# Village of Clemmons,
## North Carolina

## Comprehensive Annual Financial Report
## For the Fiscal Year Ended June 30, 2019

Village Hall
The picture on the cover is of the clock located at the Village Hall.
Picture furnished by James Stewart

# *Village of Clemmons*
## North Carolina

**Comprehensive Annual Financial Report**
Fiscal Year Ended June 30, 2019

Village Council Members
John L. Wait, Mayor
Michelle N. Barson, Mayor Pro Tem
Scott W. Binkley
Michael L. Combest
Pamela J. Lofland
Christopher A. Wrights

Administrative and Financial Staff
Scott Buffkin, Village Manager
K. Ann Stroud, Finance Officer

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

# VILLAGE OF CLEMMONS, NORTH CAROLINA
## Comprehensive Annual Financial Report
## For the Fiscal Year Ended June 30, 2019

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**Certain pages in this report are intentionally blank.**

VILLAGE OF CLEMMONS
NORTH CAROLINA

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# INTRODUCTORY SECTION

**Transmittal Letter**

**Government Financial Officer's Certificate of Achievement for Excellence in Financial Reporting**

**Principal Officials**

**Organizational Chart**

Village of Clemmons
3715 Clemmons Road
Clemmons, NC 27012
336-766-7511 Fax 336-766-7536

October 24, 2019

The Honorable Mayor John L. Wait,
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, 2019. 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, 2019.

North Carolina general statutes require each unit of local government to publish within four months after the close of the fiscal year a complete set of financial statements presented in conformity with generally accepted accounting 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.P. 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, 2019, 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 unmodified opinion that the Village's basic financial statements for the year ended June 30, 2019 were presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report. The financial reporting entity includes all funds of the Village, more detailed information on the funds can be found in the Notes.

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 established a legal spending limit for the Village. The Council may approve ordinances to amend the budget throughout the fiscal year. Annual budgets are adopted for the general and stormwater utility fund. A purchase order system is part of the accounting software that provides budgetary control. The Finance Officer or designated deputy finance officers are required to sign a statement that all purchases have ben pre-audited to determine that they are allowed under the current budget. Budgetary control is especially important to help control spending 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. The Council is presented, on a monthly basis, a financial summary report and a check register. 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.

The Village has a fund balance fiscal policy in which the Village Council annually determines a minimum unassigned fund balance. These funds will be used to meet fiscal policy objectives, avoid cash-flow interruptions, eliminate the need for short-term borrowing, provide flexibility for unanticipated needs and opportunities, and respond quickly to emergencies. The Village Council set the current year minimum at $3,000,000.

Generally 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 auditors' report.

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

## VILLAGE COMMUNITY

The Village of Clemmons truly embraces modern amenities, mixed with the comforts of southern charm. Clemmons was founded in 1802 and incorporated in 1986 and is located in Forsyth County with a population of 20,059. Clemmons has a rich history; we were the home of Peter Clemmons who owned a stage coach line that ran from Virginia to Raleigh. In fact one of his restored stage coaches resides in the Clemmons Village Hall. Clemmons is a stone's throw from Winston-Salem the City of Arts and innovation and a gentle drive from the Yadkin Valley Wine Country. The Village is filled with traditional, cluster and active senior living neighborhoods, old and new churches, fine and friendly dining, unique shopping, distinctive artists, and full service medical care facilities.

### Community: Housing

Clemmons' housing options include traditional, cluster and active senior living neighborhoods as well as condos, townhomes and apartments. Several neighborhoods and apartments have recreation areas or are attached to recreational areas. We also have some housing options with shopping, dining and recreation in walking distance. There is housing for everyone no matter what stage of life you are in.

## Community: Education

The Winston-Salem Forsyth County Schools (WSFCS), the fourth largest system in North Carolina, provides a quality education for nearly 55,000 students in 81 schools. The schools in Clemmons are Clemmons Elementary, Frank Morgan Elementary, Southwest Elementary and West Forsyth High School. Students in the system have unique opportunities not found elsewhere in the state, with programs that serve every kind of student and parents having a choice in where their children go to school. All schools offer accelerated classes for academically gifted students and programs and services for most students with special needs. High school students can earn college credit through over 30 Advanced Placement courses, the International Baccalaureate Diploma Program, dual enrollment at Forsyth Technical Community College, or through other local colleges. Over the past few years the school system has increased the high school graduation rate to over 82 percent.

Clemmons, due to proximity to Winston-Salem, has a diverse array of colleges and universities. Wake Forest University (WFU), Winston-Salem State University (WSSU), The University of North Carolina School of the Arts (UNCSA), SALEM College and Forsyth Technical Community College are all nearby.

## Community: Recreation

***Village Point Lake and Greenway*** consists of 3900 linear feet of greenway around Village Point Lake and a segment adjacent to Frank Morgan Elementary School. The Village Point Lake also boasts a fishing pier that allows urban community fishing opportunities for residents to fish a stocked lake throughout the year.

***Tanglewood Park*** is located on the southwest side of the Village of Clemmons. This 1,100 acre county park offers activities for the entire family including fishing and boating, hitting a round on one of two award-winning golf courses, a day of swimming at the Aquatic Center, guided horseback riding, a lighted 1150 feet BMX track, asphalt walking trails, two playgrounds, and a tennis center with six lighted clay courts and four lighted cushion-hard courts. The Arboretum features 26 gardens and is open year-round. The Rose Garden and AIDS Memorial Garden are also beautiful outdoor attractions in the park.

## Community: Public Safety

Forsyth County Sheriff's Department provides public safety for the Village. The vision of the Forsyth County Sheriff's department is to enhance quality of life and sense of community in Forsyth County by providing effective criminal justice services that are guided by integrity and compassion, and supported by the trust of those we serve. In a joint venture with the Sheriff's department, Clemmons contracts for one investigator, ten patrol deputies (including one Sergeant and one Corporal) and two traffic officers. This is part of the Village's commitment to provide services while being mindful of our tax cap; contracting with the County provides the service at a lower cost than the Village could operate a separate police department. Coffee with a Cop is a forum for residents to interact with Clemmons officers; the Village sponsored four Coffee with a Cop forums during the current year.

The Clemmons and Lewisville Fire Department provides fire, rescue and emergency management through a separate taxing district.

## Community: Governance

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 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 staff and Council of the Village are committed to communication and government transparency. Agendas, minutes, the budget, and financial reports are posted on the Clemmons web site. In 2019, the Village launched a new website to better engage with our residents. A "notify me" feature was added to allow residents to sing up to receive notifications such press releases, events, and meeting notifications. Citizens can also report online concerns such as street light outages, stormwater issues, and missed trash and recycling. The home navigation buttons and tabs were created on analytics of the most frequently used searchers to allow users to find information in a more efficient and organized manner. The new website also creates a better user experience for mobile users. Our goal is to use multiple media channels to enhance our connection with the community by keeping them informed; Clemmons website-www.clemmons.org, Facebook, e-mail blasts, and the Clemmons Courier are all utilized to a great extent. Village council meetings are streamed live and archived on the Village's YouTube channel. In the upcoming year, look for short surveys on a variety of different topics. The surveys will provide citizen input on the government and services. The Village staff is always available by phone; Village Hall (336-766-7511) or Public Works (336-766-9170) or just stop by the office. Citizens are encouraged to attend regularly scheduled council meeting on the 2nd and 4th Mondays of the month. The Village Council is also encouraging citizens to apply to serve on various board, such as planning board, zoning board of adjustment, transportation committee and stormwater committee.

## Community: Services

Clemmons provides professional and financially sound municipal services. Clemmons' citizens enjoy the following municipal services: residential trash collection, bulk item pickup, residential recycling, leaf/limb and grass collection, community policing, planning and zoning, Village street maintenance, sidewalk maintenance, a pocket park, lake and pier, greenway all for a low tax rate of $0.115 per $100 property valuation. The Environmental Protection Agency's Phase II Water Quality Act requires the Village to operate a Stormwater management program; which the purpose is to reduce Stormwater pollution and assure clean water is maintained in our water bodies.

The following services are provided by other governmental entities: water and sewer (City-County Utilities), State streets maintenance (North Carolina Department of Transportation) which include Lewisville-Clemmons Road, Clemmons Road, Idols Road, Kinnamon Road, Peacehaven Road, Harper Road and Hampton Road.

## Community: Vision

The Clemmons Community Compass was updated during the current year. The Vision Statement is "The Village of Clemmons is a prosperous, welcoming, safe, vibrant, residential community that promotes a high quality of life for its citizens providing a thriving diverse business environment, protecting our natural resources and preserving governmental fiscal integrity. Clemmons' defining characteristic is a superior quality life for all."

One goal of the Clemmons Community Compass is to promote true multi-modal opportunities for travelers that link neighborhoods to point of interest and regional destinations. Transportation modes within the Village's network include driving, bicycling, walking, and transit. The Village has received federal funding to facilitate the communities' linear park initiative. The Village has in process sidewalk along Highway 158 that will connect to Tanglewood Park and Village funded project constructs a parallel road along Lewisville-Clemmons Road.

## Community: Vision

Federally funded projects that have not commenced are sidewalks along Harper Road and Idols Road. The Village also incorporates sidewalks in site plans for new development and or redevelopment as part of our Unified Development Ordinance.

As part of the Community Compass, opportunities for quality of life opportunities for Village residents were critical. Neighbors continue to desire opportunities to gather for community events, local programs and activities as well as opportunities to capitalize on the Village's most precious asset its' residents. The Village holds several community events to provide opportunities for residents to interact. Residents enjoy the annual ice cream festival, movie nights, monster dash and goblin hop, community cleanups, family fishing, coffee with a cop, and the annual tree lighting. Community initiatives that further a sense of place are: Clemmons Cares (Random Acts of Kindness Month) and neighbors helping neighbors (Clemmons Food Drive Month). The Village appreciates all of our Community Partners that help ensure our events are successful.

Another initiative in the Compass outlines support of the local food movement. The Village serves as a member of the Forsyth County Food Consortium and runs a local producer only farmers market. The market is located at the Clemmons Village Hall on Saturdays May thru October. The market supports producers from Forsyth, Surry, Stokes, Rockingham, Guilford, Davidson, Davie and Yadkin counties. Products available at the market include; in season fruits and vegetables; plants and bulbs; cut or dried flowers; eggs; baked goods; candies; etc.

## Community: Cooperative Ventures

The Clemmons Branch Library has one of the highest circulation rates in Forsyth County, with 19,000 registered borrowers. In order to facilitate the construction of a new Clemmons Branch Library, the Village purchased property for a new Clemmons Branch Library, and Forsyth County will construct new and expanded library in the upcoming year. The County and Clemmons Council has collaborated to hopefully bring a library that all the citizens can utilize and be proud of. The Clemmons library is a resource that is enjoyed by all age groups.
The Village partners with the Jerry Long YMCA, Morgan Elementary School, and Southwest Elementary School for Clemmons events such as movie night, ice cream festival and lip sync contest. The Village also has community sponsorships that enable us to have fun filled events; thank you to all of our community sponsors.

The Clemmons Community Garden provides members of the community a central location to grow their own organic food and provide an opportunity to share a portion of the garden's bounty with others in need by donating to the area food pantry. The Clemmons Community Garden was started in 2012 based on objectives set forth by the Clemmons citizens through the adoption of the comprehensive plan.

# VILLAGE ECONOMY

The Village of Clemmons is seventy two percent residential, therefore housing values, housing options and quality of life are a major component of our economy. A majority of our residential community commutes to work in our metropolitan area; therefore the economy of that area is a factor in our local economy. Alongside the residential community the Village has a vibrant business community.

A balanced tax base combining a healthy mix of residential, commercial and industrial helps provide prosperity for the whole community. One way to help ensure this healthy mix is with a common Vision. The Village has updated the Clemmons Community Compass which provides direction for Council and staff for the Vision of Clemmons. This vision helps to ensure that the Village provides meaningful services and have a quality of life that is desirable for years to come.

Even though the market determines to a great extent what housing is being built, when possible Clemmons encourages a diversity of housing options which helps with long term viability of residential values. Clemmons' housing options include traditional, cluster and active senior living neighborhoods as well as condos, townhomes and apartments. We have neighborhoods with recreation areas and active homeowners associations that fosters a sense of community. Clemmons has a number of apartments both new and older, including some with recreation or attached to recreation areas. There is housing for everyone no matter what stage of life you are in.

## Economy: Health care

Clemmons has a growing health care sector. Novant Health Clemmons Medical Center provides emergency services, outpatient surgery, imaging services, rehab facility and 36 bed inpatient facility. Wake Forest Baptist Health Plaza-Clemmons offers a women's center, a spine center, specialty services and primary care as well as a soon to open ambulatory surgical center. Clemmons has also seen an increase of auxiliary services. Clemmons also has a number of adult care, assisted living and rehab facilities. Health care that is diverse and located close to where you live is an important quality of life issue especially for seniors.

## Economy: Local Business and Metropolitan Area

The Village has a vibrant business community with over 1,000 registered business; many of those are locally owned. Business include retail, manufacturing, and professional services. Clemmons residents enjoy a variety of restaurants, retail and specialty shopping. The Village desires to foster an attractive and prosperous business community by communication and partnerships with the business community. We do this with membership in the Lewisville-Clemmons Chamber of Commerce and our planning process. We also provide our local business the opportunity to partner in Community Events. The Lewisville-Clemmons Chamber of Commerce supports our local business with networking, education and encouraging people to shop local.

Clemmons is part of the state's "Piedmont Triad" and the Greensboro/Winston-Salem/High Point Metropolitan Statistical Area. Our metropolitan area economic base includes education and health care (28%), retail (11%), professional, scientific and management, and administration (28%), finance, insurance and real estate (6%), and manufacturing (9%). The City of Winston-Salem is the home of Wake Forest Innovation Quarter, and Urban Research and Technology Park located in repurposed former R.J. Reynolds Tobacco warehouse and factories. Many of the companies are start-ups in the technology and biomedical fields.

## Economy: Transportation

Transportation is a major community concern as the Village continues to see traffic growth along the major/minor thoroughfares. The Council appointed an ad hoc committee to update the Village Transportation Plan. In conjunction with the update, a consultant has developed a concurrency model to provide linear road capacity under current and future land use conditions. This model will help the Village gain a more holistic view of a corridor's capacity. Most of Clemmons' commercial development and commuter routes are state maintained roadways; therefore the Village continues to foster cooperation with NC DOT for driveway modification, signalization, turn lanes and other roadway improvements. The Village reviews traffic impact analysis as development occurs in order to require mitigation and new improvements to the adjacent corridors.

The Village has a series of transportation projects underway:

- First phase of a parallel road (Market Center Drive) on the eastern side of Lewisville-Clemmons Road which provides route options for local destination trips, redevelopment opportunities and long term a possible secondary route along the Lewisville-Clemmons Road.
- Sidewalk construction on some of our major though fares to encourage pedestrian activity.

Due to the tax cap and a pay as you go financing philosophy, the Village is limited on the type and scope of transportation projects we can undertake. The Village continues to apply for grants and use redevelopment or new development to affect changes in our traffic patterns.

## 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, 2018. This was the eleventh 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, K. Ann Stroud, CPA. 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, Forsyth County Sheriff's Deputies and all of our community partners. The assistance of the Forsyth County tax assessor and finance department for County information in supplemental schedules is much 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.

Scott Buffkin
Village Manager

K. Ann Stroud
Finance Officer

Government Finance Officers Association

# 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, 2018**

Christopher P. Morrill

Executive Director/CEO

## VILLAGE OF CLEMMONS, NORTH CAROLINA

## PRINCIPAL OFFICIALS

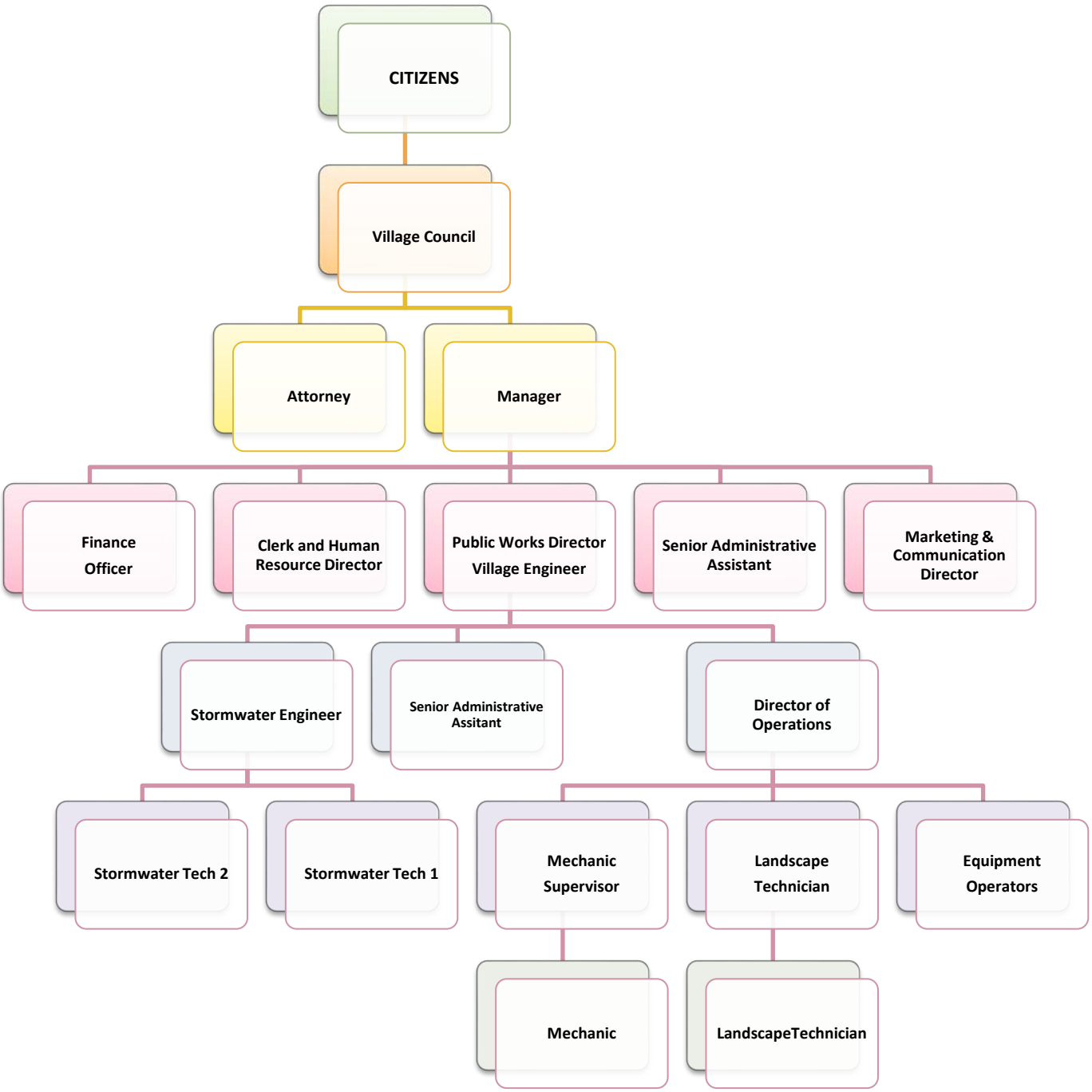
## MEMBERS OF COUNCIL

*From left to right seated:*
*Pamela J. Lofland, Mayor John L. Wait, Mayor pro tem Michelle N. Barson*
*From left to right standing:*
*Christopher A. Wrights, Michael L. Combest, Scott W. Binkley*

John L. Wait_____Mayor
Scott Buffkin_____Village Manager
Kasper & Payne_____Village Attorney
Lisa Shortt_____ Village Clerk
K. Ann Stroud_____Finance Officer
Michael Gunnell_____Public Works Director/Village Engineer
Wes Kimbrell_____Stormwater Engineer
Nesser Rahimzadeh_____Planner & Community Development Director
Cannon and Company, L.L.P._____Auditor

# *VILLAGE OF CLEMMONS*

# *ORGANIZATION CHART*



VILLAGE OF CLEMMONS
NORTH CAROLINA

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# FINANCIAL SECTION

Independent Auditor's Report

Government-wide Financial Statements

Fund Financial Statements

Notes to Financial Statements

Required Supplemental Information

Individual and Combining 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

## Report on the Financial Statements

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

## Management's Responsibility for the Financial Statements

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

## Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

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www.cannonandcompanyllp.com

## 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 Village of Clemmons, North Carolina as of June 30, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis and Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Liability and Contributions, on page 23-34 and pages 70-71, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the 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 consist of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

## Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Clemmons' basic financial statements. The introductory information, combining and individual fund financial statements, budgetary schedules, other schedules, statistical section, and the schedule of expenditures of federal and state awards are presented for purposes of additional analysis and is not a required part of the basis financial statements.

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

The introductory information and the statistical sections have not been subjected to the auditing procedures applied in the audit of basic financial statements, and accordingly, we do not express an opinion or provide assurance on them.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 23, 2019, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village of Clemmons' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village of Clemmons' internal control over financial reporting and compliance.

Cannon & Company, L.L.P.

Winston-Salem, North Carolina
October 23, 2019

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

## Financial Highlights

- The assets and deferred outflows of resources of the Village of Clemmons exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by $58,046,015(*net position*). Of this amount, $11,756,461 may be used to meet the Village's ongoing obligations to citizens and creditors, and $46,289,554 is invested in capital assets and is not available for future spending.

- The government's total net position increased by $137,314, primarily due to business type to activities, and delay of start of some capital projects.

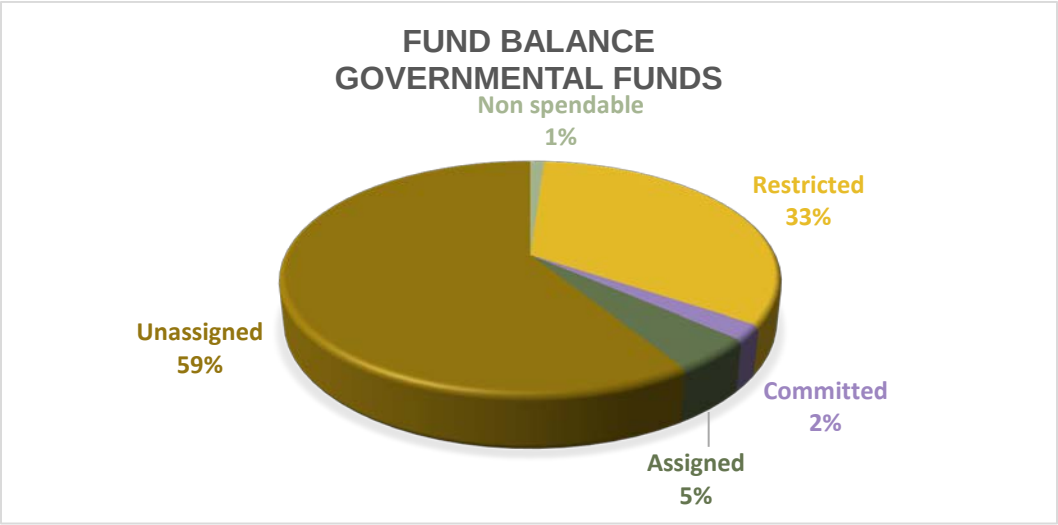
- As of the close of the current fiscal year, the Village of Clemmons's governmental funds reported combined ending fund balances of $9,754,489 with a net change of $414,394 in fund balance. Approximately 1% of this total amount, or $106,527 is non-spendable and 33% if this total amount, or $3,252,897, is restricted.

- At the end of the current fiscal year, unassigned fund balance for the General Fund was $5,746,219, or 100% of total general fund expenditures for the fiscal year.

