

TOWN OF PLEASANT GARDEN,  
NORTH CAROLINA

FINANCIAL REPORT

YEAR ENDED JUNE 30, 2011



**TOWN OF PLEASANT GARDEN, NORTH CAROLINA**  
**June 30, 2011**

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**Mayor**

Bill Greene

**Town Council**

Carla Strickland, Mayor Pro Tem

Chris Johnson

Nancy Jo Smith

Bob Wyrick

**TOWN OF PLEASANT GARDEN, NORTH CAROLINA**  
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**June 30, 2011**

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## **Independent Auditor's Report**

To the Honorable Town Mayor and  
Members of the Town Council  
Town of Pleasant Garden, North Carolina

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Pleasant Garden, North Carolina as of June 30, 2011, and the respective changes in financial position thereof and the respective budgetary comparison for the General Fund and the Capital Reserve Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Management's Discussion and Analysis, on pages 2 through 7, is not a required part of the basic financial statements, but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements of the Town of Pleasant Garden, North Carolina. The combining and individual fund statements, budgetary schedules and other schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

*Bernard Robinson & Company, L.L.P.*

Greensboro, North Carolina  
September 7, 2011

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2011**

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As management of the Town of Pleasant Garden, North Carolina (the "Town"), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town of Pleasant Garden, North Carolina for the fiscal year ended June 30, 2011. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the Town's financial statements, which follow this narrative.

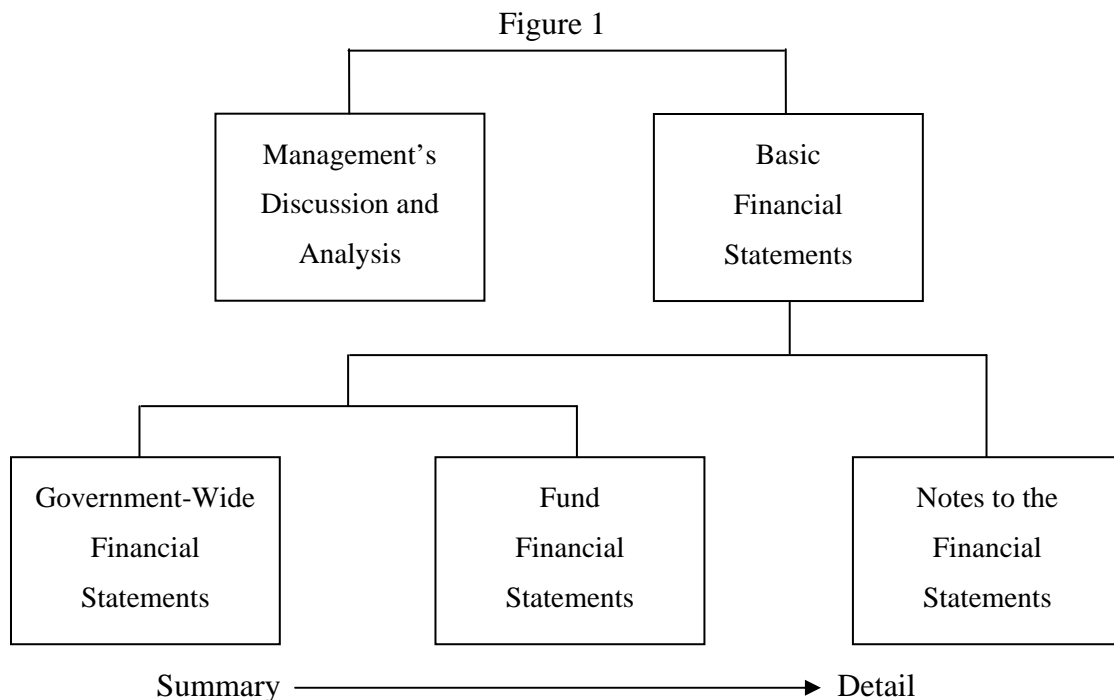
**Financial Highlights**

- The assets of the Town of Pleasant Garden, North Carolina exceeded its liabilities at the close of the fiscal year by \$4,765,362 (net assets).
- The government's total net assets increased by \$24,527.
- As of the close of the current fiscal year, the Town of Pleasant Garden's governmental funds reported combined ending fund balances of \$3,177,933, an increase of \$9,861 in comparison with the prior year. 98% of this total amount, \$3,137,091, is available for spending at the government's discretion (undersigned, assigned and committed fund balance).
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$1,141,386, or 333% of total General Fund expenditures for the fiscal year.

