Village of Clemmons

North Carolina

Comprehensive Annual Financial Report
For the Fiscal Year Ended
June 30, 2012

Prepared By:
K. Ann Stroud, CPA
Village Finance Officer

VILLAGE OF
CLEMMONS
NORTH CAROLINA

VILLAGE OF CLEMMONS,
NORTH CAROLINA

COMPREHENSIVE ANNUAL FINANCIAL REPORT
Fiscal Year Ended June 30, 2012

Village Council Members
John R. Bost, Mayor
Nickolas B. Nelson, Mayor Pro Tem
Mary L. Cameron
Norman K. Denny
Michael D. Gautreaux
Michael K. Rogers

Administrative and Financial Staff
Gary M. Looper, Village Manager
K. Ann Stroud, Finance Officer

Prepared By:
K. Ann Stroud, CPA
Village Finance Officer

VILLAGE OF CLEMMONS
NORTH CAROLINA

Village of Clemmons, North Carolina
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2012

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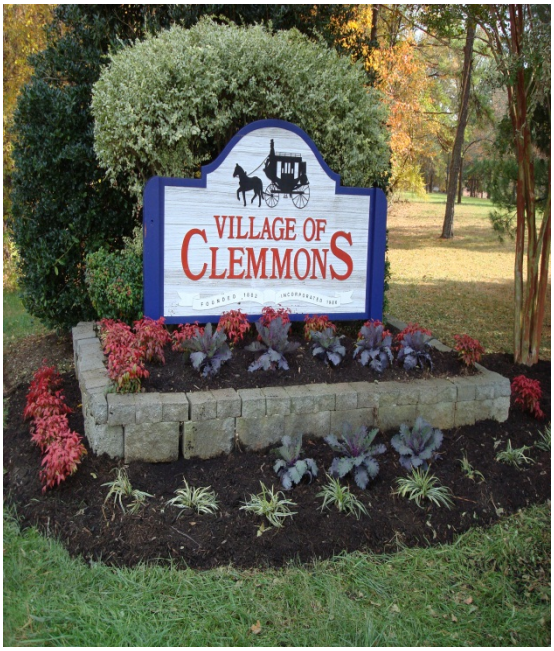


Introductory Section

- Letter of Transmittal
- Principal Officials
- Organizational Chart
- Government Financial Officer's Certificate of Achievement For Excellence in Financial Reporting

Village of Clemmons
PO Box 1710
Clemmons, NC 27012
336-766-7511

Letter of Transmittal

October 28, 2012

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, 2012. 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, 2012.

North Carolina general statues 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, 2012, 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, 2012 were presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

General Accepted Accounting Principles (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 18,829. 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 and per the 2010 census the mean travel time to work was 21.4 minutes.

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, lake and pier, greenways under construction 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 throughout 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 being 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, sluggish property values, and high unemployment. 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, 2013 is $ .115. Clemmons has placed more emphasis 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.

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 9.5% 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 facilities and institution public uses. Wake Forest Baptist Medical Center has recently constructed a 90,000 square feet facility providing 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 five acre pond to the Village. The second phase, for the hospital has been approved by the Village. Novant's construction of the Emergency Department and required infrastructure for the hospital development is underway. The Village anticipates additional medical offices at the Novant site in the near future. 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 opportunities for community partnerships. As the economy continues to change the Village is grounded and is in a good position for this "new economy".

Failure of a November 8, 2011 general obligation bond referendum for a major transportation project in the Village Transportation Plan indicates that the Village's citizens do not want to incur any major debt at this time and prefer to keep tax rates low.

Financial Information

The financial reporting entity includes all funds of the Village.

Assuring legal compliance the Village follows the North Carolina Local Government Budget and Fiscal Control Act which 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.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a framework of internal control that it has established for this purpose. 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 a 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. A key limitation on internal control is the concept of reasonable assurance which recognizes that the cost of a control should not exceed the benefits likely to be derived and that the valuation of costs and benefits requires estimates and judgments from management. A second limitation of internal control is that it is subject to management override. A third limitation of internal control is the risk of collusion.

Due to the fifteen cent tax cap in the Village charter, the Village reviews fund balance on an annual basis to ensure that there is adequate fund balance for emergencies, pay-as-you-go capital outlay and statutory fund balance requirements.

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. During the Fiscal Year ending June 30, 2013, the Village will add two more patrol deputies.

Streets: The Village continues a program to maintain streets within its boundaries based on a street condition survey performed by 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, 2012, the Village resurfaced 5,565 feet of roadway at a cost of $132,232.

Sidewalks & Transportation: 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 received an 80% funded 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% funded Safe Routes to School Grant. The Village continues to partner with NCDOT and Metropolitan Planning Organization to extend sidewalks as prioritized in the Village Transportation Plan as funds become available, in recent developments the Village secured funding for a pedestrian connector from Village Hall to Ashbury Place. The Village continues to explore grant opportunities and unified development ordinance to help implement the Village Transportation Plan. The Village is limited in implementing parts of the Transportation Plan because of tax cap and total use of pay as you go financing.

Village Point Lake Capital Improvements: The Village recently completed capital improvements to Village Point Lake. These improvements provide improved water quality and a future stormwater management facility. In connection with this project the Village began a greenway around the lake fund by an 80% grant with 20% match by the Village. A fishing pier was installed with grant from NC Wildlife. The Village hopes to install a second pier during the Fiscal year ending 2014. 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 over the top 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. The fee increase recommended for fiscal year ending June 30, 2013 was delayed due to review of capital improvement projects and cost.

Citizens: The Village will continue an ongoing initiative to promote government transparency by posting information on the Village's web page, www.clemmons.org. The Village hopes to encourage citizen involvement by holding open drop in sessions with individual council members at the YMCA. Citizens are also encouraged to attend regularly scheduled council meetings. The Village encourages citizen education and involvement by conducting Clemmons 101 classes for citizens.

Awards and 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, 2011. This was the fourth 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

Gary Looper
Village Manager

K. Ann Stroud

K. Ann Stroud, CPA
Village Finance Officer

VILLAGE OF CLEMMONS, NORTH CAROLINA

PRINCIPAL OFFICIALS

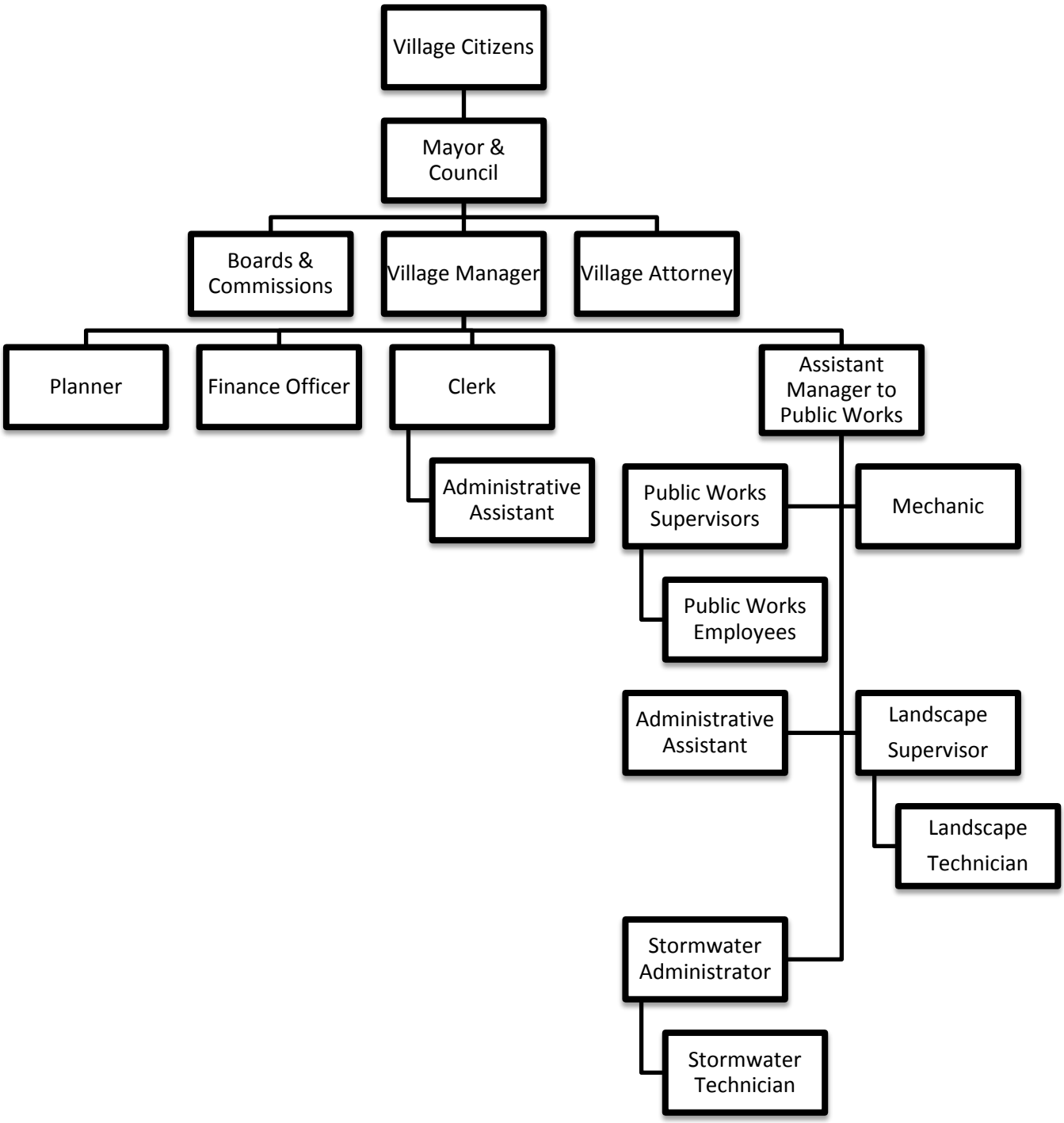
MEMBERS OF COUNCIL

From left to right seated:
Mayor pro-tem Nickolas B. Nelson, Mayor John R. Bost, Michael K. Rogers

From left to right standing:
Michael B. Gautreaux, Mary L. Cameron, Norman K. Denny

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

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, 2011

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

- Independent Auditor's Report
- Management Discussion and Analysis
- Government-wide Financial Statements
- Fund Financial Statements
- Notes to Financial Statements
- Combining and Individual Fund Statements
- Other Schedules

cannon&company L.L.P.
Certified Public Accountants

INDEPENDENT AUDITOR'S 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, 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, 2012, 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 opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the 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, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Clemmons, North Carolina, as of June 30, 2012, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund, if applicable 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 15, 2012, on our consideration of the Village of Clemmons' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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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

www.cannonandcompanyllp.com

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 17 through 28 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Clemmons, North Carolina financial statements as a whole. The introductory information, combining and individual nonmajor fund financial statements, budgetary schedules, other schedules and statistical section, are presented for purposes of additional analysis and are not a required part of the 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 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Cannon & Company, L.L.P.

October 15, 2012

Village of Clemmons, North Carolina
Management's
Discussion & Analysis

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, 2012. 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 $50,834,182. Of this amount, $ 5,141,597 may be used to meet the Villages' ongoing obligations to citizens and creditors, and $43,124,480 is invested in capital assets and is not available for future spending.

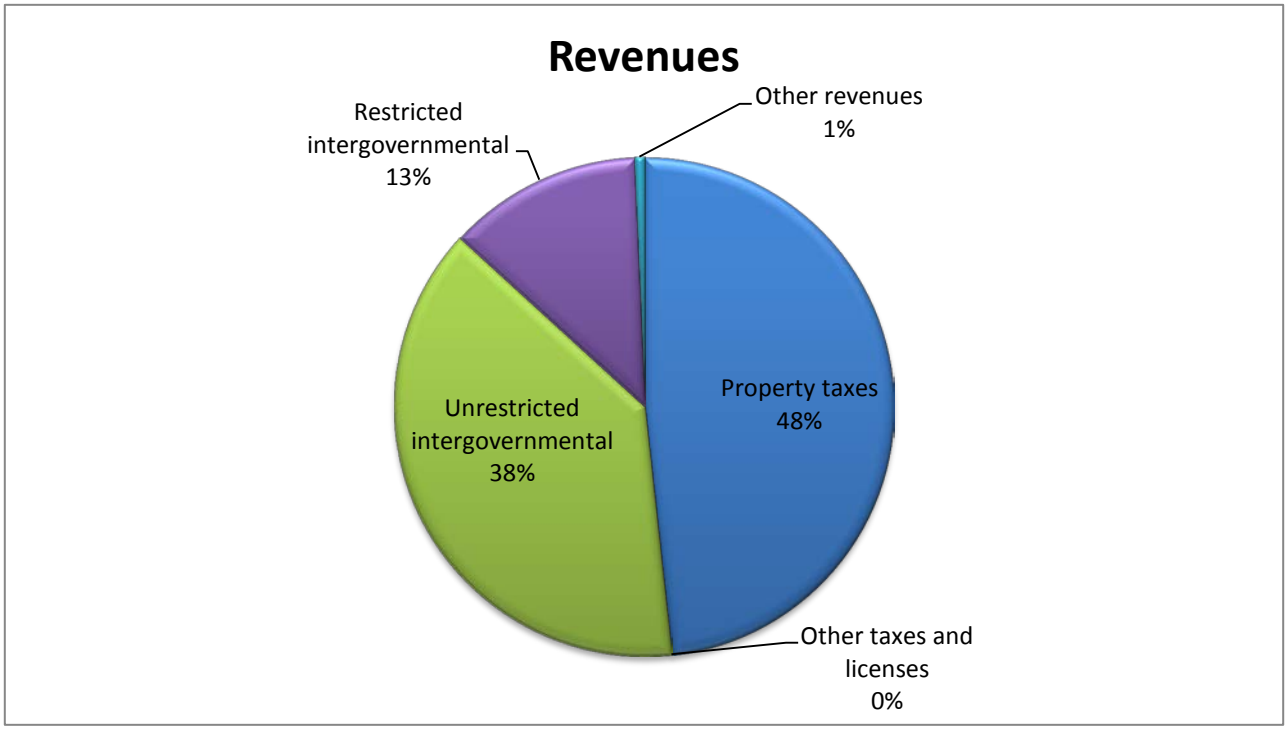
- The government's total net assets increased by $4,334,254, primarily due to donated infrastructure of $4,511,194, and stormwater revenues over stormwater expenses of $307,968.

