

*Village*

*Of*

*Clemmons*

North Carolina



Comprehensive Annual Financial Report  
For the Fiscal Year Ended  
June 30, 2011

Prepared By:  
K. Ann Stroud  
Village Finance Officer



**VILLAGE OF CLEMMONS,  
North Carolina**

**Comprehensive Annual Financial Report**  
Fiscal Year Ended June 30, 2011

Village Council Members

John R. Bost, Mayor  
Christopher D. Jones III, Mayor Pro Tem  
Mary L. Cameron  
Jack R. Ingle, Jr.  
Nan L. Holland  
Larry W. McClellan

Administrative and Financial Staff

Gary M. Looper, Village Manager  
K. Ann Stroud, Finance Officer

Prepared By:  
K. Ann Stroud  
Village Finance Officer



**VILLAGE OF  
CLEMMONS**

**Village of Clemmons, North Carolina  
 Comprehensive Annual Financial Report  
 For the Fiscal Year Ended June 30, 2011**

**TABLE OF CONTENTS** **PAGE**

**INTRODUCTORY SECTION:**

|                                       |    |
|---------------------------------------|----|
| Letter of Transmittal .....           | 9  |
| Elected Officials .....               | 14 |
| Organization Chart .....              | 15 |
| GFOA Certificate of Achievement ..... | 16 |

**FINANCIAL SECTION:**

|  |    |
|--|----|
| Independent Auditor's Report .....         | 17 |
| Management's Discussion and Analysis ..... | 19 |

*Basic Financial Statements*

Government-wide Financial Statements:

|   |    |
|---|----|
| Exhibit 1 Statement of Net Assets ..... | 33 |
| Exhibit 2 Statement of Activities ..... | 34 |

Fund Financial Statements:

|  |    |
|--|----|
| Exhibit 3 Balance Sheet- Governmental Funds .....  | 35 |
| Exhibit 3 Reconciliation of the Governmental Funds<br>Balance Sheet to the Statement of Net Assets .....   | 35 |
| Exhibit 4 Statement of Revenues, Expenditures, and Changes<br>In Fund Balance Governmental Funds .....   | 36 |
| Exhibit 5 Reconciliation of the Statement of Revenues,<br>Expenditures and Changes in Fund Balance of<br>Governmental Funds to the Statement of Activities ..... | 37 |
| Exhibit 6 Statement of Revenues, Expenditures, and Changes in<br>Fund Balance- Budget and Actual- General Fund .....   | 38 |
| Exhibit 7 Statement of Net Assets-Property Funds .....   | 39 |
| Exhibit 8 Statement of Revenues, Expenses and Changes in<br>Net Assets-Proprietary Funds .....   | 40 |
| Exhibit 9 Statement of Cash Flows-Proprietary Funds .....  | 41 |
| Notes to the Financial Statements .....  | 42 |

*Individual Fund Statements and Schedules:*

|  |    |
|--|----|
| Exhibit A Schedule of Revenues, Expenditures, and Changes in Fund Balance<br>Budget and Actual –General Fund .....                                   | 60 |
| Exhibit B Combining Balance Sheet- Nonmajor Governmental Funds .....   | 64 |
| Exhibit C Combining Statement of Revenues, Expenditures, and<br>Changes in Fund Balance .....  | 65 |
| Exhibit D Schedule of Revenues, Expenditures, and Changes in Fund Balance<br>Budget and Actual-Village Point Lake Improvements Capital Project ..... | 66 |
| Exhibit E Schedule of Revenues, Expenditures, and Changes in Fund Balance<br>Budget and Actual-Safe Routes to School Grant Capital Project .....     | 67 |

**TABLE OF CONTENTS (CONTINUED)**

Exhibit F Schedule of Revenues and Expenditures, and Changes in Fund Balance-  
Budget and Actual (Non-GAAP)-Stormwater Fund ..... 69

*Other Schedules:*

Exhibit G Schedule of Ad Valorem Taxes Receivable ..... 71

Exhibit H Village-Wide Levy ..... 72

**STATISTICAL SECTION:**

*Financial Trends:*

Schedule 1 Net Assets by Component ..... 75

Schedule 2 Changes in Net Assets ..... 76

Schedule 3 Government-Wide Revenues ..... 78

Schedule 4 Program Revenues by Function ..... 79

Schedule 5 Fund Balances of Governmental Funds-Last Ten Fiscal Years ..... 80

Schedule 6 Changes in Fund Balance-Governmental Funds-Last Ten Fiscal Years ..... 81

*Revenue Capacity:*

Schedule 7 General Governmental Tax Revenues by Source ..... 82

Schedule 8 Assessed and Estimated Actual Value of Taxable Property ..... 83

Schedule 9 Property Tax Rates – Direct and Overlapping Governments ..... 84

Schedule 10 Property Tax Levies and Collection ..... 85

Schedule 11 Principal Taxpayers ..... 86

*Debt Capacity:*

Schedule 12 Legal Debt Margin- Last Ten Years ..... 87

Schedule 13 Computation of Direct and Overlapping Governmental Activities Debt ..... 88

Schedule 14 Outstanding Debt Ratios ..... 89

Schedule 15 Ratio of Annual Debt Service Expenditures ..... 90

*Demographic and Economic Information:*

Schedule 16 Demographic Statistics ..... 91

Schedule 17 Principal Employers ..... 92

*Operating Information:*

Schedule 18 Operating Indicators by Function ..... 93

Schedule 19 Full-Time Equivalent Government Employees by Function ..... 94

Schedule 20 Capital Asset Statistics by Function/Program ..... 95

**COMPLIANCE SECTION:**

Report on Internal Control over Financial Reporting and on  
Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance With *Government Auditing Standards* ..... 97

Schedule of Findings and Questioned Costs ..... 99

Corrective Action Plan ..... 101

Summary of Prior Year Audit Findings ..... 102

Schedule of Expenditures of Federal and State Awards ..... 103

## INTRODUCTORY SECTION

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**VILLAGE OF  
CLEMMONS**



October 28, 2011

The Honorable Mayor John Bost,  
Members of the Village Council  
And Citizens of the Village of Clemmons, North Carolina

It is our pleasure to submit the Comprehensive Annual Financial Report of the Village of Clemmons, North Carolina for the fiscal year ended June 30, 2011. Management of the Village of Clemmons is responsible for the integrity and objectivity of financial statements and other representations contained in this annual report. The Village's comprehensive annual financial report, prepared in accordance with generally accepted accounting principles ("GAAP") for units of local government, consists of management's representation concerning the financial position and results of operation for the fiscal year ended June 30, 2011.

North Carolina general statutes require each unit of local government to publish within four months after the close of the fiscal year a complete set of financial statements presented in conformity with generally accepted account principles ("GAAP") and audited in accordance with generally accepted auditing standards by a firm of certified public accountants.

The financial statements and supplemental schedules in the Financial Section have been audited by the independent, certified public accounting firm of Cannon and Company, L.L.C. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Village, for the fiscal year ended June 30, 2011, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting amounts and disclosures in the basic financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based on the audit, that there was reasonable basis for rendering an unqualified opinion that the Village's basic financial statements for the year ended June 30, 2011 were presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The Village's MD&A can be found immediately following the independent auditor's report.

### ***DESCRIPTION OF THE VILLAGE***

Clemmons is located in Forsyth County which is in the northwestern piedmont section of North Carolina. The Village of Clemmons was founded in 1802 and incorporated in 1986 and serves a population of 18,688. The county is considered an urban county with nine municipalities, including the fifth most populous city in the state, Winston-Salem. Clemmons is part of the state's "Piedmont Triad" and the Greensboro/Winston-Salem/ High Point Standard Metropolitan Statistical Area. Clemmons is mainly a residential community. This is highlighted by the fact that 82% of taxable real property is residential.

**3715 CLEMMONS ROAD \* POST OFFICE BOX 1710 \* CLEMMONS, NC 27012 \* (336)766-7511 \*  
FAX (336)-766-7536**

## ***PROFILE OF THE GOVERNMENT***

The Village operates under a Council-Manager form of government. The Council is the policy-making and legislative body of Village government and includes a Mayor and five Council Members. The Mayor and one Council member are elected for a two year term and the remainder of the Council is elected to four year terms. The Mayor is the presiding officer of the Council and votes only when a Council vote results in a tie. The Council meets on the second and fourth Monday of each month for its regularly scheduled meeting. Special meetings can be called as necessary for budget or other special projects. The Village Manager is appointed by the Council as the Chief Executive Officer and is responsible for carrying out the policies and ordinances of the Council. The Manager appoints department directors to assist with the administration of the daily operations and programs of the Village. The Village staff administers contracts, as awarded by Council, for many of its services.

Clemmons citizens enjoy the following municipal services: waste collection, bulk item pickup, recycling, leaf/limb and grass collection, community policing, planning and zoning, street maintenance, a pocket park, and stormwater management. Clemmons Council and staff desires to provide services that improve the lives of our citizens balanced with a very modest tax rate and fees. In effort to ensure that balance, services and the tax rate are reviewed though out the year especially during the budget process. Water and sewer is provided directly to the citizens from Winston-Salem/Forsyth County Utilities. Fire protection is provided by the Clemmons Volunteer Fire Department and the Lewisville Volunteer Fire Department. These fire departments are separate entities from the Village incorporated as individual fire districts.

## ***FACTORS AFFECTING FINANCIAL CONDITION***

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the Village of Clemmons operates.

## ***ECONOMIC CONDITION AND OUTLOOK***

Clemmons is facing the following challenges due to the economy; historically low investment interest rates, low property values, high unemployment, and possible modification of state shared revenues due to state budget deficit. Furthermore, Clemmons has a charter-mandated restriction of a fifteen cent tax cap; which restricts options for new services as well as methods to increase revenues. The tax rate in the proposed budget for the fiscal year ending June 30, 2012 is \$ .115. As Clemmons approaches the tax cap of fifteen cents more emphasis has been placed on capital planning, community feedback and community education. The Council and Staff desire to continue offering services that are meaningful to the citizens and ensure that Clemmons continues to be a desirable place to live and work. However, the expectation of slow or no growth in intergovernmental revenues has motivated Clemmons to review the tax cap, services provided and potential service fees. Due to the direct impact to citizens, continued discussion with the citizens is an essential part of this review.

The Village of Clemmons is in the heart of the state's Piedmont Triad region, a 12-county area with more than 1.5 million people. The strength of the local economy is a diverse economic base including major growth areas of health services and related professions, higher education, financial services, professional and business services, construction, and hospitality. This is a shift from the tobacco, textile, and furniture industries that have provided a strong base for the region in the past. Forsyth County currently has a 10.1% unemployment rate.

The Village of Clemmons, as most communities in North Carolina, has seen a decrease in new commercial and residential development since 2007. However, with the Village Point Small Area Master Plan and the newly adopted Clemmons Community Compass (2010) the Village has provided direction to new growth within our municipal boundaries. The trend since 2007 for development in the Village has included assisted living, a new school and medical facilities. Wake Forest Baptist Medical Center is

currently constructing 90,000 square feet of medical office and outpatient services. Furthermore, Novant Health purchased 124 acres to develop a regional hospital. The first phase of this development included the construction of Frank Morgan Elementary School, infrastructure, and the dedication of a pond to the Village. The second phase, for the hospital has been approved by the Village. Novant is expected to begin construction on the Emergency Department and Medical Office soon. The hospital construction cannot begin until 2015 and must be completed by 2017 per the Certificate of Need. The overall square footage is approximately 206,000 square feet with 68,000 square feet of Medical Office. The remainder of the Novant Master Plan anticipates:

1. Townhomes (60 units)
2. Office (124,000 sf)
3. Medical Office (150,000 sf)
4. Pharmacy with Drive-thru (15,000 sf)
5. Sit-down Restaurant (5,000 sf.)

The new trends in development are encouraging for the next generations. The medical facilities and the ancillary uses that are anticipated to follow will provide sustainable land uses. These uses do not shift with market conditions and provide community partnerships. As the economy continues to change the Village is grounded and is in a good position for this “new economy”

## **FINANCIAL INFORMATION**

The financial reporting entity includes all funds of the Village.

*Budgetary Control:* The North Carolina Local Government Budget and Fiscal Control Act governs financial practices of all local governments in North Carolina. This statute requires local governments to adopt a balanced budget by July 1 of each year. Budgeted expenditures are shown at the department level. The Village Manager presents his budget message to the Council and Clemmons’ citizens by May 30. The Village Council is required to hold a public hearing on the proposed budget prior to adopting the budget ordinance. The ordinance establishes a legal spending limit for the Village. Council may approve ordinances to amend the budget throughout the fiscal year. Annual budgets are adopted for the general fund and the stormwater utility. A purchase order system is part of the accounting software that provides budgetary control. The Finance Officer is required to sign a statement that all disbursements have been preaudited to determine that they are allowed under the current budget. Budgetary control is especially important to help control spending in periods of economic downturns and to ensure legal compliance with North Carolina state law.

*Internal Control:* Management is responsible for developing an internal control system designed to safeguard the government’s assets from loss, theft, or misuse and to maintain reliable records for compilation and presentation of the Village’s financial information in conformity with generally accepted accounting principles. The Village’s internal controls are limited by lack of separation of duties due to one person finance staff and small administrative staff. To offset this limitation there are a number of review procedures performed by the Manager and Mayor. The system is designed to provide reasonable internal control and reasonable assurance that the financial statements will be free from material misstatement. To further strengthen internal control, the Village wanted to address the personal component by providing free counseling services thru an employee assistance program for financial stress, family stress or addiction. There are also periodic meetings with employees in order to ensure that employees know the procedures for reporting possible fraud.

*Cash Management:* The Village pools all monies in a central depository system. Investments are made in accordance with North Carolina General Statute 159-30. Village funds are primarily held in checking accounts, money market accounts, short-term certificates of deposit, and the North Carolina

Capital Management Trust. All deposits are collateralized according to state statute. Due to the collapse of some financial institutions, the Village focused on our cash management policies and verified that all Village funds were coded public funds by the individual financial institutions. This assured that all accounts were being reported to the State accurately and were adequately collateralized. The State requires that financial institutions collateralize public funds at 110% and monitors the collateralization based on reports submitted by the Village.

*Debt Administration:* Historically, Clemmons' Councils have primarily operated on pay-as-you go system. This was accomplished by the sensible use of fund balance and limited installment financing. The Village has no general fund debt as of the fiscal year ended June 30, 2011. However, there is a bond referendum on the November 8, 2011 ballot for a \$6,000,000 general obligation bond for streets and sidewalk improvements. Voter approved debt repayment is calculated outside the tax cap limit. The tax cap does pose challenges to financing major capital projects by limiting Clemmons' options for repayment of debt, which is not otherwise voter approved.

*Fund Balance:* The Council determines annually the level of unassigned fund balance based on anticipated future annual budgeting needs, historical trends, and economic conditions. Fund balance is especially important to help stabilize tax rates in periods of economic downturns and emergencies. The level of fund balance, and how the tax cap might affect that level in the future, is of particular importance to the Council. The Council will embark on a project to provide citizen education, and gain citizen input regarding future financial forecasts and services.

## **INITIATIVES**

*Community Policing:* In order to enhance the safety of Clemmons citizens and its business community the Village contracts with the Forsyth County Sheriff's Office for personnel to be stationed in Clemmons. Currently the Village contracts for two investigators, seven patrol deputies (including one Sergeant and one Corporal) and two additional traffic officers.

*Streets:* The Village continues a program to maintain streets within its boundaries based on a street survey from US Infrastructure. The survey ensures that we maintain our streets at a high standard and that we are on a schedule to resurface streets based on these standards. For the fiscal year ended June 30, 2011, the Village resurfaced 4,518 feet of roadway at a cost of \$52,745. The Village expects to receive a North Carolina Department of Transportation Grant for planted landscaping enhancement in a section of median along Lewisville-Clemmons Road.

*Sidewalk:* The Village expects to complete a Middlebrook Drive sidewalk extension of 1,200' and a crosswalk connection from the sidewalk on Middlebrook Drive to existing sidewalk on Hwy 158. The Village will receive an 80% federal grant administered by the North Carolina Department of Transportation. The Village is also in the process of completing 230 linear feet of sidewalk adjacent to Clemmons Elementary School as part of a 100% Safe Routes to School Grant.

*Planning:* Planning and zoning issues are an area of focus for the Council. A Village Transportation Plan was completed and the Village will be implementing the recommendations that are feasible as funds allow. As part of the implementation of the Village Transportation Plan, the Village Council will have a bond referendum on the November 8, 2011 ballot for a general obligation bond of \$6,000,000 for streets and sidewalk improvements. The Village will be further implementing recommendations from the Comprehensive plan as funds and time allow. Citizen involvement is essential in order to facilitate the implementation of the recommendations of both plans. The Planning Department continues to review the Village's planning documents and ordinances to provide recommendations for amendments.

*Village Point Lake Capital Improvements:* The Village is currently performing capital improvements to Village Point Lake. These improvements will provide improved water quality and a future stormwater management facility. In connection with this project the Village received grants for greenways around

the lake and a fishing pier including stocking of the lake. The greenway grant pays 80% and the fishing pier will require matching which can be in kind matching (labor). The Village wants to provide an amenity for citizens to enjoy for many years, and also assist in stormwater management as future development occurs. The Village accepted Village Point Lake, dam and roadway overtop of the dam from Novant Health on July 25, 2011.

*Stormwater:* The Stormwater budget supports the Clemmons Stormwater Management Program as required by the Environmental Protection Agency's Phase II Water Quality Act and the Village's stormwater quantity ordinance. The stormwater committee, stormwater administrator, and stormwater consultant prepared a capital improvement plan to address existing quantity problems. The Village will continue their capital improvement plan developed by the Stormwater Committee and updated annually. The Stormwater Committee recommended a pay-as-you go philosophy to complete the capital improvement plan with fee increases beginning with the fiscal year ending June 30, 2012.

*Citizens:* The Village will continue an ongoing initiative to promote citizen trust, education, and involvement with their government.

### **ACKNOWLEDGEMENTS**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded the Certificate of Achievement for Excellence in Financial Reporting to the Village of Clemmons for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2010. This was the third year that the government has achieved this prestigious award. In order to be awarded the Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. This report was prepared by the Finance Officer, Ann Stroud.

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

Deserving special commendation for the success of the Village's operations are skilled, talented and dedicated employees – the work force of the Village of Clemmons. The assistance of the Forsyth County tax assessor and finance department for County information in supplemental schedules is appreciated. We also express our appreciation to the Mayor, Village Council and members of our boards and committees for their dedication, leadership and establishment of policies for managing financial operations in a sound manner.



Gary Looper  
Village Manager



K. Ann Stroud, CPA  
Village Finance Officer

VILLAGE OF CLEMMONS, NORTH CAROLINA

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PRINCIPAL OFFICIALS

MEMBERS OF COUNCIL



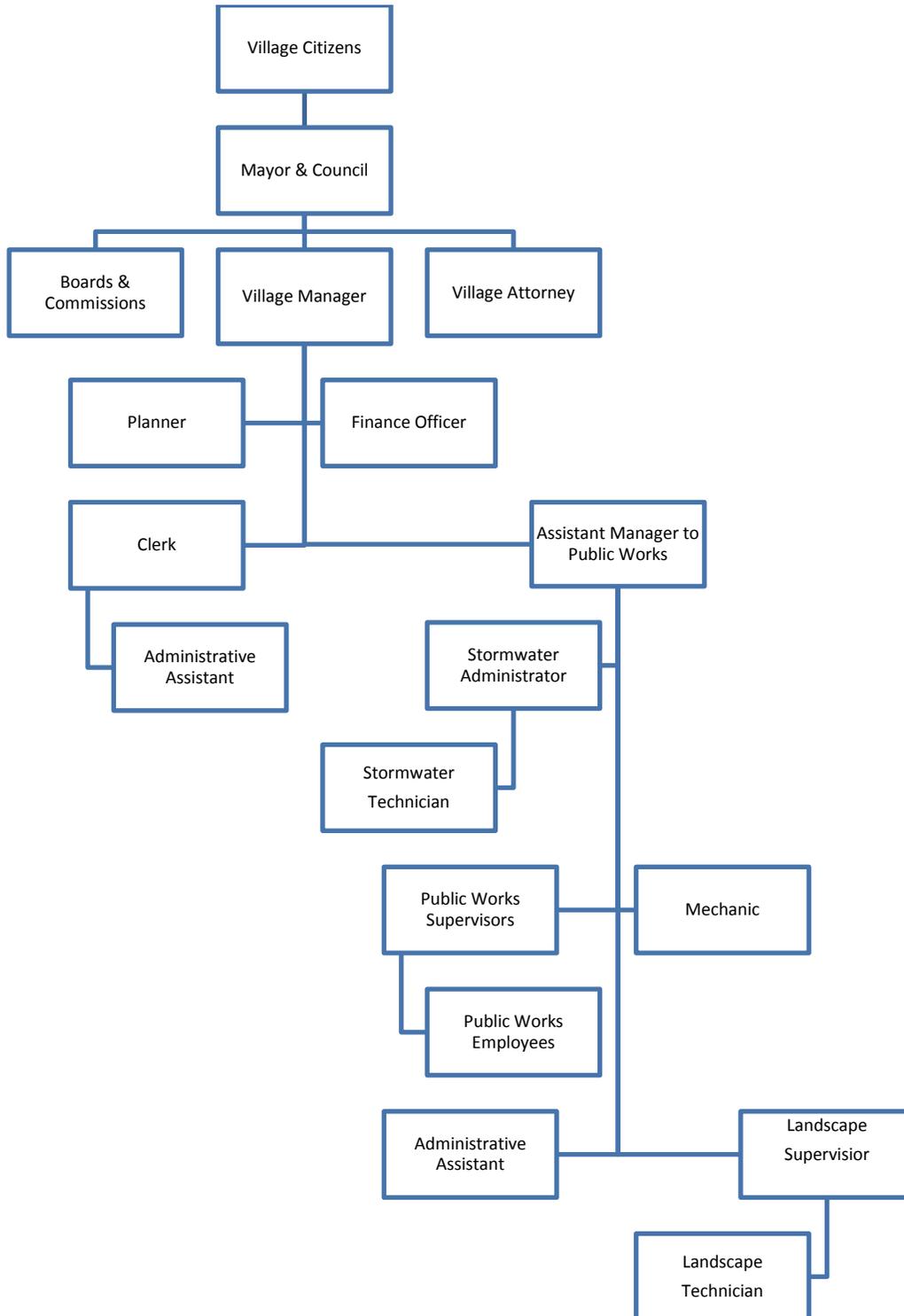
From left to right seated:  
Mayor pro-tem Christopher D. Jones III, Mayor John R. Bost, Jack R. Ingle, Jr.

From left to right standing:  
Mary L. Cameron, Larry W. McClellan, Nan L. Holland

John R. Bost.....Mayor  
Gary M. Looper.....Village Manager  
Warren E. Kasper.....Village Attorney  
Marsha Sucharski.....Village Clerk  
Ann Stroud.....Finance Officer  
Larry Kirby.....Assistant Manager for Public Works  
Megan Ledbetter.....Planner

# VILLAGE OF CLEMMONS, NORTH CAROLINA

## Organization Chart



# Certificate of Achievement for Excellence in Financial Reporting

Presented to

Village of Clemmons  
North Carolina

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2010

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



President

Executive Director

## **FINANCIAL SECTION**

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## INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members of the Village Council  
Village of Clemmons, North Carolina

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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 18, 2011, on our consideration of the Village of Clemmons' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose the report is to describe the scope of our testing of internal control over financial reporting and compliance and on 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 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquires 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 Village of Clemmons, North Carolina basic financial statements and on the combining and individual nonmajor fund financial statements. The accompanying financial information listed as supporting schedules, budgetary schedules, other schedules and statistical information in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements, 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. The introductory information and the statistical tables have not been subjected to the auditing procedures applied by us in the audit of basic financial statements and, accordingly, we express no opinion on them.

