



City of Eden

Financial Statements

June 30, 2012

**Rouse, Rouse, Penn & Rouse, LLP
Certified Public Accountants
Eden, North Carolina**

City of Eden, North Carolina
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June 30, 2012

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COUNCIL MEMBERS

John E. Grogan, Mayor
Wayne Tuggle, Sr., Mayor Pro Tem

Donna Turner
Darryl Carter
Jerry Epps

Gene Hagood
Jim Burnette
Jerry Ellis

OFFICIALS

Brad Corcoran
Sheralene Thompson
Erin Gilley
Tammie B. McMichael

City Manager
City Clerk
City Attorney
Director of Finance
and Personnel

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor
and Members of the City Council
City of Eden, North Carolina

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Eden, North Carolina, as of and for the year ended June 30, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Eden's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. The financial statements of the City of Eden ABC Board were not audited in accordance with *Government Auditing Standards*. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Eden, North Carolina as of June 30, 2012, and the respective changes in financial position and cash flows, where appropriate, thereof and the budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 23, 2012 on our consideration of the City of Eden's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. The purpose of the report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis and the Law Enforcement Officer's Special Separation Allowance's and the Other Postemployment Benefits' Schedules of Funding Progress and Schedules of Employer Contributions on pages 3 through 13 and 65 through 68, respectively, are not a required part of the basic financial statements but are supplementary information required by Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit this information and express no opinion on it.

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

Rouse, Rouse, Penn and Rouse LLP
Rouse, Rouse, Penn & Rouse, LLP
Certified Public Accountants

October 23, 2012

Management's Discussion and Analysis

As management of the City of Eden, we offer readers of the City of Eden's financial statements this narrative overview and analysis of the financial activities of the City of Eden for the fiscal year ended June 30, 2012. We encourage readers to read the information presented here in conjunction with additional information we have furnished in the City's financial statements, which follow this narrative.

Financial Highlights

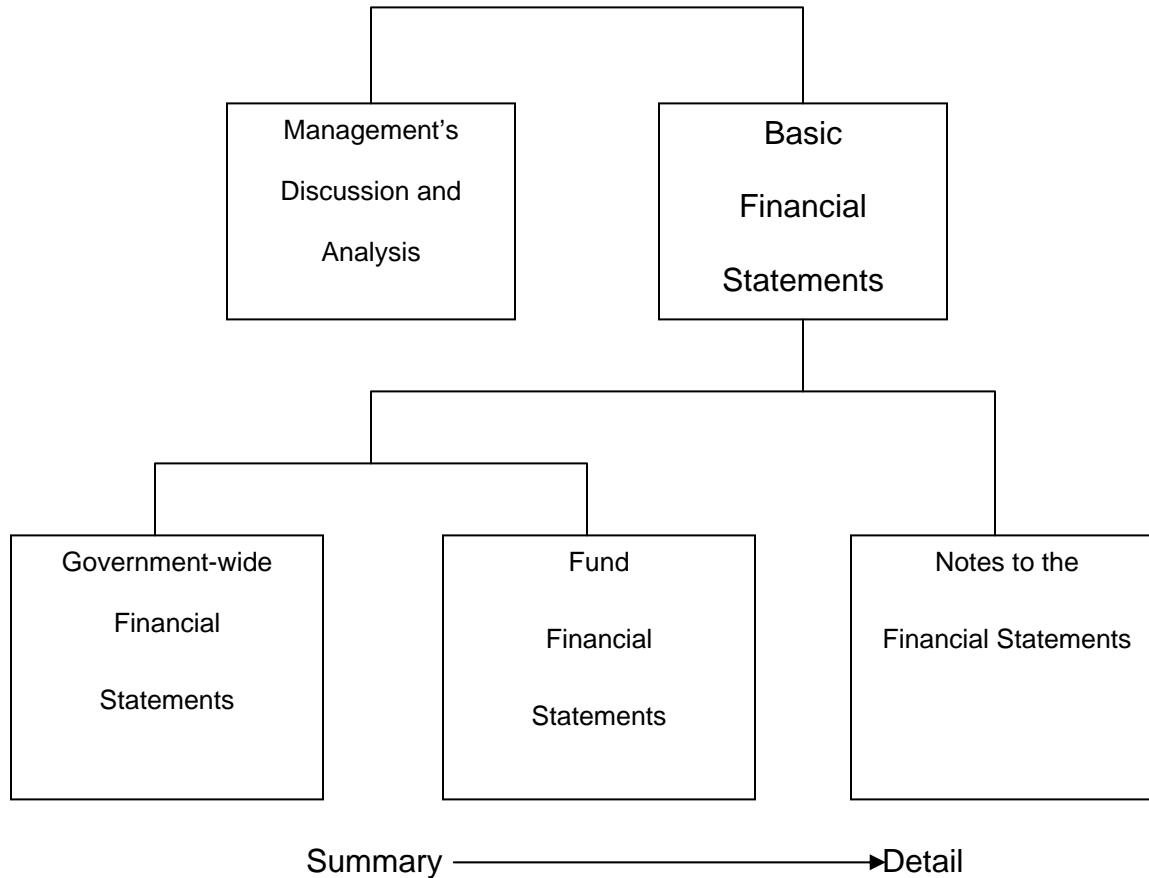
- The assets of the City of Eden exceeded its liabilities at the close of the fiscal year by \$72,043,904 (Net Assets).
- The government's total net assets decreased by \$312,851 primarily due to decreases in the business-type activities net assets.
- On June 30, 2012, the governmental funds reported combined ending fund balances of \$8,992,043, an increase of \$354,356 in comparison with the prior year. Approximately 76.45% of this total amount, or \$6,874,626, is available for spending (unreserved fund balance).
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$6,144,026, or 45.09% of the total general fund expenditures for the fiscal year.
- The City of Eden's total liabilities increased by \$179,592 from \$16,129,469 to \$16,309,061 during the current fiscal year. The key factor in this change was the increase in accounts payable.

Overview of the Financial Statements

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

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

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

The next statements (Exhibits 3 through 10) are Fund Financial Statements. These statements focus on the activities of the individual parts of the City's government. These statements provide more detail than the government-wide statements. There are four parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements; and 3) the proprietary fund statements; and 4) the fiduciary fund statements.

The next section of the basic financial statements is the notes. These notes explain in detail some of the data contained in those statements. After the notes, supplemental information is provided to show details about the City's individual funds. Budgetary

information required by the General Statutes also can be found in this part of the statements.

Government-wide Financial Statements

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

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

The government-wide statements are divided into three categories: 1) governmental activities; 2) business-type activities; and 3) component units. 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 offered by the City of Eden. The final category is the component unit. Although legally separate from the City, the ABC Board is important to the City because the City exercises control over the Board by appointing its members and because the Board is required to distribute its profits to the City.

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

Fund Financial Statements

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

Governmental Funds

Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the 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 short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the City's programs. The relationship between government activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

The City of Eden 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 City Council 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 City Council; 2) the final budget as amended by the City Council; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges. To account for the difference between the budgetary basis of accounting and the modified accrual basis, a reconciliation showing the differences in the reported activities is shown at the end of the budgetary statement.

Proprietary Funds

City of Eden has two different kinds of proprietary funds:

Enterprise Funds

Enterprise Funds are used to report the same functions presented as business-type activities in the government-wide financial statements. City of Eden uses enterprise funds to account for its water and sewer activity. This fund is the same as those functions shown in the business-type activities in the Statement of Net Assets and the Statement of Activities.

Internal Service Funds

Internal Service Funds are an accounting device used to accumulate and allocate costs internally among the functions of City of Eden. The City uses an internal service fund to account for one activity – its self-insurance operations. Because this operation benefits predominantly governmental rather than business-type activities, the internal service fund has been included within the governmental activities in the government-wide financial statements.

Notes to the Financial Statements & Other Information

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are on pages 29 - 64 of this report.

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

Government-Wide Financial Analysis

The City of Eden's Net Assets

Figure 2

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Current and other assets	10,659,757	10,201,257	9,967,441	11,924,092	20,627,198	22,125,349
Capital assets	<u>18,717,261</u>	<u>18,314,284</u>	<u>49,008,506</u>	<u>48,046,591</u>	<u>67,725,767</u>	<u>66,360,875</u>
Total assets	<u>29,377,018</u>	<u>28,515,541</u>	<u>58,975,947</u>	<u>59,970,683</u>	<u>88,352,965</u>	<u>88,486,224</u>
Long-term liabilities	2,254,410	2,191,050	11,371,845	11,858,101	13,626,255	14,049,151
Other liabilities	<u>1,654,634</u>	<u>1,489,663</u>	<u>1,028,172</u>	<u>590,655</u>	<u>2,682,806</u>	<u>2,080,318</u>
Total liabilities	<u>3,909,044</u>	<u>3,680,713</u>	<u>12,400,017</u>	<u>12,448,756</u>	<u>16,309,061</u>	<u>16,129,469</u>
Net Assets:						
Invested in capital assets, net of related debt	16,846,307	16,485,539	37,789,540	36,335,375	54,635,847	52,820,914
Restricted	2,668,586	262,234			2,668,586	262,234
Unrestricted	<u>5,953,081</u>	<u>8,087,055</u>	<u>8,786,390</u>	<u>11,186,552</u>	<u>14,739,471</u>	<u>19,273,607</u>
Total Net Assets	<u>25,467,974</u>	<u>24,834,828</u>	<u>46,575,930</u>	<u>47,521,927</u>	<u>72,043,904</u>	<u>72,356,755</u>

As noted earlier, net assets may serve over time as one useful indicator of a government's financial condition. The assets of the City of Eden exceeded liabilities by \$72,043,904 as of June 30, 2012. The City's net assets decreased by \$312,851 for the

fiscal year ended June 30, 2012. However, the largest portion reflects the City's investment in capital assets (e.g. land, buildings, machinery, and equipment); less any debt still outstanding that was issued to acquire those items. The City of Eden uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Eden's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the City of Eden's net assets (2.72%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$15,448,271 is unrestricted.

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

- Continued diligence in the collection of property taxes by maintaining a tax collection percentage of 97.18%.
- Effective management and control of revenues and appropriations.
- Increase in Grants and Contributions not restricted to specific programs.

City of Eden
Changes in Net Assets
Figure 3

	Governmental Activities	Governmental Activities	Business-type Activities	Business-type Activities	Total	Total
	2012	2011	2012	2011	2012	2011
Revenues:						
Program revenues:						
Charges for services	2,419,925	2,482,276	6,998,736	9,713,393	9,418,661	12,195,669
Operating grants and Contributions	567,127	419,806			567,127	419,806
Capital grants and Contributions	602,991	506,068	868,909	524,838	1,471,900	1,030,906
General revenues:						
Property taxes	5,495,285	6,132,286			5,495,285	6,132,286
Other taxes	3,650,872	3,530,612			3,650,872	3,530,612
Grants and contributions not restricted to specific programs	848,764	806,153			848,764	806,153
Other	48,806	46,601	53,760	43,676	102,566	90,277
Total revenues	13,633,770	13,923,802	7,921,405	10,281,907	21,555,175	24,205,709
Expenses:						
General government	1,659,669	1,624,707			1,659,669	1,624,707
Public safety	5,905,796	5,701,098			5,905,796	5,701,098
Highways/streets	1,572,862	1,546,065			1,572,862	1,546,065
Sanitation	1,875,959	1,720,377			1,875,959	1,720,377
Economic development	148,417	10,395			148,417	10,395
Cultural and recreation	1,223,712	1,202,424			1,223,712	1,202,424
Environmental Services	63,686	64,772			63,686	64,772
Public works	269,265	253,028			269,265	253,028
Special appropriations	214,062	155,658			214,062	155,658
Interest on long-term debt	67,196	77,457			67,196	77,457
Water and sewer			8,867,402	9,068,001	8,867,402	9,068,001
Total expenses	13,000,624	12,355,981	8,867,402	9,068,001	21,868,026	21,423,982
Increases in net assets	633,146	1,567,821	(945,997)	1,213,906	(312,851)	2,781,727
Net assets, July 1	24,834,828	23,267,007	47,521,927	46,308,021	72,356,755	69,575,028
Net assets, June 30	25,467,974	24,834,828	46,575,930	47,521,927	72,043,904	72,356,755

Governmental activities. Governmental activities increased the City's net assets by \$633,146. Key elements of this increase are as follows:

- Local sales taxes, and other taxes experienced an increase from the previous year.
- Grants and contributions restricted and not restricted to specific programs experienced an increase from the previous year.

Business-type activities: Business-type activities decreased the City of Eden's net assets by \$945,997. Key elements of this increase are as follows:

- An decrease in charges for water/sewer services.

Financial Analysis of the City's Funds

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

Governmental Funds. The focus of the City of Eden'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 Eden's financing requirements. Specifically, unreserved fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

The general fund is the chief operating fund of the City of Eden. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$6,144,026 while total fund balance reached \$8,915,309. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 45.09% of total General Fund expenditures, while total fund balance represents 65.44% of that same amount.

At June 30, 2012, the governmental funds of City of Eden reported a combined fund balance of \$8,992,043 a 4.10% increase over last year. Included in this change in fund balance is a increase in fund balance in the General Fund in the amount of \$361,149 and a decrease in other governmental funds of \$6,793.

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 were greater than the budgeted amounts primarily because of increases in the state hold harmless payment, advalorem taxes, other taxes & licenses, local sales taxes, restricted

and unrestricted intergovernmental revenues, sales & services, interest on investments, and miscellaneous revenue.

Proprietary Funds. The City of Eden's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net assets of the Water and Sewer Fund at the end of the fiscal year amounted to \$8,786,390. The total decrease in net assets for the fund was (\$945,997). Other factors concerning the finances of this fund have already been addressed in the discussion of the City of Eden's business-type activities.

Capital Asset and Debt Administration

Capital assets. The City of Eden's investment in capital assets for its governmental and business-type activities as of June 30, 2012 totals \$67,725,767. These assets include buildings, roads, and bridges, land, machinery and equipment, park facilities, and vehicles.

City of Eden's Capital Assets

Figure 4
(net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Land	808,774	808,774	238,540	238,540	1,047,314	1,047,314
Buildings and systems	3,465,097	3,477,894	44,121,735	45,026,140	47,586,832	48,504,034
Improvements other than buildings	3,945,785	3,884,242			3,945,785	3,884,242
Machinery and equipment	847,289	973,646	670,603	1,535,260	1,517,892	2,508,906
Infrastructure	8,252,429	7,991,978			8,252,429	7,991,978
Vehicles and motorized equipment	1,397,887	1,177,750	264,217	352,522	1,662,104	1,530,272
Construction in progress	<u>0</u>	<u>0</u>	<u>3,713,411</u>	<u>894,129</u>	<u>3,713,411</u>	<u>894,129</u>
Total	<u>18,717,261</u>	<u>18,314,284</u>	<u>49,008,506</u>	<u>48,046,591</u>	<u>67,725,767</u>	<u>66,360,875</u>

Additional information on the City's capital assets can be found on pages 41, and 42 in the notes to the financial statements.

Long-term Debt. As of June 30, 2012, the City of Eden had total bonded debt outstanding of \$0.

City of Eden's Outstanding Debt General Obligation Bonds

The City of Eden's total debt decreased by \$179,592 from \$16,129,469 to \$16,309,061 during the past fiscal year.

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 City of Eden is \$71,537,133.

Budget Highlights for the Fiscal Year Ending June 30, 2012

Governmental Activities: Property taxes (benefiting from the economic growth) and revenues from operating charges for services are expected to lead the increase in budgeted revenue. The City will use these increases in revenues to finance programs currently in place.

Business-type Activities: The water and sewer rates were not increased in FY 11-12. Charges for services are expected to lead the increase in budgeted revenue.

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 the Director of Finance & Personnel or City Manager, City of Eden, PO Box 70, Eden, NC 27289.

City of Eden
Statement of Net Assets
June 30, 2012

Exhibit 1

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	
Assets				
Cash and cash equivalents	7,888,805	7,377,714	15,266,519	256,530
Cash and cash equivalents - restricted deposits	222,434	246,990	469,424	
Taxes receivable, net of allowance for uncollectible of \$279,131	139,244		139,244	
Unbilled water and sewer receivables		366,133	366,133	
Customer receivables, net of allowance for uncollectibles of \$352,679		349,602	349,602	
Due from other governmental agencies	1,057,735		1,057,735	
Accrued interest receivable	11,612		11,612	
Due from component unit	13,640		13,640	
Other receivables	836,006	1,371,048	2,207,054	
Internal balance	(439)	439	-	
Inventories	179,431	245,022	424,453	113,252
Prepaid items	26,646	10,493	37,139	4,952
Prepaid pension obligation	284,643		284,643	
Capital Assets:				
Land and construction in progress	808,774		808,774	95,603
Other capital assets, net of depreciation	17,908,487	49,008,506	66,916,993	85,856
Total Assets	29,377,018	58,975,947	88,352,965	556,193
Liabilities				
Accounts payable	554,059	689,356	1,243,415	77,948
Compensated absences payable	559,561	91,826	651,387	
Unearned revenue	541,014		541,014	
Customer deposits		246,990	246,990	
Due to Primary Government				13,640
Due to other governments			-	
Long-term liabilities:				
Other Post Employment Benefits	383,456	152,879	536,335	
Due within one year	418,314	960,757	1,379,071	
Due in more than one year	1,452,640	10,258,209	11,710,849	
Total Liabilities	3,909,044	12,400,017	16,309,061	91,588
Net Assets				
Invested in capital assets, net of related debt	16,846,307	37,789,540	54,635,847	181,459
Restricted:				
Stabilization by State Statute	1,665,588		1,665,588	
Other purposes	12,825		12,825	283,146
Transportation	169,739		169,739	
Public safety	101,790		101,790	
Economic Development	9,844		9,844	
Unrestricted	6,661,881	8,786,390	15,448,271	
Total Net Assets	25,467,974	46,575,930	72,043,904	464,605

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

City of Eden
Statement of Activities
June 30, 2012

Exhibit 2

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets			Component Unit
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-Type Activities	Total	
Governmental Activities:								
General Government	1,659,669	93,523	21,181		(1,544,965)		(1,544,965)	
Public Safety	5,905,796	109,355	408,166		(5,388,275)		(5,388,275)	
Transportation	1,572,862	19,349		602,991	(950,522)		(950,522)	
Economic and Physical Development	148,417	29,414	137,780		18,777		18,777	
Environmental Protection	1,875,959	1,906,241			30,282		30,282	
Cultural and Recreation	1,223,712	157,489			(1,066,223)		(1,066,223)	
Environmental Services	63,686				(63,686)		(63,686)	
Public Works	269,265	104,554			(164,711)		(164,711)	
Special Appropriations	214,062				(214,062)		(214,062)	
Interest on Long-Term Debt	67,196				(67,196)		(67,196)	
Total Governmental Activities	13,000,624	2,419,925	567,127	602,991	(9,410,581)		(9,410,581)	
Business-Type Activities:								
Water and Sewer	8,867,402	6,998,736		868,909		(999,757)	(999,757)	
	<u>21,868,026</u>	<u>9,418,661</u>	<u>567,127</u>	<u>1,471,900</u>	<u>(9,410,581)</u>	<u>(999,757)</u>	<u>(10,410,338)</u>	
Component Unit:								
ABC Board	<u>1,363,719</u>	<u>1,374,886</u>						<u>11,167</u>
General Revenues:								
Taxes:								
Property Taxes, Levied for General Purpose					5,495,285		5,495,285	
Local Sales Tax					1,967,799		1,967,799	
Franchise Tax					740,796		740,796	
Other Taxes					902,780		902,780	
Privilege License Tax					39,497		39,497	
Grants and Contributions Not Restricted to Specific Programs					848,764		848,764	
Unrestricted Investment Earnings					48,806	53,760	102,566	804
Total General Revenues					<u>10,043,727</u>	<u>53,760</u>	<u>10,097,487</u>	<u>804</u>
Change in Net Assets					633,146	(945,997)	(312,851)	11,971
Net Assets - Beginning of Year					<u>24,834,828</u>	<u>47,521,927</u>	<u>72,356,755</u>	<u>452,634</u>
Net Assets - End of Year					<u>25,467,974</u>	<u>46,575,930</u>	<u>72,043,904</u>	<u>464,605</u>

City of Eden
Balance Sheet Governmental Funds
June 30, 2012

Exhibit 3

Assets	General	Other Governmental Funds	Total
Cash and Cash Equivalents	7,534,347	10,537	7,544,884
Cash and cash equivalents - restricted deposits	169,739	52,695	222,434
Accounts receivable - restricted		14,195	14,195
Taxes receivable, net of allowance for uncollectibles of \$279,131	139,244		139,244
Accounts receivable, net of allowance for uncollectibles of \$352,679	817,574		817,574
Due from other governmental agencies	1,057,735		1,057,735
Due from Component Unit	13,640		13,640
Inventories	179,431		179,431
Prepaid Expenses	26,646		26,646
Total Assets	9,938,356	77,427	10,015,783
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	342,350	693	343,043
Deferred Revenues	680,258		680,258
Due to other fund	439		439
Total Liabilities	1,023,047	693	1,023,740
Fund Balances:			
Non Spendable			
Inventories	179,431		179,431
Prepaid Expenses	26,646		26,646
Restricted			
Stabilization by State Statute	1,665,588		1,665,588
Streets	169,739		169,739
Public Safety USDA	34,900	45,090	79,990
Historic Preservation	12,825		12,825
Economic Development		9,844	9,844
Assigned			
Subsequent year's expenditures	708,800	21,800	730,600
Unassigned reported in:			
General fund	6,117,380		6,117,380
	8,915,309	76,734	8,992,043
	9,938,356	77,427	10,015,783

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

City of Eden
 Reconciliation of the Governmental Funds Balance Sheet
 To the Statement of Net Assets
 June 30, 2012

Exhibit 3

Total Governmental Funds	8,992,043
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. (Land and construction in progress - \$ 808,774 ; capital assets being depreciated, net - \$ 17,908,487)	18,717,261
The pension assets resulting from contributions in excess of the annual required contribution are not financial resources and therefore are not reported in the funds.	284,643
Internal service funds are used by management to charge the costs of certain activities, such as risk management, equipment replacement and print services to individual funds. The assets and liabilities of certain internal service funds are included in governmental activities in the statement of net assets.	137,142
Taxes receivable (\$139,244) and accrued interest receivable (\$11,612) will be collected after year-end, but are not available soon enough to pay for the current period's expenditures and therefore are reported as deferred revenue in the funds	150,856
Some liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. (Notes payable (\$1,870,954); earned vacation pay - (\$559,561); and other post-employment benefits (\$383,456)	<u>(2,813,971)</u>
Net assets of governmental activities	<u><u>25,467,974</u></u>

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

City of Eden
Statement of Revenues, Expenditures and Changes
in Fund Balances Governmental Funds
June 30, 2012

