSESSMENTS

Payment Schedule

2014-2015

	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	TOTAL
<u>FRANKLIN COUNTY</u>	7,658	7,658	7,658	7,658	30,630
Bunn	49	49	49	49	196
Franklinton	288	288	288	288	1,153
Louisburg	479	479	479	479	1,915
Youngsville	165	165	165	165	659
<u>GRANVILLE COUNTY</u>	5,197	5,197	5,197	5,197	20,789
Butner	1,082	1,082	1,082	1,082	4,327
Creedmoor	588	588	588	588	2,351
Oxford	1,206	1,206	1,206	1,206	4,823
Stem	66	66	66	66	264
Stovall	60	60	60	60	238
<u>PERSON COUNTY</u>	4,432	4,432	4,432	4,432	17,728
Roxboro	1,192	1,192	1,192	1,192	4,766
<u>VANCE COUNTY</u>	4,197	4,197	4,197	4,197	16,789
Henderson	2,190	2,190	2,190	2,190	8,760
Kittrell	67	67	67	67	266
Middleburg	19	19	19	19	76
<u>WARREN COUNTY</u>	2,690	2,690	2,690	2,690	10,758
Macon	17	17	17	17	68
Norlina	159	159	159	159	637
Warrenton	123	123	123	123	491
TOTALS	31,921	31,921	31,921	31,921	127,684

March 6, 2014

Mr. A. Ray Griffin, Jr.
City Manager
134 Rose Avenue
Henderson, NC 27536

Dear Mr. Griffin:

The Library Board of Trustees and the staff of the Perry Memorial Library wish to express their thanks and gratitude to both you and the members of the Vance County Board of Commissioners for your continued support of the services, programs, and resources provided by the Perry Memorial Library.

For the upcoming fiscal year the Perry Memorial Library is requesting financial support from the City of Henderson in the amount of \$192,935. This amount reflects a 3% increase over last year's requested amount of \$187,315. This 3% increase is also being requested from Vance County.

Local funding of Perry Memorial Library has been stable for many years. While the library is very grateful not to have endured the budget cuts that many other public libraries in North Carolina have had to absorb, costs to support and operate the library have risen.

The library has no plans to add any new staff in FY 2015. However, in the past few years the library has added part-time employees to support longer operating hours, as well as a part-time employee for the Local History Room. Also, as the building ages we are starting to incur increasing maintenance costs.

If funding remains stable, we anticipate having to cut the collection development and programming budgets in order to cover increases in operating expenses. With the 3% increase in funding from city and county, the library will be able to keep collection development and programming at the present level.

In accordance with Vance County's budgeting instructions I am submitting two budgets for FY 2015. One is with level local funding and the second reflects the 3% increase in funding from Vance County and the City of Henderson.

Please let me know if you need any further information concerning either the library's budget request or the library in general. Thank you again for supporting the Perry Memorial Library.

Sincerely,

Patti McAnally
Interim Director
Perry Memorial Library

	Current Year	A	B
<u>Revenue</u>			
City of Henderson	\$187,315.00	\$187,315.00	\$192,935.00
Vance County	\$561,945.00	\$561,945.00	\$578,800.00
State Aid	\$100,000.00	\$100,000.00	\$100,000.00
Gifts & Memorials	\$15,000.00	\$15,000.00	\$15,000.00
Earned Revenue	\$27,000.00	\$27,000.00	\$27,000.00
Fund Balance	\$98,990.00	\$98,990.00	\$98,990.00
Total	\$990,250.00	\$990,250.00	\$1,012,725.00
<u>Expenditures</u>			
Advertising & Printing	\$5,000.00	\$4,000.00	\$5,000.00
Collection Development	\$90,000.00	\$75,000.00	\$90,000.00
Contract Labor	\$64,000.00	\$64,000.00	\$64,000.00
Equipment	\$14,000.00	\$18,000.00	\$21,000.00
Insurance	\$9,500.00	\$12,000.00	\$12,000.00
Maintenance	\$44,000.00	\$49,000.00	\$49,000.00
Misc	\$250.00	\$250.00	\$225.00
Payroll	\$663,000.00	\$663,000.00	\$663,000.00
Postage	\$6,500.00	\$12,000.00	\$12,000.00
Professional Services	\$6,000.00	\$6,000.00	\$6,000.00
Programs	\$4,000.00	\$3,000.00	\$5,000.00
Staff Development	\$3,000.00	\$3,000.00	\$4,500.00
Supplies	\$22,000.00	\$22,000.00	\$22,000.00
Telecomm & Utilities	\$59,000.00	\$59,000.00	\$59,000.00
Total	\$990,250.00	\$990,250.00	\$1,012,725.00

A: Funding stay at current level

B: with 3% increase from County/City

City of Henderson
Agency Budget Request Form

FY 14-15

1. **Name of Agency:** Perry Memorial Library
2. **Name of person (printed), title and signature submitting request:**
Patti McAnally, Interim Director

3. **Contact information (include street address, mailing address, telephone and fax numbers, email address, etc.):**
205 Breckenridge Street, Henderson, NC 27536
252-438-3316, ext. 232
pmcanally@perrylibrary.org
4. **Copy of minutes and/or Resolution of agency's governing body authorizing budgetary request.**

5. **How much money are you requesting?** \$192,935
6. **For what purpose, or purposes, will these funds be used?** These funds will be used to operate the public library. This includes staff, materials, programming, and general operating expenses (e.g., utilities).
7. **Please provide a narrative as to how your FY 13-14 Budget allocation, if any , has helped the city meet its goals and objectives.**
For FY 13-14, the library provided many services to Henderson residents in support of the several of the city's Key Strategic Objectives. The library continues to provide free computer access and basic instruction to residents. This service helps the city in many areas, most notably economic development and leisure services. The computer access the library provides often serves to aid residents in filing job applications online. We also serve many students who use the facilities to complete homework or submit assignments online. Our collection of books, audio, and video serves as a source of entertainment and life-long learning for city residents.
8. **Please provide a narrative as to how your FY 14-15 Budget allocation request will help the city meet its goals and objectives.**
The library will continue to serve the city residents in the areas of economic development and leisure services as noted above. In the coming year we plan to become an active part of the Breckenridge Commons project in providing programming in conjunction with the new performing arts center. By being a vital part of this new complex, the library will also assist in helping the city to achieve

both their purpose and vision. The Breckenridge Commons area will provide citizens with an exciting new location with enhanced opportunities to meet, learn, and relax.

9. **Do you agree to provide the city with an audit of the funds allocated to your agency by the Council?** YES NO (This audit would be required to be submitted to the Finance Director no later than six (6) months after the close of the fiscal year.)

AUDIT REPORT
PERRY MEMORIAL LIBRARY, INC.
HENDERSON, NORTH CAROLINA
JUNE 30, 2013

Board Members
Cynthia Walker
Marion B. Perry
Mary T. Austell
Diane B. Davis
Robert L. Hubbard
Jean G. Lark
Martha Zollicoffer
Susan Adcock
Katrina Richardson
Barbara Foster
Dr. Stelfanie Williams
Tamala Anderson

Stevie Scaramilli, ex officio- Friends of the Library

Director
James Stephens

Finance Officer
Vacant

PERRY MEMORIAL LIBRARY, INC.
 HENDERSON, NORTH CAROLINA
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 JUNE 30, 2013

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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
Cecilia E. Leahy, CPA

Ronald S. Dorsey, CPA (Retired)

INDEPENDENT AUDITORS' REPORT

Board of Trustees
Perry Memorial Library, Inc.
Henderson, North Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities of Perry Memorial Library, Inc., North Carolina, as of and for the year then ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Perry Memorial Library's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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, of Perry Memorial Library, Inc., North Carolina as of June 30, 2013, 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 accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the other Postemployment Benefits' Schedules of Funding Progress and Employer Contributions on pages 6-13 and 36, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 13, 2013 on our consideration of Perry Memorial Library's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose the report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Perry Memorial Library's internal control over financial reporting and compliance.

Phillips, Dorsey, Thomas, Waters, + Brafford, P.A.
CERTIFIED PUBLIC ACCOUNTANTS

September 13, 2013

Management’s Discussion and Analysis

As management of Perry Memorial Library, Inc., we offer readers of Perry Memorial Library, Inc.’s financial statements this narrative overview and analysis of the financial activities of Perry Memorial Library, Inc. for the fiscal year ended June 30, 2013. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the Library’s financial statements, which follow this narrative.

Financial Highlights

- The assets of Perry Memorial Library, Inc exceeded its liabilities at the close of the fiscal year by \$326,663 (*net position*).
- The government’s total net position decreased by \$158,330.
- As of the close of the current fiscal year, Perry Memorial Library, Inc.’s governmental funds reported ending fund balance of \$616,603 a decrease of \$87,622 in comparison with the prior year. Approximately 75 percent of this total amount, or \$460,647 is available for spending at the board’s discretion (committed and unassigned fund *balance*).
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$460,647 or 43 percent of total general fund expenditures for the fiscal year.
- The following funds have been restricted at June 30, 2013:

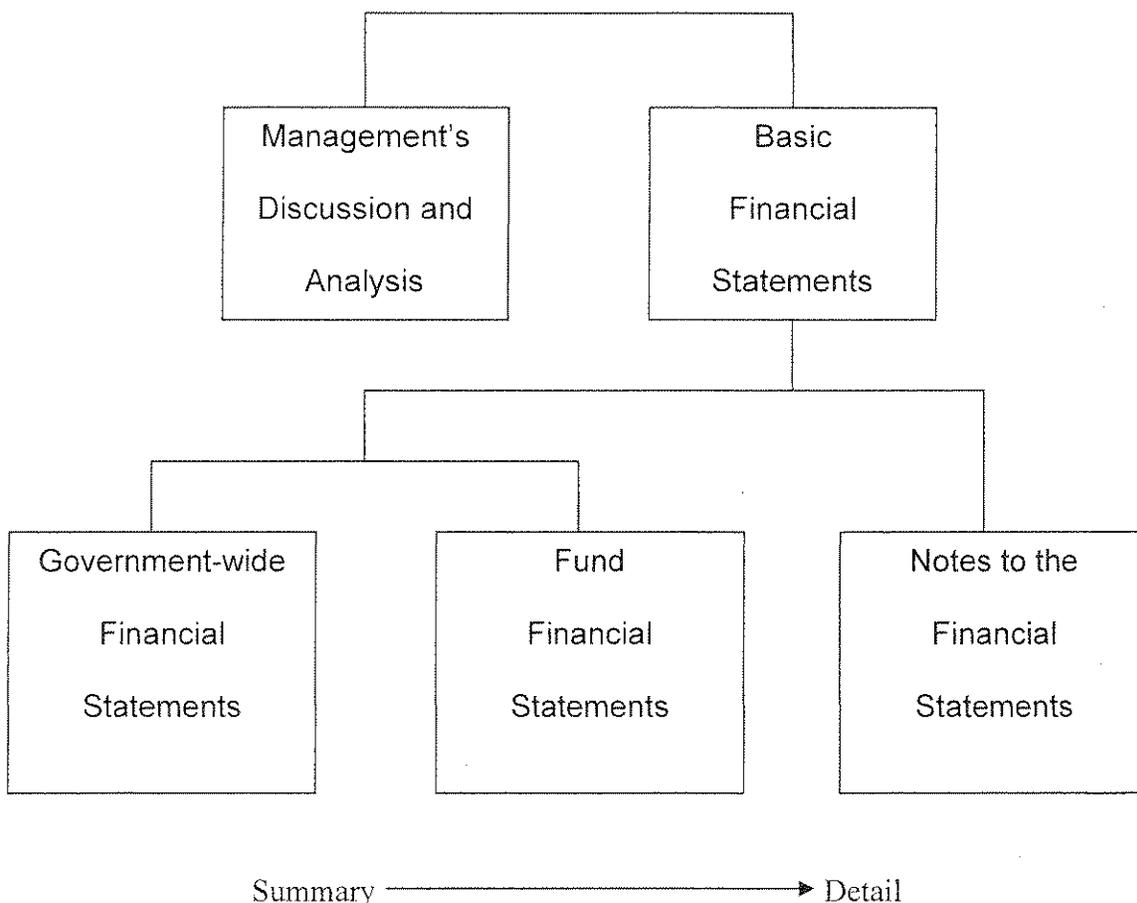
Restricted by outside sources:	
Friends of the Library	\$ 32,930
CD-Burial	5,000
Stabilization by State Statute	19,036
Total Restricted Funds	<u>\$ 56,966</u>

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Perry Memorial Library, Inc.'s basic financial statements. The Library'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 Library 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 Perry Memorial Library, Inc.

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

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

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

Government-wide Financial Statements

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

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

The government-wide statements present the governmental activities, which include most of the Library's basic services such as culture and recreation and general government. State, city, and county funds finance most of these activities.

The government-wide financial statements are on Exhibits A and B of this report.

Fund Financial Statements

The fund financial statements provide a more detailed look at the Library'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. Perry Memorial Library, Inc., like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the Library's budget ordinance. All of the funds of Perry Memorial Library, Inc. are governmental funds.

Governmental Funds – Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. All of the Library's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting*. This method also has a current financial resources focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the Library's programs. The relationship between government activities (reported in the Statement of

Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

Perry Memorial Library, Inc. 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 management of the Library, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the Library to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the Library complied with the budget ordinance and whether or not the Library 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.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements start on page 24 of this report.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets of Perry Memorial Library, Inc. exceeded liabilities by \$326,663 as of June 30, 2013. The Library's net position decreased by \$158,330 for the fiscal year ended June 30, 2013. Eighteen percent represents resources that are subject to external restrictions on how they may be used. An additional portion of Perry Memorial Library, Inc's net position, 8%, reflects the Library's net investment in capital assets (e.g. land, buildings, machinery, and equipment). Perry Memorial Library, Inc. uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Library's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the Library's net position \$56,966 (18%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$244,191 (75 %) is unrestricted.

Perry Memorial Library, Inc.'s Net Position

Figure 2

	Governmental Activities	
	2013	2012
Current and other assets	\$ 620,944	\$ 708,145
Capital assets	25,506	18,819
Total assets	\$ 646,450	\$ 726,964
Long-term liabilities outstanding	\$ 19,999	\$ 17,874
Other postemployment benefits	295,448	220,177
Other liabilities	4,340	3,920
Total liabilities	\$ 319,787	\$ 241,971
Net assets:		
Invested in capital assets, net of related debt	\$ 25,506	\$ 18,819
Restricted	56,966	43,555
Unrestricted	244,191	422,619
Total net position	\$ 326,663	\$ 484,993

Several particular aspects of the Library's financial operations influenced the total unrestricted governmental net assets:

- Expenditures of funds are made carefully and prudently by library staff.
- Management and Board review spending bi-monthly.

Perry Memorial Library, Inc.'s Changes in Net Position

Figure 3

	Governmental Activities	Governmental Activities
	2013	2012
Revenues:		
Program Revenues:		
Charges for services	46,164	\$ 46,291
Operating grants and contributions	925,335	946,352
Investment earnings, unrestricted	772	1,217
Total revenues	\$ 972,271	\$ 993,860
Expenses:		
Cultural and recreation	1,130,601	1,092,438
Decrease in net position	\$ (158,330)	\$ (98,578)
Net position, beginning	484,993	583,571
Net position, ending	\$ 326,663	\$ 484,993

Governmental activities. Governmental activities decreased the Library's net position by \$158,330.

Financial Analysis of the Library's Funds

As noted earlier, Perry Memorial Library, Inc. uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of Perry Memorial Library, Inc.'s governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing Perry Memorial Library, Inc.'s financing requirements. Specifically, unassigned 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 Perry Memorial Library, Inc. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$460,647, while total fund balance reached \$616,603. As a measure of the general fund's liquidity, it may be useful to compare both committed and unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 43 percent of total General Fund expenditures, while total fund balance represents 58 percent of that same amount.

At June 30, 2013, the governmental funds of Perry Memorial Library, Inc. reported a combined fund balance of \$616,603, a 13 percent decrease over last year.

General Fund Budgetary Highlights: During the fiscal year, the Library 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. Total amendments to the General Fund increased revenues by \$66,489. This increase represented a increase in state aid by \$3,719, an increase in LSTA grant in the amount of \$43,960, an increase in the amount of other grants in the amount of \$10,000, and an increase in the amount of gifts in the amount of \$8,810.

Capital Asset and Debt Administration

- **Capital assets.** Perry Memorial Library, Inc.'s capital assets for its governmental activities as of June 30, 2013, total \$25,506 (net of accumulated depreciation).

**Perry Memorial Library, Inc.’s Capital Assets
(net of depreciation)**

Figure 4

	Governmental Activities	
	2013	2012
Equipment	\$ 25,214	\$ 7,054
Furniture	292	11,765
Total	\$ 25,506	\$ 18,819

Additional information on the Library’s capital assets can be found in note 3 of the Basic Financial Statements.

Long-term Debt. As of June 30, 2013 Perry Memorial Library, Inc. had long term liabilities for accrued employee annual leave and Other Post-employment Benefits. The liability for accrued employee annual leave increased by \$2,126, or 12%, during the past fiscal year, resulting in a liability of \$19,999. The liability for Other Post-employment Benefits was \$295,448.

Additional information regarding Perry Memorial Library, Inc’s liability for accrued annual leave can be found in note 3 to the Basic Financial Statements.

Economic Factors and Next Year’s Budgets and Rates

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

- The Library is an integral part of the Embassy Square Project in downtown Henderson.
- The usage of the Library’s wireless capabilities continues to grow as more individuals use personal laptops to access the library network.
- The Library offers a variety of free educational and creative programs.
- The Library’s overall circulation has increased.

Budget Highlights for the Fiscal Year Ending June 30, 2013

Governmental Activities:

- Comparing fiscal year ended June 30, 2013 to fiscal year ended June 30, 2012:
 - Circulation of non-print materials increased by 29.7%.
 - Overall circulation of library material increased by 1.5%.
 - Visitor count increased by 6.8%.
 - The number of new library cards added increased by 24.7%.
 - The Library increased hours of operation, adding two hours on Wednesday evenings and two hours on Thursday evenings.

- The Library received a Library Services and Technology Act grant that enabled the library to develop a new five year plan for library services.

- The Library received a Library Services and Technology Act grant to add several literacy workstation computers for young children.

- The Library received a Library Services and Technology Act grant that allowed the library to purchase many new juvenile non-fiction books and to purchase resources to allow the library to start an outreach program to area assisted living facilities.

Requests for Information

This report is designed to provide an overview of the Library'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 the Perry Memorial Library, Inc., 205 Breckenridge Street, Henderson, NC 27536.

