

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**CITY OF HENDERSON**

**HENDERSON, NORTH CAROLINA**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**FINANCE DEPARTMENT**

**JOEY FUQUA**

**FINANCE DIRECTOR**

**CITY OF HENDERSON, NORTH CAROLINA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**For the Fiscal Year Ended June 30, 2019**  
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# **Introductory Section**



November 26, 2019

To the Honorable Eddie Ellington and Members of the City Council  
and Citizens of the City of Henderson

We are pleased to present the Comprehensive Annual Financial Report (CAFR) of the City of Henderson, for the fiscal year ended June 30, 2019. State law requires that all general-purpose governments annually publish a complete set of financial statements. The financial statements must be presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. This report complies with these requirements.

The Comprehensive Annual Financial Report consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. The City's framework of internal controls has been designed to provide reasonable assurance that the financial statements are free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City's financial statements have been audited by Thompson, Price, Scott, Adams, & Co., PA, a firm of licensed certified public accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2019, are free of material misstatement. The independent auditor concluded, based upon their audit that the City's financial statements for the fiscal year ended June 30, 2019 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City was part of a broader, federal and state mandated "Single Audit" designed to meet the special needs of grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal and state awards. These auditor reports are available in the Single Audit section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis

(MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

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

### ***Summary Profile of the City of Henderson***

Situated in North Carolina's rural north-central piedmont and approximately 35 miles north of the Raleigh-Durham metropolitan area, Henderson's elevation is 509 msl and is in proximity to Kerr Lake and the Virginia state line. It is located within the Roanoke River and Tar River basins.

Henderson was founded in 1811 and incorporated in 1841, just celebrating 175 years. It became the Vance County seat of government when the county was formed in 1844. It has utilized the Council-Manager form of government since 1966. The Mayor and Councilmembers are elected for four-year staggered terms. The Mayor is elected at-large while four Council members are elected by Ward vote only and the other four are elected at-large but Ward residency is required.

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

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

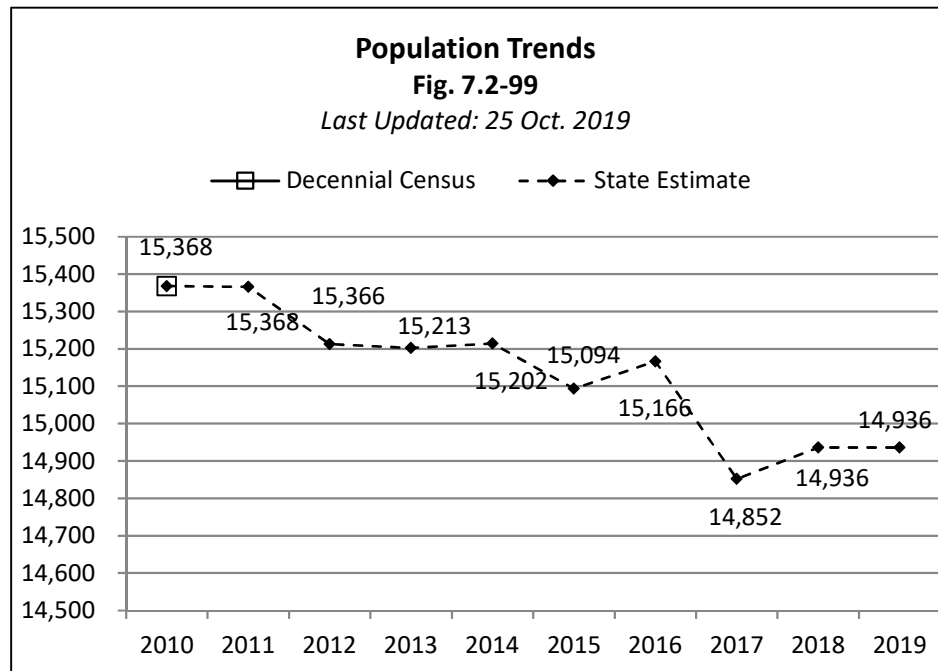
The City Council also appoints the City Attorney and City Clerk. The City Attorney serves at the pleasure of the Council and provides legal advice and guidance to the Council, prepares ordinances and defends the City as appropriate should litigation arise. The City Clerk serves as the official *Keeper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

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

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

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

Henderson encompasses approximately 10 square miles and is bisected by Interstate 85 and US Route 1. It is the first incorporated area one enters when traveling south along Interstate 85. Due to the location, the influx of travelers visiting restaurants and other shopping destinations, the daily population well exceeds the normal population. The city's population appears to have stabilized; however, the upcoming census will provide a more up-to-date count of the City's existing population. There is significant commercial development underway at this time which provides signs that the economy is improving and there is confidence from developers seeking to do business in Henderson.



Henderson is a full service city providing police, fire, water treatment and distribution, sanitary sewer collection and treatment, street maintenance, engineering, household sanitation services, including recycling, garage and fleet services, planning and development services which include code compliance, general administration, finance and human resources. Additionally, Henderson and Vance County have formed collaborative partnerships to provide several jointly funded services including economic development, E-911 emergency services, parks and recreation, tax billing and collections, election board services and a public library.

Henderson also participates in a collaborative partnership with the City of Oxford and County of Warren in the Kerr Lake Regional Water System. Henderson is the majority owner and managing partner (60%) and the City of Oxford and County of Warren each own a 20% share in the facility. The Regional Water System partners, through their distribution systems and water sales contracts to other entities, provide potable water service to the following jurisdictions, in whole or part: Henderson, Kittrell, Vance County, Franklin County, Oxford, Stem, Stovall, Granville County, Warren County, Warrenton, Norlina and Northampton County.

### ***Economic Conditions and Outlook***

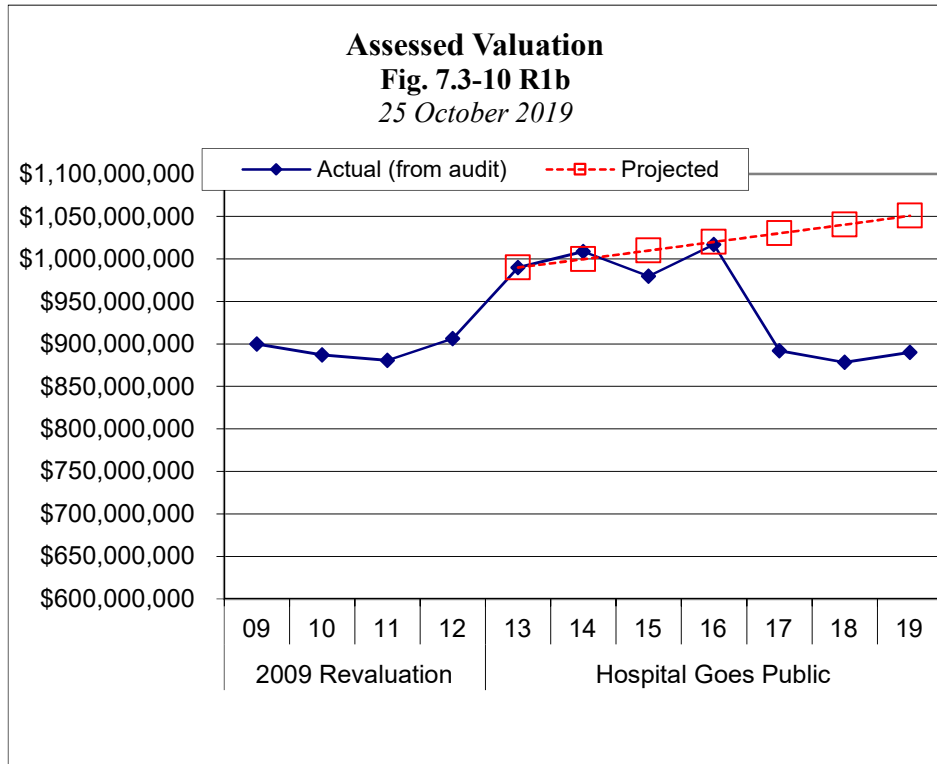
The City is home to nearly 1,000 businesses, including approximately 15 manufacturers, 240 retailers, 250 service businesses and 8 distribution facilities. There is a mixture of large and smaller banks and several credit unions located within the area with one bank currently building a new facility within the City. Major manufacturing products include home furnishings, glass, pet food, and wall coverings with several of those just completing renovations or expansions of which the City participates in incentives where new jobs are created and there is growth in the tax base. Four major distribution facilities that exist in the area, along with several smaller ones provide an influx of business within the City and County. Henderson's location is in the geographic center of Vance County and bisected by I-85 and U.S. Hwy 1, making it an excellent location for manufacturing and distribution. M.R. Williams and Vescom have completed major expansions and MAKO Medical chose Henderson to expand their business. Other commercial developments are under construction or planned along the Dabney Drive corridor and apartments and other projects are in the planning stage.

The Henderson—Vance County Economic Development Commission is charged with the responsibility of implementing the region's economic development strategy with various partners including the NC Department of Commerce, various public and private utility providers, other governmental entities, etc. Of significance is the development and regional marketing of the Triangle North Business Park as well as acquisition of additional land by the County to expand the existing industrial park just off of US Hwy 1 Bypass. The expansion of the Industrial Park by Vance County will be served by the City of Henderson water and sewer services and is currently going through design and permitting of the infrastructure with bidding to follow. This project will continue to improve the regions effort in attracting high paying jobs which will ultimately improve the quality of life for Henderson/Vance County residents.

Tourism continues to play a major role in the region's economy. The Vance County Tourism Office manages various events including *Show, Shine, Shag & Dine*, a major classic car event held in October, and fishing tournaments at Kerr Lake. The car show alone brings over 30,000 people to the downtown area which helps to showcase our local businesses and other downtown shops. The City staff plays a major role in providing necessary road closings, safety and cleanup for this event.

The City continues to fund the Downtown Development Commission and now maintains a full-time Downtown Development Director that will continue to recruit new restaurants and other businesses that will complement the 1,000 seat performing arts center in the heart of downtown Henderson. Major shows and events are held in the venue with other major shows scheduled, The McGregor Hall Performing Arts Center is a major downtown anchor in helping to revitalize

downtown Henderson and its recruitment efforts in promoting new businesses. Construction is underway for a new outdoor pavilion across the street from McGregor Hall. This is being done through private and public funding. As mentioned earlier, the City has hired a full-time Downtown Development Director and is working to regain its NC Main Street status as Henderson was selected along with



other cities as a part of the Downtown Associate Community Program. The application for Main Street status is due by July 2020 and the City fully expects to be among the cities that are currently part of this prestigious designation.

There has been some major projects within the sewer collection system that have been completed which are a part of the City's capital improvements Plan to reduce Infiltration/Inflow and various projects to improve operational efficiency and maintain compliance. Economic growth with the expansion of several industries and commercial establishments should help to increase the assessed values in the future.

The City and its partners continue to work on expanding the Kerr Lake Regional Water Treatment Facility to 20MGD. With permits in place such as the certification for the inter-basin transfer of water, design is underway for the expansion, adjustments and phasing of the project which will be considered to insure that the best treatment technology is utilized and there is optimum efficiency at the plant at all times. The City has a commitment of just under \$40 million to construct the project and will proceed once all approvals are obtained which is anticipated to start in 2020. This will assure adequate potable water for the future for business, industry and residential uses.

The tax rate for FY 20 has remained at the same rate with a slight increase in other revenues.

### ***Long-Term Financial Planning***

The City seeks to consistently maintain a strong financial position as evidenced by its bond rating of A2 (Moody's Investor Service). The governing body and staff have maintained

conservative fiscal policies that provide for growth in the unassigned general fund balance and has been aggressive in its economic development efforts. It is felt these combined strategies will not only maintain the current bond rating, but will also help it improve over the coming years. There has been increased utilization of available fund balance for capital improvements that had been delayed for several years due to not having the available funds.

In order to achieve these major projects with minimal impact on the operating budgets, City Council approved long-term debt reduction and debt management plans for the Water, Sewer and Regional Water Funds. These plans have provided valuable guidance in managing both operating and capital budgets and ensure funding will be present for these major projects.

The City Council appropriated undesignated fund balance for recurring expenses in the current FY, but through sound budgeting and tight controls of the operating budget, the fund balance has remained stable. Due to increases in restricted fund balances the unassigned fund balance fell to \$8,159,721 or 51.82% of General Fund expenditures.

### ***Major Initiatives***

The City's fiscal year ending June 30, 2019 closed with numerous accomplishments and a variety of projects and programs well underway. Each of these initiatives, in one form or another, is designed to improve and expand the City's capabilities for serving its residents and customers.

- Continued upgrades to water and sewer infrastructure
- A stable position in the General Fund's unassigned fund balance of \$8,159,721
- Redevelopment of areas adjacent to downtown to improve housing, improve tax base and grow economically challenged areas

### ***For the Future***

The FY19-20 Annual Operating and Capital Budget was approved by City Council on 10 June 2019. The FY20 Budget, inclusive of all funds, is \$42,270,030. A 2.5% increase was approved for Water, but the Sewer rate will remain the same for FY 20. The FY 19-20 operating budget has seen some improvement in various revenue streams and tax values appear to be stabilizing as a result of economic development activity as well as the establishment of new businesses.

### ***Awards and Acknowledgements***

The City has participated in the Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting. GFOA recognizes governmental units that issue their comprehensive annual financial reports (CAFR) substantially in conformity with GAAP and all legal requirements. The City has received this award for its CAFR for the 2018 Report.

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



The preparation of this report has been accomplished by the City's Finance Department staff and the independent auditors of Thompson, Price, Scott, Adams, & Co., PA. The contributions of all are invaluable and greatly appreciated.

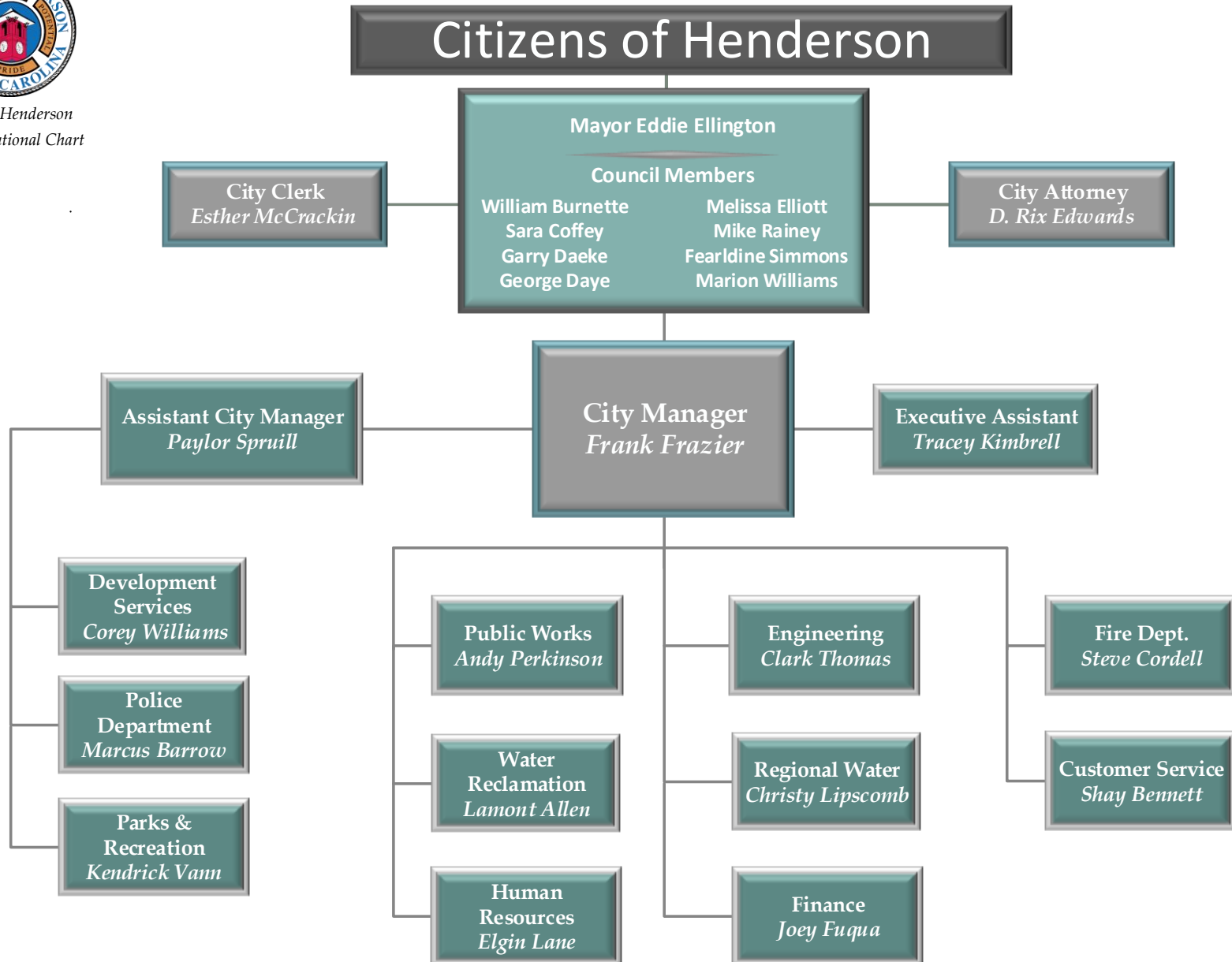
It is also appropriate to thank the Mayor and Members of the City Council for improving the financial position of the City through their interest and support in planning and conducting the financial affairs of the City.

The City noted earlier, there has been continued improvement in areas of revenue growth and new development; however, there are continued challenges. The City's Finance Director along with a seasoned staff in this office strive to insure best practices, internal controls and other efficiencies performed keep the City's finances in proper order.

Respectfully submitted,  
Frank Frazier  
City Manager



City of Henderson  
Organizational Chart



## **Mayor and Members of City Council**

Eddie Ellington  
*Mayor*

### **Members of City Council**

Sara M. Coffey  
Garry D. Daeke, Mayor *Pro-Tempore*  
George M. Daye  
Melissa Elliott

William Burnette  
D. Michael Rainey  
Fearldine Simmons  
Marion Williams

### **City Administration**

Frank Frazier  
*City Manager*

D. Rix Edwards  
*City Attorney*

Paylor Spruill  
*Assistant City Manager*

Esther J. McCrackin  
*City Clerk*

Joey Fuqua  
*Finance Director*



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**City of Henderson  
North Carolina**

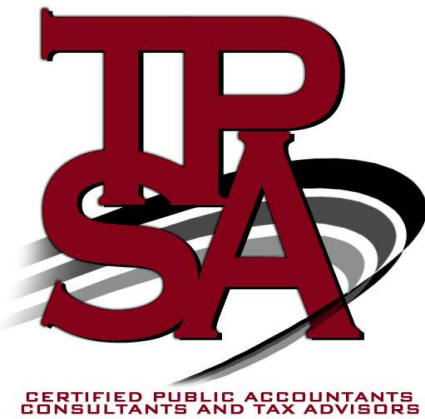
For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2018**

*Christopher P. Morill*

Executive Director/CEO

## **Financial Section**



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## **INDEPENDENT AUDITORS' REPORT**

To the Henderson City Council  
City of Henderson  
Henderson, North Carolina

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Henderson, North Carolina, as of and for the year ended June 30, 2019, and the related notes to the financial statements which collectively comprise City of Henderson'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.

### ***Auditors' 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 auditors' 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, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of City of Henderson, North Carolina as of June 30, 2019, 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, the Local Government Employees' Retirement System Schedules of the City's Proportionate Share of Net Pension Liability and City Contributions, pages 56 and 57, and the Firefighters' and Rescue Squad Workers' Pension Fund schedules of the City's Proportionate Share of the Net Pension Liability on page 58, Schedule of Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll - LEOSSA , pages 59 and 60, and the Schedule of Changes in the Total OPEB Liability and Related Ratios, page 60, 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 and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary and Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of City of Henderson, North Carolina. The combining and individual fund statements, budgetary schedules, other schedules as well as the accompanying Schedule of Expenditures of Federal and State Awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards are presented for purpose of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements, budgetary schedules, other schedules and the Schedule of Expenditures of Federal and State Awards are the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, the combining and individual fund financial statements, budgetary schedules, other schedules, and the Schedule of Expenditures of Federal and State Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with Government Auditing Standards, we have also issued our report dated November 26, 2019 on our consideration of City of Henderson'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 City of Henderson's internal control over financial reporting and compliance.

*Thompson, Price, Scott, Adams & Co., P.A.*

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Thompson, Price, Scott, Adams & Co., P.A.  
Whiteville, NC  
November 26, 2019



**CITY OF HENDERSON**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2019**

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As management of the City of Henderson, we offer readers of the City of Henderson's financial statements this narrative overview and analysis of the financial activities of Stanley City for the fiscal year ended June 30, 2019. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the City's financial statements, which follow this narrative.

**Financial Highlights**

- The assets and deferred outflows of resources of the City of Henderson exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$113,024,766 (net position).
- The government's total net position increased by \$5,372,566, primarily due to increased revenues in the governmental activities, and enterprise projects financed by grants and loans.
- As of the close of the current fiscal year, City of Henderson's governmental funds reported combined ending fund balances of \$13,286,342 with a net change of \$704,853 in fund balance. Approximately 22.70 percent of this total amount, or \$3,015,547, is nonspendable or restricted.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$8,159,721 or 51.82 percent of total general fund expenditures for the fiscal year.
- The City of Henderson's total recorded debt decreased by \$161,043 (0.38%) as compared to the prior fiscal year.

**Overview of the Financial Statements**

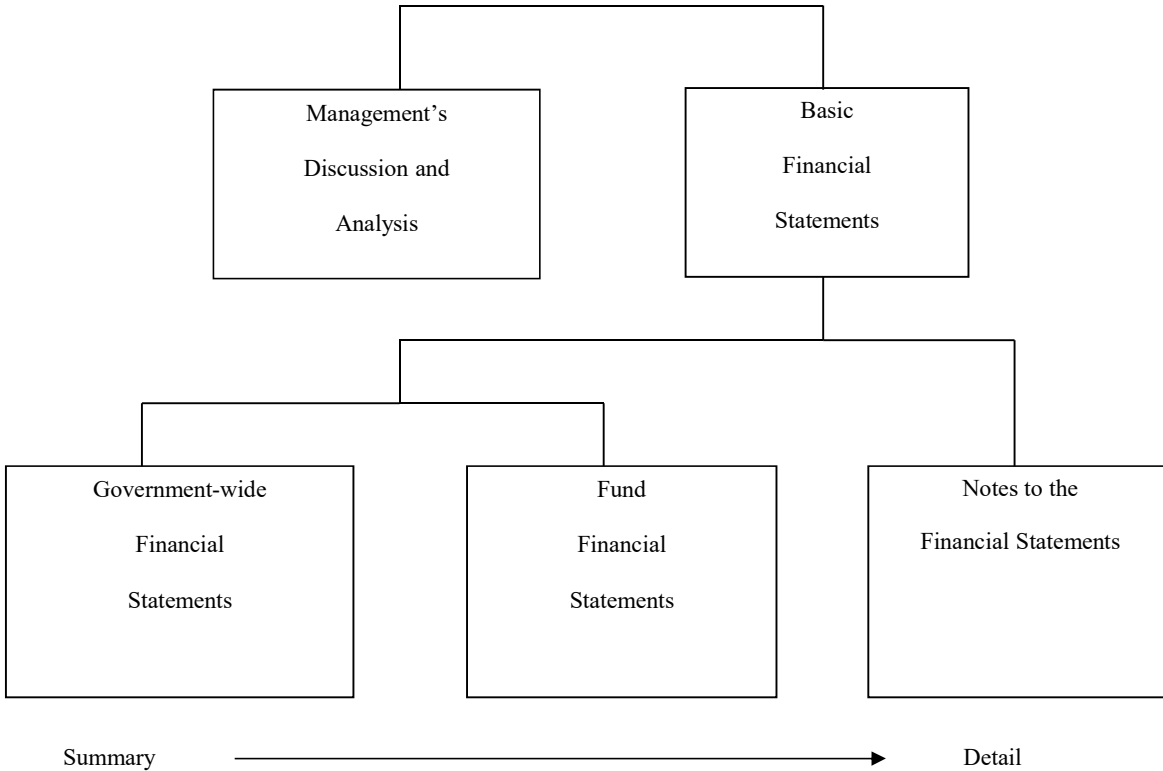
This discussion and the analysis are intended to serve as an introduction to City of Henderson's basic financial statements. The City's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements (see Figure 1). The basic financial statements present two different views of the City through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of the City of Henderson.

**CITY OF HENDERSON**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2019**

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**Required Components of Annual Financial Report**

Figure 1



### **Basic Financial Statements**

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

The next statements (Exhibits 3 through 8) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the City's government. These statements provide more detail than the government-wide statements. There are four parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements; and 3) the enterprise fund statements.

The next section of the basic financial statements is the **notes**. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, **supplemental information** is provided to show details about the City's nonmajor governmental funds and internal service funds, all of which are added together in one column on the basic financial statements. Budgetary information required by the General Statutes can also be found in this part of the statements.

Following the notes is the required supplemental information. This section contains funding information about the City's pension plans.

### **Government-Wide Financial Statements**

The government-wide financial statements are designed to provide the reader with a broad overview of the City's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the City's financial status as a whole.

**CITY OF HENDERSON**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2019**

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

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

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

**Fund Financial Statements**

The fund financial statements (see Figure 1) provide a more detailed look at the City's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Henderson, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as General Statutes or the City's budget ordinance. All of the funds of the City of Henderson can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

The City of Henderson adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the City, the management of the City, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the City to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the City Complied with the budget ordinance and whether or not the City succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the board; 2) the final budget as amended by the board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges.

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

**Notes to the Financial Statements.** The notes provided additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

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

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**JUNE 30, 2019**

**Interdependence with Other Entities:** The City depends on financial resources flowing from, or associated with, both the Federal Government and the State of North Carolina. Because of this dependency, the City is subject to changes in specific flows of intergovernmental revenues based on modifications to Federal and State laws and Federal and State appropriations. It is also subject to changes in investment earnings and asset values associated with U.S. Treasury Securities because of actions by foreign government and other holders of publicly held U.S. Treasury Securities.

**Government-Wide Financial Analysis**

**City of Henderson's Net Position**  
**Figure 2**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
<b>Assets</b>						
Current and other assets	\$ 14,163,979	\$ 13,497,418	\$ 28,852,497	\$ 27,851,320	\$ 43,016,476	\$ 41,348,738
Capital assets	19,337,166	18,621,334	92,446,805	90,533,828	111,783,971	109,155,162
Total assets	33,501,145	32,118,752	121,299,302	118,385,148	154,800,447	150,503,900
<b>Deferred outflows of resources</b>	2,322,944	1,579,779	684,928	496,251	3,007,872	2,076,030
<b>Liabilities</b>						
Long-term liabilities outstanding	15,415,663	14,187,590	23,532,918	24,881,924	38,948,581	39,069,514
Other liabilities	1,044,291	1,184,164	3,121,245	3,370,088	4,165,536	4,554,252
Total liabilities	16,459,954	15,371,754	26,654,163	28,252,012	43,114,117	43,623,766
<b>Deferred Inflows of Resources</b>	1,272,544	987,413	396,892	316,551	1,669,436	1,303,964
<b>Net Position</b>						
Net investment in capital assets	17,170,576	17,133,373	70,644,140	65,693,413	87,814,716	82,826,786
Restricted	3,015,547	2,967,084	-	-	3,015,547	2,967,084
Unrestricted	(2,094,532)	(2,761,093)	24,289,035	24,619,423	22,194,503	21,858,330
Total net position	\$ 18,091,591	\$ 17,339,364	\$ 94,933,175	\$ 90,312,836	\$ 113,024,766	\$ 107,652,200

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 City of Henderson exceeded liabilities and deferred inflows by \$113,024,766 as of June 30, 2019. The City's net position increased by \$5,372,566 for the fiscal year ended June 30, 2019. The largest portion (77.70%) of the City's net position reflects the City's net investment in capital assets (e.g. land, buildings, machinery, and equipment). The City of Henderson uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Henderson's net investment in 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 City of Henderson's net position, \$3,015,547, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$22,194,503 is unrestricted.

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

- Continued diligence in the collection of property taxes by maintaining a tax collection percentage of 96.81%. The statewide average in fiscal year 2019 was 98.78%.
- Increased sales tax revenues of approximately \$260,000 due to economic growth in the City.
- Continued low cost of debt due to the City's high bond rating.

**CITY OF HENDERSON**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
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**City of Henderson Changes in Net Position**

**Figure 3**

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program revenues:						
Charges for services	\$ 3,754,123	\$ 2,771,227	\$ 17,635,017	\$ 17,021,495	\$ 21,389,140	\$ 19,792,722
Operating grants and contributions	685,195	463,122	-	-	685,195	463,122
Capital grants and contributions	133,000	7,237	1,959,535	817,769	2,092,535	825,006
General revenues:						
Property taxes	6,348,025	6,339,656	-	-	6,348,025	6,339,656
Other taxes	226,199	227,753	-	-	226,199	227,753
Grants and contributions restricted to specific programs	4,385,466	4,110,204	-	-	4,385,466	4,110,204
Other	392,652	220,665	247,829	145,552		366,217
Total revenues	15,924,660	14,139,864	19,842,381	17,984,816	35,767,041	31,758,463
Expenses:						
General government	1,749,173	1,977,847	-	-	1,749,173	1,977,847
Public safety	7,329,525	6,771,008	-	-	7,329,525	6,771,008
Planning and community development	491,076	447,561	-	-	491,076	447,561
Transportation and other	1,589,648	1,465,546	-	-	1,589,648	1,465,546
Environmental protection	1,063,360	973,073	-	-	1,063,360	973,073
Recreation and parks	1,715,311	1,572,277	-	-	1,715,311	1,572,277
Local agencies and shared programs	1,077,482	1,174,955	-	-	1,077,482	1,174,955
Interest on long-term debt	76,958	28,203	-	-	76,958	28,203
Water	-	-	6,438,266	5,740,202	6,438,266	5,740,202
Sewer	-	-	4,310,330	3,239,169	4,310,330	3,239,169
Regional Water System	-	-	3,022,096	2,509,906	3,022,096	2,509,906
Total expenses	15,092,533	14,410,470	13,770,692	11,489,277	28,863,225	25,899,747
Increase in net position before transfers and special items	832,127	(270,606)	6,071,689	6,495,539	6,903,816	5,858,716
Special Item (see Note VII)	-	-	(1,531,250)	-	(1,531,250)	-
Transfers	(79,900)	774,000	79,900	(774,000)	-	-
Increase (decrease) in net position	752,227	503,394	4,620,339	5,721,539	5,372,566	6,224,933
Net position, beginning	17,339,364	23,757,820	90,312,836	86,820,142	107,652,200	110,577,962
Restatement	-	(6,921,850)	-	(2,228,845)	-	(9,150,695)
Net position, beginning, restated	17,339,364	16,835,970	90,312,836	84,591,297	107,652,200	101,427,267
Net position, ending	\$ 18,091,591	\$ 17,339,364	\$ 94,933,175	\$ 90,312,836	\$ 113,024,766	\$ 107,652,200

**Governmental activities.** Governmental activities increased the City's net position by \$752,227. Key elements of this increase are as follows:

- Conservative spending on the part of the City departments.
- Increased revenues from services and local option sales tax.

**Business-type activities.** Business-type activities increased the City of Henderson's net position by \$4,620,339. Key elements of this increase are as follows:

- Conservative spending on the part of business-type fund departments.
- Several ongoing capital projects that are funded by various grants.

**CITY OF HENDERSON  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2019**

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**Financial Analysis of the City's Funds**

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

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

The general fund is the chief operating fund of the City of Henderson. At the end of the current fiscal year, City of Henderson's fund balance available in the General Fund was \$10,827,500, while total fund balance reached \$12,272,744. The City utilizes a more conservative measure for the fund balance than actually required by the Local Government Commission (LGC). The City is only considers unassigned funds as the basis for determining its percentage of fund balance to prior year expenditures. As of June 30, 2019, General Fund unassigned fund balance totaled \$8,159,721, or 51.82% of General fund expenditures for the year then ended. The fund balance policy established by the City Council in 2006 has a long-term action item to grow the unassigned fund balance to 30% of prior year expenditures. Per the calculation used by the LGC, the City's fund balance available as of June 30, 2019, is 68.77% of the General Fund expenditures for the year then ended.