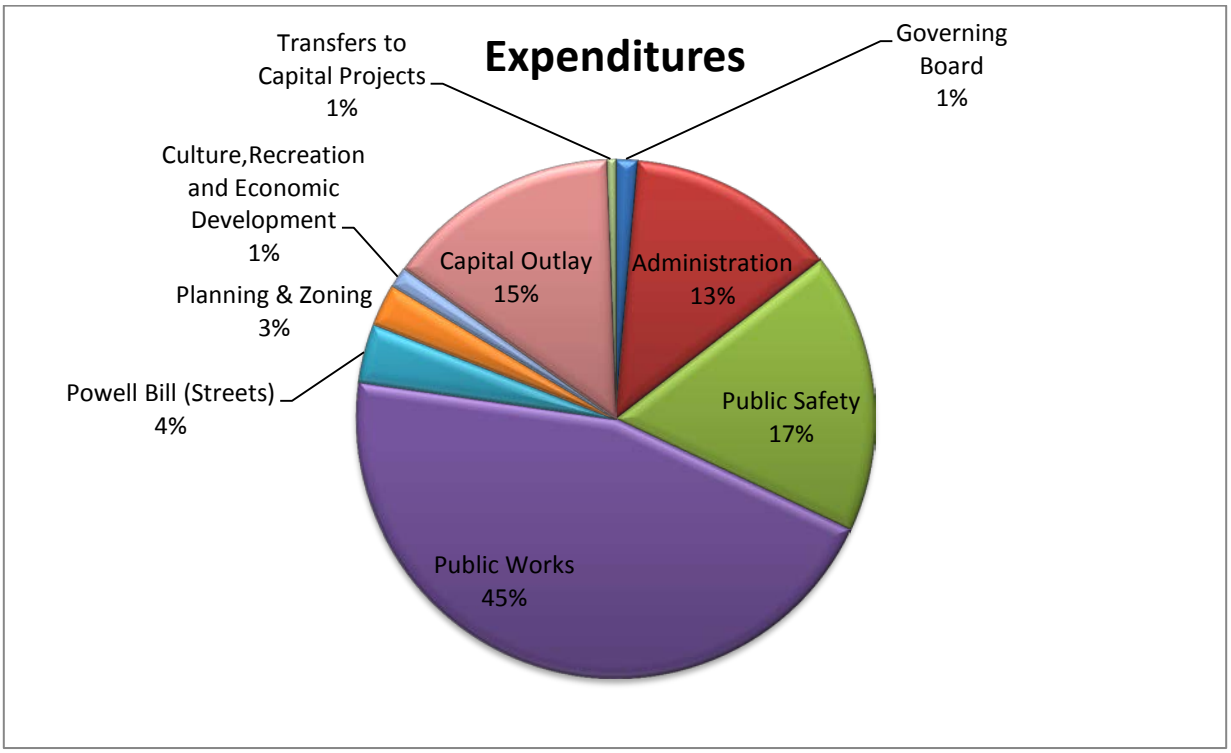
- As of the close of the current fiscal year, the Village of Clemmons' governmental funds reported combined ending fund balances of $7,003,933 with a net change of $203,227 in fund balance. Approximately 37.4 percent of this total amount, or $2,617,971, is non-spendable or restricted.

- At the end of the current fiscal year, unassigned fund balance for the General Fund was $3,894,390 and assigned or committed fund balance was $513,675. The unassigned fund balance was 77.4 percent of the general fund budget for the fiscal year June 30, 2013, which is $5,033,460.

- Property taxes accounted for 48 percent of governmental revenue that provides services to citizens and the community in 2012. The Village's tax rate for the fiscal year 2012 was $0.115. The collection rate for the Village was 98.66% which is higher than the previous year collection rate of 98.58%.

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



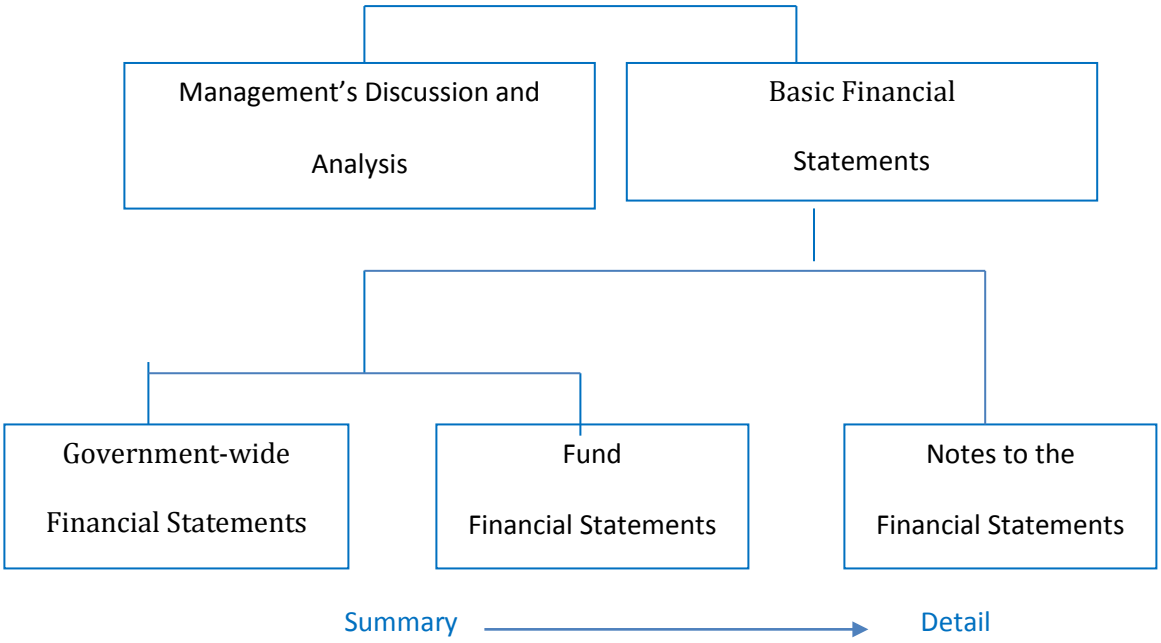


Overview of the Financial Statements

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



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.

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 39-55 of this report.

Interdependence with Other Entities - The Village depends on financial resources flowing from, or associated with, both the Federal Government and the State of North Carolina. Because of this dependency, the Village is subject to changes in specific flows of intergovernmental revenues based on modifications to Federal and State laws and Federal and State appropriations.

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 $50,834,182 as of June 30, 2012. The net asset amount consisted of $43,124,480 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 $2,568,105 is subject to external restriction on how they may be used; the remaining balance of $5,141,597 is unrestricted. The Village's net assets increased by $4,334,254 for the fiscal year ended June 30, 2012. The increase consisted of $203,227 in governmental funds net change in fund balance less depreciation and other reconciling items listed Exhibit 4; and $307,968 net change in assets from stormwater fund.

Government-Wide Financial Analysis (Continued)

The Village of Clemmons' Net Assets
Figure 2

	Governmental Activities		Business-Type Activties		Total	
	2012	2011	2012	2011	2012	2011
Current and other assets	$ 7,292,321	$ 7,202,958	$ 874,356	$ 677,997	$ 8,166,677	$ 7,880,955
Noncurrents Assets	94,221	-	(94,221)	-	-	-
Capital Assets	42,420,272	38,604,247	704,208	546,955	43,124,480	39,151,202
Total assets	$ 49,806,814	$ 45,807,205	$ 1,484,343	$ 1,224,952	$ 51,291,157	$ 47,032,157
Long-term liabilities outstanding	$ 21,910	$ 36,412	$ 1,367	$ 5,942	$ 23,277	$ 42,354
Other liabilities	404,610	416,785	29,088	73,090	433,698	489,875
Total liabilities	$ 426,520	$ 453,197	$ 30,455	$ 79,032	$ 456,975	$ 532,229
Net assets:						
Invested in capital assets, net of related debt	$ 42,420,272	$ 38,604,247	$ 704,208	$ 511,412	$ 43,124,480	$ 39,115,659
Restricted	2,568,105	2,340,251			2,568,105	2,340,251
Unrestricted	4,391,917	4,409,510	749,680	634,508	5,141,597	5,044,018
Total net assets	$ 49,380,294	$ 45,354,008	$ 1,453,888	$ 1,145,920	$ 50,834,182	$ 46,499,928

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 98.66%.
- The donation of land and infrastructure of $4,511,194.
- Assessed value increased by 1.1% which was an increase from .088 % last year; however the Village has historically had assessed values to increase by 3.98%.
- Sales tax increased by $113,321 approximately 20.3%.
- Utility franchise taxes decreased by $ 47,668 approximately 5%, mainly due to mild winter.
- Expenses increased by 4% due to CPI increase in solid waste and recycling contract, increased depreciation expense, board of election costs for local election, cost for bond referendum on ballot for local election and salaries and employee benefits; however increase of expenses not as high as anticipated due to governing board decision not to purchase land at this time and percentage of completion of some capital projects.

Government-Wide Financial Analysis (Continued)

The Village of Clemmons' Changes in Net Assets
Figure 3

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Revenues:						
Program revenues:						
Charges for services	$ 20,517	$ 17,606	$ 725,809	$ 658,193	$ 746,326	$ 675,799
Operating grants and contributions	612,191	598,171			612,191	598,171
Capital grants and contributions	4,538,630	8,366			4,538,630	8,366
General revenues:						
Property taxes	2,359,674	2,331,349			2,359,674	2,331,349
Other taxes	3,299	2,793			3,299	2,793
Unrestricted intergovernmental	1,886,530	1,781,264			1,886,530	1,781,264
Other	16,233	40,195	2,166	2,808	18,399	43,003
Total revenues	9,437,074	4,779,744	727,975	661,001	10,165,049	5,440,745
Expenses:						
Governing Board	65,060	58,446			65,060	58,446
Administration	636,056	598,315			636,056	598,315
Public Safety	822,679	845,102			822,679	845,102
Pubic Works	2,223,843	2,104,676			2,223,843	2,104,676
Streets	1,478,566	1,318,308			1,478,566	1,318,308
Planning & Zoning	123,555	246,813			123,555	246,813
Culture and recreation	61,029	31,048			61,029	31,048
Stormwater Utility			420,007	387,142	420,007	387,142
Total expenses	5,410,788	5,202,708	420,007	387,142	5,830,795	5,589,850
Increase (decrease) in net assets before trans	4,026,286	(422,964)	307,968	273,859	4,334,254	(149,105)
Transfers	-	-	-	-	-	-
Changes in net assets	4,026,286	(422,964)	307,968	273,859	4,334,254	(149,105)
Net assets, July 1	45,354,008	45,776,972	1,145,920	872,061	46,499,928	46,649,033
Net assets, June 30	$ 49,380,294	$ 45,354,008	$ 1,453,888	$ 1,145,920	$ 50,834,182	$ 46,499,928

Governmental activities: Governmental activities increased the Village's net assets by $ 4,026,286.
Key elements of this increase are as follows:

- Donations of land and infrastructure of $4,511,194.
- Ad valorem taxes increased by $28,825, approximately 1.2%.
- Unrestricted intergovernmental revenue increased by $105,266 approximately 6%.
- Expenses increased by $208,080, approximately 4%, mainly due CPI increase in solid waste contract, increase in depreciation expense, salaries and employee benefits (group health insurance), board of election costs for local election, cost for bond on ballot of local election.

Business-type activities: Business-type activities increased the Village's net assets by $307,968.
Key elements of this increase are as follows:

- 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.
- Delay of projects on capital improvement list until new Village engineer can evaluate the projects and update cost estimates.

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 $3,894,390, while total fund balance was $7,026,036. The Governing Body has determined that the Village should maintain at least $2,000,000 in unassigned fund balance. State statute calculation for fund balance available for appropriation was $6,350,053. The average fund balance available of cities in the Village's population group for June 30, 2011 was $7,540,705. 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 83.4 percent of total General Fund expenditures.