**Overview of the Financial Statements**

This discussion and analysis are intended to serve as an introduction to the Town of Pleasant Garden, North Carolina's basic financial statements. The Town'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 Town 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 Town of Pleasant Garden, North Carolina.

**Required Components of Annual Financial Report**



## **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 Town's financial status.

The next statements (Exhibits 3 through 7) are Fund Financial Statements. These statements focus on the activities of the individual parts of the Town's government. These statements provide more detail than the government-wide statements. There are two parts to the fund financial statements: 1) the governmental funds statements; and 2) the budgetary comparison 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 Town's combining statements and budgetary information required by the General Statutes.

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

The government-wide financial statements are designed to provide the reader with a broad overview of the Town'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 Town's financial status as a whole.

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

The government-wide statements include only the governmental activities category. The governmental activities include all of the Town's basic services such as economic and physical development, recreation, and general administration. Intergovernmental revenues finance most of these activities.

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

### **Fund Financial Statements**

The fund financial statements provide a more detailed look at the Town'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 Town of Pleasant Garden, North Carolina, 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 Town's budget ordinance. All of the funds of the Town of Pleasant Garden, North Carolina are governmental funds.

*Governmental Funds* - Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. All of the Town'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. This method also has a current financial resources 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 Town's programs. The relationship between government activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

The Town of Pleasant Garden, North Carolina 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 Town, the management of the Town, and the decisions of the Town Council about which services to provide and how to pay for them. It also authorizes the Town to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the Town complied with the budget ordinance and whether or not the Town succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the council; 2) the final budget as amended by the council; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges.

*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 follow Exhibit 7 of this report.

### **Town of Pleasant Garden, North Carolina's Net Assets**

Figure 2

	<b>Governmental Activities</b>	
	2011	2010
<b>Assets:</b>		
Current and other assets	\$ 3,208,401	\$ 3,196,222
Capital assets, net	1,581,624	1,567,471
Total assets	4,790,025	4,763,693
<b>Liabilities:</b>		
Current liabilities	24,663	22,858
<b>Net Assets:</b>		
Invested in capital assets	1,581,624	1,567,471
Unrestricted/Restricted	3,183,738	3,173,364
Total net assets	\$ 4,765,362	\$ 4,740,835

As noted earlier, net assets may serve over time as one useful indicator of a government's financial condition. The assets of the Town of Pleasant Garden, North Carolina exceeded liabilities by \$4,765,362 as of June 30, 2011. The Town's net assets increased by \$24,527 for the fiscal year ended June 30, 2011. A portion of net assets (33%) reflects the Town's investment in capital assets (e.g. land and equipment); less any related debt still outstanding that was issued to acquire those items. The Town of Pleasant Garden, North Carolina uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Pleasant Garden, North Carolina's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. The Town currently does not have any debt outstanding. The Town has \$2,039,766 in restricted net assets primarily for capital projects, while the remaining balance of net assets, \$1,147,542, is unrestricted.

Particular aspects of the Town's financial operations that positively influenced the total governmental net assets:

- Continued analysis of the merits of each type of expenditure to ensure that necessary services are maintained;
- Continued monitoring of the revenue available and any additional sources of revenue that may be available to provide the necessary services to the citizens of the Town; and
- Continued diligence in the collection of property taxes by maintaining a tax collection percentage of 93.45%.

### Town of Pleasant Garden, North Carolina's Changes in Net Assets

Figure 3

	Governmental Activities	
	2011	2010
<b>Revenues:</b>		
Program revenues:		
Charges for services	\$ 58,464	\$ 58,035
General revenues:		
Ad valorem taxes	84,878	85,006
Other taxes and licenses	219,192	213,759
Investment earnings	37,635	48,434
Total revenues	400,169	405,234
<b>Expenses:</b>		
General government	310,686	288,154
Recreation	64,956	52,912
Total expenses	375,642	341,066
Increase in net assets	\$ 24,527	\$ 64,168

*Governmental Activities* - Governmental activities increased the Town's net assets by \$24,527. The key element of this increase was a conscious effort by the Town's management to minimize increases in current expenditures for all departments.