- Property taxes accounted for 44% of general fund revenue that provides services to citizens and the community in 2019. The Village's tax rate for the fiscal year 2019 was $0.115. The collection rate for the Village was 99.64%.

- The Village of Clemmons has no general fund debt

Figure 1

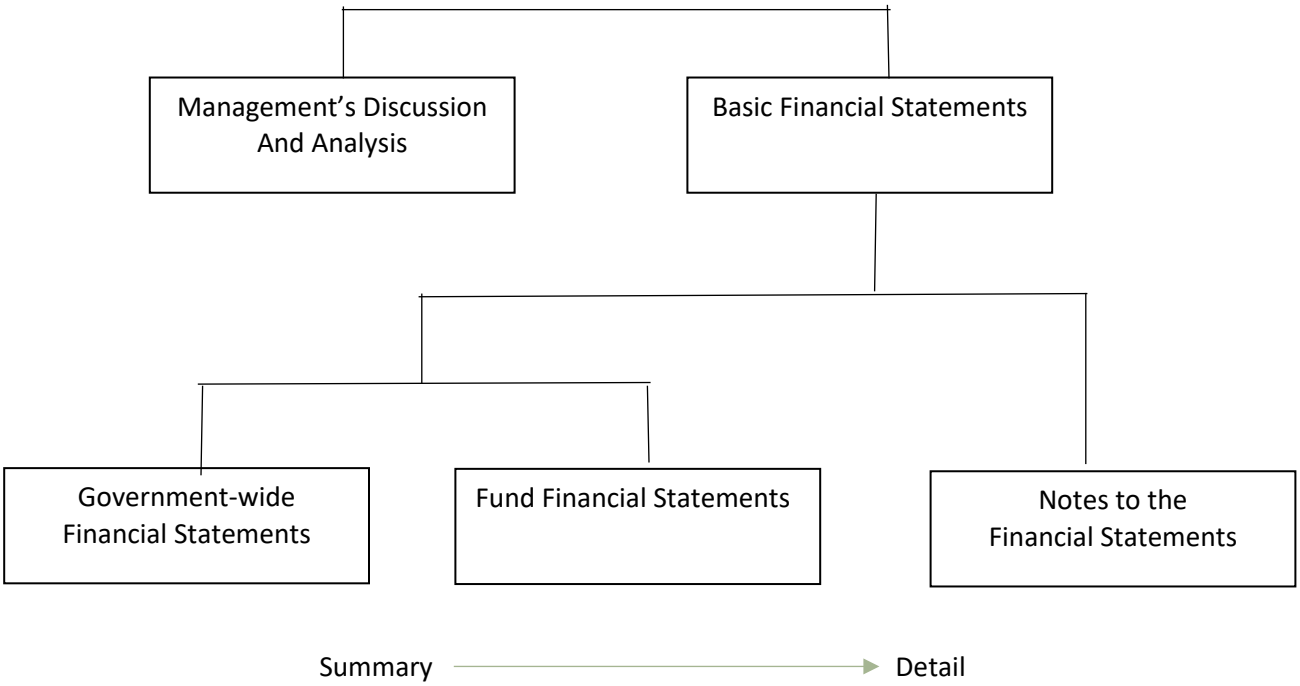


## Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to Village of Clemmons's basic financial statements. The Village's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements (see Figure 1). The basic financial statements present two different views of the 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 2**




## 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's financial status.

The next statements (Exhibits 3 through 9) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the Village's government. These statements provide more detail than the government-wide statements. There are four parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements; 3) the proprietary fund statements; and 4) the fiduciary 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's individual funds. Budgetary information required by the North Carolina 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 two government-wide statements report the Village's net position and how it has changed. Net position is the difference between the Village's total assets and deferred outflows of resources and total liabilities and deferred inflows of resources. Measuring net position is one way to gauge the Village's financial condition.

The government-wide statements are divided into three categories: 1) governmental activities; 2) business-type activities; and 3) component units. The governmental activities include most of the Village's basic services such as public safety, parks and recreation, and general administration. Property taxes and State and federal grant funds finance most of these activities. The business-type activities are those that the Village charges customers to provide. These include the water and sewer and electric services offered by the Village of Clemmons. The final category is the component unit. Although legally separate from the Village, the ABC Board is important to the Village. The Village exercises control over the Board by appointing its members and the Board is required to distribute its profits to the Village.

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

## Fund Financial Statements

The fund financial statements (see Figure 1) 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's budget ordinance. All of the funds of Village of Clemmons can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

The 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.

**Governmental Funds** –The statement shows four columns: 1) the original budget as adopted by the board; 2) the final budget as amended by the board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges.

**Proprietary Funds** – 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 funds to account for storm water activity. This fund is the same as those functions shown in the business-type activities in the Statement of Net Position 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 begin on page 48 of this report.

**Other Information** – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the Village of Clemmons's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 66 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. It is also subject to changes in investment earnings associated with U.S. Treasury Securities because of actions by foreign governments and other holders of publicly held U.S. Treasury Securities.

## Government-Wide Financial Analysis

### Village of Clemmons's Net Position
### Figure 3

| | Governmental Activities | | Business Type Activitie | | Total | |
|---|---|---|---|---|---|---|
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| Current and other assets | $ 10,431,614 | $ 10,144,404 | $ 2,186,546 | $ 2,228,153 | $ 12,618,160 | $ 12,372,557 |
| Non-current assets | - | - | - | - | - | - |
| Capital assets | 45,103,700 | 45,661,221 | 1,185,854 | 801,512 | 46,289,554 | 46,462,733 |
| Total assets | 55,535,314 | 55,805,625 | 3,372,400 | 3,029,665 | 58,907,714 | 58,835,290 |
| Deferred outflows of resources | 263,874 | 171,422 | 58,176 | 42,033 | 322,050 | 213,455 |
| Long-term liabilities | 360,203 | 225,329 | 72,622 | 47,560 | 432,825 | 272,889 |
| Other liabilities | 697,243 | 834,554 | 51,607 | 25,778 | 748,850 | 860,332 |
| Total liabilities | 1,057,446 | 1,059,883 | 124,229 | 73,338 | 1,181,675 | 1,133,221 |
| Deferred inflows of resources | 1,545 | 5,511 | 529 | 1,312 | 2,074 | 6,823 |
| Net position: | | | | | | |
| Net investment in capital assets | 45,103,700 | 45,661,221 | 1,185,854 | 801,512 | 46,289,554 | 46,462,733 |
| Restricted | 3,252,897 | 2,676,793 | - | - | 3,252,897 | 2,676,793 |
| Unrestricted | 6,383,600 | 6,573,639 | 2,119,964 | 2,195,536 | 8,503,564 | 8,769,175 |
| Total net position | $ 54,740,197 | $ 54,911,653 | $ 3,305,818 | $ 2,997,048 | $ 58,046,015 | $ 57,908,701 |

## Government-Wide Financial Analysis (continued)

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets and deferred outflows of the Village of Clemmons exceeded liabilities and deferred inflows by $58,046,015 as of June 30, 2019. The Village's net position increased by $137,314 for the fiscal year ended June 30, 2019. However, the largest portion (79.7%) reflects the Village's net investment in capital assets (e.g. land, buildings, machinery, and equipment). The Village of Clemmons uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. An additional portion of the Village of Clemmons's net position, $3,252,897, represents resources that are subject to external restrictions on how they may be used. The remaining balance of $8,503,564 is unrestricted.

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

- Ad Valorem taxes increased by $74,618, due to growth and continued diligence by Forsyth County in the collection of property taxes by maintaining a tax collection percentage of 99.64.
- Unrestricted intergovernmental revenues increase by $91,140 (4%). Unrestricted intergovernmental revenues are local sales tax, utilities taxes, and ABC distributions.
- Acceptance of infrastructure (streets, sidewalks) valued at $ 166,615 from developer
- Expenses decreased by 3%; some of the significate reasons are as follows:
    - One-time expense for water and sewer line as part of Village Point Road Project that was incurred during the fiscal year June 30, 2018.
    - The Village did not do any resurfacing in the fiscal year June 30, 2019 with the intention of a large resurfacing project during the fiscal year June 30, 2020.
    - CPI increases for solid waste and recycling and salaries and benefits.

## Village of Clemmons's Changes in Net Position
## Figure 4

| | Governmental Activities | | Business-Type Activities | | Total | |
|---|---|---|---|---|---|---|
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| Revenues: | | | | | | |
| Charges for services | $ 57,642 | $ 50,128 | $ 785,393 | $ 775,082 | $ 843,035 | $ 825,210 |
| Operating grants and contributions | 702,228 | 662,580 | 1,125 | 1,150 | 703,353 | 663,730 |
| Capital grants and contributions | 187,445 | 3,890,151 | - | - | 187,445 | 3,890,151 |
| Property taxes | 2,609,124 | 2,534,506 | - | - | 2,609,124 | 2,534,506 |
| Other taxes | 3,182 | 2,748 | - | - | 3,182 | 2,748 |
| Grants and contribution not restricted to specific program | 2,391,772 | 2,300,632 | - | - | 2,391,772 | 2,300,632 |
| Unrestricted investment earnings | 144,862 | 52,866 | 41,725 | 16,860 | 186,587 | 69,726 |
| Other | 59,755 | 3,936 | 50,500 | - | 110,255 | 3,936 |
| **Total revenues** | 6,156,010 | 9,497,547 | 878,743 | 793,092 | 7,034,753 | 10,290,639 |
| **Expenses:** | | | | | | |
| Governing board | 65,310 | 54,689 | - | - | 65,310 | 54,689 |
| Administration | 661,606 | 622,247 | - | - | 661,606 | 622,247 |
| Public safety | 1,359,579 | 1,285,031 | - | - | 1,359,579 | 1,285,031 |
| Public works & streets | 3,702,946 | 3,872,006 | - | - | 3,702,946 | 3,872,006 |
| Planning & zoning | 168,239 | 196,425 | - | - | 168,239 | 196,425 |
| Clemmons events & marketing | 126,825 | 91,968 | - | - | 126,825 | 91,968 |
| Parks & recreation | 40,033 | 41,293 | - | - | 40,033 | 41,293 |
| Other governments infrasturcture | 202,928 | 451,082 | - | - | 202,928 | 451,082 |
| Stormwater utility | - | - | 569,973 | 525,206 | 569,973 | 525,206 |
| Total expenses | 6,327,466 | 6,614,741 | 569,973 | 525,206 | 6,897,439 | 7,139,947 |
| Increase (decrease ) in net position before transfers | (171,456) | 2,882,806 | 308,770 | 267,886 | 137,314 | 3,150,692 |
| Transfers | - | 104,916 | - | (104,916) | - | - |
| Increase (decrease) in net position after transfers | (171,456) | 2,987,722 | 308,770 | 162,970 | 137,314 | 3,150,692 |
| Net position, beginning | 51,923,931 | 51,923,931 | 2,834,078 | 2,834,078 | 54,758,009 | 54,758,009 |
| Net position, June 30 | $ 51,752,475 | $ 54,911,653 | $ 3,142,848 | $ 2,997,048 | $ 54,895,323 | $ 57,908,701 |

**Governmental activities.** Governmental activities decreased the Village's net position by $71,456. The decrease is mainly due to depreciation expense exceeding capital outlay, and pension expense. These items where offset with donation of infrastructure. The Village continues to see increase of economic activity due to start or completion of new commercial property and some residential property and on the flip side there has been increase in the cost of goods and services, and construction. Infrastructure is a major piece of the Village capital assets, therefore the Village's depreciation expense for governmental activities is substantial. The Village does focus on maintaining our infrastructure by incorporating a street condition rating to determine resurfacing requirement and annual sidewalk maintenance. The Village continues to utilize grant opportunities when possible for sidewalk infrastructure and greenways. Village management continues to explore ways to reduce costs and or improve programs to our citizens.

**Business-type activities.** Business-type activities increased the Village of Clemmons's net position by $308,770. 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 position is anticipated in order to accumulate funds to complete future capital projects. Due to increase in impervious coverage the stormwater fee increase by 1%
- Investment earnings increase due to the Federal Reserve increasing rates thru out the year.
- Sale of capital assets
- The revenue increases were offset by 8% increase in expenses, due to normal CPI increase, salary and benefit cost and minor capital improvements.

## Financial Analysis of the Village's Funds

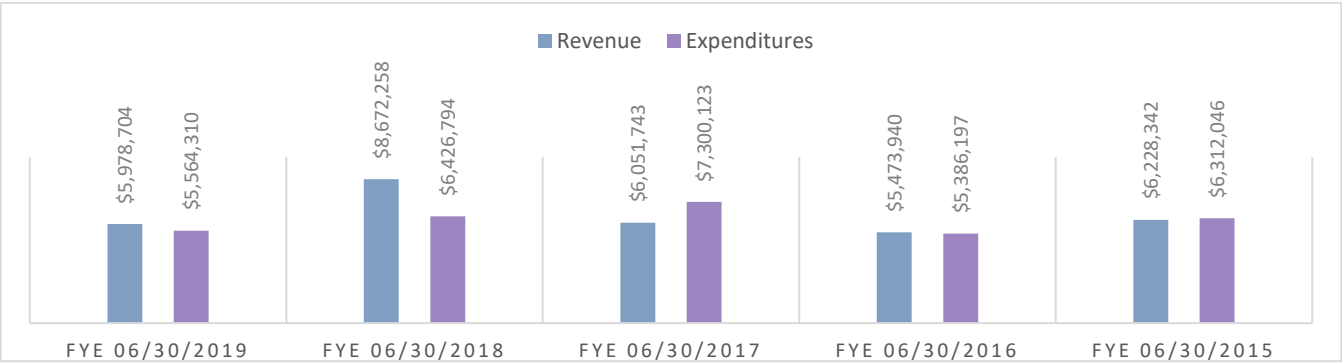
As noted earlier, the Village of Clemmons uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

At June 30, 2019, the governmental funds of Village of Clemmons reported a combined fund balance of $ 9,754,489 with a net increase of $414,394. The general fund increased by $447,758 due to 5.3% increase in revenues and decrease of 1.6% in recurring expenditures. The reduction in recurring expenditures was mainly due to the fact that the Village did not do a resurfacing project during this year and transfers to capital projects did not proceed as anticipated. The Village's capital outlay did increase due to the James Street Road Extension. Non-major funds decreased by $33,364 mainly due to timing differences between when revenues are received and expenditures are incurred.

The general fund is the chief operating fund of the Village of Clemmons. Total fund balance at the end of current fiscal year was $9,516,476 of which $5,746,683 is unassigned. The Council desires to maintain $3,000,000 in fund balance. The general fund increased by $447,758 mainly due to timing of capital projects and no street resurfacing. The Village currently has an available fund balance of 99.5% of general fund expenditures, and total fund balance represents 157% of the same amount.

**Actual Governmental Fund Revenues and Actual Governmental Fund Expenditures**
**Figure 5**



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

Amendments to the General fund Budget totaled an increase of $293,710.
The budget was amended for the following reasons:

- Actual bid price for James Street Extension. $293,710

The Village incurred a positive variance for actual revenues and actual expenditures compared to final budget of $447,758 (5.7%).

Revenues had a negative variance of $25,421 (1.1%); with most revenues coming in as expected with modest positive variance. Some variances though modest do indicate that our local economy is remaining steady with some slow growth.

- Unrestricted intergovernmental has a positive variance $116,672 due to sales tax.
- Interest earnings has a positive variance of $119,815, due to the Federal Reserve raising rates during the year.
- Restricted intergovernmental and other revenues has a negative variance of $359,945 mainly due to the James Street Extension Project not being completed by June 30, 2019. Water and sewer reimbursement from Clemmons Sewer Reserve held by City of Winston-Salem and portion of road funded by developer has not been billed. Expenditures also had a positive variance due to the construction not been complete by June 30, 2019.

Expenditures and other financing uses had a positive variance of $2,349,894; mostly due to timing issues with capital and capital projects.
Some of the more notable variances is as follows.

- Capital had a positive balance of $274,863, $17,550 was re-appropriated in the fiscal year ending June 30, 2019 budget.
  - The infrastructure for new library site was not completed, and was re-appropriated.
  - The Village chose not to proceed privacy fence, paving and wiring at our Dillon Industrial Drive location.
- Streets had a positive balance of $429,772 due to the decision to delay street resurfacing until street survey could be completed.
  - Transfer to Market Center Drive capital project in the amount of $539,900, project was delayed and re-appropriated in the fiscal year June 30, 2019 budget.
- Transfers to other funds had a positive variance of $1,152,744.
  - The timing of our actual expenditures for multi-year capital projects did not coincide with proposed budget. The total project cost remain the same for the multi-year, however the annual transfer from the General Fund can vary from budget. All of these funds were re-appropriated in the June 30, 2020 budget.
    - Sidewalk Project along Highway 158 to Tanglewood: delayed due to utility relocation and acquisitions of easements.
    - Market Center Drive acquiring necessary easements and change in scope of project.

**Proprietary Funds**. The Village of Clemmons's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Stormwater Fund at the end of the fiscal year amounted to $2,119,964. The total change in net position for the Stormwater Fund was $ 308,770. The change in net position in the Stormwater Fund is a result of a fee structure based to accumulate funds for capital improvement projects. The Village did have several capital improvement project started, however were not completed during the current year. The Village re-allocated $797,400.

## Capital Asset and Debt Administration

**Capital assets.** The Village of Clemmons's investment in capital assets for its governmental and business–type activities as of June 30, 2019, totals $46,289,554(net of accumulated depreciation). These assets include buildings, roads and bridges, land, machinery and equipment, park facilities, and vehicles.

Major capital asset transactions during the year include the following:

Governmental activities

- Tub grinder - $244,183
- Message board - $13,200
- Ford F250 with snow plow and salt spreader - $51,153
- 1954 Chevy Truck for Farmers Market - $ 9,297
- Radios and wireless headset - $8,060.
- Construction In Progress
  - James Street Extension Road - $498,352
  - Market Center Drive project - $43,553
  - 158 Sidewalk & Greenway - $40,443

Business-type activities

- Tub grinder - $244,183
- Capital Improvement Plan
- Construction in progress
  - Harper Valley Lane - $119,425
  - Lakefield Court - $1,922
  - James Street Extension Stormwater Pond $36,546
  - Doublegate - $2,200
  - Greenbrook - $2,000
  - Mendelssohn - $2,000
  - Tanglebrook Trail - $1,500

**Village of Clemmons's Capital Assets**
**(Net of depreciation)**

**Figure 6**

**Additional information on the Village's capital assets can be found in Note 3e of the Basic Financial Statements.**

| | Governmental Activities | | Business-Type Activities | | Total | |
|---|---|---|---|---|---|---|
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| Land & Improvements | $ 20,517,661 | $ 20,488,261 | $ 16,200 | $ 16,200 | $ 20,533,861 | $ 20,504,461 |
| Works of Art | 94,549 | 94,549 | - | - | 94,549 | 94,549 |
| Buildings | 1,040,915 | 1,084,780 | 43,722 | 45,472 | 1,084,637 | 1,130,252 |
| Improvements other than buildings | 301,445 | 310,292 | - | - | 301,445 | 310,292 |
| Equipment and furniture | 554,975 | 358,994 | 227,386 | 4,771 | 782,361 | 363,765 |
| Vehicles and motorized equipment | 366,346 | 404,255 | 187,314 | 234,262 | 553,660 | 638,517 |
| Computer software & eq. | 14,920 | 24,939 | 1,553 | 2,044 | 16,473 | 26,983 |
| Infrastructure | 21,282,179 | 22,539,046 | 376,435 | 386,565 | 21,658,614 | 22,925,611 |
| Construction in progress | 930,710 | 356,105 | 333,244 | 112,198 | 1,263,954 | 468,303 |
| Total | $ 45,103,700 | $ 45,661,221 | $ 1,185,854 | $ 801,512 | $ 46,289,554 | $ 46,462,733 |

**Long-term Debt**. As of June 30, 2019, the Village of Clemmons has no long term debt.

North Carolina general statutes limit the amount of general obligation debt that a unit of government can issue up to 8% of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for Village of Clemmons is $176,268,661. Additional information regarding the Village of Clemmons's long-term obligations can be found in Note3f of this report.

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

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

- 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, 2019, the unemployment rate for Forsyth County was up .2% to 4.4%.
- Sales tax was up 6% which indicated a good economy in Forsyth County.
- Consumer price index which is a measure of the cost of goods and services and inflation increased by 1.6% for June 30, 2019. Our contract for solid waste and recycling uses the water and sewer and trash collection consumer price index which increased by 3.6%. Health insurance cost continues to increase at rate higher than other goods and services.
- The Village continues to see activity in re-zoning and stormwater permits.
- Clemmons has a fifteen cents tax cap in our charter.

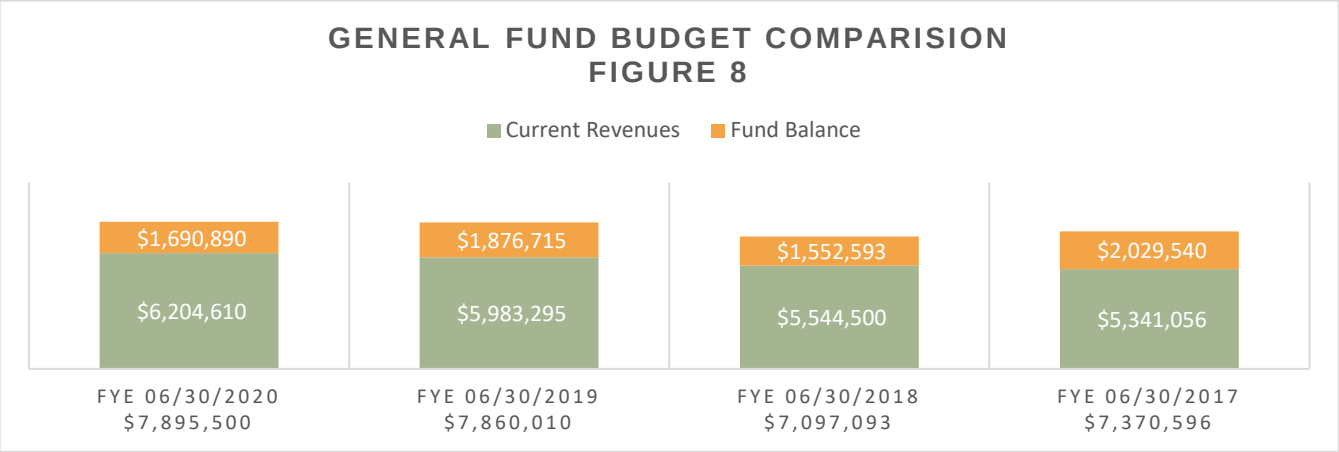
## Budget Highlights for the Fiscal Year Ending June 30, 2020

**Governmental Activities:** The Village's total budget increased by $34,490 (.4%) mainly due to fluctuations in capital asset purchases and capital infrastructure projects. In general actual capital projects construction cost have come in around 25% higher than projections. Several factors play in to this, fewer construction companies and increase in general labor and materials due to inflation. The Village budgeted for one increase in personnel position in public works. In order to keep infrastructure maintained and services at current level, an additional position was requested. Public safety is an important factor in quality of life and the Council voted to add an additional deputy in January 2020. As noted above solid waste and recycling increased by 3.6%. Health insurance and retirement cost increased. The Village is appropriating $1,690,050 fund balance to finance capital projects, vehicles, equipment, street resurfacing and marketing of Clemmons and community events. $881,675 was re-appropriated from prior year due to difference between estimated progress and actual progress for capital projects and capital items that were delayed due to various reasons.