At June 30, 2012, the governmental funds of the Village of Clemmons reported a combined fund balance of $7,003,933. This is a 3.2 percent increase over last year mainly due increase of intergovernmental revenues.

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 a decrease of $728,500 and can be summarized as follows:

The following revenue appropriations were amended as follows:

- Decrease revenues
    - $150,000 fund balance appropriated, failure of bond referendum
    - $600,000 grants, creation of capital project fund for Village Point Greenways
- Increase revenues
    - $9,300 fund balance appropriated-restricted cultural economic recreational for dog park
    - $12,200 sale of capital assets, sale of truck to stormwater utility

The following expenditure appropriations where amended as follows:

- Decrease expenditures
    - $150,000 administration, failure of bond referendum.
    - $ 14,800 public works, moved to capital outlay
    - $ 750,000 capital outlay moved Village Point Greenway to capital project.
- Increase expenditures
    - $27,000 capital outlay, purchase of new truck public works
        - Offset by $12,200 increase in revenues by purchase of truck from Stormwater Utility.
    - $9,300 cultural, economic & recreational for dog park grant
    - $150,000 transfer to capital project for Village Point Greenway

General Fund Budgetary Highlights (Continued)

There is a positive variance for actual expenditures and actual revenues compared to final budget. The Village's original budget appropriated fund balance of $1,133,451; however, the actual amount of revenues over expenditures was $266,330; therefore, no appropriation from fund balance was required. Some of the reasons are as follows:

- Actual revenues had a positive variance from budgeted revenues of $54,640, which is about 1.1%. Some notable variances are as follows:
    - Ad valorem taxes, sales tax ended with positive variances.
    - Investment earnings fell short of budget due to continued low interest rates.
    - Utility taxes ended with negative variance due to mild winter.
    - ABC revenues increased.
    - Grant revenues had a negative balance due to delay in projects and change in design for landscaping project funded by grant.
- Actual General Fund expenditures are 79.6% of the budget with a positive variance of $1,198,257. Some notable variances are as follows.
    - Capital outlay, the governing body's decision to not purchase land originally budget at $513,500. (42.9% of the positive variance)
    - Capital outlay, 158 Sidewalk and Crosswalk project not completed, this was re-appropriated in 2012-2013 budget.
    - Transfers to capital projects -Village Point Lake Greenway project percentage of completion was not as high as expected to be at June 30, 2012. Therefore, the remainder of this project was re-appropriated in the 2012-2013 budget.
    - Public safety contract actual costs were less than estimated contracted amount and generated some savings.
    - Budgeted for additional position in the planning department that was not filled.

Proprietary Funds. The Village's proprietary funds provide the same type of information found in the government-wide statements. Net assets of the Stormwater Fund at June 30, 2012 were $1,453,888, of which $704,208 was invested in capital assets. The Stormwater Fund had an increase of net assets of $307,968. The Stormwater Fund owes the General Fund $135,221 for an advance for Stormwater 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.

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, 2012, totals $43,124,480 (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:

- Telephone system
- Server
- 2011 Ford F150
- Portable radios
- 2012 Leaf vacuum
- Prefab Building for Stormwater personnel
- Snowplow

Capital Assets (Continued)

- 2011 Ford F750
- Triad Freightliner Truck
- 1999 Sterling Chassis
- Street resurfacing with milling of street
- Sidewalk construction in progress at Clemmons Elementary (Safe Routes to School Grant)
- Village Point Lake Greenway construction in progress (80% grant)
- Knob Hill culvert and storm drain construction
- Village Point Lake improvements completed
- Pier for Village Point Lake
- Air Conditioner and Heat Pump replacement Village Yard and Village Hall
- Donated land and infrastructure, lake, dam, roads, drainage and sidewalks

Village of Clemmons' Capital Assets

Figure 4

(net of depreciation)

	Governmental Activities 2012	Business-type Activities 2012	Total 2012
Land & Improvements	$ 19,439,631	$ -	$ 19,439,631
Works of Art	94,549		94,549
Building	758,736	53,061	811,797
Improvements other than buildings	34,406		34,406
Equipment, furniture & fixtures	349,997	106,273	456,270
Computer equipment & software	16,596		16,596
Infrastructure	21,332,433	307,246	21,639,679
Construction or Improvements in progress	53,586	67,723	121,309
Vehicles	340,338	169,905	510,243
Total	$ 42,420,272	$ 704,208	$ 43,124,480

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

Long-Term Debt: As of June 30, 2012, the Village of Clemmons had no long term debt.

North Carolina General Statutes limit the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt limit for the Village of Clemmons is $ 163,874,435.

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

Economic Factors and Next Year's Budgets and Rates

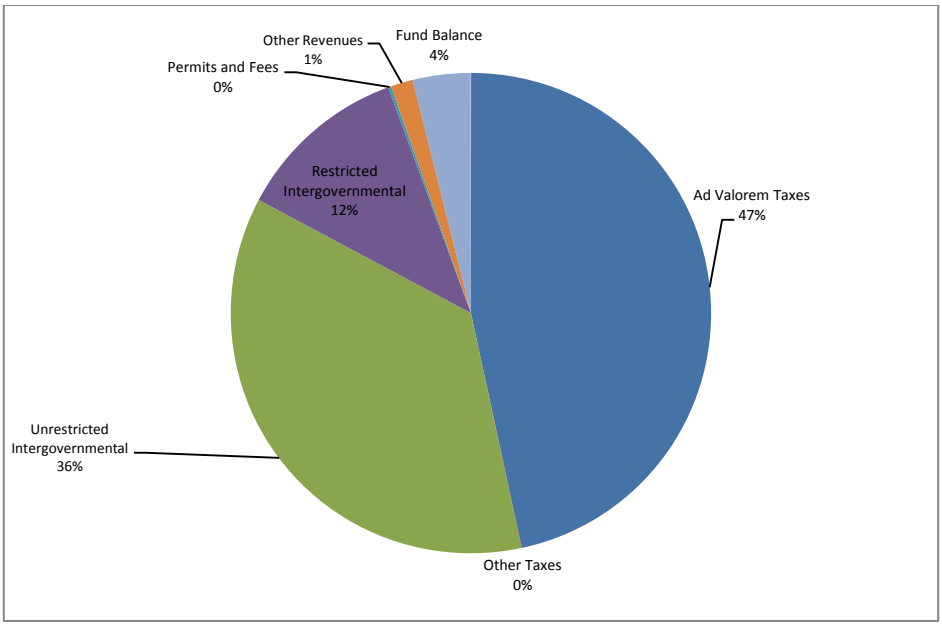
The Village was affected by the following key economic indicators.

- The estimated tax base for fiscal year ending June 30, 2012 only increased by $ 266,757, which continues to indicate a distressed housing market.
- 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, 2012, the unemployment rate for Forsyth County was 9.5 percent while the statewide average was 9.8 percent.
- Historically low interest rates.
- Tax cap of fifteen cents in charter.
- Sales tax revenue trend is up.
- Unpredictable fuel cost

Budget Highlights for the Fiscal Year Ending June 30, 2013

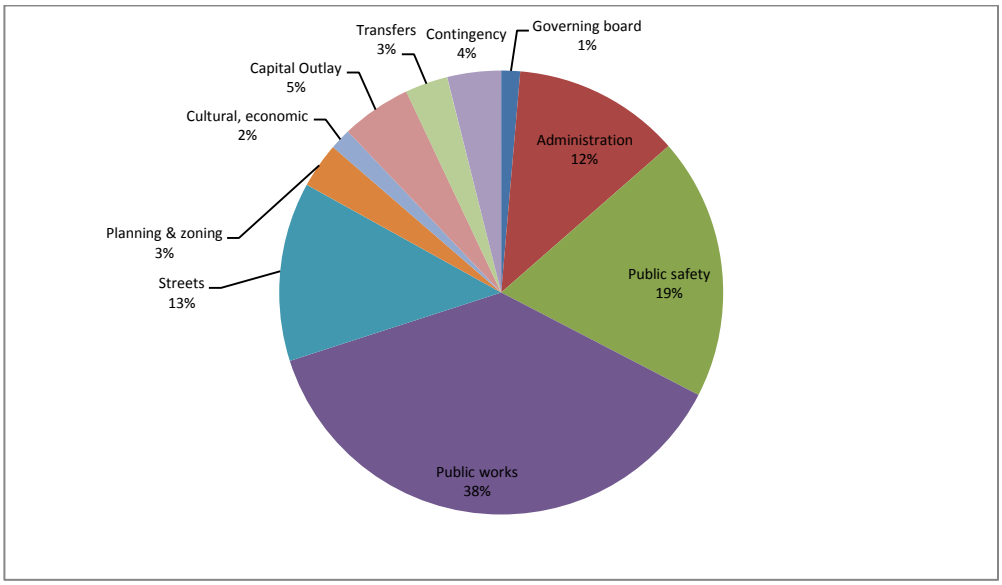
Governmental Activities: The Village's budget decreased 16.6% due new contract for solid waste and recycling services and changes to service level, deletion of second planning personnel, offset by increase in service level for public safety, completion of greenway project and 158 sidewalk. The total budget for the fiscal year June 30, 2013 is $5,033,460. Property taxes are expected to remain relatively flat, and both the restricted and unrestricted intergovernmental revenues are expected to remain flat. The Village anticipates using $196,385 of restricted fund balance.

General Fund Budget for Fiscal Year Ended June 30, 2013
Figure 6
Revenues



Budget Highlights for the Fiscal Year Ending June 30, 2013 (Continued)

General Fund Budget for Fiscal Year Ended June 30, 2013
Figure 6
Expenditures



Business – type Activities: The Stormwater Utility budget decreased 21% to $728,000. The decrease is due to delay of drainage capital improvements until new Village engineer has a chance to review projects and cost estimates. 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, 2013 is $725,000. This fee structure will continue to allow the Stormwater Utility to repay the general fund. The fiscal year ending June 30, 2013 budget includes funding for the capital improvement plan and capital outlay of $198,280.

Requests for Information

This report is designed to provide an overview of the Village's finances for those with an interest in this area. This Villages comprehensive annual report is filed in Village offices and can be found on the Village's web page at www.clemmons.org. 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.

Village of Clemmons, North Carolina
Statement of Net Assets
June 30, 2012

Exhibit 1

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Current Assets			
Cash and cash equivalents	$ 4,740,458	$ 899,168	$ 5,639,626
Taxes receivables	31,639	-	31,639
Accounts receivable	485,488	16,188	501,676
Grant receivable	4,208	-	4,208
Inventories	49,866	-	49,866
Security Deposit	1,200	-	1,200
Internal Balances	41,000	(41,000)	-
Restricted cash and cash equivalents	1,938,462	-	1,938,462
Total current assets	7,292,321	874,356	8,166,677
Noncurrent Assets			
Internal Balances	94,221	(94,221)	-
Capital assets:			
Land, improvements, and non-depreciable assets	19,534,180	-	19,534,180
Construction in progress	53,587	67,723	121,310
Other capital assets, net of depreciation	22,832,505	636,485	23,468,990
Total capital assets	42,420,272	704,208	43,124,480
Total noncurrent assets	42,514,493	609,987	43,124,480
Total assets	49,806,814	1,484,343	51,291,157
Liabilities			
Current liabilities:			
Accounts payable and accrued liabilities	347,421	16,789	364,210
Current portion of long-term liabilities	53,640	12,299	65,939
Accounts payables from restricted cash	3,549	-	3,549
Total current liabilities	404,610	29,088	433,698
Noncurrent liabilities			
Due in more than one year	21,910	1,367	23,277
Total liabilities	426,520	30,455	456,975
Net Assets			
Invested in capital assets, net of related debt	42,420,272	704,208	43,124,480
Restricted for:			
Stabilization by State Statute	626,117	-	626,117
Culture, recreational, and tourism	311,671	-	311,671
Transportation	1,630,317	-	1,630,317
Unrestricted	4,391,917	749,680	5,141,597
Total net assets	$ 49,380,294	$ 1,453,888	$ 50,834,182

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

Village of Clemmons, North Carolina
Statement of Activities
For the Fiscal Year Ended June 30, 2012