*Cannon & Company, S.L.P.*

October 18, 2011

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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**Village of Clemmons, North Carolina  
Management's Discussion and Analysis  
For the Year Ended June 30, 2011**

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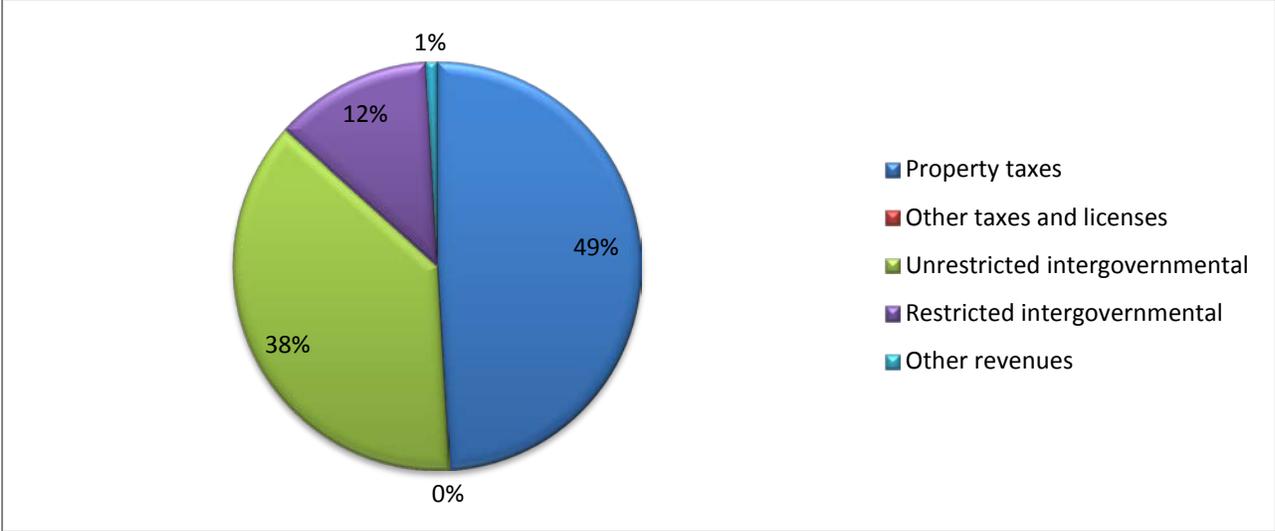
As management of the Village of Clemmons, we offer readers of the Village of Clemmons' financial statements this narrative overview and analysis of the financial activities of the Village of Clemmons for the fiscal year ended June 30, 2011. We encourage readers to read the information presented here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

**Financial Highlights**

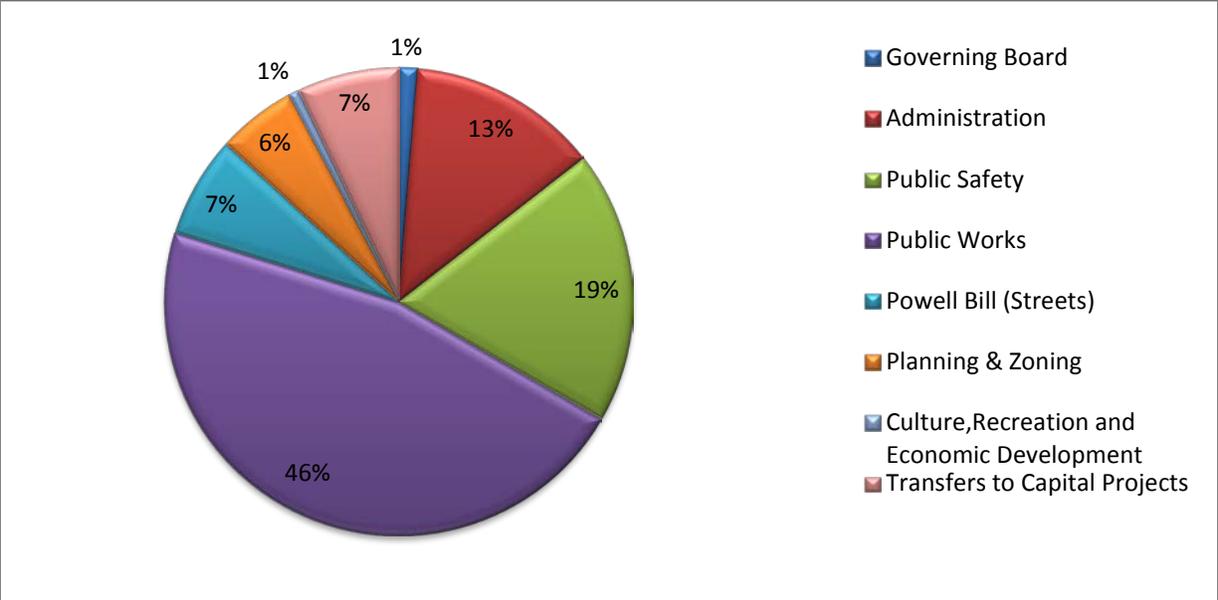
- The assets of the Village of Clemmons exceeded its liabilities at the close of the fiscal year by \$46,499,928. Of this amount, \$ 5,044,188 may be used to meet the Villages' ongoing obligations to citizens and creditors, and \$39,115,659 is invested in capital assets and is not available for future spending.
- The government's total net assets decreased by \$149,105, primarily due to governmental expenses exceeding government revenues by \$422,964, mainly due to depreciation expense exceeding capital outlay by \$689,411, and stormwater revenues over stormwater expenditures of \$273,859.
- As of the close of the current fiscal year, the Village of Clemmons' governmental funds reported combined ending fund balances of \$6,789,504 with a net change of \$273,904 in fund balance. Approximately 35 percent of this total amount, or \$2,378,914, is non spendable or restricted.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$3,136,439 and assigned or committed fund balance was \$1,274,151. The unassigned fund balance was 55 percent of the general fund budget for the fiscal year June 30, 2011.
- Property taxes accounted for 49 percent of governmental revenue that provides services to citizens and the community in 2011. The Village's tax rate for the fiscal year 2011 was \$0.115. The collection rate for the Village was 98.58% which is higher than the previous year collection rate of 98.42%.

**Village of Clemmons, North Carolina  
 Management’s Discussion and Analysis  
 For the Year Ended June 30, 2011**

The following graphs illustrate General Fund current revenue sources and current expenditures by department.



**Expenditures by Department**

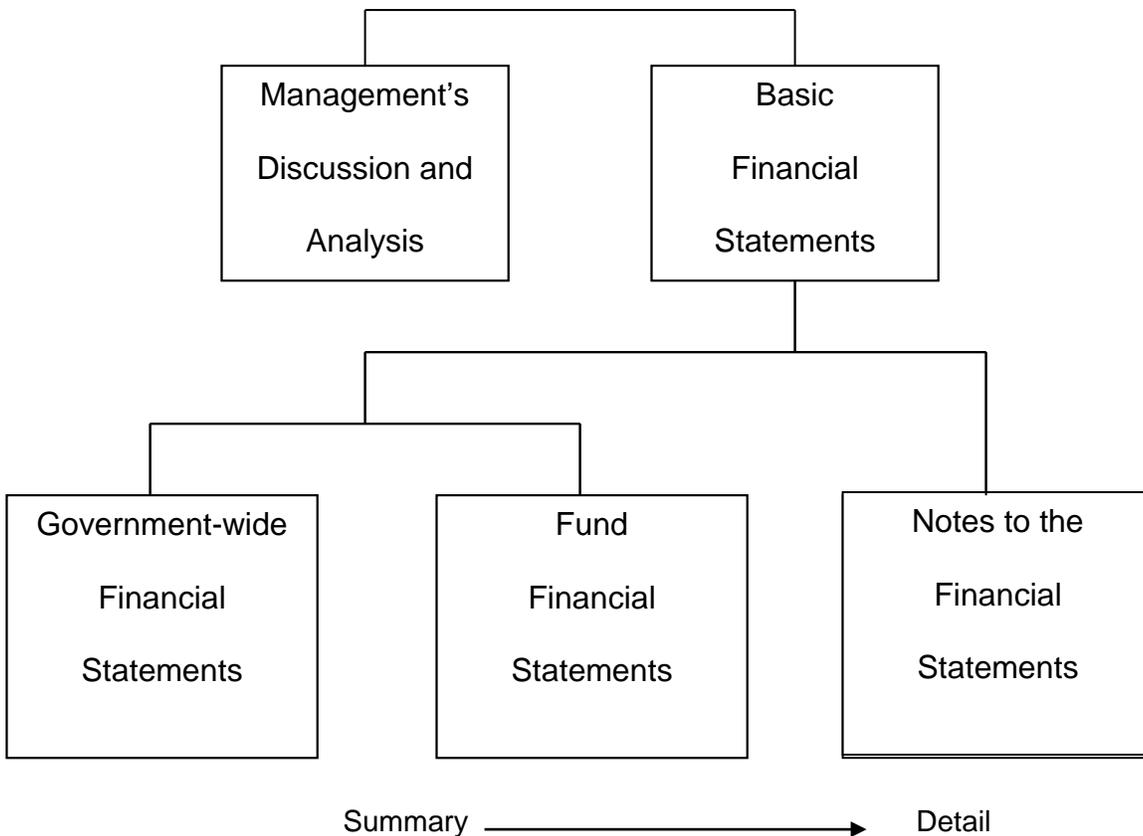


### Overview of the Financial Statements

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

Required Components of Annual Financial Report

**Figure 1**



**Village of Clemmons, North Carolina  
Management's Discussion and Analysis  
For the Year Ended June 30, 2011**

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## **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 Village financial status.

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

The next section of the basic financial statements is the **notes**. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, **supplemental information** is provided to show details about the Village 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 Village'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 Village's financial status as a whole.

The *statement of net assets* presents information on all of the Village's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful way to gauge the Village's financial condition.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave.)

Both government-wide statements are intended to distinguish functions that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are expected to recover all or a significant portion of their costs through user fees and charges (*business-type activities*.) The governmental activities include most of the Village's basic services such as public works, public safety, and general administration. Property taxes and state and federal grant funds finance most of these activities. The business-type activities are those that the Village charges customers to provide the service. This is the stormwater utility operated by the Village of Clemmons.

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

**Village of Clemmons, North Carolina  
Management's Discussion and Analysis  
For the Year Ended June 30, 2011**

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**Fund Financial Statements**

The fund financial statements (see Figure 2) provide a more detailed look at the Village'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 Village of Clemmons, 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 Village budget ordinance. All of the funds of the Village of Clemmons 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 Village's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting* that provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the Village'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 Village of Clemmons 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 Village, the management of the Village, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the Village to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the Village complied with the budget ordinance and whether or not the Village succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the board; 2) the final budget as amended by the board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges. To account for the difference between the budgetary basis of accounting and the modified accrual basis, a reconciliation showing the differences in the reported activities is shown at the end of the budgetary statement.

**Proprietary Funds** – Village of Clemmons has one proprietary fund. *Enterprise Funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. Village of Clemmons uses an enterprise fund to account for its stormwater utility activity. This fund is the same as the function shown in the business-type activities in the Statement of Net Assets and the Statement of Activities.

**Notes to the Financial Statements** – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are on pages 42-58 of this report.

**Village of Clemmons, North Carolina  
Management's Discussion and Analysis  
For the Year Ended June 30, 2011**

**Government-Wide Financial Analysis**

As noted earlier, net assets may serve over time as one useful indicator of a government's financial condition. The assets of the Village of Clemmons exceeded liabilities by \$46,499,928 as of June 30, 2011. The net asset amount consisted of \$39,115,659 invested in capital assets. The Village of Clemmons uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Another \$1,687,118 is subject to external restriction on how they may be used; the remaining balance of \$5,697,151 is unrestricted. The Village's net assets decreased by \$149,105 for the fiscal year ended June 30, 2011. The decrease consisted of \$274,747 net change in fund balance less depreciation and other reconciling items listed Exhibit 5.

**The Village of Clemmons' Net Assets  
Figure 2**

|   | Activities           |                      | Activities          |                   | Total                |                      |
|---|----------------------|----------------------|---------------------|-------------------|----------------------|----------------------|
|   | 2011                 | 2010                 | 2011                | 2010              | 2011                 | 2010                 |
| Current and other assets                        | \$ 7,202,958         | \$ 6,997,400         | \$ 677,997          | \$ 503,770        | \$ 7,880,955         | \$ 7,501,170         |
| Capital assets                                  | 38,604,247           | 39,293,658           | 546,955             | 493,176           | 39,151,202           | 39,786,834           |
| Total assets                                    | <u>\$ 45,807,205</u> | <u>\$ 46,291,058</u> | <u>\$ 1,224,952</u> | <u>\$ 996,946</u> | <u>\$ 47,032,157</u> | <u>\$ 47,288,004</u> |
| Long-term liabilities outstanding               | \$ 36,412            | \$ 31,927            | \$ 5,942            | \$ 40,368         | \$ 42,354            | \$ 72,295            |
| Other liabilities                               | 416,785              | 482,159              | 73,090              | 84,517            | 489,875              | 566,676              |
| Total liabilities                               | <u>\$ 453,197</u>    | <u>\$ 514,086</u>    | <u>\$ 79,032</u>    | <u>\$ 124,885</u> | <u>\$ 532,229</u>    | <u>\$ 638,971</u>    |
| Net assets:                                     |                      |                      |                     |                   |                      |                      |
| Invested in capital assets, net of related debt | \$ 38,604,247        | \$ 39,293,658        | \$ 511,412          | \$ 423,601        | \$ 39,115,659        | \$ 39,717,259        |
| Restricted                                      | 2,340,251            | 2,305,247            |                     |                   | 2,340,251            | 2,305,247            |
| Unrestricted                                    | 4,409,510            | 4,178,067            | 634,508             | 448,460           | 5,044,018            | 4,626,527            |
| Total net assets                                | <u>\$ 45,354,008</u> | <u>\$ 45,776,972</u> | <u>\$ 1,145,920</u> | <u>\$ 872,061</u> | <u>\$ 46,499,928</u> | <u>\$ 46,649,033</u> |

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

- Continued diligence by Forsyth County in collection of property taxes by maintaining a tax collection percentage of 98.58%.
- The Village had growth in assessed valuation of .088%. The Village had an increase of 17% in property taxes due to increase of tax rate from \$.0985 to \$.115. The average growth for the Village since last valuation was 3.98%. The .088% growth in assessed value is an indication of the current housing market. Further indication that residential and commercial development have not recovered, there were no donations of infrastructure from developers. Investment earnings continue to be at record lows. Utility taxes remain flat. A positive indicator for the economy was the 11% increase in sales tax.
- Continued diligence on the expenditure side, the Village had a positive variance of \$1,118,996 of actual expenditures under budgeted expenditures. However, \$480,000 of the \$1,118,996 was re-appropriated in the budget for the fiscal year ending June 30, 2012.

**Village of Clemmons, North Carolina  
Management's Discussion and Analysis  
For the Year Ended June 30, 2011**

**The Village of Clemmons' Changes in Net Assets  
Figure 3**

|  | Governmental<br>Activities |                  | Business-type<br>Activities |                | Total               |                     |
|--|----------------------------|------------------|-----------------------------|----------------|---------------------|---------------------|
|  | 2011                       | 2010             | 2011                        | 2010           | 2011                | 2010                |
| <b>Revenues:</b>                                   |                            |                  |                             |                |                     |                     |
| <b>Program revenues:</b>                           |                            |                  |                             |                |                     |                     |
| Charges for services                               | \$ 17,606                  | \$ 19,824        | \$ 658,193                  | \$ 651,808     | \$ 675,799          | \$ 671,632          |
| Operating grants and contributions                 | 595,053                    | 655,543          |                             |                | 595,053             | 655,543             |
| Capital grants and contributions                   | 8,366                      | 197,584          |                             |                | 8,366               | 197,584             |
| <b>General revenues:</b>                           |                            |                  |                             |                |                     |                     |
| Property taxes                                     | 2,331,349                  | 1,991,829        |                             |                | 2,331,349           | 1,991,829           |
| Other taxes  | 2,793                      | 2,134            |                             |                | 2,793               | 2,134               |
| Unrestricted intergovernmental                     | 1,784,382                  | 1,681,423        |                             |                | 1,784,382           | 1,681,423           |
| Other  | 40,195                     | 38,703           | 2,808                       | 2,507          | 43,003              | 41,210              |
| <b>Total revenues</b>                              | <b>4,779,744</b>           | <b>4,587,040</b> | <b>661,001</b>              | <b>654,315</b> | <b>\$ 5,440,745</b> | <b>\$ 5,241,355</b> |
| <b>Expenses:</b>                                   |                            |                  |                             |                |                     |                     |
| Governing Board                                    | 58,446                     | 60,240           |                             |                | 58,446              | 60,240              |
| Administration                                     | 598,315                    | 555,040          |                             |                | 598,315             | 555,040             |
| Public Safety                                      | 845,102                    | 893,079          |                             |                | 845,102             | 893,079             |
| Public Works                                       | 2,104,676                  | 2,003,819        |                             |                | 2,104,676           | 2,003,819           |
| Powell Bill (streets)                              | 1,318,308                  | 1,482,782        |                             |                | 1,318,308           | 1,482,782           |
| Planning & Zoning                                  | 246,813                    | 286,315          |                             |                | 246,813             | 286,315             |
| Culture and recreation                             | 31,048                     | 35,315           |                             |                | 31,048              | 35,315              |
| Stormwater Utility                                 |                            |                  | 387,142                     | 353,049        | 387,142             | 353,049             |
| <b>Total expenses</b>                              | <b>5,202,708</b>           | <b>5,316,590</b> | <b>387,142</b>              | <b>353,049</b> | <b>5,589,850</b>    | <b>5,669,639</b>    |
| Increase (decrease) in net assets before transfers | (422,964)                  | (729,550)        | 273,859                     | 301,266        | \$ (149,105)        | \$ (428,284)        |
| Transfers  | -                          | 37,521           | -                           | (37,521)       | \$ -                | \$ -                |
| Changes in net assets                              | (422,964)                  | (692,029)        | 273,859                     | 263,745        | \$ (149,105)        | \$ (428,284)        |
| Net assets, July 1                                 | 45,776,972                 | 46,469,001       | 872,061                     | 608,316        | 46,649,033          | 47,077,317          |
| Net assets, June 30                                | \$45,354,008               | \$45,776,972     | \$ 1,145,920                | \$ 872,061     | \$46,499,928        | \$46,649,033        |

**Governmental activities:** Governmental activities decreased the Village's net assets by \$ 422,964.

Key elements of this decrease are as follows:

- Depreciation expense exceeding capital outlay by \$689,411 with no donated infrastructure to offset the expense.
- Ad valorem taxes increased by 17% mainly due to tax rate increase.
- Unrestricted intergovernmental revenue increased by 6%.
- Expenditures decreased .33% due to delay of some capital projects until the 2011-2012 budget year, some unanticipated savings in contracted services, and monitoring of budget throughout the year.

**Business-type activities:** Business-type activities increased the Village's net assets by \$273,859.

Key elements of this increase are as follows:

- The Village was able to use in house labor for Knob Hill capital project and save funds for future capital projects.
- The Stormwater fee is based on a pay-as-you go concept for capital improvement projects; therefore an increase in net assets is anticipated in order to accumulate funds to complete future capital projects.

**Village of Clemmons, North Carolina  
Management's Discussion and Analysis  
For the Year Ended June 30, 2011**

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

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

**Governmental Funds.** The focus of the Village of Clemmons' governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the Village's financing requirements. Specifically, unassigned fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

The general fund is the chief operating fund of the Village of Clemmons. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$3,136,439, while total fund balance was \$6,789,504. State statute calculation for fund balance available for appropriation was \$6,097,086. The average fund balance available of cities in the Village's population group for June 30, 2010 was \$6,665,406. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 70 percent of total General Fund expenditures.

At June 30, 2011, the governmental funds of the Village of Clemmons reported a combined fund balance of \$6,789,504. This is a 4.2 percent increase over last year mainly due to the delay of certain capital projects until the 2011-2012 budget year, and monitoring of revenues and expenditures throughout the year.

**General Fund Budgetary Highlights:** During the fiscal year, the Village revised the budget. 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.

Amendments to the General Fund budget totaled an increase of \$209,940 and can be summarized as follows:

The following revenue appropriations were amended as follows:

- Increased sales tax by \$28,000 to account for some anticipated increase in collections.
- Increased Utility franchise tax by \$27,600 since initially budgeted for State decrease in these funds.
- Increased fund balance appropriated by \$34,940 for Lewisville-Clemmons Road sidewalk participation with NC Department of Transportation that was paid in current year.
- Increased fund balance for Village Point Lake Improvements by \$119,400.

The following expenditure appropriations were amended as follows:

- Increase public works by \$34,940 for sidewalk participation with NC Department of Transportation.
- Increased the appropriation for Transfer to capital projects by \$175,000 for Village Point Lake Improvements.

**Village of Clemmons, North Carolina  
Management's Discussion and Analysis  
For the Year Ended June 30, 2011**

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There is a positive variance for actual expenditures as compared to final budget and a negative variance for actual revenues as compared to final budget. The Village had appropriated \$897,695 from fund balance; however, the actual amount of revenues over expenditures was \$274,747; therefore, no appropriation from fund balance was required. Some of the reasons are as follows:

- Actual revenues had a negative variance from budget revenues of \$80,036, which is about 0.8%. Some notable variances are as follows:
  - Ad valorem taxes, utility taxes and sales tax ended with positive variances.
  - Investment earnings fell short of budget due to continued low interest rates.
  - ABC revenues decreased due to correction of inventory issues.
- Grant revenues ended up with negative balances due to delay in projects.
- Actual General Fund expenditures are 78.1% of the budget with a positive variance of \$1,252,478. Some notable variances are as follows.
  - Village Point Lake Greenway project was budgeted to start in 2010-2011, however, did not receive notice to proceed. Therefore, this project was reappropriated in the 2011-2012 budget.
  - Public safety contract actual costs were less than estimated contracted amount and generated some savings.
  - Middlebrook sidewalk and crosswalk project was budgeted to be complete in the 2010-2011 budget year; however, this project was reappropriated in the 2011-2012 budget year.
  - Budgeted for additional position in the planning department that was not filled. This position was appropriated for in the 2011-2012 budget.
  - The public works department was short a person due to an employee being out on disability. This position was filled in the spring.
  - Village Point Lake improvements actual hauling cost came in under budget.

**Proprietary Funds.** The Village's proprietary funds provide the same type of information found in the government-wide statements. Net assets of the Stormwater Utility at June 30, 2011 were \$1,145,920, of which \$511,412 was invested in capital assets. The Stormwater Utility had an increase of net assets of \$273,859. The Stormwater Utility owes the General Fund \$176,221 for transfers to cover Stormwater Utility expenses paid before July 1, 2005, when the fees for the Stormwater Utility were adopted. The fee structure in the Stormwater Utility is set to accumulate funds for capital improvement projects.

**Village of Clemmons, North Carolina  
Management's Discussion and Analysis  
For the Year Ended June 30, 2011**

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**Capital Asset and Debt Administration**

**Capital assets:** The Village of Clemmons' investment in capital assets for its governmental and business-type activities as of June 30, 2011, totals \$39,151,502 (net of accumulated depreciation). These assets include buildings, roads and bridges, land, machinery, equipment, works of art, and vehicles.