Exhibit 4

Revenues	General	Other Governmental Funds	Total
Ad valorem taxes	5,497,305	9,947	5,507,252
Privilege licenses	39,497		39,497
Other taxes and licenses	902,778		902,778
Local sales tax	1,967,799		1,967,799
Franchise tax	740,796		740,796
Other unrestricted intergovernmental revenues	848,764		848,764
Restricted intergovernmental revenues	861,997	308,121	1,170,118
Permits and fees	96,823		96,823
Sales and services	2,179,150		2,179,150
Interest on investments	48,657	149	48,806
Miscellaneous	143,073	880	143,953
Total revenues	13,326,639	319,097	13,645,736
Expenditures			
Current:			
General government	2,493,014		2,493,014
Public safety	5,758,072	157,691	5,915,763
Cultural and recreational	1,117,845		1,117,845
Transportation	1,898,621		1,898,621
Economic and physical development		147,299	147,299
Environmental protection	2,074,687		2,074,687
Public Works	585,247		585,247
Special appropriations	214,062		214,062
Debt service:			
Principal	469,027		469,027
Interest	59,798		59,798
Total expenditures before charge-out	14,670,373	304,990	14,975,363
Less: Administrative cost charged to water and sewer fund	1,047,144		1,047,144
Total expenditures	13,623,229	304,990	13,928,219
Excess (deficiency) of revenues over expenditures	(296,590)	14,107	(282,483)
Other financing Sources (Uses)			
Transfer from/to funds	20,900	(20,900)	-
Proceeds from installment purchase	636,839	-	636,839
Total other financing sources and uses	657,739	(20,900)	636,839
Net change in fund balance	361,149	(6,793)	354,356
Fund balances - beginning of year	8,554,160	83,527	8,637,687
Fund balances - ending of year	<u>8,915,309</u>	<u>76,734</u>	<u>8,992,043</u>

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

City of Eden
Statement of Revenues, Expenditures and Changes
in Fund Balances Governmental Funds
June 30, 2012

Exhibit 4

Net change in <i>fund balances</i> - total governmental funds	354,356
<p>The change in <i>net assets</i> reported for governmental activities in the statement of activities is different because:</p>	
<p>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 outlay (\$1,439,474) exceeded depreciation (\$1,036,497) in the current period.</p>	
	402,977
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (accrued interest receivable from property taxes - \$6,255).</p>	
	6,255
<p>Liability for earned but deferred revenues in fund statements</p>	
	(18,221)
<p>Installment loan proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount by which installment proceeds (\$636,839) exceeded repayments (\$594,631).</p>	
	(42,208)
<p>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. (Earned vacation pay \$45,227, net pension obligation \$79,622 and other post-employment benefits \$21,151).</p>	
	13,244
<p>Internal service funds are used by management to charge the costs of certain activities such as risk management, print shop services and equipment replacement to individual funds. The (expense) of certain internal services funds is reported with governmental activities.</p>	
	<u>(83,257)</u>
Change in net assets of governmental activities	<u><u>633,146</u></u>

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

City of Eden
Statement of Revenues, Expenditures, and changes in Fund Balance
Budget and Actual - General Fund
For the Fiscal Year Ended June 30, 2012

Exhibit 5

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Ad valorem taxes	5,331,400	5,331,400	5,497,305	165,905
Privilege licenses	41,700	41,700	39,497	(2,203)
Other taxes and licenses	858,100	858,100	902,778	44,678
Local sales tax	1,891,300	1,891,300	1,967,799	76,499
Franchise tax	751,000	751,000	740,796	(10,204)
Other unrestricted intergovernmental revenues	822,100	822,100	848,764	26,664
Restricted intergovernmental revenues	667,200	837,300	861,997	24,697
Permits and fees	124,200	124,200	96,823	(27,377)
Sales and services	2,073,500	2,118,400	2,179,150	60,750
Interest on investments	32,600	32,600	48,657	16,057
Miscellaneous	57,200	126,600	143,073	16,473
Total revenues	12,650,300	12,934,700	13,326,639	391,939
EXPENDITURES				
General government:				
Governing body	72,000	77,150	76,700	450
Administration	265,000	266,500	265,298	1,202
Finance/Human Resources	465,500	478,700	481,145	(2,445)
Legal	112,400	115,300	112,326	2,974
Planning	577,600	753,500	772,918	(19,418)
Business Development	231,900	262,200	261,718	482
Engineering	242,300	245,150	244,033	1,117
Information Technology	204,700	203,000	199,666	3,334
Public Building Service	69,600	81,000	79,210	1,790
Total general government	2,241,000	2,482,500	2,493,014	(10,514)
Public works:				
Environmental Services	169,300	172,250	172,080	170
City Garage	374,500	402,600	413,167	(10,567)
Total public works	543,800	574,850	585,247	(10,397)
Public safety:				
Police department	4,000,900	4,091,700	4,090,647	1,053
Fire department	1,380,000	1,667,900	1,667,425	475
Total public safety	5,380,900	5,759,600	5,758,072	1,528
Transportation:				
Streets	1,302,600	1,437,950	1,436,572	1,378
Powell Bill	467,200	476,600	462,049	14,551
Total Transportation	1,769,800	1,914,550	1,898,621	15,929

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

City of Eden
Statement of Revenues, Expenditures, and changes in Fund Balance
Budget and Actual - General Fund
For the Fiscal Year Ended June 30, 2012

Exhibit 5

	<u>Budgeted Amounts</u>		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Environmental protection	<u>1,645,500</u>	<u>2,018,360</u>	<u>2,074,687</u>	<u>(56,327)</u>
Cultural and recreational	<u>1,067,400</u>	<u>1,118,500</u>	<u>1,117,845</u>	<u>655</u>
Special Appropriations	<u>252,300</u>	<u>223,400</u>	<u>214,062</u>	<u>9,338</u>
Debt Service:				
Principal	440,400	469,260	469,027	233
Interest	<u>82,800</u>	<u>66,180</u>	<u>59,798</u>	<u>6,382</u>
Total debt service	<u>523,200</u>	<u>535,440</u>	<u>528,825</u>	<u>6,615</u>
Contingency	<u>250,000</u>	<u> </u>	<u> </u>	<u>-</u>
Total expenditures before charge-out	13,673,900	14,627,200	14,670,373	(43,173)
Less: administrative cost charged to water and sewer fund	<u>1,023,600</u>	<u>1,030,250</u>	<u>1,047,144</u>	<u>16,894</u>
Total expenditures	<u>12,650,300</u>	<u>13,596,950</u>	<u>13,623,229</u>	<u>(26,279)</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>(662,250)</u>	<u>(296,590)</u>	<u>365,660</u>
OTHER FINANCING SOURCES (USES)				
Transfer from other funds	-	20,900	20,900	-
Proceeds from installment purchase and capital leases		635,850	636,839	989
Fund balance appropriated	<u> </u>	<u>5,500</u>	<u> </u>	<u>(5,500)</u>
Total other financing sources (uses)	<u>-</u>	<u>662,250</u>	<u>657,739</u>	<u>(4,511)</u>
Net changes in fund balances	<u>-</u>	<u>-</u>	<u>361,149</u>	<u>361,149</u>
Fund balances - beginning of year			<u>8,554,160</u>	
Fund balances - end of year			<u>8,915,309</u>	

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

City of Eden
Statement of Net Assets
Proprietary Funds
June 30, 2012

Exhibit 6

	<u>Enterprise Fund</u>	<u>Internal Service Fund</u>
	<u>Water and Sewer Fund</u>	<u>Self Insured Insurance Fund</u>
Assets:		
Current Assets:		
Cash and Cash Equivalents	7,377,714	343,921
Cash and Cash Equivalents - Restricted Deposits	246,990	
Customer Receivables, net of allowance for uncollectibles of \$352,679	349,602	
Unbilled Water Receivable	366,133	
Other Receivables	1,371,048	4,237
Inventory	245,022	
Prepaid Expenses	10,493	
Due from Other Funds	439	
	<hr/>	<hr/>
Total Current Assets	9,967,441	348,158
	<hr/>	<hr/>
Noncurrent Assets:		
Capital Assets:		
Land	238,540	
Construction in Progress	3,713,411	
Water and Sewer Systems	71,390,962	
Furniture, Machinery, Equipment	4,930,147	
Vehicles	1,082,343	
Less Accumulated Depreciation	(32,346,897)	
	<hr/>	<hr/>
Capital Assets (Net)	49,008,506	-
	<hr/>	<hr/>
Total Assets	58,975,947	348,158
	<hr/>	<hr/>

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

City of Eden
Statement of Net Assets
Proprietary Funds
June 30, 2012

Exhibit 6

	Enterprise Fund	Internal Service Fund
	Water and Sewer Fund	Self Insured Insurance Fund
Liabilities:		
Current Liabilities:		
Accounts Payable	689,356	211,016
Due from other funds		
Customer Deposits	246,990	
Bonds and Installment Purchases Payable - Current Maturities	960,757	
Total Current Liabilities	1,897,103	211,016
Noncurrent Liabilities:		
Bonds and Installment Purchases Payable - Long-Term Portion	10,258,209	
Accrued Vacation Pay	91,826	
Other Post Employment Benefits	152,879	
Total Noncurrent Liabilities	10,502,914	-
Total Liabilities	12,400,017	211,016
Net Assets		
Invested in Capital Assets, net of related debt	37,789,540	
Unrestricted	8,786,390	137,142
Total Net Assets	46,575,930	137,142

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

City of Eden
Statement of Revenues, Expenses, and Changes
in Fund Net Assets - Proprietary Funds
June 30, 2012

Exhibit 7

	Enterprise Fund	Internal Service Fund
	Water and Sewer Fund	Self Insured Insurance Fund
Operating Revenue		
User Charges	6,998,736	2,324,056
Operating Expenses		
Billing and Collections	396,167	
Water Filtration	1,204,763	
Maintenance	1,393,759	
Waste Treatment	1,211,246	
Water and Sewer Resources	342,439	
Depreciation Expense	2,617,333	
Non-Departmental	1,075,767	
Other Post Employment Benefits	5,994	
Bad Debt Expense	9,924	
Water Construction Maintenance	4,900	
Sewer Construction Maintenance	221,892	
Gross Insurance Fixed Cost		434,755
Insurance Claims		1,972,777
Total Operating Expenses	8,484,184	2,407,532
Net Operating Income (Loss)	(1,485,448)	(83,476)
Non-Operating Revenues (Expenses)		
Interest on Investments	53,760	219
Other Revenues	31,413	
Interest Expense	(414,631)	
Total Non-Operating Revenue (Expense)	(329,458)	219
Capital Contributions/Grants		
CWMTF Grant - N. Smith River	459,170	
Golden Leaf Grant - Mega Park	359,739	
TAG Grant - Tanyard Branch	50,000	
	868,909	-
Change in Net Assets	(945,997)	(83,257)
Net Assets - Beginning of Year	47,521,927	220,399
Net Assets - End of Year	46,575,930	137,142

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

City of Eden, North Carolina
Proprietary Funds
Statement of Cash Flows
For Fiscal Year Ended June 30, 2012

Exhibit 8

	Enterprise Fund	Internal Service Fund
	Water and Sewer Fund	Self Insured Insurance Fund
Cash Flows from Operating Activities:		
Cash Received from Customers	8,303,021	2,395,409
Cash Paid for Goods and Services	(3,921,362)	(2,338,083)
Cash Paid to Employees	(1,526,392)	
Customer Deposits Received	107,625	
Customer Deposits Returned	(74,785)	
	<u>2,888,107</u>	<u>57,326</u>
Cash Flows from Capital and Related Financing Activities:		
Acquisition of Capital Assets	(3,579,248)	
Principal Paid on Bond and Installment Purchases	(951,419)	
Interest Paid on Bond and Installment Purchases	(414,631)	
Miscellaneous	96	
Insurance Proceeds	31,316	
Proceeds from CWMTF- N. Smith River	459,170	
Proceed from Grant - Golden Leaf	359,739	
Proceeds from TAG Grant - Tanyard Branch	50,000	
Proceeds from Installment Loan	459,169	
	<u>(3,585,808)</u>	<u>-</u>
Cash Flows from Non-Capital (Use of Funds)		
Due to/from Other Funds	(1,821)	
	<u>(1,821)</u>	<u></u>
Cash Flows from Investing Activities:		
Interest on Investments	53,760	219
	<u>53,760</u>	<u>219</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(645,762)	57,545
Cash and Cash Equivalents:		
Beginning of Year, July 1	8,270,466	286,376
	<u>8,270,466</u>	<u>286,376</u>
End of Year, June 30	7,624,704	343,921
	<u>7,624,704</u>	<u>343,921</u>

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

City of Eden, North Carolina
Proprietary Funds
Statement of Cash Flows
For Fiscal Year Ended June 30, 2012

Exhibit 8

	Enterprise Fund	Internal Service Fund
	Water and Sewer Fund	Self Insured Insurance Fund
Cash Flows from Operating Activities:		
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating Income	(1,485,448)	(83,476)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation	2,617,333	
Change in Assets and Liabilities:		
(Increase) Decrease in Accounts Receivable	10,523	425
(Increase) decrease in Due from Other Agencies		70,928
(Increase) Decrease in Unbilled Water Receivables and Assessments Receivable	(92,061)	
(Increase) Decrease in Other Receivables	1,385,823	
(Increase) Decrease in Prepaid Expenses	(3,073)	
(Increase) Decrease in Inventories	10,117	
Increase (Decrease) in Accounts Payable, Retainage Payable, and Accrued Liabilities	403,681	69,449
Increase (Decrease) in Customer Deposits	32,840	
Increase (Decrease) in Accrued Vacation Pay	2,378	
Increase (Decrease) in Post Employment Benefits	5,994	
Net Cash Provided by Operating Activities	2,888,107	57,326

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

City of Eden
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2012

Exhibit 9

	Pension Trust Special Separation Allowance Fund	Agency Runabout Travel Club
Assets:		
Cash and Cash Equivalents	6,580	15,901
Accounts Payable and Accrued Liabilities	-	-
Fund Balance:		
Restricted		
Police Special Separation Allowance	6,580	
Runabout Travel Club		15,901
Total Fund Balances	6,580	15,901
Total Liabilities and Fund Balances	6,580	15,901

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

City of Eden
 Fiduciary Funds
 Statement of Changes in Fiduciary Net Assets
 For the Fiscal Year Ended June 30, 2012

Exhibit 10

	<u>June 30, 2012</u>
Additions:	
Investment Earnings	8
Contribution from General Fund	206,100
	<u>206,108</u>
Total Additions	<u>206,108</u>
Deductions:	
Benefit Payments	204,368
Professional Services	262
	<u>204,630</u>
Total Deductions	<u>204,630</u>
Change in Net Assets	1,478
Net Assets, Beginning of Year	<u>5,102</u>
Net Assets, End of Year	<u><u>6,580</u></u>

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

City of Eden, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2012

I. Summary of Significant Accounting Policies

The accounting policies of the City of Eden and its discretely presented component unit, the Eden ABC Board, conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies:

A. Reporting Entity

The City of Eden is a municipal corporation which is governed by an elected mayor and a seven-member council. As required by generally accepted accounting principles, these financial statements present the City and its component unit, a legally-separate entity for which the City is financially accountable. The discretely presented component unit presented below is reported in a separate column in the City's financial statements in order to emphasize that it is legally separate from the City.

City of Eden ABC Board

The members of the ABC Board's governing board are appointed by the City. In addition, the ABC Board is required by State statute to distribute its surpluses to the General fund of the City. The ABC Board, which has a June 30 year-end, is presented as if it were a proprietary fund (discrete presentation). Complete financial statements for the ABC Board may be obtained from the entity's administrative offices at City of Eden ABC Board, 319 N. Pierce St., Eden, NC 27288.

B. Basis of Presentation

Government-wide Statements: The statement of net assets and the statement of activities display information about the primary government and its component unit. These statements include the financial activities of the overall government except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type activities* of the 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.

City of Eden, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2012

Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

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

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

The City reports the following major governmental funds:

General Fund. The General Fund is the general operating fund of the City. The General Fund accounts for all financial resources except those that are required to be accounted for in another fund. The primary revenue sources are 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.

The City reports the following non-major governmental funds:

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted to expenditures for specified purposes. The city had three Special Revenue Funds, these being the Emergency Communication Fund, Municipal Service District Tax and the Community Development Block Grant.

The City reports the following major enterprise fund:

Water and Sewer Fund. This fund is used to account for the City's water and sewer operation.

City of Eden, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2012

The City reports the following fund types:

Internal Service Fund - Internal Service Funds account for the financing of goods or services provided by one department to other departments of the governmental unit, on a cost-reimbursement basis. The City of Eden has one Internal Service Fund, the Self Insured Insurance Fund which provides hospital and disability insurance coverage to city employees.

Fiduciary Funds account for the assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. Fiduciary funds include the following funds:

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

Agency Funds - Agency funds are custodial in nature and do not involve the measurement of operating results. Agency funds are used to account for assets the City holds on behalf of others. The City maintains one Agency Fund, the Runabout Travel Club Fund, which accounts for moneys deposited with the City of Eden Recreation Department for those individuals participating in the programs of its department sponsored club.

C. Measurement Focus and Basis of Accounting

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

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

City of Eden, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2012

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

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

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

The City considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem taxes receivable are not accrued as revenues because the amount is not susceptible to accrual. At June 30, taxes receivable are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of January 1, 1993, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina.

Effective with this change in the law, Rockingham County is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts in the County, including the City of Eden. For motor vehicles registered under the staggered system, property taxes are due the first day of the fourth month after the vehicles are registered. The billed taxes are applicable to the fiscal year in which they become due. Therefore, the City's vehicle taxes for vehicles registered in Rockingham County from March 2011 through February 2012 apply to the fiscal year ended June 30, 2012. Uncollected taxes that were billed during this period are shown as a

City of Eden, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2012

receivable in these financial statements and are offset by deferred revenue.

Sales taxes and certain intergovernmental revenues, such as the utilities franchise tax, collected and held by the State at year-end on behalf of the City are recognized as revenue. Intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. Grant revenues which are unearned at year-end are recorded as unearned revenues. Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program.

It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

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

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 and the Enterprise Funds. All annual appropriations lapse at the fiscal-year end. Project ordinances are adopted for Special Revenue Funds and Capital Projects Funds. The enterprise fund projects are consolidated with their respective operating fund for reporting purposes. The City's Self Insured Insurance Fund, an internal service fund, operates under a financial plan that was adopted by the governing board at the time the City's budget ordinance was approved, as is required by the General Statutes. All budgets are prepared using the modified accrual basis of accounting.

Expenditures may not legally exceed appropriations at the departmental level for all annually budgeted funds and at the object level for the multi-year funds.

The budget ordinance states that the City Manager, by authority of this ordinance, may transfer/reallocate between departments up to a maximum of ten percent (10%) of the moneys appropriated within any of the above stated funds, not including any transfers between funds.

Appropriations are amended as necessary by the governing board. The amended budget ordinance as of June 30, 2012 is included in the financial statements but has been restructured to conform with the actual data. The budget ordinance must be adopted by July 1 of the fiscal year or the

City of Eden, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2012

governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

E. Assets, Liabilities, and Fund Equity

1. Deposits and Investments

All deposits of the City and the ABC Board are made in board-designated official depositories and are secured as required by State law [G.S. 159-31]. The City and the ABC Board may designate, as an official depository, any bank or savings association whose principal office is located in North Carolina. Also, the City and the ABC Board 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 and the ABC Board 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 nonguaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances; and the North Carolina Capital Management Trust (NCCMT).

2. Cash and Cash Equivalents

The City pools money from several funds to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents. The ABC Board considers all highly liquid investments with a maturity of three months or less when purchased to be cash and cash equivalents.

3. Restricted Assets

Customer deposits held by the City before any services are supplied are restricted to the service for which the deposit was collected. Powell Bill funds are also classified as restricted cash because it can be expended only for the purposes of maintaining, repairing, constructing, reconstructing or widening of local streets per G.S. 136-41.1 through 136-41.4.

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 July, 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date) however, interest does not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2011.

City of Eden, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2012

As allowed by State law, the City has established a schedule of discounts that apply to taxes that are paid prior to the due date. In the City's General fund, ad valorem tax revenues are reported net of such discounts.

5. Allowances for Doubtful Accounts

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

6. Inventory and Prepaid Items

The inventories of the City and the ABC Board are valued at cost (first-in, first-out), which approximates market. The City's General Fund inventory consists of expendable supplies that are recorded as expenditures when purchased.

The inventories of the City's enterprise funds consist of materials and supplies held for consumption. The cost of these inventories are recorded as an expense as the inventories are consumed. The ABC Board inventory consists of alcoholic beverages for resale and is recorded as cost of sales when sold.

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

7. Capital Assets

Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000.00 and an estimated useful life in excess of two years. The City's capital assets are recorded at original cost. Donated assets are listed at the market value at the time of donation. General infrastructure assets acquired prior to July 1, 2002, consist of the road network that were acquired or that received substantial improvements subsequent to July 1, 1980 and are reported at historical cost less accumulated depreciation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset's lives are not capitalized.

Property, plant, and equipment in the proprietary funds of the City and of the ABC Board are recorded at original cost at the time of acquisition. Property, plant, and equipment donated to these proprietary fund type operations are recorded at the estimated fair market value at the date of donation. Plant assets of the City are depreciated on a composite straight-line basis for the entire plant, regardless of the year of acquisition, at a 2% annual rate. In the composite rate, gain or loss on dispositions is not calculated except in extraordinary circumstances. Other assets of the City are depreciated on a class life basis at the following rates:

City of Eden, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2012

<u>Asset Class</u>	<u>Estimated Useful Life</u>
Infrastructure	50 years
Buildings	50 years
Improvements	50 years
Furniture and office equipment	10 years
Maintenance and construction equipment	8 years
Motor vehicles	6 years

Property, plant, and equipment of the ABC Board are depreciated over their useful lives on a straight-line basis as follows:

	<u>Useful Life</u>
Buildings	31 1/2 years
Furniture/equipment	10 years
Computers	5 years

During the year 2011-2012 the City of Eden continued the policy to capitalize capital assets costing \$5,000 or more. Purchases of capital assets costing between \$1,000 - \$4,999 are accounted for but will not be included with the capital assets in the future. Capital assets costing less than \$1,000 will be expensed.

8. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method that approximates the effective interest method. Bonds payable are reported net of the applicable bond premiums or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

City of Eden, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2012

9. Compensated Absences

The vacation policy of the City of Eden provides for the accumulation of up to thirty (30) days earned vacation leave with such 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.

Vacation time for the employees of the Eden ABC Board runs by the calendar year, beginning January 1 and ending December 10 each year. Since vacation earned during the calendar year must be taken before December 10 each year, and any vacation not so taken will be canceled, the current portion of accumulated vacation is not considered to be material.

Both the City and the ABC Board's sick leave policies provide for an unlimited accumulation of earned sick leave. Sick leave does not vest, but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Since neither the City nor the ABC Board has any obligation for the accumulated sick leave until it is actually taken, no accrual for the sick leave has been made.

10. Net Assets/Fund Balances

Net Assets

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

Fund Balances

In the governmental fund financial statements, fund balance is composed of 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:

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

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

City of Eden, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2012

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

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

Restricted for Streets - Powell Bill- portion of fund balance that is restricted by revenue source for street construction and maintenance expenditures. This amount represents the balance of the total unexpended Powell Bill funds.

Restricted for Public Safety - portion of fund balance that is restricted by revenue source for certain emergency telephone system expenditures and certain police expenditures and equipment cost.

Restricted for Historic Preservation - portion of fund balance that is restricted by revenue source for historic preservation.

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

Assigned Fund Balance - portion of fund balance that the City of Eden intends to use for specific purposes.