Exhibit 2

		Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
					Primary Government		
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**	**Governmental Activities**	**Business-type Activities**	**Total**
Primary government:							
Governmental Activities:							
Governing Board	$ 65,060	$ -	$ -	$ -	$ (65,060)	$ -	$ (65,060)
Administration	636,056	-	-	-	(636,056)	-	(636,056)
Public Safety	822,679	5,025	-	-	(817,654)	-	(817,654)
Public Works	2,223,843	10,782	36,746	16,454	(2,159,861)	-	(2,159,861)
Streets	1,478,566	-	495,116	4,522,176	3,538,726	-	3,538,726
Planning & Zoning	123,555	4,710	-	-	(118,845)	-	(118,845)
Cultural and recreation	61,029	-	80,329	-	19,300	-	19,300
Total governmental activities	5,410,788	20,517	612,191	4,538,630	(239,450)	-	(239,450)
Business-type activities:							
Stormwater Utility	420,007	725,809	-	-	-	305,802	305,802
Total business-type activities	420,007	725,809	-	-	-	305,802	305,802
Total primary government	$ 5,830,795	$ 746,326	$ 612,191	$ 4,538,630	(239,450)	305,802	66,352
General revenues:							
Taxes:							
Property taxes, levied for general purpose					2,359,674	-	2,359,674
Other taxes and licenses					3,299	-	3,299
Unrestricted intergovernmental					1,886,530	-	1,886,530
Unrestricted investment earnings					13,139	2,166	15,305
Donations					500	-	500
Miscellaneous					2,594	-	2,594
Total general revenues not including transfers					4,265,736	2,166	4,267,902
Transfers from other funds					-	-	-
Total general revenues, special items, and transfers					4,265,736	2,166	4,267,902
Change in net assets					4,026,286	307,968	4,334,254
Net assets-beginning					45,354,008	1,145,920	46,499,928
Net assets-ending					$ 49,380,294	$ 1,453,888	$ 50,834,182

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

Village of Clemmons, North Carolina
Balance Sheet
Governmental Funds
June 30, 2012

Exhibit 3

	Major Fund		
	General	Total Non-Major Funds	Total Governmental Funds
Assets			
Cash and investments	$ 4,740,458	$ -	$ 4,740,458
Cash and investments-restricted	1,938,462	-	1,938,462
Property taxes receivable	31,639	-	31,639
Accounts receivable	485,488	-	485,488
Grant receivable	-	4,208	4,208
Due (to) from other funds	4,208	(4,208)	-
Advance to other funds	135,221	-	135,221
Inventories	49,866	-	49,866
Security Deposit	1,200	-	1,200
Total assets	$ 7,386,542	-	$ 7,386,542
Liabilities and Fund Balance			
Liabilities			
Accounts payable and accrued liabilities	$ 325,318	$ 22,103	$ 347,421
Deferred revenue	31,639	-	31,639
Accounts payable from restricted assets	3,549	-	3,549
Total liabilities	360,506	22,103	382,609
Fund Balance			
Non spendable:			
Inventories	$ 49,866	$ -	$ 49,866
Restricted:			
Stabilization by State Statute	626,117	-	626,117
Streets	1,630,317	-	1,630,317
Travel and Tourism	233,740	-	233,740
Cultural, recreational, and economic development	77,931	-	77,931
Committed:			
Future facilities	513,675	-	513,675
Assigned:			
Subsequent year's expenditures	-	-	-
Unassigned:	3,894,390	(22,103)	3,872,287
Total fund balances	7,026,036	(22,103)	7,003,933
Total liabilities and fund balances	7,386,542	-	

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.	42,420,272
Liabilities for earned but deferred revenues in fund balance	31,639
Some liabilities are not due and payable in the current period and therefore are not reported in the net assets of governmental activities	(75,550)
	$ 49,380,294

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

Village of Clemmons, North Carolina **Exhibit 4**

Statement of Revenues, Expenditures, and Changes in Fund Balance

Governmental Funds

For the Fiscal Year Ended June 30, 2012

	Major Fund		
	General Fund	Total Non-Major Funds	Total Governmental Funds
Revenues			
Ad valorem taxes	$ 2,361,116	$ -	$ 2,361,116
Other taxes and licenses	3,299	-	3,299
Unrestricted intergovernmental	1,886,530	-	1,886,530
Restricted intergovernmental	616,770	9,686	626,456
Permits and fees	20,517	-	20,517
Investment earnings	14,064	-	14,064
Donations	500	-	500
Other revenues	94	-	94
Total Revenues	4,902,890	9,686	4,912,576
Expenditures			
Governing Board	65,060	-	65,060
Administration	615,888	-	615,888
Public Safety	821,742	-	821,742
Public Works	2,122,777	-	2,122,777
Powell Bill (Streets)	170,806	-	170,806
Planning & Zoning	123,570	-	123,570
Culture, recreation and economic development	61,029	-	61,029
Capital Outlay	685,772	-	685,772
Greenway in progress	-	32,863	32,863
Sidewalk construction in progress	-	5,478	5,478
Village Point Lake Improvements	-	19,057	19,057
Total Expenditures	4,666,644	57,398	4,724,042
Excess (deficiency) of Revenues Over Expenditures	236,246	(47,712)	188,534
Other Financing Sources (Uses)			
Transfers (to) or from other funds	(25,609)	25,609	-
Sale of capital assets	14,693	-	14,693
Total other financing sources	(10,916)	25,609	14,693
Net change in fund balance	225,330	(22,103)	203,227
Fund Balance - Beginning of Year	6,789,504	-	6,789,504
Change in reserve for inventories	11,202	-	11,202
Fund Balance - End of Year	$ 7,026,036	$ (22,103)	$ 7,003,933

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

Village of Clemmons, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds (Continued)
For the Year Ended June 30, 2012

Exhibit 4

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

Net changes in fund balances - total governmental funds			$ 203,227
Change in fund balance due to change in reserve for inventory			11,202
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			
Capital outlay governmental funds	$ 743,170		
Less capital outlay expended for NCDOT Street(not capitalized)	(206,000)		
Capital outlay expenditures which were capitalized		$ 537,170	
Sale of capital asset for book value to Stormwater Fund		(12,193)	
Depreciation expense for governmental activities		(1,230,897)	(705,920)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.			
Donations of infrastructure and related right of way		$ 4,511,194	
Grant for pier only Clemmons cost reported in fund		12,246	
Change in deferred revenue for tax revenues		(1,442)	4,521,998
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.			
Loss on disposal of capital assets			(1,495)
Compensated absences			(2,726)
Total changes in net assets of governmental activities			$ 4,026,286

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

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, 2012

Exhibit 5

	General Fund			
	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Ad valorem taxes	$ 2,319,600	$ 2,319,600	$ 2,361,116	$ 41,516
Other taxes and licenses	1,600	1,600	3,299	1,699
Unrestricted intergovernmental	1,798,400	1,798,400	1,886,530	88,130
Restricted intergovernmental	1,293,650	693,650	616,770	(76,880)
Permits and fees	10,000	10,000	20,517	10,517
Investment earnings	25,000	25,000	14,064	(10,936)
Donations	-	-	500	500
Other	-	-	94	94
Total revenues	5,448,250	4,848,250	4,902,890	54,640
Expenditures				
Governing Board	69,350	69,350	65,060	4,290
Administration	825,630	669,130	615,888	53,242
Public Safety	934,800	921,585	821,742	99,843
Public Works	2,234,050	2,219,250	2,122,777	96,473
Powell Bill (Streets)	271,000	271,000	170,806	100,194
Planning & Zoning	294,290	294,290	123,570	170,720
Cultural and recreation	76,500	85,800	61,029	24,771
Capital Outlay	2,037,781	1,334,496	685,772	648,724
Total expenditures	6,743,401	5,864,901	4,666,644	1,198,257
Revenues over (under) expenditures	(1,295,151)	(1,016,651)	236,246	1,252,897
Other financing sources (uses):				
Interfund loan proceeds	41,000	53,200	41,000	(12,200)
Transfer to other funds	(20,000)	(170,000)	(25,609)	144,391
Sale of capital assets	-	-	14,693	14,693
Total other financing sources (uses)	21,000	(116,800)	30,084	146,884
Fund balance appropriated	1,274,151	1,133,451	-	(1,133,451)
Net change in fund balance	$ -	$ -	266,330	266,330
Fund balances, beginning of year			6,789,504	
Interfund loan proceeds			(41,000)	
Change in reserve for inventories			11,202	
Fund balances, end of year			$ 7,026,036	

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

Village of Clemmons, North Carolina **Exhibit 6**

Statement of Net Assets

Proprietary Funds

June 30, 2012

	Stormwater Fund	Total Proprietary Funds
Assets		
Current Assets:		
Cash	$ 899,168	$ 899,168
Accounts receivable	16,188	16,188
Total current assets	915,356	915,356
Noncurrent assets:		
Capital assets:		
Construction in progress	67,723	67,723
Capital assets, net of depreciation	636,485	636,485
Total noncurrent assets	704,208	704,208
Total assets	$ 1,619,564	$ 1,619,564
Liabilities		
Current liabilities:		
Accounts payable and accrued liabilities	$ 16,789	$ 16,789
Compensated absences-current	12,299	12,299
Advance from general fund	41,000	41,000
Total current liabilities	70,088	70,088
Non-current liabilities		
Advance from general fund	94,221	94,221
Compensated absences - noncurrent	1,367	1,367
Total long-term liabilities	95,588	95,588
Total liabilities	165,676	165,676
Net Assets		
Invested in capital assets, net of related debt	704,208	704,208
Unrestricted	749,680	749,680
Total net assets	$ 1,453,888	$ 1,453,888
Net assets of business-type activities		$ 1,453,888

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

Village of Clemmons, North Carolina
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Fiscal Year Ended June 30, 2012

Exhibit 7

	Stormwater Fund	Total Proprietary Funds
Operating Revenues		
Stormwater fee	$ 723,778	$ 723,778
Stormwater permits	2,031	2,031
Total operating revenues	725,809	725,809
Operating Expenses		
Salaries & Fringe Benefits	240,285	240,285
Professional services	32,436	32,436
Other Operating Expenses	90,000	90,000
Depreciation	57,286	57,286
Total operating expenses	420,007	420,007
Total operating income	305,802	305,802
Nonoperating Revenues (Expenses)		
Investment earnings	2,166	2,166
Total nonoperating revenues (expenses)	2,166	2,166
Income (loss) before contributions and transfers	307,968	307,968
Change in net assets	307,968	307,968
Net Assets- Beginning of Year	1,145,920	1,145,920
Net Assets-End of Year	$ 1,453,888	$ 1,453,888
Net assets - business-type activities		$ 1,453,888

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

Village of Clemmons, North Carolina
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2012

Exhibit 8

	Stormwater Fund	Total Proprietary Funds
Cash Flows from Operating Activities		
Cash received from customers	$ 724,743	$ 724,743
Cash paid for goods and services	(136,765)	(136,765)
Cash paid to or on behalf of employees for services	(238,990)	(238,990)
Net cash provided (used) by operating activities	348,988	348,988
Cash Flows from Noncapital Financing Activities		
Interfund payment to general fund	(41,000)	(41,000)
Total cash flows from noncapital financing activities	(41,000)	(41,000)
Cash Flows From Capital and Related Financing Activities		
Debt service payment- principal	(35,543)	(35,543)
Acquisition of capital assets	(214,539)	(214,539)
Net cash provided (used) by capital and related financing activities	(250,082)	(250,082)
Cash Flows from Investing Activities		
Interest	2,166	2,166
Net cash provided (used) by investing activities	2,166	2,166
Net increase (decrease) in cash and cash equivalents	60,072	60,072
Balances-beginning of the year	839,096	839,096
Balances-end of the year	$ 899,168	$ 899,168
Reconciliation of operating income to net cash provided by operating activities		
Operating Income	$ 305,802	$ 305,802
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	57,286	57,286
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	(1,066)	(1,066)
Increase (decrease) in accounts payable and accrued liabilities	(14,440)	(14,440)
Increase (decrease) in accrued vacation pay	1,781	1,781
Increase(decrease) in accrued salaries & benefits	(375)	(375)
Total adjustments	43,186	43,186
Net cash provided (used) by operating activities	$ 348,988	$ 348,988

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

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.
Village Point Lake Greenways Capital Project Fund. This fund is used to account for greenway construction around Village Point Lake.

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. Non-exchange 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. 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.

Note A – Summary of Significant Accounting Policies (Continued)

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. 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 2011 through February 2012 apply to the fiscal year ended June 30, 2012. Uncollected taxes that were billed during this period are shown as a 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.

Note A – Summary of Significant Accounting Policies (Continued)

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

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.

Restricted Assets

Powell Bill funds are classified as restricted cash because it can be expended only for the purposes of maintaining, repairing, constructing, reconstructing or widening of local streets per G.S. 134-41.1 through 136-41.4

Occupancy tax funds are also classified as restricted cash because it can only be spent cultural, recreational, economic development per section 28 of chapter 908 of 1983 Session Laws.

Occupancy tax funds based on actual hotel receipts in the Village are also classified as restricted cash because it can only be spent to promote travel, tourism and tourism related expenditures per House bill 631.

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, 2011.

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	4
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:

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

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.

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)].

Note A – Summary of Significant Accounting Policies (Continued)

Fund Balances (Continued)

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. The Village has appropriated $187,085 of restricted for streets in the fiscal year ending June 30, 2013 budget.

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. The Village has appropriated $9,300 of restricted for cultural, economic development and recreation in the fiscal year ending June 30, 2013 budget.

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.

The Village of Clemmons will use resources in the following hierarchy: federal funds, state funds, local non-village funds. For purposes of fund balance classification expenditures are to be spent from restricted fund balance, followed in order by committed fund balance, assigned fund balance and lastly unassigned fund balance.
The Finance Officer has the authority to deviate from this policy if it is in the best interest of the Village.