The major factors contributing to increase in budget is as follows:

- Capital outlay decreased by $1,702,060 due to James Street Extension. Approximately 91% of this project was completed in year ending June 30, 2019.
- Public safety increased by $20,965 (1.4%). This is for the additional deputy in January. Part of the cost for this additional deputy is covered by Forsyth County and the Forsyth County sheriff's department.
- Public works increased by $80,175 mainly due to personnel, trash, and recycling.
- Street appropriated increased by $677,805 in anticipation of major street resurfacing.
- Transfers to capital projects increased by $53,175, transfers can fluctuate due to progress on capital projects and what capital projects the Village has in any given year. The Village has the following capital projects
    - 158 Sidewalk to Tanglebrook Park
    - Market Center Drive
    - Harper Road Sidewalk

The Village appropriated $309,250 from unassigned fund balance which is shown on Exhibit 3 as assigned fund balance subsequent year's expenditures. The Village appropriated $1,368,780 from restricted fund balance streets, and $12,860 from restricted cultural, economic, recreation and tourism which are included in restricted fund balance totals on Exhibit 3. One of the appropriate uses of Fund Balance is to allow the Village to make one-time purchases or complete capital projects without affecting the resource stream of normal operations.



**Business–type Activities:** The Stormwater Utility budget increased by 18% to $ 2,322,705. The increase is due to fluctuations in capital outlay and the capital improvement projects to be completed in the fiscal year. The Citizen Stormwater Committee evaluates the Village capital improvement plan and ranks the capital improvement plan. The Citizen Stormwater Committee chose pay as you go method to fund the capital improvement, therefore some budget years there may be minimum projects and other year major projects. Anticipated capital improvement projects are as follows Springside, Lakefield, Springpath, Breckingridge and Stormwater Pond for library site.

The Stormwater Utility fee is as follows
Per equivalent residential unit per month is $5.00; annually $60.00

## Requests for Information

This report is designed to provide an overview of the Village's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to K. Ann Stroud, Finance Officer, Village of Clemmons, 3715 Clemmons Road, Clemmons, NC 27012, 336-766-7511, or email astroud@clemmons.org. This report is located on the Village's web site http://www.clemmons.org/159/Finance
.

Picture by James Stewart Laster Mill House

# Basic Financial Statements

## Government wide Financial Statements

## Fund Financial Statements

## Notes to Financial Statements

## Required Supplementary Information

## Village of Clemmons, North Carolina

**Exhibit 1**

## Statement of Net Position
## June 30, 2019

| | Primary Government | | |
|---|---|---|---|
| | Governmental Activities | Business-type Activities | Total |
| **Assets** | | | |
| **Current Assets:** | | | |
| Cash and cash equivalents | $ 7,176,284 | $ 2,161,986 | $ 9,338,270 |
| Property tax receivable | 9,310 | - | 9,310 |
| Accounts receivable | 142 | 1,306 | 1,448 |
| Due from other governments | 635,732 | 7,858 | 643,590 |
| Inventories | 60,506 | 7,648 | 68,154 |
| Security deposit | 1,200 | - | 1,200 |
| Prepaid expenses | 46,021 | 7,748 | 53,769 |
| Restricted cash and cash equivalents | 2,502,419 | - | 2,502,419 |
| **Total current assets** | 10,431,614 | 2,186,546 | 12,618,160 |
| **Non-current Assets:** | | | |
| Capital assets (Note 3e.): | | | |
| Land, improvements, and non-depreciable assets | 20,612,210 | 16,200 | 20,628,410 |
| Construction in progress | 930,710 | 333,244 | 1,263,954 |
| Other capital assets, net of depreciation | 23,560,780 | 836,410 | 24,397,190 |
| **Total capital assets** | 45,103,700 | 1,185,854 | 46,289,554 |
| **Total noncurrent assets** | 45,103,700 | 1,185,854 | 46,289,554 |
| **Total assets** | 55,535,314 | 3,372,400 | 58,907,714 |
| **Deferred Outflows of Resources** | | | |
| Pension deferrals | 263,874 | 58,176 | 322,050 |
| **Total deferred outflows of resources** | 263,874 | 58,176 | 322,050 |
| **Liabilities** | | | |
| **Current liabilities:** | | | |
| Accounts payable | 638,818 | 41,401 | 680,219 |
| Accrued salaries and payroll liabilities | 28,246 | 5,352 | 33,598 |
| Current portion of long-term liabilities | 29,474 | 4,854 | 34,328 |
| Accounts payable and accrued liabilities from restricted cash | 705 | - | 705 |
| **Total current liabilities** | 697,243 | 51,607 | 748,850 |
| **Noncurrent liabilities:** | | | |
| Net pension liability | 321,132 | 70,542 | 391,674 |
| Due in more than one year | 39,071 | 2,080 | 41,151 |
| **Total noncurrent liabilities** | 360,203 | 72,622 | 432,825 |
| **Total liabilities** | 1,057,446 | 124,229 | 1,181,675 |
| **Deferred Inflows of Resources** | | | |
| Prepaid taxes | 46 | - | 46 |
| Pension deferrals | 1,499 | 529 | 2,028 |
| **Total deferred inflows of resources** | 1,545 | 529 | 2,074 |

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

## Village of Clemmons, North Carolina
## Statement of Net Position
## June 30, 2019

**Exhibit 1**

| | Primary Government | | |
|---|---|---|---|
| | Governmental Activities | Business-type Activities | Total |
| **Net Position** | | | |
| Net investment in capital assets | 45,103,700 | 1,185,854 | 46,289,554 |
| Restricted for: | | | |
| Stabilization by State Statute | 738,391 | - | 738,391 |
| Transportation | 2,136,537 | - | 2,136,537 |
| Downtown revitalization | 138,679 | - | 138,679 |
| Culture, recreational, and tourism | 69,609 | - | 69,609 |
| Travel & tourism | 169,681 | - | 169,681 |
| Unrestricted | 6,383,600 | 2,119,964 | 8,503,564 |
| **Total net position** | $ 54,740,197 | $ 3,305,818 | $ 58,046,015 |

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

VILLAGE OF CLEMMONS
NORTH CAROLINA

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## Village of Clemmons, North Carolina

Exhibit 2

## Statement of Activities

## For the Fiscal Year Ended June 30, 2019

| | | Program Revenues | | | Net (Expense) Revenue and Changes in Net Position 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 | $ 65,310 | $ - | $ - | $ - | $ (65,310) | $ - | $ (65,310) |
| Administration | 661,606 | - | - | - | (661,606) | - | (661,606) |
| Public safety | 1,359,579 | 6,275 | - | - | (1,353,304) | - | (1,353,304) |
| Public works & streets | 3,702,946 | 14,941 | 574,603 | 187,445 | (2,925,957) | - | (2,925,957) |
| Planning & zoning | 168,239 | 15,250 | - | - | (152,989) | - | (152,989) |
| Clemmons events & marketing | 126,825 | - | 127,625 | - | 800 | - | 800 |
| Parks & recreation | 40,033 | 21,176 | - | - | (18,857) | - | (18,857) |
| Other Governments Infrastructure | 202,928 | - | - | - | (202,928) | - | (202,928) |
| **Total governmental activities** | 6,327,466 | 57,642 | 702,228 | 187,445 | (5,380,151) | - | (5,380,151) |
| **Business-type activities:** | | | | | | | |
| Stormwater utility | 569,973 | 785,393 | 1,125 | - | - | 216,545 | 216,545 |
| **Total business-type activities** | 569,973 | 785,393 | 1,125 | - | - | 216,545 | 216,545 |
| **Total primary government** | $ 6,897,439 | $ 843,035 | $ 703,353 | $ 187,445 | (5,380,151) | 216,545 | (5,163,606) |
| General revenues: | | | | | | | |
| Taxes: | | | | | | | |
| Property taxes, levied for general purpose | | | | | 2,609,124 | - | 2,609,124 |
| Other taxes and licenses | | | | | 3,182 | - | 3,182 |
| Grants and contributions not restricted to specific programs | | | | | 2,391,772 | - | 2,391,772 |
| Unrestricted investment earnings | | | | | 144,862 | 41,725 | 186,587 |
| Miscellaneous | | | | | 59,755 | 50,500 | 110,255 |
| Total general revenues not including transfers and special items | | | | | 5,208,695 | 92,225 | 5,300,920 |
| Transfers (to) from other funds | | | | | - | - | - |
| Total general revenues, special items, and transfers | | | | | 5,208,695 | 92,225 | 5,300,920 |
| **Change in net position** | | | | | **(171,456)** | **308,770** | **137,314** |
| Net position-beginning | | | | | 54,911,653 | 2,997,048 | 57,908,701 |
| **Net position-ending** | | | | | **$ 54,740,197** | **$ 3,305,818** | **$ 58,046,015** |

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

## Village of Clemmons, North Carolina

**Exhibit 3**

## Balance Sheet
## Governmental Funds
## June 30, 2019

| | Major Fund | | |
|---|---|---|---|
| | General | Total Non-Major Funds | Total Governmental Funds |
| **Assets** | | | |
| Cash and investments | $ 7,056,041 | $ 120,243 | $ 7,176,284 |
| Cash and investments-restricted | 2,363,740 | 138,679 | 2,502,419 |
| Accounts receivable | 142 | - | 142 |
| Property taxes receivable, net | 9,310 | - | 9,310 |
| Due from other governments | 635,723 | 9 | 635,732 |
| Inventories | 60,506 | - | 60,506 |
| Prepaid items | 46,021 | - | 46,021 |
| Security deposit | 1,200 | - | 1,200 |
| **Total assets** | 10,172,683 | 258,931 | 10,431,614 |
| **Liabilities** | | | |
| Accounts payable and accrued liabilities | 618,531 | 20,918 | 639,449 |
| Accounts payable from restricted assets | 74 | - | 74 |
| Accrued salaries and payroll liabilities | 27,615 | - | 27,615 |
| Accrued salaries from restricted assets | 631 | - | 631 |
| **Total liabilities** | 646,851 | 20,918 | 667,769 |
| **Deferred Inflows of Resources** | | | |
| Prepaid taxes | 46 | - | 46 |
| Property taxes receivable | 9,310 | - | 9,310 |
| **Total deferred inflows of resources** | 9,356 | - | 9,356 |
| **Fund Balance** | | | |
| Non spendable: | | | |
| Inventories | 60,506 | - | 60,506 |
| Prepaid items | 46,021 | - | 46,021 |
| Restricted: | | | |
| Stabilization by State Statute | 738,391 | - | 738,391 |
| Streets | 2,136,537 | - | 2,136,537 |
| Travel and Tourism | 169,681 | - | 169,681 |
| Cultural, recreation, and economic development | 69,609 | - | 69,609 |
| Downtown revitalization and economic development | - | 138,679 | 138,679 |
| Committed: | | | |
| Future facilities | 32,711 | - | 32,711 |
| Recreation-Payment in lieu | 64,984 | - | 64,984 |
| Capital projects | - | 103,546 | 103,546 |
| Assigned: | | | |
| Subsequent year's expenditures | 309,250 | - | 309,250 |
| Capital projects | 142,567 | - | 142,567 |
| Unassigned: | 5,746,219 | (4,212) | 5,742,007 |
| **Total fund balances** | 9,516,476 | 238,013 | 9,754,489 |
| **Total liabilities, deferred inflow of resources and fund balance** | $ 10,172,683 | $ 258,931 | |

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

Amounts reported for governmental activities in the Statement of Net Position (Exhibit 1) are different because:

| | | |
|---|---|---|
| Total fund balance, Governmental funds | | $ 9,754,489 |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. | | |
| Gross capital assets at historical cost | $ 73,658,323 | |
| Accumulated depreciation | (28,554,623) | 45,103,700 |
| Deferred outflows of resources related to pensions are not reported in the funds | | 263,874 |
| Long-term liabilities used in governmental activities are not financial uses and therefore are not reported in the funds | | |
| Net pension liability | (321,132) | |
| Compensated absences | (68,545) | (389,677) |
| Earned revenues considered deferred inflows of resources in fund statements | | 9,310 |
| Deferred inflows of resources related to pensions are not reported in the funds. | | (1,499) |
| | | $ 54,740,197 |

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, 2019

| | Major Funds | | |
|---|---|---|---|
| | General Fund | Total Non-Major Funds | Total Governmental Funds |
| **Revenues** | | | |
| Ad valorem taxes | $ 2,608,088 | $ - | $ 2,608,088 |
| Other taxes and licenses | 3,182 | - | 3,182 |
| Unrestricted intergovernmental | 2,391,772 | - | 2,391,772 |
| Restricted intergovernmental | 651,275 | 20,830 | 672,105 |
| Permits and fees | 44,956 | - | 44,956 |
| Sales and services | 12,686 | - | 12,686 |
| Investment earnings | 186,815 | - | 186,815 |
| Donations & sponsorships | 9,000 | - | 9,000 |
| Other revenues | 100 | - | 100 |
| **Total Revenues** | 5,907,874 | 20,830 | 5,928,704 |
| **Expenditures** | | | |
| Governing board | 65,310 | - | 65,310 |
| Administration | 620,344 | - | 620,344 |
| Public safety | 1,358,991 | - | 1,358,991 |
| Public works | 2,012,857 | - | 2,012,857 |
| Powell bill (streets) | 95,428 | - | 95,428 |
| Planning & zoning | 181,645 | - | 181,645 |
| Clemmons events & marketing | 125,806 | - | 125,806 |
| Parks & recreation | 5,107 | - | 5,107 |
| Major repairs & renovations | - | - | - |
| Capital outlay | 1,014,847 | - | 1,014,847 |
| Sidewalk 158 to Tanglewood | - | 40,423 | 40,423 |
| Market Center Drive | - | 43,552 | 43,552 |
| **Total Expenditures** | 5,480,335 | 83,975 | 5,564,310 |
| **Excess(deficiency) of Revenues over Expenditures** | 427,539 | (63,145) | 364,394 |
| **Other Financing Sources (Uses)** | | | |
| Transfers (to) or from other funds | (29,781) | 29,781 | - |
| Sales of capital assets | 50,000 | - | 50,000 |
| **Total other financing sources** | 20,219 | 29,781 | 50,000 |
| **Net change in fund balance** | **447,758** | **(33,364)** | **414,394** |
| **Fund Balance - Beginning of Year** | 9,066,421 | 271,377 | 9,337,798 |
| Change in reserve for inventories | 2,297 | - | 2,297 |
| **Fund Balance - End of Year** | **$ 9,516,476** | **$ 238,013** | **$ 9,754,489** |

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

## Statement of Revenues, Expenditures, and Changes in Fund Balance
## Governmental Funds ( Continued)
## For the Year Ended June 30, 2019

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

| | | |
|---|---|---|
| Net changes in fund balances - total governmental funds | | $ 414,394 |
| Change in fund balance due to change in reserve for inventory | | 2,297 |
| 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 expenditures which were capitalized | $ 903,597 | |
| Depreciation expense for governmental assets | (1,637,388) | (733,791) |
| Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities | | 68,120 |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. | | |
| Donation of Infrastructure | $ 166,615 | |
| Trade in value of capital assets | 9,655 | |
| Change in unavailable revenue for tax revenues | 1,036 | 177,306 |
| Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. | | |
| Compensated absences | $ 4,224 | |
| Pension expense | (104,006) | (99,782) |
| **Total changes in net position of governmental activities** | | **$ (171,456)** |

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

## Village of Clemmons, North Carolina

**Exhibit 5**

## General Fund
## Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
## For the Fiscal Year Ended June 30, 2019

| | Original Budget | Final Budget | Actual Amounts | Variance with Final Budget Positive (Negative) |
|---|---|---|---|---|
| **Revenues** | | | | |
| Ad valorem taxes | $ 2,550,000 | $ 2,550,000 | $ 2,608,088 | $ 58,088 |
| Other taxes and licenses | 2,700 | 2,700 | 3,182 | 482 |
| Unrestricted intergovernmental | 2,275,100 | 2,275,100 | 2,391,772 | 116,672 |
| Restricted intergovernmental | 678,700 | 827,340 | 651,275 | (176,065) |
| Permits and fees | 20,500 | 20,500 | 44,956 | 24,456 |
| Sales and services | 1,675 | 1,675 | 12,686 | 11,011 |
| Investment earnings | 67,000 | 67,000 | 186,815 | 119,815 |
| Donations & sponsorships | 5,000 | 5,000 | 9,000 | 4,000 |
| Other | 176,300 | 183,980 | 100 | (183,880) |
| **Total revenues** | 5,776,975 | 5,933,295 | 5,907,874 | (25,421) |
| **Expenditures** | | | | |
| Governing board | 74,150 | 74,150 | 65,310 | 8,840 |
| Administration | 699,150 | 699,150 | 620,344 | 78,806 |
| Public safety | 1,424,350 | 1,424,350 | 1,358,991 | 65,359 |
| Public works | 2,256,100 | 2,256,100 | 2,012,857 | 243,243 |
| Powell bill (streets) | 525,200 | 525,200 | 95,428 | 429,772 |
| Planning & zoning | 224,550 | 224,550 | 181,645 | 42,905 |
| Clemmons events & marketing | 148,275 | 148,275 | 125,806 | 22,469 |
| Parks & recreation | 11,000 | 11,000 | 5,107 | 5,893 |
| Major repairs or renovations | 25,000 | 25,000 | - | 25,000 |
| Capital outlay | 996,000 | 1,289,710 | 1,014,847 | 274,863 |
| **Total expenditures** | 6,383,775 | 6,677,485 | 5,480,335 | 1,197,150 |
| **Revenues over (under) expenditures** | (606,800) | (744,190) | 427,539 | 1,171,729 |
| **Other financing sources (uses):** | | | | |
| Transfer to other funds-restricted streets | (539,900) | (539,900) | (5,916) | 533,984 |
| Transfer to other funds | (642,625) | (642,625) | (23,865) | 618,760 |
| Sale of capital assets | 50,000 | 50,000 | 50,000 | - |
| **Total other financing sources (uses)** | (1,132,525) | (1,132,525) | 20,219 | 1,152,744 |
| Restricted fund balance appropriated | 573,175 | 573,175 | - | (573,175) |
| Unassigned fund balance appropriated | 1,166,150 | 1,303,540 | - | (1,303,540) |
| **Total fund balance appropriated** | 1,739,325 | 1,876,715 | - | (1,876,715) |
| **Net change in fund balance** | $ - | $ - | $ 447,758 | $ 447,758 |
| **Fund balances, beginning of year** | | | 9,066,421 | |
| Change in reserve for inventories | | | 2,297 | |
| **Fund balances, end of year** | | | $ 9,516,476 | |

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

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

**Statement of Net Position**
**Proprietary Funds**
**June 30, 2019**

| | Stormwater Fund | Total Proprietary Funds |
|---|---|---|
| **Assets** | | |
| Current Assets: | | |
| Cash | $ 2,161,986 | $ 2,161,986 |
| Accounts receivable | 1,306 | 1,306 |
| Due from other governments | 7,858 | 7,858 |
| Inventory | 7,648 | 7,648 |
| Prepaid expenses | 7,748 | 7,748 |
| Total current assets | 2,186,546 | 2,186,546 |
| Noncurrent assets: | | |
| Capital assets: Note 3e | | |
| Land | 16,200 | 16,200 |
| Construction in progress | 333,244 | 333,244 |
| Capital assets, net of depreciation | 836,410 | 836,410 |
| Total noncurrent assets | 1,185,854 | 1,185,854 |
| **Total assets** | $ 3,372,400 | $ 3,372,400 |
| **Deferred Outflows of Resources** | | |
| Pension deferrals | 58,176 | 58,176 |
| **Total deferred outflows of resources** | 58,176 | 58,176 |
| **Liabilities** | | |
| Current liabilities: | | |
| Accounts payable | $ 41,401 | $ 41,401 |
| Accrued salaries | 3,618 | 3,618 |
| Accrued payroll liabilities | 1,734 | 1,734 |
| Compensated absences-current | 4,854 | 4,854 |
| Total current liabilities | 51,607 | 51,607 |
| Noncurrent liabilities: | | |
| Net pension liability | 70,542 | 70,542 |
| Compensated absences - noncurrent | 2,080 | 2,080 |
| Total noncurrent liabilities | 72,622 | 72,622 |
| **Total liabilities** | 124,229 | 124,229 |
| **Total Deferred Inflows of Resources** | | |
| Pension deferrals | 529 | 529 |
| **Total deferred inflows of resources** | 529 | 529 |
| **Net Position** | | |
| Net investment in capital assets | 1,185,854 | 1,185,854 |
| Unrestricted | 2,119,964 | 2,119,964 |
| **Total net position** | $ 3,305,818 | $ 3,305,818 |
| **Net position of business-type activities** | | $ 3,305,818 |

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

## Village of Clemmons, North Carolina

**Exhibit 7**

## Statement of Revenues, Expenses, and Changes in Net Position
## Proprietary Funds
## For the Fiscal Year Ended June 30, 2019

| | Stormwater Fund | Total Proprietary Funds |
|---|---|---|
| **Operating Revenues** | | |
| Stormwater fee | $ 776,585 | $ 776,585 |
| Stormwater permits | 5,558 | 5,558 |
| Charges for services | 3,250 | 3,250 |
| Violations | 500 | 500 |
| Sponsorships | 1,125 | 1,125 |
| **Total operating revenues** | 787,018 | 787,018 |
| **Operating Expenses** | | |
| Salaries & fringe benefits | 257,037 | 257,037 |
| Minor capital improvements | 98,495 | 98,495 |
| Other operating expenses | 112,420 | 112,420 |
| Pension expense | 21,134 | 21,134 |
| Depreciation | 80,887 | 80,887 |
| **Total operating expenses** | 569,973 | 569,973 |
| **Total operating income** | 217,045 | 217,045 |
| **Nonoperating Revenues (Expenses)** | | |
| Investment earnings | 41,725 | 41,725 |
| **Total nonoperating revenues (expenses)** | 41,725 | 41,725 |
| **Income (loss) before contributions and transfers** | 258,770 | 258,770 |
| **Other Financing Sources (Uses):** | | |
| Sale of Fixed Assets | 50,000 | 50,000 |
| **Total financing sources (uses)** | 50,000 | 50,000 |
| **Change in net position** | 308,770 | 308,770 |
| **Net Position-Beginning of Year** | 2,997,048 | 2,997,048 |
| **Net Position-End of Year** | 3,305,818 | 3,305,818 |
| **Net position - business-type activities** | | $ 3,305,818 |

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

## Village of Clemmons, North Carolina — Exhibit 8

### Statement of Cash Flows
### Proprietary Funds
### For the Fiscal Year Ended June 30, 2019

| | Stormwater Fund | Total Proprietary Funds |
|---|---|---|
| **Cash Flows from Operating Activities** | | |
| Cash received from customers | $ 782,364 | $ 782,364 |
| Cash paid for goods and services | (183,471) | (183,471) |
| Cash paid to or on behalf of employees for services | (268,985) | (268,985) |
| **Net cash provided by operating activities** | 329,908 | 329,908 |
| **Cash Flows From Capital and Related Financing Activities** | | |
| Acquisition of capital assets | (465,229) | (465,229) |
| Sale of capital assets | 50,000 | 50,000 |
| **Net cash used by capital and related financing activities** | (415,229) | (415,229) |
| **Cash Flows from Investing Activities** | | |
| Interest | 41,725 | 41,725 |
| **Net cash provided by investing activities** | 41,725 | 41,725 |
| **Net decrease in cash and cash equivalents** | (43,596) | (43,596) |
| **Balances-beginning of the year** | 2,205,582 | 2,205,582 |
| **Balances-end of the year** | $ 2,161,986 | $ 2,161,986 |
| **Reconciliation of operating income to net cash provided by operating activities** | | |
| **Operating Income** | $ 217,045 | $ 217,045 |
| **Adjustments to reconcile operating income to net cash provided by operating activities:** | | |
| Depreciation | 80,887 | 80,887 |
| **Changes in assets and liabilities:** | | |
| Increase in accounts receivable | (4,654) | (4,654) |
| Decrease in prepaid expenses | 1,544 | 1,544 |
| Decrease in inventory | 1,121 | 1,121 |
| Increase in deferred outflows of resources for pensions | (16,143) | (16,143) |
| Increase in net pension liability | 24,218 | 24,218 |
| Increase in accounts payable | 24,779 | 24,779 |
| Increase in accrued vacation pay | 2,179 | 2,179 |
| Decrease in accrued salaries & benefits | (285) | (285) |
| Decrease in deferred inflow of resources for pensions | (783) | (783) |
| **Total adjustments** | 112,863 | 112,863 |
| **Net cash provided by operating activities** | $ 329,908 | $ 329,908 |

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

## 1. 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:

### 1a. Reporting Entity

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

### 1b. Basis of Presentation

*Government-Wide Statements*: The statement of net position and the statement of activities display information about the primary government. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double counting of internal activities. 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.