Subsequent year's expenditures - portion of fund balance that is appropriated in the next year's budget that is not already classified in restricted or committed. The governing body approves the appropriation; however the budget ordinance authorizes the manager to transfer or reallocate between and within departments up to a maximum of 10% of the moneys appropriated, not including any transfers between funds.

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

The City of Eden has also adopted a Cash Management Policy for the general fund which instructs management to conduct the business of the City in such a manner that the available fund balance is equal to at least three months of operating expenses.

City of Eden, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2012

II. Stewardship, Compliance, and Accountability

A. Excess of Expenditures over Appropriations

For the fiscal year ended June 30, 2012, the expenditures made in the City's General Fund exceeded the authorized appropriations made by the governing board for General Government Planning in the amount of \$19,418 due to overspending of landscaping and contract services. The expenditures in the General Fund for Environment Protection (Solid Waste) exceeded appropriations by \$56,327 due primarily to the overexpenditures in vehicle maintenance and building improvements. Management and the board will more closely review the budget reports to ensure compliance in future years.

III. Detail Notes on All Funds

A. Assets

1. Deposits

All the deposits of the City and the ABC Board 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 or the ABC Board's agents in these units' names. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the City and the ABC Board, these deposits are considered to be held by the City's and the ABC Board's agents in their names. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the City, the ABC Board, or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the City or the ABC Board under the Pooling Method, the potential exists for undercollateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The City has no formal 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. The ABC Board has no formal policy regarding custodial credit risk for deposits.

City of Eden, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2012

At June 30, 2012, the City's deposits had a carrying amount of \$15,472,751 and a bank balance of \$15,915,838. All monies of the City of Eden are insured under the pooling method. At June 30, 2012, the City's petty cash fund totaled \$5,910. The carrying amount of deposits for the ABC Board was \$254,305 and the bank balance was \$251,028. The ABC Boards deposits above the amount covered by the federal depository insurance coverage are collateralized by the pooling method.

2. Investments

At June 30, 2012 the City of Eden had \$280,202 invested with the North Carolina Capital Management Trust's Cash Portfolio which carried a credit rating of AAAM by Standard and Poor's. The City does not have a formal investment policy.

City of Eden
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2012

3. Receivables - Allowances for Doubtful Accounts

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

Fund	6/30/2012
General Funds - Taxes Receivable	279,131
Accounts Receivable	282,925
Enterprise Fund - Water & Sewer Fund	352,679
	<u>914,735</u>

4. Capital Assets

Primary Government

Capital asset activity for the Primary Government for the year ended June 30, 2012, was as follows:

	Balance June 30, 2011	Additions Year Ending 6/30/2012	Disposals Year Ending 6/30/2012	Transfers Year Ending 6/30/2012	Balance June 30, 2012
Governmental Activities					
Capital Assets Not Being Depreciated:					
Land	808,774				808,774
Construction in Progress	-				-
	<u>808,774</u>	-	-	-	<u>808,774</u>
Capital Assets Being Depreciated:					
Municipal Park	1,851,676	16,497			1,868,173
Land Improvements	2,879,153	141,130			3,020,283
Buildings	2,625,183				2,625,183
Building Improvements	3,685,954	117,794			3,803,748
Vehicles	5,062,461	599,376	(158,068)		5,503,769
Furniture	39,303				39,303
Off Road Equipment	576,139	43,897			620,036
Other Equipment	2,214,709	58,730			2,273,439
Infrastructure	10,545,698	462,050			11,007,748
Radios	656,291				656,291
Total Capital Assets Being Depreciated	<u>30,136,567</u>	<u>1,439,474</u>	<u>(158,068)</u>	-	<u>31,417,973</u>
Less: Accumulated Depreciation For:					
Municipal Park	217,497	37,232			254,729
Land Improvements	635,775	57,681			693,456
Buildings	1,739,203	52,503			1,791,706
Building Improvements	1,094,040	78,088			1,172,128
Vehicles	4,278,103	349,812	(158,068)		4,469,847
Furniture	32,618	1,171			33,789
Off Road Equipment	522,021	23,869			545,890
Other Equipment	1,241,063	185,087			1,426,150
Infrastructure	2,553,720	201,599			2,755,319
Radios	317,017	49,455			366,472
Total Accumulated Depreciation	<u>12,631,057</u>	<u>1,036,497</u>	<u>(158,068)</u>	-	<u>13,509,486</u>
Total Capital Assets Being Depreciated Net	<u>17,505,510</u>				<u>17,908,487</u>
Governmental Activities Capital Assets Net	<u>18,314,284</u>				<u>18,717,261</u>

City of Eden
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2012

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

General Government	89,815
Public Safety	420,303
Transportation	286,847
Environmental Protection	123,420
Cultural and Recreational	116,112
	<u>1,036,497</u>

	Beginning Balances	Adjustment	Increases	Decreases	Deletions	Ending Balances
Business-type activities:						
Water and Sewer Fund						
Capital assets not being depreciated:						
Land	238,540					238,540
Construction in process	894,129		3,268,964	(449,682)		3,713,411
Total capital assets not being depreciated	1,132,669		3,268,964	(449,682)	-	3,951,951
Capital assets being depreciated:						
Plant and distribution systems	71,014,841		95,558	449,682	(169,119)	71,390,962
Furniture and maintenance equipment	4,715,421		214,726			4,930,147
Vehicles	1,082,343					1,082,343
Total capital assets being depreciated	76,812,605	-	310,284	449,682	(169,119)	77,403,452
Less accumulated depreciation for:						
Plant and distribution systems	25,988,701		1,449,645		(169,119)	27,269,227
Furniture and maintenance equipment	3,180,161		1,079,383			4,259,544
Vehicles	729,821		88,305			818,126
Total accumulated depreciation	29,898,683	-	2,617,333	-	(169,119)	32,346,897
Total capital assets being depreciated, net	46,913,922					45,056,555
Water and Sewer Fund capital assets, net	48,046,591					49,008,506

City of Eden
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2012

Construction Commitments

The City of Eden has active construction projects as of June 30, 2012. At year-end, the City's commitments with contractors are as follows:

Note	Project	Estimated Date of Completion	Total for Project Ordinance	Spent To Date	Remaining Commitment
1	Northern Smith River/Dry Creek Sanitary Sewer Improvements	January 2013	3,356,782	1,251,663	2,105,119
2	Berry Hill Regional Mega Park Automated Meter Reading Project	February 2013 October 2012	1,782,610 1,406,244	477,447 1,406,244	1,305,163 -
	Lawson Street Water Line Upgrade Phase 1	July 2012	21,605	21,605	-
	Thompson/Neil Street Water Line Upgrade	December 2012	79,750	78,750	1,000
	Stadium Drive/Dishmon Loop Water Line Upgrade	December 2012	84,064	75,064	9,000
3	Tanyard Branch Outfall	2016-2017	3,031,949	102,790	2,929,159
4	East Kuder Street Basin	2016-2017	2,545,342	218,491	2,326,851
5	Matrimony Creek Evaluation	2012-2013	130,240	40,040	90,200
5	Upper Matrimony Creek Outfall Rehabilitation	Pending	2,718,636	-	2,718,636
6	Disinfection Byproducts Project	2014-2015	93,000	41,317	51,683
			<u>15,250,222</u>	<u>3,713,411</u>	<u>11,536,811</u>

City of Eden
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2012

Note

1 The following revenues are anticipated to complete this project:

CWMTG Grant	742,183
SRF Principal Forgiveness Loan	1,000,000
SRF Prevailing Interest Loan	1,154,934
Water and Sewer Fund	<u>459,665</u>
	<u><u>3,356,782</u></u>

2 Golden Leaf has approved a grant for \$769,000.

3 The following revenues are anticipated to complete this project:

CWMTF Grant	500,000
DENR-CG&L Prevailing Interest Loan	1,519,449
DENR-CG&L Principal Forgiveness Loan	1,000,000
Water and Sewer Fund	<u>12,500</u>
	<u><u>3,031,949</u></u>

4 The following revenues are anticipated to complete this project:

DENR-CG&L Principal Forgiveness Loan	<u>2,545,342</u>
--------------------------------------	------------------

5 The following revenues are anticipated to complete this project:

CWSRF Principal Forgiveness Loan	1,000,000
CWSRF Interest Loan	<u>1,718,636</u>
	<u><u>2,718,636</u></u>

6 Per Duke Energy purchase order, the City's cost of identification and review of potential technologies to reduce elevated TTHM concentrations will be reimbursed from June 1, 2012 to December 1, 2012 up to \$1,000,000.

City of Eden, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2012

Discretely presented component units

Activity for the ABC Board for the year ended June 30, 2012, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets not being depreciated:				
Land	95,335			95,335
Capital assets being depreciated:				
Building	230,130			230,130
Parking lot improvements	12,190			12,190
Furniture and equipment	30,112			30,112
Computer	13,361			13,361
Total capital assets being depreciated	285,793	-	-	285,793
Less accumulated depreciation for:				
Building	141,045	7,907		148,952
Parking lot improvements	11,278	644		11,922
Furniture and equipment	24,427	1,007		25,434
Computer	13,361			13,361
Total accumulated depreciation	190,111	9,558	-	199,669
Capital assets being depreciated, net	95,682			86,124
ABC capital assets, net	191,017			181,459

City of Eden, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2012

B. Liabilities

1. Pension Plan Obligations

a. Local Governmental Employees' Retirement System

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

Funding Policy. Plan members are required to contribute six percent of their annual covered salary. The City and the ABC Board are required to contribute at an actuarially determined rate. For the City, the rate for employees not engaged in law enforcement and for law enforcement officers was 6.88% and 7.04% for July-September and 7.05% for October-June, respectively, of annual covered payroll. For the ABC Board, the current rate for employees not engaged in law enforcement is 6.88% of annual covered payroll. The contribution requirements of members of the City of Eden and the ABC Board are established and may be amended by the North Carolina General Assembly. The City's contributions to LGERS for the years ended June 30, 2012, 2011, and 2010 were \$508,334, \$454,002 and \$344,812, respectively. The ABC Board's contributions to LGERS for the years ended June 30, 2012, 2011, and 2010 were \$12,265, \$11,140 and \$8,472 respectively. The contributions made by the City and the ABC Board equaled the required contributions for each year.

b. Law Enforcement Officers Special Separation Allowance

1. Plan Description.

The City of Eden administers a public employee retirement system (the "Separation Allowance"), a single-employer defined benefit pension plan that provides retirement benefits to the City's qualified sworn law enforcement officers. The Separation Allowance is equal to .85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly.

City of Eden, North Carolina
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Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Separation Allowance is reported in the City's report as a pension trust fund.

All full-time law enforcement officers of the City are covered by the Separation Allowance. At June 30, 2012, the Separation Allowance's membership consisted of:

Retirees receiving benefits	15
Terminated plan members entitled to but not yet receiving benefits	
Active plan members	<u>46</u>
Total	<u>61</u>

A separate report was not issued for the plan.

2. Summary of Significant Accounting Policies:

Basis of Accounting. The City has chosen to fund the Separation Allowance with contributions from the General Fund to the Police Pension Fund. Pension expenditures are made from the Police Pension Fund, which is maintained on the modified accrual basis of accounting.

Method Used to Value Investments. The asset valuation method in the Police Pension Fund is market value.

3. Contributions.

The City is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the benefit payments through appropriations made from the General Fund operating budget to the Police Pension Fund. The City's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. There were no contributions made by employees.

The annual required contribution for the fiscal year ended June 30, 2012 was determined as part of the December 31, 2011 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 5.00% investment rate of return and (b) projected salary increases ranging from 4.25% to 7.85% per year. The inflation component was 3%. The assumptions do not include postretirement benefit increases.

City of Eden, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2012

Annual Pension Cost and Net Pension Obligation for fiscal year ending June 30, 2012.

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

Employer Annual required contribution	124,498
Interest on net pension obligation	(10,251)
Adjustment to annual required contribution	12,231
Annual pension cost	126,478
Employer contributions made for fiscal year ending June 30, 2012	206,100
Increase (decrease) in net pension obligation	(79,622)
Net pension obligation beginning of year	(205,021)
Net pension obligation end of year	(284,643)

3 Year Trend Information

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/10	\$90,329	96.65%	(102,446)
6/30/11	122,625	183.65%	(205,021)
6/30/12	126,478	162.95%	(284,643)

4. Funded Status and Fund Progress

As of December 31, 2011, the most recent actuarial valuation date, the plan was 9.06% percent funded. The actuarial accrued liability for benefits was \$1,283,982 and the actuarial value of assets was \$116,333, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,167,649. The covered payroll (annual payroll of active employees covered by the plan) was \$1,926,923 and the ratio of the UAAL to the covered payroll was 60.60%.

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

c. Supplemental Retirement Income Plan for Law Enforcement Officers and All Other Full-Time Employees

Plan Description. The City contributes to the Supplemental Retirement Income Plan (Plan), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcement officers employed by the City and all other full-time employees if the

City of Eden, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2012

City contributes for those employees. 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 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 full-time employees, and all amounts contributed are vested immediately. Also, the law enforcement officers and full-time employees may make voluntary contributions to the plan. Contributions for the year ended June 30, 2012 were \$514,717 which consisted of \$367,276 from the City and \$147,441 from the employees.

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

Plan Description. The State of North Carolina contributes, on behalf of the City of Eden, to the Firemen's and Rescue Squad Workers' Pension Fund (Fund), a cost-sharing multiple-employer defined benefit pension plan with a special funding situation administered by the State of North Carolina. The Fund provides pension benefits for eligible fire and rescue squad workers that have elected to become members of the fund. Article 86 of G.S. Chapter 58 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Firemen's and Rescue Squad Workers' Pension Fund is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for the Fund. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Funding Policy. Plan members are required to contribute \$10 per month to the Fund. The State, a nonemployer contributor, funds the plan through appropriations. The City does not contribute to the Fund. Contribution requirements of plan members and the State of North Carolina are established and may be amended by the North Carolina General Assembly.

e. Other Postemployment Benefits

1. Postemployment Health Care Benefits

Plan Description On July 1, 1995, the City begin a self-insured insurance coverage. The City pays the total cost up to a maximum of \$550 per month of health and dental insurance up to age 65 for employees with 30 or more years of service, 15 of which must have been with the City of Eden. The City also pays 75% of health and dental insurance up to a maximum of \$412.50 per month up to age 65 for employees with 25 to 29 years of service, 12.5 of which must

City of Eden, North Carolina
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For the Fiscal Year Ended June 30, 2012

have been with the City of Eden. The City also pays 50% of health and dental insurance up to a maximum of \$275 per month up to age 65 for employees with 20 to 25 years of service, 10 of which must have been with the City of Eden. Also, the City's retirees can purchase coverage for their dependents at the City's group rates as long as their dependents were already on the City's plan at least 12 months prior to the employee's retirement date. Retiree's not eligible for City subsidized premium payments are not eligible to stay on the plan. If retired due to work-related disability the retiree must meet the requirements of the Administrative Policies and Procedures Manual (HR-3) dated August 29, 2009.

Health care, prescription drug, and dental coverage are provided by the City. In addition a \$5,000 retiree life insurance benefit is provided by the City.

Membership of the HCB Plan consisted of the following at December 31, 2011, the date of the latest actuarial valuation:

	<u>General Employees:</u>
Retirees and dependents receiving benefits	109
Terminated plan members entitled to but not yet receiving benefits	
Active plan members	<u>181</u>
Total	<u>290</u>

Funding Policy The City pays the total cost up to a maximum of \$550 per month of health and dental insurance up to age 65 for employees with 30 or more years of service. The City has chosen to fund the healthcare benefits on a pay as you go basis.

The current ARC rate is 5.67% of annual covered payroll. The City carries a reinsurance policy for all specific claims above \$50,000. The City's obligation to contribute to HCB Plan is established and may be amended by the City Council.

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

Annual OPEB cost and Net OPEB Obligation The City's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 43 and 45. The ARC represents a level of funding that, if paid on an ongoing basis is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not exceed thirty years. The following

City of Eden, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2012

table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation for the healthcare benefits:

Annual required contribution	316,146
Interest on net OPEB obligation	20,368
Adjustment to annual required contribution	<u>(19,457)</u>
Annual OPEB cost (expense)	317,057
Contribution made	<u>289,912</u>
Increase (decrease) in net OPEB obligation	27,145
Net OPEB obligation, beginning of year	<u>509,190</u>
Net OPEB obligation, end of year	<u><u>536,335</u></u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2012 were as follows:

For Year Ended <u>June 30</u>	Annual <u>OPEB Cost</u>	Percentage of Annual <u>OPEB Cost Contributed</u>	Net OPEB <u>Obligation</u>
2009	\$388,074	0.0%	\$388,074
2010	\$390,205	75.6%	\$483,403
2011	\$320,665	92.0%	\$509,190
2012	\$317,057	91.4%	\$536,335

Funded Status and Funding Progress As of December 31, 2011, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and, thus, the unfunded actuarial accrued liability (UAAL) was \$5,341,738. The covered payroll (annual payroll of active employees covered by the plan) was \$7,002,538 and the ratio of the UAAL to the covered payroll was 76.3%. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

In the December 31, 2011 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.00% investment rate of return, which is the expected long-term investment returns on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual medical cost trend increase of 9.50% to 5.00% annually. The investment rate included a 3.00% inflation assumption. The actuarial value of assets, if any, was determined using the market value of assets. UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2011 was 30 years.

2. Other Employment Benefits

The City has elected not to provide death benefits to employees other than those engaged in law enforcement 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 engaged in law enforcement who die in active service after one year of contributing membership to 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 no less than \$25,000 and more than \$50,000. All death benefit payments are made from the Death Benefit Plan. The City has no liability beyond the payment of monthly contributions. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount. The City considers these contributions to be immaterial.

Also the City of Eden provides additional group-term life insurance to all full-time employees through Lincoln Financial. The benefits paid are equal to twice the employee's yearly salary. The benefits in excess of \$50,000 are considered taxable to the employee as a fringe benefit.

City of Eden, North Carolina
Notes to the Financial Statements
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3. Deferred Revenues

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

	General Fund
Prepaid expenses -	
Federal/State Drug Forfeiture	48,768
Prepaid privilege licenses	22,177
Prepaid property and motor vehicle taxes	15,877
Taxes receivable (net)	139,244
Other miscellaneous receivables	250,000
Occupancy taxes collected	108,336
School Resource Officer	95,856
	680,258

4. Risk Management

The City is exposed to various risk of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City participates in two self-funded risk financing pools administered by the North Carolina League of Municipalities. Through these pools, the City obtains public officials liability, employment practices liability and police professional liability coverage of \$2 million per occurrence, employee benefit liability coverage of \$1,000,000 per occurrence, property coverage up to the total insurance values and workers' compensation coverage up to the statutory limits. The pools are reinsured through commercial companies for single occurrence claims against general liability and auto liability, police professional liability and public official liability in excess of \$1,000,000, property in excess of \$500,000 and \$1,000,000 up to the statutory limits for workers' compensation.

The City of Eden, since it is located in Flood Zone C, has limited flood coverage through its property insurance administered by the North Carolina League of Municipalities. The flood limit of insurance is \$5,000,000 for single occurrence with an annual aggregate limit of \$5,000,000. The policy has a \$50,000 deductible.

On July 1, 1995 the City began a self-insured insurance coverage. The City carries a reinsurance policy for payment of all specific claims above \$50,000 (effective May 1, 2011) and for aggregate claims above a minimum attachment point. The excess above \$50,000 in claims on any one individual is reimbursed by the reinsurance carrier once the aggregate specific corridor has been met. The aggregate specific corridor is as follows: \$35,000 for the period May 1, 2009 to April 30, 2010; \$42,000 for the period May 1, 2010 to April 30, 2011; \$75,000 for the period May 1, 2011 to April 30, 2012, and \$100,000 for the period May 1, 2012 until present. The lifetime maximum per covered individual is currently unlimited. The maximum reimbursement for the aggregate coverage is \$1,000,000 annually.

City of Eden, North Carolina
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In accordance with GS 159-29, the City's employees that have access to \$100 or more at any given time of the City's funds are fidelity bonded through the Interlocal Risk Financing Fund of North Carolina. The finance officer and tax collector are each individually bonded for \$100,000 and \$50,000 respectively. The remaining employees that have access to funds are bonded for \$50,000 per occurrence. There have been no significant reductions in insurance coverage in the prior years and settled claims have not exceeded coverage in any of the past three fiscal years.

The Eden ABC Board is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The ABC Board has property, general liability, auto liability, workmen's compensation, and employee health coverage's. The Board also has liquor legal liability. There have been no significant reductions in insurance coverage from coverage in the prior year and settled claims have not exceeded coverage in any of the past three fiscal years.

5. Long Term Obligations

a. Installment Purchases

Governmental Activities

General Fund

On May 23, 2011 the City entered into an installment purchase contract to finance the purchase of a new 2012 International 7600 Road Tractor in the amount of \$120,151. The financing contract requires principal payments beginning in the fiscal year 2011 with the interest rate of 2.24%.

The future minimum payments of the installment purchase as of June 30, 2012 including \$3,252 of interest are as follows:

Year Ending June 30 <u>2011</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2013	23,492	1,614
2014	24,018	1,088
2015	<u>24,556</u>	<u>550</u>
Present Value of Installment Purchase Payments	<u>72,066</u>	
Total Interest Payments		<u>3,252</u>

City of Eden, North Carolina
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On December 15, 2009 the City entered into an agreement to obtain a loan for \$283,000 and a grant for \$100,000 from the United States Department of Agriculture Rural Development to purchase 800 MHz radio equipment in the amount of \$385,344 for the use of the police and fire department. The financing contract requires principal payments beginning in the fiscal year 2010-2011 with an interest rate of 4.00%.

The future minimum payments of the loan as of June 30, 2012 including \$24,744 interest, are as follows:

Year Ending <u>June 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2013	27,834	7,060
2014	28,947	5,947
2015	30,105	4,789
2016	31,309	3,585
2017	32,561	2,333
2018	<u>25,754</u>	<u>1,030</u>
Present Value of Installment Purchase Payments	<u>176,510</u>	
Total Interest Payments		<u>24,744</u>

On February 7, 2012, the City of Eden entered into an installment purchase contract to finance the purchase of a 1991 ladder fire truck (refurbishment) in the amount of \$258,000 for the use of the fire department. The financing contract requires principal payments beginning in the fiscal year 2011-12 with an interest rate of 1.83%.

The future minimum payments of the loan as of June 30, 2012 including \$9,496 interest are as follows:

Year Ending <u>June 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2013	50,037	3,764
2014	50,952	2,849
2015	51,885	1,916
2016	<u>52,833</u>	<u>967</u>
Present Value of Installment Purchase Payments	<u>205,707</u>	
Total Interest Payments		<u>9,496</u>

City of Eden, North Carolina
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On April 17, 2012, the City of Eden entered into an installment purchase contract to finance the purchase of a Sakai SW/TW 300-1 Asphalt Roller in the amount of \$35,850 for the use of the street department. The financing contract requires principal payments beginning in the fiscal year 2011-12 with an interest rate of 2.07%.