The Village of Clemmons has a fiscal policy that the Village will maintain a minimum unassigned fund balance in the general fund. The level of the minimum unassigned fund balance will be determined annually by the Governing Body based on anticipated future annual budget needs, emergency funds, and pay as you go financing. The minimum unassigned fund balance for June 30, 2012 is $2,000,000.

Note B – Stewardship, Compliance, and Accountability

Deficit in Fund Balance or Net Assets of Individual Funds

The Village Point Greenway Capital Project has a deficit fund balance due to an accounts payable recorded as expenditure under modified accrual basis, however the revenue sources to offset this payable were not revenues until Fiscal Year Ending June 30, 2013. The grant requirements were not satisfied as of June 30, 2012, therefore the grant revenue was not included in revenues and the transfer from the general fund did not occur until July, 2012. The deficit was $22,103. This is a timing issue and will be resolved in the fiscal year ending June 30, 2013.

Note C - 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, 2012, the Village's deposits had a carrying amount of $3,747,061 and a bank balance of $3,763,290. Of the bank balance, $500,000 was covered by federal depository insurance, and the remaining $3,263,290 was covered by collateral held under the Pooling Method. At June 30, 2012, the Village’s petty cash fund totaled $119.

Note D - Investments

At June 30, 2012, the Village of Clemmons had $3,830,908 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, 2012, consist of the following:

	Reported Value	Fair Value
North Carolina Capital Management Trust Cash portfolio	$ 3,830,908	$ 3,830,908

Interest Rate Risk. The Village has no formal investment policy regarding interest rate risk. As a means of limiting its exposure to fair value losses arising from rising interest rates, the Village's internal investment policy limits maturities of less than 24 months.

Credit Risk. The Village has formal policy regarding credit risk, but has internal management procedures that limit the Village's investment to provisions of G.S. 159-30. 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, 2012.

Note E – Accounts Receivable

Accounts receivable consist of the following items at June 30, 2012:

	State	County	Other Sources	Total
General Fund				
Sales and use tax receivable	$ 168,010	$ -	$ -	$ 168,010
Utility taxes receivable	217,136	-	-	217,136
Refundable sales tax	13,948	-	-	13,948
Solid waste disposal tax receivable	2,935	-	-	2,935
Hotel occupancy tax	-	7,077	-	7,077
ABC mixed beverage tax receivable	-	-	54,210	54,210
Other	300	21,713	159	22,172
Total Account Receivable	$ 402,329	$ 28,790	$ 54,369	$ 485,488
Enterprise Fund				
Stormwater fee receivable	$ -	$ 11,325	$ -	$ 11,325
Interest receivable-stormwater fee	-	224	-	224
Refundable sales tax	4,639	-	-	4,639
Total Account Receivable	4,639	11,549	-	16,188

Note F – Capital Assets

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

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	$ 16,647,515	$ 2,415,133	$ -	$ 19,062,648
Land and lake improvements	13,438	363,545	-	376,983
Works of Art	94,549	-	-	94,549
Land Improvements in progress	344,488	-	(344,488)	-
Construction in progress	8,366	45,220	-	53,586
Total capital assets not being depreciated	17,108,356	2,823,898	(344,488)	19,587,766
Capital assets being depreciated:				
Buildings	990,762	34,848	(8,067)	1,017,543
Other improvements	73,526	-	-	73,526
Equipment, Furniture & Fixtures	815,519	31,508	-	847,027
Vehicles	937,835	249,987	(47,886)	1,139,936
Computer equipment & software	81,358	7,445	-	88,803
Infrastructure	36,549,739	2,257,411	-	38,807,150
Total capital assets being depreciated	39,448,739	2,581,199	(55,953)	41,973,985
Less accumulated depreciation for:				
Buildings	238,131	27,248	(6,572)	258,807
Other improvements	35,622	3,498	-	39,120
Equipment, Furniture & Fixtures	443,806	53,224	-	497,030
Vehicles	758,222	77,070	(35,694)	799,598
Computer equipment & software	67,895	4,312	-	72,207
Infrastructure	16,409,172	1,065,545	-	17,474,717
Total accumulated depreciation	17,952,848	$ 1,230,897	$ (42,266)	19,141,479
Total capital assets being depreciated, net	21,495,891			22,832,506
Governmental activity capital assets, net	$ 38,604,247			$ 42,420,272

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

Administration	$ 16,446
Public safety	937
Public works	111,754
Powell bill (streets)	1,101,760
Total depreciation expense	$ 1,230,897

Note F – Capital Assets (Continued)

	Beginning Balances	Increases	Decreases	Ending Balances
Business-type Activities:				
Capital assets not being depreciated				
Construction in progress Drainage Improv.	$ 67,723	$ -	$ -	$ 67,723
Total Capital assets not being depreciated	$ 67,723	$ -	$ -	$ 67,723
Capital assets being depreciated				
Building	$ 3,948	$ 49,935	$ -	$ 53,883
Equipment	194,827	-	-	194,827
Vehicles	229,737	160,105	-	389,842
Infrastructure-Drainage	314,882	4,499	-	319,381
	743,394	214,539	-	957,933
Less accumulated depreciation for:				
Building	$ 43	$ 779	$ -	$ 822
Equipment	67,560	20,994	-	88,554
Vehicles	191,252	28,685	-	219,937
Infrastructure-Drainage	5,307	6,828	-	12,135
Total accumulated depreciation	264,162	$ 57,286	$ -	321,448
Total capital assets being depreciated, net	479,232			636,485
Business-type activity capital assets, net	$ 546,955			$ 704,208

Note G - 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.

Note G – 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 7.49% 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, 2012, 2011 and 2010 were $67,270, $59,668, and $44,160 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, 2012, and ending investment balance in the plan at June 30, 2012, was $36,567. 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 H – Deferred Revenues

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

	General Fund
Taxes receivable, net	$ 31,639

Note I – 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 J – Long Term Obligations

1. Capital Lease Payable

The Village 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. The final payment was made during this fiscal year.

Classes of Property	Cost	Accumulated Depreciation	Net Book Value
Equipment	$ 154,280	$ 61,712	$ 92,568
Total	$ 154,280	$ 61,712	$ 92,568

Note J – Long Term Obligations (Continued)

The following is a summary of changes in long-term obligations for the year ended June 30, 2012:

	Balance July 1, 2011	Increases	Decreases	Balance June 30, 2012
Governmental activities:				
Compensated absences	$ 72,824	$ 54,393	$ 51,667	$ 75,550
Governmental activity long-term liabilities	$ 72,824	$ 54,393	$ 51,667	$ 75,550
Business-type activities:				
Capital lease	$ 35,543	$ -	$ 35,543	$ -
Compensated absences	11,885	13,405	11,624	13,666
Business activity long-term liabilities	$ 47,428	$ 13,405	$ 47,167	$ 13,666

Governmental activities:	
Current portion-compensated absences	$ 53,640
Non-current portion-compensated absences	21,910
	$ 75,550
Business activities:	
Current portion-compensated absences	$ 12,299
Non-current portion:	
Non-current portion- compensated absences	1,367
	$ 13,666

Compensated absences for governmental funds typically have been liquidated in the general fund.

Note K – Interfund Balances and Activity

The composition of interfund receivables and payables at June 30, 2012, is as follows:

Interfund Receivables and Payables at June 30, 2012

	Interfund Receivables	Interfund Payables
General Fund	$ 139,429	$ -
Village Pint Greenway Capital Project	-	4,208
Stormwater Fund	-	135,221
	$ 139,429	$ 139,429

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 interfund loan balance at June 30, 2012 is $135,221.

The interfund balances due to/from Village Point Lake Greenway Capital Project 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.

Note K – Interfund Balances and Activity (Continued)

Transfers for Fiscal Year Ended June 30, 2012

	Transfers In	Transfers Out
General Fund	$ -	$ 25,609
Village Point Lake Improvements	19,057	-
Village Point Greenways	6,552	-
Totals	$ 25,609	$ 25,609

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 L - 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	$ 7,026,036
Less:	
Inventories	49,866
Stabilization by State Statute	626,117
Streets	1,630,317
Travel and Tourism	233,740
Cultural, Economic Recreation	77,931
Commited Fund Balance	513,675
Fund Balance Policy	2,000,000
Remaining Fund Balance	1,894,390

The Governing Body of the Village of Clemmons has determined that the Village should maintain an unassigned fund balance of $2,000,000. This balance is reviewed annually.

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 M – Jointly Governed Organization

The Village, in conjunction with twelve counties and sixty other municipalities established the Piedmont Triad Regional 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 $4,089 to the Council during the fiscal year ended June 30, 2012.

Note N – 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, 2012, the Village received $215,510 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, 2012. 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 O – 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

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, 2012

	Budget	Actual	Variance Positive (Negative)
Revenues			
Ad valorem taxes			
Current year	$ 2,298,600	$ 2,328,142	$ 29,542
Prior year	16,000	32,394	16,394
Penalties and interest	5,000	7,407	2,407
Penalties remitted to school system	-	(4,105)	(4,105)
Tax refunds & releases	-	(2,722)	(2,722)
Total	2,319,600	2,361,116	41,516
Other taxes and licenses			
Gross receipts tax on leases vehicles	1,600	2,659	1,059
Licenses	-	640	640
Total	1,600	3,299	1,699
Unrestricted intergovernmental			
Local option sales tax	551,000	671,762	120,762
Beer and wine tax	80,000	80,970	970
Telecommunication sales tax	115,000	121,518	6,518
Utility franchise tax	592,000	541,223	(50,777)
Piped natural gas tax	64,000	52,633	(11,367)
Video programming fee	206,400	202,914	(3,486)
ABC profit distribution	190,000	215,510	25,510
Total	1,798,400	1,886,530	88,130
Restricted intergovernmental			
Powell Bill allocation	483,000	494,191	11,191
STP-DA grant	63,650	5,504	(58,146)
NCDOT grant	70,000	23,986	(46,014)
Hotel occupancy tax- cultural, etc.	24,000	27,198	3,198
Hotel occupancy tax- tourism	41,000	53,131	12,131
Solid waste disposal tax	12,000	12,760	760
Total	693,650	616,770	(76,880)
Permits and fees			
Planning & zoning fees	3,000	3,625	625
Community Garden fee	-	1,085	1,085
False alarms	4,500	4,375	(125)
Public works fees	2,000	10,782	8,782
Parking tickets	500	650	150
Total	10,000	20,517	10,517
Investment earnings	25,000	14,064	(10,936)
Donations	-	500	500
Other revenues	-	94	94
Total Revenues	4,848,250	4,902,890	54,640

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, 2012

	Budget	Actual	Variance Positive (Negative)
Expenditures			
Governing body			
Salaries and employee benefits		32,973	
Other operating expenditures		18,837	
Professional services		13,250	
Total	69,350	65,060	4,290
Administration			
Salaries and employee benefits		371,599	
Other operating expenditures		244,289	
Total	669,130	615,888	53,242
Public Safety			
Other operating expenditures		821,742	
Total	921,585	821,742	99,843
Public Works			
Salaries and employee benefits		475,435	
Other operating expenditures		1,647,342	
Total	2,219,250	2,122,777	96,473
Streets (Powell Bill)			
Salaries and employee benefits		116,657	
Other operating expenditures		54,149	
Total	271,000	170,806	100,194
Planning and Zoning			
Salaries and employee benefits		87,625	
Other operating expenditures		35,945	
Total	294,290	123,570	170,720
Culture, Recreation, and Economic Development			
Other operating expenditures		61,029	
Total	85,800	61,029	24,771
Capital Outlay			
Administration		19,446	
Planning		229,752	
Public Works		281,906	
Streets		143,267	
Major repairs/renovations		11,401	
Total	1,334,496	685,772	648,724
Total Expenditures	5,864,901	4,666,644	1,198,257

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, 2012

		Budget	Actual	Variance Positive (Negative)
Revenues Over (Under) Expenditures		(1,016,651)	236,246	1,252,897
Other Financing Sources (Uses)				
Transfers (to) from other funds				
Capital Projects		(170,000)	(25,609)	144,391
Interfund loan proceeds		53,200	41,000	(12,200)
Sale of capital assets		-	14,693	14,693
	Total	(116,800)	30,084	146,884
Fund balance appropriated		1,133,451	-	(1,133,451)
	Total	1,016,651	30,084	(986,567)
Net change in fund balance		$ -	266,330	$ 266,330
Fund Balance - Beginning of Year			6,789,504	
Budgetary Fund Balance			7,055,834	
Interfund loan proceeds			(41,000)	
Change in inventory			11,202	
	Fund Balance - End of Year		$ 7,026,036	

Nonmajor Governmental Funds

Village Point Lake Improvements

Safe Routes to School

Village Point Lake Greenways

Village of Clemmons, North Carolina Exhibit B
Combining Balance Sheet
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2012

	Village Point Lake Improvements	Safe Routes to School Grant	Village Point Greenway	Total Nonmajor Governmental Funds
Assets				
Cash and cash equivalents	$ -	$ -	$ -	$ -
Grant receivable	-	-	4,208	4,208
Due from general fund	-	-	-	-
Total Assets	$ -	$ -	$ 4,208	$ 4,208
Liabilities and Fund Balance				
Liabilities:				
Accounts Payable	$ -	$ -	$ 22,103	$ 22,103
Due to general fund		-	4,208	4,208
Total Liabilities	-	-	26,311	26,311
Fund Balances:				
Unassigned	-	-	(22,103)	(22,103)
Total liabilities and fund balances	$ -	$ -	$ 4,208	$ 4,208