At June 30, 2019, the governmental funds of City of Henderson reported a combined fund balance of \$13,286,342 with a net increase in fund balance of \$704,853. The majority of that increase is in the General Fund.

**General Fund Budgetary Highlights:** During the fiscal year, the City revised the budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain services.

Revenues came in over the budgeted amounts by \$477,905. This positive variance is primarily due to Ad Valorem tax collections and strong sales tax receipts. Expenditures were less than budget by \$1,015,595 due to conservative management efforts resulting in notable savings in Public Safety, Parks & Recreation, and Non- Departmental insurance lines.

The budget was amended during the year primarily to recognize excess revenues in various categories and to recognize grant revenue that was not included in the original adopted budget. The budget amendments in other financing sources and uses were primarily due to transfers to other funds and installment debt issued.

**Proprietary Funds.** The City of Henderson's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Water Fund amounted to \$6,720,957 at the end of the fiscal year; the Sewer Fund amounted to \$6,032,661; and the Regional Water System Fund amounted to \$11,535,417. The total change in net position from current year activity was a deficit of \$266,812 for the Water Fund, \$2,280,227 for the Sewer Fund, and \$2,606,924 for the Regional Water System Fund.

**Capital Asset and Debt Administration**

**Capital Assets.** The City of Henderson's investment in capital assets for its governmental and business-type activities as of June 30, 2019, totals \$111,783,829 (net of accumulated depreciation). These assets include buildings, roads and bridges, machinery and equipment, water and sewer infrastructure, and vehicles.

Major capital asset transactions during the year included:

- Public Safety equipment purchases of \$227,303, including ten police vehicles and some fire department and equipment.
- Public Services (Transportation) equipment purchases of \$218,898, including a pick up truck, a backhoe and a tractor, plus close out an electric vehicle charging station project.

**CITY OF HENDERSON  
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- Purchase of a fire truck (financed by USDA) for \$607,000.
- Purchase of equipment in environmental protections totaling \$157,509.
- Water Fund equipment purchases of \$214,157, including 3 vehicles and other equipment.
- Sewer Fund equipment purchases of \$212,671, including 4 vehicles and other equipment
- Increases in CIP- General Fund construction in progress of \$952,009
- Increases in Water Fund construction in progress of \$1,082,925.
- Increases in Sewer Fund construction in progress of \$1,496,199.
- Increases in Regional Water System Fund construction in progress of \$2,616,038.
- Close-out of 6 Sewer projects (ITRacker System, HWRF Improvements, Elmwood Cemetary, Sandy Creek Pump, Robco Econ Dev and Newton Dairy Pump) totaling \$21,798,308.

**CITY OF HENDERSON'S CAPITAL ASSETS  
(net of depreciation)  
Figure 4**

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	\$ 1,681,879	\$ 1,681,879	\$ 2,077,368	\$ 2,077,368	\$ 3,759,247	\$ 3,759,247
Buildings and system	13,432,307	13,830,359	13,851,993	14,457,764	27,284,300	28,288,123
Improvements other than buildings	748,101	751,860	208,775	220,304	956,876	972,164
Distribution Systems	-	-	64,864,309	44,039,664	64,864,309	44,039,664
Equipment & Vehicles	1,780,282	994,502	1,005,837	879,937	2,786,119	1,874,439
Intangible water rights	-	-	3,274,942	3,274,942	3,274,942	3,274,942
Construction in progress	1,694,597	1,362,734	7,163,439	24,096,349	8,858,036	25,459,083
Total	\$ 19,337,166	\$ 18,621,334	\$ 92,446,663	\$ 89,046,328	\$ 111,783,829	\$ 107,667,662

Additional information on the City's capital assets can be found in Note III.A.4 of the Basic Financial Statements.

**Long-term Debt.** As of June 30, 2019, the City of Henderson had bonded debt outstanding of \$987,000 and \$22,982,113 of installment debt. The City's bonded debt is secured solely by specified revenue sources (e.g. revenue bonds). The installment debt consists of notes payable and revolving loans, and is backed by security interest in the property for which it was issued.

**CITY OF HENDERSON  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2019**

**CITY OF HENDERSON'S OUTSTANDING DEBT**

**Figure 5**

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Direct Placement Installment Loans	\$ 2,166,590	\$ 1,457,438	\$ 20,815,523	\$ 21,345,730	\$ 22,982,113	\$ 22,803,168
Capital Leases	-	30,523	-	-	-	30,523
Revenue bonds (private placement)	-	-	987,000	1,953,000	987,000	1,953,000
Compensated Absences	517,129	507,089	136,828	135,684	653,957	642,773
OPEB	9,619,086	10,005,460	3,284,014	3,415,924	12,903,100	13,421,384
Pension Related Debt-LGERS	2,315,996	1,440,191	783,943	487,490	3,099,939	1,927,681
Pension Related Debt- LEOSSA	1,257,814	1,266,437	-	-	1,257,814	1,266,437
<b>Total</b>	<b>\$15,876,615</b>	<b>\$ 14,707,138</b>	<b>\$ 26,007,308</b>	<b>\$ 27,337,828</b>	<b>\$ 41,883,923</b>	<b>\$ 42,044,966</b>

**City of Henderson's Outstanding Debt**

The City of Henderson's total recorded debt decreased by \$161,043 (0.38%) as compared to the prior fiscal year. This change represents the net result of several significant factors:

- Net change in long-term debt activities resulted in a net decrease of \$817,578.
- Compensated absences, OPEB, Pension Related debt resulted in a net increase of 656,535.

The last time the City was evaluated on the Bond market, it received an A2 bond rating from Moody's Investor Service, an A rating from Standard and Poor's Corporations and an AA- from Fitch Ratings. These ratings are a clear indication of the sound financial condition of City of Henderson. The City of Henderson is one of the few municipalities in the country that maintains the highest financial rating from all three major rating agencies. this achievement is a primary factor in keeping interest costs low on the City's outstanding debt.

North Carolina general statutes limit the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for the City of Henderson is \$69,096,195.

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

**Economic Factors and Next Year's Budgets and Rates**

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

- The City's population declined in the 2010 Decennial Census and there is minimal growth expected in the utility customer base, however recent annexations of a new subdivision (now fully built) should help show some growth in the next fiscal year. This leaves few financial resources available for needed operations and capital support, thus the dependence on rate and fee increases.
- The City's unemployment rate is estimated at 5.8%, which represents a decrease from the prior year estimate of 5.9%.



**CITY OF HENDERSON  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
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**Budget Highlights for Fiscal Year Ending June 30, 2020**

**Governmental Activities.** Property tax revenue is the single largest source of revenue for the General Fund. Some growth is expected in the tax base as there are signs of improvement in recent industry expansion as a result of incentives and other recruiting efforts. There was no tax increase requested or approved in the upcoming fiscal year budget.

Sales taxes are the second largest revenue producer for the City's General fund and has realized collection increases for the last five years. This is expected to continue based on strong retail sales.

The third largest revenue producer for the City's General Fund is the sanitation fee. No increase was approved in the upcoming year's budget as the City has worked to increase revenue as well as control expenditures.

Budgeted expenditures in the General Fund are seeing signs of reduced strain as there has been ability to provide funding for capital outlay and equipment, adequate staffing levels, improving levels of pay with the City completing phase IV of a municipal pay study, and program expansion in a couple of areas.

**Business-Type Activities.** Sewer rates and regional water system rates remained unchanged for fiscal year 2020.

**Requests for Information**

This report is designed to provide an overview of the City's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to Finance Director, Joey Fuqua, or City Manager, Frank Frazier, City of Henderson, 134 Rose Avenue, Henderson, NC 27536. One can also call (252) 430-5700 or visit our website at [www.ci.henderson.nc.us](http://www.ci.henderson.nc.us) for more information.

## **BASIC FINANCIAL STATEMENTS**

**CITY OF HENDERSON, NORTH CAROLINA**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2019**

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>Assets</b>			
Current assets			
Cash and cash investments	\$ 11,299,385	\$ 27,036,930	\$ 38,336,315
Property taxes receivable, net	270,970	-	270,970
Accrued interest receivable on taxes	31,663	-	31,663
Accounts receivable, net	205,219	1,350,347	1,555,566
Due from other governments	1,233,837	-	1,233,837
Inventories	-	81,248	81,248
Internal balances	-	-	-
Restricted cash and cash equivalents	1,122,905	383,972	1,506,877
Total current assets	<u>14,163,979</u>	<u>28,852,497</u>	<u>43,016,476</u>
Non-current assets:			
Security deposits	-	142	142
Capital assets:			
Land, improvements, and construction in progress	3,376,476	12,515,749	15,892,225
Other capital assets, net of depreciation	15,960,690	79,930,914	95,891,604
Total capital assets	<u>19,337,166</u>	<u>92,446,663</u>	<u>111,783,829</u>
Total non-current assets	<u>19,337,166</u>	<u>92,446,805</u>	<u>111,783,971</u>
Total assets	<u>33,501,145</u>	<u>121,299,302</u>	<u>154,800,447</u>
<b>Deferred Outflows of Resources</b>			
Pension deferrals	1,942,284	605,798	2,548,082
OPEB deferrals	380,660	79,130	459,790
Total deferred outflows of resources	<u>2,322,944</u>	<u>684,928</u>	<u>3,007,872</u>
<b>Liabilities</b>			
Current Liabilities			
Accounts payable and accrued liabilities	549,309	228,978	778,287
Accrued interest payable	34,030	33,905	67,935
Current portion of long-term liabilities	331,670	2,440,183	2,771,853
Current portion of compensated absences	129,282	34,207	163,489
Payable from restricted assets	-	383,972	383,972
Total current liabilities	<u>1,044,291</u>	<u>3,121,245</u>	<u>4,165,536</u>
Long-term liabilities			
Total OPEB liability	9,619,086	3,284,014	12,903,100
Compensated absences	387,847	102,621	490,468
Net pension liability (LGERS)	2,315,996	783,943	3,099,939
Total pension liability (LEOSSA)	1,257,814	-	1,257,814
Notes payable in more than one year	1,834,920	19,362,340	21,197,260
Total long-term liabilities	<u>15,415,663</u>	<u>23,532,918</u>	<u>38,948,581</u>
Total liabilities	<u>16,459,954</u>	<u>26,654,163</u>	<u>43,114,117</u>
<b>Deferred Inflows of Resources</b>			
Prepaid taxes	25,695	-	25,695
Pension deferrals	159,445	25,646	185,091
OPEB deferrals	1,087,404	371,246	1,458,650
Total deferred outflows of resources	<u>1,272,544</u>	<u>396,892</u>	<u>1,669,436</u>
<b>Net Position</b>			
Net Investment in Capital Assets	17,170,576	70,644,140	87,814,716
Restricted for:			
Non-expendable			
Perpetual maintenance	447,398	-	447,398
Expendable			
Stabilization by State Statute	1,445,244	-	1,445,244
Economic Development	-	-	-
Streets- Powell Bill	1,036,622	-	1,036,622
Capital Reserves	86,283	-	86,283
Unrestricted (deficit)	(2,094,532)	24,289,035	22,194,503
Total net position	<u>\$ 18,091,591</u>	<u>\$ 94,933,175</u>	<u>\$ 113,024,766</u>

**CITY OF HENDERSON, NORTH CAROLINA  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2019**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
<b>Primary government:</b>							
Governmental Activities:							
General government	\$ 1,749,173	\$ 939,827	\$ -	\$ -	\$ (809,346)	\$ -	\$ (809,346)
Public safety	7,329,525	48,925	189,265	133,000	(6,958,335)	-	(6,958,335)
Planning and community development	491,076	-	53,376	-	(437,700)	-	(437,700)
Public Services							
Transportation and other	1,589,648	23,193	431,377	-	(1,135,078)	-	(1,135,078)
Environmental protection	1,063,360	1,881,173	11,177	-	828,990	-	828,990
Recreation and parks	1,715,311	861,005	-	-	(854,306)	-	(854,306)
Local agencies and shared programs	1,077,482	-	-	-	(1,077,482)	-	(1,077,482)
Interest on long-term debt	76,958	-	-	-	(76,958)	-	(76,958)
Total governmental activities	15,092,533	3,754,123	685,195	133,000	(10,520,215)	-	(10,520,215)
Business-type activities:							
Water	6,438,266	7,076,759	-	29,063	-	667,556	667,556
Sewer	4,310,330	5,103,587	-	1,822,617	-	2,615,874	2,615,874
Regional Water System	3,022,096	5,454,671	-	107,855	-	2,540,430	2,540,430
Total business-type activities	13,770,692	17,635,017	-	1,959,535	-	5,823,860	5,823,860
Total primary government	\$ 28,863,225	\$ 21,389,140	\$ 685,195	\$ 2,092,535	(10,520,215)	5,823,860	(4,696,355)
General revenues:							
Taxes:							
Property taxes, levied for general purpose					6,348,025	-	6,348,025
Other taxes					226,199	-	226,199
Grants and contributions not restricted to specific programs					4,385,466	-	4,385,466
Investment earnings, unrestricted					242,398	190,796	433,194
Miscellaneous, unrestricted					150,254	57,033	207,287
Total general revenues not including transfers					11,352,342	247,829	11,600,171
Special Item (see Note VIII)					-	(1,531,250)	(1,531,250)
Transfers					(79,900)	79,900	-
Total general revenues, special items, and transfers					11,272,442	(1,203,521)	10,068,921
Change in net position					752,227	4,620,339	5,372,566
Net position-beginning					17,339,364	90,312,836	107,652,200
Net position-ending					\$ 18,091,591	\$ 94,933,175	\$ 113,024,766

**CITY OF HENDERSON, NORTH CAROLINA**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2019**

	<b>Major General Fund</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Assets:</b>			
Cash and cash equivalents	\$ 10,365,408	\$ 933,977	\$ 11,299,385
Restricted cash and cash equivalent	1,036,622	86,283	1,122,905
Property tax receivable, net	270,970	-	270,970
Accounts receivable, net	205,219	-	205,219
Due from other governments	1,233,837	-	1,233,837
Due from other funds	6,188	-	6,188
Total assets	<u>\$ 13,118,244</u>	<u>\$ 1,020,260</u>	<u>\$ 14,138,504</u>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>			
<b>Liabilities:</b>			
Accounts payable and accrued liabilities	\$ 548,835	\$ 474	\$ 549,309
Assurance deposits	-	6,188	6,188
Total liabilities	<u>548,835</u>	<u>6,662</u>	<u>555,497</u>
<b>Deferred inflows of resources:</b>			
Property taxes receivable	270,970	-	270,970
Prepaid taxes	25,695	-	25,695
Total deferred inflows of resources	<u>296,665</u>	<u>-</u>	<u>296,665</u>
<b>Fund balances:</b>			
Non-spendable, not in spendable form			
Perpetual maintenance	-	447,398	447,398
Restricted:			
Stabilization by State statue	1,445,244	-	1,445,244
Streets- Powell Bill	1,036,622	-	1,036,622
Capital Reserves	-	86,283	86,283
Committed:			
Public Safety- LEO Pension Contributions	119,437	-	119,437
Assigned:			
Capital project funds	-	486,105	486,105
Subsequent year's expenditures	1,511,720	-	1,511,720
Unassigned:	8,159,721	(6,188)	8,153,533
Total fund balances	<u>12,272,744</u>	<u>1,013,598</u>	<u>13,286,342</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 13,118,244</u>	<u>\$ 1,020,260</u>	<u>\$ 14,138,504</u>

**CITY OF HENDERSON, NORTH CAROLINA**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO**  
**THE STATEMENT OF NET POSITION**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2019**

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

Total Fund Balance - Governmental Funds	\$ 13,286,342
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Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds

Gross capital assets at historical cost	45,339,412	
Accumulated depreciation	(26,002,246)	
Net capital assets	19,337,166	19,337,166

Deferred outflows of resources:

Pension related deferral	1,289,796	
LEOSSA related deferral	107,429	
OPEB related deferral	-	1,397,225

Current year contributions to the pension plan	499,908
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Benefit payments for the OPEB plan paid subsequent to the measurement date	380,660
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Benefit payments and administration costs for LEOSSA are deferred outflows of resources on the Statement of Net Position	45,151
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Other long-term assets are not available to pay for current period expenditures and therefore are inflows of resources in the funds.

Accrued interest on taxes receivable	31,663
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Liabilities for earned revenues considered deferred inflows of resources in fund statements

Property taxes receivable	270,970
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Long-term liabilities used in governmental activities are not financial uses and therefore are not reported in the funds.

Net pension liability- LGERS	(2,315,996)	
Total pension liability- LEOSSA	(1,257,814)	
Compensated absences	(517,129)	
Net OPEB liability	(9,619,086)	
Other liabilities due in more than one year	(2,166,590)	
Accrued interest payable	(34,030)	(15,910,645)

Deferred inflows of resources:

Pension related deferral	(75,766)	
LEOSSA related deferral	(83,679)	
OPEB related deferral	(1,087,404)	(1,246,849)

Total adjustment	4,805,249
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Net position of governmental activities	\$ 18,091,591
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**CITY OF HENDERSON, NORTH CAROLINA**  
**STATEMENT OF REVENUES , EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	<b>Major</b>	<b>Nonmajor</b>	<b>Total</b>
	<b>General Fund</b>	<b>Governmental Funds</b>	<b>Governmental Funds</b>
<b>Revenues:</b>			
Ad valorem taxes	\$ 6,297,344	\$ -	\$ 6,297,344
Other taxes and licenses	30,424	-	30,424
Unrestricted intergovernmental	4,385,465	-	4,385,465
Restricted intergovernmental	524,477	240,088	764,565
Permits and fees	238,463	-	238,463
Sales and services	3,692,429	-	3,692,429
Investment earnings	232,546	9,852	242,398
Miscellaneous	220,187	2,706	222,893
Total revenues	<u>15,621,335</u>	<u>252,646</u>	<u>15,873,981</u>
<b>Expenditures:</b>			
Current:			
General government	1,245,317	-	1,245,317
Public safety	7,091,759	657,690	7,749,449
Planning and community development	371,639	438,961	810,600
Public Services:			
Transportation and other	1,824,188	-	1,824,188
Environmental Protection	1,078,345	-	1,078,345
Recreation and parks	1,495,281	-	1,495,281
Non-departmental:			
Local agencies and shared programs	1,077,482	-	1,077,482
General non-departmental	442,042	-	442,042
Debt service:			
Principal	519,489	-	519,489
Interest and other charges	45,152	-	45,152
Lease purchases	-	-	-
Total expenditures	<u>15,190,694</u>	<u>1,096,651</u>	<u>16,287,345</u>
Revenues over expenditures	<u>430,641</u>	<u>(844,005)</u>	<u>(413,364)</u>
<b>Other Financing Sources (Uses):</b>			
Long-term debt issued	600,718	597,399	1,198,117
Transfers from other funds	511,486	564,280	1,075,766
Transfers (to) other funds	(1,155,666)	-	(1,155,666)
Total other financing sources and uses	<u>(43,462)</u>	<u>1,161,679</u>	<u>1,118,217</u>
Net change in fund balance	387,179	317,674	704,853
<b>Fund Balances:</b>			
Beginning of year - July 1	<u>11,885,565</u>	<u>695,924</u>	<u>12,581,489</u>
End of year - June 30	\$ <u><u>12,272,744</u></u>	\$ <u><u>1,013,598</u></u>	\$ <u><u>13,286,342</u></u>

**CITY OF HENDERSON, NORTH CAROLINA**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2019**

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

Net changes in fund balances - total governmental funds	\$	704,853
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.		
Capital outlay expenditures which were capitalized	1,615,003	
Depreciation expense	(899,171)	
Gain on disposal of assets during the year	<u>-</u>	715,832
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities.		499,908
Benefit payments paid and administrative expense for the LEOSSA are not included on the Statement of Activities		45,151
Contributions to the OPEB plan in the current fiscal year are not included on the Statement of Activities.		380,660
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Change in unavailable revenue for tax revenues	47,978	
Change in accrued interest on taxes receivable	<u>2,703</u>	50,681
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. This amount is the net effect of these difference in the treatment of long-term debt and related items.		
Issuance of long-term debt	(1,198,117)	
Principal payments on long-term debt	519,489	
Change in accrued interest payable	<u>(31,806)</u>	(710,434)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Compensated absences	(10,040)	
Pension expense	(598,494)	
Net LEO pension expense	(27,229)	
OPEB expense	<u>(298,661)</u>	(934,424)
Total adjustments		<u>47,374</u>
Total changes in net position of governmental activities	<u>\$</u>	<u>752,227</u>



**CITY OF HENDERSON, NORTH CAROLINA**  
**STATEMENT OF REVENUES , EXPENDITURES, AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL - GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	General Fund			Variance With Final Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>Revenues:</b>				
Ad valorem taxes	\$ 6,442,340	\$ 6,442,340	\$ 6,297,344	\$ (144,996)
Other taxes	26,000	26,000	30,424	4,424
Restricted intergovernmental	468,280	468,280	524,477	56,197
Unrestricted intergovernmental	4,223,630	4,223,630	4,385,465	161,835
Permits and fees	208,500	207,000	238,463	31,463
Sales and services	3,645,830	3,646,330	3,692,429	46,099
Investment earnings	80,000	80,000	232,546	152,546
Miscellaneous	603,450	49,850	220,187	170,337
Total revenues	<u>15,698,030</u>	<u>15,143,430</u>	<u>15,621,335</u>	<u>477,905</u>
<b>Expenditures:</b>				
General government	1,300,760	1,305,094	1,245,317	59,777
Public safety	7,106,420	7,263,914	7,091,759	172,155
Planning and community development	412,284	441,238	371,639	69,599
Public Services:				
Transportation and other	2,504,110	1,936,795	1,824,188	112,607
Environmental protection	1,140,760	1,129,475	1,078,345	51,130
Recreation and parks	1,620,000	1,679,780	1,495,281	184,499
Non-departmental:				
Local agencies and shared programs	1,148,910	1,078,858	1,077,482	1,376
General non-departmental	1,103,654	773,303	442,042	331,261
Debt service:				
Lease purchase payments	-	-	-	-
Principal	558,691	558,691	519,489	39,202
Interest and other charges	39,141	39,141	45,152	(6,011)
Total expenditures	<u>16,934,730</u>	<u>16,206,289</u>	<u>15,190,694</u>	<u>1,015,595</u>
Revenues over (under) expenditures	<u>(1,236,700)</u>	<u>(1,062,859)</u>	<u>430,641</u>	<u>1,493,500</u>
<b>Other financing sources (uses):</b>				
Installment note proceeds	615,100	615,100	600,718	(14,382)
Transfers from other funds	17,300	452,080	511,486	59,406
Transfers (to) other funds	-	(1,155,195)	(1,155,666)	(471)
Appropriated fund balance	604,300	1,151,439	-	(1,151,439)
Total other financing sources (uses)	<u>1,236,700</u>	<u>1,063,424</u>	<u>(43,462)</u>	<u>(1,106,886)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ 565</u>	<u>387,179</u>	<u>\$ 386,614</u>
<b>Fund balances:</b>				
Beginning of year, July 1			<u>11,885,565</u>	
End of year, June 30			<u>\$ 12,272,744</u>	

**CITY OF HENDERSON, NORTH CAROLINA**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2019**

	Major Enterprise Funds			Total
	Water fund	Sewer Fund	Regional Water System Fund	
<b>Assets:</b>				
Current assets:				
Cash and cash equivalents	\$ 7,632,961	\$ 7,113,967	\$ 12,290,002	\$ 27,036,930
Accounts receivable (net)				
Customer receivable (net)- billed	490,090	296,159	156,459	942,708
Customer receivables (net)-unbilled	156,494	251,145	-	407,639
Capital projects receivables	-	-	-	-
Inventories	-	11,038	70,210	81,248
Current portion of notes receivable	-	-	-	-
Restricted cash and cash equivalents	383,972	-	-	383,972
Due from other funds	-	-	-	-
Total current assets	<u>8,663,517</u>	<u>7,672,309</u>	<u>12,516,671</u>	<u>28,852,497</u>
Noncurrent assets:				
Security deposits	142	-	-	142
Capital assets:				
Land, non-depreciable assets and construction in progress	2,921,748	2,127,329	7,466,672	12,515,749
Capital assets, net of depreciation	<u>17,240,785</u>	<u>43,079,156</u>	<u>19,610,973</u>	<u>79,930,914</u>
Total capital assets, net	<u>20,162,533</u>	<u>45,206,485</u>	<u>27,077,645</u>	<u>92,446,663</u>
Notes receivable				
Due in more than one year	-	-	-	-
Total non-current assets	<u>20,162,675</u>	<u>45,206,485</u>	<u>27,077,645</u>	<u>92,446,805</u>
Total assets	<u>28,826,192</u>	<u>52,878,794</u>	<u>39,594,316</u>	<u>121,299,302</u>
<b>Deferred Outflows of Resources:</b>				
Pension deferrals	225,714	238,861	141,223	605,798
OPEB deferrals	22,292	18,381	38,457	79,130
Total deferred outflows of resources	<u>248,006</u>	<u>257,242</u>	<u>179,680</u>	<u>684,928</u>
<b>Liabilities:</b>				
Current liabilities:				
Account payable and accrued liabilities	43,820	78,844	106,314	228,978
Accrued interest payable	9,762	13,614	10,529	33,905
Current portion of long-term liabilities	1,261,250	1,061,891	117,042	2,440,183
Current portion of compensated absences	12,582	15,260	6,365	34,207
Liabilities to be paid from restricted assets:				
Customer/ security deposits	383,972	-	-	383,972
Total current liabilities	<u>1,711,386</u>	<u>1,169,609</u>	<u>240,250</u>	<u>3,121,245</u>
Long-term liabilities				
Total OPEB liability	1,258,872	1,279,531	745,611	3,284,014
Compensated absences	37,745	45,781	19,095	102,621
Net pension Liability	292,089	309,102	182,752	783,943
Notes payable due in more than one year	<u>2,546,611</u>	<u>14,616,528</u>	<u>2,199,201</u>	<u>19,362,340</u>
Total long-term liabilities	<u>4,135,317</u>	<u>16,250,942</u>	<u>3,146,659</u>	<u>23,532,918</u>
Total liabilities	<u>5,846,703</u>	<u>17,420,551</u>	<u>3,386,909</u>	<u>26,654,163</u>
<b>Deferred Inflows of Resources:</b>				
Pension Deferrals	9,555	10,112	5,979	25,646
OPEB Deferrals	142,311	144,646	84,289	371,246
Total deferred inflows of resources	<u>151,866</u>	<u>154,758</u>	<u>90,268</u>	<u>396,892</u>
<b>Net Position:</b>				
Net investment in capital assets	16,354,672	29,528,066	24,761,402	70,644,140
Unrestricted	<u>6,720,957</u>	<u>6,032,661</u>	<u>11,535,417</u>	<u>24,289,035</u>
Total net position	<u>\$ 23,075,629</u>	<u>\$ 35,560,727</u>	<u>\$ 36,296,819</u>	<u>\$ 94,933,175</u>

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

**CITY OF HENDERSON, NORTH CAROLINA**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	Major Enterprise Funds			
	Water Fund	Sewer Fund	Regional Water System Fund	Total
<b>Operating Revenues:</b>				
Charges for services	\$ 6,714,893	\$ 5,093,351	\$ 5,447,261	\$ 17,255,505
Water reservation fees	-	-	-	-
Tap fees	28,054	7,950	-	36,004
Other	333,812	2,286	7,410	343,508
Total Operating Revenues	<u>7,076,759</u>	<u>5,103,587</u>	<u>5,454,671</u>	<u>17,635,017</u>
<b>Operating Expenses:</b>				
Administration and engineering	284,955	-	-	284,955
Public Services administration	97,743	-	-	97,743
Water distribution operations	4,615,435	-	-	4,615,435
Customer service	504,874	-	-	504,874
Water reclamation facility	-	1,900,815	-	1,900,815
Sewer collection operations	-	345,227	-	345,227
Sewer I & I operations	-	208,634	-	208,634
Regional water plant	-	-	2,112,329	2,112,329
Non-departmental	423,858	541,290	395,067	1,360,215
Depreciation	449,856	1,258,708	513,090	2,221,654
Total Operating Expenses	<u>6,376,721</u>	<u>4,254,674</u>	<u>3,020,486</u>	<u>13,651,881</u>
Operating income (loss)	<u>700,038</u>	<u>848,913</u>	<u>2,434,185</u>	<u>3,983,136</u>
<b>Non-operating Revenues (Expenses)</b>				
Investment earnings	46,108	78,194	66,494	190,796
Sprint/T-Mobile agreements	51,842	-	-	51,842
Insurance proceeds	-	-	-	-
Gain (loss) from sale of assets	-	-	-	-
Sales tax refund	2	5,189	-	5,191
Interest and other charges	(61,545)	(55,656)	(1,610)	(118,811)
Total Nonoperating Revenues (Expenses)	<u>36,407</u>	<u>27,727</u>	<u>64,884</u>	<u>129,018</u>
Income (loss) before contributions and transfers	<u>736,445</u>	<u>876,640</u>	<u>2,499,069</u>	<u>4,112,154</u>
<b>Contributions and Transfers</b>				
Transfers from other funds	516,230	-	-	516,230
Transfers (to) other funds	(17,300)	(419,030)	-	(436,330)
Capital contributions	29,063	1,822,617	107,855	1,959,535
Donation Expense (see Note VIII)	(1,531,250)	-	-	(1,531,250)
Total Contributions and Transfers	<u>(1,003,257)</u>	<u>1,403,587</u>	<u>107,855</u>	<u>508,185</u>
Change in Net Position	<u>(266,812)</u>	<u>2,280,227</u>	<u>2,606,924</u>	<u>4,620,339</u>
<b>Net Position:</b>				
Beginning of Year - July 1	<u>23,342,441</u>	<u>33,280,500</u>	<u>33,689,895</u>	<u>90,312,836</u>
Prior Period Adjustment	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net position, beginning restated	<u>23,342,441</u>	<u>33,280,500</u>	<u>33,689,895</u>	<u>90,312,836</u>
End of year - June 30	<u>\$ 23,075,629</u>	<u>\$ 35,560,727</u>	<u>\$ 36,296,819</u>	<u>\$ 94,933,175</u>

**CITY OF HENDERSON, NORTH CAROLINA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	Major Enterprise Funds			
	Water Fund	Sewer Fund	Regional Water System Fund	Total
<b>Cash Flows from Operating Activities:</b>				
Cash received from customers	\$ 7,360,866	\$ 5,174,192	\$ 5,450,689	\$ 17,985,747
Cash paid for goods and services	(4,771,782)	(1,962,661)	(1,810,284)	(8,544,727)
Cash paid to employees for services	(1,152,852)	(1,163,074)	(688,411)	(3,004,337)
Net cash provided (used) by operating activities	1,436,232	2,048,457	2,951,994	6,436,683
<b>Cash Flows from Non-Capital Financing Activities:</b>				
Sprint/ T-Mobile agreements	51,842	-	-	51,842
Sales tax refund	2	5,189	-	5,191
Cost Allocation				
Vance County	-	-	-	-
Transfers from other funds	516,230	-	-	516,230
Transfers to other funds	(17,300)	(419,030)	-	(436,330)
Net cash provided (used) by noncapital financial activities	550,774	(413,841)	-	136,933
<b>Cash Flows from Capital and Related Financing Activities:</b>				
Acquisition and construction of capital assets	(1,300,782)	(1,774,215)	(2,760,215)	(5,835,212)
Financing for acquisition/ construction of capital assets	868,876	347,476	-	1,216,352
Principal paid on bond and equipment contracts	(1,116,339)	(999,983)	(300,411)	(2,416,733)
Interest paid on bond and equipment contracts	(55,949)	(48,360)	(5,033)	(109,342)
Capital contributions	29,063	1,822,617	107,855	1,959,535
Net cash provided (used) by capital and related financing activities	(1,575,131)	(652,465)	(2,957,804)	(5,185,400)
<b>Cash Flows from Investing Activities:</b>				
Interest on investments	46,108	78,194	66,494	190,796
Net increase (decrease) in cash and cash equivalents	457,983	1,060,345	60,684	1,579,012
Cash and cash equivalents, July 1	7,558,950	6,053,622	12,229,318	25,841,890
Cash and cash equivalents, June 30	<u>\$ 8,016,933</u>	<u>\$ 7,113,967</u>	<u>\$ 12,290,002</u>	<u>\$ 27,420,902</u>

(continued)

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

**CITY OF HENDERSON, NORTH CAROLINA  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2019**

	Major Enterprise Funds			Total
	Water Fund	Sewer Fund	Regional Water System Fndd	
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>				
Operating income (loss)	\$ 700,038	\$ 848,913	\$ 2,434,185	\$ 3,983,136
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	449,856	1,258,708	513,090	2,221,654
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable	117,310	70,605	(3,982)	183,933
(Increase) decrease in inventory	-	-	-	-
(Increase) decrease in deferred outflows of resources for pensions	(88,877)	(94,053)	(55,607)	(238,537)
(Increase) decrease in deferred outflows of resources for for OPEB	27,154	31,877	(9,171)	49,860
Increase (decrease) in accounts payable and accrued liabilities	(23,660)	(167,150)	14,621	(176,189)
Increase (decrease) in deferred inflows of resources for pensions	(9,145)	(9,678)	(5,721)	(24,544)
Increase (decrease) in deferred inflows of resources for OPEB	40,206	40,865	23,814	104,885
Increase (decrease) in customer deposits	166,798	-	-	166,798
Increase (decrease) in net pension liability	110,455	116,889	69,109	296,453
Increase (decrease) in compensated absences	(3,337)	2,876	1,605	1,144
Increase (decrease) in net OPEB liability	(50,566)	(51,395)	(29,949)	(131,910)
Total adjustments	736,194	1,199,544	517,809	2,453,547
Net cash provided (used) by operating activities	<u>\$ 1,436,232</u>	<u>\$ 2,048,457</u>	<u>\$ 2,951,994</u>	<u>\$ 6,436,683</u>

**CITY OF HENDERSON, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019**

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**NOTE I: Summary of Significant Accounting Policies**

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

**A. Reporting Entity**

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

**Component Unit**

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

**B. Basis of Presentation**

**Government-wide Statements:** The statement of net position and the statement of activities display information about the primary government. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double counting of internal activities. Any interfund services provided and used are not eliminated in the process of consolidation. These statements distinguish between the *governmental* and *business-type activities* of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

**Fund Financial Statements:** The fund financial statements provide information about the City's funds. Separate statements for each fund category – governmental and proprietary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies result from non-exchange transactions. Other non-operating revenues are ancillary activities such as investment earnings.