The future minimum payments of the installment purchase as of June 30, 2012 including \$1,494 interest are as follows:

Year Ending <u>June 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2013	11,706	742
2014	11,948	500
2015	<u>12,196</u>	<u>252</u>
Present Value of Installment Purchase Payments	<u>35,850</u>	
Total Interest Payments		<u>1,494</u>

On March 17, 2008, the City of Eden entered into a Lease purchase contract to finance the acquisition of a computer aided dispatch system and equipment in the amount of \$712,243. The leasing contract requires principal payments beginning in the fiscal year 2008 with interest rate of 2.903%.

The future minimum payments of the lease purchase as of June 30, 2012 including \$3,752 of interest are as follows:

Year Ending <u>June 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2013	<u>126,469</u>	<u>3,752</u>
Present Value of Lease Purchase Payments	<u>126,469</u>	
Total Interest Payments		<u>3,752</u>

On November 21, 2008, the City of Eden entered into an installment purchase contract to finance the purchase of two 2009 Chevrolet Tahoe's for the fire department in the amount of \$59,765. The financing contract requires principal payments beginning in the fiscal year 2008 with interest rate of 3.64%.

City of Eden, North Carolina
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The future minimum payments of the installment purchase as of June 30, 2012 including \$458 of interest are as follows:

Year Ending <u>June 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2013	<u>12,596</u>	<u>458</u>
Present Value of Lease Purchase Payments	<u>12,596</u>	
Total Interest Payments		<u>458</u>

On June 25, 2008, the City of Eden entered into an installment financing agreement to finance Water and Sewer Improvements and Greenway and Downtown Revitalization in the amount of \$8,103,755. The installment contract requires principal payments beginning December 25, 2008 with interest rate of 3.58%.

The future minimum payments of the installment purchase as of June 30, 2012 including \$1,125,099 of interest are as follows:

Year Ending	<u>Governmental Activities</u>		<u>Enterprise Fund</u>		<u>Total</u>	
<u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2013	74,271	33,433	426,416	168,815	500,687	202,248
2014	85,540	30,378	433,232	153,786	518,772	184,164
2015	88,630	27,289	448,881	138,137	537,511	165,426
2016	91,831	24,087	465,094	121,923	556,925	146,010
2017	95,148	20,771	481,894	105,124	577,042	125,895
2018-2022	<u>508,597</u>	<u>49,749</u>	<u>2,573,936</u>	<u>251,607</u>	<u>3,082,533</u>	<u>301,356</u>
	<u>944,017</u>	<u>185,707</u>	<u>4,829,453</u>	<u>939,392</u>	<u>5,773,470</u>	<u>1,125,099</u>

Capital Projects Fund Municipal Park

On December 16, 2002 the City entered into an installment purchase contract to finance construction of ballfields for Freedom Park. The financing contract requires principal payments beginning in the fiscal year 2003 with interest rate of 4.69%.

The future minimum payments of the installment purchase as of June 30, 2012 including \$338 of interest, are as follows:

City of Eden, North Carolina
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Year Ending <u>June 30</u>	Governmental Activities	
	Principal	Interest
2013	<u>24,662</u>	<u>338</u>
Present Value of Installment Purchase Payments	<u>24,662</u>	
Total Interest Payments		<u>338</u>

Proprietary Funds

On November 19, 2010, the City of Eden entered into an installment purchase contract to finance the purchase of a Vactor 2012P Combination Jet Rodding Machine mounted on a 2011 Kenworth T800 Cab - chassis in the amount of \$313,350 with principal payments beginning in the fiscal year 2011 with interest rate of 2.19%.

The future minimum payments of the installment purchase as of June 30, 2012 including \$8,389 of interest, are as follows.

Year Ending <u>June 30</u>	Water and Sewer Fund	
	Principal	Interest
2013	62,022	4,165
2014	63,380	2,806
2015	<u>64,768</u>	<u>1,418</u>
Present Value of Installment Purchase Payments	<u>190,170</u>	
Total Interest Payments		<u>8,389</u>

On May 17, 2007, the City of Eden entered into an installment purchase contract to finance water and sewer improvements in the amount of \$7,500,000. The financing contract requires principal payments beginning in the fiscal year 2008 with interest rate of 3.87%.

The future minimum payments of the installment purchase as of June 30, 2012 including \$1,176,724 of interest are as follows:

City of Eden, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2012

Year Ending <u>June 30</u>	<u>Water and Sewer Fund</u>	
	<u>Principal</u>	<u>Interest</u>
2013	456,812	206,965
2014	474,662	189,116
2015	493,209	170,569
2016	512,481	151,297
2017	532,506	131,272
2018-2022	2,991,384	327,505
Present Value of Installment Purchase Payments	5,461,054	
Total Interest Payments		1,176,724

On May 26, 2009 the City of Eden accepted an offer for a State Loan for a Wastewater Treatment works project under the North Carolina Clean Water Revolving Loan and Grant Act of 1987, the Federal Clean Water Act Amendments of 1987 and American Recovery and Reinvestment Act of 2009. The total ARRA assistance offered was \$714,303 to be used for Sewer Rehabilitation (Dry Creek and Smith River Phase I). The total loan to be repaid shall be one-half of the total project costs reimbursed. Principal forgiveness shall be one-half of the total project costs reimbursed. At June 30, 2011, the total loan/grant received by the City was \$569,704. According to the agreement one-half of the amount will be forgiven and one-half will be repaid. The maximum term of this loan shall not exceed 20 years at an interest rate of zero percent (0%) per annum.

Year Ending <u>June 30</u>	<u>Water and Sewer Fund</u>	
	<u>Principal</u>	<u>Interest</u>
2013	15,507	
2014	15,507	
2015	15,507	
2016	15,507	
2017	15,507	
2018-2022	77,534	
2023-2027	77,534	
2028-2030	46,519	
Present Value of Installment Purchase Payments	279,122	
Total Interest Payments		0

City of Eden, North Carolina
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On May 15, 2012, the City of Eden authorized two sanitary improvement projects as follows:

1. Located in the Dry Creek Basin.
2. Located in the Smith River Basin.

The projects will be financed by a Clean Water State Revolving Fund (CWSRF) Loan in the form of principal forgiveness and the balances at the prevailing State Revolving Fund (SRF) interest rate of 2.445% over the terms of 20 years.

The following revenues are anticipated to be available to complete this project:

CWMTF Grant	742,183
SRF Principal Forgiveness Loan	1,000,000
SRF Prevailing Interest Loan	1,154,934
Transfer from Collection and Distribution Reserve	<u>459,665</u>
	<u>3,356,782</u>

At June 30, 2012, the City of Eden had received \$918,339 from the Clean Water State Revolving Fund, of which \$459,170 was a loan and \$459,169 was loan forgiveness. The principal sum shall be repaid as annual installments on May 1. The first principal payment is due not earlier than six months after completion of the project.

Year Ending <u>June 30</u>	<u>Water and Sewer Fund</u>	
	<u>Principal</u>	<u>Interest</u>
2013	0	0
2014	22,958	12,262
2015	22,958	10,731
2016	22,958	10,166
2017	22,958	9,601
2018-2022	114,792	39,533
2023-2027	114,793	25,414
2028-2032	114,793	11,294
2033	<u>22,959</u>	<u>566</u>
Present Value of Installment Purchase Payments	<u>459,169</u>	
Total Interest Payments		<u>119,567</u>

City of Eden, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2012

b. Capital Leases

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

The first agreement was executed on March 23, 2012 to lease a trash compactor trailer and a 2012 Ford F350 truck with service body, and requires 5 annual payments of \$19,822. Title passes to the City at the end of the lease term for \$1.

The future minimum lease obligation and the net present value of these minimum payments as of June 30, 2012 were as follows:

<u>Year Ending June 30</u>	
2013	19,822
2014	19,822
2015	19,823
2016	<u>17,442</u>
Total Minimum less Payments	76,909
Less: Amount Representing Interest	<u>1,943</u>
	<u>74,966</u>

The second agreement was executed on March 7, 2012, to lease a 2011 Autocar ACX64 and requires 5 annual payments of \$51,797. Title passes to the City at the end of the lease term for \$1.

The future minimum lease obligation and the net present value of these minimum payments as of June 30, 2012 were as follows:

<u>Year Ending June 30</u>	
2013	51,797
2014	51,797
2015	51,797
2016	<u>51,797</u>
Total Minimum less Payments	207,188
Less: Amount Representing Interest	<u>9,075</u>
	<u>198,113</u>

City of Eden, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2012

c. General Obligation Indebtedness

The City of Eden has no general obligation bonds serviced by the governmental funds. Those general obligation bonds issued to finance the construction of facilities utilized in the operations of the water and sewer system were retired by the resources of the Water and Sewer Fund during 2008 - 2009.

At June 30, 2012 the City of Eden had a legal debt margin of \$71,537,133.

City of Eden, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2012

d. The following table summarizes the City's annual requirements to amortize all long-term debts outstanding (excluding vacation pay and claims and judgments):

	Installment Purchases		Total Due
	Principal	Interest	Principal and Interest
<u>Governmental Activities</u>			
2012-2013	418,314	55,533	473,847
2013-2014	269,719	44,067	313,786
2014-2015	276,769	37,019	313,788
2015-2016	244,093	29,759	273,852
2016-2017	127,709	23,104	150,813
2017-2022	534,351	50,779	585,130
	-		-
	<u>1,870,955</u>	<u>240,261</u>	<u>2,111,216</u>
<u>Water and Sewer</u>			
2012-2013	960,757	379,945	1,340,702
2013-2014	1,009,739	357,970	1,367,709
2014-2015	1,045,323	320,855	1,366,178
2015-2016	1,016,040	283,386	1,299,426
2016-2017	1,052,865	245,997	1,298,862
2017-2022	5,757,646	618,645	6,376,291
2022-2027	192,326	25,414	217,740
2027-2033	184,270	11,859	196,129
	<u>11,218,966</u>	<u>2,244,071</u>	<u>13,463,037</u>

City of Eden
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2012

e. Changes in Long-Term Liabilities

	<u>General Long Term Debt June 30, 2011</u>	<u>Additions</u>	<u>Retirement</u>	<u>General Long Term Debt June 30, 2012</u>	<u>Current Portion of Balance</u>
Governmental Activities					
By type of debt:					
Installment purchases	1,828,745	636,840	594,631	1,870,954	418,314
Compensated absences	514,334	45,227		559,561	
Other Post Employment Benefits	<u>362,305</u>	<u>247,051</u>	<u>225,900</u>	<u>383,456</u>	
Governmental Activities Long-Term Liabilities	<u><u>2,705,384</u></u>	<u><u>929,118</u></u>	<u><u>820,531</u></u>	<u><u>2,813,971</u></u>	<u><u>418,314</u></u>
Business-type Activities					
Installment Purchases	11,711,216	459,169	951,419	11,218,966	960,757
Compensated Balances	89,448	2,378		91,826	
Other Post Employment Benefits	<u>146,885</u>	<u>70,006</u>	<u>64,012</u>	<u>152,879</u>	
	<u><u>11,947,549</u></u>	<u><u>531,553</u></u>	<u><u>1,015,431</u></u>	<u><u>11,463,671</u></u>	<u><u>960,757</u></u>

City of Eden, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2012

C. Interfund Balances and Activity

Balance due to/from other funds:

Balance due to/from other funds at June 30, 2011, consists of the following:

Due to General Fund from the Water and Sewer Fund	<u>439</u>
--	------------

Due to General Fund from Component Unit - Eden ABC Board	<u>13,640</u>
---	---------------

The interfund balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Transfers to/from other funds at June 30, 2012 consist of the following:

From the Emergency Communication Fund to the General Fund	17,400
From the Municipal Service District Tax Fund to the General Fund	<u>3,500</u>
	<u>20,900</u>

Transfers are used to move restricted revenues to finance various programs in accordance with budgetary authorization.

D. Revenues, Expenditures, and Expenses

On-Behalf Of Payments for Fringe Benefits and Salaries

For the fiscal year ended June 30, 2012, the City of Eden has recognized on-behalf of payments for pension contributions made by the State as a revenue and an expenditure of \$20,254 for the 36 volunteer firemen and 17 employed firemen who perform fire fighting duties for the City's fire department. The volunteers and employees elected to be members of the Firemen and Rescue Squad Worker's Pension Fund, a cost-sharing, multiple-employer public employee retirement system established and administered by the State of North Carolina. The plan is funded by a \$10.00 monthly contribution paid by each member, investment income, and State appropriation.

E. Fund Balance

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

City of Eden, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2012

Total fund balance-General Fund	8,915,309
Less:	
Inventories	179,431
Stabilization by State Statute	1,665,588
Streets - Powell Bill	169,739
Public Safety	34,900
Historic Preservation	12,825
Appropriated Fund Balance in 2013 budget	708,800
Working Capital/ Fund Policy	<u>3,405,807</u>
Remaining Fund Balance	<u><u>2,738,219</u></u>

III. Summary Disclosure of Significant Contingencies

Federal and State Assisted Programs

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

City of Eden, North Carolina
 Law Enforcement Officers' Special Separation Allowance
 Required Supplementary Information
 Schedule of Funding Progress

Exhibit A-1

Year Ended Dec 31	(1) Actuarial Value of Assets (a)	(2) Actuarial Accrued Liability (AAL) - Proj. Unit Credit (b)	(3) Funded Ratio (a/b)	(4) Unfunded AAL (UAAL) (b-a)	(5) Covered Payroll for Year Ending On Val. Date (c)	(6) UAAL as Percentage of Covered Payroll (b-a)/c
2006	337,635	1,157,046	29.18%	819,411	1,933,036	42.39%
2007	333,428	1,277,783	26.09%	944,355	1,814,560	52.04%
2008	333,337	1,293,351	25.77%	960,014	1,973,885	48.64%
2009	131,141	1,534,818	8.54%	1,403,677	1,906,291	73.63%
2010	369	1,381,740	0.03%	1,381,371	2,025,690	68.19%
2011	116,333	1,283,982	9.06%	1,167,649	1,926,923	60.60%

City of Eden, North Carolina
 Law Enforcement Officers' Special Separation Allowance
 Required Supplementary Information
 Schedule of Employer Contributions

Exhibit A-2

Year Ended June 30	Annual Required Contributions	Percentage Contributed
2006	84,103	128.41%
2007	73,238	161.80%
2008	77,333	181.42%
2009	85,156	0.00%
2010	90,329	96.65%
2011	122,625	183.65%
2012	126,478	162.95%

Notes to the Required Schedules:

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

The annual required contribution (ARC) for the fiscal year ended June 30, 2013 was determined as part of the December 31, 2011 actuarial valuation using the following information.

Valuation date	12/31/11
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay closed
Remaining amortization period	19 Years
Asset valuation method	Market Value
Actuarial assumptions:	
Investment rate of return*	5.00%
Projected salary increases*	4.25% - 7.85%
*Includes inflation at	3.00%
Cost-of-living adjustments	N/A

City of Eden, North Carolina
 Other Postemployment Benefits
 Health Care Plan of the City of Eden
 Required Supplementary Information
 Schedule of Funding Progress

Exhibit A-3

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Proj. Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as Percentage of Covered Payroll (b-a)/c
12-31-07	-	5,055,831	5,055,831	0.0%	6,536,558	77.4%
12-31-08	-	5,402,961	5,402,961	0.0%	6,605,867	81.8%
12-31-09	-	4,334,835	4,334,835	0.0%	6,966,287	62.2%
12-31-10	-	4,424,387	4,424,387	0.0%	7,334,093	60.3%
12-31-11	-	5,341,738	5,341,738	0.0%	7,002,538	76.3%

City of Eden, North Carolina
 Other Postemployment Benefits
 Health Care Plan of the City of Eden
 Required Supplementary Information
 Schedule of Employer Contributions

Exhibit A-4

<u>Year Ended June 30</u>	<u>Annual Required Contributions</u>	<u>Percentage Contributed</u>
2009	388,074	0.00%
2010	390,205	75.57%
2011	320,665	92.00%
2012	317,057	91.40%

Notes to the Required Schedules:

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

Valuation date	12/31/11
Actuarial cost method	Projected unit credit
Amortization method	Level percentage of pay open
Remaining amortization period	30 Years
Asset valuation method	Market Value of Assets
Actuarial assumptions:	
Investment rate of return*	4.00%
Medical cost trend rate	9.50% - 5.00%
Year of Ultimate trend rate	2018
*Includes inflation at	3.00%

City of Eden, North Carolina
General Fund
Comparative Balance Sheets
June 30, 2012 and June 30, 2011

Exhibit B-1

	<u>June 30, 2012</u>	<u>June 30, 2011</u>
Assets:		
Cash and Cash Equivalents	7,534,347	7,431,113
Cash and Cash Equivalents - Restricted Deposits	169,739	155,282
Receivables (net):		
Taxes	139,244	157,466
Accounts Receivable	817,574	589,451
Due from Other Governmental Units	1,057,735	988,302
Due from Component Unit	13,640	25,586
Due from Other Funds	-	1,382
Inventories	179,431	174,077
Prepaid Expenses	26,646	21,796
Total Assets	<u><u>9,938,356</u></u>	<u><u>9,544,455</u></u>
Liabilities and Fund Balances		
Liabilities:		
Accounts Payable and Accrued Liabilities	342,350	291,395
Due to Other Funds	439	-
Deferred Revenues	680,258	698,900
Total Liabilities	<u>1,023,047</u>	<u>990,295</u>
Fund Balances:		
Non Spendable		
Inventories	179,431	174,077
Prepaid Expenses	26,646	21,796
Restricted		
Stabilization by State Statute	1,665,588	1,376,511
Streets - Powell Bill	169,739	155,282
Police Protection	34,900	34,900
Historic Preservation	12,825	12,825
Assigned		
Subsequent Year Expenditures	708,800	-
Unassigned	<u>6,117,380</u>	<u>6,778,769</u>
	<u>8,915,309</u>	<u>8,554,160</u>
	<u><u>9,938,356</u></u>	<u><u>9,544,455</u></u>

City of Eden, North Carolina
 General Fund
 Statement of Revenues, Expenditures, and
 Changes in Fund Balance -- Budget and Actual
 For Fiscal Year Ended June 30, 2012
 (With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2011)

Exhibit B-2

	2012		2011	
	Budget	Variance Favorable (Unfavorable)	Actual	Actual
Revenues:				
Ad Valorem Taxes:				
Current Year	5,138,500	159,110	5,297,610	5,937,031
Prior Years	172,400	6,972	179,372	149,909
Penalties and Interest on Taxes	39,500	(539)	38,961	38,143
Prepaid Tax Discounts	(21,000)	(2,530)	(23,530)	(21,298)
Rockingham County Collection Fee				
- Vehicle Tax	(8,000)	298	(7,702)	(7,450)
Short-Term Rental Vehicle Tax	10,000	2,594	12,594	11,926
	5,331,400	165,905	5,497,305	6,108,261
Other Taxes & Licenses:				
Payments in Lieu of Taxes	623,800	36,624	660,424	615,536
Dog Taxes	1,500	(276)	1,224	1,296
Franchise Fees	172,500	(1,239)	171,261	184,284
Privilege Licenses	41,700	(2,203)	39,497	40,304
Penalties on Privilege Licenses	100	(34)	66	85
Occupancy Tax	60,200	9,603	69,803	65,824
	899,800	42,475	942,275	907,329
Unrestricted Intergovernmental Revenues:				
Wine and Beer Tax	67,700	(339)	67,361	70,042
Franchise Tax	751,000	(10,204)	740,796	740,296
Solid Waste Disposal Tax	10,000	615	10,615	10,772
State Hold Harmless Payment	647,100	14,989	662,089	630,503
Local Options Sales Tax	847,700	52,872	900,572	869,739
Local Options Sales Tax-1/2 Cent	1,043,600	23,627	1,067,227	1,013,248
ABC Profit Distribution	97,300	11,399	108,699	94,836
	3,464,400	92,959	3,557,359	3,429,436
Restricted Intergovernmental Revenues:				
Powell Bill	476,200	11	476,211	472,611
Rockingham County	2,400	-	2,400	2,400
Controlled Substance Tax	1,000	(118)	882	249
On-Behalf of Payments				
- Fire and Rescue	15,800	4,454	20,254	17,052
Federal Drug Forfeiture	24,400	(332)	24,068	9,576
School Resource Officers:				
Rockingham County	83,900	11,922	95,822	83,985
Highway Safety Grant	-	4,919	4,919	-
Rural Center Banjo Museum Grant	-	-	-	20,500
NC DOT Reimbursement	110,000	16,780	126,780	33,457
Police COPS Grant	95,300	(9,732)	85,568	89,995
Police Grant - Drug Trafficker Reductic	5,200	(5,200)	-	-
Police Grant - Reidsville Area Foundat	-	-	-	5,400
Police Bullet Proof Vest Program	-	-	-	11,431
Fire Grant	-	-	-	2,000
State Health Initiative Grant	21,100	81	21,181	3,731
ABC Revenue for Law Enforcement	2,000	1,912	3,912	2,235
	837,300	24,697	861,997	754,622
Total	837,300	24,697	861,997	754,622

City of Eden, North Carolina
 General Fund
 Statement of Revenues, Expenditures, and
 Changes in Fund Balance -- Budget and Actual
 For Fiscal Year Ended June 30, 2012
 (With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2011)

Exhibit B-2

	2012			2011
	Budget	Variance Favorable (Unfavorable)	Actual	Actual
Permits and Fees:				
Building Permits	35,000	(6,543)	28,457	27,048
Plumbing Permits	8,500	(1,105)	7,395	8,060
Mechanical Permits	16,000	(1,895)	14,105	18,170
Sign Permits	600	(60)	540	625
Planning Department Applications	900	450	1,350	1,050
Electrical Permits	23,000	(544)	22,456	33,633
Planning Department Permits	300	(165)	135	340
Building Inspector - State Fees	-	(161)	(161)	(198)
Engineering Testing Fees	3,000	1,654	4,654	4,854
Building Fees	900	(300)	600	450
Nuisance Fees	34,000	(18,501)	15,499	21,333
Fire Department Permits	2,000	(207)	1,793	4,515
Total	124,200	(27,377)	96,823	119,880
Sales and Services:				
Concessions	44,100	(4,864)	39,236	43,846
Court Costs	7,200	(2,436)	4,764	6,796
Parking Violations	1,500	(1,170)	330	1,200
Fire Protection Charges	6,900	1,218	8,118	5,343
League Entrance Fees	8,000	3,579	11,579	8,665
County User Fees	5,600	(993)	4,607	4,395
Pool Admissions	14,700	1,994	16,694	12,823
Recreation Revenues:				
Lessons	1,300	(478)	822	2,027
Dixie Youth Tournament	20,800	23	20,823	1,425
Building Use	16,500	(4,095)	12,405	15,132
Field Use & Lights	7,700	(1,510)	6,190	9,483
Miscellaneous	15,000	17,366	32,366	26,490
Police Security	50,000	(4,224)	45,776	54,209
Police Security - Fringe Benefits	10,000	(346)	9,654	9,751
Restitution	500	2,081	2,581	2,696
Dog Fines	300	695	995	967
Police Revenues	3,300	739	4,039	3,744
Historic Preservation Book Sales	600	(205)	395	515
Pottery Festival Fees	3,700	1,995	5,695	6,041
Farmer's Market Fees	900	(900)	-	-
Community Garden Fees	-	440	440	995
Rubber Duck Regatta	-	-	-	2,015
All-America City Donations	3,700	-	3,700	52,175
Goodwill Training Center Contribution	8,600	48	8,648	-
Downtown Clock Donations	9,100	-	9,100	-
Street Mowing and Cleaning	9,800	112	9,912	9,814
Driveway Cuts	4,000	2,678	6,678	2,069
Solid Waste Fees - Residential	1,368,000	26,214	1,394,214	1,373,712
Solid Waste Fees - Commercial	462,100	9,605	471,705	458,779
Dumpster Late Fees	3,000	(1,490)	1,510	1,560
Solid Waste Demolition & Abatement	5,700	(870)	4,830	6,163
Fuel Purchases/County Agencies	25,000	15,414	40,414	36,074
Police - Fingerprinting Fee	800	130	930	840
Total	2,118,400	60,750	2,179,150	2,159,744
Investment Earnings:				
Investment Earnings	32,600	16,057	48,657	47,135
Miscellaneous Revenue:				
Miscellaneous Revenue	13,500	(7,874)	5,626	12,230
Cash Discounts Earned	300	(265)	35	174
Sale of Materials	22,900	10,617	33,517	59,967
Insurance Proceeds and Refunds	80,000	4,421	84,421	22,409
Community Appearance Projects	1,300	(335)	965	871
Donations	8,600	300	8,900	-
Donations to Recreation	-	4,699	4,699	4,068
Donated Modular Building	-	-	-	950
Other Refunds	-	139	139	100,920
Sale of Fixed Assets	-	4,771	4,771	1,063
	126,600	16,473	143,073	202,652
Total Revenues	12,934,700	391,939	13,326,639	13,729,059