### **Financial Analysis of the Town's Funds**

As noted earlier, the Town of Pleasant Garden, North Carolina uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

*Governmental Funds* - The focus of the Town of Pleasant Garden, North Carolina's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the Town of Pleasant Garden, North Carolina's financing requirements. Specifically, undesignated fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year. The General Fund is the chief operating fund of the Town of Pleasant Garden, North Carolina. At the end of the current fiscal year, undesignated fund balance of the General Fund was \$1,141,386. As a measure of the General Fund's liquidity, it may be useful to compare both undesignated fund balance and total fund balance to total fund expenditures. Undesignated and total fund balances represent 333% and 345%, respectively, of total General Fund expenditures.

At June 30, 2011, the governmental funds of the Town of Pleasant Garden, North Carolina reported a fund balance of \$3,177,933, a 0.43% increase over last year. As noted above, a conscious effort was made by the Town's management to minimize increases in current expenditures for all departments.

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

### **Capital Asset and Debt Administration**

*Capital Assets* - Town of Pleasant Garden, North Carolina's capital assets for its governmental activities as of June 30, 2011 totals \$1,581,624 (net of accumulated depreciation). These assets include land, land improvements, buildings, furniture and fixtures and construction in progress.

During the year, the Town decided to improve the parking facilities of their multi-purpose field. At year end, the Town accumulated \$32,915 in construction cost toward this project and is committed up to another \$322,000 that will be spent in fiscal year 2011-2012. There were no major capital asset retirements during the year.

## Town of Pleasant Garden, North Carolina's Capital Assets

Figure 4

	Governmental Activities	
	2011	2010
Land	\$ 510,000	\$ 510,000
Construction in progress	32,915	-
Land improvements	6,808	-
Building	1,121,231	1,121,231
Furniture and Fixtures	19,635	19,635
Total	1,690,589	1,650,866
Less: accumulated depreciation	108,965	83,395
Capital assets, net	<u>\$ 1,581,624</u>	<u>\$ 1,567,471</u>

Additional information on the Town's capital assets can be found in the notes to the basic financial statements.

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

The Town was experiencing an unemployment rate of 9.9% at June 30, 2011. However, this was lower than the seasonally adjusted State rate of 10.4% and County rate of 10.9%.

### Budget Highlights for the Fiscal Year Ended June 30, 2011

#### Governmental Activities

The Town Council levied a property tax of \$.025 per \$100 value for the fiscal year 2010-2011. This action created a "break-even" budget with no excess funds anticipated to be available for addition to the General Fund balance at the end of the 2010-2011 fiscal year. Due to the economic downturn that began in late 2008 and its potential negative impact on revenue, projected expenses were cut during preparation of the budget and Town programs and expenses will be monitored closely to ensure the budget remains balanced.

The Town continues to budget and transfer 20% of shared revenues to capital reserve. When the Town Council decides on a course of action about improvements to the Town's property, capital reserve revenues will be directed to specific projects in accordance with North Carolina General Statute ordinance requirements. During 2011, the Town established three such specific projects for improvements to the Town Hall's landscaping, multi-purpose field parking and picnic shelter.

Programming for Town-sponsored events, such as the youth soccer league, Independence Day, Veterans Day, and the Christmas Parade will be reviewed to ensure appropriate levels of funding.

#### Requests for Information

This report is designed to provide an overview of the Town's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Town Clerk, P.O. Box 307, Pleasant Garden, North Carolina 27313.

## **BASIC FINANCIAL STATEMENTS**

**TOWN OF PLEASANT GARDEN, NORTH CAROLINA**  
**Statement of Net Assets**  
**June 30, 2011**

Exhibit 1

	<u>Primary Government</u>
	<u>Governmental Activities</u>
<b>Assets</b>	
Current assets:	
Cash and cash equivalents	\$ 3,161,754
Taxes receivable	5,805
Due from other governments	40,492
Prepays	350
Non current assets:	
Capital assets, net of accumulated depreciation	<u>1,581,624</u>
Total assets	<u>4,790,025</u>
<b>Liabilities</b>	
Current liabilities:	
Accrued liabilities	<u>24,663</u>
<b>Net Assets</b>	
Invested in capital assets	1,581,624
Restricted for:	
Stabilization by State Statute	40,492
Capital projects	1,995,704
Unrestricted	<u>1,147,542</u>
Total net assets	<u><u>\$ 4,765,362</u></u>