Village of Clemmons, North Carolina Exhibit C

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance

Nonmajor Governmental Funds

For the Fiscal Year Ended June 30, 2012

	Village Point Lake Improvements	Safe Routes to School Grant	Village Point Greenway	Total Nonmajor Governmental Funds
Revenues				
Safe Routes to School Grant	$ -	$ 5,478	$ -	$ 5,478
NC DOT Grant			4,208	4,208
Total Revenues	-	5,478	4,208	9,686
Expenditures				
Sidewalk Construction	-	5,478	-	5,478
Lake Improvements	19,057	-	-	19,057
Village Point Greenway Construction			32,863	32,863
Total Expenditures	19,057	5,478	32,863	57,398
Revenues over expenditures	(19,057)	-	(28,655)	(47,712)
Other Financing Sources				
Transfers from other funds:				
General Fund	19,057	-	6,552	25,609
Total other financing sources	19,057	-	6,552	25,609
Net change in fund balance	-	-	(22,103)	(22,103)
Fund Balance, Beginning	-	-	-	-
Fund Balance, Ending	$ -	$ -	$ (22,103)	$ (22,103)

Village of Clemmons, North Carolina Exhibit D
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, 2012

	Project Authorization	Actual Prior Year	Actual Current Year	Actual Total to Date	Variance Positive (Negative)
Revenues	$ -	$ -	$ -	$ -	$ -
Expenditures					
Village Point Lake Improvements	475,000	344,488	19,057	363,545	111,455
Total Expenditures	475,000	344,488	19,057	363,545	111,455
Revenues under expenditures	(475,000)	(344,488)	(19,057)	(363,545)	111,455
Other Financing Sources					
Transfers from other funds					
General Fund	475,000	344,488	19,057	363,545	(111,455)
Total other financing sources	475,000	344,488	19,057	363,545	(111,455)
Net change in fund balance	$ -	$ -	-	$ -	$ -
Fund Balance, Beginning			-		
Fund Balance, Ending			$ -		

Village of Clemmons, North Carolina Exhibit E
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, 2012

	Project Authorization	Prior Year	Current Year	Total to Date	Variance Positive (Negative)
Revenues					
Safe Routes to School Grant	$ 98,400	$ 8,366	$ 5,478	$ 13,844	$ 84,556
Expenditures					
Design Engineering	14,400	5,846	2,044	7,890	6,510
Construction Admin	19,000	-	-	-	19,000
Sidewalk Construction	65,000	2,520	3,434	5,954	59,046
Total Expenditures	98,400	8,366	5,478	13,844	84,556
Net change in fund balance	$ -	$ -	-	$ -	$ -
Fund Balance, Beginning			-		
Fund Balance, Ending			$ -		

Village of Clemmons, North Carolina
Capital Projects Fund - Village Point Greenway
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget to Actual
From Inception and For the Fiscal Year Ended June 30, 2012

Exhibit F

	Project Authorization	Prior Year	Current Year	Total to Date	Variance Positive (Negative)
Revenues					
NCDOT Grant	$ 680,000	$ -	$ 4,208	$ 4,208	$ (675,792)
W-S Forsyth County Schools	3,300	-	-	-	(3,300)
Total Revenues	683,300	-	4,208	4,208	(679,092)
Expenditures					
Village Point Greenway	855,500	-	32,863	32,863	822,637
Total Expenditures	855,500	-	32,863	32,863	822,637
Revenues under expenditures	(172,200)	-	(28,655)	(28,655)	143,545
Other Financing Sources					
Transfers from other funds					
General Fund	172,200	-	6,552	6,552	(165,648)
Total other financing sources	172,200	-	6,552	6,552	(165,648)
Net change in fund balance	$ -	$ -	(22,103)	$ -	$ (22,103)
Fund Balance, Beginning			-		
Fund Balance, Ending			$ (22,103)		

Major Enterprise Fund

Stormwater Fund

Village of Clemmons, North Carolina Exhibit G

Stormwater Fund

Schedule of Revenues and Expenditures- Budget and Actual (Non-GAAP)

For the Fiscal Year Ended June 30, 2012

	Budget	Actual	Variance Positive (Negative)
Operating Revenues			
Stormwater Fee	$ 714,900	$ 723,778	$ 8,878
Stormwater Permits	3,000	2,031	(969)
Net operating revenues	717,900	725,809	7,909
Expenditures			
Salaries & fringe benefits	-	238,504	-
Professional Services	-	32,436	-
Other Operating Expenses	-	88,422	-
Subtotal	399,880	359,362	40,518
Debt Service	37,130	37,121	9
Capital Improvement Plan & Capital Outlay	436,150	214,539	221,611
Total operating expenses	873,160	611,022	262,138
Operating Income	(155,260)	114,787	270,047
Nonoperating Revenues (Expenditures)			
Interest and investment earnings	1,500	2,166	666
Repayment of advanced funds	(53,200)	(41,000)	12,200
Total nonoperating expenditures, net	(51,700)	(38,834)	12,866
Revenues over(under) expenditures	(206,960)	75,953	282,913
Fund balance appropriated	206,960	-	(206,960)
Total	-	75,953	75,953
Revenues And Other Sources Over Expenditures And Other Uses	$ -	$ 75,953	$ 75,953
Reconciliation from budgetary basis modified accrual to full accrual:			
Principal Payment		35,543	
Repayment of advanced funds		41,000	
Compensated absences		(1,781)	
Depreciation expense		(57,286)	
Fixed assets		214,539	
Total reconciling items		232,015	
Change in net assets		$ 307,968	

OTHER SCHEDULES

Village of Clemmons, North Carolina
General Fund
Schedule of Ad Valorem Taxes Receivable
For the Fiscal Year Ended June 30, 2012

Exhibit H

Fiscal Year	Uncollected Balance June 30, 2011	Additions	Collections And Credits	Uncollected Balance June 30, 2012
2011-2012	$ -	$ 2,359,777	$ 2,328,138	$ 31,639
2010-2011	33,081	13	26,899	6,195
2009-2010	8,941	7	4,355	4,593
2008-2009	4,052	-	1,026	3,026
2007-2008	1,009	-	309	700
2006-2007	1,304	-	261	1,043
2005-2006	1,049	-	107	942
2004-2005	1,137	-	53	1,084
2003-2004	900	-	33	867
2002-2003	806	-	20	786
2001-2002	947	-	947	-
	$ 53,226	$ 2,359,797	$ 2,362,148	$ 50,875

Less allowance for uncollectible accounts	19,236
Ad valorem taxes receivable - net	$ 31,639

Reconcilement with revenues:

Ad valorem taxes - General Fund	$ 2,361,116
Reconciling items:	
Net interest collected	(7,407)
Releases (prior years' taxes)	667
Refunds Paid	2,722
Overpayments of current years taxes	(4)
Net (over)underpayments of prior years' taxes	2
Taxes written off	947
Penalties paid school system	4,105
Subtotal	1,032
Total collections and credits	$ 2,362,148

Village of Clemmons, North Carolina
General Fund
Village-Wide Levy
For the Fiscal Year Ended June 30, 2012

Exhibit I

	Village-wide			Total Levy	
	Property Valuation	Rate	Total Levy	Property excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property taxed at current rate	$ 2,052,533,913	0.1150	$ 2,360,414	$ 2,174,126	$ 186,288
Penalties			4,099	4,099	
Underpayment of taxes			(17)	(3)	(14)
Total	2,052,533,913		2,364,496	2,178,222	186,274
Releases	(4,103,478)		(4,719)	(2,014)	(2,705)
Total property valuation	$ 2,048,430,435				
Net levy			2,359,777	2,176,208	183,569
Uncollected taxes at June 30, 2012			(31,639)	(18,316)	(13,323)
Current year's taxes collected			$ 2,328,138	$ 2,157,892	$ 170,246
Current levy collection percentage			98.66%	99.16%	92.74%

Statistical Section

- Financial Trends
- Revenue Capacity
- Debt Capacity
- Demographics and Economic Condition
- Operating Conditions

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, North Carolina
Net Assets by Component
Last Nine Fiscal Years
(Accrual Basis of Accounting)

Schedule 1

	2004	2005	2006	2007	2008	2009	2010	2011	2012
Net assets:									
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	$ 42,420,272
Restricted	889,928	845,774	922,880	1,192,071	1,347,210	1,435,983	1,485,530	2,340,251	2,568,105
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	4,391,917
Total governmental activities net assets	$ 38,209,660	$ 38,622,596	$ 39,310,365	$ 44,207,334	$ 46,242,754	$ 46,469,001	$ 45,776,972	$ 45,354,008	$ 49,380,294
Business-type activities:									
Invested in capital assets, net of related debt	$ -	$ -	$ 98,731	$ 192,474	$ 153,332	$ 190,998	$ 423,601	$ 511,412	$ 704,208
Unrestricted	(81,154)	(227,766)	(40,875)	162,700	360,581	417,318	448,460	634,508	749,680
Total business-type activities net assets	$ (81,154)	$ (227,766)	$ 57,856	$ 355,174	$ 513,913	$ 608,316	$ 872,061	$ 1,145,920	1,453,888
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	$ 43,124,480
Restricted	889,928	845,774	922,880	1,192,071	1,347,210	1,435,983	1,485,530	1,687,118	2,568,105
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	5,141,597
Total primary government net assets	$ 38,128,506	$ 38,394,830	$ 39,368,221	$ 44,562,508	$ 46,756,667	$ 47,077,317	$ 46,649,033	$ 46,499,928	50,834,182

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

SCOURCE: 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 VILLAGE.

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	2012
Expenses									
Governmental activities:									
Governing board	$ 50,708	$ 51,569	$ 53,544	$ 50,356	$ 61,759	$ 60,696	$ 60,240	$ 58,446	$ 65,060
Administration	424,616	448,465	464,088	491,474	568,872	560,319	555,040	598,315	636,056
Public safety	527,058	558,137	593,788	730,635	818,000	830,861	893,079	845,102	822,679
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	2,223,843
Streets[1]							1,482,782	1,318,308	1,478,566
Planning and zoning	63,343	45,193	50,436	78,793	232,863	243,842	286,315	246,813	123,555
Cultural and recreation	40,359	102,503	109,565	41,185	31,014	61,657	35,315	31,048	61,029
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	$ 5,410,788
Business-type activities:									
Stormwater	81,154	146,612	167,760	174,386	323,134	387,775	353,049	387,142	420,007
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	5,830,795
Program revenues									
Governmental activities:									
Charges for services:									
Public Safety	$ 4,280	$ 4,690	$ 2,575	$ 2,659	$ 3,195	$ 2,085	$ 4,950	$ 7,130	$ 5,025
Public works	41,250	48,077	46,273	50,717	5,544	12,699	10,182	38,878	10,782
Planning and zoning	-	-	-	-	7,365	17,100	4,692	6,598	4,710
Operating grants and contributions:									
Public works	460,053	524,814	548,989	564,706	647,199	660,781	81,804	12,673	36,746
Streets[1]	-	-	-	-	-	-	522,493	485,341	495,116
Planning and Zoning	-	-	-	-	-	-	-	29,240	-
Cultural, recreation & economic development		35,000	72,658	82,934	88,763	64,021	51,246	70,917	80,329
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	16,454
Streets	-	-	-	-	-	-	-	-	4,522,176
American recovery and reinvestment act							197,584		
Total governmental activities program revenues	3,342,532	1,370,652	1,724,512	5,649,130	3,408,971	1,900,028	872,951	$ 659,143	$ 5,171,338
Business-type activities:									
Stormwater:									
Charges for services			483,782	497,990	508,159	515,433	651,808	658,193	725,809
Total business-type activities program revenu	-	-	483,782	497,990	508,159	515,433	651,808	658,193	725,809
Total primary government program revenue	$ 3,342,532	$ 1,370,652	$ 2,208,294	$ 6,147,120	$ 3,917,130	$ 2,415,461	$ 1,524,759	1,317,336	5,897,147

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	2012
Total net (expense) revenue by program:									
Governmental activities:									
Governing Board	$ (50,708)	$ (51,569)	$ (53,544)	$ (50,356)	$ (61,759)	$ (60,696)	$ (60,240)	$ (58,446)	$ (65,060)
Administration	(424,616)	(448,465)	(464,088)	(491,474)	(568,872)	(560,319)	(555,040)	(598,315)	(636,056)
Public safety	(522,778)	(553,447)	(591,213)	(727,976)	(814,805)	(828,776)	(888,129)	(837,972)	(817,654)
Public works	681,307	(1,412,807)	(1,382,546)	2,522,097	(136,430)	(1,821,275)	(1,911,833)	(2,079,759)	(2,159,861)
Powell bill (streets)[1]							(960,289)	(832,967)	3,538,726
Planning and zoning	(63,343)	(45,193)	(50,436)	(78,793)	(225,498)	(226,742)	(281,623)	(210,975)	(118,845)
Cultural and recreation	(40,359)	(100)	(36,907)	41,749	57,749	2,364	15,931	39,869	19,300
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	305,802
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)	$ (4,307,514)	$ 66,352
General revenues and transfers									
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	$ 2,359,674
Other taxes	69,573	2,808	3,140	2,540	2,422	2,135	2,134	2,793	3,299
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	1,886,530
Investment earnings, unrestricted	42,083	90,510	148,831	271,438	200,709	117,452	38,327	20,268	13,139
Donations						250	248	100	500
Miscellaneous	2,771	1,379	1,203	1,048	10,325	450	128	825	2,594
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	$ 4,265,736
Business-type activities:									
Stormwater:									
Investment earnings, unrestricted			10,600	14,714	14,714	4,745	2,507	2,808	2,166
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	2,166
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)	(4,307,514)	66,352
Change in net assets:									
Governmental activities	2,391,290	412,936	687,769	4,896,969	2,035,420	226,247	(692,029)	(422,964)	4,026,286
Business-type activities	(81,154)	(146,612)	285,622	297,318	158,739	94,403	263,745	273,859	307,968
Total primary government	$ 2,310,136	$ 266,324	$ 973,391	$ 5,194,287	$ 2,194,159	$ 320,650	$ (428,284)	(149,105)	4,334,254

[1]Streets was included in public works in years 2004-2009.