City of Eden, North Carolina
 General Fund
 Statement of Revenues, Expenditures, and
 Changes in Fund Balance -- Budget and Actual
 For Fiscal Year Ended June 30, 2012
 (With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2011)

Exhibit B-2

	2012			2011
	Budget	Variance Favorable (Unfavorable)	Actual	Actual
Expenditures:				
General Government:				
Governing Board:				
Salaries & Wages:				
Regular Salaries	28,600	-	28,600	28,775
FICA	2,200	12	2,188	2,201
Insurance & Bonds/WC	600	48	552	453
Office Supplies	600	38	562	705
Departmental Supplies	1,400	39	1,361	983
Miscellaneous Expense	4,100	18	4,082	1,701
Travel	15,300	81	15,219	9,910
Telephone	600	63	537	498
Advertising	1,500	28	1,472	682
Contracted Services	100	58	42	298
Insurance and Bonds	3,200	22	3,178	3,040
Dues & Subscriptions	18,950	43	18,907	18,078
Reimbursement - Proprietary Fund	(37,600)	750	(38,350)	(33,662)
Total	39,550	1,200	38,350	33,662
Administration:				
Salaries & Wages:				
Regular Salaries	162,900	72	162,828	160,935
Travel Allowance	7,200	-	7,200	7,200
Christmas Allowance	300	-	300	300
Deferred Compensation	16,750	-	16,750	15,866
Total Salaries & Wages	187,150	72	187,078	184,301
FICA	12,300	525	11,775	11,322
Retirement Expense	11,300	77	11,223	10,278
Group Insurance	24,600	(800)	25,400	22,100
Insurance & Bonds/WC	700	148	552	453
Employee Incentives	300	5	295	63
401(k) Contributions	8,300	143	8,157	8,130
Professional Services	100	76	24	24
Special Incentives Programs	-	(303)	303	-
Office Supplies	3,700	(86)	3,786	2,247
Departmental Supplies	2,800	160	2,640	2,104
Miscellaneous	200	(52)	252	-
Travel	4,750	147	4,603	4,362
Telephone	2,350	69	2,281	2,264
Printing	1,100	39	1,061	918
Maintenance & Repair:				
Equipment	100	100	-	-
Copier	4,350	(113)	4,463	3,098
Copier Charge Out	(4,500)	176	(4,676)	(4,526)
Advertising	300	69	231	-
Contracted Services	200	158	42	298
Employee Training	2,000	161	1,839	1,590
Insurance & Bonds	2,100	137	1,963	1,824
Dues & Subscriptions	2,300	294	2,006	2,079
Reimbursement - Proprietary Fund	(132,500)	149	(132,649)	(125,624)
Total	134,000	1,351	132,649	127,305

City of Eden, North Carolina
 General Fund
 Statement of Revenues, Expenditures, and
 Changes in Fund Balance -- Budget and Actual
 For Fiscal Year Ended June 30, 2012
 (With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2011)

Exhibit B-2

	2012			2011
	Budget	Variance Favorable (Unfavorable)	Actual	Actual
Finance/Human Resources:				
Salaries & Wages:				
Regular Salaries	247,800	67	247,733	243,016
Overtime	-	-	-	-
Christmas Allowance	750	-	750	750
Total Salaries & Wages	248,550	67	248,483	243,766
FICA	18,600	218	18,382	18,152
Retirement Expense	17,200	104	17,096	15,538
Group Insurance	54,000	(3,300)	57,300	41,900
Disability Insurance	300	11	289	102
Insurance & Bonds/WC	1,900	85	1,815	1,488
Employee Incentive	500	6	494	209
401(k) Contributions	12,500	76	12,424	12,291
Professional Services	34,200	101	34,099	35,417
Credit Card Charges	3,500	138	3,362	2,996
Bank Service Charge	800	42	758	658
HR Special Incentive	7,400	21	7,379	6,235
Office Supplies	4,300	(175)	4,475	3,623
Departmental Supplies	2,200	74	2,126	2,472
Penalties	1,600	86	1,514	-
Wellness Program	8,900	75	8,825	9,860
Miscellaneous	400	29	371	588
Travel	600	92	508	262
Telephone	200	18	182	124
Postage	7,800	13	7,787	7,748
Printing	4,400	(5)	4,405	2,476
Advertising	1,000	(70)	1,070	1,011
Contracted Services	42,800	111	42,689	39,153
Employee Training	1,000	86	914	1,316
Equipment Rental	1,200	45	1,155	1,316
Insurance & Bonds	2,500	163	2,337	2,204
Dues & Subscriptions	950	44	906	991
C/O Equipment - Nondepreciable	-	-	-	371
Purchases for Inventory	17,500	399	17,101	19,197
Issues from Inventory	(18,100)	(999)	(17,101)	(19,180)
Reimbursement - Proprietary Fund	(259,100)	5,563	(264,663)	(245,929)
Total	219,600	3,118	216,482	206,355
Legal:				
Salaries & Wages:				
Regular Salaries	76,000	35	75,965	75,162
Christmas Allowance	200	50	150	150
Total Salaries & Wages	76,200	85	76,115	75,312
FICA	5,800	176	5,624	5,577
Retirement Expense	5,300	63	5,237	4,801
Group Insurance	10,400	-	10,400	7,400
Disability Insurance	500	55	445	442
Insurance & Bonds/WC	400	5	395	323
Employee Incentives	100	72	28	12
401(k) Contributions	3,900	94	3,806	3,810
Professional Services	4,700	994	3,706	1,881
Office Supplies	200	57	143	102
Miscellaneous	100	100	-	-
Travel	1,000	21	979	2,066
Telephone	1,000	208	792	947
Printing	200	179	21	45
Advertising	500	500	-	152
Training	600	211	389	700
Insurance & Bonds	600	39	561	456
Dues & Subscriptions	3,800	115	3,685	4,807
Reimbursement-Proprietary Fund	(56,200)	(37)	(56,163)	(53,944)
Total	59,100	2,937	56,163	54,889

City of Eden, North Carolina
 General Fund
 Statement of Revenues, Expenditures, and
 Changes in Fund Balance -- Budget and Actual
 For Fiscal Year Ended June 30, 2012
 (With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2011)

Exhibit B-2

	2012			2011
	Budget	Variance Favorable (Unfavorable)	Actual	Actual
Planning:				
Salaries & Wages:				
Regular Salaries	279,805	138	279,667	277,968
Part-Time	15,350	50	15,300	15,034
Temporary	79,800	(548)	80,348	53,448
Christmas Allowance	900	-	900	900
Total Salaries & Wages	375,855	(360)	376,215	347,350
FICA	27,600	25	27,575	25,381
Retirement Expense	19,400	97	19,303	17,776
Group Insurance	63,400	(1,800)	65,200	55,900
Disability Insurance	-	-	-	287
Insurance & Bonds/WC	6,100	53	6,047	4,528
Employee Incentive	380	1	379	255
401(k) Contributions	14,200	172	14,028	14,060
Professional Services	11,600	(123)	11,723	25,612
Laundry/Uniforms	-	-	-	1,108
Safety Equipment	1,450	(1,085)	2,535	1,987
Mapping Supplies	300	41	259	685
Landscaping	14,870	(4,284)	19,154	5,466
Gas	14,100	39	14,061	9,029
Tires	500	27	473	306
Maintenance & Repair:				
Equipment	1,100	(35)	1,135	2,783
Vehicles	5,640	26	5,614	3,086
Office Supplies	4,400	50	4,350	3,760
Departmental Supplies	3,200	(504)	3,704	2,651
Small Tools	600	24	576	2,607
Miscellaneous	600	84	516	536
Travel:				
Planning	2,100	24	2,076	3,599
Historic Preservation Expense	335	2	333	202
Community Appearance Expense	6,600	(30)	6,630	3,308
Tree Board Expense	600	38	562	114
Community Garden	-	-	-	1,827
Telephone	4,300	19	4,281	3,153
Printing	400	80	320	558
Advertising	4,000	(96)	4,096	2,905
Professional Services/Programming	2,500	605	1,895	-
Contracted Services	31,670	(12,859)	44,529	25,394
Employee Training	2,500	208	2,292	1,654
Insurance & Bonds	2,850	45	2,805	2,432
Dues & Subscriptions	6,350	41	6,309	4,979
C/O Buildings Improvements	122,000	20	121,980	4,896
C/O Equipment - Depreciable	-	-	-	5,576
C/O Equipment - Nondepreciable	2,000	37	1,963	5,279
Total	753,500	(19,418)	772,918	591,029

City of Eden, North Carolina
 General Fund
 Statement of Revenues, Expenditures, and
 Changes in Fund Balance -- Budget and Actual
 For Fiscal Year Ended June 30, 2012
 (With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2011)

Exhibit B-2

	2012			2011
	Budget	Variance Favorable (Unfavorable)	Actual	Actual
Economic Development:				
Salaries & Wages:				
Regular Salaries	117,150	48	117,102	115,864
Christmas Allowance	<u>300</u>	<u>-</u>	<u>300</u>	<u>300</u>
Total Salaries & Wages	117,450	48	117,402	116,164
FICA	8,150	24	8,126	8,013
Retirement Expense	8,100	23	8,077	7,405
Group Insurance	17,500	-	17,500	14,400
Disability Insurance	300	38	262	260
Insurance & Bonds/WC	2,900	33	2,867	1,941
Employee Incentive	200	11	189	281
401(k) Contributions	5,900	30	5,870	5,857
Professional Services	200	135	65	209
Consultant Fees	200	90	110	2,860
Gas	1,150	35	1,115	1,122
Tires	200	28	172	-
Maintenance & Repair:				
Vehicles	900	67	833	302
Equipment	50	19	31	154
Office Supplies	2,300	67	2,233	2,408
Departmental Supplies	800	80	720	127
All-America City	9,200	1	9,199	46,658
Pottery Festival	9,700	(641)	10,341	9,292
Riverfest	5,000	-	5,000	5,000
Farmer's Market	-	-	-	232
Miscellaneous	1,200	24	1,176	1,007
Twin Rivers Downtown Dev Corp	4,000	-	4,000	4,000
Rubber Duck Regatta	-	-	-	2,971
Travel	1,000	98	902	716
Telephone	2,000	22	1,978	974
Printing	400	26	374	592
Signs	-	-	-	13,585
Advertising	1,100	45	1,055	28
Contracted Services	1,100	165	935	1,750
Training	300	53	247	755
Insurance & Bonds	600	39	561	532
Dues & Subscriptions	500	185	315	325
C/O Equipment - Depreciable	12,600	-	12,600	-
C/O Equipment - Nondepreciable	-	-	-	1,436
Façade Improvements	2,000	-	2,000	500
Washington St Park Upgrade	-	-	-	3,580
Occupancy Tax Expenditures	<u>45,200</u>	<u>(263)</u>	<u>45,463</u>	<u>41,824</u>
Total	<u>262,200</u>	<u>482</u>	<u>261,718</u>	<u>297,260</u>

City of Eden, North Carolina
 General Fund
 Statement of Revenues, Expenditures, and
 Changes in Fund Balance -- Budget and Actual
 For Fiscal Year Ended June 30, 2012
 (With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2011)

Exhibit B-2

	2012		2011	
	Budget	Variance Favorable (Unfavorable)	Actual	Actual
Engineering:				
Salaries & Wages:				
Regular Salaries	155,100	68	155,032	153,426
Overtime	-	-	-	2,734
Temporary	1,300	43	1,257	1,958
Christmas Allowance	450	-	450	450
Total Salaries & Wages	156,850	111	156,739	158,568
FICA	12,000	41	11,959	12,105
Retirement Expense	10,700	3	10,697	9,982
Group Insurance	35,150	-	35,150	21,500
Insurance & Bonds/WC	5,300	12	5,288	4,334
Employee Incentive	200	20	180	99
401(k) Contributions	7,800	26	7,774	7,895
Professional Services	350	24	326	3,035
Laundry/Uniforms	-	-	-	1,301
Safety Equipment	200	135	65	138
Mapping Supplies	400	56	344	491
Gas	3,000	40	2,960	3,161
Tires	400	44	356	-
Maintenance & Repair:				
Equipment	500	93	407	407
Vehicles	800	48	752	820
Office Supplies	700	38	662	482
Departmental Supplies	300	56	244	424
Small Tools & Equipment	50	21	29	71
Miscellaneous	200	41	159	33
Telephone	1,250	80	1,170	1,440
Printing	300	56	244	245
Computer Programming	100	24	76	-
Contracted Services	6,100	56	6,044	5,968
Insurance & Bonds	2,200	50	2,150	1,748
Dues & Subscriptions	300	42	258	252
Reimbursement - Proprietary Fund	(182,850)	250	(183,100)	(174,753)
Total	<u>62,300</u>	<u>1,367</u>	<u>60,933</u>	<u>59,746</u>

City of Eden, North Carolina
 General Fund
 Statement of Revenues, Expenditures, and
 Changes in Fund Balance -- Budget and Actual
 For Fiscal Year Ended June 30, 2012
 (With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2011)

Exhibit B-2

	2012		2011	
	Budget	Variance Favorable (Unfavorable)	Actual	Actual
Information Technology:				
Salaries & Wages:				
Regular Salaries	52,300	(144)	52,444	51,172
Overtime	-	-	-	-
Part-Time	11,490		11,316	994
Christmas Allowance	150	-	150	150
Total Salaries & Wages	63,940	30	63,910	52,316
FICA	4,700	266	4,434	3,612
Retirement Expense	3,700	81	3,619	3,271
Group Insurance	10,300	-	10,300	7,200
Disability Insurance	50	25	25	300
Insurance & Bonds/WC	500	26	474	388
Employee Incentives	100	72	28	27
401(k) Contributions	2,700	70	2,630	2,586
Professional Services	300	244	56	12
Office Supplies	890	127	763	505
Departmental Supplies	4,000	13	3,987	1,466
EDP Supplies	1,100	237	863	1,114
Other Department Supplies	9,200	(125)	9,325	11,564
Miscellaneous	100	84	16	35
Travel	1,200	69	1,131	1,309
Telephone	1,500	21	1,479	1,777
Data Transmission/WAN	19,300	37	19,263	17,530
Printing	100	96	4	6
M/R Equipment	3,000	213	2,787	1,675
Professional Services/Prog	-	-	-	272
Contracted Services	600	558	42	337
Training	200	40	160	220
Computer Lease	8,200	100	8,100	12,459
Insurance & Bonds	300	20	280	228
Dues/Subscriptions	470	3	467	99
Software License Fees	46,900	731	46,169	47,182
C/O Equipment - Depreciable	10,650	8	10,642	-
Other Dept. C/O - Depreciable	9,000	288	8,712	-
Reimbursement - Proprietary Fund	(102,400)	(2,567)	(99,833)	(83,473)
Total	100,600	767	99,833	84,017
Public Buildings Service:				
Telephone	7,000	(63)	7,063	7,128
Utilities:				
Electric	60,500	(583)	61,083	51,925
Gas	13,500	2,436	11,064	15,643
Professional Services	-	-	-	1,500
C/O Building Imprv - Non-Depr	-	-	-	4,157
Reimbursement - Proprietary Fund	(17,400)	(1,558)	(15,842)	(14,748)
Total	63,600	232	63,368	65,605
Total General Government	1,694,450	(7,964)	1,702,414	1,519,868

City of Eden, North Carolina
 General Fund
 Statement of Revenues, Expenditures, and
 Changes in Fund Balance -- Budget and Actual
 For Fiscal Year Ended June 30, 2012
 (With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2011)

Exhibit B-2

	2012			2011
	Budget	Variance Favorable (Unfavorable)	Actual	Actual
Environmental Services:				
Salaries & Wages:				
Regular Salaries	112,500	46	112,454	121,280
Specialist Pay	400	-	400	120
Christmas Allowance	300	-	300	300
Total Salaries & Wages	113,200	46	113,154	121,700
FICA	8,700	115	8,585	9,209
Retirement Expense	7,800	15	7,785	7,758
Group Insurance	27,900	(800)	28,700	21,338
Insurance & Bonds/WC	1,300	37	1,263	1,035
Employee Incentives	200	56	144	162
401(k) Contributions	5,700	42	5,658	6,151
Professional Services	2,600	17	2,583	1,236
Gas	150	13	137	114
Maintenance & Repair:				
Vehicles	-	-	-	399
Office Supplies	650	48	602	838
Departmental Supplies	1,100	107	993	1,666
Miscellaneous	100	72	28	449
Travel	100	78	22	163
Telephone	900	81	819	919
Printing	300	84	216	148
Contracted Services	100	58	42	298
Training	250	31	219	250
Insurance & Bonds	700	46	654	608
Dues/Subscriptions	500	24	476	397
Reimbursement - Proprietary Fund	(111,100)	808	(111,908)	(112,357)
Total	61,150	978	60,172	62,481

City of Eden, North Carolina
 General Fund
 Statement of Revenues, Expenditures, and
 Changes in Fund Balance -- Budget and Actual
 For Fiscal Year Ended June 30, 2012
 (With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2011)

Exhibit B-2

	2012		2011	
	Budget	Variance Favorable (Unfavorable)	Actual	Actual
Public Safety:				
Police Department:				
Salaries & Wages:				
Regular Salaries	2,155,800	886	2,154,914	2,199,688
Overtime	25,800	(113)	25,913	24,094
Uniforms	5,950	81	5,869	11,749
Police Security	44,500	508	43,992	44,496
Specialist Pay	10,000	38	9,962	7,284
Part-Time & Temporary	34,600	10	34,590	35,441
Christmas Allowance	7,350	-	7,350	7,800
	2,284,000	1,410	2,282,590	2,330,552
Total Salaries & Wages				
Contribution to Police Separation Allowance	206,100	-	206,100	225,200
State Retirement Expense	137,100	78	137,022	128,821
FICA	168,300	690	167,610	171,578
Retirement Expense	20,600	95	20,505	17,711
Group Insurance	618,300	(1,600)	619,900	496,900
Disability Insurance	2,600	71	2,529	2,896
Insurance & Bonds/WC	70,000	(922)	70,922	56,686
Employee Incentive	3,900	3	3,897	2,593
401(k) Contributions	113,000	294	112,706	114,865
Professional Services	4,100	262	3,838	2,893
OSHA Hepatitis B	400	322	78	420
Informants Fees	7,250	4	7,246	11,020
Laundry & Dry Cleaning	300	154	146	670
Safety Equipment	16,500	374	16,126	11,750
Gas	117,750	47	117,703	105,114
Tires	13,100	17	13,083	13,645
Maintenance & Repair:				
Building	3,900	163	3,737	2,513
Equipment	1,300	60	1,240	2,400
Vehicles	53,100	264	52,836	39,841
Radios	200	62	138	-
Copier	5,100	(565)	5,665	2,590
Other Supplies - Vehicles	200	105	95	114
Office Supplies	6,600	84	6,516	7,123
Departmental Supplies	19,700	164	19,536	22,225
Departmental Supplies - Drug Forf	-	-	-	1,565
Firing Range Supplies	400	282	118	241
K-9	6,700	43	6,657	1,731
Humane Officer Supplies	36,100	46	36,054	34,597
DARE Program Supplies	4,800	251	4,549	3,320
Small Tools	-	-	-	55
Miscellaneous	1,600	37	1,563	1,514
Miscellaneous - Drug Forfeiture	1,100	90	1,010	527
Travel	5,400	57	5,343	7,483
Tow Charges	400	(25)	425	735
Telephone	24,400	(811)	25,211	29,863
Printing	600	254	346	1,664
Computer Programming	200	77	123	1,215
Contracted Services	30,300	(791)	31,091	22,598
Employee Training	2,200	89	2,111	1,718
Training/Travel - Drug Forfeiture	7,400	19	7,381	1,833
Insurance Deductibles - Damages	1,700	(427)	2,127	753
Insurance & Bonds	40,200	1	40,199	38,288
Dues & Subscriptions	1,800	86	1,714	935

City of Eden, North Carolina
 General Fund
 Statement of Revenues, Expenditures, and
 Changes in Fund Balance -- Budget and Actual
 For Fiscal Year Ended June 30, 2012
 (With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2011)

Exhibit B-2

	2012			2011
	Budget	Variance Favorable (Unfavorable)	Actual	Actual
Public Safety: (Continued)				
Police Department : (Continued)				
Capital Outlay:				
Equipment - Drug Forfeiture	11,100	6	11,094	-
Vehicles - Drug Forfeiture	-	-	-	-
Equipment - Depreciable	24,000	-	24,000	-
Equipment - Non-Depreciable	13,100	78	13,022	9,271
Equip - Drug Forf - Non-Depreciable	4,800	55	4,745	5,845
C/O Furniture	-	-	-	-
Total Police Department	4,091,700	1,053	4,090,647	3,935,871
Fire Department:				
Salaries & Wages:				
Regular Salaries	632,100	(118)	632,218	629,743
Overtime	-	-	-	-
Specialist Pay	4,400	478	3,922	4,448
Part-Time	93,000	113	92,887	85,719
Volunteers	30,000	1,074	28,926	36,103
Christmas Allowance	2,400	-	2,400	2,250
Total Salaries & Wages	761,900	1,547	760,353	758,263
Firemen & Rescue Squad Workers				
Pension Fund	15,800	(4,454)	20,254	17,052
FICA	54,300	126	54,174	54,148
Retirement Expense	44,000	131	43,869	40,534
Group Insurance	215,100	5,500	209,600	181,400
Disability Insurance	700	2	698	1,021
Unemployment Insurance	900	28	872	627
Insurance & Bonds/WC	59,900	97	59,803	48,774
Employee Incentives	1,200	62	1,138	599
401 (k) Contributions	32,000	112	31,888	32,074
Professional Services	8,000	(3,985)	11,985	11,846
Uniforms	8,342	(256)	8,598	5,948
Safety Equipment	8,000	604	7,396	21,107
Gas	19,900	132	19,768	18,326
Tires	9,000	43	8,957	6,574
Maintenance & Repair:				
Radios	900	52	848	1,386
Building	15,200	(179)	15,379	14,293
Equipment	6,500	312	6,188	10,591
Vehicles	23,500	(866)	24,366	26,599
Office Supplies	2,000	91	1,909	1,299
Departmental Supplies	13,200	844	12,356	17,558
Fire Prevention Program	3,000	767	2,233	3,252
Miscellaneous	1,000	251	749	37
Travel	2,800	(67)	2,867	1,424
Telephone	4,000	183	3,817	4,319
Utilities - Gas	5,650	43	5,607	7,881
- Power	14,500	(2,231)	16,731	14,649
Printing	600	81	519	370
Advertising	200	200	-	-
Professional Services/Programming	-	-	-	1,167
Contracted Services	21,200	869	20,331	24,542
Employee Training	1,100	284	816	1,804
Insurance Deductibles - Damages	700	81	619	-
Insurance & Bonds	20,400	23	20,377	20,168
Dues & Subscriptions	4,900	19	4,881	3,876
Capital Outlay:				
Building Improvement	-	-	-	21,563
Vehicles	257,500	5	257,495	55,000
Equipment Non-Depreciable	17,008	18	16,990	6,338
Equipment Depreciable	13,000	6	12,994	-
Total Fire Department	1,667,900	475	1,667,425	1,436,409
Total Public Safety	5,759,600	1,528	5,758,072	5,372,280