The Village reports the following major governmental funds:

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.

### 1b. Basis of Presentation (continued)

The Village reports the following non-major governmental funds:

Sidewalk & Tanglewood Greenway Capital Project Fund. This fund accounts for the construction of sidewalk from Village Hall to Tanglewood Park along Highway 158. This is funded by a NC Department of Transportation grant with 20% match from general fund.

Market Center Drive Capital Project. This fund accounts for design and construction of an access roads that will run parallel with Lewisville-Clemmons Road. Enhancement for this project such as street lighting and signage is partially funded by a NC Department of Commerce Grant.

Sidewalk 158 Stadium to Kinnamon Capital Project. This fund accounts for construction of a sidewalk from Stadium Drive to Kinnamon road funded by a NC Department of Transportation grant with a 20% match from general fund. *Please note that this capital project was removed and the grant funds where reallocated to Sidewalk & Tanglewood Greenway Capital Project in July 2019.*

Intersection Improvement Capital Project. This fund accounts for intersection improvements funded by a NC Department of Transportation grant with a 20% match from the Village. *Please note that this capital project was removed and the grant funds where reallocated to the Sidewalk & Tanglewood Greenway Capital Project in July 2019.*

Sidewalk Harper Road Capital Project. This fund accounts for construction of a portion of sidewalk along Harper Road funded by a NC Department of Transportation grant with a 20% match from the Village.

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.

### 1c. 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.

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.

### 1c. Measurement Focus and Basis of Accounting (continued)

*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 for property other than motor vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of September 1, 2013, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, the State of North Carolina is responsible for billing and collection the property taxes on registered motor vehicles on behalf of all municipalities. Property taxes are due when vehicles are registered. The billed taxes are applicable to the fiscal year in which they are received. Uncollected taxes that were billed in periods prior to September 1, 2013 and for limited registration plates are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

Sales taxes and certain intergovernmental revenues, such as the 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 is both restricted and unrestricted net position 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.

### 1d. 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. The capital projects funds are appropriated on a project-length basis. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the department 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 departments within a fund up to $10,000; however, any revisions that alter total expenditures of any fund or that change department appropriations by more than $10,000 must be approved by the governing board. During the year, the Village had seven amendments to the original budget. 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.

### 1e. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

#### 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 Super NOW accounts, money market accounts, and certificates of deposit.

## 1e. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

### Deposits and Investments (continued)

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 Village's investments are reported at fair value. Non-participating interest earning contracts are accounted for at cost. The NCCMT-Government Portfolio, a SEC-registered (2a-7) external investment pool, is measured at amortized cost, which is the NCCMT's share price. The NCCMT- Term Portfolio's securities are valued at fair value.

### 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 Investments

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. 143-41.1 through 136-41.4.

Occupancy tax funds are classified as restricted cash because it can only be spent on cultural, recreational, and economic development per section 28 of chapter 908 of 1983 Session Law. A portion of the occupancy tax funds are classified as restricted because it can only be spent to promote travel, tourism, and tourism related expenditures per North Carolina House bill 631.

Downtown revitalization funds are classified as restricted cash because it can only be spent on enhancement downtown development per the grant agreement from NC Department of Commerce.

| | General Fund | Non-Major Governmental Funds |
|---|---|---|
| **Restricted Cash:** | | |
| Streets | $ 2,133,444 | $ - |
| Cultural, economic development and recreational | 163,867 | - |
| Tourism and tourmism related | 66,429 | - |
| Downtown revitalization and economic developme | - | 138,679 |
| | $ 2,363,740 | $ 138,679 |

### 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, 2018.

## 1e. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

### 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 and Prepaid Items

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. The inventories of the Village's enterprise funds consist of materials and supplies held for subsequent use. The cost of these inventories is expensed when consumed rather than when purchased.

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

### 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 received prior to June 15, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 15, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. 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. The Village owns a historically preserved Stagecoach and donated ivory and other collectible item that we consider to be inexhaustible works of art and historical treasures and are not depreciated. Other capital assets are depreciated using the straight-line method over the following estimated useful lives.

| Asset Class | Useful Lives |
|---|---|
| Buildings and system | 50 |
| Infrastructure | 35-50 |
| Improvements | 30 |
| Vehicles and motorized equipment | 5-10 |
| Furniture and equipment | 5-15 |
| Computer equipment and software | 3-4 |

### Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources,* represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Village has one item that meets this criterion-pension deferrals for the 2019 fiscal year. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources.

### 1e. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

#### Deferred outflows/inflows of resources (continued)

This separate financial element, *Deferred Inflows of Resources,* represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Village has several items that meets the criterion for this category – prepaid taxes, property taxes receivable, and pension deferrals.

#### Long-Term Obligations

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

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

#### 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. The personnel policy of the Village provides with approval non-exempt employee can accumulate compensatory time. 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. For non-exempt employees that have accrued compensatory time

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 Position/Fund Balances

##### Net Position

Net position in government-wide and proprietary fund financial statements are classified as net investment in capital assets, restricted, and unrestricted. Restricted net position represents 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.

## 1e. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

### 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.

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

***Restricted for 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 $1,368,780 of restricted for streets in the fiscal year ending June 30, 2020 budget for the Village's Market Center Drive Project.

***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 $12,210 of restricted cultural, economic development and recreation in the fiscal year ending June 30, 2020 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. The Village has appropriated $ $650 of restricted promotion of travel and tourism in June 30, 2020 budget.

***Restricted for Revitalization and Economic Development:*** NC Department of Commerce grants for revitalization and economic development, for enhancements for the Village's Market Center Drive Project.

### 1e. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

**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' Council (highest level of decision-making authority). The governing board can, by adoption of ordinance prior to the end of fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

***Future facilities*** **-** portion of fund balance in reserve for future facilities by a *resolution* approved by the Village Council. Requires a resolution by majority of the Village Council to remove or change this reserve.

***Recreation – Payments in lieu*** –payment in lieu of subdivision open space requirement per the Clemmons Unified Development Ordinance (UDO), restricted for recreation. Requires an amendment of the UDO to remove or change.

***Capital Projects***- portion of fund balance committed for capital projects due to an approved contract in place at June 30, 2019.

**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.

***Capital Projects***- portion of fund balance assigned that is anticipated to be transferred from the general fund for capital projects for fiscal years after June 30, 2019 not included in restricted or committed.

**Unassigned fund balance** – the portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds. The general fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds it is not appropriate to report unassigned fund balance, however in other government funds if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

The Village of Clemmons will use resources in the following hierarchy: federal funds, State funds, local non-village funds, 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 Council annually determines a minimum unassigned fund balance in the general fund. The level of the minimum unassigned fund balance will be determined annually by the Village Council based on anticipated future annual budget needs, emergency funds, and pay as you go financing. The minimum unassigned fund balance for June 30, 2019 is $3,000,000.

### Defined Benefit Cost-Sharing Plan

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

## 2. Stewardship, Compliance, and Accountability

### 2a. Deficit in Fund Balance or Net Position of Individual Funds

The Sidewalk & Tanglewood Greenway Capital Project had a deficit fund balance due to time lag between the dates that (1) interfund goods and services are provided or reimbursement expenditures occur, and (2) transactions are recorded in the accounting system, and (3) payments between funds are made or reimbursement received. The deficit will be corrected when the payments between funds is made and the reimbursement received.

## 3. Detailed Notes on All Funds

**Assets:**

### 3a. 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, 2019 the Village's deposits had a carrying amount of $ 413,832 and a bank balance of $ 447,929. Of the bank balance, $250,000 was covered by federal depository insurance, and the remaining $ 197,929 was covered by collateral held under the Pooling Method. At June 30, 2019, the Village's petty cash fund totaled $ 292.

### 3b. Investments

At June 30, 2019, the Village of Clemmons had $11,426,564 invested with the North Carolina Capital Management Trust's Government 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, 2019, consist of the following:

| | Reported Value | Amortized Value |
|---|---|---|
| North Carolina Capital Management Trust Government Portfolio | $ 11,426,564 | $ 11,426,564 |

*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 no 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 Government Portfolio carried a credit rating of AAAm by Standard & Poor's as of June 30, 2019.

### 3c. Receivables-Allowances for Doubtful Accounts

The amounts presented in the Balance Sheet and the Statement of Net Position is net of the following allowances for doubtful accounts:

| General Fund: | 6/30/2019 |
|---|---|
| Property taxes receivable | $ 13,629 |

### 3d. Due from Other Governments and Accounts Receivable

Accounts due from other governmental agencies and accounts receivable consist of the following items at June 30, 2019:

| | State | County | Other Sources | Total Total |
|---|---|---|---|---|
| **Governmental Activities:** | | | | |
| **Due from other governments** | | | | |
| Property taxes | $ - | $ 25,691 | $ - | $ 25,691 |
| Gross receipts tax | - | 340 | - | 340 |
| Sales and use tax | 226,775 | - | - | 226,775 |
| Utility sales taxes | 230,546 | - | - | 230,546 |
| Refundable sales tax | 13,344 | - | - | 13,344 |
| Solid waste disposal tax | 3,683 | - | - | 3,683 |
| Occupancy tax | - | 9,542 | - | 9,542 |
| ABC distribution | - | - | 116,561 | 116,561 |
| NC Department of Transportation | 9,250 | - | - | 9,250 |
| **Total due from other governments** | $ 483,598 | $ 35,573 | $ 116,561 | $ 635,732 |
| **Accounts receivable** | | | | |
| Miscellaneous receivable | $ - | $ - | $ 142 | $ 142 |
| **Total accounts receivable** | $ - | $ - | $ 142 | $ 142 |
| | | | | |
| **Business Type Activities:** | | | | |
| **Due from other governments** | | | | |
| Stormwater fee | $ - | $ 3,917 | $ - | $ 3,917 |
| Refundable sales tax | 3,941 | - | - | 3,941 |
| **Total due from other governments** | $ 3,941 | $ 3,917 | $ - | $ 7,858 |
| **Accounts receivable** | | | | |
| Stormwater fee receivable | $ - | $ - | $ 1,306 | $ 1,306 |

## 3. Detailed Notes on All Funds

### 3e. Capital Assets

#### Primary Government

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

| | Beginning Balances | Increases | Decreases | Ending Balances |
|---|---|---|---|---|
| **Governmental activities:** | | | | |
| **Capital assets not being depreciated:** | | | | |
| Land | $ 20,035,960 | $ 29,400 | $ - | $ 20,065,360 |
| Land and lake improvements | 452,301 | - | - | 452,301 |
| Works of Art | 94,549 | - | - | 94,549 |
| Construction in progress | 356,105 | 574,605 | - | 930,710 |
| Total capital assets not being depreciated | 20,938,915 | 604,005 | - | 21,542,920 |
| **Capital assets being depreciated:** | | | | |
| Buildings | 1,528,786 | - | - | 1,528,786 |
| Other improvements | 417,364 | 12,722 | - | 430,086 |
| Equipment, furniture & fixtures | 1,151,765 | 276,199 | (188,780) | 1,239,184 |
| Vehicles | 1,325,466 | 49,726 | (26,295) | 1,348,897 |
| Computer equipment & software | 100,411 | - | - | 100,411 |
| Infrastructure | 47,330,824 | 137,215 | - | 47,468,039 |
| Total capital assets being depreciated | 51,854,616 | 475,862 | (215,075) | 52,115,403 |
| **Less accumulated depreciation for:** | | | | |
| Buildings | 444,006 | 43,865 | - | 487,871 |
| Other improvements | 107,072 | 21,569 | - | 128,641 |
| Equipment, furniture & fixtures | 792,771 | 80,218 | (188,780) | 684,209 |
| Vehicles | 921,211 | 87,635 | (26,295) | 982,551 |
| Computer equipment & software | 75,472 | 10,019 | - | 85,491 |
| Infrastructure | 24,791,778 | 1,394,082 | - | 26,185,860 |
| Total accumulated depreciation | 27,132,310 | $ 1,637,388 | $ (215,075) | 28,554,623 |
| Total capital assets being depreciated, net | 24,722,306 | 3,274,776 | (430,150) | 23,560,780 |
| **Governmental activity capital assets, net** | $ 45,661,221 | | | $ 45,103,700 |

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

| | |
|---|---|
| Administration | $ 26,423 |
| Public safety | 588 |
| Public Works & Streets | 1,574,960 |
| Planning | 491 |
| Park & recreation | 34,926 |
| Total depreciation expense | $ 1,637,388 |

## 3. Detailed Notes on All Funds

### 3e. Capital Assets (continued)

| | Beginning Balances | Increases | Decreases | Ending Balances |
|---|---|---|---|---|
| **Business-type Activities:** | | | | |
| **Stormwater Fund:** | | | | |
| **Capital assets not being depreciated** | | | | |
| Land | $ 16,200 | $ - | $ - | $ 16,200 |
| Construction in progress drainage improv. | 112,198 | 221,046 | - | 333,244 |
| Total capital assets not being depreciated | 128,398 | 221,046 | - | 349,444 |
| **Capital assets being depreciated** | | | | |
| Building | 53,883 | - | - | 53,883 |
| Computer equipment | 2,453 | - | - | 2,453 |
| Equipment | 204,188 | 244,183 | (154,280) | 294,091 |
| Vehicles | 634,426 | - | - | 634,426 |
| Infrastructure-drainage | 451,432 | - | - | 451,432 |
| Total capital assets being depreciated | 1,346,382 | 244,183 | (154,280) | 1,436,285 |
| **Less accumulated depreciation for:** | | | | |
| Building | 8,411 | 1,750 | - | 10,161 |
| Computer equipment | 409 | 491 | - | 900 |
| Equipment | 199,417 | 21,568 | (154,280) | 66,705 |
| Vehicles | 400,164 | 46,948 | - | 447,112 |
| Infrastructure-drainage | 64,867 | 10,130 | - | 74,997 |
| Total accumulated depreciation | 673,268 | 80,887 | (154,280) | 599,875 |
| Total capital assets being depreciated, net | 673,114 | | | 836,410 |
| **Business-type activity capital assets, net** | $ 801,512 | | | $ 1,185,854 |

**Construction commitments**

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

| Project | Contract | Completed To Date | Remaining Commitment |
|---|---|---|---|
| Market Center Drive | | | |
| Enhancements ACSM | 6,500 | 3,250 | 3,250 |
| Construction Yadkin Valley Paving | 303,164 | - | 303,164 |
| Summit- Sidewalk 158 / Tanglewood | 228,865 | 216,045 | 12,820 |
| Summit-/Sidewalk 158 / Tanglewood | 13,585 | 8,151 | 5,434 |
| RCJ-Lakefield CIP | 49,845 | - | 49,845 |
| Hennings Construction- James Street Extension | 808,105 | 660,905 | 147,200 |
| Total | $ 1,410,064 | $ 888,351 | $ 521,713 |

## 3. Detailed Notes on All Funds

### 3f. Changes in Long Term Obligations

Compensated absences and pension liabilities have typically been liquidated in the General Fund.

The following is a summary of changes in long-term obligations for the year ended June 30, 2019:

| | Balance June 30, 2018 | Increases | Decreases | Balance June 30, 2019 | Current Portion |
|---|---|---|---|---|---|
| **Governmental activities:** | | | | | |
| Compensated absences | $ 72,769 | $ 41,231 | $ (45,455) | $ 68,545 | $ 29,474 |
| Net pension liability (LGERS) | 188,945 | 132,187 | - | 321,132 | - |
| Governmental activity long-term liabilities | $ 261,714 | $ 173,418 | $ (45,455) | $ 389,677 | $ 29,474 |
| **Business-type activities:** | | | | | |
| Compensated absences | $ 4,755 | $ 5,361 | $ (3,182) | $ 6,934 | $ 4,854 |
| Net pension liability (LGERS) | 46,324 | 24,218 | - | 70,542 | - |
| Business-type activities long-term liabilities | $ 51,079 | $ 29,579 | $ (3,182) | $ 77,476 | $ 4,854 |

### 3g. Interfund Balances and Activity

The interfund balances due to/from Sidewalk & Tanglewood Greenway Capital Project Fund resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

#### Transfers for Fiscal Year Ended June 30, 2019

| | Transfers In | Transfers Out |
|---|---|---|
| General Fund | $ - | $ 29,781 |
| Sidewalk & Tanglewood Greenway Project | 5,208 | - |
| Market Center Drive Project | 24,573 | - |
| | $ 29,781 | $ 29,781 |

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.

## 3. Detailed Notes on All Funds (continued)

### 3h. Deferred Outflows and Inflows of Resources (continued)

The Village has several deferred outflows of resources. Deferred outflows of resources is comprised as follows:

| Source | Amount |
|---|---|
| Contributions to pension plan in current fiscal year | $ 81,962 |
| Differences between expected and actual experience | 60,426 |
| Changes in assumptions | 103,935 |
| Net difference between projected and actual | 53,765 |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | 21,962 |
| Total Pension Deferrals | $ 322,050 |

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

| | Statement of Net Position | General Fund Balance Sheet |
|---|---|---|
| Prepaid taxes (General Fund) | $ 46 | $ 46 |
| Taxes receivable (General Fund) | - | 9,310 |
| Difference between expected and actual experence | 2,028 | - |
| | $ 2,074 | $ 9,356 |

### 3i. 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 | $ 9,516,476 |
| Less: | |
| Inventories | 60,506 |
| Prepaid items | 46,021 |
| Stabilization by State Statute | 738,391 |
| Streets | 2,136,537 |
| Travel and Tourism | 169,681 |
| Cultural, recreation, and economic development | 69,609 |
| Committed Fund Balance | 97,695 |
| Appropriated Fund Balance in 2020 budget | 309,250 |
| Assigned-Capital Projects | 142,567 |
| Fund Balance Policy | 3,000,000 |
| Remaining Fund Balance | 2,746,219 |

The Village Council has determined that the Village's minimum unassigned fund balance should be $3,000,000. This balance is reviewed annually.

### 3i. Fund Balance (continued)

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

| | | |
|---|---|---|
| General Fund: | $ | 101,326 |
| Non Major Capital Projects Funds: | | |
| Market Center Drive | $ | 306,414 |
| Sidewalk 158 Project | $ | 18,254 |
| Stormwater Utility: | $ | 78,407 |

## 4. Pension plan and postemployment obligations

### 4a. Local Governmental Employees' Retirement System

*Plan Description*. The Village of Clemmons is a participating employer in the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS membership is comprised of general employees and local law enforcement officers (LEOs) of participating local governmental entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of **4.**

Trustees, which consists of 13 members –nine appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives and the State

Treasurer and State Superintendent, who serve as ex-officio members. The Local Governmental Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at www.osc.nc.gov.

*Benefits Provided*. LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation.

Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service (age 55 for firefighters). Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age (15 years of creditable service for firefighters and rescue squad members who are killed in the line of duty) or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

LGERS plan members who are LEOs are eligible to retire with full retirement benefits at age 55 with five years of creditable service as an officer, or at any age with 30 years of creditable service. LEO plan members are eligible to retire with partial retirement benefits at age 50 with 15 years of creditable service as an officer. Survivor benefits are available to eligible beneficiaries of LEO members who die while in active service or within 180 days of their last day of service and who also have either completed 20 years of creditable service regardless of age, or have completed 15 years of

## 4. Pension plan and postemployment obligations

### 4a. Local Governmental Employees' Retirement System (continued)

service as a LEO and have reached age 50, or have completed five years of creditable service as a LEO and have reached age 55, or have completed 15 years of creditable service as a LEO if killed in the line of duty. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions.

*Contributions.* Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. Village of Clemmons employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees.

The Village of Clemmons's contractually required contribution rate for the year ended June 30, 2019, was 7.75% of compensation for general employees, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Village of Clemmons were $81,962 for the year ended June 30, 2019.

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

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

At June 30, 2019, the Village reported a liability of $ 391,674 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017. The total pension liability was then rolled forward to the measurement date of June 30, 2018 utilizing update procedures incorporating the actuarial assumptions. The Village's proportion of the net pension liability was based on a projection of the Village's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2018, the Village's proportion was 0.01651%, which was an increase of 0.00111% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the Village recognized pension expense of $ 125,140. At June 30, 2019, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Differences between expected and actual experience | $ 60,426 | $ 2,028 |
| Changes of assumptions | 103,935 | - |
| Net difference between projected and actual earnings on pension plan investments | 53,765 | - |
| Changes in proportion and differences between Village contributions and proportionate share of contributions | 21,962 | - |
| Village contributions subsequent to the measurement date | 81,962 | - |
| Total | $ 322,050 | $ 2,028 |

## 4. Pension plan and postemployment obligations

### 4a. Local Governmental Employees' Retirement System (continued)

$81,962 reported as deferred outflows of resources related to pensions resulting from Village's contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| **Year ended June 30:** | | |
|---|---|---|
| 2019 | $ | 113,693 |
| 2020 | | 75,603 |
| 2021 | | 16,068 |
| 2022 | | 32,696 |
| 2023 | | - |
| Thereafter | | - |
| | $ | 238,060 |

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

| | |
|---|---|
| Inflation | 3.0 percent |
| Salary increases | 3.5 to 8.10 percent, including inflation and productivity factor |
| Investment rate of return | 7 percent, net of pension plan investment expense, including inflation |

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

The actuarial assumptions used in the December 31, 2017 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014. Future ad hoc COLA amounts are not considered to be substantively automatic and are, therefore, not included in the measurement.

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

## 4. Pension plan and postemployment obligations

### 4a. Local Governmental Employees' Retirement System (continued)

The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2018 are summarized in the following table:

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|---|---|---|
| Fixed Income | 29.0% | 1.4% |
| Global Equity | 42.0% | 5.3% |
| Real Estate | 8.0% | 4.3% |
| Alternatives | 8.0% | 8.9% |
| Credit | 7.0% | 6.0% |
| Inflation Protection | 6.0% | 4.0% |
| Total | 100% | |

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

*Discount rate.* The discount rate used to measure the total pension liability was 7%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the Village's proportionate share of the net pension liability to changes in the discount rate*. The following presents the Village's proportionate share of the net pension liability calculated using the discount rate of 7 percent, as well as what the Village's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6 percent) or one percentage point higher (8 percent) than the current rate:

| | 1% Decrease (6.00%) | Discount Rate (7.00%) | 1% Increase (8.00%) |
|---|---|---|---|
| Village's proportionate share of the net pension liability (asset) | $ 940,834 | $ 391,674 | $ (67,213) |

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

## 4. Pension plan and postemployment obligations

### 4b. Voluntary State of NC 401K Plan and 457 Deferred Compensation Plan

The Village participates in the State of NC 401k and 457 Deferred Compensation Plans. The 401(k) is a defined contribution pension plan in accordance with Internal Revenue Code (IRC) Section 401(k) in which the employees can defer a portion of his or her salary; then the Village elected to match the employee contribution up to 5%.