BASIC FINANCIAL STATEMENTS

PERRY MEMORIAL LIBRARY, INC.
STATEMENT OF NET POSITION
JUNE 30, 2013

EXHIBIT A

	Governmental Activities
<u>ASSETS</u>	
Cash on hand	\$ 115
Cash and cash equivalents	563,863
Restricted cash and cash equivalents	37,930
Sales tax receivable	19,036
Capital assets, net of depreciation	25,506
Total assets	\$ 646,450
<u>LIABILITIES</u>	
Accounts payable	\$ 4,340
Long-term liabilities	
Compensated absences	19,999
Other Postemployment Benefits	295,448
Total Liabilities	\$ 319,787
<u>NET POSITION</u>	
Invested in capital assets, net of related debt	\$ 25,506
Restricted for:	
Friends of the Library	32,930
Other purposes	5,000
Stabilization by State Statute	19,036
Unrestricted	244,191
Total net position	\$ 326,663

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

EXHIBIT B

PERRY MEMORIAL LIBRARY, INC.
 STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2013

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position
	Expenses	Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
Culture and recreation	1,130,601	46,164	925,335	-	(159,102)
General revenues:					
Investment earnings, unrestricted					772
Total general revenues, special items, and transfers					772
Change in net position					(158,330)
Net position-beginning					484,993
Net position-ending					326,663

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

PERRY MEMORIAL LIBRARY, INC.
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2013

EXHIBIT C

	Total Governmental Funds General Fund
<u>ASSETS</u>	
Cash on hand	\$ 115
Cash and cash equivalents	563,862
Restricted cash and cash equivalents	37,930
Sales tax receivable	19,036
Total assets	\$ 620,943
 <u>LIABILITIES AND FUND BALANCES</u>	
<u>Liabilities</u>	
Accounts payable	\$ 4,340
 <u>Fund balances:</u>	
Fund balance	
Restricted	
Stabilization by State Statute	\$ 19,036
Friends of the Library	32,930
Other purposes	5,000
Assigned	98,990
Unassigned	460,647
Total fund balances	\$ 616,603
 Total liabilities and fund balances	 \$ 620,943

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

PERRY MEMORIAL LIBRARY, INC.
 BALANCE SHEET
 GOVERNMENTAL FUNDS
 JUNE 30, 2013

EXHIBIT C

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

Capital assets used in governmental activities are not financial resources and therefore not reported in the funds.	\$ 25,507
Compensated absences are not due and payable in the current period and therefore not reported in the funds.	(19,999)
Other postemployment benefits are not due and payable in the current period and therefore not reported in the funds.	<u>(295,448)</u>
	\$ (289,940)
Fund Balance Exhibit C	<u>616,603</u>
Net Position of Governmental Activities, Exhibit A	<u>\$ 326,663</u>

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

PERRY MEMORIAL LIBRARY, INC.
 STATEMENT OF REVENUES,
 EXPENDITURES AND CHANGES IN FUND BALANCES
 GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2013

EXHIBIT D

	Total Governmental Funds <u>General Fund</u>
<u>Revenues</u>	
Gifts	\$ 13,337
City of Henderson	187,315
Vance County	561,945
State Aid Funding	103,864
LSTA Grant	48,874
Non-resident cards	1,115
Fines and xerox	25,941
Grants	10,000
Interest	772
Friends of the Library	16,405
Sale of books	1,423
Other	1,279
Total Revenues	\$ 972,270
<u>Expenditures</u>	
Salaries and benefits	\$ 609,589
Collection Development	117,005
Postage and processing	7,817
Telecommunications & utilities	63,931
Maintenance	55,268
Contract labor	59,782
Supplies	25,800
Professional	5,750
Insurance	9,161
Equipment	37,780
Advertising and printing	5,249
Friends of the Library	14,512
Professional development	9,274
Special projects	34,580
Other	271
Programs	4,123
Total Expenditures	\$ 1,059,892
Excess (deficiency) of revenues over expenditures	\$ (87,622)

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

PERRY MEMORIAL LIBRARY, INC.
 STATEMENT OF REVENUES,
 EXPENDITURES AND CHANGES IN FUND BALANCES
 GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2013

EXHIBIT D

	Total Governmental Funds
<u>Fund Balance</u>	
Beginning of Year - July 1, 2012	\$ 704,225
End of Year - June 30, 2013	<u>\$ 616,603</u>

Amounts reported for governmental activities in the statement of activities are different because:

Net changes in fund balance - total governmental funds	\$ (87,622)
--	-------------

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 outlays in the current period.	6,689
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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.	(77,397)
Total changes in net position of governmental activities	<u>\$ (158,330)</u>

PERRY MEMORIAL LIBRARY, INC.
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL-GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2013

EXHIBIT E

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final-Positive (Negative)</u>
<u>Revenues</u>				
State Aid	\$ 100,000	\$ 103,719	\$ 103,864	145
City of Henderson	187,315	187,315	187,315	-
Vance County	561,945	561,945	561,945	-
Fines and Fees	14,000	14,000	14,582	582
Non-Resident cards	1,500	1,500	1,115	(385)
Friends of the Library			16,405	16,405
Copies	10,500	10,500	11,360	860
Gifts	15,000	23,810	13,336	(10,474)
Interest	1,300	1,300	772	(528)
LSTA Grant	-	43,960	48,874	4,914
Other Grants	-	10,000	10,000	-
Other	-	-	1,279	1,279
Books	-	-	1,423	1,423
Total Revenues	<u>\$ 891,560</u>	<u>\$ 958,049</u>	<u>\$ 972,270</u>	<u>\$ 14,221</u>
<u>Expenditures</u>				
Personnel	\$ 628,996	625,996	\$ 609,589	16,407
Contract labor	74,360	65,195	59,782	5,413
Collection development	100,000	134,729	117,005	17,724
Postage & Processing	6,500	8,500	7,817	683
Supplies	20,000	32,000	25,800	6,200
Telecommunications & Utilities	62,500	62,500	63,931	(1,431)
Professional Services	6,000	6,000	5,750	250
Staff Development	6,000	10,000	9,274	726
Insurance	9,000	9,165	9,161	4
Equipment	20,000	38,760	37,780	980
Maintenance	50,000	57,000	55,268	1,732
Advertising & Printing	6,000	6,000	5,249	751
Programs	5,000	5,000	4,123	877
Special Projects	35,000	35,000	34,580	420
Friends of the Library	-	-	14,511	(14,511)
Other	300	300	272	28
Total Expenditures	<u>\$ 1,029,656</u>	<u>\$ 1,096,145</u>	<u>\$ 1,059,892</u>	<u>\$ 36,253</u>

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

PERRY MEMORIAL LIBRARY, INC.
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL-GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2013

EXHIBIT E

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final-Positive (Negative)</u>
Excess (deficiency) of revenues over expenditures	\$ (138,096)	\$ (138,096)	\$ (87,622)	\$ 50,474
<u>Other Financing Sources (uses)</u>				
Appropriated fund balance	<u>138,096</u>	<u>138,096</u>	<u>-</u>	<u>(138,096)</u>
Revenues and other financing sources over expenditures and other financing sources	<u>\$ -</u>	<u>\$ -</u>	\$ (87,622)	<u>\$ (87,622)</u>
<u>Fund Balance</u>				
Beginning of Year - July 1			<u>704,225</u>	
End of Year - June 30			<u>\$ 616,603</u>	

PERRY MEMORIAL LIBRARY, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

1. Nature of Activities and Summary of Significant Accounting Policies

The accounting policies of Perry Memorial Library, Inc. 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 Perry Memorial Library, Inc., organized as a nonprofit Corporation under Internal Revenue Service Code 501(c) 3, is governed by a twelve-member Board of Trustees. The Corporation is organized to operate a public library for the benefit of the citizens of Henderson and Vance County, North Carolina, with funds obtained through contributions, gifts, and governmental grants. Title to all personal property is held jointly by the City of Henderson and Vance County.

The Library's board approved the changing of the Library's name from H. Leslie Perry Memorial Library, Inc. to Perry Memorial Library, Inc. during the 6/30/12 fiscal year to honor both H. Leslie Perry and Bennett H. Perry for their many years of continued support of the Library.

B. Basis of Presentation, Basis of Accounting

Government-wide Statements: The statement of net position and the statement of activities display information about the primary government (the Library). 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. These statements distinguish between the *governmental* and *business-type activities* of the Library. 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 Library has only governmental activities.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the Library'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, fines, 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 are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the Library's funds. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. The Library only has a general fund.

PERRY MEMORIAL LIBRARY, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

C. Budgetary Data

The governing board is required to adopt by July 1 an annual balanced budget ordinance for all funds except for those funds which operate under project ordinances.

The annual budget is prepared on the modified accrual basis of accounting to be compatible with the accounting system in recording transactions. Budgetary control is exercised in the operating fund. Appropriations are made at the line item level and are amended as necessary by the governing board. The amended budget ordinance as of June 30, 2013, is included in the financial statements but has been restructured to conform with the actual data.

D. Assets, Liabilities, and Fund Equity

Deposits

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

Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical costs. Donated capital assets are recorded at their estimated fair value at the date of donation. Minimum capitalization costs are as follows: land, \$10,000; building and improvements, \$5,000; furniture and equipment, \$1,000. 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.

PERRY MEMORIAL LIBRARY, INC.
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2013

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

	<u>Years</u>
Furniture & equipment	5-10
Computers	5
Buildings	50

Compensated Absences

The vacation policy of the Library provides for the accumulation of up to thirty days earned vacation leave with such leave being fully vested when earned. For the Library's government-wide financial statements, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned.

The sick leave policy of the Library provides 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 Library has no obligation for accumulated sick leave until it is actually taken, no accrual for sick leave has been made

Net Position/Fund Balances

Net Position

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

Fund Balances

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

PERRY MEMORIAL LIBRARY, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

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.

Restricted Fund Balance- This classification includes revenue sources that are restricted to specific purposes externally imposed by creditors or imposed by law.

Restricted for Friends of the Library - represents the net funds raised by the Friends of the Library that are restricted for the Friend's activities.

Restricted for other purposes - represents a \$5,000 certificate of deposit donated with the restriction that only the interest earned could be spent.

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

Committed Fund Balance- Portion of fund balance that can only be used for specific purpose by majority vote of Perry Memorial Library, Inc's governing body. Any changes or removal of specific purposes requires majority action by the governing body.

Assigned Fund Balance- Portion of fund balance that Perry Memorial Library, Inc's governing board has budgeted.

Unassigned Fund Balance- Portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds.

E. Reconciliation of Government-wide and Fund Financial Statements

1. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position.

The governmental fund balance sheet includes a reconciliation between total fund balance for the governmental funds and net position for governmental activities as reported in the government-wide statement of net position. The net adjustment of (\$289,940) is detailed on Exhibit C.

2. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balance and the government-wide statement of activities.

PERRY MEMORIAL LIBRARY, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

The governmental fund statement of revenues, expenditures, and changes in fund balance includes a reconciliation between net changes in fund balance – total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. The net adjustment of (\$158,330) is detailed on Exhibit D.

2. Stewardship, Compliance and Accountability

Noncompliance with N.C. General Statutes

North Carolina General Statute Section 159-29 requires that each officer, employee, or agent of a local government or public authority who handles or has in his custody more than one hundred dollars (\$100) of the unit's or public authority's funds at any time, or who handles or has access to the inventories of the unit or public authority, shall, before being entitled to assume his duties, give a faithful performance bond with sufficient sureties payable to the local government or public authority. A local government or public authority may adopt a system of blanket faithful performance bonding as an alternative to individual bonds. The Library does not have in place individual, nor blanket bonds on employees who handle such cash, which is a statutory violation.

Excess of Expenditures Over Appropriations

The following programs had expenditures in excess of appropriations (see Exhibit E):

Friends of the Library
Telecommunications and Utilities

3. Detail Notes on All Funds

A. Assets

Deposits

All of the Library's deposits are either insured or collateralized by using one of two methods. Under the Dedicated method, all deposits exceeding the federal depository insurance coverage level are collateralized with securities held by the Library in its name. 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 Library, these deposits are considered to be held by the Library. 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

PERRY MEMORIAL LIBRARY, INC.
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2013

the Library or with the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the Library under the Pooling Method, the potential exists for under-collateralization, and this risk may increase in periods of high cash flows.

However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The State Treasurer enforces standard of minimum capitalization for all pooling method financial institutions. The Library relies on the State Treasurer to monitor those financial institutions. The Library analyzes the financial soundness of any other financial institution used by the Library. The Library does not have a formal policy regarding custodial credit risk for deposits.

At June 30, 2013, the Library's deposits had a carrying amount of \$601,792 and a bank balance of \$601,792. Of the bank balance, \$255,000 was covered by federal depository insurance; \$346,792 is secured by pledged U.S. Government securities under the Pooling Method.

At June 30, 2013 the Library had \$115 cash on hand.

Capital Assets

Capital asset activity for the year ended June 30, 2013, was as follows

	<u>Beginning</u> <u>Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending</u> <u>Balances</u>
Capital assets not being depreciated				
Land	\$ -	\$ -	\$ -	\$ -
Capital assets being depreciated:				
Buildings & Improvements	\$ -	\$ -	\$ -	\$ -
Furniture & Equipment	<u>192,246</u>	<u>23,287</u>	<u>-</u>	<u>215,533</u>
Total capital assets being depreciated	<u>\$ 192,246</u>	<u>\$ 23,287</u>	<u>\$ -</u>	<u>\$ 215,533</u>
Less accumulated depreciation for:				
Buildings and improvements	\$ -	\$ -	\$ -	\$ -
Furniture & Equipment	<u>173,427</u>	<u>16,600</u>	<u>-</u>	<u>190,027</u>
Total accumulated depreciation	<u>\$ 173,427</u>	<u>\$ 16,600</u>	<u>\$ -</u>	<u>\$ 190,027</u>
 Total capital assets being depreciated, net	 <u>\$ 18,819</u>	 <u>\$ 6,687</u>	 <u>\$ -</u>	 <u>\$ 25,506</u>
 Capital assets, net	 <u>\$ 18,819</u>	 <u>\$ 6,687</u>	 <u>\$ -</u>	 <u>\$ 25,506</u>

PERRY MEMORIAL LIBRARY, INC.
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2013

Depreciation expense was charged to functions/programs as follows:

<u>Function</u>	<u>Amount</u>
Culture and recreation	\$16,600

B. Liabilities

Pension Plan Obligations - Local Governmental Employees' Retirement System

The Library 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.

Plan members are required to contribute six percent of their annual covered salary. The Library is required to contribute at an actuarially determined rate. For the Library, the current rate is 6.74% of annual covered payroll. The contribution requirements of members and of the Library are established and may be amended by the North Carolina General Assembly. The Library's contributions to LGERS for the years ended June 30, 2013, 2012 and 2011 were \$24,993, \$25,926, and \$23,161, respectively. The contributions made by the Library equaled the required contributions for each year.

Other Postemployment Benefits

Plan Description. In addition to providing pension benefits, the Library participates in Vance County's administrated single-employer defined benefit healthcare plan ("the Retiree Health Plan"). The plan provides postemployment healthcare benefits to retirees of the Library, provided they participate in the North Carolina Local Governmental Employees' Retirement System (System) and have at least fifteen years of creditable service with the Library. The Library pays the full cost of coverage for these benefits through private insurers. Also, retirees can purchase coverage for their dependents at the Library's group rates. The Library may amend the benefit provisions. A separate report was not issued for the plan.

PERRY MEMORIAL LIBRARY, INC.
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2013

Membership of the plan consisted of the following at December 31, 2012, the date of the latest actuarial valuation:

	General Employees
Retirees and dependents receiving benefits	4
Terminated plan members entitled to but not yet receiving benefits	0
Active plan members	11
Total	15

Funding Policy. The Library pays the full cost of coverage for the healthcare benefits paid to qualified retirees. Dependent coverage cost must be paid in full by the retiree. 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. In fiscal year ended, June 30, 2013 the Library’s total contributions were \$9,842.

Annual OPEB Cost and Net OPEB Obligation. The Library’s annual OPEB cost (expense) is calculated based on the ARC, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The Library has elected to calculate the ARC and related information using the alternative measurement method permitted by GASB Statement 45 for employers in plans with fewer than one hundred total plan members. 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 show the components of the Library’s annual OPEB cost for the current year, the amount actually contributed to the plan, and changes in the Library’s net OPEB obligation for the postemployment healthcare benefits:

Annual required contribution	\$ 78,508
Interest on net OPEB obligation	6,605
Adjustment to annual required contribution	-
Annual OPEB cost (expense)	\$ 85,113
Contributions made	(9,842)
Increase (decrease) in net OPEB obligation	\$ 75,271
Net OPEB obligation, beginning of year	220,177
Net OPEB obligation, end of year	\$ 295,448

PERRY MEMORIAL LIBRARY, INC.
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2013

The Library’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2013 were as follows:

For the Year Ended June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2011	84,988	15.3%	143,049
2012	90,710	15.0%	220,177
2013	85,113	12.0%	295,448

Funded Statuses and Funding Progress. As of December 31, 2012, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and, thus, the unfunded actuarial accrued liability (UAAL) was \$639,603. The covered payroll (annual payroll of active employees covered by the plan) was \$363,165, and the ratio of the UAAL to the covered payroll was 176.12 percent. Actuarial valuations of an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include 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 information about the actuarial value of plan assets and 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.

Other Employment Benefits

The Library has also 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

PERRY MEMORIAL LIBRARY, INC.
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2013

employee’s death, but the benefit may not exceed \$20,000. All death benefit payments are made from the Death Benefit Plan. The Library has no liability beyond the payment of monthly contributions. Because the benefit payments are made by the Death Benefit Plan and not by the Library, the Library does not determine the number of eligible participants. For the fiscal year ended June 30, 2013, the Library did not make any contributions to the State for death benefits. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount.

Risk Management

The Library 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 Library has property insurance through The Hartford and liability insurance for it’s director and officer’s through Cincinnati Insurance Company. The Library has property insurance coverage of \$9,921,500. It also carries coverage on contents in the amount of \$899,300. It also has general liability coverage of \$2,000,000, and workers’ compensation coverage at statutory limits. Claims have not exceeded coverage in any of the last three fiscal years.

The Library does not carry flood insurance. There have been no losses due to flooding in previous years and the Library does not believe that flood insurance is necessary.

In accordance with G.S. 159-29, Library employees who have access to \$100 or more of the Library’s funds at any given time are performance bonded through a commercial surety bond. None of the Library’s employees are bonded. Refer to Note 2 for details regarding this statutory violation.

Lease Obligations

The Library’s lease obligation consists of agreements to lease two copiers and a postage meter. These agreements are in substance operating leases. The copier lease agreements were renewed in May & June 2012, and require 36 monthly payments of \$237 and \$337 respectively. The postage meter lease agreement was executed in July 2010 and requires 20 quarterly payments of \$129.

The future minimum lease payments as of June 30, 2013, are as follows:

<u>Fiscal year ended June 30</u>	<u>Amount</u>
2014	\$ 7,404
2015	<u>6,671</u>
	<u>\$14,075</u>

Rent expense for these operating leases for the year amounted to approximately \$7,404.

PERRY MEMORIAL LIBRARY, INC.
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2013

Long-Term Obligation Activity

The following is a summary of changes in the Library’s long-term obligations for the fiscal year ended June 30, 2013.

	<u>July 1, 2012</u>	Net <u>Decrease</u>	<u>June 30, 2013</u>
Governmental Activities:			
Compensated absences	<u>\$17,873</u>	<u>\$2,126</u>	<u>\$19,999</u>

4. Summary Disclosure of Significant Commitments and Contingencies

Federal and State Assisted Programs

The Library 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

5. Income Taxes

The Corporation is a not-for-profit organization that is exempt from taxes under Section 501(c)(3) of the Internal Revenue Code. The Department is not taxed on income and expenses related to its exempt purpose, which is to operate a public library for the benefit of the citizens of Henderson and Vance County, North Carolina.