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

Schedule 3

	2004	2005	2006	2007	2008	2009	2010	2011	2012
Governmental activities:									
Public safety	$ 4,280	$ 4,690	$ 2,575	$ 2,659	$ 3,195	$ 2,085	$ 4,950	$ 7,130	$ 5,025
Public works	3,338,252	1,330,962	1,649,279	5,563,537	3,309,648 [1]	1,816,822	289,570	59,917	63,982
Streets							522,493	485,341	5,017,292
Planning & Zoning					7,365 [2]	17,100	4,692	35,838	4,710
Cultural,recreational & economic		35,000	72,658	82,934	88,763	64,021	51,246	70,917	80,329
Subtotal for governmental activities	3,342,532	1,370,652	1,724,512	5,649,130	3,408,971	1,900,028	872,951	$ 659,143	$ 5,171,338
Business-type activities									
Stormwater			$ 483,782	$ 497,990	$ 508,159	$ 515,433	$ 651,808	$ 658,193	$ 725,809
Total primary government	$ 3,342,532	$ 1,370,652	$ 2,208,294	$ 6,147,120	$ 3,917,130	$ 2,415,461	$ 1,524,759	$ 1,317,336	$ 5,897,147

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 4

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Fund Balance										
General Fund										
Non spendable										
Inventories	$ -	$ -	$ 33,352	$ 38,224	$ 23,666	$ 28,599	$ 41,815	$ 39,506	$ 38,663	$ 49,866
Restricted										
Stabilization by State Statute	311,535	453,824	599,466	629,763	709,468	672,690	667,798	819,717	653,133	626,117
Streets	762,517	774,031	729,976	843,989	1,071,432	1,168,822	1,255,231	1,288,847	1,462,065	1,630,317
Travel and Tourism	68,029	91,740	95,483	53,859	90,088	133,166	126,662	139,559	173,733	233,740
Cultural, recreation and economic dev.	21,939	24,158	20,315	25,032	30,551	45,222	54,090	57,124	51,320	77,931
Flags	61	61	61	61	61	61	61	61	-	-
Committed										
Village facilities	287,521	290,089	296,047	1,013,177	1,066,512	503,092	511,795	512,754	513,383	513,675
Assigned										
Subsequent year's expenditures	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	-	-	-	-	-	-	-
Public Safety	79,900	79,900	79,900	-	-	-	-	-	-	-
Sidewalks	39,250	39,250	39,250	39,250	39,250	12,491	12,491	12,491	-	-
Unassigned	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	3,894,390
Total general fund	$ 4,817,508	$ 5,323,484	$ 5,762,474	$ 6,187,296	$ 6,781,379	$ 6,568,865	$ 6,410,131	$ 6,515,600	$ 6,789,504	$ 7,026,036
All other governmental funds										
Unassigned capital projects	-	-	-	-	-	-	-	-	-	(22,103)
Total all other governmental funds	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ (22,103)

Village of Clemmons, North Carolina Schedule 5

Changes in Fund Balance - Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Revenues										
Taxes	$ 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	$ 2,361,116
Other Taxes & Licenses	3,667	3,286	2,808	3,139	2,540	2,422	2,135	2,134	2,793	3,299
Unrestricted Intergovernmental	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	1,886,530
Restricted Intergovernmental	590,246	519,101	576,243	588,806	595,579	671,940	711,654	850,929	596,504	626,456
Permits & Fees	12,290	10,155	15,517	8,498	11,427	16,105	23,548	19,824	17,606	20,517
Sales & services	30,025	35,375	37,250	40,350	41,950	-	-	-	-	-
Investment Earnings	66,489	49,322	106,484	181,671	323,498	251,254	138,936	40,525	21,935	14,064
Other revenues	750	2,371	1,379	1,103	1,048	74	700	376	925	594
Total revenues	3,271,146	3,317,889	3,570,194	3,896,135	4,339,097	4,470,994	4,402,057	4,580,747	4,750,862	4,912,576
Expenditures										
Governing Board	46,729	50,708	51,569	53,543	50,356	61,759	60,696	60,240	58,446	65,060
Administration	375,363	402,385	428,254	439,702	474,167	550,223	540,427	537,673	579,298	615,888
Public Safety	472,806	522,409	553,488	589,139	726,046	816,782	829,659	891,948	844,165	821,742
Public Works	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	2,122,777
Powell Bill Streets	-	-	-	-	-	-	-	394,792	228,462	170,806
Planning & zoning	83,907	63,343	45,193	50,436	78,793	232,348	241,433	285,376	246,142	123,570
Cultural & recreation	67,158	40,359	102,503	109,565	41,185	31,014	61,657	35,315	31,048	61,029
Capital outlay	26,680	186,143	237,820	297,800	469,906	754,710	480,466	399,688	505,650	743,170
Total expenditures	2,602,406	2,954,795	3,199,556	3,517,285	3,771,457	4,753,166	4,645,507	4,510,490	4,477,117	4,724,042
Excess of revenues over (under) expenditures	668,740	363,094	370,638	378,850	567,640	(282,172)	(243,450)	70,257	273,745	188,534
Other financing source (uses):										
Operating transfers	-	-	-	41,000	41,001	41,000	41,000	37,521	-	-
Sale of Capital Assets	-	-	-	-	-	10,251	30,500	-	1,002	14,693
Grants			35,000			13,475				
Total other financing sources (uses)	-	-	35,000	41,000	41,001	64,726	71,500	37,521	1,002	14,693
Net change in fund balance	$ 668,740	$ 363,094	$ 405,638	$ 419,850	$ 608,641	$ (217,446)	$ (171,950)	$ 107,778	$ 274,747	$ 203,227
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 Schedule 6
General Governmental Tax Revenues by Source
Last Ten Fiscal Years
(modified accrual basis of accounting)

Fiscal Year	Ad Valorem Taxes	Sales Taxes	Franchise Taxes	Beer and Wine Tax	Occupancy Tax	Solid Waste Disposal Tax	Total
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
2012	2,361,116	671,762	918,288	80,970	80,329	12,760	4,125,225
Change 2003-2012	92.9%	81.2%	35.6%	17.4%	477.9%	53.1%	21.3%

In North Carolina, property tax would be considered an own-source revenue. Information about the tax rate and assessed value is found inthe 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.

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 a portion of this tax 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 muncipility to promote recycling.

Village of Clemmons, North Carolina

Schedule 7

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

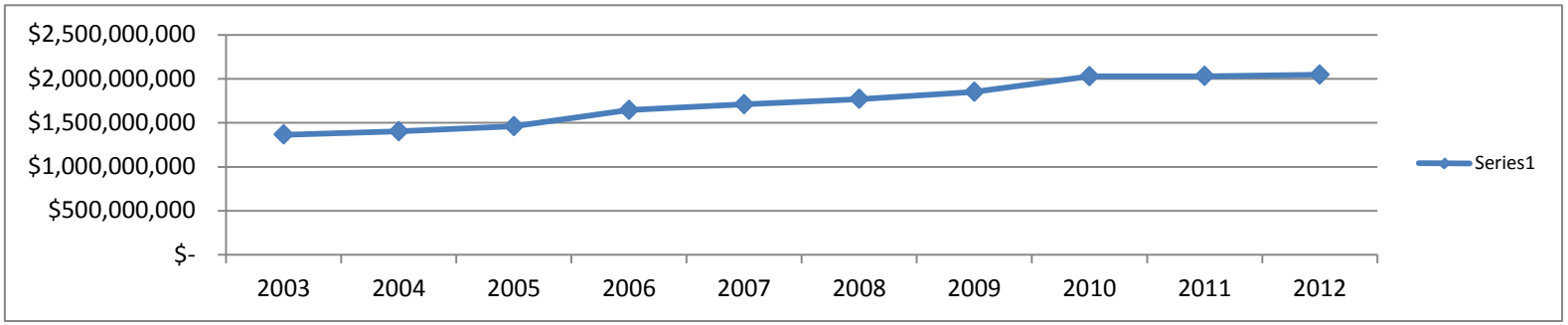
Fiscal Year Ended June 30	(1)Tax Year Ended December 31	Real Property	Personal Property	Registered Vehicles	Public Service Companies	Total	(2) Ratio of Assessed Value Estimated Actual Value	(3) Total Direct Tax Rate
2003	2002	$ 1,142,656,770	$ 60,906,940	$ 144,051,520	$ 17,433,352	$ 1,365,048,582	100%	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
2012	2011	$ 1,776,480,273	$ 77,426,430	$ 156,444,674	$ 35,036,105	$ 2,045,387,482	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, this page does not agree with Exhibit I, Exhibit I is on fiscal year basis.

Note: (1) Ta x 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 8

Property Tax Rates - Direct and Overlapping Governments
(Per $100 of Assessed Value)
Last Ten Fiscal Years

Fiscal Year	Village of Clemmons	(3) Total Village Direct Rate	Forsyth County	(1) Clemmons Fire District	(1) Lewisville Fire District	(2) Total Combined Tax Rate Clemmons Fire District	(2) Total Combined Tax Rate Lewisville Fire District
2003	0.0900	0.0900	0.692	0.05	0.05	0.8320	0.8320
2004	0.0900	0.0900	0.692	0.05	0.05	0.8320	0.8320
2005	0.0900	0.0900	0.708	0.05	0.05	0.8480	0.8480
2006	0.0900	0.0900	0.666	0.05	0.05	0.8060	0.8060
2007	0.0985	0.0985	0.666	0.05	0.06	0.8145	0.8245
2008	0.0985	0.0985	0.696	0.05	0.06	0.8445	0.8545
2009	0.0985	0.0985	0.696	0.05	0.06	0.8445	0.8545
2010	0.0985	0.0985	0.674	0.05	0.06	0.8225	0.8325
2011	0.1150	0.1150	0.674	0.05	0.06	0.8390	0.8490
2012	0.1150	0.1150	0.674	0.05	0.06	0.8390	0.8490

Source: Forsyth County Tax Department and Village of Clemmons adopted budget.

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.
Changing the tax cap requires voter approval or legislation from the NC State Legislature

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

Schedule 9

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				
2003	$ 1,230,489	$ 1,213,302	98.60%	$ 16,401	$ 1,229,703	99.94%	$ 786
2004	$ 1,267,793	$ 1,251,525	98.72%	$ 15,401	$ 1,266,926	99.93%	$ 867
2005	$ 1,325,209	$ 1,309,634	98.82%	$ 14,491	$ 1,324,125	99.92%	$ 1,084
2006	$ 1,482,608	$ 1,467,271	98.97%	$ 14,395	$ 1,481,666	99.94%	$ 942
2007	$ 1,675,199	$ 1,657,221	98.93%	$ 16,935	$ 1,674,156	99.94%	$ 1,043
2008	$ 1,745,019	$ 1,725,659	98.89%	$ 17,002	$ 1,742,661	99.86%	$ 2,358
2009	$ 1,821,306	$ 1,796,026	98.61%	$ 22,254	$ 1,818,280	99.83%	$ 3,026
2010	$ 1,993,719	$ 1,962,148	98.42%	$ 26,978	$ 1,989,126	99.77%	$ 4,593
2011	$ 2,329,594	$ 2,296,513	98.58%	$ 26,886	$ 2,323,399	99.73%	$ 6,195
2012	$ 2,359,777	$ 2,328,138	98.66%	$ -	$ 2,328,138	98.66%	$ 31,639

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, 2012 and 1999

Schedule 10

Taxpayer	Type of Enterprise	Fiscal Year 2012 Assessed Valuation	Fiscal Year 2012 Percent of Total Assessed Valuation
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	13,207,000	0.65%
Tanglewood Ht LLC	Real Estate Developer	10,957,900	0.54%
Concord Five LLC	Real Estate Developer	8,499,720	0.42%
Novant Health, Inc.	Health Care	8,282,500	0.41%
Ellis Properties	Real Estate Developer	7,629,400	0.38%
Willow Trace Property LLC	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		$ 133,917,750	6.60%

Taxpayer	Type of Enterprise	Fiscal Year 1999 [1] Assessed Valuation	Fiscal Year 1999 [1] Percent of Total Assessed Valuation
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	Real Estate Developer/Contractor	7,574,698	0.80%
Ellis Properties	Real Estate Developer/Contractor	6,539,100	0.69%
Clemmons Apartments	Apartments	4,851,000	0.51%
Duke Energy	Utility	4,503,554	0.48%
Southeastern Hospitality LLC	Hotels	4,271,299	0.45%
Piedmont Natural Gas	Utility	4,271,299	0.45%
K Partnership	Unknown	3,553,200	0.38%
Total		$ 76,979,675	18.45%

Source: Forsyth County Tax Department.
1. Fiscal year 2003 was unavailable so Fiscal year 1999 is presented.