The City reports the following major governmental funds:

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

**CITY OF HENDERSON, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019**

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The City reports the following nonmajor governmental funds:

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

**Capital Reserve Funds:** General, Economic Development. These funds are used to accumulate funds to be expended on future capital projects and economic developments.

**Capital Projects Funds:** General Fund, Powell Bill, Old Municipal Building, Beckford Drive Widening Project. These funds are used to account for financial resources to be used for the acquisition and construction of major capital facilities for the General Fund and internally consolidated Powell Bill fund.

**Permanent Fund.** Elmwood Cemetery. This fund is used to account for revenues collected from the sale of cemetery lots. This fund is legally restricted so that any earnings, if applicable, (and not principal) may be used.

The City reports the following major enterprise funds:

**Water Fund.** This fund is used to account for the general operations and user charges collected for the water services provided by the City. The City additionally maintains enterprise funds for budgetary purposes which are consolidated with their respective operating fund for reporting purposes. The Water Capital Project Fund and water-related components of the Capital Reserve Utilities Fund and Rate Stabilization Fund are consolidated in this manner.

**Sewer Fund.** This fund is used to account for the general operations and user charges collected for the sewer services provided by the City. The City additionally maintains enterprise funds for budgetary purposes which are consolidated with their respective operating fund for reporting purposes. The Sewer Capital Project Fund and water-related components of the Capital Reserve Utilities Fund and Rate Stabilization Fund are consolidated in this manner.

**Regional Water System Fund.** This fund is used to account for general operations and user charges for the Regional Water Plant at Kerr lake which provides water to the City and surrounding area. The City additionally maintains enterprise funds for budgetary purposes which are consolidated with their respective operating funds for budgetary purposes. The Regional Water Capital Project Fund and Regional Water Reserve Fund are consolidated in this manner.

**C. Measurement Focus, Basis of Accounting**

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

**Government-wide and Proprietary Fund Financial Statements.** The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

**CITY OF HENDERSON, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019**

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

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

The City considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem property taxes are not accrued as a revenue because the amount is not susceptible to accrual. At June 30, taxes receivable for property other than motor vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of September 1, 2013, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, the State of North Carolina is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts. Property taxes are due when vehicles are registered. The billed taxes are applicable to the fiscal year in which they are received. Uncollected taxes that were billed in periods prior to September 1, 2013 and for limited registration plates are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

Sales taxes and certain intergovernmental revenues, such as the beer and wine tax, collected and held by the State at year-end on behalf of the City are recognized as revenue. Sales taxes are considered a shared revenue for the City of Henderson because the tax is levied by Vance County and then remitted to and distributed by the State. Most intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. All taxes, including those dedicated for specific purposes, are reported as general revenues. Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there is both restricted and unrestricted net position available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

#### **D. Budgetary Data**

The City's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund, the Special Revenue Funds (the Fire Districts Fund, and the Emergency Telephone System Fund) and the Enterprise Funds. All annual appropriations lapse at the fiscal year-end. Project ordinances are adopted for all other capital project funds and special revenue funds. The enterprise capital project funds are consolidated with the enterprise operating funds for reporting purposes. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed multi-year funds. The City Manager shall be authorized to re-allocate departmental appropriations among the various objects of expenditures within any budget department as he deems appropriate and necessary. Additionally, he shall be authorized to re-allocate departmental appropriations among other departments within the same fund via an intra-fund transfer as he deems appropriate and necessary. Notation of such appropriations shall be made to the City Council on the next financial report. All intra-fund transfers must also be approved in advance by the Finance Director. All amendments must be approved by the City Council. The budget ordinance must be adopted by July 1 of the fiscal year or the City Council must adopt an interim budget that covers that time until the annual ordinance can be adopted.



**CITY OF HENDERSON, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019**

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

**1. Deposits and Investments**

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

State Law [G.S. 159-30(c)] authorizes the City to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances; and the North Carolina Capital Management Trust (NCCMT). The City's investments are reported at fair value. Non-participating interest earning investment contracts are accounted for at cost. The NCCMT Government Portfolio, a SEC-registered (2a-7) external investment pool, is measured at fair value. Because the NCCMT Government Portfolio has a weighted average maturity of less than 90 days, they are presented as an investment with a maturity of less than 6 months.

**2. Cash and Cash Equivalents**

The City pools money from several funds to facilitate disbursement and investment and to maximize investment income and considers all cash and investments to be cash and cash equivalents.

**3. Restricted Assets**

The unexpended loan proceeds of the governmental and business-type activities debt are classified as restricted assets because their use is completely restricted to the purpose for which the loans were originally issued. Powell Bill funds are also classified as restricted cash because it can be expended only for purpose of maintaining, repairing, constructing, reconstructing or widening of local streets per G.S. 136-41.1 through 136-41.4. Customer deposits and security deposits are held by the City before any services are supplied are restricted to the service for which the deposit was collected. Money in the Capital Reserve - General and Economic Development funds is classified as restricted assets because its use is restricted to the reserve funds per NC G.S. Chapter 159, Article 3, Part 2. Additionally, money received in grant and capital project funds that is restricted by revenue source of use only on specific projects is classified as restricted assets.

**City of Henderson Restricted Cash**

**Governmental Activities**

General Fund:

Powell Bill	Streets	\$ 1,036,622
Capital Reserve General Fund	Capital Reserves	70,455
Capital Reserve Economic Development Fund	Capital Reserves	15,828
Total Governmental Activities		<u>1,122,905</u>

**Business-Type Activities**

Water Fund	Customer Deposits	<u>383,972</u>
Total restricted cash		<u>\$ 1,506,877</u>

**CITY OF HENDERSON, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019**

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**4. Ad Valorem Taxes Receivable**

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the City levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, penalties and interest do not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2018.

**5. Allowance for Doubtful Accounts**

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

**6. Inventory and Prepaid Items**

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

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements and expensed as the items are used.

**7. Notes Receivable**

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term notes receivables are reported as receivables in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. In fund financial statements, governmental fund types recognize the face amount of the notes receivable issued as other financing sources.

**8. Capital Assets**

Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 with an estimated useful life in excess of two years. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets received prior to June 30, 2015 are recorded at their estimated fair value at the date of the donation. Donated capital assets received after June 30, 2015 are reported at acquisition value. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Capital assets are depreciated using the straight-line method over the following estimated useful lives:

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

	<u>Years</u>
Buildings	50
Improvements	25
Water/Sewer distribution system	75
Vehicles	5
Furniture and equipment	10
Computer equipment	3

**CITY OF HENDERSON, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019**

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**9. 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 expenditures until then. The City has several items that meet the criterion for this category- contributions that are expenses made subsequent to the actuarial measurement date, other pension-related deferrals, and OPEB related deferrals. 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 City has several items that meet the criterion for this category- prepaid taxes, property taxes receivable, and pension deferrals and OPEB deferrals.

**10. Long-Term Obligations**

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method that approximated the effective interest method. Bonds payable are reported net of the applicable bond premiums or discount. Bond issuance costs, except for prepaid insurance costs, are expensed in the reporting period in which they are incurred. Prepaid insurance costs are expensed over the life of the debt.

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

**11. Compensated Absences**

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

The City's sick leave policies provide for an unlimited accumulation for earned sick leave. Sick leave does not vest, but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Since the City has no obligation for the accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

The City's policies regarding compensatory time award and utilization are articulated in Resolution 13-63. Compensatory time is awarded to FLSA non-exempt employees pursuant to FLSA regulations. Employees may not accrue more than forty hours compensatory time without the express permission of the City Manager. Department directors are responsible for scheduling employees to utilize compensatory time as quickly as possible after it has been earned.

**12. Net Position/Fund Balances**

**Net Position**

Net position in government-wide and proprietary fund 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.

**CITY OF HENDERSON, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019**

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**Fund Balances**

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

The governmental fund types classify fund balances as follows:

**Non-Spendable Fund Balance** - this classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

*Prepaid Items* - portion of fund balance that is not an available resource because it represents the amount of prepaid items, which are not spendable resources.

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

*Perpetual Maintenance* - Cemetery resources that are required to be retained in perpetuity for maintenance of the cemetery.

**Restricted Fund Balance** - This classification includes revenue sources that are restricted to specific purposes externally

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

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

*Restricted for Capital Reserves*- portion of fund balance restricted by general statute for future use in projects defined by capital reserve ordinances.

**Committed Fund Balances** - portion of fund balance that can only be used for specific purposes imposed by majority vote by quorum of the City of Henderson's governing body. The governing body can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken to remove or revise the limitation.

*Committed for Public Safety* - LEO Pension Contributions- portion of fund balance committed by the City Council for the purpose of Law Enforcement Officer's Special Separation Allowance (LEOSSA) contributions.

**CITY OF HENDERSON, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019**

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**Assigned Fund Balance** - portion of fund balance that the City of Henderson intends to use for a specific purpose.

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

*Assigned for Capital Project funds* - portion of fund balance that has been budgeted by the City Council of specific projects.

**Unassigned Fund Balances** - the portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds. Only the General Fund may report a positive unassigned fund balance.

The City of Henderson has a revenue spending policy that provides guidance for programs with multiple revenue sources. The Finance Officer will use resources in the following hierarchy: bond proceeds, federal funds, State funds, local non-city funds, city funds. For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in-order by committed fund balance, assigned fund balance and lastly unassigned fund balance. the Finance Officer has the authority to deviate from this policy if it is in the best interest of the City.

**13. Defined Benefit Cost-Sharing Plans**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Local Government Employees' Retirement System (LGERs) and additions to/ deductions from LGERs' fiduciary net position have been determined on the same basis as they are reported by LGERs. For this purpose, plan member contributions and recognized in the period in which the contributions are due. The City of Henderson's employer contributions are recognized when due and the City of Henderson has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of LGERs. Investments are reported at fair value.

For purposes of measuring the net pension expense, information about the fiduciary net position of the Firefighters' and Rescue Squad Workers' Pension Fund (FRSWPF) and additions to/deductions from FRSWPF's fiduciary net position have been determined on the same basis as they are reported by FRSWPF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**NOTE II: Stewardship, Compliance and Accountability**

None Noted.

**CITY OF HENDERSON, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019**

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**NOTE III: Detail Notes on All Funds**

**A. Assets**

**1. Deposits**

All the deposit of the City are either insured or Collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the City's agents in the unit's 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 City, these deposits are considered to be held by the City's agents in their 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 City or escrow agent. Because of the inability to measure the exact amounts of collateral pledge for the City under the Pooling Method, the potential exists for uncollateralization. This risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The City has no policy regarding custodial credit risk for deposits but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The City complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2019 the City's deposits had a carrying amount of \$10,813,197 and a bank balance of \$11,484,260. Of the bank balance, \$500,000 was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method. At June 30, 2019, the City had petty cash of \$2,140.

**2. Investments**

At June 30, 2019 the City of Henderson had \$29,027,855 invested with the North Carolina Capital Management Trust's Government Portfolio which carried a credit rating of AAAm by Standard and Poor's. The City has no formal policy regarding credit risk, but has internal management procedures mandating compliance with the governance of G.S. 159-30 (b) and (c) which lists the types of investments permitted to local governments and public authorities.

**3. Receivables**

**a. Due from other governments for the year ended June 30, 2019 consists of the following:**

General Fund:	
Tax collection remittances	\$ 91,752
State shared revenues:	
Local option sales tax	572,568
Other	382,555
Sales tax refund	186,962
Total	<u>\$ 1,233,837</u>

**b. Allowance for Doubtful Accounts**

The amounts presented in the Balance Sheet and the Statement of Net position for the year ended June 30, 2019, are net of the following allowances for doubtful accounts:

General Fund:	
Property taxes receivable	<u>\$ 121,500</u>
Water Fund:	
Customer receivables	<u>\$ 62,559</u>
Sewer Fund:	
Customer receivables	<u>\$ 132,130</u>

**CITY OF HENDERSON, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

**4 Capital Assets**

**Primary Government**

Capital asset activity for the year ended June 30, 2019, was as follows:

<u>Governmental Activities:</u>	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets not being depreciated:				
Land	\$ 1,681,879	\$ -	\$ -	\$ 1,681,879
Construction in Progress	1,362,734	952,009	620,146	1,694,597
Total capital assets not being depreciated	3,044,613	952,009	620,146	3,376,476
Capital assets being depreciated:				
Building	17,807,655	-	-	17,807,655
Other improvements	13,425,025	35,219	-	13,460,244
Equipment and vehicles	9,447,116	1,247,921	-	10,695,037
Total capital assets being depreciated:	40,679,796	1,283,140	-	41,962,936
Less accumulated depreciation for:				
Building	3,977,296	398,052	-	4,375,348
Other improvements	12,673,165	38,978	-	12,712,143
Equipment and vehicles	8,452,614	462,141	-	8,914,755
Total accumulated depreciation:	25,103,075	\$ 899,171	\$ -	26,002,246
Total capital assets being depreciated, net	15,576,721			15,960,690
Governmental activity capital assets, net	\$ 18,621,334			\$ 19,337,166

Depreciation expenses are charged to functions/ program of the governmental activity capital assets as follows:

General Government	\$ 91,305
Public Safety	403,746
Transportation	20,281
Environmental Protection	9,050
Planning and community development	137,889
Recreation and parks	236,900
Total Depreciation Expense	<u>\$ 899,171</u>

Business-type activities:

**Water Fund**

	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets not being depreciated:				
Land	\$ 1,710,560	\$ -	\$ -	\$ 1,710,560
Construction in progress	277,645	1,082,925	149,382	1,211,188
Total capital assets not being depreciated:	1,988,205	1,082,925	149,382	2,921,748
Capital assets being depreciated:				
Buildings	1,859,228	-	-	1,859,228
Distribution system	21,600,888	149,382	-	21,750,270
Equipment and vehicles	1,310,532	214,157	-	1,524,689
Total capital assets being depreciated :	24,770,648	363,539	-	25,134,187
Less accumulated depreciation for:				
Buildings	543,194	22,880	-	566,074
Distribution system	6,081,679	300,219	-	6,381,898
Equipment and vehicles	818,673	126,757	-	945,430
Total accumulated depreciation:	7,443,546	\$ 449,856	\$ -	7,893,402
Total capital assets being depreciated, net	17,327,102			17,240,785
Total Water Fund capital assets, net	\$ 19,315,307			\$ 20,162,533

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<b>Sewer Fund</b>	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets not being depreciated:				
Land	\$ 211,136	\$ -	\$ -	\$ 211,136
Construction in progress	22,398,684	1,496,199	21,978,690	1,916,193
Total capital assets not being depreciated	22,609,820	1,496,199	21,978,690	2,127,329
Capital assets being depreciated:				
Buildings	24,197,822	-	-	24,197,822
Distribution system	15,566,524	22,005,229	-	37,571,753
Equipment and vehicles	2,452,996	186,132	-	2,639,128
Total capital assets being depreciated:	42,217,342	22,191,361	-	64,408,703
Less accumulated depreciation for:				
Buildings	13,735,689	481,774	-	14,217,463
Distribution system	4,170,293	664,376	-	4,834,669
Equipment and vehicles	2,164,857	112,558	-	2,277,415
Total accumulated depreciation	20,070,839	\$ 1,258,708	\$ -	21,329,547
Total capital assets being depreciated, net	22,146,503			43,079,156
Total Sewer Fund capital assets, net	\$ 44,756,323			\$ 45,206,485
<b>Regional Water System Fund</b>	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets not being depreciated:				
Land	\$ 155,672	\$ -	\$ -	\$ 155,672
Water storage rights	2,375,336	-	-	2,375,336
Interbasin transfer rights	899,606	-	-	899,606
Construction in progress	1,420,020	2,616,038	-	4,036,058
Total capital assets not being depreciated:	4,850,634	2,616,038	-	7,466,672
Capital assets being depreciated:				
Buildings	6,808,289	-	-	6,808,289
Improvements	239,025	-	-	239,025
Distribution system	23,375,105	-	-	23,375,105
Equipment and vehicles	846,172	-	-	846,172
Total capital assets being depreciated :	31,268,591	-	-	31,268,591
Less accumulated depreciation for:				
Buildings	4,128,692	101,117	-	4,229,809
Improvements	18,721	11,529	-	30,250
Distribution system	6,250,881	365,371	-	6,616,252
Equipment and vehicles	746,233	35,074	-	781,307
Total accumulated depreciation:	11,144,527	\$ 513,091	\$ -	11,657,618
Total capital assets being depreciated, net	20,124,064			19,610,973
Total Regional Water capital assets capital assets, net	\$ 24,974,698			\$ 27,077,645



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NOTES TO THE FINANCIAL STATEMENTS  
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**Intangible Asset- Water Storage Rights**

The Regional Water System entered into a Water Storage Agreement with the US Army Corps of Engineers, effective March 17, 2006. Under the terms of this agreement, the Regional Water System has secured the rights to utilize 1.05% of the John H. Kerr Reservoir. The agreement requires repayment of first cost of storage totaling \$2,375,336 in 30 annual installments, as disclosed in Note II.B.6b, below. The agreement additionally requires payments of joint-use repair, rehabilitation and replacement costs as well as annual operation and maintenance costs. Upon completion of the repayment of the first costs, the Regional Water System shall have a permanent right to the use of the water supply storage space, subject to continued payment of annual operation and maintenance costs. Accordingly, the City considers this asset to have an indefinite useful life.

**Intangible Asset- Interbasin Transfer Rights**

Effective November 5, 2015, the Regional Water System obtained a Certification of Interbasin Transfer (IBT) from North Carolina Environmental Management Commission. The IBT certificate statutorily increases the allowance of surface water that the Lake Regional Water System may transfer between specified river basins. The IBT certificate does not increase the allocation allowed to the regional Water System from the John H. Kerr Reservoir. The increased allowance was designed to meet regional water demands anticipated through 2045, however, the Commission may amend the certificate to reduce the maximum amount authorized. The costs of obtaining the IBT certificate, including an environmental assessment and other professional services, were budgeted as a capital project with a final outlay totaling \$899,606. The City considers this asset to have an indefinite useful life.

**Construction Commitments**

The government has active construction projects as of June 30, 2019. At year-end, the government's commitments with contracts are as follows:

<u>Project</u>	<u>Spent-to-date</u>	<u>Remaining Commitment</u>
Governmental Activities:		
Capital Project Fund- General		
Old Municipal Building	\$ 54,908	\$ -
Business-Type Activities:		
Water Fund Capital Projects		
Young Ave. Asbestos Repl.	\$ 45,861	\$ 20,133
Industrial Park Water Ext.	-	-
Sewer Fund Capital Projects		
Elmwood Cemetery Outfall	-	-
Newton Dairy Road	1,665,396	-
Newton Dairy Pump	-	-
RWS Fund Capital Projects		
Nutbush Line	52,350	69,990
KLRW Improvement	3,470,396	23,104
SCADA System Project	48,394	1,306
Business-Type Activities Total	<u>\$ 5,282,397</u>	<u>\$ 114,533</u>

**CITY OF HENDERSON, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
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**B. Liabilities**

1. Pension Plan and Postemployment Obligations

a. Local Governmental Employees' Retirement System

*Plan Description.* The City is a participating employer in 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 membership is comprised of general employees and local law enforcement officers (LEOs) of participating local governmental entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the state Senate, one appointed by the state House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Local Governmental Employees' Retirement System is included in the 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, by calling (919) 981-5454, or at [www.osc.nc.gov](http://www.osc.nc.gov).

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

LGERS plan members who are LEOs are eligible to retire with full retirement benefits at age 55 with five years of creditable service as an officer, or at any age with 30 years of creditable service. LEO plan members are eligible to retire with partial retirement benefits at age 50 with 15 years of creditable service as an officer. Survivor benefits are available to eligible beneficiaries of LEO members who die while in active service or within 180 days of their last day of service and who also have either completed 20 years of creditable service regardless of age, or have completed 15 years of service as a LEO and have reached age 50, or have completed five years of creditable service as a LEO and have reached age 55, or have completed 15 years of creditable service as a LEO if killed in the line of duty. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions.

*Contributions.* Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. City employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The City's contractually required contribution rate for the year ended June 30, 2019, was 8.50% of compensation for law enforcement officers, and 7.87% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the City were \$669,122 for the year ended June 30, 2019.

*Refunds of Contributions.* City employees who have terminated service as a contributing member of LGERS, may file an application for a refund of their contributions. By state law, refunds to members with at least five years of service include 4% interest. State law requires a 60 day waiting period after service termination before the refund may be paid. The acceptance of a refund payment cancels the individual's right to employer contributions or any other benefit provided by LGERS.

**CITY OF HENDERSON, NORTH CAROLINA  
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***Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

At June 30, 2019, the City reported a liability of \$3,099,939 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017. The total pension liability was then rolled forward to the measurement date of June 30, 2018 utilizing update procedures incorporating the actuarial assumptions. The City's proportion of the net pension liability was based on a projection of the City's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2018, the City's proportion was 0.1307%, which was a decrease of 0.0045% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the City recognized pension expense of \$801,079. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 478,247	\$ 16,048
Changes in assumptions	822,604	-
Net difference between projected and actual earnings on pension plan investments	425,529	-
Changes in proportion and differences between City Contributions and	-	85,364
City contributions subsequent to the measurement date	669,122	-
Total	<u>\$ 2,395,502</u>	<u>\$ 101,412</u>

\$669,122 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**Year Ended June 30:**

2020	\$ 780,138
2021	513,843
2022	86,375
2023	244,612
2024	-
Thereafter	-
	<u>\$ 1,624,968</u>

*Actuarial Assumptions.* The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 Percent
Salary Increases	3.50 to 8.10 percent, including inflation and productivity factor
Investment Rate of Return	7.20 percent, net of pension plan investment expense, including inflation

The plan currently uses mortality tables that vary by age, gender, employee group (i.e. general, law enforcement officer) and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

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NOTES TO THE FINANCIAL STATEMENTS  
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The actuarial assumptions used in the December 31, 2017 valuation were based on the results of an actuarial experience study as of December 31, 2014.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	29.00%	1.4%
Global Equity	42.00%	5.3%
Real Estate	8.00%	4.3%
Alternatives	8.00%	8.9%
Credit	7.00%	6.0%
Inflation Protection	<u>6.00%</u>	4.0%
Total	<u>100.00%</u>	

The information above is based on 30 year expectations developed with the consulting actuary for the 2017 asset, liability, and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

*Discount rate.* The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the City's proportionate share of the net pension asset to changes in the discount rate.* The following presents the City's proportionate share of the net pension asset calculated using the discount rate of 7.00%, as well as what the City's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate	1% Increase (8.00%)
City's proportionate share of the net pension liability (asset)	\$ 7,446,323	\$ 3,099,939	\$ (531,967)

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

**CITY OF HENDERSON, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
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**b. Law Enforcement Officers' Special Separation Allowance**

**1. Plan Description**

The City of Henderson administers a public employee retirement system (the Separation Allowance), a single-employer defined benefit pension plan that provides retirement benefits to the City's qualified sworn law enforcement officers under the age of 62 who have completed at least 30 years of creditable service or have attained 55 years of age and have completed five or more years of creditable service. The Separation allowance is equal to 0.85% of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

All full-time City law enforcement officers are covered by the Separation Allowance. At December 31, 2017, the Separation Allowance's membership consisted of:

Retirees receiving benefits	11
Terminated plan members entitled to but not yet receiving benefits	0
Active plan members	42
Total	<u>53</u>

**2. Summary of Significant Accounting Policies:**

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

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

**3. Actuarial Assumptions**

The entry age actuarial cost method was used in the December 31, 2017 valuation. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Salary increases	3.50 to 7.35 percent including inflation and productivity factor
Discount rate	3.64 percent, including inflation

The discount rate used to measure the total pension liability is the S&P Municipal Bond 20 Year High Grade Rate Index as of December 31, 2017.

Mortality rates are based on the RP-2000 Mortality tables with adjustments for mortality improvements based on Scale AA.

**4. Contributions**

The City is required by article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the benefit payments on a pay as you go basis through appropriations made in the General Fund operating budget. The City's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administrative costs of the Separation Allowance are financed through investment earnings. The City paid \$129,941 as benefits came due for the reporting period.

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

At June 30, 2019, the City reported a total pension liability of \$1,257,814. The total pension liability was measured as of December 31, 2018 based on a December 31, 2017 actuarial valuation. The total pension liability was rolled forward to December 31, 2018 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2019, the City recognized pension expense of \$27,229.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 59,200	\$ 29,301
Changes of assumptions	48,229	54,378
City benefit payments and plan administrative expense made subsequent to the measurement date	45,151	-
Total	<u>\$ 152,580</u>	<u>\$ 83,679</u>

\$45,151 reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ended June 30, 2020. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**Year ended June 30:**

2020	\$ 4,700
2021	4,700
2022	4,700
2023	7,703
2024	1,947
Thereafter	-

*Sensitivity of the City's total pension liability to changes in the discount rate.* The following presents the City's total pension liability calculated using the discount rate of 3.64 percent, as well as what the City's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.64 percent) or 1-percentage-point higher (4.64 percent) than the current rate.

	1% Decrease (2.64%)	Discount Rate (3.64%)	1% Increase (4.64%)
Total pension liability	\$ 1,360,282	\$ 1,257,814	\$ 1,164,930

**Schedule of Changes in Total Pension Liability**  
**Law Enforcement Officers' Special Separation Allowance**

	<b>2019</b>
Beginning balance	\$ 1,266,437
Service Cost	58,735
Interest on the total pension liability	37,966
Changes of benefit terms	-
Differences between expected and actual experience in the measurement of the total pension liability	72,564
Changes in assumptions or other inputs	(47,947)
Benefit payments	(129,941)
Other changes	-
Ending balance of the total pension liability	<u>\$ 1,257,814</u>

**CITY OF HENDERSON, NORTH CAROLINA**  
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The plan currently uses mortality tables that vary by age, and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2017 valuation were based on the results of the experience study for the period January 1, 2010 through December 31, 2014.

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

Following is information related to the proportionate share and pension expense for all pension plans:

	<u>LGERS</u>	<u>LEOSSA</u>	<u>Total</u>
Pension Expense	\$ 801,079	\$ 27,229	\$ 828,308
Pension Liability	3,099,939	1,257,814	4,357,753
Proportionate share of the net pension liability	0.1307%	n/a	
<b>Deferred Outflows of Resources</b>			
Differences between expected and actual experience	478,247	59,200	537,447
Changes of assumptions	822,604	48,229	870,833
Net difference between projected and actual earnings on plan investments	425,529	-	425,529
Changes in proportion and differences between contributions and proportionate share of contributions	-	-	-
Benefit payments and administrative costs paid subsequent to the measurement date	669,122	45,151	714,273
<b>Deferred Inflows of Resources</b>			
Differences between expected and actual experience	16,048	29,301	45,349
Changes of Assumptions	-	54,378	54,378
Net difference between projected and actual earnings on plan investments	-	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	85,364	-	85,364

**CITY OF HENDERSON, NORTH CAROLINA  
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**c. Supplemental Retirement Income Plan for Law Enforcement Officers**

*Plan Description.* The City contributes to the Supplemental Retirement Income Plan (Plan), a defined contribution pension plan administered by the Department of the State Treasurer and a Board of Trustees. The plan provides retirement benefits to law enforcement officers employed by the City. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Supplemental Retirement Income Plan for Law Enforcement Officers is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan for Law Enforcement Officers. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

*Funding Policy.* Article 12E of G.S. Chapter 143 requires the City to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2019 were \$137,698, which consisted of \$108,414 from the City and \$29,284 from the law enforcement officers. Members of this plan immediately vest and would only forfeit benefits if convicted of a felony and ordered to forfeit by the court.

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

*Plan Description.* The State of North Carolina contributes, on behalf of the City of Henderson, to the Firemen's and Rescue Squad Workers Pension Fund (FRSWPF), a cost-sharing multiple-employer defined benefit pension plan with a special funding situation administered by the State of North Carolina. The Fund provides pension benefits for eligible fire and rescue squad workers that have elected to become members of the fund. Article 86 of G.S. Chapter 58 assigns the authority to establish and amend benefit provisions of North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consist of 13 members- nine appointed by the Governor, one appointed by the state Senate, one appointed by the state House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Firemen's Rescue Workers Pension Fund is included in the Comprehensive Annual Financial statements and required supplementary information for the Firefighter's and Rescue Squad Workers' Pension Fund. The 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, or at [www.osc.nc.gov](http://www.osc.nc.gov).

*Benefits Provided.* FRSWPF provides retirement and survivor benefits. The present retirement benefit is \$170 per month. Plan members are eligible to receive the monthly benefit at age 55 with 20 years of creditable service as a firefighter or rescue squad worker. Eligible beneficiaries of members who die before beginning to receive the benefit will receive the amount paid by the member and contributions paid on the member behalf into the plan. Eligible beneficiaries of members who die after beginning to receive benefits will be paid the amount the member contributed minus the benefits collected.

*Contributions.* Plan members are required to contribute \$10 per month to the plan. The State, a non-employer contributor, funds the plan through appropriations. The City does not contribute to the plan. Contribution provisions are established by General Statute 58-86 and may be amended only by the North Carolina General Assembly. For the fiscal year ending June 30, 2017, the State contributed \$17,952,000 to the plan. The City of Henderson's proportionate share of the State's contribution is \$8,928.

*Refunds of Contributions.* Plan members who are no longer eligible or choose not to participate in the plan may file an application for a refund of their contributions. Refunds include the member's contributions and contributions paid by others on the member's behalf. No interest will be paid on the amount of the refund. The acceptance of a refund payment cancels the individual's right to employer contributions or any other benefit provided by FRSWPF.