The Corporation’s tax filings are subject to audit by taxing authorities. The Corporation’s federal returns for 2009, 2010, 2011, and 2012 remain open to examination.

6. Subsequent Events

Date of Management’s Evaluation

Management has evaluated subsequent events through September 13, 2013, the date on which the financial statements were available to be issued.

7. Change in Accounting Principles

The Library implemented Governmental Accounting Standards Board (GASB) Statement 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and Statement 65, *Items Previously reported as Assets and Liabilities*, in the fiscal year ending June 30, 2013. In accordance with GASB Statement 63, the Statement of Net Assets has been replaced with the Statement of Net Position. Items on the Statement of Net Position are now classified into Assets, Deferred Outflows

PERRY MEMORIAL LIBRARY, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

of Resources, Liabilities, Deferred Inflows of Resources and Net Position. Additionally, GASB Statement 65 requires that deferred costs from the refunding of debt, which were previously deferred and amortized, be presented as deferred outflows of resources. Bond issuance costs, which were previously deferred and amortized must be included in current expenditures. As the Library had no deferred bond issuance costs, no change to beginning net position was required.

PERRY MEMORIAL LIBRARY, INC.
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)
12/31/2012		\$ 639,603	\$ 639,603	0%	\$ 363,165	176.12%

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Year Ending June 30	Annual Required Contributions	Percentage Contributed
2011	\$82,147	0.0%
2012	\$82,147	0.0%
2013	\$78,508	0.0%

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
Cecilla E. Leahy, CPA
Ronald S. Dorsey, CPA (Retired)

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT
AUDITING STANDARDS

To the Board of Trustees
Perry Memorial Library, Inc.
Henderson, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregated remaining fund information of Perry Memorial Library, Inc. as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprises Perry Memorial Library Inc.'s basic financial statements, and have issued our report thereon dated September 13, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Perry Memorial Library, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that area appropriate in the circumstances for the purpose of our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Library's internal control. Accordingly, we do not express an opinion on the effectiveness of the Library's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control that we consider to be significant deficiencies. See internal control findings #1 and #2.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Perry Memorial Library, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statements 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. See compliance finding #3.

1. Condition

Perry Memorial Library, Inc. has a limited number of personnel available to perform certain functions. This results in constraints on the effectiveness of certain controls due to a lack of segregation of duties among Library personnel.

Recommendation

We recommend that as the Perry Memorial Library, Inc. hires additional employees that their responsibilities be structured to achieve greater segregation of duties.

Management Response

Management believes that corrective action is not practical at this time. As additional employees are hired, steps will be taken to implement this recommendation.

2. Condition

As part of the audit, management requested us to prepare a draft of your financial statements, including the related notes to the financial statements. Management reviewed, approved, and accepted responsibility for those financial statements prior to their issuance; however, because of their lack of expertise with generally accepted accounting principles, their review could not ensure that the financial statements were consistent with GAAP.

Effect

The absence of controls over the preparation of the financial statements 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 by the entity's internal control.

Recommendation

The Library could hire a CPA firm other than the auditing firm to prepare the financial statements and notes.

Management Response

Financially it is not feasible for the Library to contract with two different CPA firms to prepare the financial statements and notes. A draft of the financial statements and notes are given to the Executive Director to review and make any changes before the final draft is released. Library management feels the present reports, although not prepared under General Accepted Accounting Principals, are adequate for the board to manage the library.

To the Board of Trustees
Perry Memorial Library, Inc.

Page three

3. Condition

In accordance with G.S. 159-29, the Library's employees who have access to \$100 or more of the Library's funds at any given time are required to be performance bonded through a commercial surety bond. None of the Library's employees are bonded.

Recommendation

We recommend that the Library contract its insurance agent and obtain the proper bonding on its employees to be in compliance with State Statutes.

Management Response

Management has contacted the Library's insurance agent and is working toward the proper bonding of all employees no later than the end of fiscal year 2014.

Purpose of this Report

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

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

September 13, 2013

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Roanoke River Basin Association



150 Slayton Avenue- Danville, VA 24540- (434) 250-1185

"The Voice for the
Development, Use, Preservation and Enhancement
of Roanoke River Basin Resources"

February 4, 2014

Mr. Ray Griffin
City of Henderson
PO Box 1434
Henderson, NC 27536

RECEIVED
cmo
FEB 04 2014

BY:PSP

Dear Mr. Griffin:

This letter respectfully requests that City of Henderson include the 68 year old Roanoke River Basin Association (RRBA) in your fiscal year 2014-2015 budget in the amount of \$1,000.00 or in an amount deemed appropriate.

Your investment helps cover our operating expenses and supports the programs set forth in the attached RRBA Mission Statement and Program Summary. The amount requested is based on the population of your jurisdiction. Our services are distributed throughout approximately 9,800 square miles of the entire basin from the Blue Ridge to the Outer Banks and we request funding on a prorated basis.

Given the tight budget constraints many jurisdictions face, we anticipate reduced funding from several sources which will affect our efforts in the basin. Therefore, we respectfully request your continued support of RRBA as a line item in your 2014-2015 budget at the current level. Supporting Roanoke River Basin Association has been and will continue to be a long term benefit for your constituents as the attached information details.

If you require additional information or prefer we use special forms to make the request, please let me know.

Thank you for considering this request.

Sincerely,

Gene Adesso

Gene Adesso
President

Attachments

The Roanoke River Basin Association is a 501(c)3 nonprofit corporation dedicated to the development, use, preservation and enhancement of the resources of the Roanoke River Basin the best interest of present and future generations of Basin residents. At the present time, the RRBA is taking the lead in strategy and actions against the mining and milling of uranium in south side Virginia, which is arguably the greatest threat to the basin resources in history. Additional information is available at the RRBA website, www.rrba.org

Roanoke River Basin Association

Founded in 1945, RRBA's mission is to establish and carry out programs for the development, use, preservation and enhancement of the water resources of the Roanoke River basin. RRBA seeks to balance water resource conservation and the sustainable, in-basin use of the basin's water resources for economic development.

The following activities describe the current depth and breathe of the RRBA's effort in pursuing proper stewardship of the entire basin's resources:

On-going Activities

- Weekly Stakeholder Water Management calls & meetings with the USACE
- Kerr Lake 216 Study
- Lower Roanoke IBT Coalition
- Upper Reach Blueways
- Coal Ash Disposal Monitoring
- Roanoke River Basin Bi-State Commission
- VA RRB Advisory Committee to Bi-State Commission
- NC RRB Advisory Committee to the Bi-State Commission
- Clarksville Lake Interest Committee (CLIC) Symposiums

Current Issues

- Uranium Mining and Milling in Virginia
- Bi-State Ad Hoc Committee on Water Allocation
- Kerr Flow Deviation (Option 6b) and 216 Study
- Hydrilla & Exotic Weed Threat on Kerr Lake
- Kerr Lake Regional Water System IBT Request
- Upper Coastal Plains COG Community-Wide Brownfields Assessment Program
- Eden Area Watershed Restoration Program

Continuing Liaison and Affiliations

- Lake Gaston Weed Control Council
- Lake Gaston Association
- Virginia Conservation Network
- Dan River Basin Association
- Smith Mountain Lake Association
- Roanoke River Partners
- Roanoke Valley Chamber of Commerce
- North Carolina Water Congress
- The Nature Conservancy

RRBA Liaison with Government Agencies

- US Army Corps of Engineers
- VA Dept. of Environmental Quality
- NC Department of Environmental Resources (DENR) (DWR) (DWQ)
- US Fish & Wildlife Service
- NC Wildlife Resources Commission
- Virginia Dept. of Game & Inland Fisheries

RECEIVED
emo
FEB 28 2014

City of Henderson
Agency Budget Request Form
FY 14-15

BY: PJP

1. Name of Agency:

Roanoke River Basin Association

2. Name of person (printed), title and signature submitting request:

ANNE ZERESKI, Secretary/Treasurer

3. Contact information (include street address, mailing address, telephone and fax numbers, email address, etc.):

Roanoke River Basin Association
150 Slayton Avenue
Danville, Virginia 24543

4. Copy of minutes and/or Resolution of agency's governing body authorizing budgetary request.

www.RRBA.org

5. How much money are you requesting? \$1,000.00

6. For what purpose, or purposes, will these funds be used?

The preservation & enhancement of the water resources of the Roanoke River Basin

7. Please provide a narrative as to how your FY 13-14 Budget allocation, if any, has helped the City meet its goals and objectives.

N/A

8. Please provide a narrative as to how your FY 14-15 Budget allocation request will help the City meet its goals and objective.

N/A

9. Do you agree to provide the City with an audit of the funds allocated to your agency by the Council? YES NO (This audit would be required to be submitted to the Finance Director no later than six (6) months after the close of the fiscal year.)

Gene Adesso

Gene Adesso, President

RECEIVED
Cmo
FEB 28 2014

City of Henderson
Agency Budget Request Form
FY 14-15

BY: PEP

1. Name of Agency:

Roanoke River Basin Association

2. Name of person (printed), title and signature submitting request:

ANNE ZEDESKI, Secretary/Treasurer

3. Contact information (include street address, mailing address, telephone and fax numbers, email address, etc.):

Roanoke River Basin Association
150 Slayton Avenue
Danville, Virginia 24543

4. Copy of minutes and/or Resolution of agency's governing body authorizing budgetary request.

www.RRBA.org

5. How much money are you requesting? \$1,000.00

6. For what purpose, or purposes, will these funds be used?

The preservation & enhancement of the water resources of the Roanoke River Basin

7. Please provide a narrative as to how your FY 13-14 Budget allocation, if any, has helped the City meet its goals and objectives.

N/A

8. Please provide a narrative as to how your FY 14-15 Budget allocation request will help the City meet its goals and objective.

N/A

9. Do you agree to provide the City with an audit of the funds allocated to your agency by the Council? YES NO (This audit would be required to be submitted to the Finance Director no later than six (6) months after the close of the fiscal year.)

Gene Adesso

Gene Adesso, President

Vance County Arts Council
Post Office Box 34
Henderson, NC 27536

RECEIVED
MAR 06 2014

BY: *PSR*.....

Office of City Manager
Mr. Ray Griffin
P. O. Box 1434
Henderson, NC 27536

Dear Mr. Griffin and Fellow Council Members:

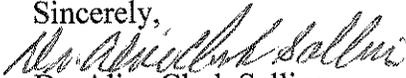
On behalf of the Vance County Arts Council I, Alice Clark Sallins: Executive Director would like to once again request funding for the 2014/2015 fiscal year. To continue quality programming in the Vance County area we respectfully ask the city to budget \$1500 for the arts.

Below you will find our information:

Vance County Arts Council
Dr. Alice Clark Sallins
Post Office Box 34
Henderson, NC 27536
alicevc2002@yahoo.com
Phone: (252)767-4579

Thank you for considering funding the work that we provide to the community.

Sincerely,



Dr. Alice Clark Sallins
Executive Director

City of Henderson Agency Budget Request Form

1. Name of Agency: Vance County Arts Council
2. Name of person, title and signature submitting request:

Dr. Alice Clark Sallins Executive Director
3. Contact information (*include street address, mailing address, telephone and fax numbers, email address, etc*):

233 South Garnett Street
Post Office Box 34 (*mailing address*)
Henderson, NC 27536
(252)767-4579
alicevc2002@yahoo.com
website: www.vancecountyart.com

4. Copy of minutes and/or resolution of agency's governing body authorizing budgetary request.

Enclosed

5. How much money are you requesting? \$1500
6. For what purpose, or purposes will these funds be used?

The above finances that are requested will be used to help carryout art programs including: The Youth Art Show, A Very Special Art (Exceptional Children's Program), cultural art programs such as Hispanic Heritage and Black History Month celebrations, and Imagination Art Station (a weeklong art education camp for children ages 6-12).

7. Please provide a narrative as to how your FY 14/15 Budget allocation, if any, has helped the City meet its goals and objectives.

The Vance County Arts Council strives to help the City meet its goals through the use of diversity in the programs that are offered throughout the year, as well as having a diverse Board of Directors. Currently our Board is represented by African Americans, Caucasians, and one Latino. An effort is being made to recruit members of the Asian population on the Board.

The Vance County Arts Council offer several culturally diverse programs. To begin, during September 15th through October 15th we helped to raise awareness of the Hispanic cultures through encouraging the teachers in the Vance County School to share the heritage of Hispanic through artwork, dance, music, and various activities with their students. Students from Henderson Middles School displayed a large collage in Emrose Park during the Car Show on October 24, 2013.

During the month of December, two concerts were held at Emrose Gallery. Students and adults in Vance County performed dances and songs to celebrate the holiday season. A variety of students performed including those of African American, Asian, Caucasian, and Hispanic decent. Students give factual information of how various cultures celebrate the holiday season.

February marked the celebration of Black History Month at Emrose Gallery. There are displays of authentic African art for public viewing. Students and adults are entertained with a history of African American music, songs and dance concerts featuring local talent. In addition, activity books, pencils, posters, and other materials were posted and distributed to the general public. Dr. Alice Sallins was guest speaker.

April is the month we celebrated the annual Storytelling Festival. The festival features several tellers that told stories of the various cultures; some stories are African American, Asian, European, Hispanic, and Native American tales. Students enrolled in Vance County Schools fourth grades were bused to the library during the day for the festival. During the evening programs families are invited to attend the festival.

The Council also offers programs for disabled citizens of Vance in addition to employing disabled part-time individuals when needed for programming. When we present programming to schools, for all students the teachers with students with disabilities are directed by a volunteer to the sections on the floor where there is easy access for wheelchairs and students with problems walking.

We also host a program specifically for Exceptional children (*A Very Special Art Day*) during the spring. During the program we have activities that are geared to the specific needs of the students. In addition to soliciting the help of the teacher to assist the students, there are council members and volunteers. We also advertise for people with to help work the Very Special Arts.

Materials are able to be easily handled by the students; there is ample space for each child to work because we bring the students in for two hour shifts where they progress through five different activities.

Students with hearing impairments usually wear hearing aids and the persons assisting them speak face-to-face directly to the students to ensure that understanding is achieved.

Also, during the summer program at least one of the four teachers hired for the Imagination Art Station camp is one who receives disability.

8. Please provide a narrative as to how your FY 14/ 15 Budget allocation request will help the City meet its goals and objectives.

The Vance County Arts Council will use the budget allotment to help the City of Henderson meet its goals and objectives through offer quality art programming to the

- H. Artist in the Park was held October 5, 2013 by JoAnn Goldstein; Kelly Nesbitt was supposed to conduct a show on November 16, 2013 but, had to cancel because of health problem with her hand.
- I. Raynah Adams performed in Emrose Gallery on November 2, 2013 from 4:00 – 5:00 p.m.
- J. The Women’s Tuesday’s Club made a \$100 donation to VCAC Arts Council in honor of one of the deceased members.
- K. City Funding- Board Member JoAnn Goldstein made a motion to ask the city of Henderson for \$1,500 to the Vance County Arts Council fund its programs the coming fiscal year. Her motion was seconded by Lisa Peace. The motion passed.

Treasurer’s Report

Treasurer Bullock report was unavailable because treasurer, Horace Bullock was out of town.

New Business

1. Change at State Level

Director Clark-Sallins reported the State’s Arts Council has appointed Leigh Ann Wilder as its current administer, because Janie retired. So there are now new guidelines local art councils must spend 55% of its funding on multicultural activities and the other portion on administrative and office materials. For example fund people...paying artists;

The Vance County Arts Council accomplished the following goals during
The 2013 fiscal year:

A Very Special Arts Festival was held for the Exceptional students in Vance County on May 10th at the H. Leslie Perry Memorial Library. Students from elementary, middle and high schools were invited to attend. Activities and crafts geared towards the student's specific exceptionalities were provided.

The Youth Art Show was held in May. More than 150 students displayed artwork at Emrose Gallery. Monetary prizes and ribbons will be awarded. \$100, \$50, and \$25 for each level: Elementary / Middle and High schools combined.

Imagination Art Station was held June 22nd - 25th. Students were instructed in the areas of dance, drumming, theater, puppetry, scrap booking and various arts and crafts. Students were charged an admission fee of only \$20 for underprivileged students and \$50 for other students, instead of the usual \$80 fees. This adjustment in fees was due to the shift in the economy. There were several students who attended on scholarship.

During Hispanic Heritage Month materials were distributed to the elementary schools. Students performed songs and dance from the Hispanic culture. Students from Henderson Middle constructed a large collage of all Hispanic speaking countries.

On December 21st Vance County Arts Council hosted a holiday concert free to the community. The concert featured local choirs and soloist Roy Burroughs.

Black History Month was celebrated at Emrose Gallery, 233 South Garnett Street during the first and third Sundays in February. A free musical concert was performed by Royalty Students Striving for Excellence and Roy Burroughs. Dr. Sallins was the speaker for the occasion.. Also, a display of African art, masks, furniture, pictures, etc. were featured at the gallery.

A Grassroot Subgrant was awarded to H. Leslie Perry Library in the amount of \$2000 to host the April 2013 Storytelling Festival. The festival was opened to all fourth grade students in Vance County during the day and families during the evening performance.

Vance County Arts Council
 2012/2013 Financial Report
 Full Disclosure

Primary Contact: Alice Clark Sallins
 Phone: (252)767-4579
 Email: alicevc2002@yahoo.com

Services / Contracts	Cash Expenses
Administrative Staff	
Executive Director	6,000
Treasurer	1,500
Technical/ Production Staff	320
Artistic Contracts	
H. Leslie Perry Library (Storytelling Festival)	2000
Imagination Art Station Teachers/Artists	2500
David Alston	350
Roy Burroughs	300
United Arts Council	500
Space Rental	
EMRose Corporation: Tenant Reconciliation, taxes, ins.	716
* Partnership with Vance County Schools	4500*
Dabney Elementary School 2 days	
EM Rollins School 4 days 7 rooms 2 custodians	
Travel Expenses	658
Utilities	
Progress Energy (Lights)	661.21
PSNC Energy (Natural Gas)	685.71
City of Henderson (Water)	495.08
Telephone / Cable	480.00
Marketing/Postage	414

Dues/Contribution

Chamber of Commerce	132.00
Insurance	526.00
Building Supplies, Office Supplies & Materials	3000.00

Cash Expense Total 21,238.00

- Vance County School's cash match (4500) counts towards state grant. This is not actual income.

Vance County Arts Council
2012/2013 Income

Income from Donors & Programs

NC Arts Council Grassroots Allocation	13,087
Saint Gobain Containers INC	1,000
City of Henderson	800
Vance County	900
Vance County Schools Partnership	4500
Harris Distributor C. INC	500
Maria Parham Medical Center	250
Belks	750
Membership/Support the Arts	1,872
Money from Programming	2,233
Christmas Show	
Valentine Hearts	
Imagination Art Station	
Gallery Sales/Commission	<u>282.00</u>
Total	26,174.00

**Vance County Arts Council
Minutes
January 24, 2014**

The Vance County Arts Council (VCAC) met in the Emrose Art Gallery on Friday, January 24. President Richard Goldstein called the meeting to order at 6:10 p.m.