The 457 plan is a uniform Deferred Compensation Plan in accordance with Internal Revenue Code (IRC) Section 457. The 457 Plan permits each participating employees to defer a portion of his or her salary until future years.
This funds are held in trust by the 457 Plan for the exclusive benefit of participating employees and their beneficiaries. The deferred compensation plan is available to employees upon separation from service, death, disability, retirement, or financial hardships with approval. Both plans are eligible for employees that are members of Local Governmental Employees' Retirement System who elect to participate. The 401(k) and 457 plans financial statements are available by contacting the NC Department of State Treasurer, 325 North Salisbury Street, Raleigh, NC 27603-1385. Other information on the plans may be found in the State's CAFR. That report may be obtained by writing to the Office of State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, www.osc.nc.gov, or by calling (919) 981-5454

Plan contributions to the 401(k) plan amounted to $ 99,192 during the fiscal year ended June 30, 2019 which included voluntary employee contributions of $ 55,529 with Village match of $ 43,662. Voluntary contributions by employees to the State of NC 457 plan amounted to $ 0 during the fiscal year ended June 30, 2019. 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 the North Carolina 401(k) Plan and Deferred Compensation 457(b) Plan, which acts as trustee and administrator for the Plans.

### 4c. Other Benefits

The Village provides group-term life insurance equal to one times employee salary. The benefit in excess of $50,000 is taxable to the employee as a fringe benefit.

## 5. 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 carries commercial insurance coverage which provides for the following annual aggregate limits for the risk noted: general liability ($3,000,000), law enforcement liability ($2,000,000), public officials' liability ($3,000,000), employment practices liability ($3,000,000) back wages limit ($50,000), auto liability ($1,000,000), excess liability umbrella ($2,000,000) inland machine ($1,199,925), commercial property ($2,586,818), data compromise coverage ($100,000) and employee health coverage up to a $5 million lifetime limit. The Village also carries workers' compensation coverage of up to $1,000,000. The Village carries commercial coverage for all other risks of loss. There have been no significant reductions in insurance coverage from the prior year.

The Village carries flood insurance coverage up to a limit of coverage of $1,293,409 with a $50,000 deductible per covered location; the annual aggregate is $1,293,409.

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.

## 6. Claims, Judgements and Contingent Liabilities

At June 30, 2019, the Village only had one outstanding workers compensation claim. In the opinion of the Village's attorney, the ultimate effect of these legal matters will not have a material adverse effect on the Village's financial position. During the year the Village settled a public official liability claim regarding a denied rezoning. This claim was settled by our insurance carrier under our public official liability policy that was $1,000,000 per occurrence with a $5,000 deductible. The Village paid the deductible and some minor attorney fees for oversite by the Village attorney.

The Village has had one claim in the last three years that exceed our insurance coverage, which was an employment practice claim in the fiscal year ending June 30, 2016; the claim exceed back wages coverage by $39,000.

## 7. 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 $4,117 to the Council during the fiscal year ended June 30, 2019.

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, 2019, the Village received $415,024 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, 2019. 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.

## 8. 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 monies.

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NORTH CAROLINA

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## Required Supplementary Financial Data

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

Schedule of Porportionate Share of New Pension Liability (Asset) for Local Government Employees' Retirement System

Schedule of Contributions to the Local Government Employees' Retirement System.

**Village of Clemmons, North Carolina**
**Village of Clemmons' Proportionate Share of Net Pension Liability (Asset)**
**Required Suppplemental Information**
**Last Six Fiscal Years***

## Local Government Employees' Retirement System (LGERS)

| | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|---|---|---|---|---|---|
| Clemmons's proportion of the net pension liability (asset) (%) | 0.01651% | 0.01540% | 0.01497% | 0.01324% | 0.01456% | 0.01310% |
| Clemmons' proportion of the net pension liability (asset)($) | $ 391,674 | $ 235,269 | $ 317,714 | $ 59,420 | $ (85,867) | $ 157,905 |
| Clemmons' covered payroll | $ 1,045,210 | $ 1,076,419 | $ 1,075,869 | $ 1,027,156 | $ 1,040,042 | $ 980,654 |
| Clemmons' proportionate share of the net pension liability (asset) as a percentage of its covered payroll | 37.47% | 21.86% | 29.53% | 5.78% | (8.26%) | 16.10% |
| Plan fiducary net position as a percentage of the total pension liability ** | 91.63% | 94.18% | 91.47% | 98.09% | 102.64% | 94.35% |

Notes to the Required Schedules

All plan information will be included in the future as par to GASB 68 Implentation; which is intended to show 10 years, additional years' information will be displayed as it becomes available.

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

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

**Village of Clemmons, North Carolina**
**Village of Clemmons' Contributions**
**Required Supplementary Information**
**Last Six Fiscal Years**

**Local Government Employees' Retirement System**

| | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|---|---|---|---|---|---|
| Contracturally required contribution | $ 81,962 | $ 78,391 | $ 78,040 | $ 71,761 | $ 72,620 | $ 73,531 |
| Contributions in relation to the contractually required contribution | $ 81,962 | $ 78,391 | $ 78,040 | $ 71,761 | $ 72,620 | $ 73,531 |
| Contribution deficiency (excess) | $ - | $ - | $ - | $ - | $ - | $ - |
| Clemmons' covered payroll [2] | $ 1,057,574 | $ 1,045,210 | $ 1,076,419 | $ 1,075,869 | $ 1,027,156 | $ 1,040,042 |
| Contributions as a percentage of covered payroll | 7.75% | 7.50% | 7.25% | 6.67% | 7.07% | 7.07% |

Notes to the Required Schedules

[1] Information is only required starting in Fiscal Year 2015; however, information has been provide when available. All plan information will be included in the future as par to GASB 68 Implentation; which is intented to show 10 years, additional years' information will be displayed as it becomes available.

[2] For contribution information, the amount of covered payroll is realted to current fiscal year (no lag)

VILLAGE OF CLEMMONS
NORTH CAROLINA

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# Individual and Combining Fund Statements

## Major Governmental Funds

*Budgetary Comparison Schedules*

**General Fund: Schedule 1**

The **General Fund** accounts for resources traditionally associated with government that are not required legally or by sound financial management to be accounted for in other funds.

**Village of Clemmons, North Carolina** **Schedule 1**
**General Fund** Page 1 of 4
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**
**Budget and Actual**
**For the Fiscal Year Ended June 30, 2019**

| | Budget | Actual | Variance Positive (Negative) |
|---|---|---|---|
| **Revenues:** | | | |
| Ad valorem taxes: | | | |
| Current year | $ 2,296,500 | $ 2,337,829 | $ 41,329 |
| Current year- tax & tag | 240,000 | 257,806 | 17,806 |
| Prior year | 6,000 | 6,554 | 554 |
| Interest- Prior | 2,500 | 1,543 | (957) |
| Interest-Current | 5,000 | 5,347 | 347 |
| Tax refunds & releases | - | (991) | (991) |
| Total | 2,550,000 | 2,608,088 | 58,088 |
| Other taxes and licenses: | | | |
| Gross receipts tax on leased vehicles | 2,700 | 3,182 | 482 |
| Total | 2,700 | 3,182 | 482 |
| Unrestricted intergovernmental: | | | |
| Local option sales tax | 839,500 | 874,930 | 35,430 |
| Beer and wine tax | 84,100 | 85,997 | 1,897 |
| Piped natural gas sales tax | 40,000 | 45,014 | 5,014 |
| Electric sales tax | 693,500 | 721,483 | 27,983 |
| Telecommunications sales tax | 75,000 | 72,301 | (2,699) |
| Video programming fee | 185,000 | 177,023 | (7,977) |
| ABC profit distribution | 358,000 | 415,024 | 57,024 |
| Total | 2,275,100 | 2,391,772 | 116,672 |
| Restricted intergovernmental: | | | |
| Powell Bill allocation | 513,200 | 517,863 | 4,663 |
| Sewer reserve fund | 190,640 | - | (190,640) |
| Hotel occupancy tax- cultural, etc. | 40,000 | 45,468 | 5,468 |
| Hotel occupancy tax- tourism | 70,000 | 73,157 | 3,157 |
| Solid waste disposal tax | 13,500 | 14,787 | 1,287 |
| Total | 827,340 | 651,275 | (176,065) |
| Permits and fees: | | | |
| Planning & zoning fees | 7,000 | 14,455 | 7,455 |
| Payment in lieu restricted | - | 21,176 | 21,176 |
| False alarms | 5,000 | 5,350 | 350 |
| Public works fees | 8,000 | 3,050 | (4,950) |
| Parking tickets | 500 | 925 | 425 |
| Total | 20,500 | 44,956 | 24,456 |

**Village of Clemmons, North Carolina** **Schedule 1**
**General Fund** Page 2 of 4
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual (Continued)**
**For the Fiscal Year Ended June 30, 2019**

| | Budget | Actual | Variance Positive (Negative) |
|---|---|---|---|
| **Revenues:** | | | |
| Sales and services: | | | |
| Community garden | 525 | 500 | (25) |
| Farmers market | 1,150 | 295 | (855) |
| Bulk item | - | 2,641 | 2,641 |
| NCDOT mowing & street sweeping | - | 9,250 | 9,250 |
| Total | 1,675 | 12,686 | 11,011 |
| Investment earnings | 55,000 | 144,862 | 89,862 |
| Investment earnings-Powell Bill | 12,000 | 41,953 | 29,953 |
| Total | 67,000 | 186,815 | 119,815 |
| Donations & sponsorships: | | | |
| Sponsorships | 5,000 | 9,000 | 4,000 |
| Total | 5,000 | 9,000 | 4,000 |
| Other revenues | 183,980 | 100 | (183,880) |
| Total Revenues | 5,933,295 | 5,907,874 | (25,421) |
| **Expenditures:** | | | |
| Governing body: | | | |
| Salaries and employee benefits | | 35,160 | |
| Other operating expenditures | | 1,510 | |
| Audit | | 14,000 | |
| Professional services | | 7,640 | |
| Clemmons Library | | 7,000 | |
| Total | 74,150 | 65,310 | 8,840 |
| Administration: | | | |
| Salaries and employee benefits | | 422,547 | |
| Other operating expenditures | | 190,107 | |
| Non capital equipment | | 7,690 | |
| Total | 699,150 | 620,344 | 78,806 |
| Public Safety: | | | |
| Contracted services-Forsyth County | | 1,331,060 | |
| Other operating expenditures | | 27,931 | |
| Total | 1,424,350 | 1,358,991 | 65,359 |

**Village of Clemmons, North Carolina** **Schedule 1**
**General Fund** Page 3 of 4
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual (Continued)**
**For the Fiscal Year Ended June 30, 2019**

| | | Budget | Actual | Variance Positive (Negative) |
|---|---|---|---|---|
| **Expenditures:** | | | | |
| Public Works: | | | | |
| Salaries and employee benefits | | | 624,442 | |
| Solid waste & recycling | | | 1,020,180 | |
| Non capital equipment | | | 16,156 | |
| Other operating expenditures | | | 352,079 | |
| | Total | 2,256,100 | 2,012,857 | 243,243 |
| Streets (Powell Bill): | | | | |
| Salaries and employee benefits | | | 31,307 | |
| Resurfacing & paving | | | - | |
| Traffic Control | | | 6,950 | |
| Snow removal | | | 17,020 | |
| Sidewalk maintenance | | | - | |
| Other operating expenditures | | | 40,151 | |
| | Total | 525,200 | 95,428 | 429,772 |
| Planning and Zoning: | | | | |
| Salaries and employee benefits | | | 128,421 | |
| Enforcement-City of Winston-Salem | | | 14,062 | |
| Forsyth County homes program | | | 2,000 | |
| Forsyth County - architectural survey | | | 750 | |
| Farmers market | | | 626 | |
| Farmers market-truck (sign) | | | 4,003 | |
| Community garden | | | 1,241 | |
| Contract services- professional | | | 18,227 | |
| Other operating expenditures | | | 7,659 | |
| Non capital equipment | | | 4,656 | |
| | Total | 224,550 | 181,645 | 42,905 |
| Clemmons Events & Marketing: | | | | |
| Salaries & employee benefits | | | 29,915 | |
| Clemmons events | | | 17,535 | |
| Tourism | | | 78,356 | |
| | Total | 148,275 | 125,806 | 22,469 |
| Park & Recreation: | | | | |
| Operating expenditures | | | 5,107 | |
| | Total | 11,000 | 5,107 | 5,893 |
| Major Repairs & Renovations: | | | | |
| Public works renovations | | | - | |
| | Total | 25,000 | - | 25,000 |

**Village of Clemmons, North Carolina** **Schedule 1**
**General Fund** Page 4 of 4
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual (Continued)**
**For the Fiscal Year Ended June 30, 2019**

| | Budget | Actual | Variance Positive (Negative) |
|---|---|---|---|
| **Expenditures:** | | | |
| Capital Outlay: | | | |
| Administration | | 701,280 | |
| Public works | | 313,567 | |
| Total | 1,289,710 | 1,014,847 | 274,863 |
| Total Expenditures | 6,677,485 | 5,480,335 | 1,197,150 |
| **Revenues Over (Under) Expenditures** | (744,190) | 427,539 | 1,171,729 |
| **Other Financing Sources (Uses):** | | | |
| Transfers (to) from other funds | | | |
| Capital project - restricted | (539,900) | (5,916) | 533,984 |
| Capital projects | (642,625) | (23,865) | 618,760 |
| Sale of capital assets | 50,000 | 50,000 | - |
| Total | (1,132,525) | 20,219 | 1,152,744 |
| **Fund Balance Appropriated** | | | |
| Fund balance appropriated | 1,303,540 | - | (1,303,540) |
| Restricted fund balance-streets | 539,900 | - | (539,900) |
| Restricted fund balance-tourism | 26,000 | - | (26,000) |
| Restricted fund balance-cultural, | 7,275 | - | (7,275) |
| Total | 1,876,715 | - | (1,876,715) |
| **Net change in fund balance** | $ - | $ 447,758 | 447,758 |
| **Fund Balance - Beginning of Year** | | 9,066,421 | |
| Change in reserve for inventories | | 2,297 | |
| **Fund Balance - End of Year** | | $ 9,516,476 | |

VILLAGE OF CLEMMONS
NORTH CAROLINA

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# Nonmajor Governmental Funds

## Capital Projects Funds

Capital projects funds are used to account for the acquisition and construction


*Combining Balance Sheet* *Schedule 2*

*Combining Statement of Revenues, Expenditures and Changes in Fund Balance* *Schedule 3*

*Schedule of Revenues, Expenditures and Changes in Fund Balance -Sidewalk & Tanglewood Greenway* *Schedule 4*

*Schedule of Revenues, Expenditures and Changes in Fund Balance - Market Center Drive* *Schedule 5*

*Schedule of Revenue, Expenditures and Changes in Fund Balance - Sidewalk 158 Stadium to Kinnamon* *Schedule 6*

*Schedule of Revenue, Expenditures and Changes in Fund Balance -Intersection Improvements* *Schedule 7*

*Schedule of Revenue, Expenditures and Changes in Fund Balance - Sidewalk Harper* *Schedule 8*

**Village of Clemmons, North Carolina** **Schedule 2**
**Combining Balance Sheet**
**Nonmajor Governmental Funds**
**For the Fiscal Year Ended June 30, 2019**

| | Sidewalks & Tanglewood Greenway | Market Center Dr. | Sidewalk 158 Stadium to Kinnamon | Intersection Improvement | Sidewalk Harper | Total Nonmajor Governmental Funds |
|---|---|---|---|---|---|---|
| **Assets** | | | | | | |
| Cash and cash equivalents | $ 10,173 | $ 110,070 | $ - | $ - | $ - | $ 120,243 |
| Restricted cash | - | 138,679 | - | - | - | 138,679 |
| Due from other governments | - | 9 | - | - | - | 9 |
| Due from general fund | - | - | - | - | - | - |
| **Total assets** | 10,173 | 248,758 | - | - | - | 258,931 |
| **Liabilities and Fund Balance** | | | | | | |
| **Liabilities:** | | | | | | |
| Accounts payable | 14,385 | 6,533 | - | - | - | 20,918 |
| Due to general fund | - | - | - | - | - | - |
| **Total Liabilities** | 14,385 | 6,533 | - | - | - | 20,918 |
| **Fund Balances:** | | | | | | |
| Unassigned | (4,212) | - | - | - | - | (4,212) |
| Restricted-downtown revitalizatio | - | 138,679 | - | - | - | 138,679 |
| Committed | - | 103,546 | - | - | - | 103,546 |
| **Total Fund Balance** | (4,212) | 242,225 | - | - | - | 238,013 |
| **Total liabilities and fund balances** | $ 10,173 | $ 248,758 | $ - | $ - | $ - | $ 258,931 |

**Village of Clemmons, North Carolina** **Schedule 3**

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

**Nonmajor Governmental Funds**

**For the Fiscal Year Ended June 30, 2019**

| | Sidewalk & Tanglewood Greenway | Market Center Dr. | Sidewalk 158 Stadium to Kinnamon | Intersection Improvements | Sidewalk Harper | Total Nonmajor Governmental Funds |
|---|---|---|---|---|---|---|
| **Revenues:** | | | | | | |
| *Restricted Intergovernmental:* | | | | | | |
| Grants: | | | | | | |
| NC Department of Transportation | $ 20,830 | $ - | $ - | $ - | $ - | $ 20,830 |
| NC Department of Commerce | - | - | - | - | - | - |
| *Total Restricted Intergovernmental* | 20,830 | - | - | - | - | 20,830 |
| Developer | - | - | - | - | - | - |
| **Total Revenues** | 20,830 | - | - | - | - | 20,830 |
| **Expenditures:** | | | | | | |
| Construction & Engineering | 40,423 | - | - | - | - | 40,423 |
| Phase 1A | - | 12,190 | - | - | - | 12,190 |
| Phase 2 | - | 23,320 | - | - | - | 23,320 |
| Sidewalk CMAQ | - | 8,042 | - | - | - | 8,042 |
| **Total Expenditures** | 40,423 | 43,552 | - | - | - | 83,975 |
| **Revenues over (under) expenditures** | (19,593) | (43,552) | - | - | - | (63,145) |
| **Other Financing Sources:** | | | | | | |
| *Transfers from other funds:* | | | | | | |
| General Fund | 5,208 | 24,573 | - | - | - | 29,781 |
| Stormwater Fund | - | - | - | - | - | - |
| **Total other financing sources** | 5,208 | 24,573 | - | - | - | 29,781 |
| Net change in fund balance | (14,385) | (18,979) | - | - | - | (33,364) |
| **Fund Balance, Beginning** | 10,173 | 261,204 | - | - | - | 271,377 |
| **Fund Balance, Ending** | $ (4,212) | $ 242,225 | $ - | $ - | $ - | $ 238,013 |

**Village of Clemmons, North Carolina** **Schedule 4**
**Capital Projects Fund - Sidewalk & Tanglewood Greenway**
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**
**Budget to Actual**
**From Inception and For the Fiscal Year Ended June 30, 2019**

| | Project Authorization | Actual Prior Year | Actual Current Year | Actual Total to Date | Variance Positive (Negative) |
|---|---|---|---|---|---|
| **Revenues:** | | | | | |
| Restricted Intergovernmental: | | | | | |
| NCDOT Grant | $ 1,480,000 | $ 147,041 | $ 20,830 | $ 167,871 | $ (1,312,129) |
| Total Revenues | 1,480,000 | 147,041 | 20,830 | 167,871 | (1,312,129) |
| **Expenditures:** | | | | | |
| Construction & Engineering | 1,850,000 | 182,641 | 40,423 | 223,064 | 1,626,936 |
| Total Expenditures | 1,850,000 | 182,641 | 40,423 | 223,064 | 1,626,936 |
| Revenues over (under) expenditures | (370,000) | (35,600) | (19,593) | (55,193) | 314,807 |
| **Other Financing Sources:** | | | | | |
| Transfers from other funds | | | | | |
| General Fund | 370,000 | 45,773 | 5,208 | 50,981 | (319,019) |
| Total other financing sources | 370,000 | 45,773 | 5,208 | 50,981 | (319,019) |
| Net change in fund balance | $ - | $ 10,173 | (14,385) | $ (4,212) | $ (4,212) |
| **Fund Balance, Beginning** | | | 10,173 | | |
| **Fund Balance, Ending** | | | $ (4,212) | | |

**Village of Clemmons, North Carolina** **Schedule 5**
**Capital Projects Fund - Market Center Drive**
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**
**Budget to Actual**
**From Inception and For the Fiscal Year Ended June 30, 2019**

| | Project Authorization | Actual Prior Year | Actual Current Year | Actual Total to Date | Variance Positive (Negative) |
|---|---|---|---|---|---|
| **Revenues:** | | | | | |
| Restricted Intergovenmental: | | | | | |
| NC Department of Commerce Grant | $ 194,340 | $ 194,340 | $ - | $ 194,340 | $ - |
| CMAQ Grant | 320,000 | - | - | - | (320,000) |
| City-County Utilities Clemmons Sewer Reserve | 25,000 | - | - | - | (25,000) |
| Total | 539,340 | 194,340 | - | 194,340 | (345,000) |
| Other revenues: | | | | | |
| Developers | - | 9,200 | - | 9,200 | 9,200 |
| Total | - | 9,200 | - | 9,200 | 9,200 |
| Total Revenues | 539,340 | 203,540 | - | 203,540 | (335,800) |
| **Expenditures:** | | | | | |
| **Phase I** | | | | | |
| Design | $ 48,300 | $ 48,300 | $ - | $ 48,300 | $ - |
| Storm drainage | 15,000 | 14,664 | - | 14,664 | 336 |
| Road construction | 389,300 | 4,047 | 8,690 | 12,737 | 376,563 |
| Stamped Crosswalks | 8,000 | - | - | - | 8,000 |
| Backflow preventor upfit | 48,000 | - | 3,500 | 3,500 | 44,500 |
| Enhancements | 89,500 | 31,455 | - | 31,455 | 58,045 |
| Subtotal Phase I | 598,100 | 98,466 | 12,190 | 110,656 | 487,444 |
| Sidewalk phase II | 400,000 | - | 8,042 | 8,042 | 391,958 |
| Subtotal CMAQ Grant | 400,000 | - | 8,042 | 8,042 | 391,958 |
| **Phase II** | | | | | |
| Design | 59,300 | 35,980 | 23,320 | 59,300 | - |
| Storm drainage | 94,200 | - | - | - | 94,200 |
| Road construction | 274,780 | - | - | - | 274,780 |
| Stamped Crosswalks | 37,400 | - | - | - | 37,400 |
| Enhacement | 89,500 | 24,206 | - | 24,206 | 65,294 |
| Subtotal Phase II | 555,180 | 60,186 | 23,320 | 83,506 | 471,674 |
| Total Expenditures | 1,553,280 | 158,652 | 43,552 | 202,204 | 1,351,076 |
| Revenues over (under) expenditures | (1,013,940) | 44,888 | (43,552) | 1,336 | 1,015,276 |
| **Other Financing Sources:** | | | | | |
| Transfers from other funds | | | | | |
| General Fund | 904,740 | 111,400 | 24,573 | 135,973 | (768,767) |
| Stormwater Fund | 109,200 | 104,916 | - | 104,916 | (4,284) |
| Total other financing sources | 1,013,940 | 216,316 | 24,573 | 240,889 | (773,051) |
| Net change in fund balance | $ - | $ 261,204 | $ (18,979) | $ 242,225 | $ 242,225 |
| **Fund Balance, Beginning** | | | 261,204 | | |
| **Fund Balance, Ending** | | | $ 242,225 | | |