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

- Video System for Village Hall meeting room
- Flat bed truck
- John Deere loader
- Concrete pad under shed area
- Repeater and radios
- Office addition at Village Yard for Stormwater employee
- Snowplow
- Sidewalk in Clemmons Elementary area as part of Safe Routes to School Grant
- GPS
- Knob Hill culvert and storm drain construction
- Village Point Lake improvements

**Village of Clemmons' Capital Assets**

Figure 4  
(net of depreciation)

|   | Governmental<br>Activities |           | Business-type<br>Activities |           | Total                |
|---|----------------------------|-----------|-----------------------------|-----------|----------------------|
|   | 2011                       |           | 2011                        |           | 2011                 |
| Land  | \$ 16,660,953              | \$        |                             | \$        | 16,660,953           |
| Works of Art                                | 94,549                     |           |                             |           | 94,549               |
| Building                                    | 752,631                    |           | 3,905                       |           | 756,536              |
| Improvements other than<br>buildings        | 37,904                     |           |                             |           | 37,904               |
| Equipment, furniture & fixtures             | 371,713                    |           | 127,267                     |           | 498,980              |
| Computer equipment & software               | 13,463                     |           |                             |           | 13,463               |
| Infrastructure                              | 20,140,567                 |           | 309,575                     |           | 20,450,142           |
| Construction or Improvements<br>in progress | 352,854                    |           | 67,723                      |           | 420,577              |
| Vehicles                                    | 179,613                    |           | 38,485                      |           | 218,098              |
| <b>Total</b>                                | <b>\$ 38,604,247</b>       | <b>\$</b> | <b>546,955</b>              | <b>\$</b> | <b>\$ 39,151,202</b> |

Additional information on the Village's capital assets can be found in note F of the Basic Financial Statements.

**Village of Clemmons, North Carolina  
Management's Discussion and Analysis  
For the Year Ended June 30, 2011**

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**Long-Term Debt:** As of June 30, 2011, the Village of Clemmons had total capital lease outstanding of \$35,543. These funds were used to purchase a tub grinder.

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 limit for the Village of Clemmons is \$ 162,016,626.

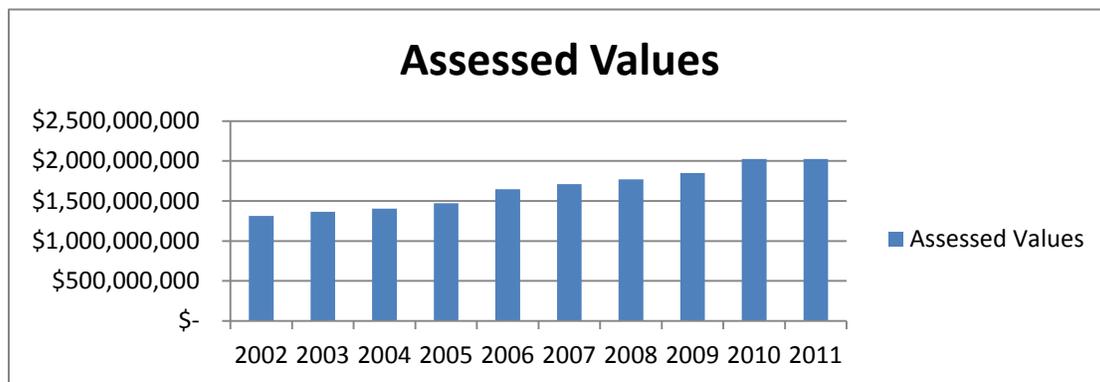
Additional information regarding the Village of Clemmons' long-term debt can be found in Note I of this report.

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

The Village was affected by the following key economic indicators.

- The tax base increased by \$ 1,797,674.

Village of Clemmons' Property Valuation  
Figure 5



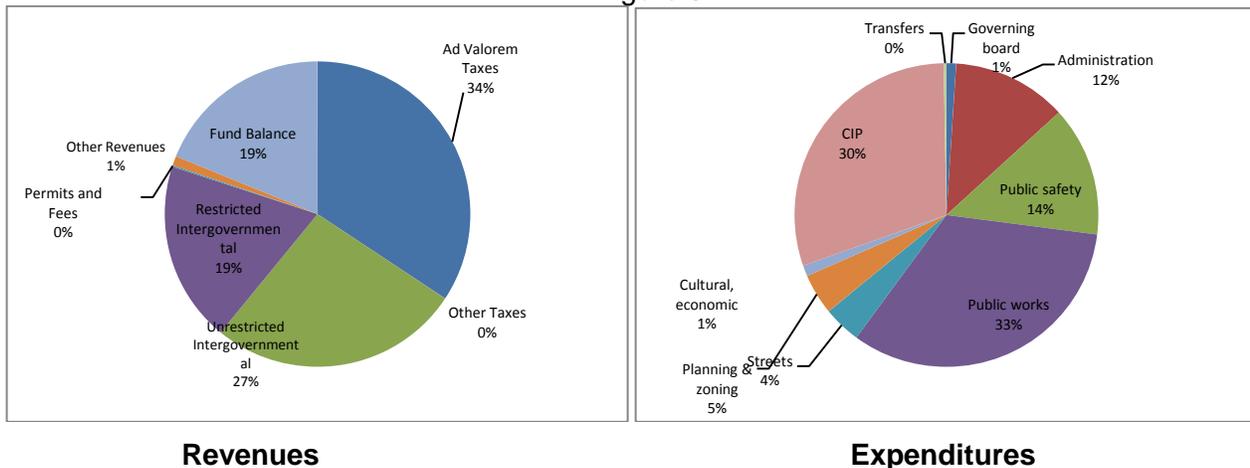
- While labor statistics are not available for the Village of Clemmons, they are available for Forsyth County, where Clemmons is located. As of June 30, 2011, the unemployment rate for Forsyth County was 10.1 percent while the statewide average was 10.4 percent.
- Historically low interest rates.
- Tax cap of fifteen cents in charter.
- Flat intergovernmental revenues and unknown future of those revenues due to deficits in the State budget
- Distressed housing market as shown in relative flat assessed value
- Unpredictable fuel cost
- Sales tax revenues are increasing at a modest level.

**Village of Clemmons, North Carolina  
Management's Discussion and Analysis  
For the Year Ended June 30, 2011**

**Budget Highlights for the Fiscal Year Ending June 30, 2012**

**Governmental Activities:** The Village's budget increased 18% due to possible land purchase, greenway project and major capital replacements. The total budget for the fiscal year June 30, 2012 is \$6,763,401. Property taxes are expected to remain relatively flat, and both the restricted and unrestricted intergovernmental revenues are expected to remain flat or decrease. The Village anticipates using \$1,274,151 of fund balance.

General Fund Budget for Fiscal Year Ended June 30, 2011  
Figure 6



**Business – type Activities:** The Stormwater Utility budget increased 27% to \$926,360. The increase is due to capital improvements, replacement capital equipment and rate increase to accumulate funds for pay-as-you go capital improvement plan. The capital improvement plan is updated annually with inputs from Citizen Stormwater Committee.

The Stormwater Utility fee is as follows:

Per Equivalent Residential Unit per Month is \$5.00; annually \$60.00.

The estimated revenue from this fee in the fiscal year ending June 30, 2012 is \$714,900. This fee structure will continue to allow the Stormwater Utility to repay the general fund; this refund amount included in the budget for the fiscal year ending June 30, 2012 is \$41,000. The fiscal year ending June 30, 2012 budget includes funding for the capital improvement plan and capital outlay of \$448,350.

**Requests for Information**

This report is designed to provide an overview of the Village'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 K. Ann Stroud, Village of Clemmons, PO Box 1710, Clemmons, NC 27012, 336-766-7511, or [astroud@clemmons.org](mailto:astroud@clemmons.org).

## **BASIC FINANCIAL STATEMENTS**

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Village of Clemmons, North Carolina  
Statement of Net Assets  
June 30, 2011

Exhibit 1

|   | Primary Government         |                             |                      |
|---|----------------------------|-----------------------------|----------------------|
|   | Governmental<br>Activities | Business-type<br>Activities | Total                |
| <b>Assets</b>                                   |                            |                             |                      |
| Cash and cash equivalents                       | \$ 6,475,618               | \$ 839,096                  | \$ 7,314,714         |
| Taxes receivables                               | 33,081                     |                             | 33,081               |
| Accounts receivable                             | 473,780                    | 15,122                      | 488,902              |
| Grant receivable                                | 1,932                      |                             | 1,932                |
| Inventories                                     | 38,663                     |                             | 38,663               |
| Security Deposit                                | 1,200                      |                             | 1,200                |
| Due from (to) other funds                       | 178,684                    | (176,221)                   | 2,463                |
| Total current assets                            | <u>7,202,958</u>           | <u>677,997</u>              | <u>7,880,955</u>     |
| Capital assets:                                 |                            |                             |                      |
| Land, improvements, and non-depreciable assets  | 16,755,502                 |                             | 16,755,502           |
| Land Improvements in progress                   | 344,488                    |                             | 344,488              |
| Construction in progress                        | 8,366                      | 67,723                      | 76,089               |
| Other capital assets, net of depreciation       | 21,495,891                 | 479,232                     | 21,975,123           |
| Total capital assets                            | <u>38,604,247</u>          | <u>546,955</u>              | <u>39,151,202</u>    |
| Total assets                                    | <u>45,807,205</u>          | <u>1,224,952</u>            | <u>47,032,157</u>    |
| <b>Liabilities</b>                              |                            |                             |                      |
| Current liabilities:                            |                            |                             |                      |
| Accounts payable and accrued liabilities        | 377,910                    | 31,604                      | 409,514              |
| Current portion of long-term liabilities        | 36,412                     | 41,486                      | 77,898               |
| Due to other funds                              | 2,463                      |                             | 2,463                |
| Total current liabilities                       | <u>416,785</u>             | <u>73,090</u>               | <u>489,875</u>       |
| Non-current liabilities                         |                            |                             |                      |
| Due in more than one year                       | 36,412                     | 5,942                       | 42,354               |
| Total liabilities                               | <u>453,197</u>             | <u>79,032</u>               | <u>532,229</u>       |
| <b>Net Assets</b>                               |                            |                             |                      |
| Invested in capital assets, net of related debt | 38,604,247                 | 511,412                     | 39,115,659           |
| Restricted for:                                 |                            |                             |                      |
| Stabilization by State Statute                  | 653,133                    |                             | 653,133              |
| Culture, recreational, and tourism              | 225,053                    |                             | 225,053              |
| Transportation                                  | 1,462,065                  |                             | 1,462,065            |
| Unrestricted                                    | 4,409,510                  | 634,508                     | 5,044,018            |
| Total net assets                                | <u>\$ 45,354,008</u>       | <u>\$ 1,145,920</u>         | <u>\$ 46,499,928</u> |

Village of Clemmons, North Carolina  
Statement of Activities  
For the Fiscal Year Ended June 30, 2011

Exhibit 2

| Functions/Programs                                   | Expenses     | Program Revenues     |                                    |                                  | Net (Expense) Revenue and Changes in Net Assets |                          |               |
|--|--------------|----------------------|------------------------------------|----------------------------------|---|--------------------------|---------------|
|  |              | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Primary Government                              |                          |               |
|  |              |                      |                                    |                                  | Governmental Activities                         | Business-type Activities | Total         |
| <b>Primary government:</b>                           |              |                      |                                    |                                  |   |                          |               |
| Governmental Activities:                             |              |                      |                                    |                                  |   |                          |               |
| Governing Board                                      | \$ 58,446    | \$                   | \$                                 | \$                               | \$ (58,446)                                     |                          | \$ (58,446)   |
| Administration                                       | 598,315      |                      |                                    |                                  | (598,315)                                       |                          | (598,315)     |
| Public Safety  | 845,102      | 7,130                |                                    |                                  | (837,972)                                       |                          | (837,972)     |
| Public Works   | 2,104,676    | 3,878                | 12,673                             | 8,366                            | (2,079,759)                                     |                          | (2,079,759)   |
| Powell Bill (Streets)                                | 1,318,308    |                      | 485,341                            |                                  | (832,967)                                       |                          | (832,967)     |
| Planning & Zoning                                    | 246,813      | 6,598                | 29,240                             |                                  | (210,975)                                       |                          | (210,975)     |
| Cultural and recreation                              | 31,048       |                      | 70,917                             |                                  | 39,869  |                          | 39,869        |
| Total governmental activities                        | 5,202,708    | 17,606               | 598,171                            | 8,366                            | (4,578,565)                                     |                          | (4,578,565)   |
| Business-type activities:                            |              |                      |                                    |                                  |   |                          |               |
| Stormwater Utility                                   | 387,142      | 658,193              |                                    |                                  |   | 271,051                  | 271,051       |
| Total business-type activities                       | 387,142      | 658,193              |                                    |                                  |   | 271,051                  | 271,051       |
| Total primary government                             | \$ 5,589,850 | \$ 675,799           | \$ 598,171                         | \$ 8,366                         | (4,578,565)                                     | 271,051                  | (4,307,514)   |
| General revenues:                                    |              |                      |                                    |                                  |   |                          |               |
| Taxes:   |              |                      |                                    |                                  |   |                          |               |
| Property taxes, levied for general purpose           |              |                      |                                    |                                  | 2,331,349                                       |                          | 2,331,349     |
| Other taxes and licenses                             |              |                      |                                    |                                  | 2,793   |                          | 2,793         |
| Unrestricted intergovernmental                       |              |                      |                                    |                                  | 1,781,264                                       |                          | 1,781,264     |
| Unrestricted investment earnings                     |              |                      |                                    |                                  | 20,268  | 2,808                    | 23,076        |
| Donations  |              |                      |                                    |                                  | 100   |                          | 100           |
| Miscellaneous  |              |                      |                                    |                                  | 825   |                          | 825           |
| Gain on sale of capital assets                       |              |                      |                                    |                                  | 19,002  |                          | 19,002        |
| Total general revenues not including transfers       |              |                      |                                    |                                  | 4,155,601                                       | 2,808                    | 4,158,409     |
| Transfers from other funds                           |              |                      |                                    |                                  |   |                          |               |
| Total general revenues, special items, and transfers |              |                      |                                    |                                  | 4,155,601                                       | 2,808                    | 4,158,409     |
| Change in net assets                                 |              |                      |                                    |                                  |   |                          |               |
| Net assets-beginning                                 |              |                      |                                    |                                  | 45,776,972                                      | 872,061                  | 46,649,033    |
| Net assets-ending                                    |              |                      |                                    |                                  | \$ 45,354,008                                   | \$ 1,145,920             | \$ 46,499,928 |

Village of Clemmons, North Carolina  
 Balance Sheet  
 Governmental Funds  
 June 30, 2011

Exhibit 3

|   | <u>Major Funds</u>  |                                      |   |
|---|---------------------|--------------------------------------|---|
|   | <u>General</u>      | <u>Total<br/>Non-Major<br/>Funds</u> | <u>Total<br/>Governmental<br/>Funds</u> |
| <b>Assets</b>                                 |                     |                                      |   |
| Cash and investments                          | \$ 6,475,618        | \$                                   | \$ 6,475,618                            |
| Property taxes receivable                     | 33,081              |                                      | 33,081                                  |
| Accounts receivable                           | 473,780             |                                      | 473,780                                 |
| Grant receivable                              |                     | 1,932                                | 1,932                                   |
| Inventories                                   | 38,663              |                                      | 38,663                                  |
| Security Deposit                              | 1,200               |                                      | 1,200                                   |
| Due from other funds                          | 178,153             | 531                                  | 178,684                                 |
| <b>Total assets</b>                           | <u>\$ 7,200,495</u> | <u>\$ 2,463</u>                      | <u>\$ 7,202,958</u>                     |
| <b>Liabilities and Fund Balance</b>           |                     |                                      |   |
| <b>Liabilities</b>                            |                     |                                      |   |
| Accounts payable and accrued liabilities      | \$ 377,379          | \$ 531                               | \$ 377,910                              |
| Deferred revenue                              | 33,081              |                                      | 33,081                                  |
| Due to other funds                            | 531                 | 1,932                                | 2,463                                   |
| <b>Total liabilities</b>                      | <u>410,991</u>      | <u>2,463</u>                         | <u>413,454</u>                          |
| <b>Fund Balance</b>                           |                     |                                      |   |
| Non spendable:                                |                     |                                      |   |
| Inventories                                   | \$ 38,663           | \$                                   | \$ 38,663                               |
| Restricted:                                   |                     |                                      |   |
| Stabilization by State Statute                | 653,133             |                                      | 653,133                                 |
| Streets                                       | 1,462,065           |                                      | 1,462,065                               |
| Travel and Tourism                            | 173,733             |                                      | 173,733                                 |
| Cultural, recreation and economic development | 51,320              |                                      | 51,320                                  |
| Committed:                                    |                     |                                      |   |
| Future facilities                             | 513,383             |                                      | 513,383                                 |
| Assigned:                                     |                     |                                      |   |
| Subsequent year's expenditures                | 760,768             |                                      | 760,768                                 |
| Unassigned:                                   |                     |                                      |   |
|   | 3,136,439           |                                      | 3,136,439                               |
| <b>Total fund balances</b>                    | <u>6,789,504</u>    |                                      | <u>\$ 6,789,504</u>                     |
| <b>Total liabilities and fund balances</b>    | <u>\$ 7,200,495</u> | <u>\$ 2,463</u>                      |   |

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

|  |                      |
|--|----------------------|
| Capital assets used in governmental activities are not financial are not reported in the funds.  | 38,604,247           |
| Liabilities for earned but deferred revenues in fund balance   | 33,081               |
| Some liabilities are not due and payable in the current period and therefore are not reported in the net assets of governmental activities | <u>(72,824)</u>      |
|  | <u>\$ 45,354,008</u> |

**Village of Clemmons, North Carolina**  
**Statements of Revenues, Expenditures, and Changes in Fund Balance**  
**Governmental Funds**  
**For the Fiscal Year Ended June 30, 2011**

Exhibit 4

|   | Major Fund          |                           | Total<br>Governmental<br>Funds |
|---|---------------------|---------------------------|--------------------------------|
|   | General Fund        | Total Non-<br>Major Funds |                                |
| <b>Revenues</b>                                 |                     |                           |                                |
| Ad valorem taxes                                | \$ 2,329,835        | \$                        | \$ 2,329,835                   |
| Other taxes and licenses                        | 2,793               |                           | 2,793                          |
| Unrestricted intergovernmental                  | 1,781,264           |                           | 1,781,264                      |
| Restricted intergovernmental                    | 596,504             | 8,366                     | 604,870                        |
| Permits and fees                                | 17,606              |                           | 17,606                         |
| Investment earnings                             | 21,935              |                           | 21,935                         |
| Donations                                       | 100                 |                           | 100                            |
| Other revenues                                  | 825                 |                           | 825                            |
| <b>Total Revenues</b>                           | <u>4,750,862</u>    | <u>8,366</u>              | <u>4,759,228</u>               |
| <b>Expenditures</b>                             |                     |                           |                                |
| Governing Board                                 | 58,446              |                           | 58,446                         |
| Administration                                  | 589,694             |                           | 589,694                        |
| Public Safety                                   | 844,165             |                           | 844,165                        |
| Public Works                                    | 2,078,981           |                           | 2,078,981                      |
| Powell Bill (Streets)                           | 312,123             |                           | 312,123                        |
| Planning & Zoning                               | 246,142             |                           | 246,142                        |
| Culture, recreation and economic<br>development | 31,048              |                           | 31,048                         |
| Sidewalk construction in progress               |                     | 8,366                     | 8,366                          |
| Land Improvements in progress                   |                     | 316,518                   | 316,518                        |
| <b>Total Expenditures</b>                       | <u>4,160,599</u>    | <u>324,884</u>            | <u>4,485,483</u>               |
| <b>Excess of Revenues Over Expenditures</b>     | <u>590,263</u>      | <u>(316,518)</u>          | <u>273,745</u>                 |
| <b>Other Financing Sources (Uses)</b>           |                     |                           |                                |
| Transfers (to) or from other funds              | (316,518)           | 316,518                   | -                              |
| Sale of Fixed Assets                            | 1,002               |                           | 1,002                          |
| <b>Total other financing sources</b>            | <u>(315,516)</u>    | <u>316,518</u>            | <u>1,002</u>                   |
| <b>Net change in fund balance</b>               | <u>274,747</u>      |                           | <u>274,747</u>                 |
| <b>Fund Balance - Beginning of Year</b>         | 6,515,600           |                           | 6,515,600                      |
| Change in reserve for inventories               | (843)               |                           | (843)                          |
| <b>Fund Balance - End of Year</b>               | <u>\$ 6,789,504</u> | <u>\$</u>                 | <u>\$ 6,789,504</u>            |

**Village of Clemmons, North Carolina**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Governmental Funds ( Continued)**  
**For the Year Ended June 30, 2011**

Exhibit 5

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

|   |                    |                     |
|---|--------------------|---------------------|
| Net changes in fund balances - total governmental funds   |                    | \$ 274,747          |
| Change in fund balance due to change in reserve for inventory   |                    | (843)               |
| <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 depreciation exceeded capital outlays in the current period</p> |                    |                     |
| Capital outlay expenditures which were capitalized  | \$ 514,017         |                     |
| Trade-In allowance  | \$ 18,000          |                     |
| Depreciation expense for governmental activities  | <u>(1,221,428)</u> | (689,411)           |
| <p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>   |                    |                     |
| Change in deferred revenue for tax revenues   |                    | 1,514               |
| <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.</p>  |                    |                     |
| Compensated absences  |                    | <u>(8,971)</u>      |
| Total changes in net assets of governmental activities  |                    | <u>\$ (422,964)</u> |

Village of Clemmons, North Carolina  
**General Fund**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance -**  
**Budget and Actual**  
**For the Fiscal Year Ended June 30, 2011**

Exhibit 6

|   | General Fund       |                  |                     | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---|--------------------|------------------|---------------------|---|
|   | Original<br>Budget | Final Budget     | Actual<br>Amounts   |   |
| <b>Revenues</b>                             |                    |                  |                     |   |
| Ad valorem taxes                            | \$ 2,297,200       | \$ 2,297,200     | \$ 2,329,835        | \$ 32,635   |
| Other taxes and licenses                    | 1,700              | 1,700            | 2,793               | 1,093   |
| Unrestricted intergovernmental              | 1,431,500          | 1,487,100        | 1,781,264           | 294,164   |
| Restricted intergovernmental                | 907,800            | 907,800          | 596,504             | (311,296)   |
| Permits and fees                            | 12,200             | 12,200           | 17,606              | 5,406   |
| Investment earnings                         | 84,900             | 84,900           | 21,935              | (62,965)  |
| Donations                                   |                    |                  | 100                 | 100   |
| Other                                       |                    |                  | 825                 | 825   |
| <b>Total revenues</b>                       | <u>4,735,300</u>   | <u>4,790,900</u> | <u>4,750,862</u>    | <u>(40,038)</u>   |
| <b>Expenditures</b>                         |                    |                  |                     |   |
| Governing Board                             | 68,750             | 68,750           | 58,446              | 10,304  |
| Administration                              | 643,700            | 643,700          | 589,694             | 54,006  |
| Public Safety                               | 946,200            | 946,200          | 844,165             | 102,035   |
| Public Works                                | 2,311,955          | 2,346,895        | 2,078,981           | 267,914   |
| Powell Bill (Streets)                       | 473,700            | 473,700          | 312,123             | 161,577   |
| Planning & Zoning                           | 741,100            | 741,100          | 246,142             | 494,958   |
| Cultural and recreation                     | 59,250             | 59,250           | 31,048              | 28,202  |
| <b>Total expenditures</b>                   | <u>5,244,655</u>   | <u>5,279,595</u> | <u>4,160,599</u>    | <u>1,118,996</u>  |
| <b>Revenues over (under) expenditures</b>   | <u>(509,355)</u>   | <u>(488,695)</u> | <u>590,263</u>      | <u>1,078,958</u>  |
| <b>Other financing sources (uses):</b>      |                    |                  |                     |   |
| Transfers from other funds                  | 41,000             | 41,000           | -                   | (41,000)  |
| Transfer to other funds                     | (275,000)          | (450,000)        | (316,518)           | 133,482   |
| Sale of fixed assets                        |                    |                  | 1,002               | 1,002   |
| <b>Total other financing sources (uses)</b> | <u>(234,000)</u>   | <u>(409,000)</u> | <u>(315,516)</u>    | <u>93,484</u>   |
| Fund balance appropriated                   | 743,355            | 897,695          |                     | (897,695)   |
| <b>Net change in fund balance</b>           | <u>\$ -</u>        | <u>\$ -</u>      | <u>274,747</u>      | <u>\$ 274,747</u>                                       |
| <b>Fund balances, beginning of year</b>     |                    |                  | <u>6,515,600</u>    |   |
| Change in reserve for inventories           |                    |                  | <u>(843)</u>        |   |
| <b>Fund balances, end of year</b>           |                    |                  | <u>\$ 6,789,504</u> |   |