**TOWN OF PLEASANT GARDEN, NORTH CAROLINA**  
**Statement of Activities**  
**Year Ended June 30, 2011**

Exhibit 2

	<u>Expenses</u>	<u>Program Revenues</u> <u>Charges for Services</u>	<u>Net (Expense) Revenue and Changes in Net Assets</u> <u>Total Governmental Activities</u>
<b>Functions/Programs</b>			
Primary government:			
Governmental activities:			
General government	\$ 310,686	\$ 2,695	\$ (307,991)
Recreation	64,956	55,769	(9,187)
Total governmental activities	<u>\$ 375,642</u>	<u>\$ 58,464</u>	<u>(317,178)</u>
<b>General Revenues:</b>			
			84,878
			219,192
			<u>37,635</u>
			<u>341,705</u>
			24,527
<b>Net Assets:</b>			
			<u>4,740,835</u>
			<u>\$ 4,765,362</u>

**TOWN OF PLEASANT GARDEN, NORTH CAROLINA**

Exhibit 3

**Balance Sheet**

**Governmental Funds**

**June 30, 2011**

	<u>Major Funds</u>			Total Governmental Funds
	<u>General</u>	<u>Capital Outlay</u>	<u>Nonmajor Funds</u>	
<b>Assets</b>				
Cash and equivalents	\$ 1,166,050	\$ 1,987,654	\$ 8,050	\$ 3,161,754
Taxes receivable, net	5,805	-	-	5,805
Due from other governments	40,492	-	-	40,492
Prepaid items	350	-	-	350
Total assets	<u>\$ 1,212,697</u>	<u>\$ 1,987,654</u>	<u>\$ 8,050</u>	<u>\$ 3,208,401</u>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities:</b>				
Accrued liabilities	\$ 24,663	\$ -	\$ -	\$ 24,663
Deferred revenue	5,805	-	-	5,805
Total liabilities	<u>30,468</u>	<u>-</u>	<u>-</u>	<u>30,468</u>
<b>Fund Balances:</b>				
<b>Non Spendable:</b>				
Prepays	350	-	-	350
<b>Restricted:</b>				
Stabilization by State Statute	40,492	-	-	40,492
<b>Committed:</b>				
Major Capital Reserve Fund	-	1,987,654	-	1,987,654
<b>Assigned:</b>				
Various Capital Projects	-	-	8,050	8,050
Unassigned	1,141,387	-	-	1,141,387
Total fund balances	<u>1,182,229</u>	<u>1,987,654</u>	<u>8,050</u>	<u>3,177,933</u>
Total liabilities and fund balances	<u>\$ 1,212,697</u>	<u>\$ 1,987,654</u>	<u>\$ 8,050</u>	

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

1,581,624

Deferred revenues in the governmental funds are used to offset accounts receivable not expected to be available within 90 days of the year end. These receivables are a component of net assets in the statement of net assets.

5,805

Net assets of governmental activities

\$ 4,765,362

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

**TOWN OF PLEASANT GARDEN, NORTH CAROLINA**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**Year Ended June 30, 2011**

Exhibit 4

	Major Funds			Total Governmental Funds
	General	Capital Outlay	Nonmajor Funds	
<b>Revenues</b>				
Ad valorem taxes	\$ 84,365	\$ -	\$ -	\$ 84,365
Other taxes and licenses	27,535	-	-	27,535
Unrestricted intergovernmental revenues	191,657	-	-	191,657
Investment earnings	20,988	16,647	-	37,635
Miscellaneous	58,464	-	-	58,464
Total revenues	<u>383,009</u>	<u>16,647</u>	<u>-</u>	<u>399,656</u>
<b>Expenditures</b>				
Current:				
General government	278,386	-	-	278,386
Recreation	64,956	-	-	64,956
Capital outlay	-	325	46,128	46,453
Total expenditures	<u>343,342</u>	<u>325</u>	<u>46,128</u>	<u>389,795</u>
Revenues over (under) expenditures	<u>39,667</u>	<u>16,322</u>	<u>(46,128)</u>	<u>9,861</u>
<b>Other Financing Sources (Uses)</b>				
Operating transfers	<u>(35,477)</u>	<u>(18,701)</u>	<u>54,178</u>	<u>-</u>
Net change in fund balances	<u>4,190</u>	<u>(2,379)</u>	<u>8,050</u>	<u>9,861</u>
Fund balances, beginning	1,178,039	1,990,033	-	3,168,072
Fund balances, ending	<u>\$ 1,182,229</u>	<u>\$ 1,987,654</u>	<u>\$ 8,050</u>	<u>\$ 3,177,933</u>