**CITY OF HENDERSON, NORTH CAROLINA  
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***Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

At June 30, 2019, the City reported no liability for its proportionate share of the net pension liability, as the State provides 100% pension support to the City through its appropriations to the FRSWPF. The total portion of the net pension liability that was associated with the Town and supported by the State was \$24,291. The net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017. The total pension liability was then rolled forward to the measurement date of June 30, 2018 utilizing update procedures incorporating the actuarial assumptions. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers. As the City is not projected to make any future contributions to the plan, its proportionate share at June 30, 2018 and at June 30, 2017 was 0%.

For the year ended June 30, 2019, the City recognized pension expense of \$6,908 and revenue of \$6,908 for support provided by the State. At June 30, 2019, the City reported no deferred outflows of resources and no deferred inflows of resources related to pensions.

*Actuarial Assumptions.* The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 Percent
Salary Increases	Not applicable
Investment Rate of Return	7.00 percent, net of pension plan investment expense, including inflation

For more information regarding actuarial assumptions, including mortality tables, the actuarial experience study, the consideration of future ad hoc COLA amounts, the development of the projected long-term investment returns, and the asset allocation policy refer to the discussion of actuarial assumption for the LGERS plan in Section A. of this note.

*Discount rate.* The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

**e. Other Postemployment Benefits**

*Plan Description.* According to a City resolution, the City provides postretirement health care benefits to retirees of the City, provided they participate in the North Carolina Local Governmental Employees' Retirement System (system) and have completed a period of not less than ten years of continuous full-time employment with the City of Henderson.

For employees who retire on or before January 31, 2009, the City provides the following benefits:

For employees who had twenty (20) or more years of continuous full-time employment with the City, the City will pay health insurance premiums for life.

For employees who had fifteen (15) years, but less than twenty (20) years of continuous full-time employment by the City of January 31, 2009, the City will pay health insurance premiums for a maximum of ten years.

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For employees retiring after January 31, 2009, the benefit schedule is as follows:

For employees who had twenty (20) or more years of continuous full-time employment with the City as of January 31, 2009, the City will pay health insurance premiums for life.

For employees who had fifteen (15) years, but less than twenty (20) years of continuous full-time employment by the City as of January 31, 2009, the City will pay health insurance premiums for a maximum of ten (10) years. This group of employees may continue to receive health insurance benefits after the benefit period of ten (10) years expires, provided they personally pay one-half of the health insurance premiums the City pays for retired City employees.

Employees who had less than fifteen (15) years of continuous full-time employment with the City as of January 31, 2009 will not have health insurance premiums paid by the City upon their retirement, but will be allowed to participate in the City's health insurance plan (if any) after retirement from the City, provided said employee personally pays one-half of the health insurance premiums the City pays for retired City employees and provided the employee retires from the City with the NC Local Government Retirement System.

Employees that are hired after January 31, 2009 shall be entitled to participate in the City's health insurance plan (if any) upon their retirement provided they retire with fifteen (15) or more years continuous full-time employment by the City, and they personally pay 100% of the monthly health insurance premiums then set by the insurer, provided the employee retires from the City with the NC Local Government Retirement System pursuant to Section 98.09A (iii).

Membership of the plan consisted of the following at June 30, 2018, the date of the last actuarial valuation:

	General Employees	Law Enforcement Officers
Retirees and dependents receiving benefits	82	11
Terminated plan members entitled to but not yet receiving benefits	-	-
Active plan members	141	42
Total	<u>223</u>	<u>53</u>

**Total OPEB Liability**

The City's total OPEB liability of \$12,903,099 was measured as of June 30, 2018 and was determined by an actuarial valuation as of that date.

*Actuarial assumptions and other inputs.* The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Inflation	2.50 Percent
Salary Increases	
General Employees and Firefighters	3.50 to 7.75 percent
Law Enforcement Officers	3.50 to 7.35 percent
Discount Rate	3.89 percent
Healthcare cost trend rates	
Pre-Medicare	7.50 percent for 2017 decreasing to an ultimate rate of 5.00 percent by 2023
Medicare	5.50 percent for 2017 decreasing to an ultimate rate of 5.00 percent by 2020

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The discount rate used to measure the total OPEB liability was based on the June average of the Bond Buyer General Obligation 20-year Municipal Bond Index published weekly by The Bond Buyer.

**Changes in the Total OPEB Liability**

	<b>Total OPEB Liability</b>
<b>Balance at July 1, 2017</b>	\$ 13,421,384
<b>Changes for the year</b>	
Service Cost	160,816
Interest	469,778
Changes of benefit terms	-
Differences between expected and actual experience	(41,882)
Changes in assumptions or other inputs	(652,280)
Benefit payments	(454,717)
<b>Net changes</b>	<u>(518,285)</u>
<b>Balance at June 30, 2018</b>	<u><u>\$ 12,903,099</u></u>

Changes in assumptions and other inputs reflect a change in the discount rate from 3.56% to 3.89%.

Mortality rates were based on the RP-2014 Total Data Set for Healthy Annuitants Mortality Table.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period January 2010 through December 2014.

*Sensitivity of the total OPEB liability to changes in the discount rate.* The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using the discount rate of 3.89 percent, as well as what the City's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.89 percent) or 1-percentage-point higher (4.89 percent) than the current rate.

	1% Decrease (2.89%)	Discount Rate (3.89%)	1% Increase (4.89%)
Total OPEB liability	\$ 15,048,568	\$ 12,903,099	\$ 11,202,759

*Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates.* The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Current	1% Increase
Total OPEB liability	\$ 11,068,905	\$ 12,903,099	\$ 15,221,341

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

For the year ended June 30, 2019, the City recognized OPEB expense of \$400,626. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 44,277
Changes of assumptions	-	1,414,373
City benefit payments and plan administrative expense made subsequent to the measurement date	459,790	-
<b>Total</b>	<u><u>\$ 459,790</u></u>	<u><u>\$ 1,458,650</u></u>

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\$459,790 reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ended June 30, 2020. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year ended June 30:</b>	
2020	\$ (282,061)
2021	(282,061)
2022	(282,061)
2023	(282,061)
2024	(247,842)
Thereafter	(82,564)

f. Other Employment Benefits

The City has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest months salary in a row during the 24 months prior to the employee's death, but the benefit will be a minimum of \$25,000 and will not exceed \$50,000. Because all death benefit payments are made from the Death Benefit Plan and not by the City, the City does not determine the number of participants. The City has no liability beyond the payment of monthly contributions. The contributions to the Death Benefit Plan cannot be separated between the postemployment benefit amount and the other benefit amount. Contributions are determined as a percentage of monthly payroll based upon rates established annually by the State. Separate rates are established for employees not engaged in law enforcement and for law enforcement officers. The City considers these contributions to be immaterial.

3 Deferred Outflows and Inflows of Resources

The City has several deferred outflows of resources. Deferred outflows of resources at year-end is comprised of the following:

Source	Amount
Benefit payments made and administrative expenses paid subsequent to the measurement date.	
LGERS	\$ 669,122
LEOSSA	45,151
OPEB	459,790
Differences between expected and actual experience	
LGERS	478,247
LEOSSA	59,200
Changes of assumptions	
LGERS	822,604
LEOSSA	48,229
Net difference between projected and actual	
LGERS	425,529
Total Deferred outflows	<u>\$ 3,007,872</u>

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Deferred Outflows and Inflows of Resources (continued)

Deferred inflows of resources at year-end is comprised of the following:

	Statement of Net Position	General Fund Balance Sheet
Prepaid taxes (General Fund)	\$ 25,695	\$ 25,695
Property Taxes Receivable (General Fund)	-	270,970
Changes of assumptions		
LGERS	-	-
LEOSSA	54,378	-
OPEB	1,414,373	-
Differences between expected and actual experience		
LGERS	16,048	-
LEOSSA	29,301	-
OPEB	44,277	-
Changes in proportion and differences between employer contributions and proportionate share of contributions		
LGERS	85,364	-
LEOSSA	-	-
Total	<u>\$ 1,669,436</u>	<u>\$ 296,665</u>

**4 Risk Management**

The City is exposed to various risks of loss related to torts; theft of, damage to, destruction of assets; errors and omissions; injuries to employees; and natural disaster. The City participates in two self-funded risk financing pools administered by the North Carolina League of Municipalities. Through these pools, the City obtains general liability, employee benefits liability, public officials liability, employment practices liability, police professional liability, and auto liability coverage of \$1 million per occurrence, property coverage up to the total insurance values of the property policy, and worker's compensation coverage up to statutory limits. The liability and property exposures are reinsured through commercial carriers for claims in excess of retentions as selected by the Board of Trustees each year. Stop loss insurance is purchased by the Board of trustees to protect against large medical claims that exceed certain dollar cost levels. Specific information on the limits of the reinsurance, excess and stop loss policies purchased by the Board of Trustees can be obtained by contacting the Risk Management Services Department of the NC League of Municipalities. The pools are audited annually by certified public accountants, and the audited financial statements are available to the City upon request.

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

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

In accordance with G.S. 159-29, the finance officer is bonded for \$50,000. The remaining employees that have access to funds have coverage under a Government Crime policy for theft of money and securities of \$5,000 per claim.

**5 Claims, Judgment, and Contingent Liabilities**

At June 30, 2019 the City was a defendant to various lawsuits. In the opinion of the City's management and the city's attorneys, the ultimate effect of these legal matters will not have a material adverse effect on the City's financial position.

**CITY OF HENDERSON, NORTH CAROLINA  
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**6 Long-Term Obligations**

**a. Installment Purchase Agreements and Revolving Loans**

At June 30, 2019 the City of Henderson had a legal debt margin of \$69,096,195.

Installment Purchases at June 30, 2019 are comprised of the following:

**Serviced by the General Fund:**

\$266,427 (portion of \$671,075) 2018 direct placement installment purchase agreement payable to Citizens Community Bank, due in five annual installments of \$145,933 including interest at 2.45% for the purchase of vehicles and equipment. The portion of annual payments to be serviced by the General Fund totals \$57,933. Upon default interest rate will be increased by 2.000 percentage points and will continue to accrue at the increased rate until judgment is settled. Loan is collateralized by the vehicles and equipment.	\$ 108,485
\$34,754 2016 direct installment purchase agreement with Benchmark Community Bank due in five annual installments of \$7,376 including interest at 2.15% for the purchase of a vehicle. Upon default the loan may be declared immediately due and payable. The vehicle purchased is used as collateral against the loan.	14,236
\$474,000, 2019 direct borrowing agreement with USDA, due in twenty annual installments of \$32,602 including interest at 3.25% for the purchase of a fire truck. The fire truck is held as collateral against the debt.	474,000
\$287,965 (portion of \$431,698) 2018 direct placement installment purchase agreement payable to First Citizens Bank, due in five annual installments of \$91,245 including interest at 1.94% for the purchase of vehicles and equipment. The portion of annual payments to be serviced by the General Fund totals \$61,134. Upon default the bank may declare all outstanding principal and interest immediately payable, or the City can surrender the vehicles and equipment (held as collateral).	231,909
\$600,718 (portion of \$1,004,320) 2018 direct placement installment purchase agreement with Touchstone Bank, due in four annual payments of \$219,509 including interest at 2.99% for the purchase of vehicles and equipment. The portion of annual payments to be serviced by the General Fund totals \$131,523. The vehicles and equipment are held as collateral for the loan. Upon default the interest rate will increase 2.00 percentage points and accrue until judgment is settled.	600,718
\$830,000 2017 direct borrowing agreement with Branch Banking & Trust Co. for the old municipal building renovation project. Repayment of the loan is scheduled for 10 years with interest at 2.42%. Upon default the remaining principal and accrued interest is due immediately.	737,241
<b>Total Governmental Activities</b>	<b>\$ 2,166,589</b>

**Serviced by the Water Fund:**

\$174,696, 2000 direct borrowing agreement with Warren County, North Carolina, in connection with a Water System Management Agreement and the construction of water lines. Payment is scheduled for 40 annual payments of \$10,356, including interest at 5.125%. Upon default the entire outstanding principal and interest balance are payable immediately.	\$ 137,156
\$293,928, 2013 direct borrowing agreement (revolving loan) payable to the North Carolina Department of Environment and Natural Resources for the capital purchase of radio read water meters. Repayment of the loan is scheduled for 20 annual installments of \$14,696, with zero interest. The entire outstanding principal and interest balance is payable immediately upon default.	220,446

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**Installment purchases (continued)**

\$1,831,483 2014 direct borrowing agreement (revolving loan) payable to the North Carolina Department of Environmental and Natural Resources in 20 annual installments , with zero interest, for water line capital improvements. The annual payments are scheduled for one payment each of \$94,929 and \$88,220, followed by 18 payments of \$91,574. The total principal and outstanding interest may be payable immediately if the City does not met the requirements set out in the promissory note.	1,465,187
\$64,568 (portion of \$671,075) 2016 direct placement agreement with Citizens Community bank, due in five annual installments of \$145,933 including interest at 2.45% for the purchase of vehicles and equipment. The portion of annual payments to be serviced by the Water Fund totals \$14,056. Upon default interest rate will be increased by 2.000 percentage points and will continue to accrue at the increased rate until judgment is settled. Loan is collateralized by the vehicles and equipment.	13,162
\$143,733 (portion of \$431,698) 2018 direct placement agreement with First Citizens Bank, due in five annual installments of \$91,245 including interest at 1.94% for the purchase of vehicles and equipment. The portion of annual payments to be serviced by the Water Fund totals \$30,111. Upon default the bank may declare all outstanding principal and interest immediately payable, or the City can surrender the vehicles and equipment held as collateral).	116,035
\$214,690 (portion of \$1,004,320) 2018 direct placement agreement with Touchstone Bank, due in four annual payments of \$219,509 including interest at 2.99% for the purchase of vehicles and equipment. The portion of annual payments to be serviced by the Water Fund totals \$46,033. The vehicles and equipment are held as collateral for the loan. Upon default the intererst rate will increase 2.00 percentage points and accrue until judgment is settled.	214,690
\$968,618 2015 direct borrowing agreement (revolving loan) payable to the North Carolina Department of Environment and Natural Resources, due in 20 annual installments with zero interest, for a high-speed efficiency pump capital project. The annual payments are scheduled for one payment each of \$56,450 and \$40,412, followed by 18 payments of \$48,431. Upon default all outstanding principal and interest is due immediately.	654,186
Total Installment Purchase Agreements - Water Fund	<u>\$ 2,820,862</u>

**Serviced by the Sewer Fund:**

\$494,391 2013 direct borrowing agreement (revolving loan) payable to the North Carolina Department of Environment and Natural Resources in 20 annual installments of \$24,720 plus interest at 2% for sanitary sewer capital improvements. Upon default all outstanding principal and accrued interest is due immediately.	\$ 346,074
\$16,115,000 2014 direct borrowing agreement (revolving loan) payable to the North Carolina Department of Environment and Natural Resources for capital improvements at the Henderson water reclamation facility. The capital project associated with this loan is ongoing as of June 30, 2017. Repayment of the total installments of \$805,750, with zero interest. Repayment began during the prior fiscal year in accordance with this schedule. Upon default all outstanding principal and accrued interest is due immediately.	12,892,000
\$798,296, 2015 direct borrowing agreement (revolving loan) payable to the North Carolina Department of Environment and Natural Resources for pump station capital improvements. The capital project associated with this loan is ongoing as of June 30, 2017. Repayment of the total approved loan of \$848,437 was scheduled for 20 annual installments of \$42,422, with zero interest. Repayment began during the prior fiscal year in accordance with this schedule. Future minimum principal payments may be revised. Upon default any outstanding principal and accrued interest is due immediately.	647,863 <sub>49</sub>

**CITY OF HENDERSON, NORTH CAROLINA  
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**Installment purchases (continued)**

\$340,080 (portion of \$671,075 2016) direct placement agreement payable to Citizens Community Bank due in five annual installments of \$145,933 including interest at 2.45% for the purchase of vehicles and equipment. The portion of annual payments to be serviced by the Sewer Fund totals \$73,974. Upon default interest rate will be increased by 2.000 percentage points and will continue to accrue at the increased rate until judgment is settled. Loan is collateralized by the vehicles and equipment.

72,674

\$188,912 (portion of \$1,004,320) 2018 direct placement agreement with Touchstone Bank, due in four annual payments of \$219,509 including interest at 2.99% for the purchase of vehicles and equipment. The portion of annual payments to be serviced by the Sewer Fund totals \$41,649. The vehicles and equipment are held as collateral for the loan. Upon default the interest rate will increase 2.00 percentage points and accrue until judgment is settled.

188,912

\$1,800,000 2014 direct borrowing agreement (revolving loan) payable to the North Carolina Department of Environment and Natural Resources for replacement of the Elmwood Cemetery sewer main. Repayment of loan is scheduled for 20 years with interest at 2.00%. Upon default any outstanding principal and accrued interest is due immediately.

1,530,896

Total Installment Purchases - Sewer Fund

\$ 15,678,419

**Serviced by the Regional Water Fund:**

\$2,375,336, 2006 direct borrowing agreement payable to US Army Corps of Engineers in connection with a Water Storage Agreement, as described in Note II.A.5, above. Repayment is scheduled for 30 annual installments with the interest rate and total payment to be adjusted at five year-intervals throughout the repayment period. The rate is the yield rate as determined by the Secretary of the Treasury plus 1/8%. The current payment is for \$119,607, including interest at 2.75%. Entire outstanding principal and interest balance is payable immediately upon default.

\$ 1,541,349

\$968,618, 2015 direct borrowing agreement (revolving loan) payable to the North Carolina Department of Environment and Natural Resources, due in 20 annual installments with zero interest, for a high-speed efficiency pump capital project. The annual payments are scheduled for one payment each of \$56,450 and \$40,412, followed by 18 payments of \$48,431. Upon default all outstanding principal and accrued interest is due immediately.

774,894

Total Installment Purchases - Regional Water Fund

\$ 2,316,243

Total Business-Type Activities

\$ 20,815,524

**Total Installment Purchases**

\$ 22,982,113

Future minimum payments as of June 30, 2019 were as follows:

<b>Year Ended June 30</b>	<b>Governmental Activities</b>		<b>Business-Type Activities</b>	
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
2020	\$ 331,670	\$ 60,419	\$ 1,453,183	\$ 139,595
2021	336,678	51,937	1,382,268	129,180
2022	280,565	41,755	1,384,269	119,801
2023	284,679	34,418	1,392,098	107,433
2024	228,470	26,924	1,369,588	98,265
2025-2029	429,839	85,541	6,295,572	380,196
2030-2034	126,303	36,707	6,160,524	201,768
2035-2039	148,215	14,795	1,340,883	30,372
2040-2044	170	6	37,139	2,932
Total	<u>\$ 2,166,589</u>	<u>\$ 352,502</u>	<u>\$ 20,815,524</u>	<u>\$ 1,209,542</u>



**CITY OF HENDERSON, NORTH CAROLINA  
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**b. Revenue Bond ( Private Placement Debt)**

\$8,024,000 Combined Enterprise System Revenue Refunding Bond, Series 2011 (Water and Sewer Funds) issued in replacement of the Combined Enterprise System Revenue Bonds, Series 2001 (issued for water and sewer system improvements). The bonds are reported in the Water Fund. Principal installments are due annually on May 1, with semi-annual interest payments due November 1 and May 1, at the annual interest rate of 2.40%. Upon default all unpaid principal and accrued interest are payable immediately.

\$ 987,000

The future payments of the revenue bond are as follows:

Year Ending June 30	Principal	Interest
2020	\$ 987,000	\$ 23,688
2021	-	-
2022	-	-
2023	-	-
2024	-	-
	\$ 987,000	\$ 23,688

The City has been in compliance with the covenants as to rates, fees, and charges in Article V. Section 501 of the Bond order, authorizing the issuance of the Combined Enterprise System Revenue Refunding Bond, Series 2011, since its adoption in 2011. Section 501(b) of the Bond Order requires the parity debt service coverage ratio to be no less than 125% (or 1.25) and the subordinate debt service coverage ratio to be no less than 100% (or 1.00).

The debt service ratio calculations for the year ended June 30, 2019, are as follows:

	Parity Debt		Subordinate Debt
Income (loss) before contributions and transfers	\$ 1,613,085	Net revenues	\$ 3,438,850
Add: Interest and other charges	117,201	Plus: Net Cost Allocations	559,860
Add: Depreciation	1,708,564	Less: parity debt service	(1,012,553)
Net Revenues	\$ 3,438,850	Adjusted net revenues	\$ 2,986,157
Debt service, principal and interest (Revenue Refunding Bond only)	\$ 1,012,553	Debt service, principal and interest (all, including capital leases)	\$ 2,220,633
		Less: parity debt service	(1,012,553)
		Debt service, excluding parity debt	\$ 1,208,080
Debt coverage ratio	340%	Debt coverage ratio	247%
Required debt coverage ratio	125%	Required debt coverage ratio	100%

The City has pledged future water and sewer customer revenues, net of specified operating expenses, to repay \$8,024,000 in water and sewer system revenue bonds issued in 2011. Proceeds from the bonds provided for the refunding of previous revenue bonds issued for financing of the extension of water lines. The bonds are payable solely from water and sewer customer net revenues and are payable through 2020. The total principal and interest remaining to be paid on the bond is \$1,010,688. Principal and interest paid for the current year was \$ 1,012,553.

**CITY OF HENDERSON, NORTH CAROLINA  
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**e. Changes in General Long-Term Debt**

	Balance July 1, 2018	Increases	Decreases	Balance June 30, 2019	Current Portion
<b>Governmental Activities:</b>					
Direct Placement & Direct					
Borrowing Installments	\$ 1,457,438	\$ 1,198,118	\$ 488,966	\$ 2,166,590	\$ 331,670
Capital Leases	30,523	-	30,523	-	-
Net pension liability-LGERS	1,440,191	875,805	-	2,315,996	-
Net pension liability-LEOSSA	1,266,437	-	8,623	1,257,814	-
Total OPEB liability	10,005,460	-	386,374	9,619,086	-
Compensated absences	507,089	174,803	164,763	517,129	129,282
Governmental activity					
long-term liabilities	<u>\$ 14,707,138</u>	<u>\$ 2,248,726</u>	<u>\$ 1,079,249</u>	<u>\$ 15,876,615</u>	<u>\$ 460,952</u>
<b>Business-Type Activities</b>					
Direct Placement & Direct					
Borrowing Installments	\$ 21,345,730	\$ 920,525	\$ 1,450,732	\$ 20,815,523	\$ 1,453,183
Revenue Bond	1,953,000	-	966,000	987,000	987,000
Net pension liability-LGERS	487,490	296,453	-	783,943	-
Total OPEB liability	3,415,924	-	131,910	3,284,014	-
Compensated absences	135,684	28,437	27,293	136,828	34,207
Business-type activity					
long-term liabilities	<u>\$ 27,337,828</u>	<u>\$ 1,245,415</u>	<u>\$ 2,575,935</u>	<u>\$ 26,007,308</u>	<u>\$ 2,474,390</u>

Compensated absences, net pension liability and total OPEB liability have typically been liquidated in the General Fund.

**f. Interfund Balances and Activity**

Balances due to/from other funds at June 30, 2019 consist of the following:

Due from Grants Fund to General Fund after receipt of cost reimbursement grant funding	<u>\$ 6,188</u>
--	-----------------

Transfers to/from other funds at June 30, 2019 consist of the following:

From the General Fund to the Grants Fund to fund projects.	\$ 565
From the General Fund to Capital Projects Fund to fund projects.	373,215
From the General Fund to the Water Fund for debt service.	97,200
From the Powell Bill Fund to the Powell Bill Capital Projects Fund to fund projects.	190,500
From the Water Fund to the General Fund for administrative support for proprietary funds.	17,300
From the Rate Stabilization Fund to the Water Fund for utilization of budgetary reserves.	100,000
From the Water Fund to the Capital Reserve Utilities Fund for contributions to budgetary reserves.	5,000
From the Water Fund to the Water Project Fund to fund projects.	200,000
From the Sewer Project Fund to the Sewer Capital Reserve Utilities Fund to return previous transfers for projects that were not used.	43,342
Transfer from Rate Stabilization Fund to the Sewer Capital Project Fund for utilization of budgetary reserves.	10,000
From the Sewer Fund to the Water Fund to fund part of the debt service payments.	401,730
From the Sewer Project Fund to the Sewer Rate Stabilization Fund to return previous transfers for projects that were not used.	60,437

**CITY OF HENDERSON, NORTH CAROLINA  
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**Transfers (continued)**

From the Sewer Fund to the Capital Reserve Utilities Fund for contributions to budgetary reserves.	5,000
From the Regional Water System Fund to the Regional Water System Capital Project Fund to fund projects.	750,000
From the Regional Water System Fund to the Regional Water Reserve Fund for contributions to budgetary reserves.	844,450
From the Regional Capital Reserve Fund to the Regional Water Project Fund to fund projects.	709,571
Total Transfers	<u>\$ 3,808,310</u>

**D. Fund Balance**

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

Total fund balance - General Fund	\$ 12,272,744
Less:	
Stabilization by State Statute	1,445,244
Streets- Powell Bill	1,036,622
Committed for LEO Pension Contributions	119,437
Appropriated fund balance in 2020 budget	1,511,720
Remaining fund balance	8,159,721

The City Council established a policy in 2008 setting forth a goal to increase the fund balance to an appropriate level. The City utilizes a more stringent measure for fund balance as a percentage of budget than does the Local Government Commission (LGC). To that end, the City only considers undesignated (unassigned) funds not reserved for any purpose as the basis for determining its percentage of unassigned fund balance to prior year expenditures. Additionally, this policy seeks to achieve a 3-5% increase in unassigned fund balance each year until 30% has been reached. The City's Strategic Plan, since April 2008, has included a long-term Action Item, AP 8-1, to grow the unassigned fund balance to 30% of budget. As of June 30, 2019, the unassigned fund balance is 44.28% of budgeted expenditures for fiscal year 2019-2020. Per the calculation used by the LGC, the City's fund balance available for appropriation is 68.77% of fiscal year 2018-2019 expenditures.

The outstanding encumbrances are amounts needed to pay any commitments related to purchase order and contracts that remain unperformed at year-end. There were no encumbrances outstanding at year end for the General Fund.

**NOTE IV: Tax Abatements**

The City enters into Economic Development Incentive agreements with local businesses in accordance with Article 1 of the Local Development Act of 1925, G.S. 158.7.1, and NC G.S. 106A-456, "Community Development Programs and Activities." The City uses this program to further identified strategic objectives: to create new jobs and investment, expand the tax base, and increase the per capita income. Under this program, the City offers individual incentive packages to attract new businesses, or induce additional investment of existing businesses within the City. Commitments made by businesses in such agreements include specific levels of investment, staffing and continued operations for required lengths of time. The incentives offered by the City consists of grant payments determined by the business personal property and real estate taxes which are attributable to such investments. Failure to meet the commitments can result in reductions of the incentives paid, or refunds of incentives previously paid by the City. For the fiscal year ended June 30, 2019, the City abated property taxes totaling \$24,379 under this program.

**CITY OF HENDERSON, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019**

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**NOTE V: Joint Ventures**

The City in conjunction with five counties and fifteen municipalities, established the Kerr-Tar Regional Council of Governments (Council). The participating governments established the Council to coordinate various funding received from federal and state agencies. Each participating government appoints at least one member to the Council's governing board. The City paid a total of \$12,554 to the Council during the fiscal year ended June 30, 2019.

**NOTE VI: Jointly Governed Organization**

**A. Regional Water System**

The City participates in a joint venture to operate the Regional Water System (the System) with the City of Oxford and the County of Warren. The City of Henderson has a 60% vested interest in the system, while the City of Oxford and County of Warren each have a 20% vested interest. There exists no legally separate governing board responsible for the operations of the System. The intergovernmental agreement establishing the system, as amended, states that all decisions relative to the System shall be fair and equitable, with due regard given to each participating party according to their respective vested rights described above.

In accordance with the intergovernmental agreement between the participating governments, the title to all loaned and facilities is vested with the City of Henderson for the operation of the System, and the System is maintained and operated by the City of Henderson, in accordance with the intergovernmental agreement, maintains separate regional water system accounts for the recording of all System activities. These activities are reported in the City's financial statements as a major enterprise fund.

The operations of the System consist of the treatment and transmission of water from Kerr Lake to the water distribution systems of the participating governments. During the fiscal year ended June 30, 2019, the Water Fund of the City of Henderson purchased water from the System totaling \$3,669,336. This transaction is reported as an operating expense on the Water Fund and an operating revenue on the Regional Water System Fund.

**B. H. Leslie Perry Library**

The City participates in a joint venture to operate H. Leslie Perry Memorial Library with Vance County. The Library has a twelve-member board, to which the City appoints three members and the County the remaining nine. The City has an ongoing financial responsibility for the joint venture because the Library's continued existence depends on the participating governments' continued funding. None of the participating governments have any equity interest in the Library, so no equity interest has been reflected in the financial statements at June 30, 2019.

In accordance with the intergovernmental agreement between the participating governments, as amended on March 14, 2011, Vance County currently funds 75% of the library budget, with the City funding the remaining 25%. For fiscal year 2019, the City's appropriation to the library totaled \$118,440. Complete financial statements for the Library can be obtained from the Library's office at 205 Breckenridge Street, Henderson, NC 27536.

The Embassy Cultural Center Foundation, a non-for-profit corporation, held title to the real property utilized by the Library prior to May 13, 2013. Effective on that date, the Foundation contributed this property to the City of Henderson. This property is recognized within the Building category of governmental activities' fixed assets.

**CITY OF HENDERSON, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019**

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

The City also participates in a joint venture to operate the Oxford-Henderson Airport Authority. The City appoints one member to the four-member board. None of the participating governments have an equity interest in the Authority, so no equity interest in the Authority, so no equity interest has been reflected in the financial statements at June 30, 2019.

In accordance with the intergovernmental agreement between the participating governments, the City appropriated \$28,750 to the Authority to supplement its activities during the fiscal year ended June 30, 2018. Complete financial statements can be obtained from the Aeronautics Authority of the City of Henderson, City of Oxford, County of Granville and County of Vance, 6514 Airport Road, Oxford, NC 27565.

**D. Henderson Firemen's Supplemental Retirement System**

The City appoints one member of the Henderson City Council to the five-member local board of trustees for the Henderson Firemen's Supplemental Retirement System. Two members are chosen from the membership of the Henderson Fire department and are elected by a majority vote of the members; the final two members are appointed by the President of the Henderson Board of Fire and Casualty Underwriters. In accordance with state law, the Henderson Firemen's Supplemental Retirement System has established a supplemental retirement fund which is comprised primarily of Firemen's Relief Fund payments received. The Firemen's Relief Fund is funded by a portion of the fire and lightning insurance premiums that insurers remit to the State. The funds are used to assist fire fighters in various ways. The City obtains an ongoing financial benefit from the System for the on-behalf of payments for salaries and fringe benefits made to members of the City's fire departments by the board of trustees. The City does not have any equity interest in the joint venture, so no equity has been reflected in the financial statements at June 30, 2019. Financial statements for the System can be obtained from the Henderson Fire Department, 211 Dabney Drive Henderson NC, 27536.

**NOTE VII: Summary Disclosure of Significant Contingencies**

**Federal and State Assisted Programs**

The City has received proceeds from several federal and State grants. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant 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.

**NOTE VIII: Significant Effects of Subsequent Events**

The City has evaluated events and transactions that occurred between June 30, 2019 and November 26, 2019, which is the date that the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.

**NOTE IX: Special Item (Donation Expense)**

The City was a party to a water sales agreement with Vance County for Phases 2A, and 2B. Under the terms of this agreement, the County agreed to pay the City for water reservations. An agreement was passed whereby the City would no longer charge reservation fees to the County. The City wrote off the remaining note receivable of \$1,531,250 and recorded it as donation expense on their fund statements. It is reflected as a Special Item on the Statement of Activities.