**Village of Clemmons, North Carolina** **Schedule 6**
**Capital Projects Fund - Sidewalks 158 Stadium to Kinnamon**
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**
**Budget to Actual**
**From Inception and For the Fiscal Year Ended June 30, 2019**

| | Project Authorization | Actual Prior Year | Actual Current Year | Actual Total to Date | Variance Positive (Negative) |
|---|---|---|---|---|---|
| **Revenues:** | | | | | |
| Restricted Intergovernmental: | | | | | |
| NCDOT Grant | $ 270,400 | $ - | $ - | $ - | $ (270,400) |
| Total | 270,400 | - | - | - | (270,400) |
| **Total Revenues** | 270,400 | - | - | - | (270,400) |
| **Expenditures:** | | | | | |
| Engineering | 33,800 | - | - | - | 33,800 |
| Sidewalk 158 Construction | 304,200 | - | - | - | 304,200 |
| Total Expenditures | 338,000 | - | - | - | 338,000 |
| Revenues under expenditures | (67,600) | - | - | - | 67,600 |
| **Other Financing Sources:** | | | | | |
| Transfers from other funds | | | | | |
| General Fund | 67,600 | - | - | - | (67,600) |
| Total other financing sources | 67,600 | - | - | - | (67,600) |
| Net change in fund balance | $ - | $ - | - | $ - | $ - |
| **Fund Balance, Beginning** | | | - | | |
| **Fund Balance, Ending** | | | $ - | | |

**Please note the grant proceeds from this project was reallocated to the Highway 158 sidewalk & Tanglewood Greenway project in July 2019.**

**Village of Clemmons, North Carolina** **Schedule 7**
**Capital Projects Fund - Intersection Improvements**
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**
**Budget to Actual**
**From Inception and For the Fiscal Year Ended June 30, 2019**

| | Project Authorization | Actual Prior Year | Actual Current Year | Actual Total to Date | Variance Positive (Negative) |
|---|---|---|---|---|---|
| **Revenues:** | | | | | |
| NCDOT Grant | $ 360,000 | $ - | $ - | $ - | $ (360,000) |
| Total Revenues | 360,000 | - | - | - | (360,000) |
| **Expenditures:** | | | | | |
| Engineering | 45,000 | - | - | - | 45,000 |
| Intersection Improvement Construction | 405,000 | - | - | - | 405,000 |
| Total Expenditures | 450,000 | - | - | - | 450,000 |
| Revenues under expenditures | (90,000) | - | - | - | 90,000 |
| **Other Financing Sources:** | | | | | |
| Transfers from other funds | | | | | |
| General Fund | 90,000 | - | - | - | (90,000) |
| Total other financing sources | 90,000 | - | - | - | (90,000) |
| Net change in fund balance | $ - | $ - | - | - | $ - |
| **Fund Balance, Beginning** | | | - | | |
| **Fund Balance, Ending** | | | $ - | | |

**Please note the grant proceeds from this project was reallocated to the Highway 158 sidewalk & Tanglewood Greenway project in July 2019.**

**Village of Clemmons, North Carolina** **Schedule 8**
**Capital Projects Fund - Sidewalk Harper Road**
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**
**Budget to Actual**
**From Inception and For the Fiscal Year Ended June 30, 2019**

| | Project Authorization | Actual Prior Year | Actual Current Year | Actual Total to Date | Variance Positive (Negative) |
|---|---|---|---|---|---|
| **Revenues:** | | | | | |
| NCDOT Grant | $ 531,200 | $ - | $ - | $ - | $ (531,200) |
| Total Revenues | 531,200 | - | - | - | (531,200) |
| **Expenditures:** | | | | | |
| Engineering | 66,400 | - | - | - | 66,400 |
| Sidewalk Harper Construction | 597,600 | - | - | - | 597,600 |
| Total Expenditures | 664,000 | - | - | - | 664,000 |
| Revenues under expenditures | (132,800) | - | - | - | 132,800 |
| **Other Financing Sources:** | | | | | |
| Transfers from other funds | | | | | |
| General Fund | 132,800 | - | - | - | (132,800) |
| Total other financing sources | 132,800 | - | - | - | (132,800) |
| Net change in fund balance | $ - | $ - | - | - | $ - |
| **Fund Balance, Beginning** | | | - | | |
| **Fund Balance, Ending** | | | $ - | | |

# MAJOR ENTERPISE FUND

*Budgetary Comparison Schedule*

**Stormwater Fund Schedule 9 Non-GAAP**

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

**Village of Clemmons, North Carolina** **Schedule 9**
**Stormwater Fund**
**Schedule of Revenues and Expenditures- Budget and Actual (Non-GAAP)**
**For the Fiscal Year Ended June 30, 2019**

| | Budget | Actual | Variance Positive (Negative) |
|---|---|---|---|
| **Operating Revenues:** | | | |
| Stormwater fee | $ 765,500 | $ 776,585 | $ 11,085 |
| Stormwater permits | 6,000 | 5,558 | (442) |
| Charges for services | - | 3,250 | 3,250 |
| Violations | - | 500 | 500 |
| Sponsorships | 1,000 | 1,125 | 125 |
| **Net operating revenues** | 772,500 | 787,018 | 14,518 |
| **Operating Expenditures:** | | | |
| Salaries & fringe benefits | | 268,700 | |
| Other operating expenses | | 112,420 | |
| Minor capital improvements | | 98,495 | |
| *Subtotal* | 617,625 | 479,615 | 138,010 |
| Capital outlay | 600,000 | 244,183 | 355,817 |
| Capital improvement plan | 750,000 | 221,046 | 528,954 |
| *Subtotal capital* | 1,350,000 | 465,229 | 884,771 |
| **Total operating expenditures** | 1,967,625 | 944,844 | 1,022,781 |
| **Operating income (loss)** | (1,195,125) | (157,826) | 1,037,299 |
| **Nonoperating Revenues (Expenditures):** | | | |
| Interest and investment earnings | 11,500 | 41,725 | 30,225 |
| **Total nonoperating expenditures, net** | 11,500 | 41,725 | 30,225 |
| Revenues over(under) expenditures | (1,183,625) | (116,101) | 1,067,524 |
| **Other Financing Sources (Uses):** | | | |
| Sale of capital assets | 50,000 | 50,000 | - |
| **Total** | 50,000 | 50,000 | - |
| Fund balance appropriated | 1,133,625 | - | (1,133,625) |
| **Total** | 1,133,625 | - | (1,133,625) |
| **Revenues and Other Sources Over Expenditures and Other Uses** | $ - | (66,101) | (66,101) |
| Reconciliation from budgetary basis modified accrual to full accrual: | | | |
| Increase in accrued vacation pay | | (2,179) | |
| Depreciation expense | | (80,887) | |
| Capital outlay | | 465,229 | |
| Increase in deferred outflows of resources-pensions | | 16,143 | |
| Increase in net pension liability | | (24,218) | |
| Decrease in deferred inflows of resources-pensions | | 783 | |
| Total reconciling items | | 374,871 | |
| **Change in Net Position** | | $ 308,770 | |

VILLAGE OF CLEMMONS
NORTH CAROLINA

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**Village of Clemmons, North Carolina** **Schedule 10**
**General Fund**
**Schedule of Ad Valorem Taxes Receivable**
**For the Fiscal Year Ended June 30, 2019**

| Fiscal Year | Uncollected Balance June 30, 2018 | Additions and Releases | | Collections And Credits | | Uncollected Balance June 30, 2019 | |
|---|---|---|---|---|---|---|---|
| 2018-2019 | $ - | $ 2,604,945 | (a) | $ 2,595,635 | (b) | 9,310 | (c) |
| 2017-2018 | 8,274 | (385) | | 5,025 | | 2,864 | |
| 2016-2017 | 2,356 | (186) | | 435 | | 1,735 | |
| 2015-2016 | 1,805 | (189) | | 123 | | 1,493 | |
| 2014-2015 | 1,564 | (358) | | 82 | | 1,124 | |
| 2013-2014 | 1,729 | (176) | | 400 | | 1,153 | |
| 2012-2013 | 2,116 | (3) | | 405 | | 1,708 | |
| 2011-2012 | 1,820 | (4) | | 42 | | 1,774 | |
| 2010-2011 | 945 | (9) | | 20 | | 916 | |
| 2009-2010 | 887 | (3) | | 22 | | 862 | |
| 2008-2009 | 898 | - | | 898 | | - | |
| | $ 22,394 | $ 2,603,632 | | $ 2,603,087 | (d) | $ 22,939 | |

| | |
|---|---|
| Less allowance for uncollectible accounts | 13,629 |
| Ad valorem taxes receivable - net | $ 9,310 |

Reconcilement with revenues:

| | | |
|---|---|---|
| Ad valorem taxes - General Fund Schedule 1 | $ 2,608,088 | |
| Reconciling items: | | |
| Net interest collected | (6,890) | |
| Refunds Paid | 991 | |
| Taxes written off | 898 | |
| Subtotal | (5,001) | |
| Total collections and credits | $ 2,603,087 | (d) |

**Village of Clemmons, North Carolina** **Schedule 11**
**General Fund**
**Village-Wide Levy**
**For the Fiscal Year Ended June 30, 2019**

| | Village-wide | | | | Total Levy | |
|---|---|---|---|---|---|---|
| | Property Valuation | Rate | Total Levy | | Property excluding Registered Motor Vehicles | Registered Motor Vehicles |
| Original levy: | | | | | | |
| Property taxed at current rate | $ 2,267,253,043 | 0.1150 | $ 2,607,341 | | $ 2,349,308 | $ 258,033 |
| Discoveries | 2,871,304 | | 3,302 | | 3,302 | |
| Total | 2,270,124,347 | | 2,610,643 | | 2,352,610 | 258,033 |
| Releases | (4,954,783) | | (5,698) | | (5,471) | (227) |
| Total property valuation | $ 2,265,169,564 | | | | | |
| Net levy | | | 2,604,945 | (a) | 2,347,139 | 257,806 |
| Unpaid (by taxpayer) taxes at June 30, 2019 | | | (9,310) | (c) | (9,310) | - |
| Current year's taxes collected | | | $ 2,595,635 | (b) | $ 2,337,829 | $ 257,806 |
| Current levy collection percentage | | | 99.64% | | 99.60% | 100.00% |

# Statistical Section


| Contents | Table |
|---|---|
| **Financial Trend:** These schedules contain trend information to help the reader understand how the government's financial performance and well-being and well-being as changed over time. | 1-4 |
| **Revenue Capacity:** These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax. | 5-10 |
| **Debt Capacity:** These schedules present information to help the reader assess the affordability of the government's current level of outstanding debt and government's ability to issue additional debt in the future. | 11-14 |
| **Demographics and Economic Condition:** These schedules present information to help the reader understand the environment within which the government's financial activities take place. | 15-16 |
| **Operating Conditions:** These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs. | 17-19 |

**Village of Clemmons, North Caro** **Table 1**

**Net Position by Component**

**Last Ten Fiscal Years**

***(Accrual Basis of Accounting)***

| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | **2019** |
|---|---|---|---|---|---|---|---|---|---|---|
| **Net Position** | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Net investment in capital assets | $ 39,293,658 | $ 38,604,247 | $ 42,420,272 | $ 44,689,584 | $ 43,922,372 | $ 44,455,427 | $ 44,187,587 | $ 44,905,909 | $ 45,661,221 | **$ 45,103,700** |
| Restricted | 1,485,530 | 2,340,251 | 2,568,105 | 2,424,797 | 2,321,131 | 2,414,867 | 2,217,470 | 3,821,915 | 2,676,793 | **3,252,897** |
| Unrestricted | 4,997,784 | 4,409,510 | 4,391,917 | 5,223,583 | 5,926,662 | 5,760,181 | 6,049,184 | 3,196,107 | 6,573,639 | **6,383,600** |
| Total governmental activities net position | $ 45,776,972 | $ 45,354,008 | $ 49,380,294 | $ 52,337,964 | $ 52,170,165 | $ 52,630,475 | $ 52,454,241 | $ 51,923,931 | $ 54,911,653 | **$ 54,740,197** |
| Business-type activities: | | | | | | | | | | |
| Net investment in capital assets | $ 423,601 | $ 511,412 | $ 704,208 | $ 676,317 | $ 716,406 | $ 679,772 | $ 763,313 | $ 822,294 | $ 801,512 | **$ 1,185,854** |
| Restricted | - | - | - | - | - | - | - | - | - | **-** |
| Unrestricted | 448,460 | 634,508 | 749,680 | 1,030,042 | 1,229,764 | 1,516,525 | 1,763,851 | 2,011,784 | 2,195,536 | **2,119,964** |
| Total business-type activities net position | $ 872,061 | $ 1,145,920 | $ 1,453,888 | $ 1,706,359 | $ 1,946,170 | $ 2,196,297 | $ 2,527,164 | $ 2,834,078 | $ 2,997,048 | **$ 3,305,818** |
| Primary government | | | | | | | | | | |
| Net investment in capital assets | $ 39,717,259 | $ 39,115,659 | $ 43,124,480 | $ 45,365,901 | $ 44,638,778 | $ 45,135,199 | $ 44,950,900 | $ 45,728,203 | $ 46,462,733 | **$ 46,289,554** |
| Restricted | 1,485,530 | 1,687,118 | 2,568,105 | 2,424,797 | 2,321,131 | 2,414,867 | 2,217,470 | 3,821,915 | 2,676,793 | **3,252,897** |
| Unrestricted | 5,446,244 | 5,697,151 | 5,141,597 | 6,253,625 | 7,156,426 | 7,276,706 | 7,813,035 | 5,207,891 | 8,769,175 | **8,503,564** |
| Total primary government net position | $ 46,649,033 | $ 46,499,928 | $ 50,834,182 | $ 54,044,323 | $ 54,116,335 | $ 54,826,772 | $ 54,981,405 | $ 54,758,009 | $ 57,908,701 | **$ 58,046,015** |

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

**Table 2**

| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Expenses** | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Governing board | $ 60,240 | $ 58,446 | $ 65,060 | $ 64,999 | $ 66,849 | $ 50,220 | $ 62,450 | $ 60,703 | $ 54,689 | **$ 65,310** |
| Administration | 555,040 | 598,315 | 636,056 | 588,189 | 606,578 | 657,628 | 689,113 | 721,389 | 622,247 | **661,606** |
| Public safety | 893,079 | 845,102 | 822,679 | 910,312 | 927,763 | 1,067,166 | 1,112,204 | 1,224,729 | 1,285,031 | **1,359,579** |
| Public works and streets | 3,486,600 | 3,422,984 | 3,702,409 | 3,674,847 | 3,750,700 | 4,027,432 | 3,648,321 | 3,679,103 | 3,872,006 | **3,702,946** |
| Planning and zoning | 286,315 | 246,813 | 123,555 | 131,282 | 130,169 | 150,187 | 123,652 | 138,912 | 196,425 | **168,239** |
| Clemmons events & marketing | 35,315 | 31,048 | 61,029 | 83,222 | 80,516 | 76,136 | 127,511 | 151,005 | 91,968 | **126,825** |
| Parks & recreation | - | - | - | - | - | - | 28,113 | 41,960 | 41,293 | **40,033** |
| Other governments infrastructure | - | - | - | - | - | - | - | - | 451,082 | **202,928** |
| Total governmental activities expenses | 5,316,589 | 5,202,708 | 5,410,788 | 5,452,851 | 5,562,575 | 6,028,769 | 5,791,364 | 6,017,801 | 6,614,741 | **6,327,466** |
| Business-type activities: | | | | | | | | | | |
| Stormwater | 353,049 | 387,142 | 420,007 | 497,430 | 510,964 | 484,870 | 455,445 | 472,361 | 525,206 | **569,973** |
| Total primary government expenses | $ 5,669,638 | $ 5,589,850 | $ 5,830,795 | $ 5,950,281 | $ 6,073,539 | $ 6,513,639 | $ 6,246,809 | $ 6,490,162 | $ 7,139,947 | **$ 6,897,439** |
| **Program revenues** | | | | | | | | | | |
| **Governmental activities:** | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| Administration | $ - | $ - | $ - | $ - | $ - | $ 3,442 | $ 459 | $ - | $ - | **$ -** |
| Public Safety | 4,950 | 7,130 | 5,025 | 4,875 | 6,310 | 7,475 | 8,740 | 6,150 | 5,800 | **6,275** |
| Public works | 10,182 | 38,878 | 10,782 | 9,943 | 16,077 | 14,624 | 11,571 | 13,015 | 9,129 | **14,941** |
| Planning and zoning | 4,692 | 6,598 | 4,710 | 5,925 | 13,525 | 15,830 | 21,310 | 34,167 | 13,595 | **15,250** |
| Parks & recreation | - | - | - | - | - | - | 17,925 | 16,292 | 21,604 | **21,176** |
| Operating grants and contributions: | | | | | | | | | | |
| Governing board | - | - | - | - | - | - | 1,700 | - | - | **-** |
| Administration | - | - | - | - | - | - | 50 | - | - | **-** |
| Public works and streets | 604,297 | 498,014 | 531,912 | 527,133 | 532,518 | 697,333 | 17,336 | 541,868 | 546,215 | **574,603** |
| Planning and Zoning | - | 29,240 | - | - | - | - | - | - | - | **-** |
| Clemmons events and marketing | 51,246 | 70,917 | 80,329 | 84,025 | 92,999 | 103,554 | 105,634 | 118,749 | 114,645 | **127,625** |
| Parks & recreation | - | - | - | - | - | - | - | - | 1,720 | **-** |
| Capital grants and contributions: | | | | | | | | | | |
| Administration | - | - | - | - | - | 23,250 | - | 110,000 | - | **-** |
| Public works | - | 8,366 | 4,538,630 | 3,432,289 | 376,282 | 1,226,641 | 865,027 | 532,438 | 3,439,069 | **187,445** |
| American recovery and reinvestment act | 197,584 | - | - | - | - | - | - | - | - | **-** |
| Village Point water & sewer | - | - | - | - | - | - | - | - | 451,082 | **-** |
| Total governmental activities program revenues | $ 872,951 | $ 659,143 | $ 5,171,388 | $ 4,064,190 | $ 1,037,711 | $ 2,092,149 | $ 1,049,752 | $ 1,372,679 | $ 4,602,859 | **$ 947,315** |
| **Business-type activities:** | | | | | | | | | | |
| **Stormwater:** | | | | | | | | | | |
| Charges for services | 651,808 | 658,193 | 725,809 | 747,671 | 749,310 | 751,659 | 782,878 | 778,894 | 775,082 | **785,393** |
| Operating grants and contributions | - | - | - | - | - | - | - | - | 1,150 | **1,125** |
| Total business-type activities program revenues | 651,808 | 658,193 | 725,809 | 747,671 | 749,310 | 751,659 | 782,878 | 778,894 | 776,232 | **786,518** |
| Total primary government program revenues | $ 1,524,759 | $ 1,317,336 | $ 5,897,197 | $ 4,811,861 | $ 1,787,021 | $ 2,843,808 | $ 1,832,630 | $ 2,151,573 | $ 5,379,091 | **$ 1,733,833** |

**Village of Clemmons, North Carolina** **Table 2**

**Changes in Net Position**

**Last Ten Fiscal Years**

**(Accrual Basis of Accounting)**

| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Total net (expense) revenue by program:** | | | | | | | | | | |
| **Governmental activities:** | | | | | | | | | | |
| Governing Board | $ (60,240) | $ (58,446) | $ (65,060) | $ (64,999) | $ (66,849) | $ (50,220) | $ (60,750) | $ (60,703) | $ (54,689) | **$ (65,310)** |
| Administration | (555,040) | (598,315) | (636,056) | (588,189) | (606,578) | (630,936) | (688,604) | (611,389) | (622,247) | **(661,606)** |
| Public safety | (888,129) | (837,972) | (817,654) | (905,437) | (921,453) | (1,059,691) | (1,103,464) | (1,218,579) | (1,279,231) | **(1,353,304)** |
| Public works and streets | (2,872,122) | (2,912,726) | 1,378,865 | 294,518 | (2,825,680) | (2,088,834) | (2,754,387) | (2,591,782) | 122,407 | **(2,925,957)** |
| Planning and zoning | (281,623) | (210,975) | (118,845) | (125,357) | (116,644) | (134,357) | (102,342) | (104,745) | (182,830) | **(152,989)** |
| Clemmons events & marketing | 15,931 | 39,869 | 19,300 | 803 | 12,483 | 27,418 | (21,877) | (32,256) | 22,677 | **800** |
| Parks & recreation | - | - | - | - | - | - | (10,188) | (25,668) | (17,969) | **(18,857)** |
| American recovery and reinvestment act | 197,584 | - | - | - | - | - | - | - | - | **-** |
| Other governments infrastructure | - | - | - | - | - | - | - | - | - | **(202,928)** |
| **Business-type activities:** | | | | | | | | | | |
| Stormwater | 298,759 | 271,051 | 305,802 | 250,241 | 238,346 | 266,789 | 327,433 | 306,533 | 251,026 | **216,545** |
| Total net program (expense) revenue | $ (4,144,880) | $ (4,307,514) | $ 66,352 | $ (1,138,420) | $ (4,286,375) | $ (3,669,831) | $ (4,414,179) | $ (4,338,589) | $ (1,760,856) | **$ (5,163,606)** |
| **General revenues and transfers** | | | | | | | | | | |
| **Governmental activities:** | | | | | | | | | | |
| Taxes: | | | | | | | | | | |
| Property taxes, levied for general purposes | $ 1,991,829 | $ 2,331,349 | $ 2,359,674 | $ 2,392,588 | $ 2,323,446 | $ 2,286,043 | $ 2,330,834 | $ 2,386,250 | $ 2,534,506 | **$ 2,609,124** |
| Other taxes and licenses | 2,134 | 2,793 | 3,299 | 2,790 | 3,426 | 3,422 | 2,775 | 3,582 | 2,748 | **3,182** |
| Grants and contributions not restricted to specific programs | 1,681,423 | 1,781,264 | 1,886,530 | 1,936,602 | 2,016,212 | 2,169,405 | 2,215,330 | 2,260,284 | 2,300,632 | **2,391,772** |
| Investment earnings, unrestricted | 38,327 | 20,268 | 13,139 | 7,876 | 4,676 | 4,758 | 13,939 | 20,113 | 52,866 | **144,862** |
| Donations | 248 | 100 | 500 | 50 | 305 | 200 | - | - | - | **-** |
| Miscellaneous | 128 | 825 | 2,594 | 6,425 | 8,857 | 601 | 2,500 | 4,667 | 3,936 | **59,755** |
| Gain on sale of capital assets | - | 19,002 | - | - | - | - | - | - | - | **-** |
| Transfer to (from) | 37,521 | - | - | - | - | - | - | - | 104,916 | **-** |
| Special item- loss on transfer of land to County | - | - | - | - | - | - | - | (560,084) | - | **-** |
| Total governmental activities general revenues | $ 3,751,610 | $ 4,155,601 | $ 4,265,736 | $ 4,346,331 | $ 4,356,922 | $ 4,464,429 | $ 4,565,378 | $ 4,114,812 | $ 4,999,604 | **$ 5,208,695** |
| **Business-type activities:** | | | | | | | | | | |
| Stormwater: | | | | | | | | | | |
| Investment earnings, unrestricted | 2,507 | 2,808 | 2,166 | 2,230 | 1,465 | 213 | 2,608 | 5,163 | 16,860 | **41,725** |
| Miscellaneous | - | - | - | - | - | - | 826 | (4,782) | - | **50,500** |
| Gross Proceeds from insurance | - | - | - | - | - | - | - | - | - | **-** |
| Transfers to (from) | (37,521) | - | - | - | - | - | - | - | (104,916) | **-** |
| Total business-type activities general revenues | (35,014) | 2,808 | 2,166 | 2,230 | 1,465 | 213 | 3,434 | 381 | (88,056) | **92,225** |
| Total net program (expense) revenue | (4,144,880) | (4,307,514) | 66,352 | (1,138,420) | (4,286,375) | (3,669,831) | (4,414,179) | (4,338,589) | (1,760,856) | **(5,163,606)** |
| **Change in net position:** | | | | | | | | | | |
| Governmental activities | (692,029) | (422,964) | 4,026,286 | 2,957,670 | (167,799) | 527,809 | (176,234) | (530,310) | 2,987,722 | **(171,456)** |
| Business-type activities | 263,745 | 273,859 | 307,968 | 252,471 | 239,811 | 267,002 | 330,867 | 306,914 | 162,970 | **308,770** |
| **Total primary government** | $ (428,284) | $ (149,105) | $ 4,334,254 | $ 3,210,141 | $ 72,012 | $ 794,811 | $ 154,633 | $ (223,396) | $ 3,150,692 | **$ 137,314** |