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

Schedule 11

Legal Debt Margin Calculation for Fiscal Year 2012	
Assessed Value of Taxable Property	$ 2,048,430,435
Debt Limit = Eight percent (8%) of assessed value	163,874,435
Debt applicable to limit:	
	-
Total debt applicable to legal debt limit	-
Legal debt margin	$ 163,874,435

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Debt Limit	$ 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	$ 163,874,435
Total net debt applicable to limit	361	-	-	-	-	-	-	-	-	-
Legal debt margin	$ 109,073,772	$ 112,330,844	$ 117,591,408	$ 131,667,644	$ 136,978,222	$ 141,600,325	$ 147,852,751	$ 161,872,812	$ 162,016,626	$ 163,874,435
Total net debt applicable to the limit as a percentage of debt limit	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%

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 bonds. 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, 2012

Schedule 12

Jurisdiction	Outstanding Debt	Percentage Applicable to Clemmons	Amount Applicable to Clemmons
Forsyth County			
General obligation debt	$ 499,600,000		
COP	54,040,000		
Limited obligation bonds	29,790,000		
Installment purchase	2,835,543		
	$ 586,265,543	6.032%	35,366,165
Subtotal, overlapping debt			35,366,165
Total direct and overlapping debt			$ 35,366,165

Sources:
Assessed valuation used to determine percentages from TR-1 report provided by Forsyth County Tax Assessor
Debt information form 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

Schedule 13

	Governmental Activities				Business Type Activities			Primary Government	
Fiscal Year	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
2003	$ 361	$ -	-	0.00%	$ -	-	0.00%	$ 361	-
2004	-	-	-	0.00%	-	-	0.00%	-	-
2005	-	-	-	0.00%	-	-	0.00%	-	-
2006	-	-	-	0.00%	-	-	0.00%	-	-
2007	-	-	-	0.00%	-	-	0.00%	-	-
2008	-	-	-	0.00%	-	-	0.00%	-	-
2009	-	-	-	0.00%	102,159	6	0.01%	102,159	6
2010	-	-	-	0.00%	69,574	4	0.00%	69,574	4
2011	-	-	-	0.00%	35,543	2	0.00%	35,543	2
2012	-	-	-	0.00%	-	-	0.00%	-	-

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 14

Fiscal Year	Principal	Interest	Total Debt Service	Noncapital General Governmental Expenditures	Ratio of Debt Service to Noncapital Expenditures
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%
2012	$ -	$ -	$ -	$ 4,186,872	0.00%

Includes installment debt and capital leases.

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

Schedule 15

	Clemmons		Forsyth County				
Fiscal Year	Population (1)	Median Age (1)	Population (1)	Median Age (1)	Total Personal Income (2) (Thousands of Dollars)	Per Capita Income (1)	Unemployment Rate (3)
2002	16294		313803		9,847,688	31,372	6.1
2003	16350		316323		10,088,416	31,915	6.2
2004	16543		319220		11,236,419	34,558	5.6
2005	16962		306274		11,707,040	35,313	5.1
2006	17234		330935		12,435,483	36,576	4.6
2007	17648		337159		13,003,878	37,372	4.7
2008	18161		342976		13,443,142	39,041	5.8
2009	18695		347332		12,979,660	36,223	10.2
2010	18627	40.6	350670	37.2	13,022,068	37,059	10.3
2011	18688		356243		(3)	(3)	10.6
2012	18829		360679		(3)	(3)	9.5

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, 2012

Schedule 16

Employers		2012 [1]			2003[2]		
Forsyth County	**Type of Enterprise**	**Approximate Number of Employees**	**Rank**	**Percentage of Total County Employment**	**Approximate Number of Employees**	**Rank**	**Percentage of Total County Employment**
Wake Forest University Baptist Medical Center[3] formally NC Baptist Hospitals , Inc	Education & Health Services	12,837	1	7.90%	11,121	1	7.09%
Novant Health and Affiliates	Education & Health Services	8,145	2	5.01%	7,000	3	4.46%
Winston-Salem/Forsyth County Schools[3]	Education & Health Services	6,692	3	4.12%	7,020	2	4.48%
Reynolds America, Inc . Formally RJ Reynolds Tobacco Co.	Manufacturing	3,000	4	1.85%	5,930	5	3.78%
Hanesbrands, Inc formally Sara Lee Personal Products	Manufacturing	2,800	5	1.72%	6,000	4	3.83%
Wells Fargo, formally Wachovia Corporation	Financial Activities	2,800	6	1.72%	3,400	6	2.17%
City of Winston-Salem	Public Administration	2,660	7	1.64%	2,600	7	1.66%
BBT	Financial Activities	2,200	8	1.35%	N/A		0.00%
Forsyth County	Public Administration	2,029	9	1.25%	1,859	9	1.19%
Wake Forest University	Education & Health Services	1,680	10	1.03%	1,581	10	1.01%
US Airways	Aviation				1,885	8	1.20%
Total		44,843		27.61%	48,396		30.86%
Village of Clemmons[3]							
Hayward Pools	Manufacturing	600	1	0.37%			
Winston-Salem Forysth County Schools	Education & Health Services	380	2	0.23%			
Triumph Actuation Systems LLC	Manufacturing	200	3	0.12%			
Sheffield Financial	Financial Activities	150	4	0.09%			
Food Lion 2 locations	Retail Grocery	118	5	0.07%			
Lowes Food	Retail Grocery	110	6	0.07%			
Elms at Tanglewood	Education & Health Services	90	7	0.06%			
Clemmons Village I & II Assisted Living	Education & Health Services	85	8	0.05%			
Duke Energy	Utilites	85	9	0.05%			
Golding Farms Food	Food Services	80	10	0.05%			
Total		1,898		1.17%			
Total Employed County[4]		162,419			156,819		

[1]estimates as of November 2011: Source: The Greater Winston Salem Chamber of Commerce

[2] estimates as of June 2003: Source: Forsyth County

[3] estimates as of June 30, 2012: Source: individual employers per call by Finance office

% Clemmons employered by total in county; total for clemmons unavailable

[4] Source: Employment Security Commission

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

Schedule 17

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Public Safety:										
Total Offenses (1)	(8)	(8)	(8)	(8)	(8)	2,687	2,452	2372	2557	2159
Total Part 1 Crimes	(8)	(8)	(8)	(8)	(8)	(8)	553	550	592	482
Part 1 Crimes per 1000 population	(8)	(8)	(8)	(8)	(8)	(8)	30	29	32	26
Total Calls For Service	(8)	(8)	(8)	(8)	(8)	(8)	9,477	9082	12135	10342
CID Assigned Cases	(8)	(8)	(8)	(8)	(8)	114	190	292	341	231
Closed/Cleared	(8)	(8)	(8)	(8)	(8)	72	86	49	52	53
Public Works:										
Streets Resurfaced (feet)(2)	14,502	40,355	24,592	16,322	9,435	18,661	12,986	9853	4518	5565
Pavement Condition Rating	94.6%			91.5%				87.4%		
NC Statewide Pavement Condition Rating				85.0%				80.0%		
Sanitation Disposal (tons)(3)	3,973	4,049	7,047	5,282	7,034	6,601	6,326	6034	5687	6077
Sanitation Recycling (tons)(3)	988	1,107	1,084	1,112	951	1,135	1,303	1087	1090	1125
Leaf & Limb Pick-Up (homes)(4)	600	700	740	794	834	5,758	5,758	5758	1195	616
Tonnage Leaf/Limb(4)	671	777	1,690	2,269	2,105	3,741	4,363	3912	4511	4313
Street Lights(number)(7)	(8)	(8)	(8)	705	713	727	733	735	735	794
Planning & Zoning										
Zoning Cases(5)	9	5	7	13	14	3	5	5	3	2
Subdivision Review(5)	0	2	2	0	3	0	1	0	0	0
Planning Board Review(5)	2	4	0	2	1	3	7	1	2	0
Zoning Enforcement Hours Contracted (6)	(8)	209	243	385	339	304	246.25	267.75	422.75	279

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. 2012 does not include entire 12 months, because last quarter was unavailable,
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 18

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Government	4	4	4	4	5	5	5	5	5	5
Public Works (1)	6	7	8	8	11	11	11	12	12	12
General Fund	10	11	12	12	16	16	16	17	17	17
Enterprise Fund	0	1	1	1	1	1	1	1	2	2
Village total	10	12	13	13	17	17	17	18	19	19

Source: Village of Clemmons budget.

This schedule includes only regular full-time employees. During fiscal year 2012 there was one regular part-time employee.

1. Public Works employees assist in the enterprise fund, during 2012 .

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

Schedule 19

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Municipal Buildings	2	2	2	2	2	2	2	2	2	3
Sheds	1	1	1	1	1	1	2	2	2	2
Public Safety:										
Detective Vehicle(1)	1	1	1	1	1	0	0	0	0	0
Public Works:										
Rolling Stock	44	44	46	46	48	48	48	49	49	49
Streets (Miles-Paved)	67.29	67.29	70.27	71.66	72.63	74	75.79	76.37	76.37	79.08
Streets (Miles-Unpaved)	0.08	0.08	0.08	0.29	0.11	0.11	0.11	0	0	0
Sidewalks(Miles) (2)							13.2	14.29	14.29	16.1
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
Lake										1
Pier										1
Enterprise Fund:										
Stormwater:										
Vehicle (3)	0	0	0	1	1	1	1	1	2	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

- Report On Internal Control Over Financial Reporting and on Compliance and Other Matters Based on Audit of Financial Statements Performed in Accordance with Government Auditing Standards
- Schedule of Findings and Questioned Costs
- Corrective Action Plan
- Summary Schedule of Prior Year Audit Findings
- Schedule of Expenditures of Federal and State Awards

cannon&company L.L.P.
Certified Public Accountants

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, each major fund and the aggregated remaining fund information of the Village of Clemmons, North Carolina, as of and for the year ended June 30, 2012, which collectively comprise the Village of Clemmons' basic financial statements and have issued our report thereon dated October 15, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the 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 opinions 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.

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 12-1 to be a material weakness.

Our consideration of the internal control over financial reporting was for limited purpose described in the first paragraph in this section 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 a certain deficiency in internal control over financial reporting that we consider to be a material weakness.

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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

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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 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 15, 2012

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

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

Section II - Financial Statement Findings

MATERIAL WEAKNESS

12-1 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 that there is a lack of segregation of duties due to one person finance staff and has segregated functions with the administrative assistant when possible. Review procedures are in place that are performed by the Manager and Mayor, however the Village also recognizes that reasonable assurance takes into consideration that the cost of the control should not exceed the benefits. The council also receives a monthly dashboard and check register.

Section III- Federal Awards Findings and Questioned Costs

Not applicable

Section IV – State Awards Findings and Questioned Costs

Not applicable

Section II – Financial Statement Findings

REPORTABLE CONDITION/MATERIAL WEAKNESS

12-1 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.

Section III – Federal Award Findings and Questioned Costs

Not Applicable

Section IV – State Award Findings and Questioned Costs

Not Applicable

Village of Clemmons, North Carolina
Summary Schedule of Prior Year Audit Findings
For the Year Ended June 30, 2012

Finding: 11-1

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, 2012

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Federal Expenditures	State Expenditures
Federal Awards:			
Cash Programs:			
U.S. Department of Transportation Federal Highway Administration			
Passed-through the NC Department of Transportation			
Transportation Improvement Program (Greenway)	20.205	$ 27,363	
Transportation Improvement Program (Sidewalk & Crosswalk 15)	20.205	6,880	
Safe, Accountable, Flexible, Efficient Transportation Equity Act-A legacy for Users (Safe Routes to School)	20-205	5,476	
Safe, Accountable, Flexible, Efficient Transportation Equity Act-A legacy for Users (Landscaping)	20-205	23,986	
	Total Federal	$ 63,705	
State Awards:			
Cash Assistance:			
N.C. Department of Transportation			
Powell Bill	N/A		$ 326,863
Cost Share:			
N.C. Wildlife Resources Commission			
Community Fishing Program (Pier)			12,246
	Total State		339,109
	TOTAL ASSISTANCE	$ 63,705	$ 339,109

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.