Roll Call

Board members present were: Alice Clark-Sallins, Richard Goldstein, JoAnn Goldstein, Marion B. Perry, and Lisa Peace. Horace Bullock absent {Out of town}, Kelly Nesbitt absent {recovering from surgery}, and Dorothy Hinton absent {membership in jeopardy}.

Old Business

A. Minutes

The minutes from October 4, 2013 were approved after the corrections:

1. *Grant amount by the city of Henderson was listed as \$ 500, but it was **\$400.***
2. *Executive suggested the Arts Council pay the cable/phone bill directly out of its budget 3 months each, instead of her paying it and then having to be reimbursed later by the Arts Council.*

A motion to approve the minutes was voiced by JoAnn Goldstein and seconded by Lisa Peace. Motion: Passed

B. Belk Fundraiser

The Vance County Arts Council's profit from the Belk Charity Day was one check for \$500 in November and then another check for \$400 in December making a grand total of \$900.

C. The Christmas Reception was sponsored in conjunction with the Henderson Downtown Development Commission in Emrose Gallery. VCAC supplied refreshments. Executive Director, Clark-Sallins said, "the gallery was packed, with kids and people outside the doors."

D. Christmas Concert was held in the Emrose Gallery with guests, Rev. Roy Burroughs and Work in Progress in attendance. Good attendance for this event is reported also.

E. Webpage www.vancecountyarts.com Executive Director Clark-Sallins reported the web page postings are going well with the assistance of Abagayle, who is now managing the site for \$25.00 a month. She urged board members to visit it and to offer comments. JoAnne said, "The VCAC Board of Directors' picture need to be replaced." Alice said we will make this change; however no date was set as of this meeting.

F. Carol Brown's Garden Club held it meeting in Emrose Gallery November 13, 2013. About 20 club members were present.

G. Art in the Emrose Park was held in conjunction with FGV Smart Start's Ducky Derby, because of the large group downtown for this event, and exposure to the gallery was possible for visitors.

- H. Artist in the Park was held October 5, 2013 by JoAnn Goldstein; Kelly Nesbitt was supposed to conduct a show on November 16, 2013 but, had to cancel because of health problem with her hand.
- I. Raynah Adams performed in Emrose Gallery on November 2, 2013 from 4:00 – 5:00 p.m.
- J. The Women’s Tuesday’s Club made a \$100 donation to VCAC Arts Council in honor of one of the deceased members.
- K. City Funding- Board Member JoAnn Goldstein made a motion to ask the city of Henderson for \$1,500 to the Vance County Arts Council fund its programs the coming fiscal year. Her motion was seconded by Lisa Peace. The motion passed.

Treasurer’s Report

Treasurer Bullock report was unavailable because treasurer, Horace Bullock was out of town.

New Business

1. Change at State Level

Director Clark-Sallins reported the State’s Arts Council has appointed Leigh Ann Wilder as its current administer, because Janie retired. So there are now new guidelines local art councils must spend 55% of its funding on multicultural activities and the other portion on administrative and office materials. For example fund people...paying artists;

groups...storytellers; and spending on having artists to perform.

The new format for spending means the local art councils *must* raise more funds {by having more fundraisers} to operate effectively.

Executive Director Clark-Sallins asked the board of directors to give her more latitude to raise fund for the art council in 2014. Mentioned funds sources to contact are: Dr. Vu; Toyota of Henderson, the St. Gobain.

Board member JoAnn made a motion to give our director the latitude to have additional fundraisers. The motion was seconded by Lisa Peace. The motion passed.

Programs for 2013/2014

{Programs included are the previous ones done in the past plus others}

Valentine Laughter, February 14, 6:00 p.m. at Emrose Gallery – Sponsored by Attorney Nathan A. Baskerville and Dr. James & Marion B. Perry

*The Youth Art Show- student art work contest for cash prizes for: Elementary (1st- 5th) 1st place \$100, 2nd place \$50, 3rd place \$25.

Combined Middle & High Schools: 1st Place \$100, 2nd \$50, 3rd Place \$25.

Art Awareness Festival- held in either May or November and features all types of instrumental/vocal musicians.

*Art Appreciation Day-held in the spring of the year. Families are invited to participate in: Gallery Tours, Maypole

wrapping, face painting, arts/crafts, painting demonstrations by local artist.

*A Very Special Art Day- a day of activities for exceptional in the Vance County Public Schools.

*Annual Storytelling Festival- held at Perry Memorial Library for all the county's 4th graders. Part of the day is spent with 4th graders during the school hours and then in the evening families to attend. The festival features local, regional, and state tellers of all ethnic backgrounds.

*Imagination Art Station- is a week-long art camp for students age six -12. Students have an opportunity to participate in drumming, dance, theater, arts/crafts and scrapbooking.

*Black History Month Celebration- held in February the VCAC host two programs for the community in honor of Black History Month.

Fundraisers

1. Dine into the Holiday
2. Belk Charity Day Sale
3. Prince/Princess & King/Queen Contest
4. Valentine Laughter
5. Write letters & visit local merchants to seek donations

Classes- Free art classes are held on Tuesday for adults 50 and older from 5:30 p.m.- 7:00 p.m.. These classes are taught by Pam Hester.

Various concerts, meet the artists, and others programs are offered throughout the year.

Other concerns/Programs- Executive Clark-Sallins said the council will also schedule an event for Dr. Seuss, READ Across America,

possibly ask Stanley Williams to do an art show or maybe a concert.

She also asked the board's permission to spend \$300+ to purchase T-shirts, fans or other items for the Black History Celebration. The motion was made by JoAnn Goldstein and seconded by Marion B. Perry. The motion passed.

Increasing membership in the VCAC is still an ongoing process, and Executive Director, Clark-Sallins, and board members are encourage to help seek persons who are willing to volunteer at the art council.

Respectfully submitted,

Marion B. Perry

***Programs that are usually done by the VCAC.**

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**City of Henderson
Agency Budget Request Form
FY 14-15**

1. Name of Agency: **Henderson – Vance Crime Stoppers**

2. Name of person, title and signature submitting request: **Frank Sossamon
Chairperson & Lt. Irvin Robinson Coordinator**

3. Contact information (*include street address, mailing address, telephone and fax numbers, email address, etc.*):
**200 Breckenridge Street
Henderson NC. 27536
Email: irobinson@hendersonncpd.org Tele: 492-1925 or 431-6061
Web sit: www.hvcrimestopper.com**

4. Copy of minutes and/or Resolution of agency’s governing body authorizing budgetary request. See Minutes attached

5. How much money are you requesting? **\$1,000.00**

6. For what purpose, or purposes, will these funds be used? **To help pay out information for crime in the Henderson & Vance County**

7. Please provide a narrative as to how your FY 14 Budget allocation, if any, has helped the City meet its goals and objectives.

To help make the City & County safe place to live

8. Please provide a narrative as to how your FY 15 Budget allocation request will help the City meet its goals and objective. **To help stop crime in the City of Henderson and a better place to live.**

9. Do you agree to provide the City with an audit of the funds allocated to your agency by the Council? X YES _____NO (*This audit would be required to be submitted to the Finance Director no later than six (6) months after the close of the fiscal year.*)

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Full-Time Personnel

BUDGETED FULL TIME POSITIONS

<u>PERSONNEL BY FUND</u>	<u>FY 08-09</u>	<u>FY 09-10</u>	<u>FY 10-11</u>	<u>FY 11-12</u>	<u>FY 12-13</u>	<u>FY 13-14</u>	<u>Recommended FY 14-15</u>
General Fund							
Governing Body	0	1	1	1	1	1	1
Admin - City Attorney	1	0	0	0	0	0	0
Administration	5	5	5	4	4	4	3
Human Resources	1	2	2	2	2	2	3
Code Compliance	3	2	2	2	2	2	2
Finance	11	11	11	11	6	5	6
Planning & Community Development	2	2	2	2	2	2	2
Henderson-Vance Downtown Development	0	0	0	0	0	1	0
Public Buildings & Grounds	1	1	1	0	0	0	0
Police	64	64	68	60	60	60	59
Police - Drug Seizure	2	2	2	0	0	0	0
Fire	36	35	35	35	35	35	35
Public Services/Administration	1	2	2	2	2	2	2
Garage	4	4	4	4	4	3	3
Cemetery	3	3	3	0	0	0	0
Street	10	14	14	14	13	13	13
Sanitation	19	15	5	5	5	5	5
Recreation	9	9	9	9	11	9	9
Aquatics Center	2	2	2	2	2	2	2
Youth Services	4	4	4	4	4	4	3
Total General Fund Employees	178	178	172	157	153	150	148
Water Fund							
Administration	0	0	0	0	0	0	1
Customer Service	0	0	0	0	0	10	10
Engineering	4	3	3	3	3	4	4
Water Distribution	14	13	13	15	15	10	10
Total Water Fund Employees	18	16	16	18	18	24	25
Sewer Fund							
Water Reclamation Facility	21	21	21	21	21	21	21
Sewer Collection	5	5	5	5	5	5	5
Sewer Collection I & I	3	3	3	3	3	3	3
Total Sewer Fund Employees	29						
Regional Water							
Regional Water	11	12	12	12	12	13	13
Total Regional Water Employees	11	12	12	12	12	13	13
Weed & Seed							
Weed & Seed	1	1	1	1	1	0	0
Total Weed & Seed Employees	1	1	1	1	1	0	0
TOTAL FULL-TIME EMPLOYEES	237	236	230	217	213	216	215

Part-Time Personnel

PART TIME FUNDED POSITIONS

<u>PERSONNEL BY FUND</u>	<u>FY 08-09</u>	<u>FY 09-10</u>	<u>FY 10-11</u>	<u>FY 11-12</u>	<u>FY 12-13</u>	<u>FY 13-14</u>	<u>Recommended FY 14-15</u>
General Fund							
Henderson-Vance Downtown Development	1	1	1	1	1	0	0
Police	14	14	14	14	16	16	15
Fire	14	12	12	12	12	11	12
Public Services Administration	1	0	0	0	0	0	0
Garage	0	0	0	0	0	1	1
Street	0	0	0	0	0	1	1
Sanitation	0	0	0	0	0	6	6
Aycock Aquatics	10	10	10	10	8	30	30
Recreation	24	24	24	24	24	30	29
Weed & Seed	0	0	1	1	1	0	0
Total General Fund Part Time Employees	64	61	62	62	62	95	94
Sewer Fund							
Sewer Collection	1	0	0	0	0	0	0
Total Sewer Fund Part Time Employees	1	0	0	0	0	0	0
TOTAL PART TIME EMPLOYEES	65	61	62	62	62	95	94



AGENDA

**Henderson City Council Special Called Meeting
Monday 19 May 2014, 6:00 p.m.
R. G. (Chick) Young, Jr. Council Chambers, Municipal Building
134 Rose Avenue
Henderson, North Carolina**

Mayor and City Council Members

Mayor James D. O'Geary, Presiding

Councilmember James C. Kearney, Jr.
Councilmember Sara M. Coffey
Councilmember Michael C. Inscoc
Councilmember D. Michael Rainey

Councilmember Brenda Peace-Jenkins
Councilmember Garry D. Daeke
Councilmember Fearldine A. Simmons
Councilmember George M. Daye

City Officials

A. Ray Griffin, Jr., City Manager
John H. Zollicoffer, Jr., City Attorney
Esther J. McCrackin, City Clerk

I. CALL TO ORDER

II. ROLL CALL

III. NEW BUSINESS

a) Presentation of Proposed FY 2014-2015 Budget (Materials to be distributed during meeting)

IV. ADJOURNMENT

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City Council Minutes Special Called Meeting 19 May 2014

PRESENT

Mayor James D. O'Geary, Presiding; and Council Members James C. Kearney, Sr., Sara M. Coffey, Michael C. Inscoc, D. Michael Rainey, Brenda Peace-Jenkins, Garry D. Daeke, Fearldine A. Simmons and George M. Daye.

ABSENT

Council Member Fearldine A. Simmons

STAFF PRESENT

City Manager Ray Griffin, City Attorney John H. Zollicoffer, Jr., City Clerk Esther J. McCrackin, Assistant City Manager Frank Frazier, Finance Director Katherine C. Brafford, Recreation & Parks Director Alan Gill, Interim Recreation & Parks Director Steve Osborne, Youth Services Director Donna Stearns, Henderson, Code Compliance Director Corey Williams, Fire Chief Danny Wilkerson, Police Chief Marcus Barrow and Human Resources Director Cathy Brown.

CALL TO ORDER

The 19 May 2014 Special Called Meeting of the Henderson City Council was called to order by Mayor James D. O'Geary at 6:00 p.m. in the R. G. "Chick" Young, Jr. Council Chambers, Municipal Building, 134 Rose Avenue, Henderson, NC.

ROLL CALL

The City Clerk called the roll and advised Mayor O'Geary a quorum was present.

NEW BUSINESS

Presentation of Proposed FY 2013-2014 Budget

Mayor O'Geary immediately turned the meeting over to the City Manager.

City Manager Griffin presented a brief PowerPoint presentation to summarize the FY14-15 budget. Mr. Griffin began by saying this year has not been as good as last year or the year before. He said North Carolina is the tale of two states --- the Golden Crescent cities that are doing better and those in the rural part of the state that continue to struggle. City Manager Griffin said he is pleased to work with the City Council, Department Directors and employees. He said the Council's job is difficult because the final budget has to meet the needs of the community and also meet the State requirements and the needs of the City.

Mr. Griffin shared the budget is seriously constrained due to various causes and said there is no room for error in either the revenues or expenditures. He reviewed the process to compile this budget saying it began back in August. Tweaks were made through discussions with staff and after looking at the revenue streams in February, this proposed budget was worked on into the early part of May to make sure Council has the best information possible. He said even though the proposed budget is less than the current year, it includes 5% increases in the Water Rate and Regional Water Rate, and a 3% Sewer Rate increase. As far as personnel issues, the proposed budget includes reducing the work force by two (2) full-time and four (4) part time positions; unfreezing two (2) full-time positions; and implementing Phase 1 of the Classification and Pay Plan. No cost of living increase is included with the FY14-15 proposed budget. Mr. Griffin reminded Council that according to the Pay Plan, City employees are paid, on average, approximately 22% less than comparable municipalities.

Mr. Griffin shared good news by saying health insurance costs will decrease by 10% due to the wellness program, the good work of Mr. Philip Burnette, the City's Health Plan Administrator and employees/retirees working to reduce costs.

Council Member Rainey asked how long Mr. Burnette has worked for the City and if this is better than what the League of Municipalities offers. Mr. Griffin thought it was 2007 and said the long term relationship has paid off. Mr. Griffin added the City's costs are less than what the League offers.

General Fund

Next, Mr. Griffin reviewed the components which make up both the expenditures and revenues for the General Fund, Regional Water Fund, Water Fund and Sewer Fund. He reviewed the three primary revenue sources for the General Fund (property tax, sales tax and sanitation fees) and shared 47% of the revenue goes toward public safety (Fire/Police and E-911). The property tax does not fully cover the costs associated with public safety. He added since the proposed operating expenses are so limited, Council will find the streets and storm drainage improvements

underfunded, employee compensation lagging and vehicle/equipment replacement, especially in Public Services, minimal. No tax rate increase is recommended in the FY14-15 budget.

Mr. Griffin said the Maria Parham property tax appeal regarding the valuation assigned by the County has not yet been resolved by the State and depending on the result it could have a negative impact on the total levy. However, the tax/tag program is working in the City's favor with approximately \$200,000 in unanticipated revenue. He added the Finance Director is working with the County to separate out the vehicle decal/property tax data.

Council Member Kearney asked what the hospital is currently paying. Mr. Griffin asked the Finance Director to check with the County and said he would report back to Council.

Council Member Inscoc commented the property tax trend will change with the reevaluation of property in the coming year. Mr. Griffin said the rate is adjusted to be revenue neutral saying the new levy is calculated against the revenue received in the most current budget to determine the adjusted tax rate.

Council Member Kearney asked what percentage of the total tax comes from motor vehicles. Mr. Griffin said he would look at the FY13 Audit and report back.

Council Member Daeke asked if there was a limit on the city vehicle fee and if it is included. Mr. Griffin said the Finance Director is breaking out the current \$10.00 fee per vehicle from the tag fee. Mr. Griffin said he would find out the limit for the city vehicle fee and report back.

Mr. Griffin summarized the General Fund by saying it is very constrained and there is very little room for adjustments. He added he did authorize two vehicle lease purchases for the Fire Department because they have two vehicles which are no longer in service. The Police Department has vehicles with 80,000 to 100,000 miles on them that need to be replaced. He said the City has not had an active street resurfacing program since 2008 and the streets show it.

Regional Water Fund

The Regional Water Fund has experienced a decrease in water sales which is anticipated to continue in FY14-15. The proposed 5% increase will help mitigate revenue losses from reduced consumption and to keep capital reserve contributions at near-projected levels. The water plant electricity is managed with the power company's "time of use" program which is estimated to save approximately \$60,000 a year.

Water Fund

The Water Fund receives 97% of its revenues from the sale of water to the City's retail customers along with Kittrell, Vance County, Franklin County and Granville County, which is not yet on-line. A 5% increase is recommended for water rates and to unfreeze the Public Services Director position. This fund maintains the water lines for Regional Water plus the

City's distribution lines. He said the City's inside rate is the most competitive of all users but the outside water rate is competitive to Warren, Franklin and Vance and similar to Oxford. Mr. Griffin said 41% of the budget goes to pay for water purchased from the Regional Water.

Council Member Daeke asked for a reminder regarding the Rate Stabilization Reserve. Mr. Griffin said this was established about three (3) years ago with the funds received from Granville and Vance County for water reservation fees to reserve for any additional costs with the water plant upgrade. This reserve will keep the City from passing on the costs to customers. If the dollars are not needed for this, the dollars are set aside for other capital projects such as installing water lines to the neighborhoods on old US 158.

Mr. Griffin said the need for a Public Services Director is great and has included 50% of the salary in the Water Fund. He said the 5% water rate increase is necessary to avoid creating a long-term structural deficit.

Mr. Griffin said he could not emphasize enough the need for a Public Services Director. Although he said he was not trying to scare Council, in reality, if anything should happen to the Assistant City Manager, the City has no structure to move people into other positions and there is no one that can step into a director position at the current time.

Sewer Fund

Mr. Griffin said 97% of revenues come from user fees. A 3% rate increase is recommended. The increase is primarily for the Public Services Director position. He said the City is very competitive with in city sewer rates but definitely not competitive with out of city rates. The plant renovation continues along with the Sandy Creek project.

City Manager Griffin thanked Council for its time and patience. He said he would be happy to answer questions. There were no questions.