**Village of Clemmons, North Carolina** **Table 3**
**Fund Balance - Governmental Funds**
**Last Ten Fiscal Years**
***(modified accrual basis of accounting)***

| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | **2019** |
|---|---|---|---|---|---|---|---|---|---|---|
| **Fund Balance:** | | | | | | | | | | |
| **General Fund:** | | | | | | | | | | |
| **Non spendable:** | | | | | | | | | | |
| Inventories | $ 39,506 | $ 38,663 | $ 49,866 | $ 47,187 | $ 48,496 | $ 58,115 | $ 54,572 | $ 56,502 | $ 58,209 | **$ 60,506** |
| Prepaid items | - | - | - | - | 13,717 | 13,031 | 47,687 | 49,229 | 50,461 | **46,021** |
| **Restricted:** | | | | | | | | | | |
| Stabilization by State Statute | 819,717 | 653,133 | 626,117 | 604,204 | 636,054 | 930,286 | 629,036 | 2,082,183 | 627,828 | **738,391** |
| Streets | 1,288,847 | 1,462,065 | 1,630,317 | 1,508,119 | 1,415,939 | 1,214,506 | 1,341,821 | 1,525,280 | 1,674,815 | **2,136,537** |
| Travel and Tourism | 139,559 | 173,733 | 233,740 | 234,767 | 194,396 | 217,400 | 200,405 | 156,502 | 177,871 | **169,681** |
| Cultural, recreation and economic dev. | 57,124 | 51,320 | 77,931 | 77,707 | 74,742 | 51,306 | 46,208 | 57,950 | 59,600 | **69,609** |
| Flags | 61 | - | - | - | - | - | - | - | - | **-** |
| Clock | - | - | - | - | - | 1,369 | - | - | - | **-** |
| **Committed:** | | | | | | | | | | |
| Village facilities | 512,754 | 513,383 | 513,675 | 513,912 | 513,965 | 166,987 | 31,518 | 31,652 | 32,027 | **32,711** |
| Recreation-payment in lieu | - | - | - | - | 5,911 | 5,911 | 5,911 | 22,203 | 43,807 | **64,984** |
| Capital projects | - | - | - | - | - | - | - | - | - | **-** |
| **Assigned:** | | | | | | | | | | |
| Subsequent year's expenditures | 743,335 | 760,768 | - | 382,360 | 196,625 | 571,451 | 873,165 | 1,044,960 | 1,303,540 | **309,250** |
| Land for library | - | - | - | - | - | - | 506,000 | - | - | **-** |
| Capital projects | - | - | - | - | - | - | 317,020 | 257,400 | 126,000 | **142,567** |
| Sidewalks | 12,491 | - | - | - | - | - | - | - | - | **-** |
| **Unassigned** | 2,902,206 | 3,136,439 | 3,894,390 | 4,343,240 | 5,218,676 | 4,996,000 | 4,281,331 | 3,201,378 | 4,912,263 | **5,746,219** |
| **Total general fund** | $ 6,515,600 | $ 6,789,504 | $ 7,026,036 | $ 7,711,496 | $ 8,318,521 | $ 8,226,362 | $ 8,334,674 | $ 8,485,239 | $ 9,066,421 | **$ 9,516,476** |
| | | | | | | | | | | |
| **All other governmental funds:** | | | | | | | | | | |
| Restricted: | | | | | | | | | | |
| Downtown revitalization and economic development | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ 138,679 | **$ 138,679** |
| Assigned Capital Projects | - | - | - | - | 8,432 | 26,506 | 2,403 | 39,179 | - | **-** |
| Committed: | | | | | | | | | | |
| Market Center Drive Project | - | - | - | - | - | - | - | - | 122,525 | **103,546** |
| Sidewalk 158- Tanglewood | - | - | - | - | - | - | - | - | 10,173 | **-** |
| Unassigned capital projects | - | - | (22,103) | - | - | - | - | (1,433,791) | - | **(4,212)** |
| Total all other governmental funds | $ - | $ - | $ (22,103) | $ - | $ 8,432 | $ 26,506 | $ 2,403 | $ (1,394,612) | $ 271,377 | **$ 238,013** |

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

**Changes in Fund Balance - Governmental Funds**

**Last Ten Fiscal Years**

***(modified accrual basis of accounting)***

| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | **2019** |
|---|---|---|---|---|---|---|---|---|---|---|
| **Revenues** | | | | | | | | | | |
| Taxes | $ 1,985,536 | $ 2,329,835 | $ 2,361,116 | $ 2,398,650 | $ 2,330,408 | 2,293,807 | 2,330,796 | 2,389,020 | $ 2,534,351 | **$ 2,608,088** |
| Other taxes & licenses | 2,134 | 2,793 | 3,299 | 2,790 | 3,426 | 3,422 | 2,775 | 3,582 | 2,748 | **3,182** |
| Unrestricted intergovernmental | 1,681,423 | 1,781,264 | 1,886,530 | 1,936,602 | 2,016,212 | 2,169,405 | 2,215,330 | 2,260,284 | 2,300,632 | **2,391,772** |
| Restricted intergovernmental | 850,929 | 596,504 | 626,456 | 743,929 | 663,799 | 1,531,142 | 833,874 | 1,278,871 | 2,278,710 | **672,105** |
| Permits & fees | 19,824 | 17,606 | 20,517 | 20,743 | 35,912 | 33,929 | 59,546 | 69,624 | 46,258 | **44,956** |
| Sales & services | - | - | - | - | - | - | - | - | 3,870 | **12,686** |
| Investment earnings | 40,525 | 21,935 | 14,064 | 8,617 | 4,819 | 4,943 | 17,019 | 26,647 | 67,036 | **186,815** |
| Donations & sponsorships | - | - | - | - | - | 183,450 | 2,650 | 8,450 | 1,329,801 | **9,000** |
| Other revenues | 376 | 925 | 594 | 185 | 662 | 8,244 | 6,959 | 9,415 | 3,636 | **100** |
| **Total revenues** | 4,580,747 | 4,750,862 | 4,912,576 | 5,111,516 | 5,055,238 | 6,228,342 | 5,468,949 | 6,045,893 | 8,567,042 | **5,928,704** |
| **Expenditures** | | | | | | | | | | |
| Governing board | 60,240 | 58,446 | 65,060 | 64,999 | 66,849 | 50,220 | 62,450 | 60,703 | 54,689 | **65,310** |
| Administration | 537,673 | 579,298 | 615,888 | 568,626 | 589,803 | 676,035 | 662,459 | 705,791 | 584,395 | **620,344** |
| Public safety | 891,948 | 844,165 | 821,742 | 909,724 | 927,175 | 1,066,579 | 1,111,617 | 1,223,792 | 1,284,385 | **1,358,991** |
| Public works | 1,905,458 | 1,983,906 | 2,122,777 | 1,767,522 | 1,873,020 | 2,041,785 | 1,900,412 | 1,931,372 | 1,967,692 | **2,012,857** |
| Streets (Powell Bill) | 394,792 | 228,462 | 170,806 | 622,210 | 550,800 | 726,402 | 403,615 | 345,786 | 386,230 | **95,428** |
| Planning & zoning | 285,376 | 246,142 | 123,570 | 130,851 | 127,976 | 151,255 | 127,046 | 137,868 | 194,405 | **181,645** |
| Clemmons events & marketing | 35,315 | 31,048 | 61,029 | 83,222 | 80,516 | 76,136 | 127,820 | 150,910 | 91,626 | **125,806** |
| Parks & recreation | - | - | - | - | - | - | 5,761 | 8,344 | 6,367 | **5,107** |
| Major repairs & Renovations | - | - | - | - | - | - | - | 25,532 | 33,309 | **-** |
| Capital outlay & capital projects | 399,688 | 505,650 | 743,170 | 262,777 | 228,451 | 1,523,634 | 985,017 | 2,202,606 | 1,823,696 | **1,098,822** |
| **Total expenditures** | 4,510,490 | 4,477,117 | 4,724,042 | 4,409,931 | 4,444,590 | 6,312,046 | 5,386,197 | 6,792,704 | 6,426,794 | **5,564,310** |
| Excess (deficiency) of revenues over expenditures | 70,257 | 273,745 | 188,534 | 701,585 | 610,648 | (83,704) | 82,752 | (746,811) | 2,140,248 | **364,394** |
| **Other financing source (uses):** | | | | | | | | | | |
| Transfers to (from) | 37,521 | - | - | - | - | - | - | - | 104,916 | **-** |
| Sale of capital assets | - | 1,002 | 14,693 | 8,657 | 3,500 | - | 5,000 | 5,850 | 300 | **50,000** |
| Total other financing sources (uses) | 37,521 | 1,002 | 14,693 | 8,657 | 3,500 | - | 5,000 | 5,850 | 105,216 | **50,000** |
| Special item-land purchase& transfer to County | - | - | - | - | - | - | - | 507,419 | - | **-** |
| **Net change in fund balance** | $ 107,778 | $ 274,747 | $ 203,227 | $ 710,242 | $ 614,148 | $ (83,704) | $ 87,752 | $(1,248,380) | $ 2,245,464 | **$ 414,394** |
| Debt service as a percentage of noncapital expenditures | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | **0%** |

**Village of Clemmons, North Carolina** **Table 5**

**Program Revenues by Function**

**Last Ten Fiscal Years**

***(accrual basis of accounting)***

| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|---|---|---|---|---|---|---|---|---|---|---|
| Governmental activities: | | | | | | | | | | |
| Governing board | $ - | $ - | $ - | **$ -** | $ - | $ - | $ 1,700 | $ - | $ - | **$ -** |
| Administration | - | - | - | **-** | - | 26,692 | 509 | - | - | **-** |
| Public safety | 4,950 | 7,130 | 5,025 | 4,875 | 6,310 | 7,475 | 8,740 | 6,150 | 5,800 | **6,275** |
| Public works & streets | 812,063 | 545,258 | 5,081,774 | 3,969,365 | 925,020 | 1,938,598 | 893,934 | 1,087,321 | 3,994,413 | **776,989** |
| Planning & Zoning | 4,692 | 35,838 | 4,710 | 5,925 | 13,525 | 15,830 | 21,310 | 34,167 | 13,595 | **15,250** |
| Clemmons events & marketing | 51,246 | 70,917 | 80,329 | 84,025 | 92,999 | 103,554 | 105,634 | 118,749 | 114,645 | **127,625** |
| Parks & recreation | - | - | - | - | - | - | 17,925 | 16,292 | 23,324 | **21,176** |
| Village Point Dr. project water & sewer | - | - | - | - | - | - | - | - | 451,082 | **-** |
| Subtotal for governmental activities | 872,951 | 659,143 | 5,171,838 | 4,064,190 | 1,037,854 | 2,092,149 | 1,049,752 | 1,262,679 | 4,602,859 | **947,315** |
| Business-type activities | | | | | | | | | | |
| Stormwater | 651,808 | 658,193 | 725,809 | 747,671 | 749,310 | 751,659 | 782,878 | 778,894 | 776,232 | **786,518** |
| Total primary government | $ 1,524,759 | $ 1,317,336 | $ 5,897,647 | $ 4,811,861 | $ 1,787,164 | $ 2,843,808 | $ 1,832,630 | $ 2,041,573 | $ 5,379,091 | **$ 1,733,833** |

**Village of Clemmons, North Carolina** **Table 6**
**General Governmental Tax Revenues by Source**
**Last Ten Fiscal Years**
***(modified accrual basis of accounting)***

| Levied By: Fiscal Year | Clemmons Ad Valorem Taxes | Forsyth Sales Taxes | Forsyth Occupancy Tax | NC Utility Sales Taxes | NC Beer and Wine Tax | Total |
|---|---|---|---|---|---|---|
| 2010 | 1,985,536 | 507,463 | 51,246 | 968,438 | 25,942 | 3,538,625 |
| 2011 | 2,239,835 | 558,441 | 70,917 | 965,956 | 82,396 | 3,917,545 |
| 2012 | 2,361,116 | 671,762 | 80,329 | 918,288 | 80,970 | 4,112,465 |
| 2013 | 2,398,650 | 688,248 | 84,025 | 944,394 | 76,021 | 4,191,338 |
| 2014 | 2,330,408 | 690,870 | 92,999 | 991,758 | 82,937 | 4,188,972 |
| 2015 | 2,293,807 | 750,782 | 103,354 | 1,028,311 | 91,372 | 4,267,626 |
| 2016 | 2,330,796 | 780,098 | 103,034 | 1,024,642 | 85,085 | 4,323,655 |
| 2017 | 2,389,020 | 790,586 | 110,299 | 1,020,813 | 88,600 | 4,399,318 |
| **2018** | **2,534,351** | **821,959** | **110,145** | **1,019,862** | **84,915** | **4,571,232** |
| **2019** | **2,608,088** | **874,930** | **118,625** | **1,015,821** | **85,997** | **4,703,461** |
| Change 2010-2019 | 23.9% | 42.0% | 56.8% | 4.7% | 69.8% | 24.8% |

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

Signatificant tax revenues that are not own-source revenues:

Local sales tax levied by Forsyth County and distributed to Clemmons by an ad valorem distribution formula.

Forsyth County levies an occupancy tax on hotels within Forsyth County; Clemmons received a percentage of these revenues.

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.*

**Village of Clemmons, North Carolina** **Table 7**

**Assessed and Estimated Actual Value of Taxable Property**

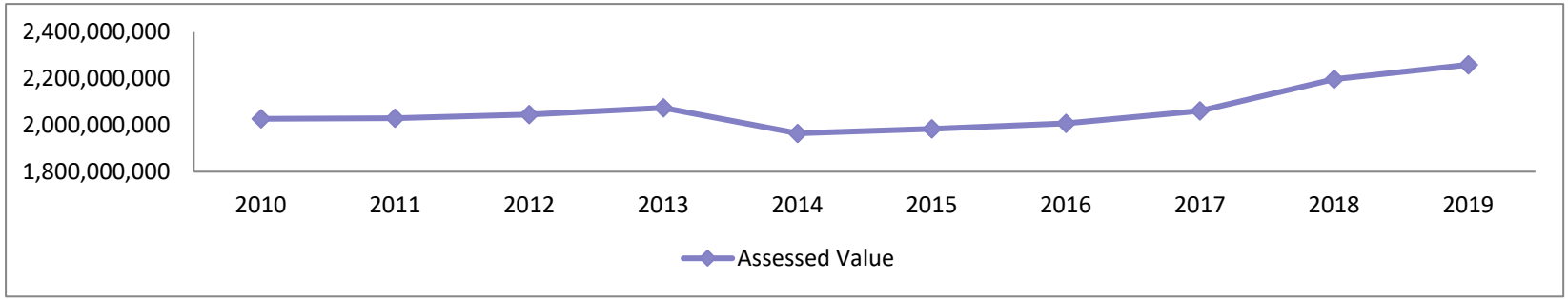
**Last Ten Fiscal Years**

| 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 |
|---|---|---|---|---|---|---|---|---|
| 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 |
| 2013 | 2012 | $ 1,793,528,413 | $ 79,050,350 | $ 166,698,350 | $ 35,236,769 | $ 2,074,513,882 | 100% | 0.115 |
| 2014 | 2013 | $ 1,676,562,086 | $ 80,889,620 | $ 173,493,537 | $ 34,126,634 | $ 1,965,071,877 | 100% | 0.115 |
| 2015 | 2014 | $ 1,680,345,843 | $ 91,519,247 | $ 177,993,971 | $ 34,589,240 | $ 1,984,448,301 | 100% | 0.115 |
| 2016 | 2015 | $ 1,692,037,046 | $ 94,946,822 | $ 184,322,247 | $ 36,029,953 | $ 2,007,336,068 | 100% | 0.115 |
| 2017 | 2016 | $ 1,718,074,861 | $ 105,729,179 | $ 198,826,096 | $ 38,160,113 | $ 2,060,790,249 | 100% | 0.115 |
| 2018 | 2017 | $ 1,863,288,854 | $ 104,159,713 | $ 204,019,733 | $ 25,599,389 | $ 2,197,067,689 | 100% | 0.115 |
| **2019** | **2018** | **$ 1,900,099,362** | **$ 114,550,461** | **$ 219,144,455** | **$ 25,875,223** | **$ 2,259,669,501** | **100%** | **0.115** |

Source TR-1 Report and NC Department of Revenue Assessed Valuations of NC Municipalities For 2018-2019

Note: (1) Assessed value is established at estimated market value. Real property was revalued on January 1 of 2013, and 2017. As of September 1, 2013 registered motor vehicles are assessed when vehicle tag is renewed.

(2) Clemmons tax rate per $100 valuation. See schedule 8 for direct and overlapping tax rates.



**Village of Clemmons**
**Property Tax Rates - Direct and Overlapping Governments** **Table 8**
**(Per $100 of Assessed Value)**
**Last Ten Fiscal Years**

| Fiscal Year | Village of Clemmons Ad Valorem Tax Rate | (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 |
|---|---|---|---|---|---|---|---|
| 2010 | 0.0985 | 0.0985 | 0.6740 | 0.0500 | 0.0600 | 0.8225 | 0.8325 |
| 2011 | 0.1150 | 0.1150 | 0.6740 | 0.0500 | 0.0600 | 0.8390 | 0.8490 |
| 2012 | 0.1150 | 0.1150 | 0.6740 | 0.0500 | 0.0600 | 0.8390 | 0.8490 |
| 2013 | 0.1150 | 0.1150 | 0.6740 | 0.0500 | 0.0600 | 0.8390 | 0.8490 |
| 2014 | 0.1150 | 0.1150 | 0.7168 | 0.0500 | 0.0740 | 0.8818 | 0.9058 |
| 2015 | 0.1150 | 0.1150 | 0.7168 | 0.0500 | 0.0780 | 0.8818 | 0.9098 |
| 2016 | 0.1150 | 0.1150 | 0.7310 | 0.0600 | 0.0800 | 0.9060 | 0.9260 |
| 2017 | 0.1150 | 0.1150 | 0.7310 | 0.0600 | 0.0800 | 0.9060 | 0.9260 |
| 2018 | 0.1150 | 0.1150 | 0.7235 | 0.0636 | 0.0800 | 0.8985 | 0.9185 |
| **2019** | **0.1150** | **0.1150** | **0.7235** | **0.0636** | **0.0836** | **0.9021** | **0.9221** |

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

**Table 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 | | | | |
| 2010 | $ 1,992,052 | $ 1,991,165 | 98.42% | $ 25 | $ 1,991,190 | 99.96% | $ 862 |
| 2011 | $ 2,328,047 | $ 2,327,102 | 98.58% | $ 29 | $ 2,327,131 | 99.96% | $ 916 |
| 2012 | $ 2,359,685 | $ 2,357,865 | 98.66% | $ 46 | $ 2,357,911 | 99.92% | $ 1,774 |
| 2013 | $ 2,385,613 | $ 2,383,497 | 98.93% | $ 408 | $ 2,383,905 | 99.93% | $ 1,708 |
| 2014 | $ 2,317,359 | $ 2,315,630 | 99.20% | $ 576 | $ 2,316,206 | 99.95% | $ 1,153 |
| 2015 | $ 2,287,433 | $ 2,285,869 | 99.93% | $ 440 | $ 2,286,309 | 99.95% | $ 1,124 |
| 2016 | $ 2,321,839 | $ 2,320,034 | 99.92% | $ 312 | $ 2,320,346 | 99.94% | $ 1,493 |
| 2017 | $ 2,373,675 | $ 2,371,319 | 99.90% | $ 621 | $ 2,371,940 | 99.93% | $ 1,735 |
| 2018 | $ 2,533,862 | $ 2,525,588 | 99.67% | $ 5,410 | $ 2,530,998 | 99.89% | $ 2,864 |
| 2019 | $ 2,604,945 | $ 2,595,635 | 99.64% | $ - | $ 2,595,635 | 99.64% | $ 9,310 |

Source Schedule 10-Village of Clemmons CAFR
Village of Clemmons property taxes are collected by the Forsyth County Tax Department.

**Village of Clemmons, North Carolina** **Table 10**
**Principal Taxpayers For the Year**
**Fiscal Years Ended June 30, 2019 and 2010**

| | | Fiscal Year 2019 | |
|---|---|---|---|
| **Taxpayer** | **Type of Enterprise** | **Assessed Valuation** | **Percent of Total Assessed Valuation** |
| Hayward Industries Inc. | Manufacturer | $ 61,915,417 | 2.74% |
| Clemmons Town Center Apartments LLC | Apartments | 26,857,800 | 1.19% |
| Chamberlain Place Apartments LLC | Apartments | 19,425,000 | 0.86% |
| Clemmons Medical Park | Health Care | 18,722,085 | 0.83% |
| Duke Energy | Public Utilities | 13,705,435 | 0.61% |
| Triumph | Public Utilities | 12,284,670 | 0.54% |
| Hubbard Realty of WS, Inc. | Real Estate Developer/Contractor | 12,261,600 | 0.54% |
| Tanglewood Station LLC | Real Estate Developer | 11,524,900 | 0.51% |
| Lewisville Clemmons Road Realty LLC | Real Estate Developer | 11,121,900 | 0.49% |
| Threshold C5 LLC | Apartments | 10,048,900 | 0.44% |
| Total Top Ten | | $ 197,867,707 | 8.76% |
| Total Levy Table 7 | | $ 2,259,669,501 | |

| | | Fiscal Year 2010 | |
|---|---|---|---|
| **Taxpayer** | **Type of Enterprise** | **Assessed Valuation** | **Percent of Total Assessed Valuation** |
| Hayward Industries Inc. | Manufacturer | $ 41,989,470 | 2.07% |
| Hubbard Realty of WS | Real Estate Developer/Contractor | 16,726,280 | 0.83% |
| Granite/Kinnamon LLC | Real Estate Developer/Contractor | 13,173,400 | 0.65% |
| Tanglewood HT LLC | Real Estate Developer | 12,885,700 | 0.64% |
| Fair Oaks Associates LLC | Real Estate Developer/Contractor | 8,782,200 | 0.43% |
| Morgan Place Apartments | Apartments | 8,514,000 | 0.42% |
| Western Enterprises | Real Estate Developer | 8,445,530 | 0.42% |
| Concord Five | Real Estate Developer | 8,499,700 | 0.42% |
| Ellis Properties | Real Estate Developer | 8,496,900 | 0.42% |
| Willow Trace Property | Apartments | 7,559,300 | 0.37% |
| Total Top Ten | | $ 135,072,480 | 7.63% |
| Total Levy Table 7 | | $ 2,027,194,454 | |

Source: Forsyth County Tax Department.