City of Eden, North Carolina
 General Fund
 Statement of Revenues, Expenditures, and
 Changes in Fund Balance -- Budget and Actual
 For Fiscal Year Ended June 30, 2012
 (With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2011)

Exhibit B-2

	2012			2011
	Budget	Variance Favorable (Unfavorable)	Actual	Actual
Transportation:				
Street Department:				
Regular Salaries	439,000	(3,651)	442,651	433,623
Overtime	14,800	647	14,153	16,845
Temporary Salaries	5,650	40	5,610	19,257
Christmas Allowance	2,250	-	2,250	2,250
Total Salaries & Wages	461,700	(2,964)	464,664	471,975
FICA	33,700	287	33,413	33,866
Retirement Expense	31,700	145	31,555	28,846
Group Insurance	152,200	2,100	150,100	117,300
Disability Insurance	350	48	302	658
Insurance & Bonds/WC	24,800	92	24,708	21,054
Employee Incentives	1,350	32	1,318	867
401 (k) Contributions	23,300	368	22,932	22,833
Professional Services	3,200	24	3,176	1,247
Laundry & Dry Cleaning	5,500	(73)	5,573	5,528
Safety Equipment	6,000	-	6,000	4,457
Landscaping Supplies	5,500	763	4,737	5,071
Gas	62,200	54	62,146	50,275
Tires	7,900	187	7,713	8,728
Maintenance & Repair:				
Building	6,500	347	6,153	4,347
Equipment	400	206	194	699
Vehicles	48,000	16	47,984	40,856
Sidewalks	13,500	36	13,464	12,416
Driveway Pipe	8,500	142	8,358	4,376
Patching	38,750	(1,353)	40,103	43,394
Signs	8,500	(1,462)	9,962	7,811
Storm Drains	7,100	(156)	7,256	1,882
Curb and Gutter	10,000	(221)	10,221	6,310
Office Supplies	300	51	249	281
Departmental Supplies	900	433	467	899
Small Tools & Equipment	4,000	390	3,610	3,254
Miscellaneous	5,100	(223)	5,323	5,401
Travel	400	38	362	24
Telephone	1,500	324	1,176	1,129
Utilities - Gas	1,500	617	883	1,214
- Power	10,500	(418)	10,918	10,531
Street Lights	293,200	204	292,996	285,695
Printing	100	93	7	4
Advertising	200	73	127	-
Contracted Services	9,800	632	9,168	12,222
Employee Training	600	95	505	161
Equipment Rental	1,500	240	1,260	62
Insurance Deductibles - Damages	1,000	56	944	500
Insurance & Bonds	18,000	92	17,908	16,872
C/O Improvements	51,550	31	51,519	
C/O Vehicles	41,000	26	40,974	
C/O Off Road Equipment - Depreciable	35,850	-	35,850	-
C/O Equipment - Depreciable	-	-	-	33,457
Equipment - Non-Depreciable	-	-	-	2,975
Purchases for Inventory - Snow Remove	300	6	294	10,683
Total	1,437,950	1,378	1,436,572	1,280,160
Street Department				
Powell Bill - Contracted Services	476,600	14,551	462,049	465,746
Total Transportation	1,914,550	15,929	1,898,621	1,745,906

City of Eden, North Carolina
 General Fund
 Statement of Revenues, Expenditures, and
 Changes in Fund Balance -- Budget and Actual
 For Fiscal Year Ended June 30, 2012
 (With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2011)

Exhibit B-2

	2012			2011
	Budget	Variance Favorable (Unfavorable)	Actual	Actual
City Garage:				
Salaries & Wages:				
Regular Salaries	230,300	164	230,136	227,742
Overtime	200	164	36	46
Christmas Allowance	900	-	900	900
Total Salaries & Wages	231,400	328	231,072	228,688
FICA	16,000	241	15,759	15,650
Retirement Expense	15,900	3	15,897	14,587
Group Insurance	54,200	(1,300)	55,500	42,300
Insurance & Bonds/WC	6,165	2	6,163	4,981
Employee Incentives	1,500	(13)	1,513	1,040
401 (k) Contributions	11,700	146	11,554	11,548
Professional Services	620	18	602	72
Shop Supplies	800	26	774	670
Uniforms/Laundry	3,500	(6)	3,506	3,384
Safety Equipment	1,000	119	881	1,461
Gas	3,800	10	3,790	3,002
Tires	1,800	311	1,489	564
Maintenance & Repair:				
Building	880	(327)	1,207	2,849
Body - Building	-	-	-	412
Equipment	800	283	517	516
Vehicles	325	32	293	1,149
Office Supplies	800	43	757	830
Departmental Supplies	500	261	239	752
Small Tools	1,050	31	1,019	388
Body Small Tools	-	-	-	286
Miscellaneous	720	(55)	775	859
Travel	180	161	19	26
Telephone	1,100	(32)	1,132	1,094
Utilities:				
Electric	3,300	(528)	3,828	3,154
Body Utilities	1,100	(58)	1,158	1,026
Gas	2,600	175	2,425	3,064
Printing	400	395	5	200
Hazardous Disposal	1,000	260	740	466
Contracted Services	7,700	(52)	7,752	7,394
Training	500	193	307	257
Insurance & Bonds Deductible	155	5	150	
Insurance & Bonds	3,000	196	2,804	2,432
Dues & Subscriptions	1,185	2	1,183	999
C/O Land Improvements	6,550	-	6,550	
C/O Building Improvements	2,420	1	2,419	-
Inventory Purchases - Fuel	432,950	(18,054)	451,004	379,704
Issues Fuel Inventory	(415,000)	41	(415,041)	(360,499)
Inventory Purchases - Tires	62,000	(2,117)	64,117	60,943
Issues Tire Inventory	(62,000)	5,313	(67,313)	(56,651)
Inventory Purchases - Parts	283,000	3,561	279,439	236,087
Issues Parts Inventory	(283,000)	(182)	(282,818)	(240,141)
Reimbursement - Proprietary Fund	(131,100)	13,536	(144,636)	(130,626)
Total	271,500	2,969	268,531	244,917

City of Eden, North Carolina
 General Fund
 Statement of Revenues, Expenditures, and
 Changes in Fund Balance -- Budget and Actual
 For Fiscal Year Ended June 30, 2012
 (With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2011)

Exhibit B-2

	2012		2011	
	Budget	Variance Favorable (Unfavorable)	Actual	Actual
Environmental Protection:				
Solid Waste:				
Regular Salaries	386,400	(4,576)	390,976	396,072
Overtime	9,950	2,891	7,059	8,971
Temporary/Part-Time	15,000	(60)	15,060	14,220
Christmas Allowance	2,000	200	1,800	1,950
Total Salaries & Wages	413,350	(1,545)	414,895	421,213
FICA	31,800	1,573	30,227	31,093
Retirement Expense	27,600	91	27,509	25,960
Group Insurance	135,600	(5,300)	140,900	103,800
Disability Insurance	500	13	487	402
Insurance & Bonds/WC	19,500	34	19,466	15,784
Employee Incentives	1,300	(49)	1,349	631
401 (k) Contributions	20,100	108	19,992	20,558
Professional Services	1,250	(95)	1,345	497
Laundry & Dry Cleaning	6,000	917	5,083	5,147
Safety Equipment	3,000	(12)	3,012	3,732
Refuses Collection Supplies	6,000	75	5,925	-
Dumpster Site	-	-	-	494
Gas	105,000	(2,441)	107,441	95,736
Tires	21,000	818	20,182	19,921
Maintenance & Repair:				
Vehicles	95,000	(29,396)	124,396	86,597
Equipment	3,000	2,256	744	19,845
Building	6,800	138	6,662	15,750
Office Supplies	500	211	289	192
Departmental Supplies	2,000	530	1,470	6,642
Small Tools & Equipment	300	263	37	330
Miscellaneous	6,800	(2,660)	9,460	3,225
Travel	600	76	524	304
Telephone	1,800	154	1,646	1,511
Utilities:				
Gas	1,000	117	883	1,214
Power	4,700	(378)	5,078	4,768
Printing	200	192	8	2
Advertising	2,000	256	1,744	1,485
Contracted Services	295,000	(4,021)	299,021	286,449
Training	500	160	340	85
Equipment Rental	250	250	-	1,094
Insurance Deductible - Damages	500	-	500	500
Containers - Commercial	441,300	(1,016)	442,316	431,514
Insurance & Bonds	16,000	135	15,865	13,072
Dues/ Subscriptions	1,500	373	1,127	1,301
Capital Outlay:				
Building Improvement	43,100	(20,757)	63,857	4,225
Vehicles	303,510	2,603	300,907	120,151
Total	2,018,360	(56,327)	2,074,687	1,745,224

City of Eden, North Carolina
General Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balance -- Budget and Actual
For Fiscal Year Ended June 30, 2012
(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2011)

Exhibit B-2

	2012			2011
	Budget	Variance Favorable (Unfavorable)	Actual	Actual
Cultural and Recreational:				
Recreation Department:				
Salaries - Regular	424,800	138	424,662	419,761
Overtime	500	72	428	103
Part-Time	7,600	222	7,378	6,754
Temporary	71,000	(503)	71,503	67,386
Christmas Allowance	1,800	-	1,800	1,800
Total Salaries & Wages	505,700	(71)	505,771	495,804
FICA	36,200	120	36,080	35,681
Retirement Expense	29,400	50	29,350	26,876
Group Insurance	137,300	7,300	130,000	110,600
Disability Insurance	550	21	529	718
Unemployment Insurance	930	1	929	708
Insurance & Bonds/WC	12,820	2	12,818	10,843
Employee Incentives	980	-	980	564
401 (k) Contributions	21,400	70	21,330	21,258
Professional Services - Medical	950	53	897	312
Professional Services	350	6	344	
Laundry & Dry Cleaning	2,800	347	2,453	2,211
Safety Equipment	1,500	529	971	2,355
Landscaping	4,150	-	4,150	49,650
Gas	20,500	21	20,479	16,675
Tires	2,850	36	2,814	1,560
Maintenance & Repair:				
Building	81,650	(7,640)	89,290	60,950
Pool	3,000	507	2,493	2,543
Equipment	4,600	(104)	4,704	4,539
Vehicles	7,000	30	6,970	7,752
Office Supplies	4,100	162	3,938	2,745
Departmental Supplies	15,500	132	15,368	14,279
Pool Supplies	3,500	(840)	4,340	3,108
Dixie Youth Tournament	13,550	(127)	13,677	-
Program Activities	19,900	1,371	18,529	31,959
Senior Citizens	18,700	67	18,633	17,497
Small Tools & Equipment	1,900	242	1,658	3,921
Miscellaneous	1,000	505	495	738
Travel	500	312	188	310
Telephone	5,100	133	4,967	5,111
Utilities:				
Gas	8,000	295	7,705	10,290
Power	52,000	(1,328)	53,328	52,812
Pool	2,700	(546)	3,246	2,454
Dumpster	4,600	251	4,349	4,238
Printing	800	319	481	558
Advertising	2,100	(38)	2,138	2,584
Professional Services/Programming	-	-	-	1,167
Contracted Services	12,500	459	12,041	17,022
Employee Training	50	30	20	20
Rents	1,800	50	1,750	1,750
Insurance & Bonds	13,600	45	13,555	13,175
Dues & Subscriptions	1,000	138	862	1,018
Fourth of July Celebration	5,000	-	5,000	5,000
Purchases for Inventory:				
Bridge Street	1,500	(103)	1,603	2,208
Draper Center	7,000	(477)	7,477	7,311
Mill Avenue Pool	5,900	(671)	6,571	6,131
Freedom Park Inventory	17,400	(630)	18,030	18,782
Total Operating Expenses	1,094,330	1,029	1,093,301	1,077,787
Capital Outlay:				
Land Improvements	9,300	(595)	9,895	14,764
Building Improvements	6,800	198	6,602	20,262
Vehicle	-	-	-	950
Off-Road Equipment	8,070	23	8,047	-
Capital Outlay	24,170	(374)	24,544	35,976
Total Cultural & Recreation	1,118,500	655	1,117,845	1,113,763

City of Eden, North Carolina
 General Fund
 Statement of Revenues, Expenditures, and
 Changes in Fund Balance -- Budget and Actual
 For Fiscal Year Ended June 30, 2012
 (With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2011)

Exhibit B-2

	2012			2011
	Budget	Variance Favorable (Unfavorable)	Actual	Actual
Special Appropriations:				
Contributions to Library	2,600	-	2,600	2,600
Contributions to Chamber of Commerce	10,000	-	10,000	10,000
Contributions to Rescue Squad	12,000	-	12,000	12,000
Contributions to Board of Elections	14,100	57	14,043	-
Contributions to Rockingham County Arts Council	2,000	-	2,000	2,000
Contributions to Dan River Basin Association	10,000	-	10,000	-
Contribution to COE/Goodwill Learning Center	79,100	(45)	79,145	-
Contribution to Eden Historical Museum	3,600	-	3,600	-
Partner Economic Development	38,900	82	38,818	39,800
Performance/Incentive Agreements	51,100	8	51,092	56,920
Bad Debt Expense	-	9,236	(9,236)	32,338
Total Special Appropriations	223,400	9,338	214,062	155,658
Debt Service				
Principal Retirement - Street	44,700	63	44,637	37,586
Interest	1,400	50	1,350	2,514
Principal Retirement - Police	59,700	27	59,673	58,329
Interest	8,800	76	8,724	10,068
Principal Retirement - Fire	76,400	60	76,340	64,185
Interest	4,700	8	4,692	4,866
Principal Retirement - Solid Waste	153,060	5	153,055	113,989
Interest	12,380	6,158	6,222	5,754
Principal Retirement - Recreation	47,700	75	47,625	45,447
Interest	2,400	25	2,375	4,553
Principal Retirement - 2008 Loan	87,700	3	87,697	67,759
Interest	36,500	65	36,435	38,760
	535,440	6,615	528,825	453,810
Total Expenditures	13,596,950	(26,279)	13,623,229	12,413,907
Revenues Over (Under) Expenditures	(662,250)	365,660	(296,590)	1,315,152
Other Financing Sources (Uses):				
Other Funds	-	-	-	-
Operating Transfers from Other Funds	20,900	-	20,900	-
Total	20,900	-	20,900	-
Proceeds from Installment Purchases	635,850	989	636,839	120,152
Fund Balance Appropriated	5,500	(5,500)	-	-
Total Other Financing Sources (Uses)	662,250	(4,511)	657,739	120,152
Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	-	361,149	361,149	1,435,304
Fund Balances:				
Beginning of Year, July 1			8,554,160	7,118,856
End of Year, June 30			8,915,309	8,554,160

City of Eden, North Carolina
 Combining Balance Sheet
 Nonmajor Governmental Funds
 For the Fiscal Year Ended June 30, 2012

Exhibit B-3

	Special Revenue Funds		Total Nonmajor Governmental Funds
	Emergency Communication	Municipal Service District Tax	
Assets			
Current Assets:			
Cash and Cash Equivalents		10,537	10,537
Restricted Assets:			
Cash and Investments	52,695		52,695
Accounts Receivable	14,195		14,195
Total Assets	66,890	10,537	77,427
 Liabilities and Fund Balances			
Liabilities:			
Accounts Payable and Accrued Liabilities		693	693
Fund Balances:			
Restricted			
Public Safety	45,090		45,090
Municipal Services		9,844	9,844
Assigned			
Subsequent Years' Expenditures	21,800		21,800
Total Fund Balance	66,890	9,844	76,734
Total Liabilities and Fund Balances	66,890	10,537	77,427

City of Eden, North Carolina
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2012

Exhibit B-4

	Special Revenue Funds			Total Nonmajor Governmental Funds
	Emergency Communication	Municipal Service District Tax	Community Development Block Grant	
Revenues:				
Ad Valorem Taxes		9,947		9,947
Restricted intergovernmental	170,341		137,780	308,121
Investment Earnings	123	26		149
Miscellaneous	880			880
Total Revenues	171,344	9,973	137,780	319,097
Expenditures:				
Public Safety	157,691			157,691
Economic & Physical Development		9,519	137,780	147,299
Total Expenditures	157,691	9,519	137,780	304,990
Revenues Over (Under) Expenditures	13,653	454	-	14,107
Other Financing Sources (Uses):				
Transfer to General Fund	(17,400)	(3,500)		(20,900)
Total Other Financing Sources (Uses)	(17,400)	(3,500)	-	(20,900)
Revenues and other Sources Over (Under) Expenditures	(3,747)	(3,046)	-	(6,793)
Fund Balances:				
Beginning of Year, July 1	70,637	12,890		83,527
End of Year, June 30	66,890	9,844	-	76,734

City of Eden, North Carolina
Special Revenue Fund - Emergency Communications Fund
Comparative Balance Sheets
June 30, 2012 and 2011

Exhibit C-1

	<u>June 30,</u> <u>2012</u>	<u>June 30,</u> <u>2011</u>
Assets:		
Cash and Cash Equivalents	52,695	57,297
Accounts Receivable	<u>14,195</u>	<u>14,271</u>
 Total Assets	 <u><u>66,890</u></u>	 <u><u>71,568</u></u>
Liabilities and Fund Balance:		
Accounts Payable	<u>-</u>	<u>931</u>
 Total Liabilities	 <u>-</u>	 <u>931</u>
Fund Balance:		
Restricted		
Public Safety	45,090	46,337
Assigned		
Subsequent Years' Expenditure	<u>21,800</u>	<u>24,300</u>
 Total Fund Balances	 <u><u>66,890</u></u>	 <u><u>70,637</u></u>
 Total Liabilities and Fund Balances	 <u><u><u>66,890</u></u></u>	 <u><u><u>71,568</u></u></u>

City of Eden, North Carolina
Special Revenue Fund - Emergency Communication Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balance -- Budget and Actual
For Fiscal Year Ended June 30, 2012
(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2011)

Exhibit C-2

	2012			2011
	<u>Budget</u>	<u>Variance Favorable (Unfavorable)</u>	<u>Actual</u>	<u>Actual</u>
Revenues:				
Other Taxes and Licenses:				
NC 911 PSAP	154,100	16,241	170,341	171,252
Interest Income	300	(177)	123	276
Reimbursement		880	880	
Total Revenues	154,400	16,944	171,344	171,528
Expenditures:				
Public Safety:				
Training	-	-		744
Professional Services	1,600	65	1,535	7,507
Departmental Supplies	-	-	-	175
Telephone Maintenance Repair	26,600	3,446	23,154	27,039
Equipment	-	-	-	96,680
Equipment - Non Depreciable	-	-		8,070
Lease Payments - Principal	125,700	96	125,604	122,061
Interest and Fees	7,400	2	7,398	10,942
Total Expenditures	161,300	3,609	157,691	273,218
Revenues Over (Under) Expenditures	(6,900)	20,553	13,653	(101,690)
Other Financing Sources (Uses):				
Fund Balance Appropriated	24,300	(24,300)	-	-
Transfer to General Fund	(17,400)	-	(17,400)	-
Total Other Financing Sources	6,900	(24,300)	(17,400)	-
Excess of Revenues and Other Sources Over (Under) Expenditures	-	(3,747)	(3,747)	(101,690)
Fund Balance				
Beginning of Year, July 1			70,637	172,327
End of Year, June 30			66,890	70,637

City of Eden, North Carolina
Municipal Service District Tax
Balance Sheet
June 30, 2012 and 2011

Exhibit C-3

	June 30, 2012	June 30, 2011
Assets:		
Cash and Investments	10,537	12,890
Total Assets	10,537	12,890
Liabilities and Fund Balance:		
Liabilities:		
Accounts Payable and Retainage Payable	693	-
Fund Balance:		
Restricted for Municipal Services	9,844	12,890
Total Liabilities and Fund Equity	10,537	12,890

City of Eden, North Carolina
Special Revenue Fund - Municipal Service District Tax
Statement of Revenues, Expenditures, and
Changes in Fund Balance -- Budget and Actual
For Fiscal Year Ended June 30, 20121
(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 20110)

Exhibit C-4

	2012			2011
	Budget	Variance Favorable (Unfavorable)	Actual	Actual
Revenues:				
Ad Valorem Taxes:				
Current Year - Leaksville	7,000	510	7,510	6,846
Current Year - Draper	1,600	177	1,777	1,542
Prior Year - Leaksville	-	380	380	432
Prior Year - Draper	-	205	205	141
Less: Discount	-	(25)	(25)	(30)
Interest Income from Tax Collections:				
Current Year - Leaksville	-	28	28	27
Current Year - Draper	-	29	29	20
Prior Year - Leaksville	-	18	18	55
Prior Year - Draper	-	25	25	19
Interest Income	-	26	26	32
	8,600	1,373	9,973	9,084
Total Revenues				
Expenditures:				
Economic & Physical Development:				
Leaksville	9,000	481	8,519	8,002
Draper	1,600	600	1,000	1,000
	10,600	1,081	9,519	9,002
Total Expenditures				
Revenues Over (Under) Expenditures	(2,000)	2,454	454	82
Other Financing Sources (Uses):				
Fund Balance Appropriated	6,000	(6,000)	-	-
Transfers from (to) General Fund	(4,000)	500	(3,500)	-
	-	(3,046)	(3,046)	82
Excess of Revenues and Other Sources Over (Under) Expenditures				
	-	(3,046)	(3,046)	82
Fund Balance				
Beginning of Year, July 1			12,890	12,808
End of Year, June 30			9,844	12,890

City of Eden, North Carolina
Special Revenue Fund - Community Development Block Grant Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balance -- Budget and Actual
For Fiscal Year Ended June 30, 2012
(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2011)