Mr. Griffin said when the budget schedule was set, it did not include time to read the budget information before the first work session. He said if Council would like to meet tomorrow evening (20 May), that would be fine or if it would like to postpone the first meeting until Thursday. The Mayor asked for Council's input. Council Member Coffey said she would rather begin Tuesday evening. Council Member Kearney said he would like a chance to look at the information and asked if Wednesday night was out of the question. Several Council members said they have commitments on Wednesday evening. Council Member Inscoc said Tuesday is fine with him. Council Member Rainey said he has a commitment Tuesday evening but should be able to arrive about 7:00 p.m. Council Member Peace-Jenkins said Tuesday is fine with her. Council Member Daeke said he would be unable to attend Tuesday evening as he has to work. Council Member Daye said Tuesday is fine with him. The Mayor then asked the Clerk for the result. After clarifying with Council Member Kearney that he is willing to meet, it was decided to meet Tuesday, 20 May at 6:00 p.m. by the following: YES: Kearney, Coffey, Inscoc, Rainey, Peace-Jenkins and Daye. NO: Daeke. ABSTAIN: None. ABSENT: Simmons.

Minute Book 43

19 May 2014 Special Called Meeting Minutes

Page 4 of 6

City Manager Griffin said he would prepare one-page summary sheets for the meeting tomorrow evening. He then asked staff to distribute the budget books and explained the book is compiled as in past years and suggested Council review Funds 64, 46, 78 for Regional Water; Funds 30, 70 79 and 43 for Water; and Funds 31, 70, 79, and 44 for Sewer. He said the 40's accounts are capital accounts like the sewer plant renovation. Mr. Griffin also suggested Council read the Budget Message and the Fund summaries to be discussed tomorrow evening.

Council Member Inscoe asked if the pumps that recently failed are included in this budget. Mr. Griffin responded no. The pumps need to be replaced immediately and the expense will come out of FY13-14 budget. If the Fund Balance is needed to make this purchase it will be brought to Council for approval.

City Manager Griffin said he will be happy to answer any questions before the next meeting, so please do not hesitate to call him.

Council Member Kearney asked for a list of City owned properties that might be available for sale. Mr. Griffin asked Code Compliance Director Corey Williams to compile a list that also shows if the property is jointly held with the County.

Mayor O'Geary then asked if there were any further questions. There were none so the Mayor asked if Council was prepared to adjourn.

ADJOURNMENT

Council Member Daeke moved for adjournment. Motion seconded by Council Member Coffey, and was unanimously approved. The meeting adjourned 6:50 p.m.

James D. O'Geary
Mayor

ATTEST:

Esther J. McCrackin
City Clerk

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AGENDA

Henderson City Council Budget Work Session #1

Tuesday, 20 May 2013, 6:00 p.m.

R. G. (Chick) Young, Jr. Council Chambers, Municipal Building
134 Rose Avenue
Henderson, North Carolina

Mayor and City Council Members

Mayor James D. O'Geary, Presiding

Councilmember James C. Kearney, Sr.
Councilmember Sara M. Coffey
Councilmember Michael C. Inscoe
Councilmember D. Michael Rainey

Councilmember Brenda Peace-Jenkins
Councilmember Garry D. Daeke
Councilmember Fearldine A. Simmons
Councilmember George M. Daye

City Officials

A. Ray Griffin, Jr., City Manager
John H. Zollicoffer, Jr., City Attorney
Esther J. McCrackin, City Clerk

I. CALL TO ORDER

II. ROLL CALL

III. OPENING REMARKS

In order to provide for the highest standards of ethical behavior and Transparency in Governance as well as provide for good and open government, the City Council has approved Core Values regarding Ethical Behavior¹ and Transparency in Governance². The Mayor now inquires as to whether any Council Member knows of any conflict of interest, or appearance of conflict, with respect to matters before the City Council. If any Council Members knows of a conflict of interest, or appearance of conflict, please state so at this time.

¹ **Core Value 4: Ethical Behavior:** We value the public trust and will perform our duties and responsibilities with the highest levels of integrity, honesty, trustworthiness and professionalism.

² **Core Value 10: Transparency in Governance:** We value transparency in the governance and operations of the City.

IV. REVIEW AND DISCUSSION OF:

a) Car Park Items

1. Car Tag Fee Limits (*Still Under Review*)
2. Vacant Property List for General Fund Discussion (*See Attachment A*)
3. Vehicle Tax vs Total Tax (*See Attachment B*)
4. Hospital Real Estate Payments (*Still Under Review*)

b) Regional Water and Related Funds: 64, 78, 79 and 46 (*See Attachment C*)

c) Water and Related Funds: 30, 70, 79 and 43 (*See Attachment D*)

d) Sewer and Related Funds: 31, 70, 79, 44 (*See Attachment E*)

V. GUIDANCE FOR STAFF

VI. ADJOURNMENT



City Council Minutes

Henderson City Council Budget Work Session #1

20 May 2014

PRESENT

Mayor James D. O'Geary, Presiding; and Council Members James C. Kearney, Sr., Sara M. Coffey, Michael C. Inscoe, Brenda Peace-Jenkins, and George M. Daye.

ABSENT

Council Members Garry Daeke, Michael Rainey and Fearldine Simmons

STAFF PRESENT

City Manager Ray Griffin, Assistant City Manager, Frank Frazier, City Clerk Esther J. McCrackin, Finance Director Katherine Brafford, and Kerr Lake Regional Water Director Christy Lipscomb.

CALL TO ORDER

The 20 May 2014 Henderson City Council Budget Work Session #1 was called to order by Mayor James D. O'Geary at 6:01 p.m. in the R. G. "Chick" Young, Jr. Council Chambers, Municipal Building, 134 Rose Avenue, Henderson, NC.

ROLL CALL

The City Clerk called the roll and advised Mayor O'Geary a quorum was present.

OPENING REMARKS

Mayor O'Geary welcomed everyone to this first budget work session and turned the meeting over to the City Manager to begin.

Car Park Issues

City Manager Griffin said there were four requests from last evening as follows:

1. Limit on Car Tag Fee – Mr. Griffin will speak to the City Attorney about this and will report back at the next meeting
2. City Owned Vacant Property List – A list of City owned property and City/County owned property was distributed for review. Code Compliance Director Williams will be at the Thursday, 22 May meeting to respond to questions.
3. Vehicle Tax vs Total Tax – Mr. Griffin provided Council with page 99 of the FY13 Audit which shows an 85.35% collection of the Registered Motor Vehicles versus 94.30% of property tax collection.
4. Maria Parham Real Estate Taxes- Finance Director Kathy Brafford was out of town for a CDBG meeting today so she was unable to contact the County regarding this but she will have information for Council at the next meeting.

The discussion then turned to Regional Water.

Kerr Lake Regional Water (KLRW)

Fund 64 – City Manager Griffin summarized the key budget issues. He said approximately 97% of the revenue comes from selling water to Henderson, Oxford and Warren County. Electricity and chemicals compose 21% of the budget and continue to be unpredictable in cost. Mr. Griffin said the downward trend of water sales began in FY12 and it seems it will continue in FY15. He said even with the suggested rate increase, Regional Water's budget is \$4,319,000 less than the FY14 approved budget of \$4,430,000. Mr. Griffin said he has included in the FY 15 budget the re-plumbing of the hypochlorite bulk tank, triennial clear-well inspections which are required and critical concrete repairs/patching. He also said it is important to continue building the Capital Reserve for the 20MGD Water Plant Expansion, Corps of Engineers (COE) Reserve, and general needs.

Mr. Griffin said the KLRW budget is extremely tight. The recommendation is for a 5% increase. If Council desires to make changes, Mr. Griffin suggested using Capital Reserve funds which in the long term may have negative impacts.

Council Member Kearney asked about the year-end figure for FY14. Mr. Griffin said Kerr Lake Regional Water Director Christy Lipscomb keeps a very tight handle on her department. Ms. Lipscomb said she expects to come in slightly under budget. She added this has been a better year for the use of chemicals as there has been a lot of rain --- in drought years more chemicals are needed to provide quality water.

Council Member Coffey asked if there is anything that would help improve this downward trend

for water sales. Mr. Griffin responded mainly growth. He added Warren County felt some of its decrease is due to water conservation devices installed by its largest user, the prison. He also said the weather contributes as people tend not to have to water gardens, wash cars, etc. as often.

Council Member Inscoe, as Chair of the Regional Water Board, added several comments to the discussion. He said last year nothing was contributed to the capital expenditure, the plant is approximately 40 years old and there is a “*perfect storm*” brewing with expenditures up and usage down. He personally would like to see the increase reduced from 5% to 4% with the difference (1%) taken from Capital Reserves. This would automatically reduce the Water increase to 4% also. He added it takes money to operate and reserves will be important in the coming year(s).

Council Member Kearney asked about the 1 to 1 ratio between Regional Water and Water. Mr. Griffin said is more like .6% Regional and 1% Water.

Council Member Inscoe brought out the importance of keeping reserves for the IBT (Inter-Basin Transfer).

Council Member Coffey asked if the water usage trend is being experienced by all the partners. Mr. Griffin said he has not broken it down by partners. KLRW Director Lipscomb said other areas are experiencing the same downward trend.

Council Member Kearney asked if the new radio read meters are contributing. Mr. Griffin said if anything, the old meters tend to read more slowly but the new meters are providing more accurate readings.

Council Member Inscoe suggested taking the balance out of the City Water Capital Reserve transfer so the increase for Water would be 3 ½ cents.

Fund 78 – Mr. Griffin moved attention to this fund saying it is solely funded by the KLRW plant water sales. He said the FY15 budget calls for \$795,000 to be contributed to the debt reduction/rate stabilization plan. As mentioned earlier, this fund was established to reserve funds for a) the Corps of Engineers Reserve (COE Reserve); b) the 20MGD Water Plant Expansion projects; and c) General Regional Reserve.

Council Member Coffey asked why the breakout and Mr. Griffin responded to keep the accounts separate and clean for auditing purposes.

There was no further discussion about the Regional Water Plant.

Water Fund

Fund 30- Mr. Griffin began summarizing the key budget issues by saying the City’s revenue is down with water sales down. He said 78% of the revenue for Water Fund comes from retail and

wholesale government customers with 41% coming from Franklin County. Another 14% of revenue comes from the Granville and Vance counties water reservation fees. He reminded Council that the Water Department maintains all the water lines within the City and for Regional Water.

This portion of the budget is also extremely tight but includes limited funds for maintenance and repairs within the water distribution system, replacement of more water meters to radio read meters, the radio read software license/maintenance and outsourcing of bill preparation and mailing. Mr. Griffin said 50% of the costs to hire a Public Services Director are also included. The City Manager recommends a 5% increase. If Council desires to make changes, Mr. Griffin suggested using Capital Reserve funds and reducing the rate stabilization contribution.

Since Council has already suggested reducing the increase to 3.5%, Mr. Griffin asked if there were any questions.

Council Member Coffey asked if the Public Services Director position would still be included. Mr. Griffin responded yes. Council Member Kearney asked if it is anticipated the Public Service Director would be hired at the high end of the grade. Mr. Griffin said yes and added it may well take three (3) months to fill the position. Ms. Coffey asked if the pay scale is in line with the findings in the recently completed Pay Study. Mr. Griffin said yes. From past experience Mr. Griffin felt it would be impossible to find a qualified director at the current City job scale. Council Member Inscoe asked if the individual hired would require training. Mr. Griffin said the only training will be in understanding the City system which Council Member Kearney correctly called orientation.

Before moving on to the Sewer Fund, Mr. Griffin pointed out that the Water Capital Reserve is growing but has not reached Council's goal.

Sewer Fund - City Manager Griffin said citizens fund 91% of the Sewer Fund. The key expenses are similar to the Regional Water plant with volatile issues with chemicals and electricity; the lease purchase for a truck and the replacement of various expensive pieces of laboratory equipment; bio-solid disposal, sewer maintenance/repair and street patching for utility cuts. He reminded Council that Powell Bill funds cannot be used for street patching for utility repair.

As with the Regional Water, Henderson Water Reclamation Facility participates in Duke Energy's Time of Use Rate program which has saved between \$55,000 and \$65,000 per year.

The City Manager recommends a 3% rate increase. If Council desires to make changes, Mr. Griffin suggested reducing the capital reserve and rate stabilization contributions.

Council Member Coffey expressed concern that the \$21,800 for maintenance work was so low. Mr. Griffin agreed.

Council Member Kearney suggested Council be proactive in thinking about the recent Coal Ash spill and how it or something similar could affect the water supply. Mr. Griffin said KLRW Director Lipscomb is keeping a close eye on the situation and suggested a work session to discuss this in more detail.

Guidance for Staff:

In summary, City Manager Griffin asked if it Council's wish to reduce the Regional Water rate increase to 4%; Water to 3.5% and keep the Sewer increase at 3%.

Mayor O'Geary asked for consensus of Council which was as follows: YES: Kearney, Coffey, Inscoe, Peace-Jenkins and Daye. NO: None. ABSTAIN: None. ABSENT: Rainey, Daeke and Simmons.

(Clerk's Note: Council Member Rainey had a prior commitment and planned to join this meeting about 7:00 p.m. Council Member Daeke was working and unable to attend.)

City Manager Griffin said the Thursday, 22 May meeting will focus on the General Fund and more specifically Public Safety. He suggested Council review Fund 10 (General Fund) and Fund 11 (Powell Bill) along with Fund 72 Capital Reserve and Fund 41 (CIP) in preparation for the meeting.

Council Member Inscoe made several observations about this budget and said there are three vehicles included for lease purchase. He asked that natural gas conversion be considered which should save the City dollars and suggested extended warranties as several of the existing police vehicles have 100,000 miles on them. Mr. Griffin said pricing has already been considered for extended warranties. He added he plans to reinstate collision insurance which was dropped for some unknown reason on City vehicles of a certain mileage.

Mr. Inscoe said he is happy with this budget as it includes no ad valorem tax, no dollars are being taken from the Fund Balance, the first year of the pay classification plan is being funded, the Public Services Director is being unfrozen. He also pointed out that the Full Time employees have been reduced over the past years by 22. City Manager Griffin said it is actually more like 45-50 if you go back to 2000.

Council Member Kearney felt the City is in good shape with FY15.

Lastly, Mr. Griffin said there has been a definite tightening of the belt with major reductions in supplies and travel spending: the tax/tag requirement allowed the City to not dip into the Fund Balance and the reduction in health insurance costs contributed significantly to the budget.

Council Member Coffey said she feels better about the FY15 budget than she did the FY14. She added although staffing has been reduced, the work is still being completed at the expected level. Mr. Griffin said everyone is working hard but sometimes keeping up with the work is harder with less employees.

Mayor O'Geary asked if there was anything further or if Council was prepared to adjourn.

ADJOURNMENT

Council Member Peace-Jenkins moved for adjournment. Motion seconded by Council Member Coffey and unanimously approved. The meeting adjourned at 7: 05 p.m.

James D. O'Geary
Mayor

ATTEST:

Esther J. McCrackin
City Clerk



AGENDA

Henderson City Council Budget Work Session #2

Thursday, 22 May 2013, 6:00 p.m.

R. G. (Chick) Young, Jr. Council Chambers, Municipal Building

134 Rose Avenue

Henderson, North Carolina

Mayor and City Council Members

Mayor James D. O'Geary, Presiding

Councilmember James C. Kearney, Sr.

Councilmember Sara M. Coffey

Councilmember Michael C. Inscoe

Councilmember D. Michael Rainey

Councilmember Brenda Peace-Jenkins

Councilmember Garry D. Daeke

Councilmember Fearldine A. Simmons

Councilmember George M. Daye

City Officials

A. Ray Griffin, Jr., City Manager

John H. Zollicoffer, Jr., City Attorney

Esther J. McCrackin, City Clerk

I. CALL TO ORDER

II. ROLL CALL

III. OPENING REMARKS

In order to provide for the highest standards of ethical behavior and Transparency in Governance as well as provide for good and open government, the City Council has approved Core Values regarding Ethical Behavior¹ and Transparency in Governance². The Mayor now inquires as to whether any Council Member knows of any conflict of interest, or appearance of conflict, with respect to matters before the City Council. If any Council Members knows of a conflict of interest, or appearance of conflict, please state so at this time.

¹ **Core Value 4: Ethical Behavior:** We value the public trust and will perform our duties and responsibilities with the highest levels of integrity, honesty, trustworthiness and professionalism.

² **Core Value 10: Transparency in Governance:** We value transparency in the governance and operations of the City.

IV. REVIEW AND DISCUSSION OF:

a) Car Park Items

1. Hospital Real Estate Payments - (*Attachment A*)
2. Car Tag Fee Limits - (*Attachment B*)
3. Work Session Discussion on Coal Ash Spill - (*Scheduled for 23 June Work Session*)

b) General Fund: 10

Powell Bill Fund: 11

V. GUIDANCE FOR STAFF

VI. ADJOURNMENT



City Council Minutes

Henderson City Council Budget Work Session #2

22 May 2014

PRESENT

Mayor James D. O'Geary, Presiding; and Council Members James C. Kearney, Sr., Sara M. Coffey, Michael C. Insoe, D. Michael Rainey, Brenda Peace-Jenkins, Garry D. Daeke, Fearldine A. Simmons and George M. Daye.

ABSENT

None.

STAFF PRESENT

City Manager Ray Griffin, Assistant City Manager, Frank Frazier, City Clerk Esther J. McCrackin, Finance Director Katherine Brafford, Youth Services Director Donna Stearns, Recreation and Parks Director Alan Gill, Athletic Director Steve Osborne, Fire Chief Danny Wilkerson, Police Chief Marcus Barrow, Human Resources Director Cathy Brown, and Code Compliance Director Corey Williams.

CALL TO ORDER

The 22 May 2014 Henderson City Council Budget Work Session #2 was called to order by Mayor James D. O'Geary at 6:00 p.m. in the R. G. "Chick" Young, Jr. Council Chambers, Municipal Building, 134 Rose Avenue, Henderson, NC.

ROLL CALL

The City Clerk called the roll and advised Mayor O'Geary a quorum was present.

OPENING REMARKS

Mayor O'Geary immediately turned the meeting over to the City Manager Griffin.

City Manager Griffin thanked both staff and Council for their attentiveness and began with the Car Park items

Car Park Issues

The three (3) Car park items are:

1. Maria Parham Real Estate Taxes- Finance Director Kathy Brafford said she spoke with the County Tax Collector and has compiled that information which was distributed. She said the Hospital has hired an attorney and at this time, no date has been set for a hearing regarding its appeal of the County's assessment. She added, depending on the outcome, the City may be the recipient of additional funds or the City may be required to refund monies.
2. Limit on Car Tag Fee – Research shows in 1988 the limit for the City of Henderson is \$10.00 via the Local Act of the General Assembly; however, this amount may be amended by the General Assembly and Council may wish to consider a resolution in FY15 to increase this amount for the FY16 budget.
3. Discussion regarding the Coal Ash Spill- Mr. Griffin said this has been added to the June Work Session.

Council Member Inscoe asked how much income would be generated by adding \$5.00 to the car tag fee. Mr. Griffin said perhaps \$50,000. Mr. Inscoe said this will only create more of a burden on the citizens and emphasized that relief only comes with growth.

Council Member Daeke said he would be interested to see if the collection of this fee increases as the fee is now paid with the tax/tag requirement. Mr. Daeke suggested any additional income from increasing the tag fee should be used for street repairs.