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

**Table 11**

| | |
|---|---|
| **Legal Debt Margin Calculation for Fiscal Year 2019** | |
| **Assessed Value of Taxable Property Schedule 11** | **$ 2,265,169,565** |
| **Debt Limit = Eight percent (8%) of assessed value** | **181,213,565** |
| **Debt applicable to limit:** | |
| | **-** |
| **Total debt applicable to legal debt limit** | **-** |
| **Legal debt margin** | **$ 181,213,565** |

| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|---|---|---|---|---|---|---|---|---|---|---|
| Debt Limit | $ 161,872,812 | $ 162,016,626 | $ 163,874,435 | $ 166,113,494 | $ 161,449,322 | $ 159,206,296 | $ 161,063,043 | $ 165,512,337 | $ 176,268,661 | $ 181,213,565 |
| Total net debt applicable to limit | - | - | - | - | - | - | - | - | - | - |
| Legal debt margin | $ 161,872,812 | $ 162,016,626 | $ 163,874,435 | $ 166,113,494 | $ 161,449,322 | $ 159,206,296 | $ 161,063,043 | $ 165,512,337 | $ 176,268,661 | $ 181,215,584 |
| 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** **Table 12**
**Computation of Direct and Overlapping Governmental Activities Debt**
**For the Fiscal Year Ended June 30, 2019**

| Jurisdiction | Outstanding Debt | Percentage Applicable to Clemmons | Amount Applicable to Clemmons |
|---|---|---|---|
| **Forsyth County** | | | |
| General obligation debt | $ 595,792,576 | | |
| Limited obligation bonds | 20,976,088 | | |
| Installment Purchase Contracts | 20,390,000 | | |
| | $ 637,158,664 | 6.179% | 39,367,381 |
| Subtotal, overlapping debt | | | 39,367,381 |
| Clemmons debt | - | | - |
| Total direct and overlapping debt | | | $ 39,367,381 |

The Village of Clemmons has no government 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.

Sources:
Debt information from Forsyth County Finance Office
The percentage of overlapping debt applicable to the Village of Clemmons is estimated using taxable assessed value information published by NCDR based on TR1 filed by County and Municipalities as of January 1, 2018. NCDR receives registered motor vehicles values for NCDMV.

http://www.dor.state.nc.us/publications/Valuations
County Taxable Real Property, Personal Property, and Public Service Company Valuations
Municipal Taxable Real Property, Person Property, and Public Service Company Valuations

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

**Table 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 |
| 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% | $ - | - |
| 2013 | - | - | - | 0.00% | $ - | - | 0.00% | $ - | - |
| 2014 | - | - | - | 0.00% | $ - | - | 0.00% | $ - | - |
| 2015 | - | - | - | 0.00% | $ - | - | 0.00% | $ - | - |
| 2016 | - | - | - | 0.00% | $ - | - | 0.00% | $ - | - |
| 2017 | - | - | - | 0.00% | $ - | - | 0.00% | $ - | - |
| 2018 | - | - | - | 0.00% | $ - | - | 0.00% | $ - | - |
| **2019** | **-** | **-** | **-** | **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** **Table 14**
**Ratio of Annual Debt Service Expenditures**
**Total Noncapital General Governmental Expenditures**
**Last Ten Fiscal Years**

| Fiscal Year | Principal | Interest | Total Debt Service | Noncapital General Governmental Expenditures | Ratio of Debt Service to Noncapital Expenditures |
|---|---|---|---|---|---|
| 2010 | $ - | $ - | $ - | $ 4,510,490 | 0.00% |
| 2011 | $ - | $ - | $ - | $ 3,971,467 | 0.00% |
| 2012 | $ - | $ - | $ - | $ 4,186,872 | 0.00% |
| 2013 | $ - | $ - | $ - | $ 4,147,154 | 0.00% |
| 2014 | $ - | $ - | $ - | $ 4,216,139 | 0.00% |
| 2015 | $ - | $ - | $ - | $ 4,788,412 | 0.00% |
| 2016 | $ - | $ - | $ - | $ 4,960,764 | 0.00% |
| 2017 | $ - | $ - | $ - | $ 5,075,661 | 0.00% |
| 2018 | $ - | $ - | $ - | $ 4,603,098 | 0.00% |
| **2019** | **$ -** | **$ -** | **$ -** | **$ 4,465,488** | **0.00%** |

Includes installment debt and capital leases.

**Village of Clemmons, North Carolina** **Table 15**
**Demographic Statistics**
**Last Ten Fiscal Years**

| | Clemmons | | | | Forsyth County | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Fiscal Year | Population (1) | Median Age | Median Household Inc | Population (1) | Median Age | Median Household Inc | Total Personal Income (1) (Thousands of Dollars) | Per Capita Income Residence (1) | Unemployment Rate (3) |
| 2010 | 18627 | 40.6 (2) | $ 64,443 (1) | 350670 | 37.2 (1) | $ 46,749 (1) | $ 12,958,800 | $ 36,879 | 10.3 |
| 2011 | 18688 | | | 351380 | | | $ 14,437,625 | $ 37,911 | 10.6 |
| 2012 | 18829 | | | 353949 | | | $ 14,176,253 | $ 39,583 | 9.5 |
| 2013 | 18960 | | $ 64,118 (5) | 353949 | | | $ 14,354,615 | $ 39,739 | 8.8 |
| 2014 | 19168 | 42.4 (5) | $ 66,680 (5) | 357483 | 38 (2) | $ 44,307 (2) | $ 15,477,536 | $ 41,437 | 6.3 |
| 2015 | 19342 | | | 364248 | 38 (2) | $ 47,346 (2) | $ 16,184,845 | $ 43,859 | 6 |
| 2016 | 19342 | 42.5 (5) | $ 67,783 (5) | 364248 | 38 (2) | $ 48,987 (2) | $ 16,595,996 | $ 44,672 | 5.1 |
| 2017 | 19575 | | $ 71,554 (5) | 366543 | 38 | $ 50,803 (2) | (4) | $ 46,888 | 4.2 |
| 2018 | 19605 | | | 369144 | | (4) | (4) | (4) | **4.2** |
| **2019** | **20059** | | | **376309** | | (4) | (4) | (4) | **4.4** |

Source:
(1) Office of Budget and Management for the State of North Carolina LINC
(2) AccessNC@NCCommerce.com
(3) The Employment Security Commission of North Carolina
(4) Information is unavailable
(5) US Census Bureau > factfinder.cenus.gov

## Village of Clemmons, North Carolina
## Principal Employers For the Year
### Current Year and Nine Years Ago

**Table 16**

| Employers | | 2019[1] | | | 2010[2] | | |
|---|---|---|---|---|---|---|---|
| **Forsyth County[1]** | **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[a] | Education & Health Services | 14,271 | 1 | 7.9% | 13,000 | 1 | 8.3% |
| Novant Health and Affiliates | Education & Health Services | 9,898 | 2 | 5.5% | 8,100 | 2 | 5.2% |
| Winston-Salem/Forsyth County School System | Education & Health Services | 8,000 | 3 | 4.4% | 6,692 | 3 | 4.3% |
| Wells Fargo Bank | Financial Activiities | 2,890 | 4 | 1.6% | 2,800 | 5 | 1.9% |
| Reynolds America | Manufacturing | 2,500 | 5 | 1.4% | 3,000 | 4 | 1.8% |
| Hanesbrands, Inc formally Sara Lee Personal Products | Manufacturing | 2,300 | 6 | 1.3% | 2,800 | 6 | 1.8% |
| City of Winston-Salem | Public Administration | 2,287 | 7 | 1.3% | 2,660 | 8 | 1.7% |
| Wake Forest University | Public Administration | 2,134 | 8 | 1.2% | 2,596 | 7 | 1.7% |
| BB&T | Financial Activities | 2,275 | 9 | 1.2% | 2,000 | 10 | 1.3% |
| Forsyth County[1] | Public Administration | 2,134 | 10 | 1.2% | 2,160 | 9 | 1.4% |
| **Total** | | 48,689 | | 26.9% | 45,808 | | 26.5% |
| **Village of Clemmons[3]** | | **2019** | | | **2,012** | | |
| Hayward Pools | Manufacturing | 600 | 1 | 0.32% | 600 | 1 | 0.37% |
| Winston-Salem Forysth County Schools | Education & Health Services | 390 | 2 | 0.21% | 380 | 2 | 0.23% |
| Trinity Elms and Trinity Rehab | Education & Health Services | 240 | 3 | 0.13% | 90 | 7 | 0.06% |
| Novant Health | Education & Health Services | 240 | 4 | 0.13% | N/A | | N/A |
| Lowes Food | Trade, Transportation & Utilities | 210 | 5 | 0.11% | 110 | 6 | 0.07% |
| Triumph Actuation Systems LLC | Manufacturing | 200 | 5 | 0.11% | 200 | 3 | 0.12% |
| Sheffield Financial | Financial Activities | 200 | 6 | 0.11% | 150 | 4 | 0.09% |
| Sylvester and Cockrum, Inc. | Energy | 175 | 7 | 0.09% | N/A | | N/A |
| Clemmons Medical Plaza | Education & Health Services | 149 | 8 | 0.08% | N/A | | N/A |
| Publix | Trade, Transportation & Utilities | 123 | 9 | 0.06% | 118 | 5 | 0.07% |
| Clemmons Village I & II Assisted Living | Trade, Transportation & Utilities | 110 | 10 | 0.06% | 85 | 8 | 0.05% |
| Food Lion | Trade, Transportation & Utilities | N/A | | N/A | 118 | 5 | 0.07% |
| Duke Energy | Trade, Transportation & Utilities | N/A | | N/A | 85 | 9 | 0.05% |
| Golding Farms Food | Trade, Transportation & Utilities | N/A | | N/A | 80 | 10 | 0.05% |
| **Total** | | 2,637 | | 1.39% | 2,016 | | 1.24% |
| **Total Employed County[4]** | | 189,431 | | | 162,419 | | |

[1] Most current estimates are as of October 2018 provided by Forsyth County from the Winston-Salem Chamber of Commerce

[2] 2010 Forsyth County CAFR estimates as of June 2010

[3] Finance Officer called individual companies and institues.

[4] NC Department of Commerce 2019 Q1

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

**Table 17**

| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | **2019** |
|---|---|---|---|---|---|---|---|---|---|---|
| **Public Safety: Per Forsyth County Sheriff's Department** | | | Report furnished on calendar basis 2012 forward | | | | | | | |
| Total Offenses | 2,372 | 2,557 | 2,605 | 2,450 | 2,017 | 2,327 | 2,389 | 2,395 | 2,563 | N/A |
| Total Part 1 Crimes | 550 | 592 | 570 | 447 | 396 | 444 | 491 | 463 | 403 | N/A |
| Total Calls For Service | 9,082 | 12,135 | 14,818 | 16,668 | 17,358 | 22,672 | 19,721 | 19,190 | 22,451 | N/A |
| Charge/Arrest Part 1 | N/A | N/A | 79 | 74 | 56 | 50 | 77 | 59 | N/A | N/A |
| Traffic Arrest Charges | N/A | N/A | 1658 | 1225 | 947 | 966 | 1187 | 1,270 | 1,243 | N/A |
| Average response time in minutes | N/A | N/A | N/A | N/A | 10.2 | 9.6 | N/A | 9.6 | N/A | N/A |
| Community Outreach Coffee with a Cop | N/A | N/A | N/A | N/A | N/A | 1 | **3** | 3 | 5 | 4 |
| **Public Works:** | | | | | | | | | | |
| Streets Resurfaced | 1.87 | 0.86 | 1.05 | 4.53 | 4.11 | 5.92 | 2.60 | 2.24 | 1.86 | 0 |
| Pavement Condition Rating | 87.4% | | | | 88.9% | | 85.4% | | | |
| NC Statewide Pavement Condition Rating | 80.0% | | | | 68.9% | | 69.3% | | | |
| Sanitation Disposal (tons) Per Waste Management | 6,034 | 5,687 | 6,077 | 4,386 | 4,936 | 4,263 | 4,433 | 4,853 | 3,921 | 4,536 |
| Sanitation Recycling (tons) Per Waste Management | 1,087 | 1,090 | 1,125 | 1,386 | 1,416 | 1,437 | 1,377 | 1,311 | 1,243 | 1,213 |
| Tonage Leaf/limb and grass | 3,912 | 4,511 | 4,313 | 4,945 | 6,451* | 4,802 | 5,446 | 5,379 | 6,053 | 6,715 |
| **Planning & Zoning** | | | | | | | | | | |
| Rezoning | 5 | 3 | 2 | 3 | 3 | 2 | 11 | 6 | 5 | 4 |
| Plan Reviews | 1 | 2 | 0 | 1 | 5 | 4 | 4 | 3 | 2 | 2 |
| Text amendments Unified Development Ordinance | N/A | 2 | 3 | 1 | 2 | 1 | 3 | 1 | 2 | 2 |
| Grant applications | | | | | | | 6 | 3 | 0 | 1 |
| Comprehensive Plan Update | x | | | | | | | | | x |
| Zoning Enforcement Hours Contracted (2) | 267.75 | 422.75 | 279 | 245.75 | 235.5 | 235.5 | 211.25 | 188.25 | 197.5 | 271.75 |
| Code violations open | N/A | 86 | 81 | 66 | 45 | 60 | 42 | N/A | N/A | N/A |
| Code violations closed | N/A | 84 | 75 | 48 | 28 | 54 | 33 | N/A | N/A | N/A |
| **Administration** | | | | | | | | | | |
| Certificate Achievement for Excellence in Financial Reporting | X | X | X | X | X | X | X | X | X | |
| **Stormwater** | | | | | | | | | | |
| Participants of Clean up days (3) | N/A | N/A | N/A | 165 | 150 | 220 | 415 | 270 | 250 | 288 |
| Miles of street- trash picked up clean up day | N/A | N/A | N/A | N/A | 31 | 37 | 42 | 29.2 | 38 | 43.4 |
| Tributaries Creek Week | N/A | N/A | N/A | N/A | N/A | N/A | 3 | 1 | 2 | 1 |
| Bags of Trash | N/A | N/A | N/A | N/A | N/A | 167 | 336 | 271 | 228 | 31 |
| Participants medicine Drop | | | | | | | | 210 | 113 | 113 |
| Pills collected (pounds) | | | | | | | | 156 | 73 | 75 |
| Stormwater permits issued | 11 | 12 | 9 | 11 | 17 | 12 | 12 | 15 | 8 | 12 |
| Minor Capital Improvement | 4 | 10 | 7 | 21 | 25 | 31 | 19 | 18 | 13 | 33 |

Sources Village Staff unless otherwise noted

2. City of Winston-Salem billing statement for inspection service contracted with City/County Inspections

* Increase due to snow and ice winter 2014

## Village of Clemmons, North Carolina
## Full-Time Village Government Employees by Function
## Last Ten Fiscal Years

**Table 18**

| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Full Time:** | | | | | | | | | | |
| Administration | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | **4** |
| Planning | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | **1** |
| Public Works (1) | 12 | 12 | 12 | 12 | 13 | 13 | 13 | 14 | 13 | **13** |
| General Fund | 17 | 17 | 17 | 17 | 18 | 18 | 18 | 19 | 18 | **18** |
| Enterprise Fund-Stormwater | 1 | 2 | 2 | 3 | 3 | 2 | 2 | 2 | 2 | **2** |
| Village total | 18 | 19 | 19 | 20 | 21 | 20 | 20 | 21 | 20 | **20** |
| **Part Time:** | | | | | | | | | | |
| Administration | 0 | 0 | 0 | 0 | 0 | 1 | 1 | 1 | 1 | **1** |
| Public Works | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | **1** |

Source: Village of Clemmons.

1. Public Works employees assist in the enterprise fund, during 2017 .
2. Public Works director included in public works count, also performs stormwater engineering

Currently the Village has 1 unfilled Public Works Position `

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

**Table 19**

| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|---|---|---|---|---|---|---|---|---|---|---|
| Municipal Buildings | 2 | 2 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | **3** |
| Salt Building | | | | | | | | | 1 | **1** |
| Sheds | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | **2** |
| Vacant land | 15 Acres | 15 Acres | 15 Acres | 15 Acres | 15 Acres | 15 Acres | 15 Acres | 15 Acres | 15 Acres | **15 Acres** |
| Public Works: | | | | | | | | | | |
| Rolling Stock | 49 | 49 | 49 | 47 | 47 | 52 | 53 | 52 | 52 | **54** |
| Streets (Miles-Paved) | 76.37 | 76.37 | 79.08 | 79.57 | 79.73 | 80 | 80.09 | 80.09 | 80.37 | **80.54** |
| Streets (Miles-Unpaved) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| Sidewalks(Miles) (1) | 14.29 | 14.29 | 16.1 | 16.32 | 16.48 | 17 | 17.045 | 17.045 | 17.185 | **17.31** |
| Street Lights | 735 | 735 | 794 | 794 | 860 | 879 | 879 | 879 | 985 | **987** |
| 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 | 1 | 1 | 1 | 1 | 1 | 1 | **1** |
| Pier | | | 1 | 1 | 1 | 1 | 1 | 1 | 1 | **1** |
| Greenway square feet | | | | | | | 3900 | 3900 | 3900 | **3900** |
| Enterprise Fund: | | | | | | | | | | |
| Stormwater: | | | | | | | | | | |
| Vehicle (2) | 1 | 2 | 2 | 3 | 3 | 3 | 3 | 3 | 4 | **4** |
| Capital Improvement Projects | 0 | 1 | 1 | 0 | 2 | 0 | 0 | 0 | 0 | **0** |

1. Sidewalks had not been measured before this year, however added in previous years.
2. 1/2 of the cost of the street sweeper, 1/2 of 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 Responses

Corrective Action Plan

Summary of Prior Year Audit Findings

Schedule of Expenditures of Federal and State Awards

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

# INDEPENDENT AUDITORS' 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, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, 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, 2019, and the related notes to the financial statements, which collectively comprises the Village of Clemmons's basic financial statements, and have issued our report thereon dated October 23, 2019.

## Internal Control over Financial Reporting

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

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

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Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be a material weakness: 2019-1.

**Compliance and Other Matters**

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

**Village of Clemmons, North Carolina's Response to Findings**

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

**Purpose of this Report**

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

Cannon & Company, L.L.P.

October 23, 2019

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

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

- Material weakness (es) identified? ___X___Yes _____No
- Significant Deficiency (s) identified that are not considered material weakness? _____Yes ___X___None Reported
- Noncompliance material to financial statements noted _____Yes ___X___No

**Section II - Financial Statement Findings**

MATERIAL WEAKNESS

2019-1 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 manager, clerk and or senior administrative assistant when possible. Review procedures are in place that are performed by the Manager or management team, Mayor, Mayor Pro Tem and Council to provide reasonable assurance that the financial statements are not misstated, however the Village also recognizes that reasonable assurance takes into consideration that the cost of the control should not exceed the benefits. Cash receipts are handled by clerk and administrative assistants. The Council also receives a monthly financial report and check register. The manager receives direct confirmation from the County for County collected revenues that are direct deposited to the Village and reviews all checks before the Mayor or Mayor Pro Tem signs the check. The manager also reviews bank reconciliation on monthly basis and has access the financial software to review any accounts on a random basis. The Mayor or Mayor Pro Tem manually signs checks in order to have a second review of checks before they are mailed by senior administrative assistant.

**Section II – Financial Statement Findings**

REPORTABLE CONDITION/MATERIAL WEAKNESS

2019-1 Segregation of Duties

| | |
|---|---|
| Name of contact person: | Scott Buffkin Village Manager |
| Corrective Action: | The duties are separated a much as possible with limited staff and alternative controls are in place to provide reasonable assurance that the financial statements are not misstated. At this time, it would be cost prohibitive to add personnel just for segregation of duties; the Village recognizes that reasonable assurance takes into consideration that the cost of internal control should not exceed the benefits. The manager or designated alternate is control for most of the finance functions such as review of accounts payable and bank statements. The Mayor or Mayor Pro Tem manually signs checks, so there is a second review before the checks are mailed. The Senior Administrative Assistant mails the payable checks. The Council receives check register, cash balances and revenue and expenditure review on a monthly basis. The administrative assistance receives receipts, clerk deposits receipts and the finance office records the receipts. The Village continues to review possible segregation of duties, if personnel expertise or schedule allows. |
| Proposed Completion Date: | The Village has implemented the segregation of duties as much as possible without hiring additional personnel. We have implemented review procedures with management that we believe would prevent any material misstatements of the financial statements. Since the manager is the designated control for finance functions, there is an alternate designated by the Manager. |

## Village of Clemmons, North Carolina
**Summary Schedule of Prior Year Audit Findings**
**For the Year Ended June 30, 2018**

Finding: 2018-1

Status: The duties are separated as much as possible and alternative controls are used to compensate for lack of segregation of duties to provide reasonable assurance that the financial statements are not being misstated. The Village recognizes that reasonable assurance takes into consideration that the cost of internal control should not exceed the benefits. The Village staff is segregating duties as much as feasible with expertise and time available by other staff. Most of our reasonable assurance is in management review of various functions such as bank reconciliation, payroll and payables. Management review is provided by the manager or designated alternate, Mayor, Mayor Pro tem. The Council does receive cash balances, monthly check registers and revenue and expenditure information on a monthly basis. The manager receives direct confirmation from the County for taxes, stormwater fees, and occupancy tax collected by the County and direct deposited to the Village. The Mayor or Mayor Pro Tem manually signs checks as a second review of payables before the senior administrative assistant mails the check. The Village continues to review options for segregation of duties.

## Village of Clemmons, North Carolina
### Schedule of Expenditures of Federal and State Awards
### For the Year Ended June 30, 2019

| Grantor/Pass-Through Grantor/Program Title | Federal CFDA Number | State/ pass-through Grantor's Number | Federal (Direct& Pass-through) Expenditures | State Expenditures | Local Expenditures | Total Expenditures | |
|---|---|---|---|---|---|---|---|
| **Federal Awards:** | | | | | | | |
| Cash Programs: | | | | | | | |
| U.S. Department of Transportation Federal Highway Administration | | | | | | | |
| Passed-through the NC Department of Transportation | | | | | | | |
| Highway Planning and Construction | 20.205 | WBS 39745.1.F30 | $ 25,817 | | $ 14,606 | $ 40,423 | a |
| (Sidewalk & greenway 158) | | | | | | | |
| | **Total Federal** | | $ 25,817 | | $ 14,606 | $ 40,423 | |
| **State Awards:** | | | | | | | |
| Cash Assistance: | | | | | | | |
| N.C. Department of Commerce | | | | | | | |
| Rural Economic Development Division | | | | | | | |
| Downtown Revitalization Project * | | 2016-94 | | $ - | $ - | $ - | |
| Revitalization and Economic Development * | | 2018-015-1257 | | - | - | - | |
| N.C. Department of Transportation | | | | | | | |
| Powell Bill | | 32570 | | 101,344 | - | 101,344 | b |
| | **Total State** | | | 101,344 | - | 101,344 | |
| | **TOTAL ASSISTANCE** | | $ 25,817 | $ 101,344 | | | |

**This report is not required for the current year, however presented for informational purposes only.**

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

Note 1. Basis of Presentation

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

Note 2: Summary of Significant Accounting Policies

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

a: CAFR Schedule 4
b: CAFR Schedule 1

Note 3: Indirect Cost Rate

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

* Active grants, however no activity in current year.