## **REQUIRED SUPPLEMENTARY FINANCIAL INFORMATION**

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

- Schedule of Proportionate Share of Net Pension Liability (Asset) for Local Government Employees' Retirement System
- Schedule of Contributions to Local Government Employees' Retirement System
- Proportionate Share of Net Pension Liability for Firefighters' and Rescue Squad Workers' Pension
- Schedule of Changes in Total Pension Liability for Law Enforcement Officers' Special Separation Allowance
- Schedule of Total Pension Liability as a Percentage of Covered Payroll for Law Enforcement Officers' Special Separation Allowance
- Schedule of Changes in the Total OPEB Liability and Related Ratios

**City of Henderson, North Carolina**  
**Schedule of Proportionate Share of Net Pension Liability (Asset)**  
**Local Government Employees' Retirement System**  
**Last Six Fiscal Years\***

	<b>Local Government Employees' Retirement System</b>					
	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Henderson's proportion of the net pension liability (asset) (%)	0.131%	0.126%	0.128%	0.133%	0.142%	0.147%
City's proportion of the net pension liability (asset) (\$)	\$ 3,099,939	\$ 1,927,681	\$ 2,707,463	\$ 595,909	\$ (837,380)	\$ (1,769,504)
City's covered payroll	\$ 7,668,988	\$ 7,339,085	\$ 7,202,668	\$7,216,506	\$7,219,054	\$ 6,962,920
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	40.42%	26.27%	37.59%	8.26%	-11.60%	-25.41%
Plan fiduciary net position as a percentage of the total pension liability**	91.63%	94.18%	91.47%	98.09%	102.64%	94.35%

\* The amounts presented for each fiscal year were determined as of the prior fiscal year ending June 30.

\*\* This will be the same percentage for all participant employers in the LGERS plan.

Note: This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

**City of Henderson, North Carolina**  
**Schedule of City Contributions**  
**Local Government Employees' Retirement System**  
**Last Six Fiscal Years**

	<b>Local Government Employees' Retirement System</b>					
	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Contractually required contribution	\$ 669,122	\$ 597,861	\$ 555,337	\$ 497,415	\$ 513,039	\$ 514,589
Contributions in relation to the contractually required contribution	669,122	597,861	555,337	497,489	513,039	514,589
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (74)</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 8,329,207	\$ 7,668,988	\$ 7,339,085	\$ 7,202,668	\$ 7,216,506	\$ 7,219,054
Contributions as a percentage of covered payroll	8.03%	7.80%	7.57%	6.91%	7.11%	7.13%

Note: This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.



**City of Henderson, North Carolina**  
**City of Henderson's Proportionate Share of Net Pension Liability**  
**Required Supplementary Information**  
**Last Five Fiscal Years\***

<b>Firefighters' and Rescue Squad Workers' Pension</b>					
	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Henderson's proportionate share of the net pension liability (%)	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
Henderson's proportionate share of the net pension liability (\$)	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the City of Henderson	\$ 24,291	\$ 25,145	\$ 30,567	\$ 30,345	\$ 22,715
Henderson's covered payroll	\$ 1,450,105	\$ 1,315,016	\$ 1,255,427	\$ 1,280,025	\$ 1,255,676
Henderson's proportionate share of the net pension liability as a percentage of its covered payroll	1.68%	1.91%	2.43%	2.37%	1.81%
Plan fiduciary net position as a percentage of the total pension liability	89.69%	89.35%	84.94%	91.40%	93.42%

\* The amounts presented are for each fiscal year were determined as of the prior fiscal year ending June 30

Note: This schedule is intended to show information for 10 years. Additional years will be displayed as they

**City of Henderson, North Carolina**  
**Schedule of Changes in Total Pension Liability**  
**Law Enforcement Officers' Special Separation Allowance**  
**June 30, 2019**

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	<u>2019</u>	<u>2018</u>	<u>2017</u>
Beginning balance	\$ 1,266,437	\$ 1,246,080	\$ 1,267,027
Service Cost	58,735	55,769	62,229
Interest on the total pension liability	37,966	45,966	43,508
Changes of benefit terms	-	-	-
Differences between expected and actual experience in the measurement of the total pension liability	72,564	(45,053)	-
Changes of assumptions or other inputs	(47,947)	74,159	(30,030)
Benefit payments	(129,941)	(110,484)	(96,654)
Other Changes	-	-	-
Ending balance of the total pension liability	<u>\$ 1,257,814</u>	<u>\$ 1,266,437</u>	<u>\$ 1,246,080</u>

The amounts presented for each fiscal year were determined as of the prior year ending December 31.

**City of Henderson, North Carolina**  
**Schedule of Total Pension Liability as a Percentage of Covered Payroll**  
**Law Enforcement Officers' Special Separation Allowance**  
**June 30, 2019**

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	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total pension liability	\$ 1,257,814	\$ 1,266,437	\$ 1,246,080
Covered payroll	\$ 1,963,239	\$ 2,129,524	\$ 2,232,177
Total pension liability as a percentage of covered payroll	64.07%	59.47%	55.82%

Notes to the schedules:

The City of Henderson has no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 73 to pay related benefits

**City of Henderson, North Carolina**  
**Schedule of Changes in the Total OPEB Liability and Related Ratios**  
**June 30, 2019**

<b>Total OPEB Liability</b>	<b>2019</b>	<b>2018</b>
Service cost	\$ 160,816	\$ 183,350
Interest	469,778	429,342
Changes of benefit terms	-	-
Differences between expected and actual experience	(41,882)	(12,097)
Changes of assumptions	(652,280)	(1,214,580)
Benefit payments	(454,717)	(453,627)
<b>Net change in total OPEB liability</b>	<b>(518,285)</b>	<b>(1,067,612)</b>
<b>Total OPEB liability - beginning</b>	<b>13,421,384</b>	<b>14,488,996</b>
<b>Total OPEB liability - ending</b>	<b>\$ 12,903,099</b>	<b>\$ 13,421,384</b>
 <b>Covered payroll</b>	 <b>\$ 6,614,376</b>	 <b>\$ 6,614,376</b>
<b>Total OPEB liability as a percentage of covered payroll</b>	<b>195.08%</b>	<b>202.91%</b>

**Notes to Schedule**

Changes of assumptions: Changes of assumptions and other inputs reflect the effects of changes in the discount rate of each period. The following are the discount rates used in each period

<b>Fiscal Year</b>	<b>Rate</b>
2019	3.89%
2018	3.18%

## **GENERAL FUND**

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The General Fund accounts for resources traditionally associated with government that are not required legally, or by sound management, to be accounted for in other funds. The following schedule provides a detailed result of the General Fund's budgetary and actual revenues and expenditures.

**City of Henderson, North Carolina**  
**General Fund**  
**Statement of Revenues and Expenditures - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2019, with Comparative Totals for the Fiscal Year Ended June 30, 2018**

	2019		Variance Positive (Negative)	2018 Actual
	Budget	Actual		
<b>Revenues</b>				
Ad valorem Taxes				
Current year	\$ 5,492,340	\$ 5,534,765	\$ 42,425	\$ 5,586,623
Prior years	302,000	127,438	(174,562)	349,472
DMV motor vehicle tax collections	580,000	597,924	17,924	592,634
Penalties and interest	68,000	37,217	(30,783)	70,219
Total	6,442,340	6,297,344	(144,996)	6,598,948
Other Taxes and Licenses				
Privilege licenses	-	1,153	1,153	1,296
Vehicle rental tax	26,000	29,271	3,271	27,615
Total	26,000	30,424	4,424	28,911
Unrestricted Intergovernmental Revenues				
Vance County ABC-5 %	1,800	4,141	2,341	1,908
Utilities sales distributions (Franchise tax)	1,005,000	1,021,621	16,621	1,009,892
Local option sales tax	3,133,830	3,281,772	147,942	3,020,695
ABC net revenues	13,000	12,929	(71)	13,021
Beer and wine tax	70,000	65,002	(4,998)	64,688
Total	4,223,630	4,385,465	161,835	4,110,204
Restricted Intergovernmental Revenues				
State Street Aid grant	434,780	431,377	(3,403)	434,783
DOT mowing/snow contract	14,500	23,193	8,693	18,417
Solid waste disposal tax	10,000	11,177	1,177	9,922
Bullet Proof Vest Grant	9,000	2,643	(6,357)	-
FEMA Reimbursement	-	52,830	52,830	-
Department of Homeland Security	-	3,257	3,257	-
Total	468,280	524,477	56,197	463,122
Permits and Fees				
Auto tags	180,000	195,775	15,775	198,842
Fire inspection fees and permits	27,000	42,688	15,688	38,135
Total	207,000	238,463	31,463	236,977
Sales and Services				
Recreation	60,000	56,062	(3,938)	60,991
Refuse collections	1,798,000	1,844,347	46,347	1,956,159
Misc. refuse collections	250	1,400	1,150	775
Leaf bags	1,000	1,168	168	1,275
Debt setoff-refuse collections	250	1,460	1,210	1,367
Bad debt recovery	1,500	3,807	2,307	3,080
Cemetery interment	7,000	10,500	3,500	9,750
Aquatics Center	65,000	80,266	15,266	78,794
Rentals	2,000	2,222	222	1,320
Demolition and lot cleaning	1,000	28,990	27,990	4,732
County Contracts	773,520	722,380	(51,140)	588,013
Zoning and reclassification	22,000	25,017	3,017	26,836
Administrative Support - Proprietary Funds	914,810	914,810	-	-
Total	3,646,330	3,692,429	46,099	2,733,092

City of Henderson, North Carolina  
General Fund

Schedule B-1  
(continued)

**Statement of Revenues and Expenditures - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2019, with Comparative Totals for the Fiscal Year Ended June 30, 2018**

	2019		Variance Positive (Negative)	2018 Actual
	Budget	Actual		
Interest on investments				
General Fund	80,000	212,040	132,040	103,812
Powell Bill	-	20,506	20,506	12,174
Total	80,000	232,546	152,546	115,986
Miscellaneous				
Parking violations	2,000	2,073	73	2,328
Civil penalties	-	-	-	50
Drug tax/Forfeitures	-	48,634	48,634	12,734
Court fees and charges	2,500	1,764	(736)	2,753
Fire code violations	1,500	2,400	900	5,200
Verizon water tower agreement	28,300	28,188	(112)	27,433
Public safety donations	-	(2,711)	(2,711)	(4,067)
Recreation donations	-	-	-	(751)
Miscellaneous other	10,550	132,153	121,603	14,443
Insurance proceeds	-	(2,106)	(2,106)	19,083
Sale of assets	5,000	9,792	4,792	19,989
Total	49,850	220,187	170,337	99,195
Total Revenues	15,143,430	15,621,335	477,905	14,386,435
<b>Expenditures</b>				
General Government:				
Governing Body				
Legislative				
Governing Body	207,242	194,030	13,212	188,838
City Attorney	63,000	59,014	3,986	63,912
Total	270,242	253,044	17,198	252,750
Administration				
Administration	305,089	299,363	5,726	280,458
Human Resources	223,729	219,751	3,978	194,480
Finance	446,034	432,879	13,155	407,149
Information Services	60,000	40,280	19,720	37,872
Total	1,034,852	992,273	42,579	919,959
Total General Government	1,305,094	1,245,317	59,777	1,172,709
Public safety:				
Police	4,518,636	4,430,949	87,687	4,059,326
Police-asset forfeiture	53,735	27,907	25,828	87,166
Fire department	2,691,543	2,632,903	58,640	2,401,939
Total Public Safety	7,263,914	7,091,759	172,155	6,548,431
Planning and community development				
Main Street-downtown development	50,000	26,912	23,088	50,000
Development Services	391,238	344,727	46,511	351,338
Total Planning and community development	441,238	371,639	69,599	401,338

City of Henderson, North Carolina  
General FundStatement of Revenues and Expenditures - Budget and Actual  
For the Fiscal Year Ended June 30, 2019, with Comparative Totals for the Fiscal Year Ended June 30, 2018

	2019		Variance Positive (Negative)	2018 Actual
	Budget	Actual		
Public Services				
Transportation - Street maintenance	1,418,242	1,286,621	131,621	1,257,314
Environmental protection- Sanitation	1,129,475	1,078,345	51,130	883,786
Other public services				
Public buildings	80,900	62,059	18,841	66,213
Administration - public works	168,235	153,162	15,073	141,961
City Garage	173,418	234,946	(61,528)	136,974
Cemetery	96,000	87,400	8,600	84,350
Total Other public services	518,553	537,567	(19,014)	429,498
Total Public services	3,066,270	2,902,533	163,737	2,570,598
Recreation and parks				
Recreation Services	1,044,351	921,976	122,375	834,839
Youth Services	445,888	400,609	45,279	361,511
Aycock Aquatics Center	189,541	172,696	16,845	142,431
Total Recreation and parks	1,679,780	1,495,281	184,499	1,338,781
Non-departmental				
City and County shared programs				
Contribution to library	118,440	118,440	-	187,400
Other shared programs	927,368	925,992	1,376	956,305
Total City and county shared programs	1,045,808	1,044,432	1,376	1,143,705
Local Agencies				
Contribution to airport	28,750	28,750	-	28,750
Other local agencies	4,300	4,300	-	2,500
Total	33,050	33,050	-	31,250
General Non-departmental				
Group insurance-retiree	418,700	410,169	8,531	428,718
Unemployment costs	6,174	6,174	-	5,922
Economic development incentive	100,000	24,379	75,621	227,138
Licenses/Permits/Fees	2,826	1,320	1,506	3,211
Bad debt	10,000	-	10,000	-
Reserve- other	235,603	-	235,603	(115)
Total General non-departmental	773,303	442,042	331,261	664,874
Total Non-departmental	1,852,161	1,519,524	332,637	1,839,829
Debt service:				
Lease purchase payments	-	-	-	29,931
Principal retirement	558,691	519,489	39,202	408,580
Interest and other charges	39,141	45,152	(6,011)	33,655
Total debt service	597,832	564,641	33,191	472,166
Total expenditures	16,206,289	15,190,694	1,015,595	14,343,852
Excess of revenues over (under) expenditures	(1,062,859)	430,641	1,493,500	42,583



City of Henderson, North Carolina  
General Fund

Schedule B-1  
(continued)

**Statement of Revenues and Expenditures - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2019, with Comparative Totals for the Fiscal Year Ended June 30, 2018**

	2019		Variance Positive (Negative)	2018 Actual
	Budget	Actual		
Other financing sources (uses):				
Issuance of installment notes	615,100	600,718	(14,382)	287,965
Transfers from other funds:				
Capital Project Funds- Powell Bill	434,780	494,186	59,406	264,333
Capital Project Funds- Old Municipal Bldg Fund	-	-	-	140,000
Enterprise Fund- Water Fund	17,300	17,300	-	366,740
Enterprise Fund- Sewer Fund	-	-	-	266,430
Enterprise Fund Regional Water System Fund	-	-	-	238,030
Special Revenue -Grants Fund	-	-	-	2,991
Transfers (to) other funds:				
Special Revenue -Grants Fund	(565)	(565)	-	-
Capital Projects- General Fund	(373,215)	(373,215)	-	(10,000)
Enterprise Fund- Water Fund	(97,200)	(97,200)	-	(97,200)
Powell Bill	(494,280)	(494,186)	94	(264,333)
CIP - Powell Bill	(190,500)	(190,500)	-	(200,000)
Total other financing sources (uses)	(88,580)	(43,462)	45,118	994,956
Excess of revenues and other sources over (under) expenditures and other uses	(1,151,439)	387,179	1,538,618	1,037,539
Fund balance appropriated	1,151,439	-	(1,151,439)	-
Net change in fund balance	\$ -	387,179	\$ 387,179	1,037,539
<b>Fund balance- Beginning</b>		11,885,565		10,848,026
<b>Fund balance- Ending</b>		<u>\$ 12,272,744</u>		<u>\$ 11,885,565</u>

## **NONMAJOR GOVERNMENTAL FUNDS**

Nonmajor Funds account for the proceeds of special revenue sources that are legally restricted to the expenditure for specific purposes. The financial information for Nonmajor Funds is found on Exhibits 3 and 4 in aggregate.

**City of Henderson, North Carolina**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2019, with Comparative Totals for June 30, 2018**

	Special Revenue Fund	Capital Project Funds			Permanent Fund	Total Nonmajor Governmental Funds	
		Capital Reserve General	Capital Reserve Economic Development	Capital Projects General Fund	Elmwood Cemetery	June 30, 2019	June 30, 2018
	Grants Fund						
<b>Assets:</b>							
Current Assets:							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 486,579	\$ 447,398	\$ 933,977	\$ 532,957
Restricted Cash	-	70,455	15,828	-	-	86,283	85,886
Accounts receivable	-	-	-	-	-	-	97,694
Due from other governments	-	-	-	-	-	-	-
Due from General Fund	-	-	-	-	-	-	-
Total assets	<u>\$ -</u>	<u>\$ 70,455</u>	<u>\$ 15,828</u>	<u>\$ 486,579</u>	<u>\$ 447,398</u>	<u>\$ 1,020,260</u>	<u>\$ 716,537</u>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>							
<b>Liabilities:</b>							
Interfund payables	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable	-	-	-	474	-	474	3,108
Due to General Fund	6,188	-	-	-	-	6,188	17,505
Total liabilities	<u>6,188</u>	<u>-</u>	<u>-</u>	<u>474</u>	<u>-</u>	<u>6,662</u>	<u>20,613</u>
<b>Fund Balances:</b>							
Non Spendable							
Perpetual maintenance	-	-	-	-	447,398	447,398	438,565
Restricted:							
Streets - Powell Bil	-	-	-	-	-	-	-
Public Safety	-	-	-	-	-	-	-
Planning and community development	-	-	-	-	-	-	-
Recreation and parks	-	-	-	-	-	-	-
Capital Reserve	-	70,455	15,828	-	-	86,283	85,886
Assigned	-	-	-	486,105	-	486,105	171,473
Unassigned	(6,188)	-	-	-	-	(6,188)	-
Total fund balances	<u>(6,188)</u>	<u>70,455</u>	<u>15,828</u>	<u>486,105</u>	<u>447,398</u>	<u>1,013,598</u>	<u>695,924</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ 70,455</u>	<u>\$ 15,828</u>	<u>\$ 486,579</u>	<u>\$ 447,398</u>	<u>\$ 1,020,260</u>	<u>\$ 716,537</u>

**City of Henderson, North Carolina**  
**Combining Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2019, with comparative totals for June 30, 2018**

	Special Revenue Fund	Capital Projects Funds			Project Fund	Total Nonmajor Governmental Funds	
	Grant Funds	Capital Reserve General	Capital Reserve Economic Development	Capital Projects General Fund	Elmwood Cemetery	June 30, 2019	June 30, 2018
<b>Revenues:</b>							
Restricted intergovernmental	\$ 107,088	\$ -	\$ -	\$ 133,000	\$ -	\$ 240,088	\$ 7,237
Other revenues	-	-	-	2,706	-	2,706	78
Investment earnings	-	397	-	622	8,833	9,852	5,406
Total revenues	<u>107,088</u>	<u>397</u>	<u>-</u>	<u>136,328</u>	<u>8,833</u>	<u>252,646</u>	<u>12,721</u>
<b>Expenditures:</b>							
Public Safety	50,690	-	-	607,000	-	657,690	-
Planning and community development	44,896	-	-	394,065	-	438,961	993,304
Public Services	-	-	-	-	-	-	-
Recreation and parks	-	-	-	-	-	-	-
Total expenditures	<u>95,586</u>	<u>-</u>	<u>-</u>	<u>1,001,065</u>	<u>-</u>	<u>1,096,651</u>	<u>993,304</u>
Revenues over (under) expenditures	<u>11,502</u>	<u>397</u>	<u>-</u>	<u>(864,737)</u>	<u>8,833</u>	<u>(844,005)</u>	<u>(980,583)</u>
<b>Other Financing Sources (Uses):</b>							
Long-term debt issued	-	-	-	597,399	-	597,399	696,842
Transfers- in							
General Fund	565	-	-	563,715	-	564,280	210,000
Sewer Fund	-	-	-	-	-	-	-
Transfers-out							
General Fund	-	-	-	-	-	-	(142,991)
Capital Res. Utilities	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>565</u>	<u>-</u>	<u>-</u>	<u>1,161,114</u>	<u>-</u>	<u>564,280</u>	<u>763,851</u>
Excess of revenues and other financing sources over (under) expenditures	<u>12,067</u>	<u>397</u>	<u>-</u>	<u>296,377</u>	<u>8,833</u>	<u>317,674</u>	<u>(216,732)</u>
<b>Fund Balances:</b>							
Fund Balance- July 1	<u>(18,255)</u>	<u>70,058</u>	<u>15,828</u>	<u>189,728</u>	<u>438,565</u>	<u>695,924</u>	<u>912,656</u>
Fund Balance- June 30	<u>\$ (6,188)</u>	<u>\$ 70,455</u>	<u>\$ 15,828</u>	<u>\$ 486,105</u>	<u>\$ 447,398</u>	<u>\$ 1,013,598</u>	<u>\$ 695,924</u>

**City of Henderson, North Carolina**  
**Special Revenue Fund- Grants Fund**  
**Schedule of Revenues and Expenditures- Budget and Actual (Non-GAAP)**  
**From Inception and For the Year Ended June 30, 2019**

		Actual					
			Current Year				
	Project Authorization	Prior Years	Revenues/ Expenditures	Closed	Total to Date	Variance Positive (Negative)	
<b>REVENUES</b>							
Restricted Intergovernmental:							
BJA Grant 2017							
Bureau of Justice Grant	\$ 19,590	\$ -	\$ 19,590	\$ -	\$ 19,590	\$ -	
BJA Grant 2018							
Bureau of Justice Grant	17,752	-	17,752	-	17,752	-	
Governor's Crime Commission							
Governor's Crime Comm. Grant	-	68,040	-	(68,040)	-	-	
Governor's Crime Commission Grant 2017	24,000	-	16,370	-	16,370	(7,630)	
Technical Assistance Grant							
NC Dept. of Env. Quality Grant	125,000	7,237	53,376	-	60,613	(64,387)	
Total revenues	186,342	75,277	107,088	(68,040)	114,325	(72,017)	
<b>Expenditures:</b>							
Public Safety:							
BJA Grant 2017							
Capital Outlay	11,754	-	11,754	-	11,754	-	
Vance County Sheriff's	7,836	-	7,836	-	7,836	-	
BJA Grant 2018							
Capital Outlay	10,651	-	-	-	-	10,651	
Vance County Sheriff's	7,101	-	7,100	-	7,100	-	
Governor's Crime Commission Grant 2017							
Capital Outlay	24,000	-	24,000	-	24,000	-	
Community Task Force							
Noncapital expense	-	43,111	-	(43,111)	-	-	
Capital Outlay	-	25,494	-	(25,494)	-	-	
Total Public Safety	61,342	68,605	50,690	(68,605)	50,690	10,651	
Planning and community development:							
Technical Assistance Grant							
Software	3,000	-	-	-	-	3,000	
Engineering	128,250	31,177	44,896	-	76,073	52,177	
Total Planning and community development	131,250	31,177	44,896	-	76,073	55,177	
Total expenditures	192,592	99,782	95,586	(68,605)	126,763	65,828	
Revenues over (under) expenditures	(6,250)	(24,505)	11,502	565	(12,438)	(6,189)	
<b>Other Financing Sources (Uses):</b>							
Transfer (to) from General Fund							
Governor's Crime Commission	-	-	565	(565)	-	-	
Transfer from Sewer Fund:							
Technical Assistance Grant	6,250	6,250	-	-	6,250	-	
Total other financing sources (uses)	6,250	6,250	565	(565)	6,250	-	
Revenues and other financing sources (uses) over (under) expenditures and other financing uses	\$ -	\$ (18,255)	12,067	\$ -	\$ (6,188)	\$ (6,189)	
Fund Balance -Beginning			(18,255)				
Fund Balance- Ending			\$ (6,188)				

**City of Henderson, North Carolina**  
**Capital Project Fund-Capital Reserve Fund-General**  
**Schedule of Revenues and Expenditures- Budget and Actual (Non-GAAP)**  
**For the Fiscal Year Ended June 30, 2019, with comparative Totals for the Fiscal Year Ended June 30, 2018**

	<b>2019</b>			
	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>2018 Actual</u>
<b>Revenues:</b>				
Environmental protection	\$ -	\$ -	\$ -	\$ -
Investment earnings	-	397	397	218
Total Revenues	-	397	397	218
<b>Other Financing Sources (Uses):</b>				
Transfer (to) from other funds	-	-	-	-
Total other financing sources	-	-	-	-
Excess of revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>397</u>	<u>\$ 397</u>	<u>218</u>
Fund Balance- Beginning		<u>70,058</u>		<u>69,840</u>
Fund Balance- Ending		<u>\$ 70,455</u>		<u>\$ 70,058</u>

**City of Henderson, North Carolina**  
**Capital Project Fund-Capital Reserve Fund-Economic Development**  
**Schedule of Revenues and Expenditures- Budget and Actual (Non-GAAP)**  
**For the Fiscal Year Ended June 30, 2019, with Comparative Totals for the Fiscal Year ended June 30, 2018**

	2019		Variance	
	Budget	Actual	Positive (Negative)	2018 Actual
<b>Revenues</b>				
Investment Earnings	\$ -	\$ -	\$ -	\$ -
Total Revenues	-	-	-	-
<b>Expenditures:</b>				
Planning and community development				
Capital Reserve	16,440	-	16,440	-
Total Expenditures	16,440	-	16,440	-
Revenues over (under) expenditures	(16,440)	-	16,440	-
<b>Other Financing Sources (Uses):</b>				
Fund balance appropriated	16,440	-	(16,440)	-
Total other financing sources (uses)	16,440	-	(16,440)	-
Revenues and other financing sources (uses) over (under) expenditures and other financing uses	\$ -	-	\$ -	-
Fund Balance- Beginning		15,828		15,828
Fund Balance-Ending		\$ 15,828		\$ 15,828

**City of Henderson, North Carolina**  
**Capital Project Fund-General**  
**Schedule of Revenues and Expenditures- Budget and Actual (Non-GAAP)**  
**From Inception and For the Year Ended June 30, 2019**

		Actual				
			Current Year			
	Project Authorization	Prior Years	Revenues/ Expenditures	Closed	Total to Date	Variance Postive (Negative)
<b>Revenues:</b>						
Beckford Drive Widening Project:						
Restricted intergovernmental SAFETEA-LU	\$ 825,000	\$ 171,427	\$ -	\$ -	\$ 171,427	\$ (653,573)
Fire Truck Grant						
USDA Grant for Fire Truck	133,000	-	133,000	-	133,000	-
NC Sales Tax Refund	-	78	1,206	-	1,284	1,284
Donation	-		1,500	-	1,500	1,500
Investment income	-	549	622	-	1,171	1,171
Total Revenues	958,000	172,054	136,328	-	308,382	(649,618)
<b>Expenditures:</b>						
Planning and community development :						
Beckford Drive Widening Project:						
Contingency	48,197	-	-	-	-	48,197
Administration	19,518	18,350	1,168	-	19,518	-
Construction	688,200	-	-	-	-	688,200
Engineering	234,535	218,112	16,423	-	234,535	-
Right of Way	14,400	14,228	-	-	14,228	172
Stream Mitigation	26,400		26,381	-	26,381	19
Total Beckford Drive Widening Project	1,031,250	250,690	43,972	-	294,662	736,588
Outdoor Pavilion and Market						
Legal/Admin	1,820	-	1,820	-	1,820	-
Construction	185,000	-	335	-	335	184,665
Landscape Design	14,680	4,615	6,930	-	11,545	3,135
Contingency	18,500	-	-	-	-	18,500
Total Outdoor Pavilion and Market	220,000	4,615	9,085	-	13,700	206,300
Fire Pumper Truck						
Fire Truck	607,000	-	607,000	-	607,000	-
Street Resurfacing						
Resurfacing	590,500	397,441	98,686	-	496,127	94,373
Henderson Redevelopment						
Land	34,000	-	34,000	-	34,000	-
Contracted Services	38,640	-	38,040	-	38,040	600
Legal / Admin	2,165	-	2,164	-	2,164	1
Downtown Improvements						
Contracted Services	20,000	-	19,993	-	19,993	7
Website Upgrade						
Contracted Services	5,500	-	-	-	-	5,500
Storm Water Utility						
Engineering	35,500	-	29,063	-	29,063	6,437
MS4 Stormwater Program						
Engineering	47,410	-	-	-	-	47,410
Old Municipal Building Project						
Legal/Admin	11,655	11,655	-	-	11,655	-
Engineering	54,908	48,336	6,572	-	54,908	-
Construction	749,317	636,851	112,290	-	749,141	176
Reserve	14,120	-	200	-	200	13,920
Total Old Municipal Building Project	830,000	696,842	119,062	-	815,904	14,096
Total Expenditures	3,461,965	1,349,588	1,001,065	-	2,350,653	1,111,312
Revenues over (under) expenditures	(2,503,965)	(1,177,534)	(864,737)	-	(2,042,271)	461,694
						(continued)

(continued)



**City of Henderson, North Carolina**  
**Capital Project Fund-General**  
**Schedule of Revenues and Expenditures- Budget and Actual (Non-GAAP)**  
**From Inception and For the Year Ended June 30, 2019**

	Project Authorization	Prior Years	Actual Current Year		Total to Date	Variance Positive (Negative)
			Revenues/ Expenditures	Closed		
<b>Other Financing Sources (Uses):</b>						
USDA Loan Proceeds - Firetruck	474,000	-	474,000	-	474,000	-
Loan Proceeds from Old Municipal Building	830,000	696,842	123,399	-	820,241	(9,759)
Transfer (to) from General Fund						
Beckford Drive Widening Project	206,250	206,250	-	-	206,250	-
Outdoor Pavilion and Market	220,000	30,000	190,000	-	220,000	-
Henderson Redevelopment	74,805	-	74,805	-	74,805	-
Downtown Improvements	20,000	-	20,000	-	20,000	-
Website Upgrade	5,500	-	5,500	-	5,500	-
Storm Water Utility	35,500	-	35,500	-	35,500	-
MS4 Stormwater Program	47,410	-	47,410	-	47,410	-
Powell Bill	590,500	400,000	190,500	-	590,500	-
Total other financing sources (uses)	2,503,965	1,333,092	1,161,114	-	2,494,206	(9,759)
<b>Excess of revenues and other financing sources over (under) expenditures</b>	<u>\$ -</u>	<u>\$ 155,558</u>	296,377	<u>\$ -</u>	<u>\$ 451,935</u>	<u>\$ 451,935</u>
Fund Balance-Beginning			189,728			
Fund Balance- Ending			<u>\$ 486,105</u>			

**City of Henderson, North Carolina**  
**Permanent Fund- Elmwood Cemetery**  
**Schedule of Revenues and Expenditures- Budget and Actual (Non-GAAP)**  
**For Fiscal Year ended June 30, 2019, with Comparative Totals for Fiscal Year Ended June 30, 2018**

	2019		Variance	
	Budget	Actual	Positive (Negative)	2018 Actual
<b>Revenues:</b>				
Investment earnings	\$ -	\$ 8,833	\$ 8,833	\$ 4,859
<b>Expenditures:</b>				
Public Services	-	-	-	-
Revenues over (under) expenditures	-	8,833	8,833	4,859
<b>Other Financing Sources (Uses):</b>				
Transfer (to) General Fund	-	-	-	-
Revenues and other financing sources (uses) over (under) expenditures and other financing uses	<u>\$ -</u>	<u>8,833</u>	<u>\$ 8,833</u>	<u>4,859</u>
Fund Balance - Beginning		<u>438,565</u>		<u>433,706</u>
Fund Balance- Ending		<u>\$ 447,398</u>		<u>\$ 438,565</u>

**City of Henderson, North Carolina**  
**Water Fund**

**Schedule of Revenues and Expenditures- Budget and Actual (Non-GAAP)**  
**For the Fiscal Year Ended June 30, 2019, with Comparative Totals for the Fiscal Year Ended June 30, 2018**