Council Member Coffey mentioned there seems to be more vehicles with illegal tags because of the tax/tag program and said perhaps the Police Department will be giving out more tickets to generate income.

There were no other comments so City Manager Griffin directed Council's attention to a one page chart summarizing all the major revenue sources and expenditure centers within the General Fund.

General Fund

Revenues - Beginning with the revenues, City Manager Griffin said one-half of the City's revenue comes from property tax (38%) and sanitation fees (12%). Although the General Fund is severely stressed, he is not suggesting any increase in the tax rate, or sanitation fee increases for FY15. He said \$29.00 is very high for sanitation and would not like to see if go any higher.

Sales tax as intergovernmental funds, the Powell Bill and Federal Asset Forfeiture funds all depend on State and Federal requirements, along with the economy and weather. Mr. Griffin gave an example of a cold winter makes for higher heating bills, thus the utility franchise receives more funds which in turn increase the City's revenue or another example was as crime drops, the City receives less Asset Forfeiture funds --- therefore, it is difficult to predict revenue from these sources which make up 27% of the General Fund. As a reminder, Mr. Griffin said the Powell Bill is very restricted in areas of usage as are Asset Forfeiture funds.

Council Member Rainey asked how the forfeiture funds are distributed in the case of a pursuit from one county to another. Police Chief Barrow said there is a cost sharing of approximately 55/50 between counties if it is requested. However, he said for a continuous pursuit most counties do not request cost sharing unless it assisted in specific areas such as the use of a canine unit.

City Manager Griffin said a very small portion (5%) of revenue comes from contracts and agreements such as the County's contribution for Recreation. This revenue increases only if the City spends more on Recreation. Other income is generated from zoning and planning fees, fire inspections and recreation fees.

Mr. Griffin said the local economy is stagnant and if it does not improve, local revenues, sales tax, Powell Bill and Utility franchise distributions will not increase. Other issues of concern are the FY16 revaluation of property and the unknown property appraisal status with Maria Parham Medical Center. He said the revenue will need to be watched closely throughout FY15.

Council Member Daeke asked if there was a General Fund Contingency. Mr. Griffin said no.

Expenditures – City Manager Griffin then moved on to the expenditure side of the General Fund. Although Council can create its own categories, Mr. Griffin has broken the expenditures into several sections --- the first being the Mandatory expenditures or the Debt Service.

Debt Service (6%) - includes bonds, certificates of deposit (CDs), leases and loans (5.76%). State law requires debt service to be paid first. The only options Council has here is to limit issuing new debt.

Governance & Administration (13%) – This category includes Council, Legal, Administration, Human Resources, Finance, Information Technology along with contracts to Vance County for tax collection and election services. It also includes retiree health insurance, phase one of the Pay Class Plan and bad debt reserve.

Core Services (61%) – City Manager Griffin consider core services as Public Safety (Police, Fire, E-911 and Asset Forfeiture) and Public Services' Divisions. He said the Waste Industries, Inc. contract is increasing by 5%. There are insufficient resources for resurfacing streets, repairing sidewalks, replacing vehicles and/or equipment, etc. properly.

Essential Services (10%) – Mr. Griffin included Zoning & Planning, Code Compliance and the essential services within Public Services. He said the budget for this grouping includes only the basics and pointed out that again there is nothing extra over the FY14 budget. There are no additional funds for demolitions, repair of public buildings or restoration of frozen positions.

Discretionary Services (11%) – City Manager Griffin said all services provided by the City are important but in looking at expenditures, Discretionary Services are just at a different level. This category includes Recreation, Youth Services, Old City Owned Buildings and Main Street. The FY15 budget has held Recreation, Youth Services, Aycock Center, the Library and Airport all at FY14 funding levels. Reduction in funding of local agencies such as Crime Stoppers, Roanoke River Basin Association and the Arts Council is recommended. Mr. Griffin said a letter from the Boys & Girls Club was received on Monday requesting \$1,000. Since the budget is already compiled, he suggested a verbal request be made during the Public Hearing on 9 June.

The recommendation to de-authorize the Main Street Program was a difficult decision but the staff reduction of one will provide \$53,000 for other uses within the General Fund. It is also recommended to remove the currently vacant position of civilian Police Office Assistant and four (4) part-time school crossing guards. As has been done in the past, the City will work to relocate any displaced person into another City position.

Follow-Up Comments - On the positive side, the proposed budget includes funding for the first phase of the Pay Class Study, unfreezing two positions: Public Services Director and Assistant Finance Director, and the purchase of 3 police cars, and two fire vehicles.

Overall, Mr. Griffin said the General Fund has no contingency for major capital expenditures, unforeseen problems, nor does it include funds for economic incentives. It also does not address staffing issues. Mr. Griffin emphasized Council's need to understand if there are any major problems such as the aging of the storm drains or the recent pump failures, there is nothing extra to fall back on within this budget. He also asked Council to consider having a discussion in the coming months regarding the two old buildings (SNB and Perry Museum) that the City currently owns.

City Manager Griffin then said he would be happy to answer any questions from Council.

Main Street Program - Council Member Kearney expressed concern regarding economic development. He felt the Main Street program is needed for growth and noted 14 new businesses in downtown. He wondered how many businesses have been lost during the corresponding timeframe. City Manager Griffin appreciated Mr. Kearney's concern but said with no operating dollars and only one person in the department the creation of viable and/or effective programs is impossible.

Council Member Coffey said she would like to know how many businesses have closed in the downtown area. Mr. Griffin said he did not have a number but would find out and will report back.

Council Member Inscoe felt merchants are indifferent and suggested they step up and adopt a planter or something like that to improve the image. Council Member Coffey added proper signage needs to be addressed as some businesses have their name written in marker on the windows.

Council Member Kearney mentioned a positive brand is needed for the City.

Council Member Rainey asked if a list of expectations/goals, time frames were ever put in place for the Main Street position. Mr. Griffin said the staff person in the Main Street position has the qualifications to deal with small businesses and fund raising; however, there is no funding to pay for costs associated with such activities. Council Member Rainey also asked if this position, which is tied to the DDC, is in competition with the Henderson-Vance Chamber of Commerce. Mr. Griffin said the Chamber and the DDC work very well together and did not see this as a problem.

Council Member Coffey asked if any fundraising had been attempted. Mr. Griffin said fundraising was tried by the previous staff person with no meaningful results.

Council Member Inscoe reminded Council that this position once resided in the Chamber office and was brought back to City Hall as a cost cutting measure.

Council Member Daeke turned the discussion to the other positions being eliminated and the unfreezing of the Assistant Finance Director and Public Services Director, both of which he felt were necessary. Mr. Griffin asked permission for Police Chief Barrow to address Council on the elimination of that department's four (4) positions. Chief Barrow said he has polled other like size CALEA police forces and found none of them house school crossing guards. He said we have moved away from the era of children walking to school. He said he also did a study within the City and found the majority of students either are driven to school or are walked to and from school by an adult. Mr. Griffin asked how the County handles this situation. Chief Barrow said the County uses school employees as crossing guards.

Council Member Daeke asked if the workload of the administrative position in the Police Department could be absorbed by others. Chief Barrow said he is confident the work can be completed in a timely manner by the existing staff.

Mr. Griffin said Chief Barrow suggested eliminating these positions when staff was asked to reduce budget requests back to the FY14 levels.

Council Member Peace-Jenkins asked how grants will be affected if Main Street is decertified. Mr. Griffin said without the certification, certain grants could not be applied for and added the only grant he was aware of in recent history was for the REEF project. Council Member Daeke

said he was unaware of any grants in probably the last ten years and Council Member Inscoe added with the present economic downturn, the chance of any new grants in the near future would be negligible.

Other Items - Council Member Kearney than asked about the request from the Boys and Girls Club. He would like the City Manager to find funds for the club, even if a portion needed to come from his stipend as Council member. Council Member Coffey felt \$1,000 could be found and Council Member Daeke and Daye said they would be willing to just donate \$100 to the club.

Council Member Rainey asked if Council would consider \$1,000 for 211 (United Way information number). Council Member Daeke asked for utilization information before this request is considered.

Council Member Inscoe asked about the status of the pilot program regarding replacing street lights with LEDs. Assistant City Manager Frank Frazier said there have been no complaints about the pilot program lights on Dabney and Cypress. He added he spoke to the Duke Energy representative recently and was told more help is being added as Duke Energy has received requests from many cities. Mr. Frazier was charged with continuing to work closely with Duke Energy as this is a priority. Mr. Griffin agreed but said it could take time.

Council Member Inscoe then said with no ad valorem tax increase, no sanitation fee increase, no fund balance reduction and reductions in the proposed Regional Water, Water and Sewer increase he felt no further discussion was needed until the Public Hearing.

Mayor O'Geary called for the consensus of Council that the FY15 proposed budget as adjusted in the work session now go to the 9 June Public Hearing. The consensus was: YES: Kearney, Coffey, Inscoe, Rainey, Peace-Jenkins, Daeke, Simmons and Daye. NO: None. ABSTAIN: None. ABSENT: None.

Guidance for Staff:

City Manager Griffin asked for confirmation regarding finding funding for the Boys and Girls Club. It was the consensus to find \$800 for the Boys and Girls Club as follows: YES: Kearney, Coffey, Inscoe, Rainey, Peace-Jenkins, Daeke and Daye. NO: Simmons (would like to see \$1,000 instead of \$800). ABSTAIN: None. ABSENT: None.

City Manager Griffin then asked for verification that Council sees no need for further discussion until after the 9 June Public Hearing. The consensus was YES: Kearney, Coffey, Inscoe, Rainey, Peace-Jenkins, Daeke, Simmons and Daye. NO; None. ABSTAIN: None. ABSENT: None.

The City Manager reminded Council that once the Public Hearing is held, Council has the option to adopt the FY15 budget at any time before 30 June. It can be adopted following the Public Hearing, at a Work Session, if needed, or any other time. With Council's permission Mr. Griffin

directed the City Clerk to change the public notices as necessary, to reflect the cancellation of all work sessions between now and 9 June, which is the date of the Public Hearing.

Mayor O'Geary asked if there was anything further or if Council was prepared to adjourn.

ADJOURNMENT

Council Member Coffey moved for adjournment. Motion seconded by Council Member Daye and unanimously approved. The meeting adjourned at 7:10 p.m.

James D. O'Geary
Mayor

ATTEST:

Esther J. McCrackin
City Clerk

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AGENDA

Henderson City Council Regular Meeting

Monday 9 June 2014, 6:00 p.m.

**R. G. (Chick) Young, Jr. Council Chambers, Municipal Building
134 Rose Avenue
Henderson, North Carolina**

Mayor and City Council Members

Mayor James D. O'Geary, Presiding

Councilmember James C. Kearney, Jr.
Councilmember Sara M. Coffey
Councilmember Michael C. Inscoe
Councilmember D. Michael Rainey

Councilmember Brenda Peace-Jenkins
Councilmember Garry D. Daeke
Councilmember Fearldine A. Simmons
Councilmember George M. Daye

City Officials

A. Ray Griffin, Jr., City Manager
John H. Zollicoffer, Jr., City Attorney
Esther J. McCrackin, City Clerk

I. CALL TO ORDER

II. ROLL CALL

III. INVOCATION AND PLEDGE OF ALLEGIANCE

IV. OPENING REMARKS

In order to provide for the highest standards of ethical behavior and Transparency in Governance as well as provide for good and open government, the City Council has approved Core Values regarding Ethical Behavior¹ and Transparency in Governance². The Mayor now inquires as to whether any Council Member knows of any conflict of interest, or appearance of conflict, with respect to matters before the City Council. If any Council Members knows of a conflict of interest, or appearance of conflict, please state so at this time.

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² **Core Value 10: Transparency in Governance:** We value transparency in the governance and operations of the City.

V. ADJUSTMENTS TO AND/OR APPROVAL OF THE AGENDA

VI. APPROVAL OF MINUTES

- a) 12 May 2014 Regular Meeting *[See Notebook Tab 1]*
- b) 19 May 2014 Special Called Meeting – Budget Presentation
- c) 20 May 2014 Budget Work Session #1
- d) 22 May 2014 Budget Work Session #2

VII. PRESENTATIONS/RECOGNITIONS

- a) Introduction of City Engineer Clark Thomas

VIII. PUBLIC HEARING

- a) Conduct Budget Public Hearing on FY14-15 Budget
 - Public Hearing
- b) Consideration of Approval of Ordinance 14-34, Adoption of FY14-15 Budget, and Resolution 14-42, Adoption of May 2014 Classification and Pay Study. (CAF 14-62-A) *[See Notebook Tab 2]*
 - Ordinance 14-34
 - Resolution 14-42

IX. PUBLIC COMMENT PERIOD ON AGENDA ITEMS

Citizens may only speak on non-Agenda items only at this time. Citizens wishing to address the Council must sign-in on a form provided by the City Clerk prior to the beginning of the meeting. The sign-in form is located on the podium. When recognized by the Mayor, come forward to the podium, state your name, address and if you are a city resident. Please review the Citizen Comment Guidelines that are provided below.³

³ **Citizen Comment Guidelines**

The Mayor and City Council welcome and encourage citizens to attend City Council meetings and to offer comments on matters of concern to them. Citizens are requested to review the following public comment guidelines prior to addressing the City Council.

- 1) Citizens are requested to limit their comments to five minutes; however, the Mayor, at his discretion, may limit comments to three minutes should there appear to be a large number of people wishing to address the Council;
- 2) Comments should be presented in a civil manner and be non-personal in nature, fact-based and issue oriented. Except for the public hearing comment period, citizens must speak for themselves during the public comment periods;
- 3) Citizens may not yield their time to another person;
- 4) Topics requiring further investigation will be referred to the appropriate city official, Council Committee or agency and may, if in order, be scheduled for a future meeting agenda;
- 5) Individual personnel issues are confidential by law and will not be discussed. Complaints relative to specific individuals are to be directed to the City Manager;
- 6) Comments involving matters related to an on-going police investigative matter and/or the court system will not be permitted; and
- 7) Citizens should not expect specific Council action, deliberation and/or comment on subject matter brought up during the public comment section unless and until it has been scheduled as a business item on a future meeting agenda.

X. OLD BUSINESS

a) Consideration of Approval of Resolution 14-31, Rejecting the Offer by Prestigious Housing, Inc., to Purchase the Old First National Bank Building located at 213 S. Garnett Street. (CAF 14-54-A) [See Notebook Tab 3]

- Resolution 14-31

XI. NEW BUSINESS

a) Consideration of Approval of: 1) Resolution 14-17-A, Authorizing the Execution of Change Order #4 for the Henderson Water Reclamation Facility Project to Devere Construction Company, Inc. in the Amount of \$41,224.61, and 2) Ordinance 14-26-A FY14 Budget Amendment #37, Amending the CIP Sewer Fund for Change Order #4 to the Water Reclamation Facility Renovation Project. (CAF 14-06-A) [See Notebook Tab 4]

- Resolution 14-17-A
- Ordinance 14-26-A

b) Consideration of Approval of Resolution 14-11-A, Authorizing the Execution of Change Order #1 in Conjunction with the David Avenue Storm Sewer Replacement Project in the Amount of \$4,000 with M. T. Murphy, Inc. (CAF 14-17-A) [See Notebook Tab 5]

- Resolution 14-11-A

c) Consideration of Approval of Resolution 14-45, Authorizing the Mayor to Execute an Agreement with ECS Carolinas, LLP to Perform Construction Materials Testing Services Relative to the Sandy Creek Pump Station Improvements Project. (CAF 14-71) [See Notebook Tab 6]

- Resolution 14-45

d) Consideration of Approval of Resolution 14-19-A, Authorizing Additional Areas for Water Main and Services Replacement to the 2" Water Main and Services Replacement Project Subject to Approval from DWSRF and Availability of Remaining Funds. (CAF 14-26-A) [See Notebook Tab 7]

- Resolution 14-19-A

e) Consideration of Approval of Ordinance 14-17, Providing for Four Additional Handicap Parking Spaces on Sunday Near the First Baptist Church. (CAF 14-67) [See Notebook Tab 8]

- Ordinance 14-17

- f) Consideration of Approval of Resolution 14-43, Appointments to the Henderson Community Appearance Commission, Henderson-Vance Human Relations Commission, Henderson Redevelopment Commission and the Henderson Planning Board. (CAF 14-68) [See Notebook Tab 9]

- Resolution 14-43

XII. CONSENT AGENDA

All matters listed under the Consent Agenda have either been previously discussed by City Council during a previous meeting and/or are considered in the ordinary course of business by the City Council and will be enacted-on by one motion and a roll call vote in the form listed. If discussion is desired by either the Council or the Audience, the item in question will be removed from the Consent Agenda and considered separately after the revised consent agenda has been approved.

- a) Consideration of Approval of Resolution 14-44, Issuing Sewer Credit for Outside Watering of Lawns, Plants and Vegetation for the 1 June 2014 through 31 October 2014 Billing Statements. (CAF 14-70) [See Notebook Tab 10]

- Resolution 14-44

- b) Consideration of Approval of Tax Releases and Refunds from Vance County for the Month of April 2014. (CAF 14-66) [See Notebook Tab 11]

XIII. PUBLIC COMMENT PERIOD ON NON-AGENDA ITEMS

Citizens may only speak on non-Agenda items only at this time. Citizens wishing to address the Council must sign-in on a form provided by the City Clerk prior to the beginning of the meeting. The sign-in form is located on the podium. When recognized by the Mayor, come forward to the podium, state your name, address and if you are a city resident. Please review the Citizen Comment Guidelines that are provided below.⁴

⁴ Citizen Comment Guidelines

The Mayor and City Council welcome and encourage citizens to attend City Council meetings and to offer comments on matters of concern to them. Citizens are requested to review the following public comment guidelines prior to addressing the City Council.

- 1) Citizens are requested to limit their comments to five minutes; however, the Mayor, at his discretion, may limit comments to three minutes should there appear to be a large number of people wishing to address the Council;
- 2) Comments should be presented in a civil manner and be non-personal in nature, fact-based and issue oriented. Except for the public hearing comment period, citizens must speak for themselves during the public comment periods;
- 3) Citizens may not yield their time to another person;
- 4) Topics requiring further investigation will be referred to the appropriate city official, Council Committee or agency and may, if in order, be scheduled for a future meeting agenda;
- 5) Individual personnel issues are confidential by law and will not be discussed. Complaints relative to specific individuals are to be directed to the City Manager;
- 6) Comments involving matters related to an on-going police investigative matter and/or the court system will not be permitted; and
- 7) Citizens should not expect specific Council action, deliberation and/or comment on subject matter brought up during the public comment section unless and until it has been scheduled as a business item on a future meeting agenda.

XIV. REPORTS

- a)** Mayor/Mayor Pro-Tem (No Report)
- b)** City Manager (No Report)
- c)** City Attorney (No Report)
- d)** City Clerk
 - i. Meeting and Events Calendar [*See Notebook Tab 12*]
 - ii. E-911 May Report

XV. CLOSED SESSION

- a)** Pursuant to G.S.§143-318.11 (a)(3) regarding Attorney/Client Privilege

XVI. ADJOURNMENT

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City Council Minutes

Regular Meeting

9 June 2014

PRESENT

Mayor James D. O'Geary, Presiding; and Council Members James C. Kearney, Sr., Sara M. Coffey, Michael C. Inscoe, D. Michael Rainey, Brenda Peace-Jenkins, Garry D. Daeke, Fearldine A. Simmons, and George M. Daye.