Exhibit C-6

	2012		
	<u>Budget</u>	Variance Favorable (Unfavorable)	<u>Actual</u>
Revenues:			
CDBG Community Grants			
Holland Street	850,000	(725,699)	124,301
Stone Creek Apartments	240,000	(233,821)	6,179
Nantucket Mill	600,000	(592,700)	7,300
	<u>1,690,000</u>	<u>(1,552,220)</u>	<u>137,780</u>
Total Revenues			
Expenditures:			
Holland Street:			
Street Improvements	50,000	50,000	-
Clearance	21,000	21,000	-
Relocation	120,000	120,000	-
Flood Drain Improvements	161,500	161,500	-
Administration	47,000	20,547	26,453
Water Improvements	135,500	44,988	90,512
Rehabilitation	315,000	307,664	7,336
	<u>850,000</u>	<u>725,699</u>	<u>124,301</u>
Stone Creek Apartments:			
Administration	24,000	17,821	6,179
Street / Sewer Improvements	216,000	216,000	-
	<u>240,000</u>	<u>233,821</u>	<u>6,179</u>
Nantucket Mill:			
Administration	60,000	52,700	7,300
Acquisition	90,000	90,000	-
Rehabilitation	450,000	450,000	-
	<u>600,000</u>	<u>592,700</u>	<u>7,300</u>
Total Expenditures			
	<u>1,690,000</u>	<u>1,552,220</u>	<u>137,780</u>
Revenues Over (Under) Expenditures			
	<u>-</u>	<u>-</u>	<u>-</u>

City of Eden, North Carolina
Water and Sewer Fund
Comparative Balance Sheets
June 30, 2012 and 2011

Exhibit D-1

	<u>June 30, 2012</u>	<u>June 30, 2011</u>
Assets:		
Current Assets:		
Cash and Investments	7,377,714	8,056,316
Cash - Restricted Deposits	246,990	214,150
Accounts Receivable (net of estimated uncollectible accounts in the amount of \$352,679 and \$347,308 respectively)	349,602	360,125
Other Receivables	1,371,048	2,756,871
Inventory	245,022	255,139
Unbilled Water Receivable	366,133	274,072
Prepaid Expenses	10,493	7,419
Due from Other Funds	439	-
	<u>9,967,441</u>	<u>11,924,092</u>
Total Current Assets		
Capital Assets Net of Accumulated Depreciation	<u>49,008,506</u>	<u>48,046,591</u>
Total Assets	<u><u>58,975,947</u></u>	<u><u>59,970,683</u></u>
Liabilities and Fund Equity:		
Current Liabilities:		
Accounts Payable and Retainage Payable	689,356	285,675
Bonds and Installment Purchases Payable - Current Maturities	960,757	951,418
Due to Other Funds	-	1,382
Customer Deposits	246,990	214,150
	<u>1,897,103</u>	<u>1,452,625</u>
Total Current Liabilities		
Other Liabilities:		
Accrued Vacation Pay	91,826	89,448
Other Post Employment Benefits	152,879	146,885
Bonds and Installment Purchases Payable - Long-Term Portion	10,258,209	10,759,798
	<u>10,502,914</u>	<u>10,996,131</u>
Total Other Liabilities		
Total Liabilities	12,400,017	12,448,756
Net Assets in Water & Sewer Fund	<u>46,575,930</u>	<u>47,521,927</u>
Total Liabilities and Fund Equity	<u><u>58,975,947</u></u>	<u><u>59,970,683</u></u>

City of Eden, North Carolina
Water and Sewer Fund
Statement of Revenues, Expenses, and Changes in Fund Equity
For Fiscal Year Ended June 30, 2012
(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2011)
Exhibit D-2

	<u>2012</u>	<u>2011</u>
Operating Revenue:		
Water Sales	4,004,259	5,110,234
Sewer Charges	2,674,090	4,387,751
Water Tap Fees	11,195	3,356
Reconnection Fees	178,776	174,036
Sewer Tap Fees	6,430	4,993
Pretreatment Sewer Charges	14,050	20,150
Other Operating Income	116,078	34,945
Application Fees	18,540	17,080
	<u>7,023,418</u>	<u>9,752,545</u>
Less: Discounts and Leak Adjustments	<u>(24,682)</u>	<u>(39,152)</u>
Total Operating Revenue	<u>6,998,736</u>	<u>9,713,393</u>
Operating Expenses		
Billing and Collections	396,167	370,834
Water Filtration	1,204,763	1,116,722
Maintenance	1,393,759	1,259,967
Waste Treatment	1,211,246	1,048,482
Water and Sewer Resources	342,439	323,123
Depreciation Expense	2,617,333	2,375,672
Non-Departmental	1,075,767	2,083,011
Other Post Employment Benefits	5,994	22,476
Bad Debt Expense	9,924	12,108
Water Construction Maintenance	4,900	-
Sewer Construction Maintenance	221,892	-
	<u>8,484,184</u>	<u>8,612,395</u>
Total Operating Expenses	<u>8,484,184</u>	<u>8,612,395</u>
Net Operating Income (Loss)	<u>(1,485,448)</u>	<u>1,100,998</u>
Non-Operating Income:		
Interest Income:		
Water Pressure Improvements	-	57
Water and Sewer Operating Fund	53,760	42,809
Cash Discounts Earned	97	170
Insurance Proceeds	31,316	8,479
	<u>85,173</u>	<u>51,515</u>
Non-Operating Deductions:		
Interest Expense	<u>414,631</u>	<u>464,255</u>
Capital Contributions:		
Safety Grant	-	1,500
Contribution from General Fund	-	810
CWMTF Grant - N. Smith River	459,170	-
Golden Leaf Grant - Mega Park	359,739	-
TAG Grant - Tanyard Branch	50,000	-
CDBG Grant	-	485,700
Clean Water Grant	-	37,638
	<u>868,909</u>	<u>525,648</u>
Net Income (Loss)	<u>(945,997)</u>	<u>1,213,906</u>
Net Assets in Water and Sewer, Beginning of Year	<u>47,521,927</u>	<u>46,308,021</u>
Net Assets in Water and Sewer, End of Year	<u>46,575,930</u>	<u>47,521,927</u>

City of Eden, North Carolina
Water and Sewer Fund
Statement of Cash Flows
For Fiscal Year Ended June 30, 2012
(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2011)

Exhibit D-3

	2012	2011
Cash Flows from Operating Activities:		
Cash Received from Customers	8,303,021	9,950,347
Cash Paid for Goods and Services	(3,921,362)	(4,787,114)
Cash Paid to Employees	(1,526,392)	(1,533,186)
Customer Deposits Received	107,625	98,820
Customer Deposits Returned	(74,785)	(57,595)
Net Cash Provided by Operating Activities	2,888,107	3,671,272
Cash Flows from Capital and Related Financing Activities:		
Acquisition of Capital Assets	(3,579,248)	(1,924,025)
Principal Paid on Bond and Installment Purchases	(951,419)	(1,473,781)
Interest Paid on Bond and Installment Purchases	(414,631)	(464,255)
Miscellaneous	96	170
Insurance Proceeds	31,316	8,479
Proceeds from Grant/Loan - Clean Water	-	75,276
Proceeds from Grant - CDBG	-	485,700
Proceeds from Safety Grant	-	1,500
Proceeds from CWMTF - N. Smith River	459,170	
Proceeds from Grant - Golden Leaf	359,739	
Proceeds from TAG Grant - Tanyard Branch	50,000	
Proceeds from Installment Loan	459,169	313,350
	(3,585,808)	(2,977,586)
Cash Flows from Non-Capital (Use of Funds)		
Due to/from Other Funds	(1,821)	1,667
Cash Flows from Investing Activities:		
Interest on Investments	53,760	42,866
Net Increase (Decrease) in Cash and Cash Equivalents	(645,762)	738,219
Cash and Cash Equivalents:		
Beginning of Year, July 1	8,270,466	7,532,247
End of Year, June 30	7,624,704	8,270,466

City of Eden, North Carolina
Water and Sewer Fund
Statement of Cash Flows
For Fiscal Year Ended June 30, 2012
(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2011)

Exhibit D-3

	2012	2011
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating Income	(1,485,448)	1,100,998
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation	2,617,333	2,375,672
Change in Assets and Liabilities:		
(Increase) Decrease in Accounts Receivable	10,523	(61,239)
(Increase) Decrease in Unbilled Water Receivables and Assessments Receivable	(92,061)	4,144
(Increase) Decrease in Other Receivables	1,385,823	294,049
(Increase) Decrease in Inventories	10,117	(14,429)
(Increase) Decrease in Prepaid Expense	(3,073)	135
Increase (Decrease) in Accounts Payable, Retainage Payable, Accrued Liabilities	403,681	(75,314)
Increase (Decrease) in Customer Deposits	32,840	41,225
Increase (Decrease) in Accrued Vacation Pay	2,378	(16,445)
Increase (Decrease) in Post Employment Benefits	5,994	22,476
Net Cash Provided by Operating Activities	2,888,107	3,671,272

City of Eden, North Carolina
Water and Sewer Operating Fund
Statement of Revenues and Expenditures
Budget and Actual (NON GAAP)
For Fiscal Year Ended June 30, 2012
(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2011)

Exhibit D-4

	2012			2011
	Budget	Variance Favorable (Unfavorable)	Actual	Actual
Revenues:				
Charges for Services:				
Water Sales	4,272,900	(268,641)	4,004,259	5,110,234
Sewer Charges	2,769,400	(95,310)	2,674,090	4,387,751
Water Tap Fees	8,000	3,195	11,195	3,356
Reconnection Fees	173,000	5,776	178,776	174,036
Sewer Tap Fees	5,000	1,430	6,430	4,993
Pretreatment Sewer Charges	16,700	(2,650)	14,050	20,150
Water Services Application Fees	18,000	540	18,540	17,080
Total Charges for Services	7,263,000	(355,660)	6,907,340	9,717,600
Other Operating Revenues:				
Sale of Materials	1,000	23,129	24,129	-
Miscellaneous Revenue	2,400	54,502	56,902	2,736
Miscellaneous Returned Check Fees	4,500	(87)	4,413	5,300
Equipment Rental	25,000	6,173	31,173	26,789
One-Time Pool Adjustments	(1,500)	961	(539)	(100)
Civil Penalties	2,300	(2,300)	-	220
Total Other Operating Revenues	33,700	82,378	116,078	34,945
Total Operating Revenues before Leak Adjustments	7,296,700	(273,282)	7,023,418	9,752,545
Less: Leak Adjustments	43,000	(18,318)	24,682	39,152
Total Operating Revenues	7,253,700	(254,964)	6,998,736	9,713,393
Non-Operating Revenues:				
Safety Grant	-	-	-	1,500
CWMTF Grant - N. Smith River	1,175,400	(257,061)	918,339	-
CWSRF - Dry Creek	461,100	(461,100)	-	-
CWSRF - Kuder Street	400,000	(400,000)	-	-
CDBG Grant - Sewer to Annexed Area	-	-	-	485,700
Golden Leaf Grant - Mega Park Sewer	769,000	(409,261)	359,739	-
TAG Grant - Tanyard Branch	50,000	-	50,000	-
NC Clean Water Grant	-	-	-	7,662
Interest Earned on Investments	26,000	27,759	53,759	42,809
Cash Discounts Earned	200	(103)	97	170
Insurance Proceeds	29,000	2,316	31,316	8,479
Total Non-Operating Revenues	2,910,700	(1,497,450)	1,413,250	546,320
Total Revenue	10,164,400	(1,752,414)	8,411,986	10,259,713

City of Eden, North Carolina
Water and Sewer Operating Fund
Statement of Revenues and Expenditures
Budget and Actual (NON GAAP)
For Fiscal Year Ended June 30, 2012
(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2011)

Exhibit D-4

	2012			2011
	<u>Budget</u>	Variance Favorable <u>(Unfavorable)</u>	<u>Actual</u>	<u>Actual</u>
Expenditures:				
Water and Sewer Resources:				
Salaries & Wages:				
Regular Salaries	202,800	6,695	196,105	195,923
Overtime	12,200	661	11,539	8,159
Specialist	500	420	80	120
Part-Time	1,950	(318)	2,268	400
Christmas Allowance	600	-	600	600
	<hr/>	<hr/>	<hr/>	<hr/>
Total Salaries & Wages	218,050	7,458	210,592	205,202
FICA	17,450	2,147	15,303	16,034
Retirement Expense	16,350	2,477	13,873	13,491
Group Insurance	59,200	-	59,200	42,100
Disability Insurance	1,000	558	442	261
Insurance & Bonds W/C	5,500	54	5,446	4,463
Employee Incentives	200	2	198	313
401(k) Contribution	12,400	2,318	10,082	10,682
Professional Services	150	12	138	991
Laundry & Dry Cleaning	3,250	86	3,164	2,851
Safety Equipment	3,300	2,002	1,298	1,580
Gas	5,000	482	4,518	3,848
Tires	350	16	334	1,129
Maintenance and Repair:				
Vehicles	1,590	44	1,546	3,578
Equipment	200	155	45	102
Building	9,800	9,581	219	358
Office Supplies	200	38	162	62
Departmental Supplies	1,950	126	1,824	2,905
Small Tools and Equipment	2,300	155	2,145	1,582
Miscellaneous	50	35	15	(3)
Travel	80	8	72	63
Telephone	1,500	281	1,219	1,276
Utilities - Electric	9,000	5,181	3,819	2,589
Utilities - Gas	1,160	9	1,151	2,317
Printing	-	-	-	1
Training	220	-	220	269
Insurance & Bonds	5,150	8	5,142	4,560
Dues & Subscriptions	300	28	272	519
	<hr/>	<hr/>	<hr/>	<hr/>
Total	375,700	33,261	342,439	323,123

City of Eden, North Carolina
Water and Sewer Operating Fund
Statement of Revenues and Expenditures
Budget and Actual (NON GAAP)
For Fiscal Year Ended June 30, 2012
(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2011)

Exhibit D-4

	2012			2011
	Budget	Variance Favorable (Unfavorable)	Actual	Actual
Billing and Collections:				
Salaries & Wages:				
Regular Salaries	182,800	12,294	170,506	190,430
Overtime	800	625	175	384
Temporary Salaries	25,400	5,026	20,374	2,662
Christmas Allowance	600	-	600	900
Total Salaries & Wages	209,600	17,945	191,655	194,376
FICA	17,000	2,533	14,467	14,211
Retirement Expense	14,500	2,465	12,035	12,106
Group Insurance	60,900	-	60,900	48,500
Disability Insurance	700	51	649	499
Insurance & Bonds W/C	3,000	1	2,999	2,627
Employee Incentives	500	88	412	186
401(k) Contributions	10,800	2,265	8,535	9,571
Professional Services	400	62	338	274
Credit Card Charges	14,800	526	14,274	13,419
Bank Service Charges	800	38	762	658
Uniforms/Laundry	1,400	47	1,353	1,367
Safety Equipment	400	57	343	556
Gas	13,600	971	12,629	10,919
Tires	1,300	46	1,254	1,122
Trucks/Parts	7,600	95	7,505	4,076
Office Supplies	3,200	121	3,079	2,442
Departmental Supplies	2,400	236	2,164	2,787
Small Tools and Equipment	500	401	99	54
Miscellaneous	1,000	788	212	134
Telephone	1,200	64	1,136	523
Postage	33,600	426	33,174	30,341
Printing	2,900	487	2,413	7,233
M/R Equipment	100	30	70	
Professional Services/Programming	-	-	-	3,000
Dan River Water - Annexation	8,000	(1,438)	9,438	8,068
Contracted Services	100	58	42	298
Equipment Rental	3,500	1,355	2,145	2,444
Insurance & Bonds - Deductible	600	22	578	
Insurance & Bonds	1,000	65	935	760
Dues and Subscriptions	100	10	90	29
C/O Equipment - Non-Depreciable	1,600	6	1,594	-
Warehouse Inventory	100,800	8,593	92,207	85,973
Issues from Inventory	(97,000)	(13,681)	(83,319)	(87,719)
Total	420,900	24,733	396,167	370,834

City of Eden, North Carolina
Water and Sewer Operating Fund
Statement of Revenues and Expenditures
Budget and Actual (NON GAAP)
For Fiscal Year Ended June 30, 2012
(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2011)

Exhibit D-4

	2012			2011
	Budget	Variance Favorable (Unfavorable)	Actual	Actual
Water Filtration:				
Salaries & Wages:				
Regular Salaries	327,200	13,299	313,901	318,990
Overtime	25,300	2,595	22,705	18,292
Specialist	400	40	360	496
Employee Incentives	550	38	512	286
Christmas Allowance	1,050	-	1,050	1,350
Total Salaries & Wages	354,500	15,972	338,528	339,414
FICA	28,300	3,102	25,198	26,086
Retirement Expense	25,700	2,479	23,221	22,207
Group Insurance	98,200	-	98,200	70,100
Disability Insurance	1,000	263	737	558
Insurance & Bonds W/C	12,450	17	12,433	10,345
401(k) Contribution	19,200	2,324	16,876	17,590
Professional Services	26,400	(7,522)	33,922	20,976
Laundry & Dry Cleaning	3,000	240	2,760	2,778
Safety Equipment	750	4	746	1,748
Gas	1,750	45	1,705	1,122
Tires	150	8	142	-
Maintenance & Repair:				
Building	5,000	346	4,654	4,196
Equipment	45,100	437	44,663	45,201
Vehicles	100	14	86	53
Office Supplies	400	14	386	573
Departmental Supplies	25,000	476	24,524	23,394
Chemicals	288,600	12,821	275,779	271,477
Small Tools and Equipment	50	37	13	192
Miscellaneous	4,700	43	4,657	2
Travel	1,600	(5)	1,605	2,200
Telephone	1,600	108	1,492	1,408
Utilities:				
Power	250,000	(3,739)	253,739	232,785
Printing	50	16	34	26
Advertising	-	-	-	25
Contracted Services	3,350	41	3,309	3,117
Employee Training	1,500	42	1,458	1,811
Insurance & Bonds	14,050	27	14,023	13,376
Dues & Subscriptions	4,100	49	4,051	3,962
Equipment - Non-Depreciable	13,000	(2,822)	15,822	-
Total	1,229,600	24,837	1,204,763	1,116,722

City of Eden, North Carolina
Water and Sewer Operating Fund
Statement of Revenues and Expenditures
Budget and Actual (NON GAAP)
For Fiscal Year Ended June 30, 2012
(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2011)

Exhibit D-4

	2012			2011
	Budget	Variance Favorable (Unfavorable)	Actual	Actual
Maintenance:				
Salaries & Wages:				
Regular Salaries	448,300	8,940	439,360	433,770
Overtime	17,500	861	16,639	20,877
Specialist	500	140	360	468
Employee Incentive	1,210	37	1,173	533
Christmas Allowance	2,000	200	1,800	1,650
Part-Time	13,550	(17)	13,567	11,042
Total Salaries & Wages	483,060	10,161	472,899	468,340
FICA	38,600	4,375	34,225	33,460
Retirement Expense	34,100	2,444	31,656	29,164
Group Insurance	135,300	-	135,300	104,300
Disability Insurance	1,000	405	595	862
Unemployment Insurance	-	-	-	1,747
Insurance & Bonds W/C	14,950	1	14,949	12,636
401(k) Contribution	25,300	2,294	23,006	23,080
Professional Services	3,450	199	3,251	6,085
Laundry & Dry Cleaning	5,900	169	5,731	5,445
Safety Equipment	7,800	(298)	8,098	10,249
Maintenance & Repair:				
Collection	96,170	3,514	92,656	49,663
Equipment	95,100	1,027	94,073	25,453
System	4,000	3,445	555	225
Building	7,000	79	6,921	8,386
Vehicles	28,600	(5,654)	34,254	41,716
Hydrants	3,000	356	2,644	3,891
Distribution System	24,800	1,138	23,662	38,800
Metering	44,110	4,985	39,125	17,793
Outfalls	5,000	2,704	2,296	6,983
Taps	19,000	(1,337)	20,337	37,170
Gas	43,300	39	43,261	39,065
Tires	10,350	5	10,345	3,101
Office Supplies	750	41	709	504
Departmental Supplies	5,970	1	5,969	2,329
Chemicals	4,830	1	4,829	7,577
Small Tools & Equipment	4,000	1,112	2,888	17,160
Miscellaneous	4,500	(251)	4,751	5,954
Travel	1,900	34	1,866	-
Telephone	2,100	(57)	2,157	2,525
Utilities	122,000	1,120	120,880	117,809
Gas	1,100	218	882	1,214
Printing	30	13	17	10
Advertising	200	80	120	115
Contracted Services	92,750	16	92,734	89,709
Employee Training	3,100	13	3,087	418
Equipment Rental	500	6	494	75
Insurance Deductible/Damages	1,600	83	1,517	1,000
Insurance & Bonds	26,000	1,694	24,306	24,204
Dues and Subscriptions	2,000	125	1,875	1,948
Water Lines	1,640	1	1,639	398
Non-Depreciable Equipment	8,660	5,667	2,993	11,485
Mission Telemetry	20,210	3	20,207	7,727
Rock/Sand	-	-	-	192
Total	1,433,730	39,971	1,393,759	1,259,967

City of Eden, North Carolina
Water and Sewer Operating Fund
Statement of Revenues and Expenditures
Budget and Actual (NON GAAP)
For Fiscal Year Ended June 30, 2012
(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2011)

Exhibit D-4

	2012			2011
	Budget	Variance Favorable (Unfavorable)	Actual	Actual
Wastewater Treatment:				
Salaries & Wages:				
Regular Salaries	313,300	3,694	309,606	304,151
Overtime	9,000	391	8,609	8,247
Specialist	1,300	180	1,120	1,296
Christmas Allowance	1,200	-	1,200	1,350
Employee Incentives	<u>570</u>	<u>3</u>	<u>567</u>	<u>286</u>
Total Salaries & Wages	325,370	4,268	321,102	315,330
FICA	27,100	3,721	23,379	23,310
Retirement Expense	24,600	2,616	21,984	20,229
Group Insurance	103,900	-	103,900	63,300
Disability Insurance	1,200	53	1,147	946
Insurance & Bonds/WC	15,400	27	15,373	12,738
401(k) Contributions	18,400	2,424	15,976	16,016
Professional Services	38,800	(4,684)	43,484	36,861
Laundry & Dry Cleaning	3,250	10	3,240	3,377
Safety Equipment	1,500	(106)	1,606	3,862
Gas	4,100	411	3,689	3,111
Maintenance & Repair:				
Building	10,200	375	9,825	12,442
Equipment	70,000	89	69,911	99,764
Vehicles	1,100	296	804	495
Office Supplies	540	3	537	502
Departmental Supplies	13,150	1	13,149	16,525
Chemicals	27,190	3,993	23,197	29,248
Miscellaneous	160	4	156	-
Travel	1,350	25	1,325	1,650
Telephone	2,950	1,121	1,829	1,988
Utilities	134,000	2,655	131,345	125,618
Printing	80	1	79	44
Advertising	-	-	-	85
Contracted Services	359,300	(15,644)	374,944	234,353
Employee Training	1,750	86	1,664	1,098
Professional Services - Programming	-	-	-	4,000
Insurance & Bonds	14,960	2	14,958	14,136
Dues & Subscriptions	8,300	49	8,251	7,454
Non-Depreciable Equipment	<u>4,450</u>	<u>58</u>	<u>4,392</u>	<u>-</u>
Total	<u>1,213,100</u>	<u>1,854</u>	<u>1,211,246</u>	<u>1,048,482</u>

City of Eden, North Carolina
Water and Sewer Operating Fund
Statement of Revenues and Expenditures
Budget and Actual (NON GAAP)
For Fiscal Year Ended June 30, 2012
(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2011)