Village of Clemmons, North Carolina  
Statement of Net Assets  
Proprietary Funds  
June 30, 2011

Exhibit 7

|   | <b>Stormwater<br/>Utility Fund</b> | <b>Total<br/>Proprietary<br/>Funds</b> |
|---|------------------------------------|--|
| <b>Assets</b>                                   |                                    |  |
| Current Assets:                                 |                                    |  |
| Cash  | \$ 839,096                         | \$ 839,096                             |
| Accounts receivable                             | 15,122                             | 15,122                                 |
| Total current assets                            | <u>854,218</u>                     | <u>854,218</u>                         |
| Noncurrent assets:                              |                                    |  |
| Capital assets:                                 |                                    |  |
| Construction in progress                        | 67,723                             | 67,723                                 |
| Capital assets, net of depreciation             | 479,232                            | 479,232                                |
| Total noncurrent assets                         | <u>546,955</u>                     | <u>546,955</u>                         |
| <b>Total assets</b>                             | <u><u>\$ 1,401,173</u></u>         | <u><u>\$ 1,401,173</u></u>             |
| <b>Liabilities</b>                              |                                    |  |
| Current liabilities:                            |                                    |  |
| Accounts payable and accrued liabilities        | \$ 31,604                          | \$ 31,604                              |
| Capital lease payable-current                   | 35,543                             | 35,543                                 |
| Compensated absences-current                    | 5,943                              | 5,943                                  |
| Due to other funds                              | 176,221                            | 176,221                                |
| Total current liabilities                       | <u>249,311</u>                     | <u>249,311</u>                         |
| Non-current liabilities                         |                                    |  |
| Compensated absences - noncurrent               | 5,942                              | 5,942                                  |
| Total long-term liabilities                     | <u>5,942</u>                       | <u>5,942</u>                           |
| <b>Total liabilities</b>                        | <u>255,253</u>                     | <u>255,253</u>                         |
| <b>Net Assets</b>                               |                                    |  |
| Invested in capital assets, net of related debt | 511,412                            | 511,412                                |
| Unrestricted                                    | 634,508                            | 634,508                                |
| <b>Total net assets</b>                         | <u><u>\$ 1,145,920</u></u>         | <u><u>\$ 1,145,920</u></u>             |
| <b>Net assets of business-type activities</b>   |                                    | <u><u>\$ 1,145,920</u></u>             |

Village of Clemmons, North Carolina  
Statement of Revenues, Expenses, and Changes in Fund Net Assets  
Proprietary Funds  
For the Fiscal Year Ended June 30, 2011

Exhibit 8

|   | <u>Stormwater<br/>Fund</u> | <u>Total<br/>Proprietary<br/>Funds</u> |
|---|----------------------------|--|
| <b>Operating Revenues</b>                               |                            |  |
| Stormwater fee  | \$ 650,336                 | \$ 650,336                             |
| Stormwater permits                                      | 7,857                      | 7,857                                  |
| <b>Total operating revenues</b>                         | <u>658,193</u>             | <u>658,193</u>                         |
| <b>Operating Expenses</b>                               |                            |  |
| Salaries & Fringe Benefits                              | 201,770                    | 201,770                                |
| Professional services                                   | 48,276                     | 48,276                                 |
| Other Operating Expenses                                | 80,362                     | 80,362                                 |
| Depreciation  | 56,734                     | 56,734                                 |
| <b>Total operating expenses</b>                         | <u>387,142</u>             | <u>387,142</u>                         |
| <b>Total operating income</b>                           | <u>271,051</u>             | <u>271,051</u>                         |
| <b>Nonoperating Revenues (Expenses)</b>                 |                            |  |
| Investment earnings                                     | 2,808                      | 2,808                                  |
| Total nonoperating revenues (expenses)                  | <u>2,808</u>               | <u>2,808</u>                           |
| <b>Income (loss) before contributions and transfers</b> | <u>273,859</u>             | <u>273,859</u>                         |
| <b>Change in net assets</b>                             | 273,859                    | 273,859                                |
| <b>Net Assets- Beginning of Year</b>                    | <u>872,061</u>             | <u>872,061</u>                         |
| <b>Net Assets-End of Year</b>                           | <u>\$ 1,145,920</u>        | <u>\$ 1,145,920</u>                    |
| <b>Net assets(deficit) - business-type activities</b>   |                            | <u>\$ 1,145,920</u>                    |

Village of Clemmons, North Carolina  
Statement of Cash Flows  
Proprietary Funds  
For the Fiscal Year Ended June 30, 2011

Exhibit 9

|  | Stormwater<br>Fund | Total<br>Proprietary<br>Funds |
|--|--------------------|-------------------------------|
| <b>Cash Flows from Operating Activities</b>  |                    |                               |
| Cash received from customers   | \$ 654,253         | \$ 654,253                    |
| Cash paid for goods and services   | (139,279)          | (139,279)                     |
| Cash paid to or on behalf of employees for   | (198,700)          | (198,700)                     |
| <b>Net cash provided (used) by operating activities</b>  | <u>316,274</u>     | <u>316,274</u>                |
| <b>Cash Flows from Noncapital Financing Activities</b>   |                    |                               |
| Transfer to other funds  | -                  | -                             |
| <b>Total cash flows from noncapital financing activities</b>                                   | <u>-</u>           | <u>-</u>                      |
| <b>Cash Flows From Capital and Related Financing Activities</b>                                |                    |                               |
| Due to General Fund  | (41,000)           | (41,000)                      |
| Debt service payment- principal  | (34,032)           | (34,032)                      |
| Acquisition of capital assets  | (110,513)          | (110,513)                     |
| <b>Net cash provided (used) by capital and related financing</b>                               | <u>(185,545)</u>   | <u>(185,545)</u>              |
| <b>Cash Flows from Investing Activities</b>  |                    |                               |
| Interest   | 2,808              | 2,808                         |
| <b>Net cash provided (used) by investing activities</b>  | <u>2,808</u>       | <u>2,808</u>                  |
| <b>Net increase (decrease) in cash and cash equivalents</b>                                    | 133,537            | 133,537                       |
| <b>Balances-beginning of the year</b>  | 705,559            | 705,559                       |
| <b>Balances-end of the year</b>  | <u>\$ 839,096</u>  | <u>\$ 839,096</u>             |
| <b>Reconciliation of operating income to net cash provided by operating activities</b>         |                    |                               |
| <b>Operating Income</b>  | \$ 271,051         | \$ 271,051                    |
| <b>Adjustments to reconcile operating income to net cash provided by operating activities:</b> |                    |                               |
| Depreciation   | 56,734             | 56,734                        |
| Changes in assets and liabilities:   |                    |                               |
| (Increase) decrease in accounts receivable   | 310                | 310                           |
| Increase (decrease) in accounts payable and accrued liabilities                                | (14,892)           | (14,892)                      |
| Increase (decrease) in accrued vacation pay  | 2,236              | 2,236                         |
| Increase(decrease) in accrued salaries & benefits  | 835                | 835                           |
| <b>Total adjustments</b>   | <u>45,223</u>      | <u>45,223</u>                 |
| <b>Net cash provided (used) by operating activities</b>  | <u>\$ 316,274</u>  | <u>\$ 316,274</u>             |

**Note A – Summary of Significant Accounting Policies**

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

Reporting Entity

The Village of Clemmons is a municipal corporation which is governed by an elected mayor and a five-member council.

Basis of Presentation

*Government-Wide Statements:* The statement of net assets and the statement of activities display information about the primary government. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the governmental and business-type activities of the Village. 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 Village and for each function of the Village'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. As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. The exception to this general rule is the stormwater fee paid by the general fund to the stormwater fund, because elimination of this charge would distort the direct costs and program revenues reported for the various functions concerned. 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 Village's funds. Separate statements for each fund category- governmental and proprietary- are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as non-major funds.

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

**Note A – Summary of Significant Accounting Policies (Continued)**

The Village reports the following major governmental fund:

**General Fund.** The General Fund is the general operating fund of the Village. 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 Village reports the following non-major governmental funds:

**Village Point Lake Improvements Capital Project Fund.** This fund is used to account for improvements to Village Point Lake.

**Safe Routes To School Capital Project Fund.** This fund is used to account for sidewalk construction as part of Safe Routes to School Grant.

The Village reports the following major enterprise fund:

**Stormwater Fund.** The Stormwater fund is used to account for the operation of the Village's Stormwater program as required by EPA regulations.

**Measurement Focus and Basis of Accounting**

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

*Government-wide and Proprietary Fund Financial Statements.* The government-wide and proprietary fund financial statements are reported using an economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the Village 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 for which the taxes are levied. Revenues from grants and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied. Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, 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 non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Village enterprise fund is for Stormwater fees collected.

**Note A – Summary of Significant Accounting Policies (Continued)**

Operating expenses for the enterprise fund includes the cost of services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

The Village 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 revenue because the amount is not susceptible to accrual. At June 30, taxes receivable are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of January 1, 1993, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, Forsyth 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 Village of Clemmons. 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 Village's vehicle taxes for vehicles registered in Forsyth County from March 2010 through February 2011 apply to the fiscal year ended June 30, 2011. Uncollected taxes that were billed during this period are shown as a receivable in these financial statements and are offset by deferred revenues.

Sales taxes and certain intergovernmental revenues, such as the utilities franchise tax, collected and held by the State at year end on behalf of the Village 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. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the Village's policy to 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 Village 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

**Note A – Summary of Significant Accounting Policies (Continued)**

Budgetary Data

The Village's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund and the Enterprise Fund. All annual appropriations lapse at the fiscal-year end. Project ordinances are adopted for the Capital Project Fund. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and at the object level for the multi-year funds. The Finance Officer is authorized by the budget ordinance to transfer appropriations between functional areas within a fund up to \$10,000; however, any revisions that alter total expenditures of any fund or that change functional appropriations by more than \$10,000 must be approved by the governing board. During the year, several amendments to the original budget were necessary, the effects of which were not material.

A budget calendar is included in the North Carolina General Statutes which prescribes the last day on which certain steps of that budget procedure are to be performed. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

**Assets, Liabilities, and Fund Equity**

Deposits and Investments

All deposits of the Village are made in board-designated official depositories and are secured as required by State law [G.S. 159-31]. The Village may designate, as an official depository, any bank or savings association whose principal office is located in North Carolina. Also, the Village 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 Village to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances; and the North Carolina Capital Management Trust (NCCMT). The securities of the NCCMT – Cash Portfolio, a SEC-registered (2a-7) money market mutual fund, are valued at fair value, which is the NCCMT's share price. The NCCMT – Term Portfolio's securities are valued at fair value.

**Note A – Summary of Significant Accounting Policies (Continued)**

Cash and Cash equivalents

The Village 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.

Ad Valorem Taxes Receivable

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

Allowances for Doubtful Accounts

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

Inventories

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

**Note A – Summary of Significant Accounting Policies (Continued)**

Capital Assets

Capital assets are defined by the government as assets with an initial, individual cost of more than a certain cost and estimated useful life in excess of two years. Minimum capitalization costs are \$5,000. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation. General infrastructure assets acquired prior to July 1, 2003, consist of the road network, storm drain system, sidewalks and bridges that were acquired or that received substantial improvements subsequent to July 1, 1980, and are reported at estimated historical cost using deflated replacement cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Works of art and historical treasures are not depreciated. Other capital assets are depreciated using the straight-line method over the following estimated useful lives.

| Asset Class             | Estimated Useful Lives |
|-------------------------|------------------------|
| Buildings               | 50                     |
| Infrastructure          | 35-50                  |
| Improvements            | 30                     |
| Vehicles                | 10                     |
| Furniture and equipment | 7-15                   |
| Computer equipment      | 3                      |
| Computer software       | 5                      |

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. 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 the 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.

**Note A – Summary of Significant Accounting Policies (Continued)**

Compensated Absences

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

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

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 intact.

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

**Village of Clemmons, North Carolina**  
**Notes to the Financial Statements**  
**June 30, 2011**

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**Note A – Summary of Significant Accounting Policies (Continued)**

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 Cultural, Economic Development and Recreation – Occupancy tax portion of fund balance that is restricted by revenue source for cultural, economic development or recreational expenditures. This amount represents the balance of total unexpended Occupancy tax funds restricted for this purpose.

Restricted for Promotion of Travel and Tourism - Occupancy tax portion of fund balance that is restricted by revenue source for the promotion of travel and tourism by local act. This amount represents the balance of total unexpended Occupancy tax fund restricted for this purpose.

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

Future facilities – portion of fund balance in reserve for future facilities by an ordinance of the Village Council.

Assigned fund balance – portion of fund balance that the Village of Clemmons intends to use for specific purposes.

Subsequent year's expenditures - portion of the total 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 finance officer to modify the appropriations by resource or appropriations within funds up to \$10,000.

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

**Village of Clemmons, North Carolina**  
**Notes to the Financial Statements**  
**June 30, 2011**

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**Note B - Deposits**

All deposits of the Village 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 Village's agent in the Village's name. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Village, these deposits are considered to be held by the Village's agent in the Village's name. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the Village or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the Village under the Pooling Method, the potential exists for under-collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The Village 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 Village complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2011, the Village's deposits had a carrying amount of \$3,826,685 and a bank balance of \$3,903,980. Of the bank balance, \$500,000 was covered by federal depository insurance, and the remaining \$3,403,980 was covered by collateral held under the Pooling Method. At June 30, 2011, the Village's petty cash fund totaled \$467.

**Note C - Investments**

At June 30, 2011, the Village of Clemmons had \$3,487,562 invested with the North Carolina Capital Management Trust's Cash Portfolio which carried a credit rating of AAAM by Standard and Poor's. The Village has no policy regarding credit risk.

The Village investments at June 30, 2011, consist of the following:

|   | <u>Reported Value</u> | <u>Fair Value</u>   |
|---|-----------------------|---------------------|
| North Carolina Capital Management Trust<br>Cash portfolio | <u>\$ 3,487,562</u>   | <u>\$ 3,487,562</u> |

**Village of Clemmons, North Carolina**  
**Notes to the Financial Statements**  
**June 30, 2011**

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**Note C – Investments (Continued)**

*Interest Rate Risk.* The Village does not have a formal investment policy.

*Credit Risk.* The Village has no policy regarding credit risk. The Village's investment in the NC Capital Management Trust Cash Portfolio carried a credit rating of AAAM by Standard & Poor's as of June 30, 2011.

**Note D – Accounts Receivable**

Accounts receivable consist of the following items at June 30, 2011:

| <u>General Fund</u>                    | State             | County           | Other<br>Sources | Total             |
|--|-------------------|------------------|------------------|-------------------|
| Sales and use tax receivable           | \$ 153,721        | \$ -             | \$ -             | \$ 153,721        |
| Utility taxes receivable               | 220,448           | -                | -                | 220,448           |
| Refundable sales tax                   | 20,024            | -                | -                | 20,024            |
| Solid waste disposal tax<br>receivable | 2,968             | -                | -                | 2,968             |
| Hotel occupancy tax                    | -                 | 3,936            | -                | 3,936             |
| ABC mixed beverage tax<br>receivable   | -                 | -                | 41,700           | 41,700            |
| Other                                  | -                 | 25,894           | 5,089            | 30,983            |
| <b>Total Account Receivable</b>        | <b>\$ 397,161</b> | <b>\$ 29,830</b> | <b>\$ 46,789</b> | <b>\$ 473,780</b> |
| <br><u>Enterprise Fund</u>             |                   |                  |                  |                   |
| Stormwater fee receivable              | \$ -              | \$ 12,446        | \$ -             | \$ 12,446         |
| Interest receivable-stormwater         | -                 | 335              | -                | 335               |
| Refundable sales tax                   | 2,341             | -                | -                | 2,341             |
| <b>Total Account Receivable</b>        | <b>\$ 2,341</b>   | <b>\$ 12,781</b> | <b>\$ -</b>      | <b>\$ 15,122</b>  |

**Village of Clemmons, North Carolina**  
**Notes to the Financial Statements**  
**June 30, 2011**

**Note E – Capital Assets**

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

|  | Beginning<br>Balances       | Increases           | Decreases          | Ending<br>Balances          |
|--|-----------------------------|---------------------|--------------------|-----------------------------|
| <b>Governmental activities:</b>                  |                             |                     |                    |                             |
| <b>Capital assets not being depreciated:</b>     |                             |                     |                    |                             |
| Land   | \$ 16,647,515               | \$ -                | \$ -               | \$ 16,647,515               |
| Land Improvements                                | 13,438                      | -                   | -                  | 13,438                      |
| Works of Art                                     | 94,549                      | -                   | -                  | 94,549                      |
| Land Improvements in progress                    | 27,970                      | 316,518             | -                  | 344,488                     |
| Construction in progress                         | -                           | 8,366               | -                  | 8,366                       |
| Total capital assets not being depreciated       | <u>16,783,472</u>           | <u>324,884</u>      | <u>-</u>           | <u>17,108,356</u>           |
| <b>Capital assets being depreciated:</b>         |                             |                     |                    |                             |
| Buildings  | 980,955                     | 9,807               | -                  | 990,762                     |
| Other improvements                               | 73,526                      | -                   | -                  | 73,526                      |
| Equipment, Furniture & Fixtures                  | 740,143                     | 142,317             | (66,941)           | 815,519                     |
| Vehicles   | 908,430                     | 55,009              | (25,604)           | 937,835                     |
| Computer equipment & software                    | 81,358                      | -                   | -                  | 81,358                      |
| Infrastructure                                   | 36,549,739                  | -                   | -                  | 36,549,739                  |
| Total capital assets being depreciated           | <u>39,334,151</u>           | <u>207,133</u>      | <u>(92,545)</u>    | <u>39,448,739</u>           |
| <b>Less accumulated depreciation for:</b>        |                             |                     |                    |                             |
| Buildings  | 211,549                     | 26,582              | -                  | 238,131                     |
| Other improvements                               | 32,124                      | 3,498               | -                  | 35,622                      |
| Equipment, Furniture & Fixtures                  | 456,921                     | 53,826              | (66,941)           | 443,806                     |
| Vehicles   | 695,019                     | 88,807              | (25,604)           | 758,222                     |
| Computer equipment & software                    | 63,517                      | 4,378               | -                  | 67,895                      |
| Infrastructure                                   | 15,364,835                  | 1,044,337           | -                  | 16,409,172                  |
| Total accumulated depreciation                   | <u>16,823,965</u>           | <u>\$ 1,221,428</u> | <u>\$ (92,545)</u> | <u>17,952,848</u>           |
| Total capital assets being depreciated, net      | <u>22,510,186</u>           |                     |                    | <u>21,495,891</u>           |
| <b>Governmental activity capital assets, net</b> | <u><u>\$ 39,293,658</u></u> |                     |                    | <u><u>\$ 38,604,247</u></u> |

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

|                            |                            |
|----------------------------|----------------------------|
| Administration             | \$ 15,859                  |
| Public safety              | 937                        |
| Public works               | 114,786                    |
| Powell bill (streets)      | 1,089,846                  |
| Total depreciation expense | <u><u>\$ 1,221,428</u></u> |

**Village of Clemmons, North Carolina**  
**Notes to the Financial Statements**  
**June 30, 2011**

**Note E – Capital Assets (Continued)**

|   |                          |                  |                   |                          |
|---|--------------------------|------------------|-------------------|--------------------------|
| Construction in progress Drainage Improv.         | \$ 45,598                | \$ 30,108        | \$ (7,983)        | \$ 67,723                |
| Total Capital assets not being depreciated        | <u>\$ 45,598</u>         | <u>\$ 30,108</u> | <u>\$ (7,983)</u> | <u>\$ 67,723</u>         |
| <b>Capital assets being depreciated</b>           |                          |                  |                   |                          |
| Building  | \$ -                     | \$ 3,948         | \$ -              | \$ 3,948                 |
| Equipment   | 187,150                  | 7,677            | -                 | 194,827                  |
| Vehicles  | 229,737                  |                  | -                 | 229,737                  |
| Infrastructure-Drainage                           | 238,119                  | 76,763           | -                 | 314,882                  |
|   | <u>655,006</u>           | <u>88,388</u>    | <u>-</u>          | <u>743,394</u>           |
| <b>Less accumulated depreciation for:</b>         |                          |                  |                   |                          |
| Building  | \$ -                     | \$ 43            | \$ -              | \$ 43                    |
| Equipment   | 47,206                   | 20,354           | -                 | 67,560                   |
| Vehicles  | 159,901                  | 31,351           | -                 | 191,252                  |
| Infrastructure-Drainage                           | 321                      | 4,986            | -                 | 5,307                    |
| Total accumulated depreciation                    | <u>207,428</u>           | <u>\$ 56,734</u> | <u>\$ -</u>       | <u>264,162</u>           |
| Total capital assets being depreciated, net       | <u>447,578</u>           |                  |                   | <u>479,232</u>           |
| <b>Business-type activity capital assets, net</b> | <u><u>\$ 493,176</u></u> |                  |                   | <u><u>\$ 546,955</u></u> |

**Note F - Liabilities**

1. Pension Plan Obligations

a. Local Governmental Employees' Retirement System

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

**Village of Clemmons, North Carolina**  
**Notes to the Financial Statements**  
**June 30, 2011**

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**Note F – Liabilities (Continued)**

*Funding Policy.* Plan members are required to contribute six percent of their annual covered salary. The Village is required to contribute at an actuarially determined rate. For the Village, the current rate for employees is 6.96% of annual covered payroll. The contribution requirements of members and of the Village of Clemmons are established and may be amended by the North Carolina General Assembly. The Village's contributions to LGERS for the years ended June 30, 2011, 2010 and 2009 were \$59,668, \$44,160, and \$43,748 respectively. The contributions made by the Village equaled the required contributions for each year.

b. Deferred Compensation Pension Plan:

The Village sponsors a deferred compensation pension plan (under the provisions of Internal Revenue Code Section 457) through Nationwide Retirement Solutions, Inc. This plan covered all full-time employees of the Village who elect to participate in this deferred compensation program.

Plan contributions by employees amounted to \$667 during the fiscal year ended June 30, 2011, and ending investment balance in the plan at June 30, 2011, was \$35,612. No contribution to the plan was provided by the Village.

The Plan's assets do not appear on the financial statements of the Village. The fiduciary responsibility of the Village is to make regular, periodic payments as required by the plan. These payments are made to Nationwide Retirement Solutions, Inc., which acts as trustee and administrator for the Plan.

2. Other Post-employment Benefits

Healthcare Benefits

According to a Village resolution, the Village provides post-employment health care benefits to retirees of the Village, provided they are eligible for retirement or disability under the North Carolina Local Governmental Employees' Retirement System (System). Retirees must pay the full cost of the monthly premium for the medical insurance or for the Medicare supplement; this premium is an age adjusted rate. Currently there are two retirees that are eligible for post-employment health benefits, however the retirees declined coverage. The Village obtains health care coverage through the North Carolina League of Municipalities. Since the Village of Clemmons only allows retirees access to the group plan at a retiree age adjusted rate without any subsidy from employee premiums, the Village does not have an OPEB liability.

**Note G – Deferred Revenues**

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

|                       | <u>General Fund</u> |
|-----------------------|---------------------|
| Taxes receivable, net | <u>\$33,081</u>     |

**Note H – Risk Management**

The Village 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 Village participates in three self-funded risk-financing pools administered by the North Carolina League of Municipalities. Through these pools, the Village obtains general liability and auto liability coverage of \$2 million per occurrence, property coverage up to the total insurance values of the property policy, workers' compensation coverage up to statutory limits, and employee health coverage up to a \$5 million lifetime limit. The pools are reinsured through commercial companies for single occurrence claims against general liability, auto liability and property in excess of \$1,000,000 and \$500,000 up to statutory limits for workers' compensation. The pools are reinsured for annual employee health claims in excess of \$150,000. The property liability pool has an aggregate limit for the total property losses in a single year, with the reinsurance limit based upon a percentage of the total insurance values.