ABSENT

None.

STAFF PRESENT

City Manager A. Ray Griffin, City Attorney John H. Zollicoffer, Jr., City Clerk Esther J. McCrackin, Assistant City Manager Frank Frazier, City Engineer Clark Thomas, Police Chief Marcus Barrow, Fire Chief Danny Wilkerson, Interim Recreation and Parks Director Steve Osborne, Youth Services Director Donna Stearns, Kerr Lake Regional Water Director Christy Lipscomb, Human Resources Director Cathy Brown, and Code Compliance Director Corey Williams.

CALL TO ORDER

The 9 June 2014 Regular Meeting of the Henderson City Council was called to order by Mayor O'Geary at 6:00 p.m. in the R. G. "Chick" Young, Jr. Council Chambers, Municipal Building, 134 Rose Avenue, Henderson, NC.

ROLL CALL

The City Clerk called the roll and advised Mayor O'Geary a quorum was present.

INVOCATION AND PLEDGE OF ALLEGIANCE

Council Member Simmons led those present in a prayer and the Pledge of Allegiance.

OPENING COMMENTS

Mayor O'Geary said it was great to see so many in attendance this evening and welcomed everyone.

ADJUSTMENTS TO/APPROVAL OF AGENDA

Mayor O'Geary asked if there were any adjustments to the Agenda. City Attorney John Zollicoffer, Jr. said the Closed Session will be to discuss the lawsuit by the City of Oxford against the City of Henderson, Warren County and Granville County. Council Member Inscoe moved to accept the Agenda as presented. Motion seconded by Council Member Peace-Jenkins and unanimously approved.

APPROVAL OF MINUTES

Mayor O'Geary asked for any corrections to and/or approval of the minutes. Council Member Daeke moved the approval of the 12 May Regular Meeting; 19 May Special Called Meeting minutes; 20 May Budget Work Session #1 minutes and 22 May Budget Work Session #2 minutes, as presented. Motion seconded by Council Member Coffey and unanimously approved.

PRESENTATIONS/RECOGNITIONS

City Manager Griffin asked Assistant City Manager Frazier to introduce the newest member of management. Mr. Frazier said he is very pleased to introduce Mr. Clark Thomas as the new City Engineer. Today is his first day and he has already been in several meetings. Mr. Frazier said he has worked with Mr. Thomas previously and is looking forward to having him as part of the City. Mr. Thomas said he looks forward to working for the City.

City Manager Griffin announced that Ms. Sherry Moss, Zoning Administrator has submitted her resignation, effective 20 June. She will be moving to a position in Granville County where she will continue to grow and develop. Mr. Griffin said he is proud of her growth and that she will be sorely missed. Code Compliance Director Corey Williams is working on a transition plan as the Zoning Department now has no employees.

PUBLIC HEARING

FY14-15 Budget

City Manager Griffin began by saying the proposed FY14-15 Budget was presented to Council on 19 May 2014. Two budget work sessions were held on 20 May and 22 May at which time a consensus of Council was reached with the following recommendations:

Regional Water Fund – The recommended 5% rate increase was reduced to 4% by reducing contributions to Fund 78 (Regional Capital Reserve Fund).

Water Fund – The recommended 5% rate increase was reduced to 3.5% by reductions in the 30-818 (Purchase for Resale line item) and transfer to 79 (Rate Stabilization Fund Capital Reserve Fund) to compensate for the reduced revenues.

Sewer Fund – No changes were made to the fund or the recommended 3% rate increase.

General Fund – No Property Tax or Sanitation Fee increases were recommended. However, Council did ask the City Manager to find \$800 in the proposed budget to support the Boys and Girls Club. To accomplish this, \$400 was transferred from each of the following funds 10-510 (Police) and 10-530 (Fire). All other recommendations in this Budget were accepted.

Other Funds – No changes were made to any of the following funds: 11 (Powell Bill); 40 (Library Trust Fund) ; 50 (LEO Trust Fund); 51 (Elmwood Cemetery Trust Fund); 70 (Capital Reserve Utilities Fund); 72 (Capital Reserve General Fund); 73 (Capital Reserve Economic Development Fund)

Before opening the Public Hearing, Mayor O’Geary reminded citizens to sign-in if they wish to address Council on any item other than the Budget. He asked those speaking on the budget to limit their comments to no more than three (3) minutes. He then opened the Public Hearing by asking if anyone present wished to speak in favor of the proposed budget.

No one came forward. so Mayor O’Geary then asked if anyone was present who wished to speak in opposition to the proposed budget.

Mr. Phil Hart, Louisburg. Mr. Hart is Chair of the Henderson-Vance Downtown Development Commission (DDC) and owns a business in downtown Henderson. He spoke on behalf of the DDC and began by saying several members of its Board are in attendance as a show of support. Those members were Curtis White, Lois Williams, David Carroll, David Headley, Stuart Litvin, John Barnes, and Marcus Barrow. Mr. Hart then read three pages of reasons for retaining the Main Street Manager position. The document is incorporated by reference and hereby made part of these minutes (See Attachment A)

Mr. Tom Church, Henderson (address not provided). Mr. Church asked Council to reconsider funding the Main Street Manager position. He said the position is needed to help revitalize downtown and to improve the economy of Henderson.

Mr. Stuart Litvin, 935 South Chestnut Street. Mr. Litvin said he was speaking mainly as a citizen this evening although he is the Henderson Vance Economic Development Director. He said the Main Street Manager position should be viewed as an investment, not an expense. Mr. Litvin feels the opening of the performing arts center puts the City on the cusp of something great and does not want the City to send the wrong message. He added a point person is needed and respectfully requested the Council to reconsider retaining the Main Street Manager position.

Ms. Andrea Harris, 340 West Rock Spring Street. Ms. Harris asked that Council be sensitive to its citizens. She felt Council should be honest because although taxes are not increasing the fees will increase and many are on fixed income. She asked Council to identify needs and increase its efforts to meet those needs. She also spoke on behalf of the Downtown Development Commission position.

No other citizens came forward so Mayor O'Geary closed the Public Hearing and asked for Council's pleasure,

Council Member Daeke thanked everyone for their comments. He felt Council should reconvene on Tuesday evening to consider these comments along with several issues he has concerns about such as not having any contingency funds, the fleet management fund, and no street resurfacing program. Mr. Daeke felt Council should talk more about priorities and how to address those issues.

Council Member Rainey agreed and added citizen input is good and they have valid points. He also said Council works to do its best ability to do what is right for the City and citizens.

Council Member Coffey clarified that although Coffey Bail Bonds is listed on part of the document presented by Mr. Phil Hart, Chair of the Henderson-Vance Downtown Development, as having moved out of downtown, she only relocated her business because she is in the process of retiring.

Council Member Inscoe made a motion to continue the budget discussion on Tuesday 10 June.

Council Member City Manager Kearney concurred with another meeting, but asked if Council would be willing to meet on Thursday instead of Tuesday. Thursday evening was inconvenient for several and after a brief discussion it was the consensus to meet on Wednesday 11 June at 6:00 p.m. City Manager Griffin suggested Council recess this meeting rather than adjourn for further budget discussions and for discussion on any other items of business.

For the record, Council Member Kearney stated by Statute monies in the water and sewer fund cannot be used for General Fund purposes and the increase is required due to decreased usage. City Manager concurred saying the water/sewer funds cannot be used to support the General Fund and neither can the General Fund monies be used to support the Water/Sewer Funds.

Council Member Rainey asked Mr. Hart about the expenses for the Zene Street property. Mr. Hart said the general liability insurance policy of approximately \$3,000 requires power and water be current on the property.

In response to Ms. Harris' comment about raising taxes instead of fees, Council Member Coffey emphasized the City has fewer homeowners than renters which means the homeowners would carry the bulk of the cost.

Council Member Inscoe commented citizens need to understand that the General Assembly, in its wisdom, is doing away with the privilege license tax which will reduce the City's income in the coming years by an estimated \$211,000.

Adoption of FY14-15 Budget and Adoption of May 2014 Classification and Pay Study.
(Reference: (CAF 14-62-A, Ordinance 14-34, Resolution 14-42)

(Clerk's Note: Because Council will continue budget discussions at a later date, this item was not considered for approval during this meeting.)

PUBLIC COMMENT PERIOD ON AGENDA ITEMS

The City Clerk advised the Mayor and Council Members that no citizen wished to speak to Council on agenda matters.

OLD BUSINESS

Rejecting the Offer by Prestigious Housing, Inc., to Purchase the Old First National Bank Building Located at 213 South Garnett Street. (Reference: CAF 14-54-A; Resolution 14-31)

City Manager Griffin explained the Land Planning Committee met on 22 May 2014 to consider the action taken by Council on 12 May 2014. In light of the adoption of a Procedure for Purchasing City Owned Property, it was the unanimous decision of the Committee to recommend rejection of the bid offer by Kenneth G. Stevenson, owner of Prestigious Housing, Inc., in light of the significant amount in back taxes owed by several businesses owned by Mr. Stevenson.

There was no further discussion. Mayor O'Geary asked for the pleasure of Council.

Council Member Rainey moved the approval of Resolution 14-31, *Rejecting the Offer by Prestigious Housing, Inc., to Purchase the Old First National Bank Building Located at 213 South Garnett Street.* Motion seconded by Council Member Kearney and APPROVED by the following vote: YES: Kearney, Coffey, Inscoc, Rainey, Peace-Jenkins, Daeke, Simmons and Daye. NO: None. ABSTAIN: None. ABSENT: None. (See Resolution Book 4, p 9)

NEW BUSINESS

Authorizing the Execution of Change Order #4 for the Henderson Water Reclamation Facility Project to Devere Construction Company, Inc. in the Amount of \$41,224.61 and FY14 Budget Amendment #37, Amending the CIP Sewer Fund for Change Order #4 to the Water Reclamation Facility Renovation Project. (Reference: CAF 14-06-A; Resolution 14-17-A, Ordinance 14-26-A)

City Manager Griffin said the next several items would be reviewed by Assistant City Manager Frank Frazier. Mr. Frazier said this change order includes modifications to the electrical service (\$10,558.49) and the addition of an Oxidation Ditch (30,666.12). He then asked Mr. Doug Chapman, from McGill Associates, to explain these changes further. Mr. Chapman said after discussions with staff it was determined placing the electrical service underground would be advantageous. He said the additional PLC is for backup purposes.

Council Member Inscoe asked what each PLC costs. Mr. Chapman said approximately \$10,000. Mr. Inscoe felt \$10,000 was a large amount for backup when the work can be completed manually until replacement parts arrive if one PLC fails.

Council Member Daeke asked if a decision could be delayed. Mr. Chapman and Mr. Frazier both said it would be best to make a decision at this time.

Council Member Peace-Jenkins asked if the second PLC is convenience oriented. Mr. Chapman responded it would offer security. Council Member Kearney asked if the second PLC would extend the life of the primary PLC. Mr. Chapman responded no.

Council Member Rainey asked how many PLC's are there. Mr. Chapman said he could not say with certainty but they are on all the equipment.

Council Member Kearney suggested this item be referred back to staff. Mr. Frazier said there is a time crunch with the electrical portion of this item and asked if Council would be willing to separate this item so the electrical portion could be considered this evening. City Manager Griffin suggested amending this item and bringing it back to Council on Wednesday evening.

It was the consensus of Council to bring this item back to Council on 11 June 2014 for further consideration.

Authorizing the Execution of Change Order #1 in Conjunction with the David Avenue Storm Sewer Replacement Project in the Amount of \$4,000 with M.T. Murphy, Inc.
(Reference: CAF 14-17-A; Resolution 14-11-A)

Assistant City Manager Frazier said this replacement project was approved on 24 February 2014. The project is nearly complete; however, there is a small portion of a 15" concrete pipe that has been found to be in need of replacement. The cost to make this replacement is \$4,000. A portion of this expense will come from the Storm Drain Improvement Account (\$1,578) and the remaining amount will be transferred from the Resurfacing Account (\$2,422).

Council Member Kearney asked why it costs \$265 per foot. Mr. Frazier said he suspected overhead costs along with mobilization costs as the contract has removed much of his equipment.

Council Member Coffey asked if this would finish the project. Mr. Frazier responded yes.

With no further discussion, Mayor O'Geary asked for Council's pleasure.

Council Member Kearney moved the approval of Resolution 14-11-A, *Authorizing the Execution of Change Order #1 in Conjunction with the David Avenue Storm Sewer Replacement Project in the Amount of \$4,000 with M.T. Murphy, Inc.* Motion seconded by Council Member Rainey and APPROVED by the following vote: YES: Inscoe, Rainey, Peace-Jenkins, Daeke, Simmons, Daye, Kearney and Coffey. NO: None. ABSTAIN: None. ABSENT: None. *(See Resolution Book 3, p 285-A)*

Authorizing the Mayor to Execute an Agreement with ECS Carolinas, LLP to Perform Construction Materials Testing Services Relative to the Sandy Creek Pump Station Improvements Project. (Reference: CAF 14-71; Resolution 14-45)

Mr. Frazier said this project is underway but just like the Henderson Water Reclamation Project, testing of concrete and other portions of this project need to be performed for the Sandy Creek project. Both City staff and McGill Associates have reviewed the proposal from ECS Carolinas, LLP and it is recommended that Council approve this agreement. There are sufficient funds within the Legal, Testing, and Administration line items to cover the testing costs.

There was no discussion.

Council Member Rainey moved the approval of Resolution 14-45, *Authorizing the Mayor to Execute an Agreement with ECS Carolinas, LLP to Perform Construction Materials Testing Services Relative to the Sandy Creek Pump Station Improvements Project*. Motion seconded by Council Member Coffey and APPROVED by the following vote: YES: Rainey, Peace-Jenkins, Daeke, Simmons, Daye, Kearney, Coffey and Inscoe. NO: None. ABSTAIN: None. ABSENT: None. (See Resolution Book 4, p 37)

Authorizing Additional Areas for Water Main and Services Replacement to the 2” Water Main and Services Replacement Project Subject to Approval From DWSRF and Availability of Remaining Funds. (Reference: CAF 14-26-A; Resolution 14-19-A)

Assistant City Manager Frank Frazier said this is better news --- this project is approximately 95% complete and the total cost to date is \$987,867.00. With approximately 57% of the total project cost expended, it is possible for up to an additional seven (7) streets to be included in this project as long as the State approves. In anticipation of approval by NCDENR and DWSRF, preliminary designs are being drafted for the following streets: Orchard and Vicksboro roads and Eaton, Walnut, Railroad, Mulberry and Montgomery streets. pation of replacing the water mains.

Council Member Kearney asked about the patching impact on the budget. Mr. Frazier said the loan does not allow for overlay.

Council Member Coffey asked then what happens since patches don't last. Mr. Frazier said the only thing the City can do is to ensure the patches are well done until the streets can be properly resurfaced.

Mayor O'Geary now asked for the pleasure of Council.

Council Member Daeke moved the approval of Resolution 14-19-A, *Authorizing Additional Areas for Water Main and Services Replacement to the 2” Water Main and Services Replacement Project Subject to Approval From DWSRF and Availability of Remaining Funds*. Motion seconded by Council Member Daye, and APPROVED by the following vote: YES: Daeke, Simmons, Daye, Kearney, Coffey, Inscoe, Rainey and Peace-Jenkins. NO: None. ABSTAIN: None. ABSENT: None. (See Resolution Book 3, p 303-A)

Providing for Four Additional Handicap Parking Spaces on Sunday Near the First Baptist Church. (Reference: CAF 14-67; Ordinance 14-17)

Assistant City Manager Frazier said a request was received from the First Baptist Church due to the aging population. The Church is requesting a total of four (4) additional handicap parking spaces to be located on Wyche and Winder streets. The proposed spaces are for Sunday only and the approximate cost of additional signs and poles is \$40 each, not including labor for placing the signs.

Council Member Rainey asked if the signs would reflect this is for Sundays only so no tickets will be given out during the week. Mr. Frazier said the signs would be marked appropriately and Police Chief Barrow confirmed tickets would only be issued on Sundays.

There was no further discussion. Mayor O'Geary asked for Council's pleasure.

Council Member Inscoe moved the approval of Ordinance 14-17, *Providing for Four Additional Handicap Parking Spaces on Sunday Near the First Baptist Church*. Motion seconded by Council Member Rainey, and APPROVED by the following vote: YES: Simmons, Daye, Kearney, Coffey, Inscoe, Rainey, Peace-Jenkins, and Daeke. NO: None. ABSTAIN: None. ABSENT: None. (See Ordinance Book 9, p 97)

Appointments to the Henderson Community Appearance Commission, Henderson-Vance Human Relations Commission, Henderson Redevelopment Commission and the Henderson Planning Board. (Reference: CAF 14-68; Resolution 14-43)

City Manager Griffin asked City Clerk Esther McCrackin to enlighten Council on this matter. Ms. McCrackin said the Boards and Commissions Committee met on both 22 May 2014 and 4 June 2014 to consider four applications. It is the unanimous recommendation that the following be appointed to the various committees for the suggested terms: 1) David Carroll and Patricia Newman to the Appearance Commission for a full three-year term expiring 30 June 2017; 2) Jason Spriggs to the Henderson-Vance Human Relations Commission for a full two-year term expiring 30 June 2016; 3) Keith Coffey to the Redevelopment Commission for a full two-year term expiring 30 June 2016; and 4) Keith Coffey to the Henderson Planning Board as an Alternate for a full two-year term expiring 30 June 2016.

There was no discussion. Mayor O'Geary asked for the pleasure of Council.

Council Member Daeke moved the approval of Resolution 14-43, *Appointments to the Henderson Community Appearance Commission, Henderson-Vance Human Relations Commission, Henderson Redevelopment Commission and the Henderson Planning Board*. Motion seconded by Council Member Peace-Jenkins, and APPROVED by the following vote: YES: Daye, Kearney, Coffey, Inscoe, Rainey, Peace-Jenkins, Daeke and Simmons. NO: None. ABSTAIN: None. ABSENT: None. (See Resolution Book 4, p 33)

CONSENT AGENDA

The City Clerk read the Consent Agenda, summarized as follows:

Issuing Sewer Credit for outside Watering of Lawns, Plants and Vegetation for the 1 June 2014 through 31 October 2014 Billing Statements. (*Reference: CAF 14-70; Resolution 14-44*) As in years past, this resolution offers customers a credit for watering during the specified timeframe. The City has the discretion to discontinue the credit at any time if it is in the best interest of the City (such as drought and/or implementation of water conservation measures. (*See Resolution Book 4, p 35*))

Tax Releases and Refunds from Vance County for the Month of April 2014. (*Reference: CAF 14-66*). This is a routine matter which has been reviewed and approved by the Finance Director and the releases and refunds are listed below.