Exhibit D-4

	2012			2011
	Budget	Variance Favorable (Unfavorable)	Actual	Actual
Water Construction:				
Hamilton Street Relocation - Maint	4,900	-	4,900	-
Sewer Construction:				
Professional Services	172,000	(46,892)	218,892	-
Sewer Fix It Program	20,000	17,000	3,000	-
	<u>192,000</u>	<u>(29,892)</u>	<u>221,892</u>	<u>-</u>
Non-Departmental:				
Utility Service Fee - General Fund	1,043,600	(3,544)	1,047,144	975,116
Performance Incentive Agreement	28,700	77	28,623	83,285
Annex Initiation	-	-	-	1,008,049
Future Salary Adjustments	5,000	5,000	-	-
Prepayment Penalty	-	-	-	16,561
Bad Debt Recoveries	-	(9,924)	9,924	12,108
	<u>1,077,300</u>	<u>(8,391)</u>	<u>1,085,691</u>	<u>2,095,119</u>
Total Operating Expenses	<u>5,947,230</u>	<u>86,373</u>	<u>5,860,857</u>	<u>6,214,247</u>
Capital Outlay:				
Billing & Collections:				
Building	4,400	55	4,345	-
Equipment	1,247,600	49,061	1,198,539	207,705
Water Filtration:				
Equipment	178,400	81,438	96,962	34,990
Maintenance:				
Building Improvements	51,600	81	51,519	-
Vehicles	-	-	-	313,350
Equipment	-	-	-	71,260
Wastewater Treatment:				
Buildings	-	-	-	246,320
Equipment	136,100	7,020	129,080	164,752
Water Construction:				
Elm/Weaver St WL Upgrade	-	-	-	141,246
Henry/Taylor St WL Upgrade	-	4,391	(4,391)	236,819
Thompson/Neil St WL Upgrade	77,000	2,852	74,148	4,602
Stadium/Dishmon WL Upgrade	120,000	46,603	73,397	1,668
Lawson St WL Upgrade	2,000	2,000	-	2,808
Price St WL Upgrade	3,000	3,000	-	4,755
Coleman St WL Upgrade	-	-	-	5,885
Stuart St WL Upgrade	16,000	4,624	11,376	-
Morehead St WL Upgrade	5,100	5,100	-	-
French/Ridge St WL Upgrade	-	-	-	34,599
Dillard/Boyles St WL Upgrade	-	-	-	2,567
Martin St WL Upgrade	35,000	2,291	32,709	-
Danview Ln/Dodge St WL Upgrade	10,000	10,000	-	-
Sewer Construction:				
Cargill Pump Station	-	-	-	17,873
Dry Creek Sewer Project	1,167,400	210,260	957,140	45,568
Northern Smith River Sewer Project	1,757,300	1,607,247	150,053	98,902
East Kuder St Sewer Project	928,000	736,009	191,991	26,500
Sewer Line - Mega Park	1,800,000	1,322,553	477,447	-
Tanyard Branch Outfalls	95,000	107	94,893	7,897
Matrimony Creek	5,000	(35,040)	40,040	-
Total Capital Outlay	<u>7,638,900</u>	<u>4,059,652</u>	<u>3,579,248</u>	<u>1,670,066</u>

City of Eden, North Carolina
Water and Sewer Operating Fund
Statement of Revenues and Expenditures
Budget and Actual (NON GAAP)
For Fiscal Year Ended June 30, 2012
(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2011)

Exhibit D-4

	2012			2011
	Budget	Variance Favorable (Unfavorable)	Actual	Actual
Debt Service:				
Principal Retirement - Maintenance	101,020	7	101,013	101,409
Interest - Maintenance	6,950	2	6,948	6,555
Principal - 2007 Loan	439,700	66	439,634	423,101
Interest - 2007 Loan	224,200	56	224,144	240,676
Principal - 2008 Loan	395,300	35	395,265	931,413
Interest - 2008 Loan	184,200	661	183,539	217,024
Principal - Clean Water Loan	16,000	493	15,507	17,858
Principal - CWMT N Smith River	24,100	24,100	-	-
Interest - CWMT N Smith River	15,400	15,400	-	-
Principal - CWSRF Dry Creek	30,100	30,100	-	-
Interest - CWSRF Dry Creek	19,700	19,700	-	-
	1,456,670	90,620	1,366,050	1,938,036
Total Expenditures	15,042,800	4,236,645	10,806,155	9,822,349
Revenues Over (Under) Expenditures	(4,878,400)	2,484,231	(2,394,169)	437,364
Operating Transfers from (to)				
Contribution from (to) Water Pressure	-	-	-	77,824
Contribution from (to) Waterlines	-	-	-	160,991
Contribution from (to) Sewer Rehab	-	-	-	(15,148)
NC Clean Water Loan	-	-	-	7,662
Loan Proceeds	1,908,200	(1,908,200)	-	313,350
	1,908,200	(1,908,200)	-	544,679
Fund Balance Appropriated	2,970,200	(2,970,200)	-	-
Total Other Financing Sources (Uses)	4,878,400	(4,878,400)	-	544,679
Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	-	(2,394,169)	(2,394,169)	982,043

City of Eden, North Carolina
Water and Sewer Fund
Schedule of Revenues and Expenditures
Budget and Actual (NON GAAP)
For the Fiscal Year Ended June 30, 2012

Exhibit D-4

	Actual	Actual Prior Year
Reconciliation for Budgetary Basis (Modified Accrual) to Full Accrual:		
Expenditures Over Revenues and Other Financing Sources	(2,394,169)	982,043
Reconciling Items:		
Debt Principal	951,420	1,473,781
Capital Outlay	3,579,248	1,670,066
Loan Proceeds	(459,169)	(313,350)
Capital Contributions in Water and Sewer Capital Project Fund	-	(223,667)
Grants in Water and Sewer Capital Project Fund	-	29,976
NC Clean Water Loan	-	(7,662)
Depreciation	(2,617,333)	(2,375,672)
Contribution from General Fund	-	810
Other Post Employment Benefits	(5,994)	(22,476)
Interest Income from Water and Sewer Capital Project Fund	-	57
Total Reconciling Items	1,448,172	231,863
Change in Net Assets	(945,997)	1,213,906

City of Eden, North Carolina
Self Insured Insurance
Comparative Balance Sheets
June 30, 2012 and 2011

Exhibit E-1

	<u>June 30, 2012</u>	<u>June 30, 2011</u>
Assets:		
Cash and Cash Equivalents	343,921	286,376
Due from Other Agencies	4,237	75,165
Accounts Receivable	<u>-</u>	<u>425</u>
 Total Assets	 <u><u>348,158</u></u>	 <u><u>361,966</u></u>
Liabilities and Fund Equities:		
Current Liabilities		
Accounts Payable	211,016	141,567
Fund Equities	<u>137,142</u>	<u>220,399</u>
 Total Liabilities and Fund Equities	 <u><u>348,158</u></u>	 <u><u>361,966</u></u>

City of Eden, North Carolina
Self Insured Insurance
Statement of Revenues, Expenditures, and
Changes in Fund Balance -- Budget and Actual
For Fiscal Year Ended June 30, 2012 and 2011

Exhibit E-2

	Budget	Variance Favorable (Unfavorable)	June 30, 2012	June 30, 2011
Revenues:				
Charges for Services:				
General Fund	1,849,200	(28,326)	1,820,874	1,512,578
Water & Sewer Fund	478,700	16,729	495,429	365,872
Police Pension	34,500	(8,987)	25,513	34,831
Cobra Premium Reimbursements	-	218	218	143
Refunds	24,000	2,562	26,562	53,002
ERRP Reimbursements	-	(44,540)	(44,540)	84,178
Total Revenues	<u>2,386,400</u>	<u>(62,344)</u>	<u>2,324,056</u>	<u>2,050,604</u>
Expenditures:				
Group Insurance Fixed Costs	449,300	14,545	434,755	469,168
Insurance Claims	1,937,900	(34,877)	1,972,777	1,648,061
Total Expenditures	<u>2,387,200</u>	<u>(20,332)</u>	<u>2,407,532</u>	<u>2,117,229</u>
Operating Income (Loss)	<u>(800)</u>	<u>(82,676)</u>	<u>(83,476)</u>	<u>(66,625)</u>
Non-Operating Revenue:				
Investment Earnings	800	(581)	219	788
Other Financing Sources (Uses):				
Fund Balance Appropriated	-	-	-	-
Excess of Revenue and Other Sources Over (Under) Expenditures and Other Uses	<u>-</u>	<u>(83,257)</u>	<u>(83,257)</u>	<u>(65,837)</u>
Fund Balance				
Beginning of Year, July 1			220,399	286,236
End of Year, June 30			<u>137,142</u>	<u>220,399</u>

City of Eden, North Carolina
Self Insured Insurance
Comparative Statement of Cash Flows
For Fiscal Year Ended June 30, 2012
(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2011)

Exhibit E-3

	June 30, 2012	June 30, 2011
Cash Flows from Operating Activities:		
Cash Received from Users	2,395,409	1,977,199
Cash Paid for Insurance Claims	(1,903,328)	(1,597,511)
Cash Paid for Fixed Costs	(434,755)	(469,168)
Net Cash Provided by Operating Activities	57,326	(89,480)
Cash Flows from Investing Activities	219	788
Net (Decrease) Increase in Cash and Cash Equivalents	57,545	(88,692)
Cash and Cash equivalents, Beginning of Year	286,376	375,068
Cash and Cash equivalents, End of Year	343,921	286,376
Reconciliation of Operating Incomes to Net Cash Provided by Operating Activities:		
Operating Income (Loss)	(83,476)	(66,625)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Changes in Assets and Liabilities:		
(Increase) Decrease in Due from Other Agencies	70,928	(72,980)
(Increase) Decrease in Accounts Receivable	425	(425)
Increase (Decrease) in Accounts Payable	69,449	50,550
Total Adjustments	140,802	(22,855)
Net Cash Provided by Operating Activities	57,326	(89,480)

City of Eden, North Carolina
Trust and Agency Funds
Combining Balance Sheets
June 30, 2012

Exhibit F-1

	Pension Trust	Agency	
	Special Separation Allowance Fund	Runabout Travel Club	Totals June 30, 2012
Assets:			
Cash and Cash Equivalents	6,580	15,901	22,481
Total Assets	6,580	15,901	22,481
Liabilities and Fund Balance:			
Liabilities:			
Accounts Payable	-	-	-
Fund Balance:			
Restricted			
Runabout Travel Club		15,901	15,901
Police Special Separation Allowance Retirement System	6,580	-	6,580
Total Fund Balances	6,580	15,901	22,481
Total Liabilities and Fund Balances	6,580	15,901	22,481

City of Eden, North Carolina
Pension Trust Fund
Comparative Balance Sheets
June 30, 2012 and 2011

Exhibit F-2

	June 30, 2012	June 30, 2011
Assets:		
Cash and Cash Equivalents	6,580	5,102
Total Assets	6,580	5,102
Liabilities and Fund Balance:		
Liabilities		
Accounts Payable	-	-
Fund Balance:		
Appropriated to Next Year's Budget		
Reserved for Employees Retirement System	6,580	5,102
Total Fund Balances	6,580	5,102
Total Liabilities and Fund Balances	6,580	5,102

City of Eden, North Carolina
Pension Trust Fund
Statement of Revenues, Expenses, and Changes in Fund Balances
For Fiscal Year Ended June 30, 2012
(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2011)

Exhibit F-3

	<u>June 30,</u> <u>2012</u>	<u>June 30,</u> <u>2011</u>
Operating Revenue:		
Investment Earnings	8	231
Contribution from General Fund	<u>206,100</u>	<u>225,200</u>
 Total Operating Revenue	 <u>206,108</u>	 <u>225,431</u>
 Operating Expenses		
Benefits Payments	204,368	220,434
Professional Services	<u>262</u>	<u>264</u>
 Total Operating Expenses	 <u>204,630</u>	 <u>220,698</u>
 Net Operating Income (Loss)	 1,478	 4,733
 Fund Balance, Beginning of Year	 <u>5,102</u>	 <u>369</u>
 Fund Balance, End of Year	 <u>6,580</u>	 <u>5,102</u>

City of Eden, North Carolina
 Agency Funds - Runabout Travel Club
 Statement of Changes in Assets and Liabilities
 For Fiscal Year Ended June 30, 2012

Exhibit F-4

	<u>Balance July 1, 2011</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2012</u>
Assets:				
Cash and Cash Equivalents	<u>14,456</u>	<u>15,784</u>	<u>14,339</u>	<u>15,901</u>
 Liabilities	 <u>14,456</u>	 <u>15,784</u>	 <u>14,339</u>	 <u>15,901</u>

City of Eden, North Carolina
 General Fund
 Schedule of Ad Valorem Taxes Receivable
 June 30, 2012

Exhibit G-1

Fiscal Year	Uncollected Balance June 30, 2011	Additions	Collections and Credits	Uncollected Balance June 30, 2012
2011-2012		5,475,546	5,321,470	154,076
2010-2011	175,187	4,731	115,554	64,364
2009-2010	70,038	78	25,215	44,901
2008-2009	52,782		10,684	42,098
2007-2008	42,871		8,117	34,754
2006-2007	27,731		3,317	24,414
2005-2006	25,555		2,123	23,432
2004-2005	11,970		1,318	10,652
2003-2004	10,717		722	9,995
2002-2003	10,116		427	9,689
2001-2002	10,525		10,525	-
	<u>437,492</u>	<u>5,480,355</u>	<u>5,499,472</u>	<u>418,375</u>
Less Allowance for Uncollectible Taxes				<u>279,131</u>
Ad Valorem Taxes Receivable - Net				<u>139,244</u>
Reconciliation with Revenues:				
Ad Valorem Taxes - General Fund				5,497,305
Reconciling Items:				
Prepaid Tax Discounts				23,530
Rockingham County Collection Fee - Vehicle Tax				7,702
Short-Term Vehicle Tax				(12,594)
Interest Collected				(38,961)
Releases and Other Adjustments				12,643
Municipal Service District Tax				<u>9,847</u>
				<u>5,499,472</u>

City of Eden, North Carolina
 Analysis of Current Tax Levy
 City-Wide Levy
 For Fiscal Year Ended June 30, 2012

Exhibit G-2

	<u>City-Wide</u>			<u>Total Levy</u>	
	Property Valuation	Rate	Amount of Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original Levy:					
Property Taxed at Current Year's Rate	865,141,428	\$ 0.609	5,268,713	4,944,162	324,551
Penalties					
Motor Vehicles Taxed at Prior Year's Rate	<u>30,321,552</u>	\$ 0.62	<u>187,994</u>	<u>-</u>	<u>187,994</u>
	<u>895,462,980</u>		<u>5,456,707</u>	<u>4,944,162</u>	<u>512,545</u>
Discoveries:					
Current Year Taxes	298,667		1,824	825	999
Prior Year Taxes	-		14,189	14,189	-
Penalties	<u>-</u>		<u>7,055</u>	<u>7,055</u>	<u>-</u>
	<u>298,667</u>		<u>23,068</u>	<u>22,069</u>	<u>999</u>
Municipal Service District Tax			<u>9,808</u>	<u>9,808</u>	<u>-</u>
Other Adjustments	(1,547,487)		(10,469)	(4,789)	(5,680)
Less: Insolvents	<u>-</u>		<u>(3,568)</u>	<u>(3,568)</u>	<u>-</u>
	<u>(1,547,487)</u>		<u>(14,037)</u>	<u>(8,357)</u>	<u>(5,680)</u>
Total Property Valuation	<u>894,214,160</u>				
Net Levy			5,475,546	4,967,682	507,864
Uncollected Taxes at June 30, 2012			<u>154,076</u>	<u>85,041</u>	<u>69,035</u>
Current Year's Taxes Collected			<u>5,321,470</u>	<u>4,882,641</u>	<u>438,829</u>
Current Levy Collections Percentage			<u>97.18%</u>	<u>98.29%</u>	<u>86.41%</u>

City of Eden, North Carolina
 Schedule of Transfers
 For the Fiscal Year Ended June 30, 2012

Exhibit G-3

	Transfers	
	From	To
Transfers From/To Other Funds at June 30, 2012, consist of the following:		
Operating Transfers from/to other funds: net book value to the Water and Sewer Fund:		
Emergency Communication Fund	17,400	
Municipal Service District Tax Fund	3,500	
General Fund		20,900
	20,900	20,900
Total operating transfers - other funds		
Operating Transfers From/To Component Units		
City of Eden General Fund		112,611
Eden ABC Board	112,611	
Total operating transfers - component units	112,611	112,611

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Patricia E. Penn, CPA
Victor B. Rouse, CPA

Report on Compliance and Internal Control
Over Financial Reporting Based on an Audit of
Financial Statements Performed in Accordance with
Government Auditing Standards

To the Honorable Mayor and
Members of the City Council
City of Eden, North Carolina

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregated remaining fund information of the City of Eden, North Carolina as of and for the year ended June 30, 2012, which collectively comprises the City of Eden's basic financial statements and have issued our report thereon dated October 23, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

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

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

Our consideration of the internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

We noted certain matters that we reported to management of the City of Eden, in a separate letter dated October 23, 2012.

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



Rouse, Rouse, Penn & Rouse, LLP
Certified Public Accountants

Eden, North Carolina
October 23, 2012

Rouse, Rouse, Penn & Rouse, L.L.P.
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Report On Compliance With Requirements Applicable To
Each Major Federal Program And Internal Control Over Compliance
In Accordance With OMB Circular A-133 and the Federal Single
Audit Implementation Act

To the Honorable Mayor and
Members of the City Council
City of Eden, North Carolina

Compliance

We have audited the City of Eden, North Carolina, compliance with the types of compliance requirements described in the OMB Circular A-133 *Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of the City of Eden's major federal programs for the year ended June 30, 2012. The City of Eden's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City of Eden's management. Our responsibility is to express an opinion on the City of Eden's compliance based on our audit.

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

In our opinion, the City of Eden 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 federal programs for the year ended June 30, 2012.

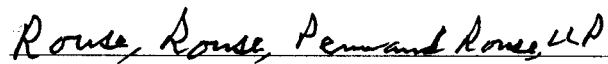
Internal Control Over Compliance

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

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

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

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


Rouse, Rouse, Penn & Rouse, LLP
Certified Public Accountants

October 23, 2012

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Report On Compliance With Requirements Applicable To Each
Major State Program And Internal Control Over Compliance In
Accordance With Applicable Sections of OMB Circular A-133 and the State
Single Audit Implementation Act

To the Honorable Mayor and
Members of the City Council
City of Eden, North Carolina

Compliance

We have audited the City of Eden, North Carolina, 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 its major State programs for the year ended June 30, 2012. The City of Eden's major State programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major State programs is the responsibility of the City of Eden's management. Our responsibility is to express an opinion on the City of Eden's compliance based on our audit.

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

In our opinion, the City of Eden 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, 2012.

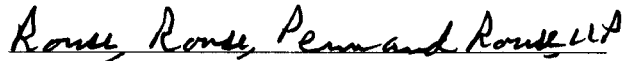
Internal Control Over Compliance

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

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

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

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


Rouse, Rouse, Penn & Rouse, LLP
Certified Public Accountants

October 23, 2012

City of Eden, North Carolina
Schedule of Expenditures of Federal and State Awards
For the Fiscal Year Ended June 30, 2012

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	State/ Pass-through Grantor's Number	Federal (Direct and Pass Through Expenditures)	State Expenditures	Local Expenditures
Federal Grants:					
Cash Programs:					
<u>US Department of Housing and Urban Development</u>					
NC Department of Commerce/ CDBG - State - Administered Small Cities Program Cluster/ Community Development Block Grant					
Holland Street Community Revitalization Project	14.228	09-C-2064	124,301		
Stone Creek Apartments Project Housing Development	14.228	10-C-2210	6,178		
Nantucket Mill Project Contingency Grant	14.228	10-C-2229	7,300		
Total CDBG - State-Administered Small Cities Program Cluster			137,779	-	-
<u>US Department of Justice</u>					
ARRA - Public Safety Partnership and Community Policing	16.710	2009RKWX0578	85,568		
NC Department of Crime Control and Public Safety/ Edward Byrne Memorial Justice Assistance Grant	16.738	PROJ008208	4,919		
<u>US Department of Transportation</u>					
NC Department of Transportation/ ARRA - Highway Planning and Construction	20.205	WBS #42110	126,780		
<u>US Department of Health and Human Services</u>					
NC Department of Health and Human Services/ ARRA - State Health Initiative	93.723	02723-11	21,181		
Noncash Programs:					
<u>Environmental Protection Agency</u>					
NC Department of Environment and Natural Resources/ ARRA - Capitalization Grants for Clean Water State/ Revolving Funds (note 2)					
	66.458	CS370458-04	1,107,193 **		
Total assistance - federal programs			1,483,420	-	-
State Grants:					
<u>State of North Carolina Appropriation Funds through NC General Assembly Golden LEAF Foundation, Inc.</u>					
2011 Community Assistance Initiative		FY2011-277		477,447 *	
<u>N.C. Department of Transportation</u>					
Powell Bill				462,050 *	
<u>State of North Carolina Appropriation Funds through NC General Assembly NC Rural Economic Development Center, Inc.</u>					
Planning Grant				40,000	
<u>NC Department of Environment and Natural Resources</u>					
State Technical Assistance Grant		E-TAG-P-11-0009		50,000	44,893
Total assistance - State programs			-	552,050	44,893
Total assistance			1,483,420	1,029,497	44,893

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

Note 2. Loans Outstanding

The City of Eden had the following loan balances outstanding at June 30, 2012. These loan balances outstanding are also included in the federal expenditures presented in the schedule.

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Amount Outstanding</u>
ARRA - Capitalization Grants for State Revolving Funds	66.458	1,107,193

*Major program as defined by the State Single Audit Implementation Act

**Major program as defined by OMB Circular A-133

CITY OF EDEN, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2012

I. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness identified? ___ yes X no

- Significant deficiencies identified
that are not considered to be
material weaknesses ___ yes X none reported

Noncompliance material to financial
material weaknesses ___ yes X no

Federal Awards

Internal control over major federal programs:

- Material weakness identified? ___ yes X no

- Significant deficiencies identified
that are not considered to be
material weaknesses ___ yes X none reported

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

Any audit findings disclosed that are required
to be reported in accordance with Section
510(a) of Circular A-133 ___ yes X no

Identification of major federal programs:

CFDA Numbers
66.458

Names of Federal Program or Cluster
ARRA – Capitalization Grants for Clean
Water State/Revolving Funds

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

Auditee qualified as low-risk auditee? ___ yes X no

State Awards

Internal control over major State programs:

- Material weakness identified? ___ yes X no

- Significant deficiencies identified
that are not considered to be
material weaknesses ___ yes X none reported

Type of auditor's report issued on compliance for major State
programs: Unqualified

Any audit findings disclosed that are required
to be reported in accordance with the State
Single Audit Implementation Act ___ yes X no

Identification of major State programs:

Program Name

2011 Community Assistance Initiative
Powell Bill

CITY OF EDEN, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2012

Section II. Financial Statement Findings

None reported.

Section III. Federal Award Findings and Questioned Costs

None reported.

Section IV. State Award Findings and Questioned Costs

None reported.

**Summary Schedule of Prior Audit Findings
For the Fiscal Year Ended June 30, 2011**

None reported.