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

The Village has flood insurance coverage with the NC League of Municipalities. The total coverage for the Flood Plain Zone the Village resides in is \$2,500,000 with a \$50,000 deductible.

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

**Note I – Long Term Obligations**

**1. Capital Lease Payable**

The Village has entered into an agreement to lease-purchase a tub grinder with Tax-Exempt Leasing Corporation. The lease agreement qualifies as a capital lease for accounting purposes and, therefore has been recorded at the present value of the future minimum lease payments as of the date of its inception

The agreement was executed on July 28, 2008 to lease a tub grinder and requires 4 annual payments of \$37,121.

| Classes of Property | Cost       | Accumulated<br>Depreciation | Net Book<br>Value |
|---------------------|------------|-----------------------------|-------------------|
| Equipment           | \$ 154,280 | \$ 46,284                   | \$ 107,996        |
| Total               | \$ 154,280 | \$ 46,284                   | \$ 107,996        |

**Village of Clemmons, North Carolina**  
**Notes to the Financial Statements**  
**June 30, 2011**

**Note I – Long Term Obligations (Continued)**

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

| Year Ending June 30                | Business Type Activities |
|------------------------------------|--------------------------|
| 2012                               | \$ 37,121                |
| Total Minimum lease payments       | <u>37,121</u>            |
| Less: amount representing interest | <u>1,578</u>             |
|                                    | <u>\$ 35,543</u>         |

The following is a summary of changes in long-term obligations for the year ended June 30, 2011:

|   | Balance<br>July 1, 2010 | Increases        | Decreases        | Balance<br>June 30, 2011 |
|---|-------------------------|------------------|------------------|--------------------------|
| Governmental activities:                    |                         |                  |                  |                          |
| Compensated absences                        | \$ 63,853               | \$ 54,077        | \$ 45,106        | \$ 72,824                |
| Governmental activity long-term liabilities | <u>\$ 63,853</u>        | <u>\$ 54,077</u> | <u>\$ 45,106</u> | <u>\$ 72,824</u>         |
| Business-type activities:                   |                         |                  |                  |                          |
| Capital lease                               | \$ 69,575               | \$ -             | \$ 34,032        | \$ 35,543                |
| Compensated absences                        | 9,649                   | 10,258           | 8,022            | 11,885                   |
| Business activity long-term liabilities     | <u>\$ 79,224</u>        | <u>\$ 10,258</u> | <u>\$ 42,054</u> | <u>\$ 47,428</u>         |
| Governmental activities:                    |                         |                  |                  |                          |
| Current portion-compensated absences        |                         |                  |                  | \$ 36,412                |
| Non-current portion-compensated absences    |                         |                  |                  | <u>36,412</u>            |
|   |                         |                  |                  | <u>\$ 72,824</u>         |
| Business activities:                        |                         |                  |                  |                          |
| Current portion:                            |                         |                  |                  |                          |
| Capital lease                               |                         |                  |                  | \$ 35,543                |
| Compensated absences                        |                         |                  |                  | 5,943                    |
| Non-current portion:                        |                         |                  |                  |                          |
| Compensated absences                        |                         |                  |                  | <u>5,942</u>             |
|   |                         |                  |                  | <u>\$ 47,428</u>         |

**Village of Clemmons, North Carolina**  
**Notes to the Financial Statements**  
**June 30, 2011**

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**Note J – Interfund Balances and Activity**

Balances due to/from other funds at June 30, 2011, consist of the following:

|  |                   |
|--|-------------------|
| Due to the General Fund from the Stormwater Utility Fund                   | \$ 176,221        |
| Due to the General Fund from Safe Routes To School<br>Capital Project Fund | <u>\$ 1,932</u>   |
| Total  | <u>\$ 178,513</u> |

|  |               |
|--|---------------|
| Due from the General Fund to Village Point Lake Improvements<br>Capital Project Fund | <u>\$ 531</u> |
|--|---------------|

An enterprise fund was set up for the stormwater utility during the fiscal year ended June 30, 2004. In order to operate the utility until a stormwater fee was adopted, a due to the general fund was created. The Stormwater fee was adopted in the fiscal year ended June 30, 2006. The balance at June 30, 2011 is \$176,221.

The interfund balances due to/from Safe Routes to School and Village Point Lake Improvements Capital Projects 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, 2011, consist of the following:

|   |                   |
|---|-------------------|
| From the General Fund to the Village Point Lake Improvements<br>Capital Projects Fund | <u>\$ 316,518</u> |
|---|-------------------|

Transfers are used to move unrestricted revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including amounts provided matching funds for various grant programs.

**Note K - Fund Balance**

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

|  |                  |
|--|------------------|
| Total fund balance - General Fund        | \$ 6,789,504     |
| Less:                                    |                  |
| Inventories                              | 38,663           |
| Stabilization by State Statute           | 653,133          |
| Streets                                  | 1,462,065        |
| Travel and Tourism                       | 173,733          |
| Cultural, Economic Recreation            | 51,320           |
| Appropriated Fund Balance in 2012 budget | 1,274,151        |
| Remaining Fund Balance                   | <u>3,136,439</u> |

**Village of Clemmons, North Carolina**  
**Notes to the Financial Statements**  
**June 30, 2011**

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**Note K – Fund Balance (Continued)**

The outstanding encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at year-end.

| Encumbrances | General Fund | Non-Major Funds |
|--------------|--------------|-----------------|
|              | \$0          | \$0             |

**Note L – Jointly Governed Organization**

The Village, in conjunction with five counties and twenty-two other municipalities established the Northwest Piedmont Council of Governments (Council). The participating governments established the Council to coordinate various funding received from Federal and State agencies. Each participating government appoints one member to the Council's governing board. The Village paid membership fees of \$3,269 to the Council during the fiscal year ended June 30, 2011.

**Note M – Joint Ventures**

The Village of Clemmons, the Town of Kernersville, the Town of Lewisville, the Town of Oak Ridge, the Town of Bermuda Run, the Town of Yadkinville and the City of Winston-Salem jointly appoint the nine members of the Forsyth Municipal Alcoholic Beverage Control Board, which operated fourteen liquor stores and one mixed beverage store in Forsyth County. North Carolina General Statute 18B-805 requires the Forsyth Municipal Alcoholic Beverage Control Board to distribute its net income to the municipalities, which appoint the Board, and to Forsyth County. During the fiscal year ended June 30, 2011, the Village received \$174,471 in distributed net income. The participating governments do not have any equity interest in the joint venture, so no equity interest has been reflected in the financial statements at June 30, 2011. The Village does not have a financial responsibility to the ABC Board and is not held responsible for its debts.

Audited financial statements for the Forsyth Municipal Alcoholic Beverage Control Board are available through their administrative offices at 3127 Starlight Drive, Winston-Salem, North Carolina 27107-4141.

**Note N – Summary Disclosure of Significant Contingencies**

Federal and State Assisted Programs

The Village 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.

**Major Governmental Funds**

**General Fund**

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**Village of Clemmons, North Carolina**  
**General Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual**  
**For the Fiscal Year Ended June 30, 2011**

|   | Budget           | Actual           | Variance<br>Positive<br>(Negative) |
|---|------------------|------------------|------------------------------------|
| <b>Revenues</b>                         |                  |                  |                                    |
| Ad valorem taxes                        |                  |                  |                                    |
| Current year                            | \$ 2,281,700     | \$ 2,296,518     | \$ 14,818                          |
| Prior year                              | 13,000           | 27,278           | 14,278                             |
| Penalties and interest                  | 2,500            | 7,234            | 4,734                              |
| Penalties remitted to school system     | -                | (551)            | (551)                              |
| Tax refunds & releases                  | -                | (644)            | (644)                              |
| Total                                   | <u>2,297,200</u> | <u>2,329,835</u> | <u>32,635</u>                      |
| Other taxes and licenses                |                  |                  |                                    |
| Gross receipts tax on leases vehicles   | 1,700            | 2,083            | 383                                |
| Licenses                                | -                | 710              | 710                                |
| Total                                   | <u>1,700</u>     | <u>2,793</u>     | <u>1,093</u>                       |
| Unrestricted intergovernmental          |                  |                  |                                    |
| Local option sales tax                  | 507,000          | 558,441          | 51,441                             |
| Beer and wine tax                       | 80,000           | 82,396           | 2,396                              |
| Telecommunication sales tax             | 95,000           | 123,666          | 28,666                             |
| Utility franchise tax                   | 395,000          | 539,378          | 144,378                            |
| Piped natural gas tax                   | 42,000           | 65,013           | 23,013                             |
| Video programming fee & cable franchise | 178,100          | 237,899          | 59,799                             |
| ABC profit distribution                 | 190,000          | 174,471          | (15,529)                           |
| Total                                   | <u>1,487,100</u> | <u>1,781,264</u> | <u>294,164</u>                     |
| Restricted intergovernmental            |                  |                  |                                    |
| Powell Bill allocation                  | 453,700          | 483,674          | 29,974                             |
| STP-DA grant                            | 305,600          | -                | (305,600)                          |
| NCDOT grant                             | 75,000           | -                | (75,000)                           |
| MPO Reimbursement                       | -                | 29,240           | 29,240                             |
| Hotel occupancy tax- cultural, etc.     | 24,000           | 24,258           | 258                                |
| Hotel occupancy tax- tourism            | 41,000           | 46,659           | 5,659                              |
| Solid waste disposal tax                | 8,500            | 12,673           | 4,173                              |
| Total                                   | <u>907,800</u>   | <u>596,504</u>   | <u>(311,296)</u>                   |
| Permits and fees                        |                  |                  |                                    |
| Planning & zoning fees                  | 6,000            | 6,598            | 598                                |
| False alarms                            | 2,000            | 5,450            | 3,450                              |
| Public works fees                       | 2,940            | 3,878            | 938                                |
| Parking tickets                         | 1,260            | 1,680            | 420                                |
| Total                                   | <u>12,200</u>    | <u>17,606</u>    | <u>4,986</u>                       |
| Investment earnings                     | <u>84,900</u>    | <u>21,935</u>    | <u>(62,965)</u>                    |
| Donations                               | <u>-</u>         | <u>100</u>       | <u>100</u>                         |
| Other revenues                          | <u>-</u>         | <u>825</u>       | <u>825</u>                         |
| Total Revenues                          | <u>4,790,900</u> | <u>4,750,862</u> | <u>(40,458)</u>                    |

Village of Clemmons, North Carolina  
 General Fund  
 Schedule of Revenues, Expenditures, and Changes in Fund Balances -  
 Budget and Actual (Continued)  
 For the Fiscal Year Ended June 30, 2011

|  | <u>Budget</u>    | <u>Actual</u>    | <u>Variance<br/>Positive<br/>(Negative)</u> |
|--|------------------|------------------|---|
| <b>Expenditures</b>                              |                  |                  |   |
| Governing body                                   |                  |                  |   |
| Salaries and employee benefits                   |                  | 34,556           |   |
| Other operating expenditures                     |                  | 10,990           |   |
| Professional services                            |                  | 12,900           |   |
| Total  | <u>68,750</u>    | <u>58,446</u>    | <u>10,304</u>                               |
| Administration                                   |                  |                  |   |
| Salaries and employee benefits                   |                  | 353,052          |   |
| Other operating expenditures                     |                  | 226,246          |   |
| Capital outlay                                   |                  | 10,396           |   |
| Total  | <u>643,700</u>   | <u>589,694</u>   | <u>54,006</u>                               |
| Public Safety                                    |                  |                  |   |
| Other operating expenditures                     |                  | 844,165          |   |
| Total  | <u>946,200</u>   | <u>844,165</u>   | <u>102,035</u>                              |
| Public Works                                     |                  |                  |   |
| Salaries and employee benefits                   |                  | 451,032          |   |
| Other operating expenditures                     |                  | 1,532,874        |   |
| Capital outlay                                   |                  | 95,075           |   |
| Total  | <u>2,346,895</u> | <u>2,078,981</u> | <u>267,914</u>                              |
| Streets (Powell Bill)                            |                  |                  |   |
| Salaries and employee benefits                   |                  | 120,622          |   |
| Other operating expenditures                     |                  | 107,840          |   |
| Capital outlay                                   |                  | 83,661           |   |
| Total  | <u>473,700</u>   | <u>312,123</u>   | <u>161,577</u>                              |
| Planning and Zoning                              |                  |                  |   |
| Salaries and employee benefits                   |                  | 85,378           |   |
| Other operating expenditures                     |                  | 160,764          |   |
| Total  | <u>741,100</u>   | <u>246,142</u>   | <u>494,958</u>                              |
| Culture, Recreation, and<br>Economic Development |                  |                  |   |
| Other operating expenditures                     |                  | 31,048           |   |
| Total  | <u>59,250</u>    | <u>31,048</u>    | <u>28,202</u>                               |
| Total Expenditures                               | <u>5,279,595</u> | <u>4,160,599</u> | <u>1,118,996</u>                            |

Village of Clemmons, North Carolina  
 General Fund  
 Schedule of Revenues, Expenditures, and Changes in Fund Balances -  
 Budget and Actual (Continued)  
 For the Fiscal Year Ended June 30, 2011

|   | <u>Budget</u>    | <u>Actual</u>       | Variance<br>Positive<br>(Negative) |
|---|------------------|---------------------|------------------------------------|
| <b>Revenues Over (Under) Expenditures</b> | <u>(488,695)</u> | <u>590,263</u>      | <u>1,078,958</u>                   |
| <b>Other Financing Sources (Uses)</b>     |                  |                     |                                    |
| Transfers (to) from other funds           |                  |                     |                                    |
| Capital Projects                          | (450,000)        | (316,518)           | 133,482                            |
| Stormwater Utility                        | 41,000           | -                   | (41,000)                           |
| Sale of capital assets                    | -                | 1,002               | 1,002                              |
| Total                                     | <u>(409,000)</u> | <u>(315,516)</u>    | <u>93,484</u>                      |
| <b>Fund balance appropriated</b>          | 897,695          | -                   | (897,695)                          |
| Total                                     | <u>488,695</u>   | <u>(315,516)</u>    | <u>(804,211)</u>                   |
| <b>Net change in fund balance</b>         | <u>\$ -</u>      | 274,747             | <u>\$ 274,747</u>                  |
| <b>Fund Balance - Beginning of Year</b>   |                  | 6,515,600           |                                    |
| Change in inventory                       |                  | (843)               |                                    |
| <b>Fund Balance - End of Year</b>         |                  | <u>\$ 6,789,504</u> |                                    |

**Nonmajor Governmental Fund**

**Capital Projects Fund**

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**Village of Clemmons, North Carolina**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**For the Fiscal Year Ended June 30, 2011**

Exhibit B

|  | Village Point Lake<br>Improvements | Safe Routes<br>to School Grant | Total Nonmajor<br>Governmental<br>Funds |
|--|------------------------------------|--------------------------------|---|
| <b>Assets</b>                              |                                    |                                |   |
| Cash and cash equivalents                  | \$                                 | \$                             | \$                                      |
| Grant receivable                           |                                    | 1,932                          | 1,932                                   |
| Due from general fund                      | 531                                |                                | 531                                     |
| <b>Total Assets</b>                        | <b>\$ 531</b>                      | <b>\$ 1,932</b>                | <b>\$ 2,463</b>                         |
| <b>Liabilities and Fund Balance</b>        |                                    |                                |   |
| Liabilities:                               |                                    |                                |   |
| Accounts Payable                           | \$ 531                             | \$                             | \$ 531                                  |
| Due to general fund                        |                                    | 1,932                          | 1,932                                   |
| <b>Total Liabilities</b>                   | <b>\$ 531</b>                      | <b>\$ 1,932</b>                | <b>\$ 2,463</b>                         |
| Fund Balances:                             |                                    |                                |   |
| Unassigned                                 | \$                                 | \$                             | \$                                      |
| <b>Total liabilities and fund balances</b> | <b>\$ 531</b>                      | <b>\$ 1,932</b>                | <b>\$ 2,463</b>                         |

**Village of Clemmons, North Carolina**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Nonmajor Governmental Funds**  
**For the Fiscal Year Ended June 30, 2011**

Exhibit C

|                                   | Village Point Lake<br>Improvements | Safe Routes<br>to School Grant | Total Nonmajor<br>Governmental<br>Funds |
|-----------------------------------|------------------------------------|--------------------------------|---|
| <b>Revenues</b>                   |                                    |                                |   |
| Safe Routes to School Grant       | \$ -                               | \$ 8,366                       | \$ 8,366                                |
| Total Revenues                    | \$ -                               | \$ 8,366                       | \$ 8,366                                |
| <b>Expenditures</b>               |                                    |                                |   |
| Sidewalk Construction             | \$ -                               | \$ 8,366                       | \$ 8,366                                |
| Lake Improvements                 | 316,518                            | -                              | 316,518                                 |
| Total Expenditures                | \$ 316,518                         | \$ 8,366                       | \$ 324,884                              |
| <b>Revenues over expenditures</b> | \$ (316,518)                       | \$ -                           | \$ (316,518)                            |
| <b>Other Financing Sources</b>    |                                    |                                |   |
| Transfers from other funds:       |                                    |                                |   |
| General Fund                      | \$ 316,518                         | \$ -                           | \$ 316,518                              |
| Total other financing sources     | \$ 316,518                         | \$ -                           | \$ 316,518                              |
| Net change in fund balance        | \$ -                               | \$ -                           | \$ -                                    |
| <b>Fund Balance, Beginning</b>    | \$ -                               | -                              | -                                       |
| <b>Fund Balance, Ending</b>       | \$ -                               | -                              | -                                       |

Village of Clemmons, North Carolina  
 Capital Projects Fund - Village Point Lake Improvements  
 Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
 Budget and Actual  
 From Inception and For the Fiscal Year Ended June 30, 2011

Exhibit D

|                                 | Project<br>Authorization | Prior<br>Year | Actual<br>Current<br>Year | Total to<br>Date | Variance<br>Positive<br>(Negative) |
|---------------------------------|--------------------------|---------------|---------------------------|------------------|------------------------------------|
| <b>Revenues</b>                 | \$ -                     | \$ -          | \$ -                      | \$ -             | \$ -                               |
| <b>Expenditures</b>             |                          |               |                           |                  |                                    |
| Village Point Lake Improvements | \$ 475,000               | \$ 27,970     | \$ 316,518                | \$ 344,488       | \$ 130,512                         |
| Total Expenditures              | \$ 475,000               | \$ 27,970     | \$ 316,518                | \$ 344,488       | \$ 130,512                         |
| Revenues under expenditures     | \$ (475,000)             | \$ (27,970)   | \$ (316,518)              | \$ (344,488)     | \$ 130,512                         |
| <b>Other Financing Sources</b>  |                          |               |                           |                  |                                    |
| Transfers from other funds      |                          |               |                           |                  |                                    |
| General Fund                    | 475,000                  | 27,970        | 316,518                   | 344,488          | (130,512)                          |
| Total other financing sources   | 475,000                  | 27,970        | 316,518                   | 344,488          | (130,512)                          |
| Net change in fund balance      | \$ -                     | \$ -          | \$ -                      | \$ -             | \$ -                               |
| <b>Fund Balance, Beginning</b>  |                          |               | \$ -                      |                  |                                    |
| <b>Fund Balance, Ending</b>     |                          |               | \$ -                      |                  |                                    |

Village of Clemmons, North Carolina  
 Capital Projects Fund - Safe Routes to School  
 Schedule of Revenues, Expenditures, and Changes in Fund Balance  
 Budget to Actual  
 From Inception and For the Fiscal Year Ended June 30, 2011

|                                | Project<br>Authorization | Prior<br>Year | Current<br>Year    | Total to<br>Date | Variance<br>Positive<br>(Negative) |
|--------------------------------|--------------------------|---------------|--------------------|------------------|------------------------------------|
| <b>Revenues</b>                |                          |               |                    |                  |                                    |
| Safe Routes to School Grant    | \$ 98,400                | \$ -          | \$ 8,366           | \$ 8,366         | \$ 90,034                          |
| <b>Expenditures</b>            |                          |               |                    |                  |                                    |
| Design Engineering             | \$ 14,400                | \$ -          | \$ 5,846           | \$ 5,846         | \$ 8,554                           |
| Construction Admin             | 19,000                   | -             | -                  | -                | \$ 19,000                          |
| Sidewalk Construction          | 65,000                   | -             | 2,520              | 2,520            | \$ 62,480                          |
| Total Expenditures             | \$ 98,400                | \$ -          | \$ 8,366           | \$ 8,366         | \$ 90,034                          |
| Net change in fund balance     | <u>\$ -</u>              | <u>\$ -</u>   | <u>\$ -</u>        | <u>\$ -</u>      | <u>\$ -</u>                        |
| <b>Fund Balance, Beginning</b> |                          |               | <u>\$ -</u>        |                  |                                    |
| <b>Fund Balance, Ending</b>    |                          |               | <u><u>\$ -</u></u> |                  |                                    |

**Major Enterprise Funds**

**Stormwater Fund**

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Village of Clemmons, North Carolina  
**Stormwater Fund**  
**Schedule of Revenues and Expenditures- Budget and Actual (Non-GAAP)**  
**For the Fiscal Year Ended June 30, 2011**

Exhibit F

|   | <u>Budget</u>   | <u>Actual</u>     | Variance<br>Positive<br>(Negative) |
|---|-----------------|-------------------|------------------------------------|
| <b>Revenues</b>                           |                 |                   |                                    |
| Stormwater Fee                            | \$ 635,300      | \$ 650,336        | \$ 15,036                          |
| Stormwater Permits                        | 3,000           | 7,857             | 4,857                              |
| Net operating revenue                     | <u>638,300</u>  | <u>658,193</u>    | <u>19,893</u>                      |
| Non operating revenues                    |                 |                   |                                    |
| Interest and investment earnings          | 1,000           | 2,808             | 1,808                              |
| Total revenue                             | <u>639,300</u>  | <u>661,001</u>    | <u>21,701</u>                      |
| <b>Expenditures</b>                       |                 |                   |                                    |
| Salaries & fringe benefits                |                 | 199,534           |                                    |
| Professional Services                     |                 | 48,276            |                                    |
| Other Operating Expenses                  |                 | 77,273            |                                    |
| Subtotal                                  | <u>406,750</u>  | <u>325,083</u>    | <u>81,667</u>                      |
| Debt Service                              | 37,125          | 37,121            | 4                                  |
| Capital Improvement Plan & Capital Outlay | 277,430         | 110,513           | 166,917                            |
| Total operating expenses                  | <u>721,305</u>  | <u>472,717</u>    | <u>248,588</u>                     |
| Revenues over(under) expenditures         | <u>(82,005)</u> | <u>188,284</u>    | <u>270,289</u>                     |
| <b>Other Financing Sources (Uses)</b>     |                 |                   |                                    |
| Transfer (to) from other fund:            |                 |                   |                                    |
| General Fund                              | (41,000)        | -                 | 41,000                             |
| Total other financing sources(uses)       | <u>(41,000)</u> | <u>-</u>          | <u>41,000</u>                      |
| Fund balance appropriated                 | 123,005         | -                 | (123,005)                          |
| Total                                     | <u>82,005</u>   | <u>-</u>          | <u>(82,005)</u>                    |
| <b>Revenues And Other Sources Over</b>    |                 |                   |                                    |
| <b>    Expenditures And Other Uses</b>    | <u>\$ -</u>     | <u>\$ 188,284</u> | <u>\$ 188,284</u>                  |
| Reconciliation from budgetary basis       |                 |                   |                                    |
| modified accrual to full accrual:         |                 |                   |                                    |
| Principal Payment                         |                 | 34,032            |                                    |
| Compensated absences                      |                 | (2,236)           |                                    |
| Depreciation expense                      |                 | (56,734)          |                                    |
| Fixed assets                              |                 | 110,513           |                                    |
| Total reconciling items                   |                 | <u>85,575</u>     |                                    |
| Change in net assets                      |                 | <u>\$ 273,859</u> |                                    |