	<b>2019</b>			
	<b>Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>	<b>2018 Actual</b>
<b>Revenues</b>				
Operating revenues				
Charges for services				
Water Charges	\$ 6,364,800	\$ 6,430,581	\$ 65,781	\$ 6,505,449
Water reservation fee- Vance County	52,875	-	(52,875)	52,875
Debt setoff- water charges	1,000	4,788	3,788	4,094
Sprinklers and hydrants	124,000	139,129	15,129	124,666
Bad debts recovery	8,000	13,039	5,039	11,442
Returned check fees	4,000	5,588	1,588	5,788
Tapping	40,000	28,054	(11,946)	43,033
Reconnection	21,000	21,340	340	22,099
Set up charges	12,000	11,522	(478)	11,526
Overpayments utilities	7,000	(281)	(7,281)	3,884
Past due charges	89,000	89,187	187	86,321
Total	<u>6,723,675</u>	<u>6,742,947</u>	<u>19,272</u>	<u>6,871,177</u>
Other operating revenues				
Sale of materials	3,500	6,059	2,559	6,878
Cost Allocation	320,670	320,670	-	-
Miscellaneous	1,000	7,064	6,064	5,080
Over-short	-	19	19	54
Total	<u>325,170</u>	<u>333,812</u>	<u>8,642</u>	<u>12,012</u>
Total operating revenues	<u>7,048,845</u>	<u>7,076,759</u>	<u>27,914</u>	<u>6,883,189</u>
Non-operating revenues				
Interest on investments	10,000	46,102	36,102	16,007
T-Mobile Agreement	35,000	28,682	(6,318)	28,430
Sprint PCS Site Agreement	26,000	23,160	(2,840)	27,007
Total non-operating revenues	<u>71,000</u>	<u>97,944</u>	<u>26,944</u>	<u>71,444</u>
Total Revenues	<u>7,119,845</u>	<u>7,174,703</u>	<u>54,858</u>	<u>6,954,633</u>
<b>Expenditures:</b>				
Administration and engineering				
Salaries and employee benefits	265,280	224,497	40,783	187,672
Supplies	36,300	28,126	8,174	20,255
Telephone	5,000	4,035	965	4,305
Insurance	5,274	3,917	1,357	3,290
Contracted Services	9,500	5,344	4,156	7,822
Capital Outlay	39,000	38,249	751	2,101
Other administration expenses	9,656	5,647	4,009	4,554
Total	<u>370,010</u>	<u>309,815</u>	<u>60,195</u>	<u>229,999</u>
Public Services administration				
Salaries and employee benefits	94,143	91,943	2,200	88,936
Supplies	1,000	986	14	891
Telephone	1,067	1,067	-	1,208
Insurance	2,028	1,582	446	1,186
Other expenses	662	662	-	110
Capital Outlay	34,000	33,387	613	-
Total	<u>132,900</u>	<u>129,627</u>	<u>3,273</u>	<u>92,331</u>

(continued)

City of Henderson, North Carolina  
Water FundSchedule of Revenues and Expenditures- Budget and Actual (Non-GAAP)  
For the Fiscal Year Ended June 30, 2019, with Comparative Totals for the Fiscal Year Ended June 30, 2018

	2019		Variance Positive (Negative)	2018 Actual
	Budget	Actual		
Water distribution operations				
Salaries and employee benefits	471,030	418,953	52,077	408,302
Purchases for resale	3,669,336	3,669,336	-	3,455,496
Supplies	66,800	40,238	26,562	42,896
Telephone	7,700	5,571	2,129	5,077
Utilities	24,000	16,814	7,186	15,929
Insurance	22,700	17,924	4,776	25,226
Contracted services	76,682	75,289	1,393	74,030
Reimbursement- Water	17,396	17,396	-	40,557
Maintenance	151,300	125,016	26,284	101,693
Water Line Repairs	114,086	104,885	9,201	124,781
Water Meter Replacements	80,000	79,553	447	77,409
Water taps	15,000	14,198	802	10,421
Capital Outlay	162,100	135,685	26,415	149,956
Other expenses	26,300	21,810	4,490	20,828
Total	4,904,430	4,742,668	161,762	4,552,601
Customer Service				
Salaries and employee benefits	420,770	396,030	24,740	358,603
Supplies	22,410	11,658	10,752	12,357
Telephone	3,000	2,508	492	2,819
Insurance	13,020	12,784	236	12,399
Contracted Services	59,000	53,375	5,625	53,404
Capital Outlay	1,300	24,609	(23,309)	32,641
Other expenses	35,100	24,994	10,106	23,865
Total	554,600	525,958	28,642	496,088
Non-departmental				
Retiree insurance	22,728	21,429	1,299	14,653
Licenses/Permits/Fees	1,132	534	598	406
Reserve for bad debt	20,000	-	20,000	-
Cost Allocation to General Fund	385,100	385,100	-	-
Other reserve	40,743	-	40,743	-
Total	469,703	407,063	62,640	15,059
Debt Service				
Lease purchase payments	-	-	-	23,702
Interest and fees	54,735	55,949	(1,214)	76,019
Principal	1,249,097	1,116,339	132,758	1,067,003
Total	1,303,832	1,172,288	131,544	1,166,724
Total Expenditures	7,735,475	7,287,419	448,056	6,552,802
Revenues over (under) expenditures	(615,630)	(112,716)	(393,198)	401,831
Other Financing Sources (Uses):				
Transfer from other funds:				
General Fund	97,200	97,200	-	97,200
Sewer Fund	419,030	419,030	-	418,400
Rate Stabilization Fund	100,000	100,000	-	87,545

(continued)

City of Henderson, North Carolina  
Water FundSchedule of Revenues and Expenditures- Budget and Actual (Non-GAAP)  
For the Fiscal Year Ended June 30, 2019, with Comparative Totals for the Fiscal Year Ended June 30, 2018

	2019		Variance	
	Budget	Actual	Positive (Negative)	2018 Actual
<b>Other Financing Sources (Uses) (continued):</b>				
Transfers (to) other funds:				
General Fund	(17,300)	(17,300)	-	-
Water Capital Project Fund	(200,000)	(200,000)	-	-
Capital Reserve Utilities	(5,000)	(5,000)	-	(5,000)
Loan Proceeds	221,700	214,690	(7,010)	143,733
Total other financing sources (uses)	615,630	608,620	(7,010)	741,878
<b>Revenues and other sources over expenditures and other uses</b>				
	\$ -	495,904	\$ 995,219	1,143,709
<b>Reconciliation from budgetary basis (modified accrual) to full accrual:</b>				
Reconciling items:				
Debt service- principal		1,116,339		1,090,705
Installment note proceeds		(214,690)		(143,733)
Capital outlay		214,157		173,706
Depreciation		(449,856)		(458,082)
Increase (decrease) in notes receivable		(1,531,250)		(43,750)
(Increase) decrease in accrued interest payable		(5,596)		7,651
(Increase) decrease in compensated absences		3,337		(7,200)
(Increase) decrease in net pension liability		(110,455)		70,095
(Increase) decrease in OPEB liability		50,566		59,854
Increase (decrease) in deferred outflows of resources - pensions		88,877		(79,485)
Increase (decrease) in deferred outflows of resources - OPEB		(27,154)		49,446
(Increase) Decrease in deferred inflows of resources - pensions		9,145		8,015
(Increase) Decrease in deferred inflows of resources - OPEB		(40,206)		(102,105)
Consolidated activity:				
Water Capital Project Fund:				
Interest on investments		6		3
Sales tax refunds		2		2,648
Transfers (to) from Water Fund		200,000		73,814
Capital Reserve Utilities Fund:				
Excess of revenues over (under) expenses		179		177
Transfers (to) from Water Fund		5,000		5,000
Transfers (to) from Water Capital Project Fund		-		(73,814)
Rate Stabilization Fund:				
Excess of revenues over (under) expenses		28,884		39,364
Transfers (to) from Water Fund		(100,000)		(87,545)
Transfers (to) from Sewer Capital Project		-		(444,230)
Total reconciling items		(762,715)		140,534
Change in net position		\$ (266,811)		\$ 140,534

**City of Henderson, North Carolina**  
**Water Capital Project Fund**  
**Schedule of Revenues and Expenditures- Budget and Actual (Non-GAAP)**  
**From Inception and For the Year Ended June 30, 2019**

	Actual					
	Current Year					
	Project		Revenues/			Variance
	Authorization	Prior Years	Expenditures	Closed	Total to Date	Positive
						(Negative)
Revenues:						
Restricted intergovernmental						
Industrial Park Water & Sewer Ext.						
NC Rural Economic Dev. Grant	\$ -	\$ 131,882	\$ -	\$ (131,882)	\$ -	\$ -
Investment income						
General	-	250	6	-	256	256
Sales tax refunds						
General	-	5,608	2	(1,500)	4,110	4,110
Total Revenues	-	137,740	8	(133,382)	4,366	4,366
Expenditures:						
Capital Outlay:						
Young Ave. Asbestos Replace.						
Admin. / Closing fee	33,172	-	33,172	-	33,172	-
Construction	1,632,215	3,700	986,183	-	989,883	642,332
Legal / Admin	2,788	1,658	-	-	1,658	1,130
Engineering	30,000	30,000	-	-	30,000	-
Planning & Design	101,905	101,905	-	-	101,905	-
Contingency	11,760	-	-	-	-	11,760
Total	1,811,840	137,263	1,019,355	-	1,156,618	655,222
Industrial Park Water & Sewer Ext.						
Construction	-	127,585	-	(127,585)	-	-
Legal / Admin.	-	167	-	(167)	-	-
Preliminary Engineering	-	5,630	-	(5,630)	-	-
Total	-	133,382	-	(133,382)	-	-
Beckford Dr. Loop Waterline						
Legal / Admin.	7,000	7,000	-	-	7,000	-
Construction	1,000	-	427	-	427	573
Engineering	247,415	-	-	-	-	247,415
Permitting	200	-	-	-	-	200
Total	255,615	7,000	427	-	7,427	248,188
I-85 Project						
Construction	-	57,814	-	(57,814)	-	-
Total	-	57,814	-	(57,814)	-	-
Ross Mill Rd / KARTS						
Construction	16,000	-	16,000	(16,000)	-	16,000
Total	16,000	-	16,000	(16,000)	-	16,000
Raleigh Rd / Dabney Water Main						
Contingency	4,700	-	-	-	-	4,700
Engineering	2,000	-	-	-	-	2,000
Construction	90,000	-	47,050	-	47,050	42,950
Permitting	1,000	-	-	-	-	1,000
Legal / Right of Way	1,000	-	93	-	93	907
Total	98,700	-	47,143	-	47,143	51,557
Total expenditures	2,182,155	335,459	1,082,925	(207,196)	1,211,188	970,967
Excess of revenues over (under)						
expenditures	(2,182,155)	(197,719)	(1,082,917)	73,814	(1,206,822)	975,333
(continued)						

City of Henderson, North Carolina  
Water Capital Project Fund  
Schedule of Revenues and Expenditures- Budget and Actual (Non-GAAP)  
From Inception and For the Year Ended June 30, 2019

	Project Authorization	Actual				Variance Positive (Negative)
		Prior Years	Current Year		Total to Date	
			Revenues/ Expenditures	Closed		
Other Financing Sources (uses)						
Ross Mill Rd Water Line Ext Transfer from (to) Water Fund	16,000	16,000	-	(16,000)	-	(16,000)
Young Ave. Asbestos Replace. Loan proceeds - DWSRF	1,811,840	137,263	516,923	-	654,186	(1,157,654)
Beckford Dr. Loop Waterline Transfer from Water Fund	154,315	-	200,000	-	200,000	45,685
Transfer from Rate Stabiliz. Fund	200,000	200,000	-	-	200,000	-
Total other financing sources (uses)	2,182,155	353,263	716,923	(16,000)	1,054,186	(1,127,969)
Revenues and other financing sources over (under) expenditures	\$ -	\$ 155,544	\$ (365,994)	\$ 57,814	\$ (152,636)	\$ (152,636)

**City of Henderson, North Carolina**  
**Sewer Fund**  
**Schedule of Revenues and Expenditures- Budget and Actual (Non-GAAP)**  
**For the Fiscal Year Ended June 30, 2019, with Comparative Totals for the Fiscal Year Ended June 30, 2018**

	2019			
	Budget	Actual	Variance Positive (Negative)	2018 Actual
<b>Revenues</b>				
Operating revenues				
Charges for services				
Sewer Charges	\$ 4,395,000	\$ 4,772,466	\$ 377,466	\$ 4,642,857
Sewer surcharges	2,500	2,252	(248)	3,508
Debt setoff- Sewer charges	3,000	9,399	6,399	7,891
Bad debts recovery	8,000	21,570	13,570	19,323
Tapping	10,500	7,950	(2,550)	10,515
Reconnection	50,000	47,702	(2,298)	51,564
Code violations	2,500	805	(1,695)	2,550
Set up charges	25,000	26,884	1,884	26,894
Fog compliance monitoring	6,000	9,360	3,360	9,262
Past due charges	195,000	202,913	7,913	201,415
Total	4,697,500	5,101,301	403,801	4,975,779
Other operating revenues				
Sale of materials	-	195	195	12,172
Miscellaneous	450	2,091	1,641	475
Total	450	2,286	1,836	12,647
Total operating revenues	4,697,950	5,103,587	405,637	4,988,426
Non-operating revenues				
Interest on investments	28,000	78,194	50,194	39,598
Total non-operating revenues	28,000	78,194	50,194	39,598
Total Revenues	4,725,950	5,181,781	455,831	5,028,024
<b>Expenditures:</b>				
Water Reclamation Facility				
Salaries and employee benefits	820,291	813,445	6,846	756,611
Supplies	216,799	208,848	7,951	189,084
Telephone	9,340	8,868	472	8,660
Utilities	362,942	362,645	297	345,527
Insurance	40,276	40,276	-	48,458
Contracted Services	213,017	209,669	3,348	182,532
Maintenance	229,507	229,164	343	181,251
Capital Outlay	50,271	50,271	-	37,644
Other expenses	19,343	15,615	3,728	22,556
Total	1,961,786	1,938,801	22,985	1,772,323
Sewer Collection Operations				
Salaries and employee benefits	191,755	186,875	4,880	201,968
Supplies	33,900	23,953	9,947	22,669
Telephone	5,200	4,151	1,049	3,449
Utilities	21,600	13,556	8,044	12,752
Insurance	13,614	12,965	649	17,887
Contracted services	47,500	17,503	29,997	66,141
Reimbursement- Utility policy	-	-	-	-
Maintenance	54,200	30,464	23,736	34,798

(continued)



**City of Henderson, North Carolina**  
**Sewer Fund**  
**Schedule of Revenues and Expenditures- Budget and Actual (Non-GAAP)**  
**For the Fiscal Year Ended June 30, 2019, with Comparative Totals for the Fiscal Year Ended June 30, 2018**

	2019			
	Budget	Actual	Variance Positive (Negative)	2018 Actual
Sewer Collection Operations (continued)				
Sewer Line Repairs	32,100	31,294	806	19,890
Sewer taps	6,000	3,251	2,749	1,309
Capital Outlay	129,750	122,898	6,852	4,259
Other expenses	13,185	8,697	4,488	10,703
Total	548,804	455,607	93,197	395,825
Sewer I & I Operations				
Salaries and employee benefits	140,885	138,542	2,343	111,977
Supplies	23,200	14,852	8,348	11,144
Insurance	11,622	11,622	-	17,939
Contracted Services	27,100	25,653	1,447	23,921
Maintenance	5,450	2,483	2,967	2,986
Capital Outlay	60,050	59,863	187	25,037
Other expenses	5,900	3,890	2,010	4,337
Total	274,207	256,905	17,302	197,341
Non-departmental				
Retiree insurance	25,619	24,212	1,407	17,160
Workers' compensation insurance	-	-	-	-
Licenses/Permits/Fees	651	302	349	89
Reserve for bad debt	25,000	-	25,000	-
Cost Allocation to Other Funds	495,430	495,430	-	-
Other reserve	27,547	-	27,547	-
Contingency	-	-	-	-
Total	574,247	519,944	54,303	17,249
Debt Service				
Lease purchase payments	-	-	-	30,916
Interest and fees	41,616	48,360	(6,744)	29,489
Principal	1,078,760	999,983	78,777	1,035,394
Total	1,120,376	1,048,343	72,033	1,095,799
Total Expenditures	4,479,420	4,219,600	259,820	3,478,537
Revenues over (under) expenditures	246,530	962,181	196,011	1,549,487
<b>Other Financing Sources (Uses):</b>				
Transfer (to) other funds:				
General Fund	-	-	-	(266,430)
Sewer Capital Project Fund	(82,000)	(82,000)	-	659,547
Water Fund	(419,030)	(419,030)	-	(418,400)
Capital Reserve Utilities Fund	(5,000)	(5,000)	-	(5,000)
Long-Term Debt Issued	197,500	(188,912)	(386,412)	-
Fund Balance appropriated	62,000	-	62,000	-
Total other financing sources (uses)	(246,530)	(694,942)	(324,412)	(30,283)
<b>Revenues and other sources over expenditures and other uses</b>	<b>\$ -</b>	<b>\$ 267,239</b>	<b>\$ (128,401)</b>	<b>\$ 1,519,204</b>

(continued)

**City of Henderson, North Carolina**  
**Sewer Fund**  
**Schedule of Revenues and Expenditures- Budget and Actual (Non-GAAP)**  
**For the Fiscal Year Ended June 30, 2019, with Comparative Totals for the Fiscal Year Ended June 30, 2018**

	2019		Variance Positive (Negative)	2018 Actual
	Budget	Actual		
Reconciliation from budgetary basis (modified accrual) to full accrual:				
Reconciling items:				
Debt service- principal		999,983		1,066,310
Capital outlay		212,672		23,750
Depreciation		(1,258,708)		(853,480)
Long-Term Debt Issued		188,912		
Increase (decrease) in inventory		-		-
(Increase) decrease in accrued interest payable		(7,296)		(5,007)
(Increase) decrease in compensated absences		(2,876)		(12,721)
(Increase) decrease in OPEB liability		51,395		60,836
(Increase) decrease in net pension liability		(116,889)		88,115
Increase (decrease) in deferred outflows of resources - pensions		94,053		(89,365)
Increase (decrease) in deferred outflows of resources - OPEB		(31,877)		50,258
(Increase) Decrease in deferred inflows of resources - pensions		9,678		14,453
(Increase) Decrease in deferred inflows of resources - OPEB		(40,865)		(103,781)
Consolidated activity:				
Sewer Capital Project Fund:				
Sales tax refunds		5,189		(87)
Capital contributions received		1,798,488		701,695
Transfers (to) from Rate Stabilization Fund		(60,437)		444,230
Transfers (to) from Sewer Fund		82,000		(659,547)
Transfers (to) from Sewer Capital Reserve		10,000		-
Transfers (to) from Sewer Capital Reserve		(43,342)		-
Capital Reserve Utilities Fund:				
Excess of revenues over (under) expenses		2,446		9,086
Transfers (to) from Sewer Fund		5,000		5,000
Transfers (to) from Sewer Capital Project Fund		33,342		-
Rate Stabilization Fund:				
Excess of revenues over (under) expenses		21,683		13,865
Transfers (to) from Sewer Capital Project Fund		60,437		-
Total reconciling items		2,012,988		753,610
Change in net position		\$ 2,280,227		\$ 2,272,814

**City of Henderson, North Carolina**  
**Sewer Capital Project Fund**  
**Schedule of Revenues and Expenditures- Budget and Actual (Non-GAAP)**  
**From Inception and For the Year Ended June 30, 2019**

	Project Authorization	Prior Years	Actual		Total to Date	Variance Positive (Negative)
			Revenues/ Expenditures	Closed		
<b>Revenues:</b>						
HWRP Improvements						
Restricted intergovernmental						
CWSRF principal forgiveness	\$ 1,000,000	\$ 912,242	\$ 87,758	\$ (1,000,000)	\$ -	\$ (1,000,000)
NC CWMTF grant	600,000	600,000	-	(600,000)	-	(600,000)
Sales tax refunds	10,238	10,238	-	(10,238)	-	(10,238)
Total	1,610,238	1,522,480	87,758	(1,610,238)	-	(1,610,238)
Sandy Creek Pump Station Imp.						
Restricted intergovernmental						
CWSRF principal forgiveness	884,593	767,571	117,022	(884,593)	-	(884,593)
Sales tax refunds	33,683	33,683	-	(33,683)	-	(33,683)
Total	918,276	801,254	117,022	(918,276)	-	(918,276)
Newton Dairy Sewer Extension						
Restricted intergovernmental						
CDBG-Sewer	1,532,400	139,297	1,393,103	-	1,532,400	-
Total	1,532,400	139,297	1,393,103	-	1,532,400	-
NCDEQ Economic Dev. ROBCO						
Restricted intergovernmental						
NCDEQ Economic Dev. ROBCO	200,605	-	200,605	(200,605)	-	(200,605)
Sales Tax Refund	5,189	-	5,189	(5,189)	-	(5,189)
Total	205,794	-	205,794	(205,794)	-	(205,794)
Elmwood Cemetary Outfall						
Restricted intergovernmental						
Sales Tax Refund	13,646	-	-	-	-	(13,646)
Total	13,646	-	-	-	-	(13,646)
Investment Income	-	16,674	-	-	16,674	16,674
Sales tax refunds	-	49,075	-	(18,836)	30,239	30,239
Total Revenue	4,280,354	2,528,780	1,803,677	(2,753,144)	1,579,313	(2,701,041)
<b>Expenditures:</b>						
Capital Outlay:						
NCDEQ Economic Dev. ROBCO						
Legal/ Admin	9,624	9,390	234	(9,624)	-	9,624
Construction	175,890	-	175,890	(175,890)	-	175,890
Right of Way	380	381	-	(381)	-	380
Engineering	19,900	19,900	-	(19,900)	-	19,900
Total	205,794	29,671	176,124	(205,795)	-	205,794
Newton Dairy Pump Project						
Professional Services	324	324	-	(324)	-	324
Legal/ Admin	371	1,744	-	(1,744)	-	371
Advertising	1,744	371	-	(371)	-	1,744
Right of Way	17,283	23,867	-	(23,867)	-	17,283
Engineering	23,867	17,283	-	(17,283)	-	23,867
Total	43,589	43,589	-	(43,589)	-	43,589

(continued)

**City of Henderson, North Carolina**  
**Sewer Capital Project Fund**  
**Schedule of Revenues and Expenditures- Budget and Actual (Non-GAAP)**  
**From Inception and For the Year Ended June 30, 2019**

	Project Authorization	Prior Years	Actual Current Year		Total to Date	Variance Positive (Negative)
			Revenues/ Expenditures	Closed		
HWRF Improvements						
Legal/ Admin	49,268	49,268	-	(49,268)	-	49,268
Engineering	1,107,779	1,107,779	-	(1,107,779)	-	1,107,779
Construction	16,681,180	16,681,181	-	(16,681,181)	-	16,681,180
Closing Fee-Grant/Loan	342,300	342,300	-	(342,300)	-	342,300
Land acquisition	26,985	26,985	-	(26,985)	-	26,985
Total	18,207,512	18,207,513	-	(18,207,513)	-	18,207,512
Elmwood Cemetery Outfall						
Planning and design	108,254	108,254	-	(108,254)	-	108,254
Legal/Admin	4,755	4,655	100	(4,755)	-	4,755
Engineering	32,400	32,400	-	(32,400)	-	32,400
Construction	1,602,324	1,598,661	3,663	(1,602,324)	-	1,602,324
Right of Way Easements	11,208	11,208	-	(11,208)	-	11,208
SRF Closing Fee	36,000	36,000	-	(36,000)	-	36,000
Total	1,794,941	1,791,178	3,763	(1,794,941)	-	1,794,941
Sandy Creek Pump Station Imp.						
Engineering and Geotechnical	132,005	127,971	-	(127,971)	-	132,005
Legal/ Admin	871	871	-	(871)	-	871
Geotechnical	-	4,034	-	(4,034)	-	-
Construction	1,554,445	1,554,445	-	(1,554,445)	-	1,554,445
SRF Closing Fee	33,937	33,937	-	(33,937)	-	33,937
Total	1,721,258	1,721,258	-	(1,721,258)	-	1,721,258
Newton Dairy Sewer Extension						
Design	109,800	108,691	1,109	-	109,800	-
Grant Administration	80,000	59,369	20,631	-	80,000	-
Construction/ Admin	1,681,565	455,761	1,264,804	-	1,720,565	(39,000)
Right of Way Easements	5,828	4,905	923	-	5,828	-
Contingency	39,000	-	-	-	-	39,000
Total	1,916,193	628,726	1,287,467	-	1,916,193	-
Martin Creek Pump Generator						
Legal / Admin	5,000	-	-	-	-	5,000
Construction	57,000	-	-	-	-	57,000
Total	62,000	-	-	-	-	62,000
Capital Outlay	28,845	-	28,845	(28,845)	-	28,845
Total expenditures	23,980,132	22,421,935	1,496,199	(22,001,941)	1,916,193	22,063,939
<b>Excess of revenues over (under) expenditures</b>	<b>(19,699,778)</b>	<b>(19,893,155)</b>	<b>307,478</b>	<b>19,248,797</b>	<b>(336,880)</b>	<b>19,362,898</b>
<b>Other Financing Sources (uses)</b>						
Newton Dairy Pump Project						
Transfer from Sewer Fund	42,000	42,000	-	(42,000)	-	(42,000)
Transfer from Cap. Res. Utilities	5,900	5,900	-	(5,900)	-	(5,900)
Transfer (to) Sewer Capital Reserve	(4,311)	-	(4,311)	4,311	-	4,311
Total	43,589	47,900	(4,311)	(43,589)	-	(43,589)

(continued)

**City of Henderson, North Carolina**  
**Sewer Capital Project Fund**  
**Schedule of Revenues and Expenditures- Budget and Actual (Non-GAAP)**  
**From Inception and For the Year Ended June 30, 2019**

	Project Authorization	Prior Years	Actual Current Year		Total to Date	Variance Positive (Negative)
			Revenues/ Expenditures	Closed		
HWRF Improvements						
Loan proceeds- CWSRF	16,115,000	16,115,000	-	(16,115,000)	-	(16,115,000)
Transfer (to) Sewer Capital Reserve	-	-	(21,085)	21,085	-	-
Transfer from (to) CR Utilities	378,915	400,000	-	(400,000)	-	(378,915)
Transfer from Rate Stabilization	103,360	103,360	-	(103,360)	-	(103,360)
Total	<u>16,597,275</u>	<u>16,618,360</u>	<u>(21,085)</u>	<u>(16,597,275)</u>	<u>-</u>	<u>(16,597,275)</u>
Elmwood Cemetery Outfall						
Loan proceeds- CWSRF	1,700,995	1,755,178	(54,183)	(1,700,995)	-	(1,700,995)
Transfer from Sewer Fund	25,000	25,000	-	(25,000)	-	(25,000)
Transfer (to) Sewer Capital Reserve	-	-	(16,791)	16,791	-	-
Transfer from (to) CR Utilities	55,300	55,300	-	(55,300)	-	(55,300)
Total	<u>1,781,295</u>	<u>1,835,478</u>	<u>(70,974)</u>	<u>(1,764,504)</u>	<u>-</u>	<u>(1,781,295)</u>
Sandy Creek Pump Station Imp.						
Loan proceeds- CWSRF	767,571	767,571	-	(767,571)	-	(767,571)
Transfer from Cap. Res. Utilities	52,200	52,200	-	(52,200)	-	(52,200)
Transfer (to) CR Utilities	(16,790)	-	-	-	-	16,790
Total	<u>802,981</u>	<u>819,771</u>	<u>-</u>	<u>(819,771)</u>	<u>-</u>	<u>(802,981)</u>
Newton Dairy Sewer Extension						
Transfer from (to) 79 Rate Stabilization	383,793	444,230	(60,437)	-	383,793	-
Total	<u>383,793</u>	<u>444,230</u>	<u>(60,437)</u>	<u>-</u>	<u>383,793</u>	<u>-</u>
Martin Creek Pump Generator						
Transfer from Sewer Fund	62,000	-	62,000	-	62,000	-
Total	<u>62,000</u>	<u>-</u>	<u>62,000</u>	<u>-</u>	<u>62,000</u>	<u>-</u>
Capital Outlay						
Transfer From Sewer Fund	20,000	-	20,000	(20,000)	-	(20,000)
Transfer From Sewer Capital Reserve	10,000	-	10,000	(10,000)	-	(10,000)
Transfer (to) Sewer Capital Reserve	(1,155)	-	(1,155)	1,155	-	1,155
Total	<u>28,845</u>	<u>-</u>	<u>28,845</u>	<u>(28,845)</u>	<u>-</u>	<u>(28,845)</u>
Loan discount	-	6,506	-	-	6,506	6,506
Other	-	1,448	-	-	1,448	1,448
Total other financing sources (uses)	<u>19,699,778</u>	<u>19,773,693</u>	<u>(65,962)</u>	<u>(19,253,984)</u>	<u>453,747</u>	<u>(19,246,031)</u>
<b>Revenues and other financing sources over (under) expenditures</b>	<u>\$ -</u>	<u>\$ (119,462)</u>	<u>\$ 241,516</u>	<u>\$ (5,187)</u>	<u>\$ 116,867</u>	<u>\$ 116,867</u>

**City of Henderson, North Carolina**  
**Capital Reserve Utilities Fund**  
**Schedule of Revenues and Expenditures- Budget and Actual (Non-GAAP)**  
**For the Fiscal Year Ended June 30, 2019, with Comparative Totals for the Fiscal Year Ended June 30, 2018**

	Budget	Actual	Actual Variance Positive (Negative)	2018 Actual
<b>Revenues:</b>				
Capital Reserve- Water				
Investment earnings	\$ -	\$ 205	\$ 205	\$ 196
Capital Reserve- Sewer				
Investment earnings	-	925	925	592
Capital usage fee	-	1,547	1,547	8,513
Total Revenue	-	2,677	2,677	9,301
<b>Expenditures:</b>				
Capital Reserve- Water				
Licenses/Permits/Fees	30	26	4	19
Reserve	4,970	-	4,970	-
Capital Reserve- Sewer				
Licenses/Permits/Fees	30	26	4	19
Reserve	212,452	-	212,452	-
Total expenditures	217,482	52	217,430	38
<b>Excess of revenues over (under) expenditures</b>	<b>(217,482)</b>	<b>2,625</b>	<b>220,107</b>	<b>9,263</b>
<b>Other Financing Sources (uses)</b>				
Capital Reserve- Water				
Transfer (to) from Water Fund	5,000	5,000	-	5,000
Transfer (to) from Water Capital Project Fund	-	-	-	(73,814)
Capital Reserve- Sewer				
Transfer (to) from Sewer Fund	5,000	5,000	-	5,000
Transfer (to) from 44 CIP Sewer	43,342	43,342	-	-
Transfer (to) from 44 CIP Sewer	(10,000)	(10,000)	-	-
Fund balance appropriated	174,140	-	(174,140)	-
Total other financing sources (uses)	217,482	43,342	(174,140)	(63,814)
Revenues over (under) expenditures	\$ -	45,967	\$ 45,967	(54,551)
Fund Balance- Beginning		357,416		411,967
Fund Balance -Ending		\$ 403,383		\$ 357,416

**City of Henderson, North Carolina**  
**Rate Stabilization Fund**  
**Schedule of Revenues and Expenditures- Budget and Actual (Non-GAAP)**  
**For the Fiscal Year Ended June 30, 2019, with Comparative Totals for the Fiscal Year Ended June 30, 2018**

	Actual			
	Budget	Actual	Variance Positive (Negative)	2018 Actual
<b>Revenues:</b>				
Rate Stabilization- Water				
Investment earnings	\$ -	\$ 28,889	\$ 28,889	\$ 39,368
Rate Stabilization- Sewer				
Investment earnings	-	21,688	21,688	13,870
Total Revenue	-	50,577	50,577	53,238
<b>Expenditures:</b>				
Rate Stabilization- Water				
Licenses/Permits/Fees	5	5	-	4
Rate Stabilization Reserve	2,721,415	-	2,721,415	-
479,935			479,935	-
Rate Stabilization- Sewer				
Licenses/Permits/Fees	5	5	-	5
Total expenditures	3,201,360	10	3,201,350	9
<b>Excess of revenues over (under) expenditures</b>	<b>(3,201,360)</b>	<b>50,567</b>	<b>3,251,927</b>	<b>53,229</b>
<b>Other Financing Sources (uses)</b>				
Rate Stabilization- Water				
Transfer (to) from Water Fund	(100,000)	(100,000)	-	(87,545)
Transfer (to) from Sewer Capital Project Fund	-	-	-	(444,230)
Transfer (to) from Water Capital Project Fund	-	-	-	-
Fund balance appropriated	2,821,420	-	(2,821,420)	-
Rate Stabilization- Sewer				
Transfer (to) from Sewer Capital Project Fund	-	60,437	60,437	-
Fund balance appropriated	479,940	-	(479,940)	-
Total other financing sources (uses)	3,201,360	(39,563)	(3,240,923)	(531,775)
Revenues over (under) expenditures	\$ -	11,004	\$ 11,004	(478,546)
Fund Balance- Beginning		3,121,202		3,599,748
Fund Balance -Ending		\$ 3,132,206		\$ 3,121,202