April 2014 Tax Releases & Refunds			
Name	Reason	Tax Year	Amount
Real & Personal Property			
Releases			
Manning, William & Beulah	Taxes Lost to Foreclosure	2003	15.25
Marrow, Walter Heirs	Taxes Lost to Foreclosure	2003	15.25
Manning, William & Beulah	Taxes Lost to Foreclosure	2004	16.00
Marrow, Walter Heirs	Taxes Lost to Foreclosure	2004	16.00
Manning, William & Beulah	Taxes Lost to Foreclosure	2005	16.75
Marrow, Walter Heirs	Taxes Lost to Foreclosure	2005	16.75
Manning, William & Beulah	Taxes Lost to Foreclosure	2006	16.75
Marrow, Walter Heirs	Taxes Lost to Foreclosure	2006	16.75
Manning, William & Beulah	Taxes Lost to Foreclosure	2007	16.75
Marrow, Walter Heirs	Taxes Lost to Foreclosure	2007	16.75
Manning, William & Beulah	Taxes Lost to Foreclosure	2008	16.95
Marrow, Walter Heirs	Taxes Lost to Foreclosure	2008	19.78

April 2014 Tax Releases & Refunds			
Name	Reason	Tax Year	Amount
Manning, William & Beulah	Taxes Lost to Foreclosure	2009	17.55
Marrow, Walter Heirs	Taxes Lost to Foreclosure	2009	20.48
Manning, William & Beulah	Taxes Lost to Foreclosure	2010	17.55
Marrow, Walter Heirs	Taxes Lost to Foreclosure	2010	20.48
Martinez, Jose	Personal Prop. Billed	2010	34.78
Champion, Alvin	Personal Prop. Billed	2011	34.78
Manning, William & Beulah	Taxes Lost to Foreclosure	2011	17.55
Marrow, Walter Heirs	Taxes Lost to Foreclosure	2011	20.48
Champion, Alvin	Personal Prop. Billed	2012	34.78
Manning, William & Beulah	Taxes Lost to Foreclosure	2012	17.55
Marrow, Walter Heirs	Taxes Lost to Foreclosure	2012	20.48
Adcox, Steven Ronald	Lot Lien Billed	2013	220.00
Champion, Alvin	Personal Prop. Billed	2013	36.86
Crue, Julio	Personal Prop. Billed	2013	50.60
Feggins, Kristal J	Lot Lien Billed	2013	220.00
Hawkins, Rose Lee Brow		2013	(420.93)
Manning, William & Beulah	Taxes Lost to Foreclosure	2013	18.60
Marrow, Walter Heirs	Taxes Lost to Foreclosure	2013	21.70
NCDOT	State Assessed	2013	20,891.78
Peoples, Jackie Wayne, Jr.	Personal Prop. Billed	2013	9.92
Valdes, Evelin	Personal Prop. Billed	2013	50.60
Total R&P Property Releases			\$ 21,555.32
Real & Personal Property			
Refunds			
Stokes, David	Personal Prop. Billed	2012	34.78
Stokes, David	Personal Prop. Billed	2013	36.86
Total R&P Property Refunds			\$ 71.64
Total R&P Prop. Rel. & Ref.			\$ 21,626.96
Vehicle Releases			
Ayscue, Michael Kevin	Correct Situs	2010	\$ 16.03
Ayscue, Michael Kevin	Correct Situs	2012	\$ 60.30
Ayscue, Michael Kevin	Correct Situs	2013	\$ 25.74
Cash, William Allen	Pro-Rate	2013	\$ 37.66
Garcia, Perez Jose Luis	Correct Situs	2013	\$ 148.82
Peace, Tracey Latrell	Pro-Rate	2013	\$ 9.06
Seward, Matthew William	Pro-Rate	2013	\$ 12.59
Sutton, Sandra Bullock	Pro-Rate	2013	10.1
Thompson, Robert Calvin	Correct Situs	2013	23.46
Total Vehicle Releases			\$ 343.76
Vehicle Refunds			
Broadnax, Robert Wayne	Pro-Rate	2013	\$ 0.52
Gregg, Marjorie Williams	Pro-Rate	2013	\$ 4.22
Stark, William Luther	Pro-Rate	2013	\$ 11.67
Williams, Michael Anthony	Pro-Rate	2013	2.33
Total Vehicle Refunds			\$ 18.74
Tot. Veh. Rel. & Ref.			\$ 362.50
Total All Releases & Refunds			\$ 21,989.46

Mayor O'Geary asked if anyone wished to remove an item from the Consent Agenda. There were no requests. Mayor O'Geary then asked for a motion to approve the consent Agenda

Council Member Rainey asked about the timing on the watering credit. He said several citizens have approached him as re-sodding is normally done in March and/or April. There was a brief discussion which culminated with Finance Director Kathy Brafford explaining this credit is for the May usage which is billed in June through the September usage billed in October.

City Manager Griffin said Henderson is extremely generous by continuing to offer this credit. He said many municipalities require irrigation installation for outside watering.

Council Member Coffey asked how this credit is determined. Mr. Griffin said it is determined by the consumer's average consumption and a mathematical equation.

Mayor O'Geary again asked if anyone wished to remove an item from the Consent Agenda. There were no requests. Mayor O'Geary then asked for a motion to approve the consent Agenda

Council Member Kearney moved the approval of the Consent Agenda as presented. Motion seconded by Council Member Coffey, and APPROVED by the following vote: YES: Kearney, Coffey, Inscoc, Rainey, Peace-Jenkins, Daeke, Simmons and Daye. NO: None. ABSTAIN: None. ABSENT: None.

PUBLIC COMMENT PERIOD ON NON-AGENDA ITEMS

City Clerk McCrackin advised one citizen wished to address Council.

Ms. Andrea Harris, 340 West Rock Spring Street. Ms. Harris began by mentioning a book entitled "When Work Disappears." She said Henderson has made progress but more needs to be done and has two requests for Council. 1) To clean up the old city dump site and 2) to remove the temporary port-a-potty on the basketball court on Chestnut Street.

REPORTS

- a) Mayor/Mayor Pro-Tem (No Report)
- b) City Manager (No Report)
- c) City Attorney (No Report)
- d) City Clerk (No Report)

OTHER

Council Member Simmons thanked Ms. Harris for her comment about the port-a-potty saying she drives by that area often and never noticed it.

With no further discussion, Mayor O'Geary asked if Council was prepared to go into Closed Session and stated there would be no report following the session.

CLOSED SESSION

Council Member Rainey moved for Council to convene in closed session pursuant to G.S. §143-318.11(a)(3) for an Attorney-Client Privilege Matter regarding the lawsuit by the City of Oxford against the City of Henderson, Warren County and Granville County. Motion seconded by Council Member Daye and unanimously approved.

Council Member Rainey moved for Council to convene in open session. Motion seconded by Council Member Peace-Jenkins and unanimously approved.

Mayor O'Geary asked if Council was prepared to adjourn.

MEETING RECESSED

Council Member Inscoe moved to recess this meeting until 11 June 2014 at 6:00 p.m. for further discussion regarding the FY14-15 Budget, Change Order #4 to the Henderson Water Reclamation Facility and to consider any other items of business that may properly come before Council. Motion seconded by Council Member Daye and unanimously approved. The meeting recessed at 7:55 p.m.

James D. O'Geary
Mayor

ATTEST:

Esther J. McCrackin
City Clerk



AGENDA

Henderson City Council RECESSED Meeting

Monday 11 June 2014, 6:00 p.m.

(Recessed from 9 June 2014)

R. G. (Chick) Young, Jr. Council Chambers, Municipal Building

134 Rose Avenue

Henderson, North Carolina

Mayor and City Council Members

Mayor James D. O'Geary, Presiding

Councilmember James C. Kearney, Jr.

Councilmember Sara M. Coffey

Councilmember Michael C. Inscoe

Councilmember D. Michael Rainey

Councilmember Brenda Peace-Jenkins

Councilmember Garry D. Daeke

Councilmember Fearldine A. Simmons

Councilmember George M. Daye

City Officials

A. Ray Griffin, Jr., City Manager

John H. Zollicoffer, Jr., City Attorney

Esther J. McCrackin, City Clerk

I. CALL TO ORDER AND RE-CONVENE MEETING from 9 June 2014

II. ROLL CALL

III. ADJUSTMENTS TO AND/OR APPROVAL OF THE AGENDA

(a) Consideration of Approval of Ordinance 14-34, Adoption of FY14-15 Budget, and Resolution 14-42, Adoption of May 2014 Classification and Pay Study. (CAF 14-62-A) [See Notebook Tab 2]

- Ordinance 14-34
- Resolution 14-42

- (b) Consideration of Approval of: 1) Resolution 14-17-A, Authorizing the Execution of Change Order #4 for the Henderson Water Reclamation Facility Project to Devere Construction Company, Inc. in the Amount of \$10,558.49, and 2) Ordinance 14-26-A FY14 Budget Amendment #37, Amending the CIP Sewer Fund for Change Order #4 to the Water Reclamation Facility Renovation Project. (CAF 14-06-A) [See Notebook Tab 4]

- Resolution 14-17-A
- Ordinance 14-26-A

IV. ADJOURNMENT

City Council Minutes
Recessed 9 June 2014 Regular Meeting
11 June 2014

PRESENT

Mayor James D. O'Geary, Presiding; and Council Members James C. Kearney, Sr., Sara M. Coffey, Michael C. Inscoc, D. Michael Rainey, Brenda Peace-Jenkins, Garry D. Daeke, Fearldine A. Simmons, and George M. Daye.

ABSENT

None.

STAFF PRESENT

City Manager A. Ray Griffin, City Attorney John H. Zollicoffer, Jr., City Clerk Esther J. McCrackin, Assistant City Manager Frank Frazier, City Engineer Clark Thomas, Police Chief Marcus Barrow, Fire Chief Danny Wilkerson, Assistant Fire Chief Steve Cordell, Kerr Lake Regional Water Director Christy Lipscomb, Human Resources Director Cathy Brown, and Code Compliance Director Corey Williams.

CALL TO ORDER

The 11 June 2014 Recessed Meeting of the Henderson City Council was reconvened and to order by Mayor O'Geary at 6:00 p.m. in the lobby of the Municipal Building, 134 Rose Avenue, Henderson, NC with staff observing from Council Chambers. *(Clerk's Note: Council chose to meet in the lobby as there was an electrical outage throughout the entire building and the lobby provided enough light to conduct business)*

ROLL CALL

The City Clerk called the roll and advised Mayor O'Geary a quorum was present.

OPENING COMMENTS

Mayor O'Geary welcomed everyone to this meeting and reminded those present that tonight's meeting is a continuation of the Monday 9 June 2014 meeting.

ADJUSTMENTS TO/APPROVAL OF AGENDA

Mayor O'Geary asked if there were any adjustments and/or approval of the agenda. It was the consensus of Council to accept the agenda as presented.

Mayor O'Geary then asked City Manager Griffin to continue the FY14-15 Budget discussion.

FY14-15 Budget

City Manager Griffin said good comments were received from citizens on Monday evening. He said it was Council's desire to contemplate those comments as three of the four citizen comments regarding restoring the Main Street Manager position and one citizen commented on the increase in the water/sewer rates.

The Mayor then opened the floor for discussion.

Council Member Daeke began by saying he had some thoughts which he emailed to those Council Members for whom he had addresses for and brought copies for the others. He apologized for not getting the copies to everyone earlier but summarized his thoughts by saying Council could look at core services and make provisions to do these services well or Council could choose to do a lot of things not so well. He said he would propose re-designating the Main Street Manager position and wondered if the duties could be incorporated into the Redevelopment Committee. Mr. Daeke suggested putting more funds into the Downtown Development Commission for specific purposes such as signage and facades. He felt funds could be used from the vacant Planning and Community Development Director position until that position is filled. Mr. Daeke said he would like to see the current Main Street Manager moved to another position and felt the Downtown Development Commission would remain intact under the leadership of the current president, Phil Hart.

Council Member Kearney applauded Mr. Daeke for his efforts. Mr. Kearney's initial concern was maintaining some public image in with the Economic Development Commission. He felt input needed to be heard from the Redevelopment Committee before making such a transition and suggested the City try Mr. Daeke's suggestion for a year. He also suggested that there be a limit on any potential new Downtown Development funds of \$20,000.

Council Member Rainey thought this was a good suggestion. He sees moving the current Main Street Manager to the Zoning Administrator position as a way to ease the pressure in the Planning Department.

Council Member Inscoe clarified that this would be to fill the Zoning Administrator's position and not the vacant Director of Planning and Community Development. City Manager Griffin said that is correct.

Council Member Peace-Jenkins said she was impressed with the plan, but asked if Downtown Development would lose its Main Street designation and potential grants. Mr. Griffin responded that is correct and Council Member Inscoe added that there have not been many available grants in the last 5-7 years.

Council Member Simmons asked if the Main Street Manager's main duties are to apply for grants. City Manager Griffin responded that was part of the duties which included staff support for the Downtown Development Commission and working with the community.

Council Member Inscoe mentioned the existing USDA small business grant that one grantee is current in default on but is being paid back in small monthly payments. He reiterated that the Redevelopment Committee has the ability to work with grants and could help with this grant.

Council Member Kearney said it is not likely that Main Street grants would be offered in the near future but said if they are, the City would reapply for the designation.

Council Member Coffey said Henderson will no longer be considered a Main Street city, and since the Performing Arts Center will not be opening in the near future did not consider this a problem. City Manager Griffin said it can be reactivated at any time.

Council Member Daeke said this Council and the City are still committed to downtown and felt the Main Street Manager will provide good assistance in transitioning to these suggestions.

City Manager Griffin commented that the Redevelopment Committee can do things that the City cannot and felt it would be a natural partner with the Downtown Development Commission. He added it is important that the Redevelopment Commission keep active and felt this is "another leg to the stool." He sees this as an opportunity to reinvent and reinvigorate downtown.

Council Member Coffey asked if the Christmas Parade would still be held. Mr. Daeke said he would like to see it continue even if the City has to provide volunteers. Council Member Peace-Jenkins said at one time the Ministers Partnership did the parade and thought they might like to assist.

Council Member Kearney summarized the conversation by suggesting the City continue to fund the Downtown Development Commission with the \$10,000 already in the budget and to look for up to another \$20,000 as the year goes on. He continued saying an attempt should be made to reorganize and better align the Downtown Development Commission with the Redevelopment Committee. This would be subject to discussions with the Redevelopment Committee and Council Member Daeke said he would be happy to discuss this with the Redevelopment Committee.

Council Member Inscoe added to the summary that there is to be no ad valorem tax or sanitation fee increase, and a 4% Regional Water rate increase in FY 14-15, there will be a 3% increase in Sewer rates and a 3.5% increase in Water rates.

Council Member Daeke added he would like any additional funds for the Downtown Development Commission to be earmarked for signage and façade work to bring physical changes to downtown.

At this time, the Mayor asked if Council was willing to hear comments from a citizen. Council unanimously agreed.

Mr. Jim Populorum, 1517 Peace Street. Mr. Populorum briefly stated his agreement that downtown needs to be kept in good appearance but felt, according to the paper, that \$53,000 was too much to spend on the Main Street Manager position.

Mayor O'Geary thanked Mr. Populorum for his comments. He then asked Council for a consensus regarding the discussion so far. The consensus to approve the FY14-15 Consensus Budget and goals for some additional funding for the Downtown Development Commission pursuant to this discussion was as follows: YES: Kearney, Coffey, Inscoe, Rainey, Peace-Jenkins, Daeke, Simmons and Daye. NO: None. ABSTAIN: None. ABSENT: None.

Subsequent to this confirmation by Council, Mayor O'Geary asked for a motion to approve the Budget Ordinance.

Adoption of FY14-15 Budget and Adoption of May 2014 Classification and Pay Study.
(Reference: (CAF 14-62-A, Ordinance 14-34, Resolution 14-42)

Adoption of FY14-15 Budget *(CAF 41-62-A, Ordinance 14-34)*

Motion was then made by Council Member Kearney to adopt Ordinance 14-34, *FY14-15 Budget* as presented and to look for up to no more than an additional \$20,000 as the year goes on for Downtown Development façade and sign grants. Motion was seconded by Council Member Coffey and APPROVED by the following vote: YES: Kearney, Coffey, Inscoe, Rainey, Peace-Jenkins, Daeke, Simmons and Daye. NO: None. ABSTAIN: None. ABSENT: None.

City Manager Griffin said there is a second part to the budget approval process that needs to be considered regarding the acceptance of the May 2014 Classification and Pay Study.

Adoption of May 2014 Classification and Pay Study *(CAF 14-62-A, Resolution 14-42)*

Council Member Inscoe clarified that this action is to approve the whole plan and implementation of Phase 1 of the five (5) year phase in plan. Mr. Griffin agreed.

Motion was made by Council Member Coffey to approve Resolution 14-42, *Adoption of May 2014 Classification and Pay Study*. Motion was seconded by Council Member Daeke and APPROVED by the following vote: YES: Coffey, Inscoe, Rainey, Peace-Jenkins, Daeke, Simmons, Daye and Kearney. NO: None. ABSTAIN: None. ABSENT: None.

Authorizing the Execution of Change Order #4 for the Henderson Water Reclamation Facility Project to Devere Construction Company, Inc. in the Amount of \$10,558.49 and FY14 Budget Amendment #37, Amending the CIP Sewer Fund for Change Order #4 to the Water Reclamation Facility Renovation Project. (Reference: CAF 14-06-A; Resolution 14-17-A, Ordinance 14-26-A)

City Manager Griffin asked Assistant City Manager Frank Frazier to explain this item. Mr. Frazier said Council requested the removal of the PLCs from what was brought for consideration to the 9 June meeting. Mr. Frazier said the change order being considered tonight only includes the duct work for power. He added staff is looking into alternatives for the PLC's and this will be brought back before Council at a later date.

Council Member Inscoe asked how much remains in the contingency fund. Mr. Frazier responded \$448,646 less the \$10,558.49.

There was no other discussion so Mayor O'Geary asked for the pleasure of Council.

Council Member Inscoe moved the approval of Resolution 14-17-A, *Authorizing the Execution of Change Order #4 for the Henderson Water Reclamation Facility Project to Devere Construction Company, Inc. in the Amount of \$10,558.49* and Ordinance 14-26-A, *FY14 Budget Amendment #37, Amending the CIP Sewer Fund for Change Order #4 to the Water Reclamation Facility Renovation Project*. Motion seconded by Council Member Coffey and APPROVED by the following vote: YES: Coffey, Inscoe, Rainey, Peace-Jenkins, Daeke, Simmons, Daye, and Kearney. NO: None. ABSTAIN: None. ABSENT: None. (See Resolution Book 3, p 299-A and Ordinance Book 9, p 115-A)

Council Member Inscoe thanked City Manager Griffin and the staff for creating a budget with very little controversy and reminded everyone that there will be no ad valorem tax increase and best of all there is no need to use the "savings" account to balance the budget.

Mayor O'Geary said it was good to have citizens in attendance and asked if Council was prepared to adjourn.

ADJOURNMENT

Council Member Inscoe moved for adjournment. Motion seconded by Council Member Simmons and was unanimously approved. The meeting adjourned at 6:30 p.m.

James D. O'Geary
Mayor

ATTEST:

Esther J. McCrackin
City Clerk

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