## **OTHER SCHEDULES**

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Village of Clemmons, North Carolina  
 General Fund  
 Schedule of Ad Valorem Taxes Receivable  
 For the Fiscal Year Ended June 30, 2011

Exhibit G

| <u>Fiscal Year</u>                  | <u>Uncollected<br/>Balance<br/>June 30, 2010</u> | <u>Additions</u>    | <u>Collections<br/>And Credits</u> | <u>Uncollected<br/>Balance<br/>June 30, 2011</u> |
|-------------------------------------|--|---------------------|------------------------------------|--|
| 2010-2011                           |  | \$ 2,329,594        | \$ 2,296,513                       | 33,081   |
| 2009-2010                           | 31,567   | 4                   | 22,630                             | 8,941  |
| 2008-2009                           | 8,013  | 6                   | 3,967                              | 4,052  |
| 2007-2008                           | 3,243  |                     | 576                                | 2,667  |
| 2006-2007                           | 1,642  |                     | 338                                | 1,304  |
| 2005-2006                           | 1,117  |                     | 68                                 | 1,049  |
| 2004-2005                           | 1,183  |                     | 46                                 | 1,137  |
| 2003-2004                           | 970  |                     | 70                                 | 900  |
| 2002-2003                           | 813  |                     | 7                                  | 806  |
| 2001-2002                           | 968  |                     | 21                                 | 947  |
| 2000-2001                           | 900  |                     | 900                                | -  |
|                                     | <u>\$ 50,416</u>                                 | <u>\$ 2,329,604</u> | <u>\$ 2,325,136</u>                | <u>\$ 54,884</u>                                 |
|                                     |  |                     |                                    | <u>21,803</u>                                    |
|                                     |  |                     |                                    | <u>\$ 33,081</u>                                 |
| <u>Reconcilement with revenues:</u> |  |                     |                                    |  |
|                                     |  |                     |                                    | \$ 2,329,835                                     |
|                                     |  |                     |                                    | (7,234)  |
|                                     |  |                     |                                    | 441  |
|                                     |  |                     |                                    | 644  |
|                                     |  |                     |                                    | (5)  |
|                                     |  |                     |                                    | 4  |
|                                     |  |                     |                                    | 900  |
|                                     |  |                     |                                    | 551  |
|                                     |  |                     |                                    | <u>(4,699)</u>                                   |
|                                     |  |                     |                                    | <u>\$ 2,325,136</u>                              |

Village of Clemmons, North Carolina  
 General Fund  
 Village-Wide Levy  
 For the Fiscal Year Ended June 30, 2011

Exhibit H

|                                    | Village-wide                |        | Total Levy          |  |                           |
|------------------------------------|-----------------------------|--------|---------------------|--|---------------------------|
|                                    | Property Valuation          | Rate   | Total Levy          | Property excluding Registered Motor Vehicles | Registered Motor Vehicles |
| Original levy:                     |                             |        |                     |  |                           |
| Property taxed at current rate     | \$ 2,029,893,913            | 0.1150 | \$ 2,334,378        | \$ 2,170,530                                 | \$ 163,848                |
| Penalties                          |                             |        | 624                 | 624  |                           |
| Underpayment of taxes              |                             |        | (19)                | (2)  | (17)                      |
| Total                              | <u>2,029,893,913</u>        |        | <u>2,334,983</u>    | <u>2,171,152</u>                             | <u>163,831</u>            |
| Releases                           | (4,686,087)                 |        | (5,389)             | (3,757)                                      | (1,632)                   |
| Total property valuation \$        | <u><u>2,025,207,826</u></u> |        |                     |  |                           |
| Net levy                           |                             |        | 2,329,594           | 2,167,395                                    | 162,199                   |
| Uncollected taxes at June 30, 2011 |                             |        | (33,081)            | (21,774)                                     | (11,307)                  |
| Current year's taxes collected     |                             |        | <u>\$ 2,296,513</u> | <u>\$ 2,145,621</u>                          | <u>\$ 150,892</u>         |
| Current levy collection percentage |                             |        | <u>98.58%</u>       | <u>99.03%</u>                                | <u>93.03%</u>             |

## **VILLAGE OF CLEMMONS**

### **STATISTICAL SECTION**

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This part of the Village of Clemmons' comprehensive annual financial report presents detail information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the Village's overall financial health.

#### **Financial Trends**

These schedules contain information to help the reader understand how the Village's financial performance and well-being changed over time.

#### **Revenue Capacity**

These schedules contain information to help the reader assess the Village's ability to generate its property taxes.

#### **Debt Capacity**

These schedules contain information to help the reader assess the affordability of the Village's current levels of outstanding debt and the Village's ability to issue additional debt in the future.

#### **Demographic and Economic Information**

These schedules offer demographic and economic indicators to help the reader understand the environment within which the Village's financial activities take place.

#### **Operating Information**

These schedules contain information about the Village's operations and resources to help the reader understand how the Village's financial information relates to the services the Village provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the basic financial statements for the relevant year. The Village implemented GASB Statement 34 in fiscal year 2004; schedules presenting government-wide information include information beginning in that year.



**VILLAGE OF  
CLEMMONS**

Village of Clemmons, North Carolina  
**Net Assets by Component**  
**Last Eight Fiscal Years**  
*(Accrual Basis of Accounting)*

|  | 2004                 | 2005                 | 2006                 | 2007                 | 2008                 | 2009                 | 2010                 | 2011                 |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| <b>Net assets:</b>                               |                      |                      |                      |                      |                      |                      |                      |                      |
| Governmental activities:                         |                      |                      |                      |                      |                      |                      |                      |                      |
| Invested in capital assets, net of related debt  | \$ 32,914,588        | \$ 32,890,064        | \$ 33,155,265        | \$ 37,459,230        | \$ 39,703,514        | \$ 40,092,683        | \$ 39,293,658        | \$ 38,604,247        |
| Restricted                                       | 889,928              | 845,774              | 922,880              | 1,192,071            | 1,347,210            | 1,435,983            | 1,485,530            | 2,340,251            |
| Unrestricted                                     | 4,405,144            | 4,886,758            | 5,232,220            | 5,556,033            | 5,192,030            | 4,940,335            | 4,997,784            | 4,409,510            |
| <b>Total governmental activities net assets</b>  | <b>\$ 38,209,660</b> | <b>\$ 38,622,596</b> | <b>\$ 39,310,365</b> | <b>\$ 44,207,334</b> | <b>\$ 46,242,754</b> | <b>\$ 46,469,001</b> | <b>\$ 45,776,972</b> | <b>\$ 45,354,008</b> |
| Business-type activities:                        |                      |                      |                      |                      |                      |                      |                      |                      |
| Invested in capital assets, net of related debt  | \$ -                 | \$ -                 | \$ 98,731            | \$ 192,474           | \$ 153,332           | \$ 190,998           | \$ 423,601           | \$ 511,412           |
| Unrestricted                                     | (81,154)             | (227,766)            | (40,875)             | 162,700              | 360,581              | 417,318              | 448,460              | 634,508              |
| <b>Total business-type activities net assets</b> | <b>\$ (81,154)</b>   | <b>\$ (227,766)</b>  | <b>\$ 57,856</b>     | <b>\$ 355,174</b>    | <b>\$ 513,913</b>    | <b>\$ 608,316</b>    | <b>\$ 872,061</b>    | <b>\$ 1,145,920</b>  |
| Primary government                               |                      |                      |                      |                      |                      |                      |                      |                      |
| Invested in capital assets, net of related debt  | \$ 32,914,588        | \$ 32,890,064        | \$ 33,253,996        | \$ 37,651,704        | \$ 39,856,846        | \$ 40,283,681        | \$ 39,717,259        | \$ 39,115,659        |
| Restricted                                       | 889,928              | 845,774              | 922,880              | 1,192,071            | 1,347,210            | 1,435,983            | 1,485,530            | 1,687,118            |
| Unrestricted                                     | 4,323,990            | 4,658,992            | 5,191,345            | 5,718,733            | 5,552,611            | 5,357,653            | 5,446,244            | 5,697,151            |
| <b>Total primary government net assets</b>       | <b>\$ 38,128,506</b> | <b>\$ 38,394,830</b> | <b>\$ 39,368,221</b> | <b>\$ 44,562,508</b> | <b>\$ 46,756,667</b> | <b>\$ 47,077,317</b> | <b>\$ 46,649,033</b> | <b>\$ 46,499,928</b> |

Data is presented since implementation of Government Accounting Standards Board Statement No. 34.

SOURCE: THE SOURCES FOR THE DATA PROVIDED IN THE FINANCIAL TRENDS PORTION OF THE STATISTICAL SECTION ARE THE CURRENT AND PRIOR YEARS' AUDITED FINANCIAL STATEMENTS FOR THE CITY.

Village of Clemmons, North Carolina  
**Changes in Net Assets**  
**Last Eight Fiscal Years**  
**(Accrual Basis of Accounting)**

Schedule 2

|   | 2004         | 2005         | 2006         | 2007         | 2008         | 2009         | 2010         | 2011         |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| <b>Expenses</b>                                 |              |              |              |              |              |              |              |              |
| Governmental activities:                        |              |              |              |              |              |              |              |              |
| Governing board                                 | \$ 50,708    | \$ 51,569    | \$ 53,544    | \$ 50,356    | \$ 61,759    | \$ 60,696    | \$ 60,240    | \$ 58,446    |
| Administration                                  | 424,616      | 448,465      | 464,088      | 491,474      | 568,872      | 560,319      | 555,040      | 598,315      |
| Public safety                                   | 527,058      | 558,137      | 593,788      | 730,635      | 818,000      | 830,861      | 893,079      | 845,102      |
| Public works                                    | 2,656,945    | 2,743,769    | 3,031,825    | 3,041,440    | 3,446,078    | 3,629,761    | 2,003,818    | 2,104,676    |
| Powell bill (streets) <sup>1</sup>              |              |              |              |              |              |              | 1,482,782    | 1,318,308    |
| Planning and zoning                             | 63,343       | 45,193       | 50,436       | 78,793       | 232,863      | 243,842      | 286,315      | 246,813      |
| Cultural and recreation                         | 40,359       | 102,503      | 109,565      | 41,185       | 31,014       | 61,657       | 35,315       | 31,048       |
| Total governmental activities expenses          | 3,763,029    | 3,949,636    | 4,303,246    | 4,433,883    | 5,158,586    | 5,387,136    | 5,316,589    | \$ 5,202,708 |
| Business-type activities:                       |              |              |              |              |              |              |              |              |
| Stormwater                                      | 81,154       | 146,612      | 167,760      | 174,386      | 323,134      | 387,775      | 353,049      | 387,142      |
| Total primary government expenses               | \$ 3,844,183 | \$ 4,096,248 | \$ 4,471,006 | \$ 4,608,269 | \$ 5,481,720 | \$ 5,774,911 | \$ 5,669,638 | 5,589,850    |
| <b>Program revenues</b>                         |              |              |              |              |              |              |              |              |
| Governmental activities:                        |              |              |              |              |              |              |              |              |
| Charges for services:                           |              |              |              |              |              |              |              |              |
| Public Safety                                   | \$ 4,280     | \$ 4,690     | \$ 2,575     | \$ 2,659     | \$ 3,195     | \$ 2,085     | \$ 4,950     | \$ 7,130     |
| Public works                                    | 41,250       | 48,077       | 46,273       | 50,717       | 5,544        | 12,699       | 10,182       | 38,878       |
| Planning and zoning                             |              |              |              |              | 7,365        | 17,100       | 4,692        | 6,598        |
| Operating grants and contributions:             |              |              |              |              |              |              |              |              |
| Public works                                    | 460,053      | 524,814      | 548,989      | 564,706      | 647,199      | 660,781      | 81,804       | 12,673       |
| Powell bill (streets) <sup>1</sup>              |              |              |              |              |              |              | 522,493      | 485,341      |
| Planning and Zoning                             |              |              |              |              |              |              |              | 29,240       |
| Cultural, recreation & economic development     |              | 67,403       | 72,658       | 82,934       | 88,763       | 64,021       | 51,246       | 70,917       |
| Capital grants and contributions:               |              |              |              |              |              |              |              |              |
| Public works                                    | 2,836,949    | 758,071      | 1,054,017    | 4,948,114    | 2,656,905    | 1,143,342    | -            | 8,366        |
| American recovery and reinvestment act          |              |              |              |              |              |              | 197,584      |              |
| Total governmental activities program revenues  | 3,342,532    | 793,071      | 1,724,512    | 5,649,130    | 3,408,971    | 1,900,028    | 872,951      | \$ 659,143   |
| Business-type activities:                       |              |              |              |              |              |              |              |              |
| Stormwater:                                     |              |              |              |              |              |              |              |              |
| Charges for services                            |              |              | 483,782      | 497,990      | 508,159      | 515,433      | 651,808      | 658,193      |
| Total business-type activities program revenues | -            | -            | 483,782      | 497,990      | 508,159      | 515,433      | 651,808      | 658,193      |
| Total primary government program revenues       | \$ 3,342,532 | \$ 793,071   | \$ 2,208,294 | \$ 6,147,120 | \$ 3,917,130 | \$ 2,415,461 | \$ 1,524,759 | 1,317,336    |

**Village of Clemmons, North Carolina**  
**Changes in Net Assets**  
**Last Eight Fiscal Years**  
**(Accrual Basis of Accounting)**

|   | 2004         | 2005           | 2006           | 2007         | 2008           | 2009           | 2010           | 2011           |
|---|--------------|----------------|----------------|--------------|----------------|----------------|----------------|----------------|
| <b>Total net (expense) revenue by program:</b>  |              |                |                |              |                |                |                |                |
| Governmental activities:                        |              |                |                |              |                |                |                |                |
| Governing Board                                 | \$ (50,708)  | \$ (51,569)    | \$ (53,544)    | \$ (50,356)  | \$ (61,759)    | \$ (60,696)    | \$ (60,240)    | \$ (58,446)    |
| Administration                                  | (424,616)    | (448,465)      | (464,088)      | (491,474)    | (568,872)      | (560,319)      | (555,040)      | (598,315)      |
| Public safety                                   | (522,778)    | (553,447)      | (591,213)      | (727,976)    | (814,805)      | (828,776)      | (888,129)      | (837,972)      |
| Public works                                    | 681,307      | (1,412,807)    | (1,382,546)    | 2,522,097    | (136,430)      | (1,821,275)    | (1,911,833)    | (2,082,877)    |
| Powell bill (streets) <sup>1</sup>              |              |                |                |              |                |                | (960,289)      | (832,967)      |
| Planning and zoning                             | (63,343)     | (45,193)       | (50,436)       | (78,793)     | (225,498)      | (226,742)      | (281,623)      | (210,975)      |
| Cultural and recreation                         | (40,359)     | (100)          | (36,907)       | 41,749       | 57,749         | 2,364          | 15,931         | 39,869         |
| American recovery and reinvestment act          |              |                |                |              |                |                | 197,584        | -              |
| Business-type activities:                       |              |                |                |              |                |                |                |                |
| Stormwater                                      | (81,154)     | (146,612)      | 316,022        | 323,604      | 185,025        | 127,658        | 298,759        | 271,051        |
| Total net program (expense) revenue             | \$ (501,651) | \$ (2,725,596) | \$ (2,262,712) | \$ 1,538,851 | \$ (1,564,590) | \$ (3,367,786) | \$ (4,144,880) | \$ (4,310,632) |
| <b>General revenues and transfers</b>           |              |                |                |              |                |                |                |                |
| Governmental activities:                        |              |                |                |              |                |                |                |                |
| Taxes:  |              |                |                |              |                |                |                |                |
| Property taxes, levied for general purposes     | \$ 1,266,733 | \$ 1,323,989   | \$ 1,483,998   | \$ 1,676,300 | \$ 1,743,984   | \$ 1,823,239   | \$ 1,991,829   | \$ 2,331,349   |
| Other taxes                                     | 69,573       | 2,808          | 3,140          | 2,540        | 2,422          | 2,135          | 2,134          | 2,793          |
| Unrestricted intergovernmental                  | 1,430,627    | 1,505,831      | 1,588,331      | 1,689,396    | 1,786,595      | 1,707,759      | 1,681,423      | 1,781,264      |
| Investment earnings, unrestricted               | 42,083       | 90,510         | 148,831        | 271,438      | 200,709        | 117,452        | 38,327         | 20,268         |
| Donations                                       |              |                |                |              |                | 250            | 248            | 100            |
| Miscellaneous                                   | 2,771        | 1,379          | 1,203          | 1,048        | 10,325         | 450            | 128            | 825            |
| Gain on sale of fixed assets                    |              |                |                |              |                | 21,070         |                | 19,002         |
| Transfers                                       |              |                | 41,000         | 41,000       | 41,000         | 41,000         | 37,521         |                |
| Total governmental activities general revenues  | 2,811,787    | 2,924,517      | 3,266,503      | 3,681,722    | 3,785,035      | 3,713,355      | 3,751,610      | \$ 4,155,601   |
| Business-type activities:                       |              |                |                |              |                |                |                |                |
| Stormwater:                                     |              |                |                |              |                |                |                |                |
| Investment earnings, unrestricted               |              |                | 10,600         | 14,714       | 14,714         | 4,745          | 2,507          | 2,808          |
| Gross Proceeds from insurance                   |              |                |                |              |                | 3,000          |                | -              |
| Transfers                                       |              |                | (41,000)       | (41,000)     | (41,000)       | (41,000)       | (37,521)       | -              |
| Total business-type activities general revenues | -            | -              | (30,400)       | (26,286)     | (26,286)       | (33,255)       | (35,014)       | 2,808          |
| Total net program (expense) revenue             | (501,651)    | (2,725,596)    | (2,262,712)    | 1,538,851    | (1,564,590)    | (3,367,786)    | (4,144,880)    | (4,310,632)    |
| <b>Change in net assets:</b>                    |              |                |                |              |                |                |                |                |
| Governmental activities                         | 2,391,290    | 412,936        | 687,769        | 4,896,969    | 2,035,420      | 226,247        | (692,029)      | (422,964)      |
| Business-type activities                        | (81,154)     | (146,612)      | 285,622        | 297,318      | 158,739        | 94,403         | 263,745        | 273,859        |
| Total primary government                        | \$ 2,310,136 | \$ 266,324     | \$ 973,391     | \$ 5,194,287 | \$ 2,194,159   | \$ 320,650     | \$ (428,284)   | (149,105)      |

<sup>1</sup>Powell bill (streets) was included in public works in years 2004-2009.

**Village of Clemmons, North Carolina**  
**Government-Wide Revenues**  
**Last Eight Fiscal Years**  
*(accrual basis of accounting)*

Schedule 3

| Fiscal Year | Program Revenues     |                                    |                                      | General Revenues       |   |                                  |               |              | Total Revenues |
|-------------|----------------------|------------------------------------|--------------------------------------|------------------------|---|----------------------------------|---------------|--------------|----------------|
|             | Charges for Services | Operating Grants and Contributions | (2) Capital Grants and Contributions | Taxes                  | Intergovernmental Revenues and ABC Revenues | Unrestricted Investment Earnings | Miscellaneous |              |                |
| 2004        | \$ 45,530            | \$ 460,053                         | \$ 2,836,949                         | \$ 1,336,306           | \$ 1,430,627                                | \$ 42,083                        | \$ 2,771      | \$ 6,154,319 |                |
| 2005        | 52,767               | 592,217                            | 793,071                              | 1,326,797              | 1,505,831                                   | 90,510                           | 1,379         | 4,362,572    |                |
| 2006        | 532,630 <sup>1</sup> | 921,647                            | 1,054,017                            | 1,487,138              | 1,588,331                                   | 159,431                          | 1,203         | 5,744,397    |                |
| 2007        | 551,366              | 947,640                            | 4,948,114                            | 1,678,840              | 1,689,396                                   | 286,152                          | 1,048         | 10,102,556   |                |
| 2008        | 524,263              | 735,962                            | 2,656,905                            | 1,746,406              | 1,786,595                                   | 215,423                          | 10,325        | 7,675,879    |                |
| 2009        | 538,981              | 724,802                            | 1,143,342 <sup>2</sup>               | 1,825,374              | 1,707,759                                   | 122,197                          | 24,770        | 6,087,225    |                |
| 2010        | 671,632              | 655,543                            | 197,584 <sup>3</sup>                 | 1,993,963              | 1,681,423                                   | 40,834                           | 376           | 5,241,355    |                |
| 2011        | 675,799              | 598,171                            | 8,366                                | 2,334,142 <sup>4</sup> | 1,781,264                                   | 23,076                           | 19,927        | 5,440,745    |                |

Data is presented since implementation of Government Accounting Standards Board Statement No. 34.

1: Increase due to start of stormwater fee for Stormwater Utility

2: This is mainly contributions of infrastructure from developers and can vary greatly from year to year

3: Decrease due to no donations of infrastructure from developers.

4: Tax rate increase from 0.0985 to .115

**Village of Clemmons, North Carolina**  
**Program Revenues by Function**  
**Last Eight Fiscal Years**  
*(accrual basis of accounting)*

Schedule 4

|                                      | 2004      | 2005      | 2006       | 2007       | 2008               | 2009       | 2010       | 2011       |
|--------------------------------------|-----------|-----------|------------|------------|--------------------|------------|------------|------------|
| Governmental activities:             |           |           |            |            |                    |            |            |            |
| Public safety                        | \$ 4,280  | \$ 4,690  | \$ 2,575   | \$ 2,659   | \$ 3,195           | \$ 2,085   | \$ 4,950   | \$ 7,130   |
| Public works                         | 41,250    | 48,077    | 46,273     | 50,717     | 5,544 <sup>1</sup> | 4,363      | 10,182     | 3,878      |
| Planning & Zoning                    |           |           |            |            | 7,365 <sup>2</sup> | 17,100     | 4,692      | 6,598      |
| Subtotal for governmental activities | 45,530    | 52,767    | 48,848     | 53,376     | 16,104             | 23,548     | 19,824     | \$ 17,606  |
| Business-type activities             |           |           |            |            |                    |            |            |            |
| Stormwater                           |           |           | \$ 483,782 | \$ 497,990 | \$ 508,159         | \$ 515,433 | \$ 651,808 | \$ 658,193 |
| Total primary government             | \$ 45,530 | \$ 52,767 | \$ 532,630 | \$ 551,366 | \$ 524,263         | \$ 538,981 | \$ 671,632 | \$ 675,799 |

1. The Village discontinued fee based leaf/limb service and provided Village-wide service provided by taxes and stormwater fee.
2. The Village adopted a planning fee schedule in concurrence with developing an in house planning department.