**City of Henderson, North Carolina**  
**Regional Water System Fund**  
**Schedule of Revenues and Expenditures- Budget and Actual (Non-GAAP)**  
**For the Fiscal Year Ended June 30, 2019, with Comparative Totals for the Fiscal Year Ended June 30, 2018**

	<b>2019</b>			
	<b>Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>	<b>2018 Actual</b>
<b>Revenues:</b>				
Operating Revenues				
Charges for service				
Water Charges	\$ 4,992,000	\$ 5,447,261	\$ 455,261	\$ 5,187,144
Other operating revenues				
Miscellaneous	5,000	7,410	2,410	6,486
Total operating revenues	4,997,000	5,454,671	457,671	5,193,630
Non-operating revenues				
Interest on investment	27,000	65,553	38,553	31,428
<b>Total revenues</b>	<b>5,024,000</b>	<b>5,520,224</b>	<b>496,224</b>	<b>5,225,058</b>
<b>Expenditures:</b>				
Regional Water Plant				
Salaries and employee benefits	685,590	648,658	36,932	615,774
Supplies	501,200	471,364	29,836	431,973
Telephone	7,000	5,844	1,156	5,731
Utilities	424,728	404,090	20,638	357,950
Insurance	36,250	31,729	4,521	34,621
Contracted services	451,272	298,759	152,513	226,727
Maintenance	310,500	230,477	80,023	193,328
Capital Outlay	19,000	-	19,000	14,835
Other expenses	40,400	27,328	13,072	21,891
Total	2,475,940	2,118,249	357,691	1,902,830
Non-departmental				
Retiree insurance	45,650	39,753	5,897	40,205
Cost Allocation to Other Funds	354,950	354,950	-	-
Other reserve	281,710	-	281,710	-
Bank service charges	1,000	364	636	417
Contingency	30,000	-	30,000	-
Total	713,310	395,067	318,243	40,622
Debt Service				
Interest and fees	5,300	5,033	267	58,116
Principal	235,000	300,411	(65,411)	301,451
Total	240,300	305,444	(65,144)	359,567
<b>Total Expenditures</b>	<b>3,429,550</b>	<b>2,818,760</b>	<b>610,790</b>	<b>2,303,019</b>
<b>Revenues over (under) expenditures</b>	<b>1,594,450</b>	<b>2,701,464</b>	<b>(114,566)</b>	<b>2,922,039</b>

(continued)



**City of Henderson, North Carolina**  
**Regional Water System Fund**  
**Schedule of Revenues and Expenditures- Budget and Actual (Non-GAAP)**  
**For the Fiscal Year Ended June 30, 2019, with Comparative Totals for the Fiscal Year Ended June 30, 2018**

	2019		Variance Positive (Negative)	2018 Actual
	Budget	Actual		
<b>Other Financing Sources (Uses)</b>				
Transfer (to) other funds:				
General Fund	-	-	-	(238,030)
Water Fund	-	-	-	(100,000)
Regional Water System Capital Project Fund	(750,000)	(750,000)	-	(27,950)
Regional Water Reserve Fund	(844,450)	(844,450)	-	(1,420,930)
Total other financing sources	(1,594,450)	(1,594,450)	-	(1,786,910)
<b>Revenues and other sources over expenditures and other uses</b>	<u>\$ -</u>	<u>\$ 1,107,014</u>	<u>\$1,107,014</u>	<u>\$ 1,135,129</u>
<b>Reconciliation from budgetary basis (modified accrual) to full accrual:</b>				
<u>Reconciling items:</u>				
Debt service- principal		300,411		301,451
Capital outlay		-		-
Depreciation		(513,090)		(529,702)
Increase (decrease) in inventory		-		14,137
Increase (decrease) in deferred outflows of resources - pensions		55,607		(45,265)
Increase (decrease) in deferred outflows of resources - OPEB		9,171		29,286
(Increase) decrease in accrued interest payable		3,423		3,241
(Increase) decrease in compensated absences		(1,605)		(4,160)
(Increase) decrease in OPEB liability		29,949		35,450
(Increase) decrease in net pension liability		(69,109)		44,157
(Increase) Decrease in deferred inflows of resources - pensions		5,721		4,993
(Increase) Decrease in deferred inflows of resources - OPEB		(23,814)		(60,475)
<b>Consolidated activity:</b>				
Regional Water System Capital Project Fund:				
Investment earnings		941		518
Transfers (to) from Regional Water System Fund		1,459,571		27,950
Regional Water Reserve Fund:				
Excess of revenues over (under) expenses		107,855		53,582
Transfers (to) from Regional Water System Fund		844,450		1,420,930
Transfers (to) from Regional Water Project Fund		(709,571)		
Total reconciling items		<u>1,499,910</u>		<u>1,296,093</u>
Change in net position		<u>\$ 2,606,924</u>		<u>\$ 2,431,222</u>

**City of Henderson, North Carolina**  
**Regional Water System Capital Project Fund**  
**Schedule of Revenues and Expenditures- Budget and Actual (Non-GAAP)**  
**From Inception and For the Year Ended June 30, 2019**

		Actual				
		Current Year				
	Project Authorization	Prior Years	Revenues/ Expenditures	Closed	Total to Date	Variance Positive (Negative)
Revenues:						
Restricted Intergovernmental State Reserve Grant - KLRWS I	\$ 3,000,000	\$ -	\$ -	\$ -	\$ -	\$ -
General						
Investment Income	-	963	941	-	1,904	1,904
Total Revenue	3,000,000	963	941	-	1,904	1,904
Expenditures:						
SCADA System Project						
Engineering	49,700	47,534	860	-	48,394	1,306
Legal/ Admin	1,000	658	-	-	658	342
Construction	448,500	316,395	108,893	-	425,288	23,212
Sales Tax Refund	-	-	(17,635)	-	(17,635)	17,635
Total	499,200	364,587	92,118	-	456,705	42,495
KLRW Improvement Phase 1						
Engineering	3,493,500	1,039,683	2,430,713	-	3,470,396	23,104
Contingency	907,214	-	-	-	-	907,214
Legal/ Admin	50,000	15,750	1,150	-	16,900	33,100
Construction	30,427,886	-	-	-	-	30,427,886
SRF Closing Fee	697,260	-	-	-	-	-
Total	35,575,860	1,055,433	2,431,863	-	3,487,296	31,391,304
KLRWP Stantec Services						
Professional Services	35,450	-	35,032	-	35,032	418
Total	35,450	-	35,032	-	35,032	418
Nutbush Line Tie-In						
Contingency	18,700	-	-	-	-	18,700
Engineering	122,340	-	52,350	-	52,350	69,990
Construction	488,960	-	-	-	-	488,960
Permitting	30,000	-	-	-	-	30,000
Right of Way	90,000	-	-	-	-	-
Total	750,000	-	52,350	-	52,350	607,650
WSMP Assessment Update						
Engineering	16,300	-	4,675	-	4,675	11,625
Total	16,300	-	4,675	-	4,675	11,625
Total expenditures	36,876,810	1,420,020	2,616,038	-	4,036,058	32,053,492
Excess of revenues over (under) expenditures	(33,876,810)	(1,419,057)	(2,615,097)	-	(4,034,154)	32,055,396
Other Financing Sources (uses)						
State Revolving Loan - KLRW Interbasin	31,863,000	-	-	-	-	(31,863,000)
KLRWP Stantec Services						
Transfer from Regional Water	27,950	27,950	-	-	27,950	-
Transfer from CIP SCADA	7,500	-	7,500	-	7,500	-
SCADA System Project						
Transfer from Regional Water	523,000	523,000	-	-	523,000	-
Transfer to KLRWS Project	(23,800)	-	(23,800)	-	(23,800)	-
KLRWS Phase 2						
Transfer from Regional Water CPF	3,289	3,289	-	-	3,289	-
20MGD Expansion Phase 2						
Transfer from Regional Water Res.	709,571	-	709,571	-	709,571	-
Nutbush Line Tie-In						
Transfer from Regional Water CPF	750,000	-	750,000	-	750,000	-
WSMP Assessment Update						
Transfer from SCADA System	16,300	-	16,300	-	16,300	-
Total other financing sources (uses)	33,876,810	554,239	1,459,571	-	2,013,810	(31,863,000)
Revenues over (under) expenditures	\$ -	\$ (864,818)	\$ (1,155,526)	\$ -	\$ (2,020,344)	\$ 192,396

**City of Henderson, North Carolina**  
**Regional Water Reserve Fund**  
**Schedule of Revenues and Expenditures- Budget and Actual (Non-GAAP)**  
**For the Fiscal Year Ended June 30, 2019, with Comparative Totals for the Fiscal Year Ended June 30, 2018**

		<b>Actual</b>		
	<b>Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>	<b>2018 Actual</b>
<b>Revenues:</b>				
Investment earnings				
Capital Reserve-Regional	\$ 3,000	\$ 7,387	\$ 4,387	\$ 3,672
Capital Reserve- Regional COE	850	1,988	1,138	988
Capital Reserve- Regional 20MGD	42,650	98,720	56,070	49,078
Total Revenue	46,500	108,095	61,595	53,738
<b>Expenditures:</b>				
Capital Reserve- Regional				
Licenses/Permits/Fees	500	80	420	52
Reserve	200,000	-	200,000	-
Capital Reverse- Regional COE				
Licenses/Permits/Fees	200	80	120	52
Reserve	60,000	-	60,000	-
Capital Reserve- Regional 20MGD				
Licenses/Permits/Fees	200	80	120	52
Total expenditures	260,900	240	260,660	156
<b>Excess of revenues over (under) expenditures</b>				
	(214,400)	107,855	322,255	53,582
<b>Other Financing Sources (uses)</b>				
Transfer (to) from other fund:				
Regional Water Fund	844,450	844,450	-	1,420,930
Regional Water Project	(709,571)	(709,571)	-	-
Fund balance appropriated	79,521	-	(79,521)	-
Total other financing sources (uses)	214,400	134,879	(79,521)	1,420,930
Revenues over (under) expenditures	\$ -	242,734	\$ 242,734	1,474,512
Fund Balance- Beginning		6,868,729		5,394,217
Fund Balance -Ending		\$ 7,111,463		\$ 6,868,729

**City of Henderson, North Carolina**  
**General Fund**  
**Schedule of Ad Valorem Taxes Receivable**  
**June 30, 2019**

Schedule E-1

<u>Fiscal Year</u>	<u>Uncollected Balance June 30, 2018</u>	<u>Additions</u>	<u>Collections And Credits</u>	<u>Uncollected Balance June 30, 2019</u>
2018-2019	\$ -	\$ 6,342,063	\$ 6,139,612	\$ 202,451
2017-2018	153,723	-	115,512	38,211
2016-2017	47,149	-	24,519	22,630
2015-2016	36,038	-	8,636	27,402
2014-2015	28,142	-	1,914	26,228
2013-2014	29,894	-	2,955	26,939
2012-2013	17,837	-	921	16,916
2011-2012	16,235	-	1,142	15,093
2010-2011	8,361	-	621	7,740
2009-2010	9,468	-	607	8,861
2008-2009	<u>25,798</u>	<u>-</u>	<u>25,798</u>	<u>-</u>
Totals	\$ <u>372,645</u>	\$ <u>6,342,063</u>	\$ <u>6,322,237</u>	392,471
Less Allowance for Doubtful Accounts				<u>(121,500)</u>
Taxes Receivable (Net)				\$ <u>270,971</u>
<u>Reconcilement with revenues:</u>				
Ad valorem taxes - General Fund				\$ 6,297,344
Reconciling items:				
Penalties and Interest collected				(37,217)
Taxes written off				25,798
Releases and adjustments				<u>36,312</u>
Total Collections and Credits				\$ <u>6,322,237</u>

**City of Henderson, North Carolina**  
**Analysis of Current Tax Levy**  
**City-Wide Levy**  
**June 30, 2019**

	City Wide			Total Levy	
	Property Valuation	Rate	Total Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
<b>Original Levy</b>					
Property taxed at current year's rate	\$ 895,861,798	0.712	\$ 6,378,536	\$ 5,773,689	\$ 604,847
Penalties	494,944	0.712	3,524	3,524	-
<b>Total</b>	<u>896,356,742</u>		<u>6,382,060</u>	<u>5,777,213</u>	<u>604,847</u>
<b>Discoveries:</b>					
Current year rate	1,850,140	0.712	13,173	13,173	-
Prior year taxes	1,799,157	0.712	12,810	12,810	-
Prior year taxes	158,548	0.620	983	983	-
<b>Total</b>	<u>3,807,846</u>		<u>26,966</u>	<u>26,966</u>	<u>-</u>
<b>Abatement/Non-Discoveries:</b>					
Current year rate	(9,317,697)	0.712	(66,342)	(66,342)	-
Prior year taxes	(62,079)	0.712	(442)	(442)	-
Prior year taxes	(28,871)	0.620	(179)	(179)	-
<b>Total</b>	<u>(9,379,775)</u>		<u>(66,963)</u>	<u>(66,963)</u>	<u>-</u>
Net assessed valuation	<u>\$ 890,784,812</u>				
<b>Net Levy</b>			6,342,063	5,737,216	604,847
Uncollected taxes June 30, 2019			<u>202,451</u>	<u>202,451</u>	<u>-</u>
<b>Current years taxes collected</b>			<u>\$ 6,139,612</u>	<u>\$ 5,534,765</u>	<u>\$ 604,847</u>
<b>Current levy collection percentage</b>			<u>96.81%</u>	<u>96.47%</u>	<u>100.00%</u>

## STATISTICAL SECTION

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The information presented in this section is provided for additional analysis purposes only and has not been subjected to audit verification as presented.

**Financial Trends** - These tables contain trend information to help the reader understand how the government's financial performance and well-being have been changed over time.

Net Position by Component	Table 1
Changes in Net Position	Table 2
Fund Balances of Governmental Funds	Table 3
Changes in Fund Balances of Governmental Funds	Table 4

**Revenue Capacity** - These tables contain information to help the reader assess the government's most significant local revenue source, the property tax.

Assessed Value and Estimated Actual Value of Taxable Property	Table 5
Property Tax Rates - Direct and Overlapping Governments	Table 6
Principal Property Taxpayers	Table 7
Property Tax Levies and Collections	Table 8

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

Ratio of Outstanding Debt by Type	Table 9
Ratios of General Bonded Debt Outstanding	Table 10
Direct and Overlapping Governmental Activities Debt	Table 11
Legal Debt Margin Information	Table 12

**Demographic and Economic Information** - These tables offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

Demographic and Economic Statistics	Table 13
Principal Employers	Table 14

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

Full-Time Equivalent City Government Employees by Function	Table 15
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Table 1

**CITY OF HENDERSON, NORTH CAROLINA**  
**Net Position by Component**  
**Last Ten Fiscal Years**  
**(Accrual basis of accounting)**

	Fiscal Year									
	2019	2018 (a)	2017 (b)	2016	2015 (c)	2014 (d)	2013	2012 (d)	2011	2010
<b>Governmental Activities</b>										
Net investment in										
capital assets	\$ 17,170,576	\$ 17,133,373	\$ 17,157,718	\$ 16,776,372	\$ 16,387,583	\$ 16,107,257	\$ 15,855,575	\$ 9,099,920	\$ 14,328,977	\$ 14,686,579
Restricted	3,015,547	2,967,084	3,452,122	2,842,835	2,693,934	2,697,355	2,544,337	3,326,377	3,185,989	1,772,784
Unrestricted (deficit)	(2,094,532)	(2,761,093)	3,147,980	3,711,584	1,820,143	1,026,753	461,525	(374,053)	(197,470)	1,978,225
Total	<u>\$ 18,091,591</u>	<u>\$ 17,339,364</u>	<u>\$ 23,757,820</u>	<u>\$ 23,330,791</u>	<u>\$ 20,901,660</u>	<u>\$ 19,831,365</u>	<u>\$ 18,861,437</u>	<u>\$ 12,052,244</u>	<u>\$ 17,317,496</u>	<u>\$ 18,437,588</u>
<b>Business-type Activities</b>										
Net investment in										
capital assets	\$ 70,644,140	\$ 65,693,413	\$ 62,856,096	\$ 60,567,294	\$ 57,944,442	\$ 57,062,814	\$ 56,461,187	\$ 54,571,969	\$ 49,450,831	\$ 46,753,174
Restricted	-	-	-	28,258	-	-	-	-	-	-
Unrestricted (deficit)	24,289,035	24,619,423	23,964,046	20,874,686	17,447,859	14,528,459	19,252,954	15,816,368	9,049,829	8,183,861
Total	<u>\$ 94,933,175</u>	<u>\$ 90,312,836</u>	<u>\$ 86,820,142</u>	<u>\$ 81,470,238</u>	<u>\$ 75,392,301</u>	<u>\$ 71,591,273</u>	<u>\$ 75,714,141</u>	<u>\$ 70,388,337</u>	<u>\$ 58,500,660</u>	<u>\$ 54,937,035</u>
<b>Primary Government</b>										
Net investment in										
capital assets	\$ 87,814,716	\$ 82,826,786	\$ 80,013,814	\$ 77,343,666	\$ 74,332,025	\$ 73,170,071	\$ 72,316,762	\$ 63,671,889	\$ 63,779,808	\$ 61,439,753
Restricted	3,015,547	2,967,084	3,452,122	2,871,093	2,693,934	2,697,355	2,544,337	3,326,377	3,185,989	1,772,784
Unrestricted (deficit)	22,194,503	21,858,330	27,112,026	24,586,270	19,268,002	15,555,212	19,714,479	15,442,315	8,852,359	10,162,086
Total	<u>\$ 113,024,766</u>	<u>\$ 107,652,200</u>	<u>\$ 110,577,962</u>	<u>\$ 104,801,029</u>	<u>\$ 96,293,961</u>	<u>\$ 91,422,638</u>	<u>\$ 94,575,578</u>	<u>\$ 82,440,581</u>	<u>\$ 75,818,156</u>	<u>\$ 73,374,623</u>

**Notes**

- a: In accordance with GASB Statement 75, fiscal year 2018 includes restatements to recognize net OPEB liability and deferred inflows/outflows of resources.
- b: In accordance with GASB Statement 73, fiscal year 2017 includes reclassification of the City's Law Enforcement Officers' pension trust fund into the General Fund.
- c: In accordance with GASB Statement 68, fiscal year 2015 includes restatements to recognize net pension liability and deferred inflows/outflows of resources.
- d: Net position reflects prior period adjustments recognized during the fiscal year.
- e: In accordance with GASB Statement 65, references to 'Net Assets' have been replaced with 'Net Position'.

Table 2

**CITY OF HENDERSON, NORTH CAROLINA**  
**Changes in Net Position**  
**Last Ten Fiscal Years**  
**(Accrual basis of accounting)**

	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2012 (a)	2012	2011	2010
<b>Governmental Activities</b>										
Expenses										
General government	\$ 1,749,173	\$ 1,977,847	\$ 1,661,484	\$ 1,496,470	\$ 1,563,433	\$ 1,682,775	\$ 2,238,209	\$ 2,318,395	\$ 2,566,627	\$ 2,633,778
Public safety	7,329,525	6,771,008	6,623,560	6,014,327	5,800,755	6,343,595	6,753,177	6,753,177	6,798,592	7,349,933
Planning and community dev.	491,076	447,561	443,742	326,690	254,659	376,614	3,821,273	-	-	-
Economic and physical dev.	-	-	-	-	-	-	-	3,556,860	444,922	45,732
Human Services	-	-	-	-	-	-	-	264,413	302,533	267,359
Public services										
Transportation and other	1,589,648	1,465,546	1,624,605	1,510,645	1,497,998	1,584,661	1,525,762	-	-	-
Transportation and utilities	-	-	-	-	-	-	-	1,402,603	2,034,973	2,001,374
Environmental protection	1,063,360	973,073	904,228	836,546	822,787	884,873	900,391	969,386	900,033	859,341
Recreation and parks	1,715,311	1,572,277	1,411,642	1,385,641	1,276,472	1,451,755	1,418,212	-	-	-
Cultural and recreational	-	-	-	-	-	-	-	2,375,739	2,384,515	2,471,824
Local agencies and shared prog.	1,077,482	1,174,955	1,026,258	975,631	1,015,897	966,837	983,549	-	-	-
Interest on Long-Term Debt	76,958	28,203	61,263	81,593	108,803	141,665	209,088	209,088	242,768	285,532
Total	15,092,533	14,410,470	13,756,782	12,627,543	12,340,804	13,432,775	17,849,661	17,849,661	15,674,963	15,914,873
Program Revenues										
Charges for Services										
General government	939,827	26,836	-	-	-	-	-	-	306,870	-
Public safety	48,925	38,135	206,525	128,590	131,888	164,298	112,740	112,740	449,415	470,633
Planning and community dev.	-	-	32,776	34,007	29,818	24,540	16,115	-	-	-
Economic and physical dev.	-	-	-	-	-	-	-	16,115	15,212	15,805
Public services										
Transportation and other	23,193	-	9,000	7,500	14,250	16,500	15,750	-	-	-
Transportation and utilities	-	-	-	-	-	-	-	-	437,339	521,671
Environmental protection	1,881,173	1,977,138	1,933,688	1,880,993	1,796,749	1,944,950	1,707,242	2,972,890	2,936,451	2,877,402
Recreation and parks	861,005	729,118	740,814	897,943	848,576	886,189	909,600	-	-	-
Cultural and recreational	-	-	-	-	-	-	-	909,600	904,876	1,025,485
Operating Grants and Contrib.	685,195	463,122	488,096	504,211	478,665	535,648	586,526	586,526	718,763	1,687,630
Capital Grants and Contributions	133,000	7,237	92,140	50,794	96,478	63,481	1,385,656	1,385,656	332,582	-
Total	4,572,318	3,241,586	3,503,039	3,504,038	3,396,424	3,635,606	4,733,629	5,983,527	6,101,508	6,598,626



Table 2

**CITY OF HENDERSON, NORTH CAROLINA**  
**Changes in Net Position**  
**Last Ten Fiscal Years**  
**(Accrual basis of accounting)**

	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2012 (a)	2012	2011	2010
Total Governmental Activities										
Net Program Expense	\$ (10,520,215)	\$ (11,168,884)	\$ (10,253,743)	\$ (9,123,505)	\$ (8,944,380)	\$ (9,797,169)	\$ (13,116,032)	\$ (11,866,134)	\$ (9,573,455)	\$ (9,316,247)
General Revenues and										
Other Changes in Net Position										
Taxes:										
Property taxes,										
levied for general purpose	\$ 6,348,025	\$ 6,339,656	\$ 6,381,258	\$ 6,401,674	\$ 5,969,044	\$ 6,292,225	\$ 5,376,949	\$ 5,376,949	\$ 5,188,448	\$ 5,182,210
Other taxes and licenses	226,199	227,753	28,660	33,455	117,026	275,929	404,224	1,302,741	988,795	1,077,211
Unrestricted Grants and Contrib.										
Local option sales tax	3,281,772	3,020,695	3,077,740	2,968,469	2,770,276	2,456,998	2,355,482	2,355,482	2,150,394	2,164,956
Other	1,103,694	1,089,509	1,094,557	1,114,339	1,110,280	918,778	898,516	-	-	-
Investment earnings, unrestricted	242,398	121,392	40,237	23,227	6,933	8,858	5,974	5,974	10,524	10,777
Sale of capital assets	-	19,989	4,668	80,199	160	14,842	-	-	-	-
Miscellaneous, unrestricted	150,254	79,284	63,075	79,963	210,202	63,719	149,921	149,921	204,424	150,800
Special items	-	-	166,696	-	-	-	-	-	-	-
Transfers	(79,900)	774,000	729,051	736,200	736,390	735,748	1,264,596	14,697	(89,222)	246,637
Total	11,272,442	11,672,278	11,585,942	11,437,526	10,920,311	10,767,097	10,455,662	9,205,764	8,453,363	8,832,591
Total Governmental Activities										
Change in Net Position	\$ 752,227	\$ 503,394	\$ 1,332,199	\$ 2,314,021	\$ 1,975,931	\$ 969,928	\$ (2,660,370)	\$ (2,660,370)	\$ (1,120,092)	\$ (483,656)

Table 2

**CITY OF HENDERSON, NORTH CAROLINA**  
**Changes in Net Position**  
**Last Ten Fiscal Years**  
**(Accrual basis of accounting)**

	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2012 (a)	2012	2011	2010
<b>Business-type Activities</b>										
Expenses										
Water, Sewer, and										
Regional Water System	\$ 13,770,692	\$ 11,489,277	\$ 10,969,677	\$ 10,533,845	\$ 10,813,134	\$ 10,968,686	\$ 10,685,265	\$ 12,005,164	\$ 11,623,998	\$ 11,080,440
Revenues										
Charges for Services	17,635,017	17,021,495	16,346,070	16,186,908	14,999,113	14,775,363	22,887,295	22,957,295	13,541,898	12,911,533
Capital Grants and Contributions	1,959,535	817,769	414,593	867,743	448,481	383,429	965,529	965,529	1,198,775	-
Total	19,594,552	17,839,264	16,760,663	17,054,651	15,447,594	15,158,792	23,852,824	23,922,824	14,740,673	12,911,533
Total Business-type Activities										
Net Program Expenses	5,823,860	6,349,987	5,790,986	6,520,806	4,634,460	4,190,106	13,167,559	11,917,660	3,116,675	1,831,093
Other Changes in Net Position										
Miscellaneous, unrestricted	247,829	145,552	287,969	293,331	252,236	315,044	579,747	579,747	357,728	704,649
Extraordinary events	(1,531,250)	-	-	-	-	(8,190,590)	-	-	-	-
Transfers	79,900	(774,000)	(729,051)	(736,200)	(736,390)	(735,748)	(1,264,596)	(14,697)	89,222	(246,637)
Total	(1,203,521)	(628,448)	(441,082)	(442,869)	(484,154)	(8,611,294)	(684,849)	565,050	446,950	458,012
Total Business-type Activities										
Change in Net Position	\$ 4,620,339	\$ 5,721,539	\$ 5,349,904	\$ 6,077,937	\$ 4,150,306	\$ (4,421,188)	\$ 12,482,710	\$ 12,482,710	\$ 3,563,625	\$ 2,289,105
<b>Total Primary Government</b>										
<b>Changes in Net Position</b>	\$ 5,372,566	\$ 6,224,933	\$ 6,682,103	\$ 8,391,958	\$ 6,126,237	\$ (3,451,260)	\$ 9,822,340	\$ 9,822,340	\$ 2,443,533	\$ 1,805,449

**Notes**

a: The City recharacterized its presentation of governmental activities in fiscal year 2013. The presentation of fiscal year 2012 was reclassified for comparability.

b: In accordance with GASB Statement 65, references to 'Net Assets' have been replaced with 'Net Position'.

Table 3

**CITY OF HENDERSON, NORTH CAROLINA**  
**Fund Balances – Governmental Funds**  
**Last Ten Fiscal Years**  
**(Modified accrual basis of accounting)**

	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011 (b)	2010
<b>General Fund</b>										
Restricted	\$ 2,481,866	\$ 2,442,470	\$ 2,930,159	\$ 2,283,064	\$ 2,125,038	\$ 2,129,484	\$ 1,973,653	\$ 2,510,980	\$ 2,454,942	\$ -
Committed	119,437	117,094	115,805	115,347	-	-	-	-	-	-
Assigned	1,511,720	550,000	1,026,191	397,616	345,000	325,000	153,000	259,600	175,008	-
Unassigned	8,159,721	8,776,001	6,775,871	6,982,870	5,304,725	3,676,351	2,966,287	2,005,613	1,983,708	-
Reserved	-	-	-	-	-	-	-	-	-	2,545,411
Unreserved	-	-	-	-	-	-	-	-	-	1,952,743
Total General Fund	<u>\$ 12,272,744</u>	<u>\$ 11,885,565</u>	<u>\$ 10,848,026</u>	<u>\$ 9,778,897</u>	<u>\$ 7,774,763</u>	<u>\$ 6,130,835</u>	<u>\$ 5,092,940</u>	<u>\$ 4,776,193</u>	<u>\$ 4,613,658</u>	<u>\$ 4,498,154</u>
<b>All other Governmental Funds</b>										
Nonspendable	\$ 447,398	\$ 438,565	\$ 433,706	\$ 431,978	\$ 431,085	\$ 431,012	\$ 430,970	\$ 430,965	\$ 430,210	\$ -
Restricted	86,283	88,475	88,257	127,793	137,811	136,859	139,714	81,606	96,032	-
Assigned	486,105	-	390,693	167,450	186,967	170,564	158,168	302,826	204,805	-
Unassigned	(6,188)	168,884	-	-	-	(4,356)	-	-	(27,906)	-
Reserved	-	-	-	-	-	-	-	-	-	430,210
Unreserved, reported in:										
Capital Projects Funds	-	-	-	-	-	-	-	-	-	249,212
Special Revenue Funds	-	-	-	-	-	-	-	-	-	58,983
Total All Other Governmental Funds	<u>\$ 1,013,598</u>	<u>\$ 695,924</u>	<u>\$ 912,656</u>	<u>\$ 727,221</u>	<u>\$ 755,863</u>	<u>\$ 734,079</u>	<u>\$ 728,852</u>	<u>\$ 815,397</u>	<u>\$ 703,141</u>	<u>\$ 738,405</u>
<b>Total for All Governmental Funds</b>	<u>\$ 13,286,342</u>	<u>\$ 12,581,489</u>	<u>\$ 11,760,682</u>	<u>\$ 10,506,118</u>	<u>\$ 8,530,626</u>	<u>\$ 6,864,914</u>	<u>\$ 5,821,792</u>	<u>\$ 5,591,590</u>	<u>\$ 5,316,799</u>	<u>\$ 5,236,559</u>

**Notes**

a: In accordance with GASB Statement 73, fiscal year 2016 includes reclassification of the City's Law Enforcement Officers' pension trust fund into the General Fund.

b: The City implemented GASB Statement 54 during fiscal year 2011. In accordance with GASB 54, fund balance classifications were restated.