**Village of Clemmons, North Carolina**  
**Fund Balance - Governmental Funds**  
**Last Ten Fiscal Years**  
*(modified accrual basis of accounting)*

Schedule 5

|  | 2002                | 2003                | 2004                | 2005                | 2006                | 2007                | 2008                | 2009                | 2010                | 2011                |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Fund Balance                           |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| General Fund                           |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Non spendable                          |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Inventories                            | \$ -                | \$ -                | \$ -                | \$ 33,352           | \$ 38,224           | \$ 23,666           | \$ 28,599           | \$ 41,815           | \$ 39,506           | \$ 38,663           |
| Restricted                             |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Stabilization by State Statute         | 212,159             | 311,535             | 453,824             | 599,466             | 629,763             | 709,468             | 672,690             | 667,798             | 819,717             | 653,133             |
| Streets                                | 577,712             | 762,517             | 774,031             | 729,976             | 843,989             | 1,071,432           | 1,168,822           | 1,255,231           | 1,288,847           | 1,462,065           |
| Travel and Tourism                     | 57,754              | 68,029              | 91,740              | 95,483              | 53,859              | 90,088              | 133,166             | 126,662             | 139,559             | 173,733             |
| Cultural, recreation and economic dev. | 32,472              | 21,939              | 24,158              | 20,315              | 25,032              | 30,551              | 45,222              | 54,090              | 57,124              | 51,320              |
| Flags                                  | 61                  | 61                  | 61                  | 61                  | 61                  | 61                  | 61                  | 61                  | 61                  | -                   |
| Committed                              |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Village facilities                     | 283,784             | 287,521             | 290,089             | 296,047             | 1,013,177           | 1,066,512           | 503,092             | 511,795             | 512,754             | 513,383             |
| Assigned                               |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Subsequent year's expenditures         | 233,440             | 262,660             | 431,050             | 72,330              | 380,960             | 245,925             | 666,310             | 467,380             | 743,335             | 760,768             |
| Equipment                              | 18,000              | 18,000              | 18,000              | 18,000              | -                   | -                   | -                   | -                   | -                   | -                   |
| Public Safety                          | 79,900              | 79,900              | 79,900              | 79,900              | -                   | -                   | -                   | -                   | -                   | -                   |
| Sidewalks                              | 39,250              | 39,250              | 39,250              | 39,250              | 39,250              | 39,250              | 12,491              | 12,491              | 12,491              | -                   |
| Unassigned                             | 2,614,236           | 2,966,096           | 3,121,381           | 3,778,294           | 3,162,981           | 3,504,426           | 3,338,412           | 3,272,808           | 2,902,206           | 3,136,439           |
| <b>Total general fund</b>              | <b>\$ 4,148,768</b> | <b>\$ 4,817,508</b> | <b>\$ 5,323,484</b> | <b>\$ 5,762,474</b> | <b>\$ 6,187,296</b> | <b>\$ 6,781,379</b> | <b>\$ 6,568,865</b> | <b>\$ 6,410,131</b> | <b>\$ 6,515,600</b> | <b>\$ 6,789,504</b> |
| All other governmental funds           |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Assigned capital projects              | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   |
| Total all other governmental funds     | \$ -                | \$ -                | \$ -                | \$ -                | \$ -                | \$ -                | \$ -                | \$ -                | \$ -                | \$ -                |

**Village of Clemmons, North Carolina**  
**Changes in Fund Balance - Governmental Funds**  
**Last Ten Fiscal Years**  
*(modified accrual basis of accounting)*

Schedule 6

|   | 2002              | 2003              | 2004              | 2005              | 2006              | 2007              | 2008                | 2009                | 2010              | 2011              |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|---------------------|---------------------|-------------------|-------------------|
| <b>Revenues</b>   |                   |                   |                   |                   |                   |                   |                     |                     |                   |                   |
| Taxes   | \$ 1,176,369      | \$ 1,224,164      | \$ 1,267,652      | \$ 1,324,682      | \$ 1,484,236      | \$ 1,673,659      | \$ 1,742,603        | \$ 1,817,325        | \$ 1,985,536      | \$ 2,329,835      |
| Other Taxes & Licenses                                  | 3,349             | 3,667             | 3,286             | 2,808             | 3,139             | 2,540             | 2,422               | 2,135               | 2,134             | 2,793             |
| Unrestricted Intergovernmental                          | 1,003,832         | 1,343,515         | 1,430,627         | 1,505,831         | 1,588,332         | 1,689,396         | 1,786,596           | 1,707,759           | 1,681,423         | 1,781,264         |
| Restricted Intergovernmental                            | 580,960           | 590,246           | 519,101           | 576,243           | 588,806           | 595,579           | 671,940             | 711,654             | 850,929           | 596,504           |
| Permits & Fees  | 20,518            | 12,290            | 10,155            | 15,517            | 8,498             | 11,427            | 16,105              | 23,548              | 19,824            | 17,606            |
| Sales & services  | 24,360            | 30,025            | 35,375            | 37,250            | 40,350            | 41,950            | -                   | -                   | -                 | -                 |
| Investment Earnings                                     | 100,873           | 66,489            | 49,322            | 106,484           | 181,671           | 323,498           | 251,254             | 138,936             | 40,525            | 21,935            |
| Other revenues  | 1,300             | 750               | 2,371             | 1,379             | 1,103             | 1,048             | 74                  | 700                 | 376               | 925               |
| <b>Total revenues</b>                                   | <b>2,911,561</b>  | <b>3,271,146</b>  | <b>3,317,889</b>  | <b>3,570,194</b>  | <b>3,896,135</b>  | <b>4,339,097</b>  | <b>4,470,994</b>    | <b>4,402,057</b>    | <b>4,580,747</b>  | <b>4,750,862</b>  |
| <b>Expenditures</b>                                     |                   |                   |                   |                   |                   |                   |                     |                     |                   |                   |
| Governing Board   | 46,290            | 46,729            | 50,708            | 51,569            | 53,543            | 50,356            | 61,759              | 60,696              | 60,240            | 58,446            |
| Administration  | 360,027           | 375,363           | 402,385           | 428,254           | 439,702           | 474,167           | 550,223             | 540,427             | 537,673           | 579,298           |
| Public Safety   | 483,942           | 472,806           | 522,409           | 553,488           | 589,139           | 726,046           | 816,782             | 829,659             | 891,948           | 844,165           |
| Public Works  | 1,481,833         | 1,529,763         | 1,689,448         | 1,780,729         | 1,977,100         | 1,931,004         | 2,306,330           | 2,431,169           | 1,905,458         | 1,983,906         |
| Powell Bill Streets                                     | -                 | -                 | -                 | -                 | -                 | -                 | -                   | -                   | 394,792           | 228,462           |
| Planning & zoning                                       | 58,221            | 83,907            | 63,343            | 45,193            | 50,436            | 78,793            | 232,348             | 241,433             | 285,376           | 246,142           |
| Cultural & recreation                                   | 45,328            | 67,158            | 40,359            | 102,503           | 109,565           | 41,185            | 31,014              | 61,657              | 35,315            | 31,048            |
| Capital outlay  | 175,846           | 26,680            | 186,143           | 237,820           | 297,800           | 469,906           | 754,710             | 480,466             | 399,688           | 505,650           |
| <b>Total expenditures</b>                               | <b>2,651,487</b>  | <b>2,602,406</b>  | <b>2,954,795</b>  | <b>3,199,556</b>  | <b>3,517,285</b>  | <b>3,771,457</b>  | <b>4,753,166</b>    | <b>4,645,507</b>    | <b>4,510,490</b>  | <b>4,477,117</b>  |
| Excess of revenues over (under) expenditures            | 260,074           | 668,740           | 363,094           | 370,638           | 378,850           | 567,640           | (282,172)           | (243,450)           | 70,257            | 273,745           |
| <b>Other financing source (uses):</b>                   |                   |                   |                   |                   |                   |                   |                     |                     |                   |                   |
| Operating transfers                                     | -                 | -                 | -                 | -                 | 41,000            | 41,001            | 41,000              | 41,000              | 37,521            | -                 |
| Sale of Fixed Assets                                    | -                 | -                 | -                 | -                 | -                 | -                 | 10,251              | 30,500              | -                 | 1,002             |
| Grants  | -                 | -                 | -                 | 35,000            | -                 | -                 | 13,475              | -                   | -                 | -                 |
| <b>Total other financing sources (uses)</b>             | <b>-</b>          | <b>-</b>          | <b>-</b>          | <b>35,000</b>     | <b>41,000</b>     | <b>41,001</b>     | <b>64,726</b>       | <b>71,500</b>       | <b>37,521</b>     | <b>1,002</b>      |
| <b>Net change in fund balance</b>                       | <b>\$ 260,074</b> | <b>\$ 668,740</b> | <b>\$ 363,094</b> | <b>\$ 405,638</b> | <b>\$ 419,850</b> | <b>\$ 608,641</b> | <b>\$ (217,446)</b> | <b>\$ (171,950)</b> | <b>\$ 107,778</b> | <b>\$ 274,747</b> |
| Debt service as a percentage of noncapital expenditures | 0.0%              | 0.0%              | 0.0%              | 0.0%              | 0.0%              | 0.0%              | 0.0%                | 0.0%                | 0.0%              | 0.0%              |

**Village of Clemmons, North Carolina**  
**General Governmental Tax Revenues by Source**  
**Last Ten Fiscal Years**  
*(modified accrual basis of accounting)*

Schedule 7

| <b>Fiscal Year</b>  | <b>Ad Valorem Taxes</b> | <b>Sales Taxes</b> | <b>Franchise Taxes</b> | <b>Beer and Wine Tax</b> | <b>Occupancy Tax</b> | <b>Solid Waste Disposal Tax</b> | <b>Total</b> |
|---------------------|-------------------------|--------------------|------------------------|--------------------------|----------------------|---------------------------------|--------------|
| 2002                | 1,176,369               | 322,854            | 344,013                | -                        | 63,848               | -                               | 1,907,084    |
| 2003                | 1,224,164               | 370,810            | 676,984                | 68,978                   | 13,900               | -                               | 2,354,836    |
| 2004                | 1,267,652               | 419,909            | 697,245                | 70,219                   | 66,287               | -                               | 2,521,312    |
| 2005                | 1,324,682               | 444,507            | 739,815                | 73,224                   | 67,403               | -                               | 2,649,631    |
| 2006                | 1,484,236               | 485,449            | 775,876                | 74,920                   | 72,658               | -                               | 2,893,139    |
| 2007                | 1,673,659               | 546,849            | 828,371                | 77,876                   | 82,934               | -                               | 3,209,689    |
| 2008                | 1,742,603               | 602,306            | 902,111                | 81,308                   | 88,762               | -                               | 3,417,090    |
| 2009                | 1,817,325               | 494,826            | 935,186                | 80,442                   | 64,021               | 8,336                           | 3,400,136    |
| 2010                | 1,985,536               | 507,463            | 968,438                | 25,942                   | 51,246               | 12,395                          | 3,551,020    |
| 2011                | 2,239,835               | 558,441            | 965,956                | 82,396                   | 70,917               | 12,673                          | 3,930,218    |
| Change<br>2002-2011 | 90.4%                   | 73.0%              | 180.8%                 | 19%                      | 11.1%                | 100.0%                          | 106.1%       |

In North Carolina, property tax would be considered an own-source revenue. Information about the tax rate and assessed value is found in the Revenue Capacity tables in the Statistical Section.

All other tax revenue is considered intergovernmental revenue because it is levied by either the State or County and shared with the Village.

Sales tax revenue is distributed to Clemmons from Forsyth County under the ad valorem distribution formula.

Franchise taxes include telecommunications sales tax, utility franchise tax, piped natural gas tax and video franchise fee . Please note the video franchise fee was started in 2007. The State withheld one quarter of these taxes in 2002 .

A city or county is eligible to share in beer or wine excise tax revenues if beer or wine may legally be sold within its boundaries. The State withheld this tax in 2002 and a portion in 2010.

Occupancy tax is levied on hotels within Forsyth County and the County shares a portion of this tax with the municipalities within the County. Decreased revenue in 2010 was due to financial difficulties of two of the hotels within Clemmons.

The solid waste disposal tax is an excise tax that went into effect July 1, 2008 with a portion of the proceeds distributed back to the municipality to promote recycling.

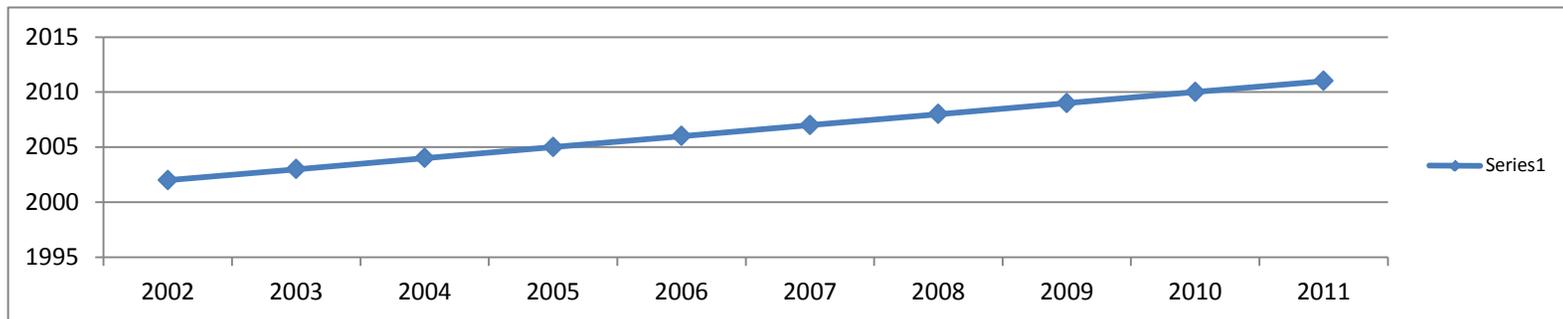
**VILLAGE OF CLEMMONS, NORTH CAROLINA**

Assessed and Estimated Actual Value of Taxable Property  
Last Ten Fiscal Years

| Fiscal Year Ended June 30 | (1) Tax Year Ended December 31 | Real Property    | Personal Property | Registered Vehicles | Public Service Companies | Total            | (2) Ratio of Assessed Value Estimated Actual Value | (3) Total Direct Tax Rate |
|---------------------------|--------------------------------|------------------|-------------------|---------------------|--------------------------|------------------|--|---------------------------|
| 2002                      | 2001                           | \$ 1,099,093,970 | \$ 54,284,870     | \$ 139,351,490      | \$ 17,707,001            | \$ 1,310,437,331 | 100%   | 0.09                      |
| 2003                      | 2002                           | \$ 1,142,656,770 | \$ 60,906,940     | \$ 144,051,520      | \$ 17,433,352            | \$ 1,365,048,582 | 100%   | 0.09                      |
| 2004                      | 2003                           | \$ 1,175,763,700 | \$ 61,318,200     | \$ 148,115,770      | \$ 17,864,749            | \$ 1,403,062,419 | 100%   | 0.09                      |
| 2005                      | 2004                           | \$ 1,223,426,450 | \$ 67,927,880     | \$ 151,523,570      | \$ 17,091,006            | \$ 1,459,968,906 | 100%   | 0.09                      |
| 2006                      | 2005                           | \$ 1,400,359,550 | \$ 70,419,950     | \$ 156,082,710      | \$ 17,873,570            | \$ 1,644,735,780 | 100%   | 0.09                      |
| 2007                      | 2006                           | \$ 1,454,107,770 | \$ 73,331,170     | \$ 162,735,340      | \$ 18,506,836            | \$ 1,708,681,116 | 100%   | 0.0985                    |
| 2008                      | 2007                           | \$ 1,505,819,100 | \$ 79,120,010     | \$ 162,865,210      | \$ 21,511,130            | \$ 1,769,315,450 | 100%   | 0.0985                    |
| 2009                      | 2008                           | \$ 1,570,250,537 | \$ 83,852,680     | \$ 161,436,580      | \$ 34,779,286            | \$ 1,850,319,083 | 100%   | 0.0985                    |
| 2010                      | 2009                           | \$ 1,758,282,315 | \$ 83,669,070     | \$ 151,018,435      | \$ 34,224,634            | \$ 2,027,194,454 | 100%   | 0.0985                    |
| 2011                      | 2010                           | \$ 1,769,329,193 | \$ 78,301,710     | \$ 145,386,218      | \$ 36,792,366            | \$ 2,029,809,487 | 100%   | 0.115                     |

Source: TR-1 reports compiled by the Forsyth County Tax Department on a calendar year basis to meet reporting requirements of the Tax Research Division of the North Carolina Department of Revenue

- Note: (1) Tax year for registered vehicles is the same as fiscal year  
 (2) Assessed value is established at estimated market value. Real property was revalued on January 1 of 2001, 2005, and 2009. As of January 1, 1993, assessed value for registered vehicles is established monthly. Assessed value for all other property is established annually.  
 (3) Tax rates per \$100 valuation. Direct Rate shown does not include Fire District Rates. See Schedule 10 for complete Direct and Overlapping Tax Rates



**Village of Clemmons, North Carolina**

Schedule 9

Property Tax Rates - Direct and Overlapping Governments

(Per \$100 of Assessed Value)

Last Ten Fiscal Years

| <b>Fiscal Year</b> | <b>Village of Clemmons</b> | <b>Forsyth County</b> | <b>(1)<br/>Clemmons Fire District</b> | <b>(1)<br/>Lewisville Fire District</b> | <b>(2)<br/>Combined Tax Rate Clemmons Fire District</b> | <b>(2)<br/>Combined Tax Rate Lewisville Fire District</b> |
|--------------------|----------------------------|-----------------------|---------------------------------------|---|---|---|
| 2002               | 0.09                       | 0.6400                | 0.05                                  | 0.05                                    | 0.7800  | 0.7800  |
| 2003               | 0.09                       | 0.6920                | 0.05                                  | 0.05                                    | 0.8320  | 0.8320  |
| 2004               | 0.09                       | 0.6920                | 0.05                                  | 0.05                                    | 0.8320  | 0.8320  |
| 2005               | 0.09                       | 0.7080                | 0.05                                  | 0.05                                    | 0.8480  | 0.8480  |
| 2006               | 0.09                       | 0.6660                | 0.05                                  | 0.05                                    | 0.8060  | 0.8060  |
| 2007               | 0.0985                     | 0.6660                | 0.05                                  | 0.06                                    | 0.8145  | 0.8245  |
| 2008               | 0.0985                     | 0.6960                | 0.05                                  | 0.06                                    | 0.8445  | 0.8545  |
| 2009               | 0.0985                     | 0.6960                | 0.05                                  | 0.06                                    | 0.8445  | 0.8545  |
| 2010               | 0.0985                     | 0.6740                | 0.05                                  | 0.06                                    | 0.8225  | 0.8325  |
| 2011               | 0.115                      | 0.6740                | 0.05                                  | 0.06                                    | 0.8390  | 0.849   |

Source: Forsyth County Tax Department.

Note: (1) The Forsyth County Board of Commissioners sets each Fire Tax District Rate.

(2) Part of the Village is in Clemmons Fire District and part is in Lewisville Fire District

(3) The Village of Clemmons has a fifteen cents tax cap included in its charter.

**Village of Clemmons, North Carolina**  
**Property Tax Levies and Collections**  
**Last Ten Fiscal Years**

| Fiscal Year | Net Tax Levy | Collection on Current Year Levy |         | Collection and Credits on Prior Years' Levies | Total Tax Collections | Total Tax Collections to Net Tax Levy | Outstanding Delinquent Taxes |
|-------------|--------------|---------------------------------|---------|---|-----------------------|---------------------------------------|------------------------------|
|             |              | Amount                          | Percent |   |                       |                                       |                              |
| 2002        | \$ 1,181,774 | \$ 1,166,194                    | 98.68%  | \$ 14,633                                     | \$ 1,180,827          | 99.92%                                | \$ 947                       |
| 2003        | \$ 1,230,489 | \$ 1,213,302                    | 98.60%  | \$ 16,381                                     | \$ 1,229,683          | 99.93%                                | \$ 806                       |
| 2004        | \$ 1,267,793 | \$ 1,251,525                    | 98.72%  | \$ 15,368                                     | \$ 1,266,893          | 99.93%                                | \$ 900                       |
| 2005        | \$ 1,325,209 | \$ 1,309,634                    | 98.82%  | \$ 14,438                                     | \$ 1,324,072          | 99.91%                                | \$ 1,137                     |
| 2006        | \$ 1,482,608 | \$ 1,467,271                    | 98.97%  | \$ 14,288                                     | \$ 1,481,559          | 99.93%                                | \$ 1,049                     |
| 2007        | \$ 1,675,199 | \$ 1,657,221                    | 98.93%  | \$ 16,674                                     | \$ 1,673,895          | 99.92%                                | \$ 1,304                     |
| 2008        | \$ 1,745,019 | \$ 1,725,659                    | 98.89%  | \$ 16,693                                     | \$ 1,742,352          | 99.85%                                | \$ 2,667                     |
| 2009        | \$ 1,821,306 | \$ 1,796,026                    | 98.61%  | \$ 21,228                                     | \$ 1,817,254          | 99.78%                                | \$ 4,052                     |
| 2010        | \$ 1,993,719 | \$ 1,962,148                    | 98.42%  | \$ 22,630                                     | \$ 1,984,778          | 99.55%                                | \$ 8,941                     |
| 2011        | \$ 2,329,594 | \$ 2,296,513                    | 98.58%  | \$ -  | \$ 2,296,513          | 98.58%                                | \$ 33,081                    |

Source: Village of Clemmons audited financial statements and Forsyth County Tax Department Reports  
Village of Clemmons property taxes are collected by the Forsyth County Tax Department.

**VILLAGE OF CLEMMONS, NORTH CAROLINA**  
 Principal Taxpayers For the Year  
 Fiscal Years Ended June 30, 2011 and 1999

Schedule 11

|                               |                                  | <u>Fiscal Year 2011</u>   |  |
|-------------------------------|----------------------------------|---------------------------|--|
| <u>Taxpayer</u>               | <u>Type of Enterprise</u>        | <u>Assessed Valuation</u> | <u>Percent of Total Assessed Valuation</u> |
| Hayward Industries Inc.       | Manufacturer                     | \$ 40,702,200             | 2.01%                                      |
| Bellsouth Telephone Co.       | Communications                   | 22,628,670                | 1.11%                                      |
| Hubbard Realty of WS, Inc.    | Real Estate Developer/Contractor | 12,655,600                | 0.62%                                      |
| Tanglewood Ht Lic             | Real Estate Developer            | 10,957,900                | 0.54%                                      |
| Novant Health, Inc.           | Health Care                      | 9,526,900                 | 0.47%                                      |
| Concord Five                  | Real Estate Developer            | 8,499,720                 | 0.42%                                      |
| Ellis Properties              | Real Estate Developer            | 7,629,400                 | 0.38%                                      |
| Willow Trace Property         | Apartments                       | 7,559,300                 | 0.37%                                      |
| Clemmons Apartments LLC       | Apartments                       | 7,243,560                 | 0.36%                                      |
| Triumph Actuation Systems LLC | Manufacturer                     | 7,207,500                 | 0.36%                                      |
| Total                         |                                  | <u>\$ 134,610,750</u>     | 6.63%                                      |

|                              |                                  | <u>Fiscal Year 1999<sup>1</sup></u> |  |
|------------------------------|----------------------------------|-------------------------------------|--|
| <u>Taxpayer</u>              | <u>Type of Enterprise</u>        | <u>Assessed Valuation</u>           | <u>Percent of Total Assessed Valuation</u> |
| Hayward Industries Inc.      | Manufacturer                     | \$ 25,520,299                       | 2.71%                                      |
| Hubbard Realty of WS         | Real Estate Developer/Contractor | 8,078,300                           | 0.86%                                      |
| Bellsouth                    | Utility                          | 7,816,926                           | 0.83%                                      |
| Western Enterprises          | Utility                          | 7,816,926                           | 0.83%                                      |
| Ellis Properties             | Real Estate Developer/Contractor | 7,574,698                           | 0.80%                                      |
| Clemmons Apartments          | Real Estate Developer/Contractor | 6,539,100                           | 0.69%                                      |
| Duke Energy                  | Apartments                       | 4,851,000                           | 0.51%                                      |
| Southeastern Hospitality LLC | Utility                          | 4,503,554                           | 0.48%                                      |
| Piedmont Natural Gas         | Hotels                           | 4,271,299                           | 0.45%                                      |
| K Partnership                | Utility                          | 4,271,299                           | 0.45%                                      |
|                              | Unknown                          | 3,553,200                           | 0.38%                                      |
| Total                        |                                  | <u>\$ 76,979,675</u>                | 18.45%                                     |

Source: Forsyth County Tax Department.

1. Fiscal year 2002 was unavailable so Fiscal year 1999 is presented.

**Village of Clemmons, North Carolina**  
**Legal Debt Margin Information**  
**Last Ten Fiscal Years**

Schedule 12

|  |                              |
|--|------------------------------|
| Legal Debt Margin Calculation for Fiscal Year 2011 |                              |
| Assessed Value of Taxable Property                 | \$ 2,025,207,826             |
| Debt Limit = Eight percent (8%) of assessed value  | 162,016,626                  |
| Debt applicable to limit:                          |                              |
| Compensated absences                               | <u>72,824</u>                |
| Total debt applicable to legal debt limit          | <u>72,824</u>                |
| Legal debt margin                                  | <u><u>\$ 161,943,802</u></u> |

|  | 2002           | 2003           | 2004           | 2005           | 2006           | 2007           | 2008           | 2009           | 2010           | 2011           |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Debt Limit   | \$ 104,900,096 | \$ 109,074,133 | \$ 112,330,844 | \$ 117,591,408 | \$ 131,667,644 | \$ 136,978,222 | \$ 141,600,325 | \$ 147,852,751 | \$ 161,872,812 | \$ 162,016,626 |
| Total net debt applicable to limit                                   | 55,059         | 34,683         | 44,680         | 45,517         | 47,533         | 51,253         | 48,985         | 59,087         | 63,852         | 72,824         |
| Legal debt margin  | \$ 104,845,037 | \$ 109,039,450 | \$ 112,286,164 | \$ 117,545,891 | \$ 131,620,111 | \$ 136,926,969 | \$ 141,551,340 | \$ 147,793,664 | \$ 161,808,960 | \$ 161,943,802 |
| Total net debt applicable to the limit as a percentage of debt limit | 0.052%         | 0.032%         | 0.040%         | 0.039%         | 0.036%         | 0.037%         | 0.035%         | 0.040%         | 0.039%         | 0.045%         |

Note: Under North Carolina state law, the Village's outstanding general obligation debt should not exceed eight percent (8%) of total assessed property value. By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repaying general obligation. All debt issued for Clemmons' governmental activities has been installment contract financing and capital leases, where the financed asset is collateral for the debt.

Excludes business -type activities.

**VILLAGE OF CLEMMONS, NORTH CAROLINA**

Computation of Direct and Overlapping Governmental Activities Debt  
For the Fiscal Year Ended June 30, 2011

| Jurisdiction                      | Outstanding<br>Debt   | Percentage<br>Applicable to<br>Clemmons | Amount<br>Applicable to<br>Clemmons |
|-----------------------------------|-----------------------|---|-------------------------------------|
| <b>Forsyth County</b>             |                       |   |                                     |
| General obligation debt           | \$ 530,850,000        |   |                                     |
| COP                               | 59,660,000            |   |                                     |
| Limited obligation bonds          | 14,250,000            |   |                                     |
| Installment purchase              | 812,088               |   |                                     |
|                                   | <u>\$ 605,572,088</u> | 5.98%                                   | <u>36,233,288</u>                   |
| Subtotal, overlapping debt        |                       |   | <u>36,233,288</u>                   |
| Total direct and overlapping debt |                       |   | <u><u>\$ 36,233,288</u></u>         |

Sources:

Assessed valuation used to determine percentages from TR-1 report provided by Forsyth County Tax Assessor

Debt information from Forsyth County Finance Office

The Village of Clemmons has no governmental activities debt

The purpose of this schedule is recognize that the entire debt burden borne by the residents and businesses should be taken into account when calculating the government's ability to issue and repay long-term debt.

The percentage of overlapping debt applicable to the Village of Clemmons is estimated using taxable assessed value information. Property tax is the largest governmental activities revenue source for these units and the rates are adopted by the governing boards in their annual budgets.

Village of Clemmons, North Carolina  
Ratios of Outstanding Debt  
For the last ten fiscal years

| Fiscal Year | Governmental Activities |                       |                             |   | Business Type Activities |                             |   | Primary Government            |                                   |
|-------------|-------------------------|-----------------------|-----------------------------|---|--------------------------|-----------------------------|---|-------------------------------|-----------------------------------|
|             | Capital Lease           | Installment Financing | Outstanding Debt per Capita | Ratio of Outstanding Debt to Estimated Actual Value of Taxable Property | Capital Lease            | Outstanding Debt per Capita | Ratio of Outstanding Debt to Estimated Actual Value of Taxable Property | Total Primary Government Debt | Total Outstanding Debt per Capita |
| 2002        | \$ 4,469                | \$ 18,831             | 1                           | 0.00%   |                          |                             |   |                               |                                   |
| 2003        | \$ 361                  |                       | 0                           | 0.00%   |                          |                             |   |                               |                                   |
| 2004        |                         |                       |                             |   |                          |                             |   |                               |                                   |
| 2005        |                         |                       |                             |   |                          |                             |   |                               |                                   |
| 2006        |                         |                       |                             |   |                          |                             |   |                               |                                   |
| 2007        |                         |                       |                             |   |                          |                             |   |                               |                                   |
| 2008        |                         |                       |                             |   |                          |                             |   |                               |                                   |
| 2009        |                         |                       |                             |   | \$ 102,159               | 6                           | 0.01%   | \$ 102,159                    | 6                                 |
| 2010        |                         |                       |                             |   | \$ 69,574                | 4                           | 0.00%   | \$ 69,574                     | 4                                 |
| 2011        |                         |                       |                             |   | \$ 35,543                | 2                           | 0.00%   | \$ 35,543                     | 2                                 |

Population data is shown on the Demographic Statistics schedule.

See the schedule of Assessed and Estimated Actual Value of Taxable Property in the Revenue Capacity section.

Total personal income is not available for the Village of Clemmons.

Village of Clemmons, North Carolina  
Ratio of Annual Debt Service Expenditures  
Total Noncapital General Governmental Expenditures  
Last Ten Fiscal Years

Schedule 15

| <u>Fiscal Year</u> | <u>Principal</u> | <u>Interest</u> | <u>Total Debt Service</u> | <u>Noncapital General Governmental Expenditures</u> | <u>Ratio of Debt Service to Noncapital Expenditures</u> |
|--------------------|------------------|-----------------|---------------------------|---|---|
| 2002               | \$ 21,761        | \$ 2,261        | \$ 24,022                 | \$ 2,475,641  | 0.97%   |
| 2003               | \$ 22,939        | \$ 260          | \$ 23,199                 | \$ 2,574,226  | 0.90%   |
| 2004               | \$ 361           | \$ 3            | \$ 364                    | \$ 2,768,652  | 0.01%   |
| 2005               | \$ -             | \$ -            | \$ -                      | \$ 2,961,736  | 0.00%   |
| 2006               | \$ -             | \$ -            | \$ -                      | \$ 3,219,485  | 0.00%   |
| 2007               | \$ -             | \$ -            | \$ -                      | \$ 3,301,551  | 0.00%   |
| 2008               | \$ -             | \$ -            | \$ -                      | \$ 3,998,456  | 0.00%   |
| 2009               | \$ -             | \$ -            | \$ -                      | \$ 4,645,507  | 0.00%   |
| 2010               | \$ -             | \$ -            | \$ -                      | \$ 4,510,490  | 0.00%   |
| 2011               | \$ -             | \$ -            | \$ -                      | \$ 3,971,467  | 0.00%   |

Includes installment debt and capital leases.

**Village of Clemmons, North Carolina  
Demographic Statistics  
Last Ten Fiscal Years**

Schedule 16

| <b>Forsyth County</b> |                                |                       |   |                              |                              |
|-----------------------|--------------------------------|-----------------------|---|------------------------------|------------------------------|
| <b>Fiscal Year</b>    | <b>Clemmons Population (1)</b> | <b>Population (1)</b> | <b>Total Personal Income (2) (Thousands of Dollars)</b> | <b>Per Capita Income (2)</b> | <b>Unemployment Rate (3)</b> |
| 2002                  | 16294                          | 314231                | 9,847,688   | 31,333                       | 6.1                          |
| 2003                  | 16350                          | 317086                | 10,088,416  | 31,829                       | 6.2                          |
| 2004                  | 16543                          | 320191                | 10,877,453  | 33,981                       | 5.5                          |
| 2005                  | 16962                          | 325604                | 11,287,790  | 34,709                       | 5.1                          |
| 2006                  | 17234                          | 331807                | 12,084,116  | 36,402                       | 4.6                          |
| 2007                  | 17648                          | 338480                | 12,979,389  | 37,301                       | 4.7                          |
| 2008                  | 17902                          | 344311                | 13,238,790  | 37,278                       | 6.                           |
| 2009                  | 18161                          | 349449                | 12,979,660  | 36,091                       | 10.1                         |
| 2010                  | 18695                          | 352810                | (3)   | (3)                          | 9.6                          |
| 2011                  | 18688                          | 356243                | (3)   | (3)                          | 10.1                         |

Source:

- (1) Office of Budget and Management for the State of North Carolina
- (2) U.S. Bureau of Economic Analysis
- (2) The Employment Security Commission of North Carolina
- (3) Information is unavailable

Village of Clemmons, North Carolina  
Principal Employers For the Year  
Fiscal Year Ended June 30, 2011

Schedule 17

| Forsyth County<br>Employer                                  | Type of Enterprise          | 2011 <sup>1</sup>                     |      |   | 2002 <sup>2</sup>                     |      |   |
|---|-----------------------------|---------------------------------------|------|---|---------------------------------------|------|---|
|   |                             | Approximate<br>Number of<br>Employees | Rank | Percentage of<br>Total County<br>Employment | Approximate<br>Number of<br>Employees | Rank | Percentage of<br>Total County<br>Employment |
| Wake Forest University Baptist Medical Center <sup>a</sup>  | Education & Health Services | 11,763                                | 1    | 7.50%                                       | 11,121                                | 1    | 7.20%                                       |
| Novant Health and Affiliates                                | Education & Health Services | 8,100                                 | 2    | 5.20%                                       | 6,300                                 | 2    | 4.10%                                       |
| Winston-Salem/Forsyth County Schools <sup>a</sup>           | Education & Health Services | 6,692                                 | 3    | 4.30%                                       | 4,700                                 | 5    | 3.00%                                       |
| Reynolds America, Inc <sup>c</sup>                          | Manufacturing               | 3,000                                 | 4    | 1.90%                                       | 5,930                                 | 4    | 3.80%                                       |
| Hanesbrands, Inc (Sara Lee) <sup>b</sup>                    | Manufacturing               | 2,800                                 | 5    | 1.80%                                       | 6,000                                 | 3    | 3.90%                                       |
| Wachovia Bank, N.A., a division of Wells Fargo <sup>d</sup> | Financial Activities        | 2,800                                 | 6    | 1.80%                                       | 4,379                                 | 6    | 2.80%                                       |
| City of Winston-Salem                                       | Public Administration       | 2,660                                 | 7    | 1.70%                                       | 2,416                                 | 8    | 1.60%                                       |
| Forsyth County  | Public Administration       | 2,079                                 | 8    | 1.30%                                       | 1,859                                 | 10   | 1.20%                                       |
| BBT   | Financial Activities        | 2,000                                 | 9    | 1.30%                                       | N/A                                   |      | 0.00%                                       |
| Wake Forest University                                      | Education & Health Services | 1,715                                 | 10   | 1.10%                                       | N/A                                   |      | 0.00%                                       |
| US Airways  |                             |                                       |      |   | 2,247                                 | 9    | 1.50%                                       |
| Budd Services   | Services                    |                                       |      |   | 2,800                                 | 7    | 1.80%                                       |
| Total   |                             | 43,609                                |      | 27.44%                                      | 47,752                                |      | 29.20%                                      |

Principal employers within the Village of Clemmons is not available; therefore this schedule reflects Forsyth County principal employers.

<sup>1</sup>estimates as of December 2010

<sup>2</sup> estimates as of December 2001

Sources:

Forsyth County and the Greater Winston-Salem Chamber of Commerce

Total number of employed to compute percentage from Employment Security Commission of NC.

<sup>a</sup>formerly North Carolina Baptist Hospitals, Inc

<sup>b</sup> formerly Sara Lee Personal Products

<sup>c</sup>formerly R.J. Reynolds Tobacco Company

<sup>d</sup>formerly Wachovia Corporation

**Village of Clemmons, North Carolina**  
**Operating Indicators by Function**  
**Last Ten Fiscal Years**

Schedule 18

|   | 2002   | 2003   | 2004   | 2005   | 2006   | 2007  | 2008   | 2009   | 2010   | 2011   |
|---|--------|--------|--------|--------|--------|-------|--------|--------|--------|--------|
| <b>Public Safety:</b>                   |        |        |        |        |        |       |        |        |        |        |
| Total Offenses (1)                      | (8)    | (8)    | (8)    | (8)    | (8)    | (8)   | 2,687  | 2,452  | 2372   | 2557   |
| Total Part 1 Crimes                     | (8)    | (8)    | (8)    | (8)    | (8)    | (8)   | (8)    | 553    | 550    | 592    |
| Part 1 Crimes per 1000 population       | (8)    | (8)    | (8)    | (8)    | (8)    | (8)   | (8)    | 30     | 29     | 32     |
| Total Calls For Service                 | (8)    | (8)    | (8)    | (8)    | (8)    | (8)   | (8)    | 9,477  | 9082   | 12135  |
| CID Assigned Cases                      | (8)    | (8)    | (8)    | (8)    | (8)    | (8)   | 114    | 190    | 292    | 341    |
| Closed/Cleared                          | (8)    | (8)    | (8)    | (8)    | (8)    | (8)   | 72     | 86     | 49     | 52     |
| <b>Public Works:</b>                    |        |        |        |        |        |       |        |        |        |        |
| Streets Resurfaced (feet)(2)            | 15,872 | 14,502 | 40,355 | 24,592 | 16,322 | 9,435 | 18,661 | 12,986 | 9853   | 4518   |
| Pavement Condition Rating               |        | 94.6%  |        |        | 91.5%  |       |        |        | 87.4%  |        |
| NC Statewide Pavement Condition Rating  |        |        |        |        | 85.0%  |       |        |        | 80.0%  |        |
| Sanitation Disposal (tons)(3)           | 4,785  | 3,973  | 4,049  | 7,047  | 5,282  | 7,034 | 6,601  | 6,326  | 6034   | 5687   |
| Sanitation Recycling (tons)(3)          | 739    | 988    | 1,107  | 1,084  | 1,112  | 951   | 1,135  | 1,303  | 1087   | 1090   |
| Leaf & Limb Pick-Up (homes)(4)          | 609    | 600    | 700    | 740    | 794    | 834   | 5,758  | 5,758  | 5758   | 1195   |
| Tonnage Leaf/Limb(4)                    | 1,056  | 671    | 777    | 1,690  | 2,269  | 2,105 | 3,741  | 4,363  | 3912   | 4511   |
| Street Lights(number)(7)                | (8)    | (8)    | (8)    | (8)    | 705    | 713   | 727    | 733    | 735    | 735    |
| <b>Planning &amp; Zoning</b>            |        |        |        |        |        |       |        |        |        |        |
| Zoning Cases(5)                         | 17     | 9      | 5      | 7      | 13     | 14    | 3      | 5      | 5      | 3      |
| Subdivision Review(5)                   | 0      | 0      | 2      | 2      | 0      | 3     | 0      | 1      | 0      | 0      |
| Planning Board Review(5)                | 1      | 2      | 4      | 0      | 2      | 1     | 3      | 7      | 1      | 2      |
| Zoning Enforcement Hours Contracted (6) | (8)    | (8)    | 209    | 243    | 385    | 339   | 304    | 246.25 | 267.75 | 422.75 |

Sources:

1. Contract Public Safety with Forsyth County Sheriff Department; incident reports provided by Sheriff Department; new reporting system in 2007 past reports are not comparable. Total Activity includes citations, arrests, total offenses, CID Cases, and all CFS.
2. Annual Powell Bill Report
3. Solid Waste Management Annual Report & Sanitation Contractor- Includes Residential pickup, commercial dumpster pickup from apartments, and once a year bulk item pickup
4. Public Works Department, beginning July 1, 2007 this service was provided Village wide; homes listed is total homes, for FYE 2011 have actual homes picked up.
5. Planning Staff Histories from City/County Planning Board/ information starting in 2008 provided by Village Planner
6. City of Winston-Salem billing statement for inspection service contracted with City/County Inspections
7. Duke Power Lighting Report
8. Not available

**VILLAGE OF CLEMMONS, NORTH CAROLINA**  
 Full-Time City Government Employees by Function  
 Last Ten Fiscal Years

Schedule 19

|                    | <u>2002</u> | <u>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> |
|--------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| General Government | 4           | 4           | 4           | 4           | 4           | 5           | 5           | 5           | 5           | 5           |
| Public Works (1)   | 6           | 6           | 7           | 8           | 8           | 11          | 11          | 11          | 11          | 11          |
| General Fund       | 10          | 10          | 11          | 12          | 12          | 16          | 16          | 16          | 16          | 16          |
| Enterprise Fund    | 0           | 0           | 1           | 1           | 1           | 1           | 1           | 1           | 1           | 2           |
| Village total      | <u>10</u>   | <u>10</u>   | <u>12</u>   | <u>13</u>   | <u>13</u>   | <u>17</u>   | <u>17</u>   | <u>17</u>   | <u>17</u>   | <u>18</u>   |

Source: Village of Clemmons budget.

This schedule includes only regular full-time employees. During fiscal year 2011 there were also two regular part-time employees.

1. Public Works employees assist in the enterprise fund, during 2011 total salaries for enterprise fund was 22% of total salaries for public works employees and stormwater employee

**Village of Clemmons, North Carolina**  
**Capital Asset Statistics by Function/Program**  
**Last Ten Fiscal Years**

Schedule 20

|                         | <u>2002</u> | <u>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> |
|-------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Municipal Buildings     | 2           | 2           | 2           | 2           | 2           | 2           | 2           | 2           | 2           | 2           |
| Sheds                   | 1           | 1           | 1           | 1           | 1           | 1           | 1           | 2           | 2           | 2           |
| Public Safety:          |             |             |             |             |             |             |             |             |             |             |
| Detective Vehicle(1)    | 1           | 1           | 1           | 1           | 1           | 1           | 0           | 0           | 0           | 0           |
| Public Works:           |             |             |             |             |             |             |             |             |             |             |
| Rolling Stock           | 43          | 44          | 44          | 46          | 46          | 48          | 48          | 22          | 49          | 49          |
| Streets (Miles-Paved)   | 65.27       | 67.29       | 67.29       | 70.27       | 71.66       | 72.63       | 74          | 75.79       | 76.37       | 76.37       |
| Streets (Miles-Unpaved) | 0.08        | 0.08        | 0.08        | 0.08        | 0.29        | 0.11        | 0.11        | 0.11        | 0           | 0           |
| Sidewalks(Miles) (2)    |             |             |             |             |             |             |             | 13.2        | 14.29       | 14.29       |
| Culture and Recreation: |             |             |             |             |             |             |             |             |             |             |
| Park Acreage            | 1.5         | 1.5         | 1.5         | 1.5         | 1.5         | 1.5         | 1.5         | 1.5         | 1.5         | 1.5         |
| Enterprise Fund:        |             |             |             |             |             |             |             |             |             |             |
| Stormwater:             |             |             |             |             |             |             |             |             |             |             |
| Vehicle (3)             | 0           | 0           | 0           | 0           | 1           | 1           | 1           | 1           | 1           | 2           |

1. The Village of Clemmons contracts with Forsyth County Sheriff's Department for public safety, all other vehicles are owned and maintained by the Forsyth County Sheriff Department.
2. Sidewalks had not been measured before this year, however added in previous years.
3. One-half of the cost of the street sweeper, one leaf vacuum and one knuckle boom truck was purchased by the Stormwater Utility the count of these vehicles are included under Public Works.

Sources: Various Village Departments.  
Miles of Streets from Powell Bill Reports.

## **COMPLIANCE SECTION**

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

To the Honorable Mayor and Members of the Village Council  
Village of Clemmons  
Clemmons, North Carolina

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and the aggregated remaining fund information of the Village of Clemmons, North Carolina, as of and for the year ended June 30, 2011, which collectively comprises the Village of Clemmons' basic financial statements and have issued our report thereon dated October 18, 2011. 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 Village of Clemmons is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Village of Clemmons' 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 Village of Clemmons' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control over financial reporting.

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and responses as finding 11-1 to be material weaknesses.

2160 Country Club Road / Winston-Salem, NC 27104 / 336-725-0635 / Fax 336-725-0630  
112-C Harmon Lane / Kernersville, NC 27284 / 336-996-4011 / Fax 336-996-5223  
219 Moore Road / P.O. Box 330 / King, NC 27021 / 336-983-5985 / Fax 336-983-5935  
3540 Clemmons Road, Suite 124 / P.O. Box 1040 / Clemmons, NC 27012 / 336-766-4741 / Fax 336-766-0034

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village of Clemmons' 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 tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

This report is intended solely for the information and use of the audit committee, management, others within the entity, members of the Village Council, which also serves in the same capacity as an audit committee, and federal and State awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

*Cannon & Company, L.L.P.*

October 18, 2011

**Village of Clemmons, North Carolina  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2011**

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**Section I - Summary of Auditors' Results**

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

- Material weakness (es) identified?  Yes  No
- Significant deficiency(s) identified that are not considered to be material weaknesses  Yes  none reported
- Noncompliance material to financial statements noted  Yes  No

State Awards

Internal control over major State programs:

- Material weakness (es) identified?  Yes  No
- Significant deficiency(s) identified that are not considered to be material weaknesses  Yes  none reported
- Noncompliance material to financial statements noted  Yes  No

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

Identification of major State programs:

**Program Name**  
Powell Bill

**Village of Clemmons, North Carolina  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2011**

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**Section II - Financial Statement Findings**

**MATERIAL WEAKNESS**

**11-1 Segregation of Duties**

Criteria: Duties should be segregated to provide reasonable assurance that transactions are handled appropriately.

Condition: There is a lack of segregation of duties among Village personnel.

Effect: Transactions could be mishandled.

Cause: There are a limited number of personnel for certain functions.

Recommendation: The duties should be separated as much as possible, and alternative controls should be used to compensate for lack of separation.

Management Response: The Village agrees with this finding and has put review procedures by manager, council and administrative assistant in place.

**Section II – Financial Statement Findings**

REPORTABLE CONDITION/MATERIAL WEAKNESS

11-1 Segregation of Duties

|                           |  |
|---------------------------|--|
| Name of contact person:   | Gary M. Looper, Village Manager  |
| Corrective Action:        | The duties will be separated as much as possible and alternative controls will be used to compensate for lack of separation. |
| Proposed Completion Date: | The Village will implement the above procedure immediately.  |

**Village of Clemmons, North Carolina**  
**Summary Schedule of Prior Year Audit Findings**  
**For the Year Ended June 30, 2011**

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Finding: 10-1  
Status: Duties are being separated as much as possible and alternative controls are being implemented to compensate for lack of separation. The Village staff is segregating duties as much as feasible.

**Village of Clemmons, North Carolina  
Schedule of Expenditures of Federal and State Awards  
For the Year Ended June 30, 2011**

| <u>Grantor/Pass-Through Grantor/Program Title</u>  | <u>Federal<br/>CFDA<br/>Number</u> | <u>Federal<br/>Expenditures</u> | <u>State<br/>Expenditures</u> |
|--|------------------------------------|---------------------------------|-------------------------------|
| Federal Awards   |                                    |                                 |                               |
| Cash Programs:   |                                    |                                 |                               |
| <u>U.S Department of Transportation Federal<br/>Highway Administration</u>               |                                    |                                 |                               |
| Passed-through the N.C. Department of<br><u>Transportation</u>                           |                                    |                                 |                               |
| Safe, Accountable, Flexible, Efficient<br>Transportation Equity Act - A Legacy for Users | 20-205                             | \$ 8,366                        |                               |
|  | Total Federal                      | \$ 8,366                        |                               |
| State Awards   |                                    |                                 |                               |
| Cash Assistance:   |                                    |                                 |                               |
| <u>N.C. Department of Transportation<br/>Powell Bill</u>                                 |                                    |                                 |                               |
|  | N/A                                |                                 | \$ 312,213                    |
|  | TOTAL STATE                        |                                 | 312,213                       |
|  | TOTAL ASSISTANCE                   | \$ 8,366                        | \$ 312,213                    |

**Note to the Schedule of Expenditures of State Financial Awards:**

The accompanying schedule of expenditures of Federal and State awards includes the Federal and State grant activity of the Village of Clemmons and is presented on the modified accrual basis of accounting.