Table 4

**CITY OF HENDERSON, NORTH CAROLINA**  
**Changes in Fund Balances – Governmental Funds**  
**Last Ten Fiscal Years**  
**(Modified accrual basis of accounting)**

	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2012	2012	2011	2010
<b>Revenues</b>										
Ad valorem taxes	\$ 6,297,344	\$ 6,598,948	\$ 6,401,148	\$ 6,319,302	\$ 6,125,558	\$ 6,427,962	\$ 5,462,314	\$ 5,462,314	\$ 5,259,600	\$ 5,297,691
Other taxes and licenses	30,424	28,911	28,660	33,455	117,026	275,929	404,224	404,224	2,496,141	2,328,959
Unrestricted intergovernmental	4,385,465	4,110,204	4,172,297	4,082,808	3,878,056	3,375,776	3,253,999	3,253,999	977,123	942,297
Restricted intergovernmental	764,565	470,359	556,047	511,273	574,195	589,000	1,858,484	1,858,484	1,019,041	1,648,073
Permits and fees	238,463	236,977	206,525	128,590	131,888	164,298	112,740	112,740	92,333	101,619
Sales and services	3,692,429	2,733,092	2,716,278	2,807,156	2,689,393	2,872,179	2,648,706	3,898,605	4,295,878	4,442,363
Investment earnings	242,398	121,392	40,237	23,227	6,933	8,858	5,974	5,974	10,524	10,777
Miscellaneous	222,893	99,273	91,932	217,181	213,806	88,690	153,051	153,051	500,645	496,282
Total Revenues	15,873,981	14,399,156	14,213,124	14,122,992	13,736,855	13,802,692	13,899,492	15,149,391	14,651,285	15,268,061
<b>Expenditures</b>										
General government	1,245,317	1,172,709	1,135,559	1,047,886	1,154,202	1,126,489	1,353,565	1,433,751	1,366,911	1,374,033
Public safety	7,749,449	6,548,431	6,371,802	5,952,930	5,966,824	6,173,693	5,716,570	5,716,570	5,874,069	6,256,868
Planning and community dev.	810,600	1,394,642	522,014	349,532	257,636	361,079	1,622,634	137,393	132,148	136,608
Economic and physical dev.	-	-	-	-	-	-	-	1,358,221	671,490	807,344
Code Compliance	-	-	-	-	-	-	-	127,020	170,385	130,751
Public services										
Transportation and other	1,824,188	1,686,812	1,588,236	1,472,296	1,385,926	1,451,389	1,482,282	-	-	-
Transportation and utilities	-	-	-	-	-	-	-	1,359,123	1,984,752	1,949,725
Cemetery	-	-	-	-	-	-	-	68,995	69,545	125,267
Environmental protection	1,078,345	883,786	850,642	999,201	809,958	853,437	837,848	837,848	791,878	674,421
Recreation and parks	1,495,281	1,338,781	1,319,215	1,309,376	1,205,754	1,299,305	1,254,367	-	-	-
Cultural and recreational	-	-	-	-	-	-	-	1,479,137	1,494,213	1,558,605
Non-departmental										
Donation to local agencies	1,077,482	1,174,955	1,026,258	975,631	1,015,897	966,837	983,549	732,757	664,791	694,316
General Non-departmental	442,042	664,874	414,534	380,192	351,484	420,680	463,478	463,478	430,086	337,704
Debt Service:										
Principal	519,489	408,580	404,970	647,016	647,016	647,016	654,265	733,666	764,141	745,148
Interest	45,152	33,655	58,008	79,043	110,412	141,781	211,659	211,659	226,004	285,532
Lease purchases	-	29,931	31,127	52,134	52,136	53,612	79,401	-	-	-
Total Expenditures	16,287,345	15,337,156	13,722,365	13,265,237	12,957,245	13,495,318	14,659,618	14,659,618	14,640,413	15,076,322

Table 4

**CITY OF HENDERSON, NORTH CAROLINA**  
**Changes in Fund Balances – Governmental Funds**  
**Last Ten Fiscal Years**  
**(Modified accrual basis of accounting)**

	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2012	2012	2011	2010
Excess (Deficiency) of Revenues Over Expenditures	\$ (413,364)	\$ (938,000)	\$ 490,759	\$ 857,755	\$ 779,610	\$ 307,374	\$ (760,126)	\$ 489,773	\$ 10,872	\$ 191,739
<b>Other Financing Sources (Uses)</b>										
Transfer from other funds	1,075,766	1,135,533	856,850	833,300	856,382	788,072	1,391,353	290,141	298,423	460,723
Transfers to other funds	(1,155,666)	(361,533)	(127,799)	(97,100)	(119,992)	(52,324)	(125,257)	(273,944)	(327,186)	(182,086)
Installment Financing	1,198,117	984,807	34,754	266,427	149,712	-	-	-	98,131	-
Total Other Financing Sources and Uses	1,118,217	1,758,807	763,805	1,002,627	886,102	735,748	1,266,096	16,197	69,368	278,637
Net Change in Fund Balance	\$ 704,853	\$ 820,807	\$ 1,254,564	\$ 1,860,382	\$ 1,665,712	\$ 1,043,122	\$ 505,970	\$ 505,970	\$ 80,240	\$ 470,376
Total Expenditures	\$ 16,287,345	\$ 15,337,156	\$ 13,722,365	\$ 13,265,237	\$ 12,957,245	\$ 13,495,318	\$ 14,659,618	\$ 14,659,618	\$ 14,640,413	\$ 15,076,322
Less: Capital Outlay Expenditures	(1,615,003)	(1,331,593)	(482,507)	(559,883)	(334,788)	(214,352)	(1,360,687)	(1,360,687)	(671,528)	(1,013,764)
Total Noncapital Expenditures	\$ 14,672,342	\$ 14,005,563	\$ 13,239,858	\$ 12,705,354	\$ 12,622,457	\$ 13,280,966	\$ 13,298,931	\$ 13,298,931	\$ 13,968,885	\$ 14,062,558
Debt Service as a Percentage of Noncapital Expenditures	3.85%	3.37%	3.73%	6.12%	6.41%	6.34%	7.11%	7.11%	7.09%	7.33%

**Notes**

The city reclassified local option sales taxes from "Other taxes and licenses" to "Unrestricted intergovernmental" in fiscal year 2012.

The City recharacterized its presentation of governmental activities in fiscal year 2013. The presentation of fiscal year 2012 above was reclassified for comparability.

Table 5

**CITY OF HENDERSON, NORTH CAROLINA**  
**Assessed Value of Taxable Property**  
**Last Ten Fiscal Years**

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<b>Fiscal Year</b>		<b>Personal</b>	<b>Elderly</b>	<b>Total Assessed</b>	<b>Total Direct Tax</b>
<b>Ended June 30,</b>	<b>Real Property</b>	<b>Property</b>	<b>Exemption</b>	<b>Value</b>	<b>Rate</b>
2019	\$ 689,199,631	\$ 210,171,267	\$ 8,586,086	\$ 890,784,812	0.7120
2018	688,543,204	210,278,319	9,456,738	889,364,785	0.7120
2017	683,290,685	218,676,549	9,863,780	892,103,454	0.7120
2016	803,213,795	225,254,133	11,578,527	1,016,889,401	0.6200
2015	802,972,715	188,467,082	11,773,994	979,665,803	0.6200
2014	807,811,498	212,797,127	11,995,274	1,008,613,351	0.6200
2013	804,253,630	197,365,742	11,723,023	989,896,349	0.5850
2012	740,509,996	177,719,279	11,918,304	906,310,971	0.5850
2011	733,148,790	157,305,744	9,683,725	880,770,809	0.5850
2010	738,807,561	160,975,155	12,703,860	887,078,856	0.5850

Table 6

**CITY OF HENDERSON, NORTH CAROLINA**  
**Property Tax Rates - Direct and Overlapping Government**  
**Per \$100 of Assessed Value**  
**Last Ten Fiscal Years**

---

<b>Fiscal Year</b>	<b>City of</b>			
<b>Ended June 30,</b>	<b>Henderson</b>	<b>Vance County</b>	<b>Total</b>	
2019	\$ 0.7120	\$ 0.8900	\$ 1.6020	
2018	0.7120	0.8900	1.6020	
2017	0.7120	0.8900	1.6020	
2016	0.6200	0.7920	1.4120	
2015	0.6200	0.7920	1.4120	
2014	0.6200	0.7820	1.4020	
2013	0.5850	0.7820	1.3670	
2012	0.5850	0.7820	1.3670	
2011	0.5850	0.7820	1.3670	
2010	0.5850	0.7820	1.3670	

**Note**

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

<b>Fiscal Year</b>	<b><u>Components of the Total Direct Rate</u></b>			<b><u>Total Direct Rate</u></b>
	<b><u>General Fund</u></b>	<b><u>Public Library</u></b>	<b><u>Fund</u></b>	
<b>Ended June 30,</b>				
2019	\$ 0.7120	\$ -	\$ 0.7120	
2018	0.7120	-	0.7120	
2017	0.7120	-	0.7120	
2016	0.6200	-	0.6200	
2015	0.6200	-	0.6200	
2014	0.6200	-	0.6200	
2013	0.5850	-	0.5850	
2012	0.5850	-	0.5850	
2011	0.5850	-	0.5850	
2010	0.5850	-	0.5850	

Table 7

**CITY OF HENDERSON, NORTH CAROLINA**  
**Principal Property Taxpayers**  
**Current Year and Nine Years Ago**

Taxpayer	2019			2010		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
DLP Maria Parham Medical Center	\$ 81,069,390	1	9.12%			
Duke Energy Progress Inc.	18,501,982	2	2.08%	\$ 16,448,888	2	1.83%
Wal-Mart Real Estate Bus. Trust	12,935,270	3	1.45%	12,710,085	4	1.41%
W & W Properties & Rentals LLC	9,887,699	4	1.11%	8,490,256	5	0.94%
Libby Henderson Enterprises LLC	9,877,235	5	1.11%			
Rosemyr Corporation	9,313,509	6	1.05%	7,511,111	7	0.83%
Ruin Creek Properties	8,889,612	7	1.00%			
Vescom America Real Estate	8,314,459	8	0.93%			
Pacific Coast Feather Co.	7,782,941	9	0.88%	13,250,085	3	1.47%
Carolina Telephone	7,026,853	10	0.79%	17,572,820	1	1.95%
Crawford Properties				5,600,170	10	0.62%
Galileo Henderson, LP				8,267,008	6	0.92%
Lowe's of Henderson				5,881,538	9	0.65%
Henderson Country Club Inc.				6,080,683	8	0.68%
	<u>\$ 173,598,950</u>		<u>19.52%</u>	<u>\$ 101,812,644</u>		<u>11.31%</u>

**Note:**

Above taxable assessed valuations are as of January 1, 2017 and 2008 respectively, and the associated tax levies were due in the fiscal year ended June 30, 2018 and 2009 respectively.

**Source:**

Vance County Tax Office and 2009 City of Henderson CAFR.



Table 8

**CITY OF HENDERSON, NORTH CAROLINA**  
**Property Tax Levies and Collections**  
**Last Ten Fiscal Years**

Fiscal Year Ended June 30, Tax Year		Collected within the Levy Year			Total Collections to Date		
		Net Levy	Amount	Percentage of Levy	Collections in		Percentage of Levy
					Subsequent Years	Current Year Collections	
2019	2018	\$ 6,342,063	\$ 6,139,612	96.81%	\$ -	\$ 6,139,612	96.81%
2018	2017	6,332,224	6,178,351	97.57%	115,682	6,294,033	99.40%
2017	2016	6,338,532	6,109,077	96.38%	206,825	6,315,902	99.64%
2016	2015	6,333,277	5,998,880	94.72%	306,995	6,305,875	99.57%
2015	2014	6,080,830	5,886,243	96.80%	168,359	6,054,602	99.57%
2014	2013	6,251,938	5,994,983	95.89%	230,016	6,224,999	99.57%
2013	2012	5,803,718	5,431,700	93.59%	355,102	5,786,802	99.70%
2012	2011	5,320,777	4,994,613	93.87%	311,071	5,305,684	99.72%
2011	2010	5,152,510	4,817,597	93.50%	327,173	5,144,770	99.85%
2010	2009	5,165,463	4,793,033	92.79%	363,569	5,156,602	99.83%

Table 9

**CITY OF HENDERSON, NORTH CAROLINA**  
**Ratio of Outstanding Debt by Type**  
**Last Ten Fiscal Years**

Fiscal Year Ended June 30,	Governmental Activities		Business-type Activities			Total Primary Government	Percentage of	City	Debt Per Capita
	Capital Leases	Notes Payable	Revenue Bonds	Capital Leases	Notes Payable		Personal Income (1)	Population Estimated (2)	
2019	\$ -	\$ 2,166,590	\$ 987,000	\$ -	\$ 20,815,523	\$ 23,969,113	4.56%	14,936	\$ 1,605
2018	30,523	1,457,438	1,953,000	-	21,399,913	24,840,874	4.08%	17,289	1,437
2017	60,454	881,211	2,897,000	54,618	21,924,234	25,817,517	5.23%	15,166	1,702
2016	89,804	1,251,427	3,822,000	108,415	22,402,028	27,673,674	5.70%	15,271	1,812
2015	139,105	1,632,016	4,721,000	171,555	23,533,955	30,197,631	6.59%	15,265	1,978
2014	40,568	2,279,032	5,597,000	233,745	17,919,573	26,069,918	5.82%	15,345	1,699
2013	91,725	2,926,048	6,459,000	328,603	5,357,064	15,162,440	3.34%	15,320	990
2012	158,410	3,573,064	7,294,000	120,346	4,852,745	15,998,565	3.36%	15,330	1,044
2011	245,060	4,220,080	10,005,000	215,829	6,513,336	21,199,305	4.60%	15,368	1,379
2010	296,804	4,834,347	10,770,000	321,115	8,143,693	24,365,959	5.28%	15,777	1,544

**Notes**

Details regarding the City's debt can be found in the notes to the financial statements.

1 - Personal income is disclosed on page 114

2 - Source: U.S. Census Bureau

**CITY OF HENDERSON, NORTH CAROLINA**  
**Ratio of General Obligation Bonded Debt**  
**Last Ten Fiscal Years**

---

<b>Fiscal Year</b>	<b>Percentage of</b>		
	<b>Actual Taxable</b>		
<b>Ended June 30,</b>	<b>General</b>	<b>Value of</b>	
	<b>Obligation Debt</b>	<b>Property</b>	<b>Debt Per Capita</b>
2019	\$ -	0.000%	\$ -
2018	-	0.000%	-
2017	-	0.000%	-
2016	-	0.000%	-
2015	-	0.000%	-
2014	-	0.000%	-
2013	-	0.000%	-
2012	-	0.000%	-
2011	-	0.000%	-
2010	-	0.000%	-

**Notes**

Details regarding the City's debt can be found in the notes to the financial statements.

**CITY OF HENDERSON, NORTH CAROLINA**  
**Direct and Overlapping Governmental Activities Debt**  
**General Obligation Bonds**  
**Last Ten Fiscal Years**

---

<b>Fiscal Year</b>	<b>Net General</b>	<b>Percentage</b>	<b>Amount</b>
<b>Ended June 30,</b>	<b>Obligation</b>	<b>Applicable to</b>	<b>Applicable to</b>
	<b>Bonded Debt</b>	<b>Vance County</b>	<b>Vance County</b>
2019	\$ -	0.000%	\$ -
2018	-	0.000%	-
2017	-	0.000%	-
2016	-	0.000%	-
2015	-	0.000%	-
2014	-	0.000%	-
2013	-	0.000%	-
2012	-	0.000%	-
2011	-	0.000%	-
2010	-	0.000%	-

Table 12

**CITY OF HENDERSON, NORTH CAROLINA**  
**Computation of Legal Debt Margin**  
**Last Ten Fiscal Years**

Legal Debt Margin Calculation for Fiscal Year 2019

Assessed Value \$ 890,784,812

Debt Limit - Eight Percent (8%) of Assessed Value 71,262,785

Amount of Debt Applicable to Debt Limit

Lease financing agreements \$ 2,166,590

Revolving Loan -

Total Debt \$ 2,166,590

Less - Statutory Deductions - 2,166,590

Legal Debt Margin \$ 69,096,195

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Debt Limit	\$ 71,262,785	\$ 71,149,183	\$ 71,368,276	\$ 81,351,152	\$ 78,373,264	\$ 80,689,068	\$ 79,191,708	\$ 72,504,878	\$ 70,461,665	\$ 70,966,308
Total Net Debt										
Applicable to Limit	<u>(2,166,590)</u>	<u>(1,487,961)</u>	<u>(941,665)</u>	<u>(1,341,231)</u>	<u>(1,771,121)</u>	<u>(2,319,600)</u>	<u>(3,017,773)</u>	<u>(3,731,474)</u>	<u>(4,465,140)</u>	<u>(4,465,140)</u>
Legal Debt Margin	<u>\$ 69,096,195</u>	<u>\$ 69,661,222</u>	<u>\$ 70,426,611</u>	<u>\$ 80,009,921</u>	<u>\$ 76,602,143</u>	<u>\$ 78,369,468</u>	<u>\$ 76,173,935</u>	<u>\$ 68,773,404</u>	<u>\$ 65,996,525</u>	<u>\$ 66,501,168</u>
Total Net Debt										
Applicable to the Limit as a Percentage of Debt Limit	3.04%	2.09%	1.32%	1.65%	2.26%	2.87%	3.81%	5.15%	6.34%	6.29%

**CITY OF HENDERSON, NORTH CAROLINA**  
**Demographic Statistics**  
**Last Ten Fiscal Years**

<b>Fiscal Year</b>		<b>(Vance County) Per</b>				<b>Public School</b>
<b>Ended</b>	<b>Population</b>	<b>Capita Income</b>	<b>Personal</b>	<b>Unemployment</b>	<b>Total Labor</b>	<b>Enrollment</b>
<b>June 30,</b>	<b>Estimated (1)</b>	<b>(2)</b>	<b>Income</b>	<b>Rate (3)</b>	<b>Force (3)</b>	<b>(ADM) (4)</b>
2019	14,965	\$35,105	\$525,346,325	5.80%	17,301	5,515
2018	17,289	\$35,246	\$609,368,094	5.40%	17,198	5,901
2017	15,166	\$32,565	\$493,880,790	5.70%	18,037	6,027
2016	15,271	\$31,792	\$485,495,632	7.50%	17,835	6,296
2015	15,265	\$30,024	\$458,316,360	9.40%	17,988	6,449
2014	15,345	\$29,179	\$447,751,755	9.40%	18,614	6,809
2013	15,320	\$29,632	\$453,962,240	12.80%	18,933	6,848
2012	15,330	\$31,058	\$476,119,140	14.20%	19,161	7,003
2011	15,368	\$29,972	\$460,609,696	14.10%	19,665	7,270
2010	15,777	\$29,263	\$461,682,351	13.50%	19,372	7,460
2009	15,850	\$29,074	\$460,822,900	12.30%	19,371	7,669

1 - Source: U.S. Census Bureau

2 - Source: Bureau of Economic Analysis - U.S. Department of Commerce

3 - Source: North Carolina Employment Security Commission

4 - Source: The North Carolina Department of Public Instruction

ADM: Average Daily Membership

Table 14

**CITY OF HENDERSON, NORTH CAROLINA**  
**Ten Largest Employers**  
**Current Year and Seven Years Ago**

<b>Employer</b>	<b>2019</b>		<b>2011</b>	
	<b>Employment Range</b>	<b>Rank</b>	<b>Employment Range</b>	<b>Rank</b>
Vance County Schools	1,000 +	1	1,000 +	1
Variety Wholesalers Inc.	500-999	2	500-999	2
Wal-Mart Associates Inc.	500-999	3		
DLP Maria Parham Medical Center	500-999	4	500-999	3
County of Vance	250-499	5		
Vance-Granville Community College	250-499	6		
Xerox State Healthcare LLC	250-499	7		
Pacific Coast Feather Company	250-499	8	500-999	4
Ardagh Glass Inc.	250-499	9		
Food Lion	250-499	10		
Genco Distribution System				
City of Henderson			250-499	5
M. R. Williams			100-249	6
Valeria North America			250-499	7
Optimum Lighting			100-249	8
ETC			50-100	9
Vance County Mental Health			50-100	10

**Note:**

The City only started reporting this information in FY 2010.

**Source:**

Vance County Economic Development Commission and the N.C. Department of Commerce

Table 15

**CITY OF HENDERSON, NORTH CAROLINA**  
**Number of Government Employees**  
**Last Ten Fiscal Years**

	<b>FY 09-10</b>	<b>FY 10-11</b>	<b>FY 11-12</b>	<b>FY 12-13</b>	<b>FY 13-14</b>	<b>FY 14-15</b>	<b>FY 15-16</b>	<b>FY 16-17</b>	<b>FY 17-18</b>	<b>FY 18-19</b>
General government	20	21	18	13	12	13	15	1	21	15
Public safety	101	105	95	95	95	94	95	85	95	94
Transportation and utilities	20	20	20	19	18	18	18	18	18	17
Environmental protection	18	8	5	5	5	5	5	5	5	5
Cultural and recreation	15	15	15	17	15	14	12	12	14	15
Code compliance	2	2	2	2	2	-	-	-	-	-
Planning and community development	2	2	3	3	3	-	-	-	-	1
Development services	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4</u>	<u>3</u>	<u>4</u>	<u>4</u>	<u>5</u>
	178	173	158	154	150	148	148	125	157	152
Water Fund										
Engineering	3	3	3	4	4	4	4	3	4	4
Customer Service	-	-	-	10	10	10	10	9	10	9
Water distribution	<u>13</u>	<u>15</u>	<u>15</u>	<u>10</u>	<u>10</u>	<u>11</u>	<u>11</u>	<u>12</u>	<u>10</u>	<u>10</u>
	16	18	18	24	24	25	25	24	24	23
Sewer Fund										
Water reclamation facility	21	21	21	21	21	21	20	15	16	14
Sewer Collection	5	5	5	5	5	5	3	4	5	5
Sewer Collection I&I	<u>3</u>	<u>3</u>	<u>3</u>	<u>3</u>	<u>3</u>	<u>3</u>	<u>3</u>	<u>3</u>	<u>3</u>	<u>3</u>
	29	29	29	29	29	29	26	22	24	22
Regional Water System Fund	10	11	11	12	13	13	13	12	13	10
	<u>233</u>	<u>231</u>	<u>216</u>	<u>219</u>	<u>216</u>	<u>215</u>	<u>212</u>	<u>183</u>	<u>218</u>	<u>207</u>



## **Compliance Section**

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**Thompson, Price, Scott, Adams & Co, P.A.**

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**Alan W. Thompson, CPA  
R. Bryon Scott, CPA  
Gregory S. Adams, CPA**

**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***

**Independent Auditors' Report**

To the Honorable Mayor  
And Members of the City Council  
City of 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 City of Henderson, North Carolina, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprises the City of Henderson's basic financial statements, and have issued our report thereon dated November 26, 2019.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City of Henderson'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 City of Henderson's internal control. Accordingly, we do not express an opinion on the effectiveness of the City'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 City's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency or 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 the 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 weakness. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiency [2019-01].

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Henderson's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City of Henderson's Reponse to Finding

The City of Henderson's response to the finding identified in our audit is described in the accompanying corrective action plan. The City'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 results of that testing, and not to provide an opinion on the effectiveness of the City'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.

*Thompson, Price, Scott, Adams & Co., P.A.*

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Thompson, Price, Scott, Adams & Co., P.A.  
Whiteville, NC  
November 26, 2019



**Thompson, Price, Scott, Adams & Co, P.A.**

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**Alan W. Thompson, CPA  
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Gregory S. Adams, CPA**

**Report On Compliance With Requirements Applicable To Each Major Federal  
Program And Internal Control Over Compliance In Accordance With OMB  
Uniform Guidance and the State Single Audit Implementation Act**

**Independent Auditors' Report**

To the Honorable Mayor  
And Members of the City Council  
Henderson, North Carolina

**Report on Compliance for Each Major Federal Program**

We have audited the City of Henderson, North Carolina's, compliance with the types of compliance requirements described in the *OMB Compliance Supplement and the Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of City of Henderson's major federal programs for the year ended June 30, 2019. The City of Henderson's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with Federal and State statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

**Auditors' Responsibility**

Our responsibility is to express an opinion on compliance for each of City of Henderson's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by Comptroller General of the United States; and the audit requirements of Title 2 U.S Code of Federal Regulations Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the State Single Audit Implementation Act. Those standards, the Uniform Guidance, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about City of Henderson's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of City of Henderson's compliance.

**Opinion on Each Major Federal Program**

In our opinion, City of Henderson complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

## Report on Internal Control Over Compliance

Management of City of Henderson is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered City of Henderson's internal control over compliance with the types of requirements that could have a direct and material effect on major federal program to determine the auditing procedures that are appropriate in the circumstance for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weakness may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Thompson, Price, Scott, Adams & Co., P.A.*

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Thompson, Price, Scott, Adams & Co., P.A.  
Whiteville, NC  
November 26, 2019



**Report On Compliance With Requirements Applicable To Each Major State  
Program And Internal Control Over Compliance In Accordance With OMB Uniform Guidance  
and the State Single Audit Implementation Act**

**Independent Auditors' Report**

To the Honorable Mayor  
And Members of the City Council  
Henderson, North Carolina

**Report on Compliance for Each Major State Program**

We have audited the City of Henderson, North Carolina's, compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of the City of Henderson's major State programs for the year ended June 30, 2019. The City of Henderson's major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with state statutes, regulations, and the terms and conditions of its state awards applicable to its state programs.

**Auditors' Responsibility**

Our responsibility is to express an opinion on compliance for each of the City of Henderson's major State programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and applicable sections of Title 2 US *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), as described in the *Audit Manual for Governmental Auditors in North Carolina*, and the *State Single Audit Implementation Act*. Those standards, Uniform Guidance, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the City of Henderson's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of City of Henderson's compliance.

**Opinion on Each Major State Program**

In our opinion, the City of Henderson has complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2019.

## Report on Internal Control Over Compliance

Management of the City of Henderson is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Henderson's internal control over compliance with requirements that could have a direct and material effect on a major State program in order to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance that the results of that testing based on the requirements of Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Thompson, Price, Scott, Adams & Co., P.A.*

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Thompson, Price, Scott, Adams & Co., P.A.  
Whiteville, NC  
November 26, 2019

**CITY OF HENDERSON, NORTH CAROLINA**

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2019

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Section I. SUMMARY OF AUDITOR'S RESULTS

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Financial Statements

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

Internal control over financial reporting:

- |  |                  |                         |
|--|------------------|-------------------------|
| • Material Weakness(es) identified?    | <u>  </u> yes    | <u>  X  </u> no         |
| • Significant Deficiency(s) identified | <u>  X  </u> yes | <u>  </u> none reported |

Noncompliance material to financial statements noted?	<u>  </u> yes	<u>  X  </u> no
---	---------------	-----------------

Federal Awards

Internal control over major federal programs:

- |  |               |                            |
|--|---------------|----------------------------|
| • Material Weakness(es) identified?    | <u>  </u> yes | <u>  X  </u> no            |
| • Significant Deficiency(s) identified | <u>  </u> yes | <u>  X  </u> none reported |

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

Any audit findings disclosed that are required to be reported in accordance with 2 DVR 200.516(a)?	<u>  </u> yes	<u>  X  </u> no
--	---------------	-----------------

Identification of major federal programs:

<u>CFDA #</u>	<u>Program Name</u>
14.228	Community Development Block Grant
66.648	Capitalization Grants for Drinking Water State Revolving Funds

Dollar threshold used to distinguish between Type A and Type B Programs	\$ 750,000
---	------------

Auditee qualified as low-risk auditee?	<u>  </u> yes	<u>  X  </u> no
--	---------------	-----------------



## For the Year Ended June 30, 2019

## Powell Bill

**CITY OF HENDERSON, NORTH CAROLINA**  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2019

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Section II. Financial Statement Findings

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**Finding 2019-01            Reconciliation of Records**

**SIGNIFICANT DEFICIENCY**

Criteria : AU-C 260 requires communication of certain matters related to internal control over financial reporting.

Condition: In reviewing records and testing certain account balances, we noted that several accounts were not reconciled and adjusted. Several adjustments had to be proposed to correct the financial statements.

Effect: Management may not receive accurate information to base decisions appropriately for planning and budgeting purposes.

Cause: The finance staff has historically relied on the auditor to prepare a substantial amount of the adjusting entries, many of which should be made by the finance staff prior to year-end closing. Improvements were noted, but additional assistance will be needed to ensure that the finance office understands the required entries that need to be posted at year-end.

Recommendation: The finance office should make sure that timely reconciliations are prepared for all accounts. Year end entries should be made by the finance staff prior to year-end closing.

Views of responsible officials: The City agrees with this finding. Some procedures have already been implemented, and additional processes will be discussed to ensure compliance before the close of the subsequent year.

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Section III. Federal Award Findings and Questioned Costs

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None Reported.

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Section IV. State Award Findings and Questioned Costs

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None Reported.



# City of Henderson

*Office of the Finance Director*

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## **CITY OF HENDERSON, NORTH CAROLINA**

Corrective Action Plan

For the Year Ended June 30, 2019

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### Section II - Financial Statement Findings

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Finding: 2019-01

Name of contact person: Joey Fuqua, Finance Director

Corrective Action: The City recognizes the importance of timely reconciliations and will make all efforts to reconcile all accounts in the future. Additional guidance will be requested to ensure that the finance office understands the adjustments needed as part of the year-end closing process.

Proposed Completion Date: June 30, 2020

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### Section III - Federal Award Findings and Question Costs

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None Reported.

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### Section IV. State Award Findings and Questioned Costs

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None Reported.

**CITY OF HENDERSON, NORTH CAROLINA**  
**SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS**  
For the Year Ended June 30, 2019

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Finding :        2018-01

Status:         Repeated as 2019-01

**CITY OF HENDERSON, NORTH CAROLINA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**For the Year Ended June 30, 2019**

Grantor/Pass-through Grantor/Program Title 1(a)	Federal CFDA Number 1(a)(b)	State/ Pass-through Grantor's Number 1(c)	Fed. (Direct & Pass-through) Expenditures 1(c),2	State Expenditures 1(d)	Pass-through to subrecipients 1(e)	Local Expenditures 1(d)
<b>Federal Grants:</b>						
<b>Cash Programs:</b>						
<b>U.S. Department of Agriculture</b>						
USDA Community Facilities Grants	10.766		\$ 133,000	\$ -	\$ -	\$ -
<b>U.S. Dept. of Housing and Urban Development</b>						
Passed-through N.C. Department of Commerce:						
Community Development Block Grant, State's Program	14.228	14-I-2658	903,674	-	-	-
<b>U.S. Department of Justice</b>						
Passed-through N.C. Department of Public Safety						
Edward Byrne Memorial Justice Assistance Grant Program	16.738	PROJ012255	24,000	-	-	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2017-DJ-BX	19,590	-	7,836	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2018-DJ-BX-0678	7,100	-	7,100	-
<b>Noncash Programs:</b>						
<b>U.S. Environmental Protection Agency</b>						
Passed-through N.C. Department of Environmental Quality						
Capitalization Grants for Clean Water State Revolving Funds	66.458	CS370410-06	715,633	-	-	-
Capitalization Grants for Clean Water State Revolving Funds	66.458	CS370410-07	21,802	-	-	-
Capitalization Grants for Drinking Water State Revolving Funds	66.468	WIF-1911	516,923	-	-	-
Total Federal Awards			\$ 2,341,722	\$ -	\$ 14,936	\$ -
<b>State Grants:</b>						
<b>Cash Assistance:</b>						
<b>N.C. Department of Transportation:</b>						
Powell Bill			\$ -	\$ 494,186	\$ -	\$ -
<b>N.C. Department of Environment Quality</b>						
Technical Assistance Grant			-	53,376	-	-
<b>N.C. Department of Commerce</b>						
Industrial Development Fund			-	200,605	-	-
Total State Awards			-	748,167	-	-
Total Federal and State Awards			\$ 2,341,722	\$ 748,167	\$ 14,936	\$ -

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

**Note 1: Basis of Presentation**

The accompanying schedule of expenditures of federal and State awards (SEFSA) includes the federal and State grant activity of the City of Henderson under the programs of the federal government and the State of North Carolina for the year ended June 30, 2019. The information in this SEFSA is presented in accordance with the requirements of Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of the City of Henderson, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City of Henderson.

**Note 2: Summary of Significant Accounting Policies**

Expenditures reported in the SEFSA are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**CITY OF HENDERSON, NORTH CAROLINA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**For the Year Ended June 30, 2019**

**Note 3: Indirect Cost Rate**

The City of Henderson has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**Note 4: Loans Outstanding**

City of Henderson had the following loan balances outstanding at June 30, 2018 for loans that the grantor/pass-through grantor has still imposed continuing compliance requirements . Loans outstanding at the beginning of the year and loans made during the year are included in the SEFSA. The balance of loans outstanding at June 30, 2019 consist of:

<u>Program Title</u>	<u>CFDA Number</u>	<u>Pass-through Grantor's Number</u>	<u>Amount Outstanding</u>
Capitalization Grants for Clean Water State Revolving Funds	66.458	CS370410-06	\$ 12,892,000
Capitalization Grants for Clean Water State Revolving Funds	66.458	CS370410-07	653,294
Capitalization Grants for Clean Water State Revolving Funds	66.458	CS370410-08	1,530,896
Capitalization Grants for Drinking Water State Revolving Fund	66.468	WIF-1911	654,186