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

**TOWN OF PLEASANT GARDEN, NORTH CAROLINA**  
**Reconciliation of the Statement of Revenues, Expenditures, and Changes**  
**in Fund Balances of the Governmental Funds to the Statement of Activities**  
**Year Ended June 30, 2011**

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Exhibit 5

Amounts reported for governmental activities in the statement of activities (Exhibit 2) are different because:

Net change in fund balances - total governmental funds	<u>\$ 9,861</u>
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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. The following amounts are by which depreciation exceeded capital outlay in the current period:

Capital outlay expenditures which were capitalized	39,723
Depreciation expense for governmental assets	<u>(25,570)</u>
	<u>14,153</u>

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds. This adjustment represents the amount of change related to revenues subject to the "availability" criteria.

<u>513</u>
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Change in net assets of governmental activities (Exhibit 2)	<u><u>\$ 24,527</u></u>
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**TOWN OF PLEASANT GARDEN, NORTH CAROLINA**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances -**  
**Annual Budget and Actual - General Fund**  
**Year Ended June 30, 2011**

Exhibit 6

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
<b>Revenues</b>				
Ad valorem taxes	\$ 82,040	\$ 82,040	\$ 84,365	\$ 2,325
Other taxes and licenses	32,000	32,000	27,535	(4,465)
Unrestricted intergovernmental revenues	187,700	187,700	191,657	3,957
Investment earnings	19,800	19,800	20,988	1,188
Miscellaneous	62,500	63,500	58,464	(5,036)
Total revenues	<u>384,040</u>	<u>385,040</u>	<u>383,009</u>	<u>(2,031)</u>
<b>Expenditures</b>				
Current:				
General government	289,160	289,160	278,386	10,774
Recreation	76,600	77,600	64,956	12,644
Total expenditures	<u>365,760</u>	<u>366,760</u>	<u>343,342</u>	<u>23,418</u>
Revenues over expenditures	<u>18,280</u>	<u>18,280</u>	<u>39,667</u>	<u>21,387</u>
<b>Other Financing Sources (Uses)</b>				
Operating transfers out	(45,140)	(45,140)	(35,477)	9,663
Appropriated fund balances	26,860	26,860	-	(26,860)
Total other financing uses	<u>(18,280)</u>	<u>(18,280)</u>	<u>(35,477)</u>	<u>(17,197)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	4,190	<u>\$ 4,190</u>
Fund balances, beginning			<u>1,178,039</u>	
Fund balances, ending			<u>\$ 1,182,229</u>	

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

TOWN OF PLEASANT GARDEN, NORTH CAROLINA

Exhibit 7

Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

Annually Budgeted Major Capital Reserve Fund

Year Ended June 30, 2011

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
<b>Revenues</b>				
Investment earnings	\$ -	\$ -	\$ 16,647	\$ 16,647
<b>Expenditures</b>				
General government:				
Project expenses	1,910,572	1,910,572	325	1,910,247
Revenues over (under) expenditures	(1,910,572)	(1,910,572)	16,322	1,926,894
<b>Other Financing Sources (Uses)</b>				
Operating transfers out	-	-	(18,701)	(18,701)
Appropriated fund balance	1,910,572	1,910,572	-	(1,910,572)
Total other financing sources (uses)	1,910,572	1,910,572	(18,701)	(1,929,273)
Net change in fund balances	\$ -	\$ -	(2,379)	\$ (2,379)
Fund balances, beginning			1,990,033	
Fund balances, ending			\$ 1,987,654	

## TOWN OF PLEASANT GARDEN, NORTH CAROLINA

### Notes to Financial Statements

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#### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Town of Pleasant Garden, North Carolina (the "Town") conform to accounting principles generally accepted in the United States of America as applicable to governments. The following is a summary of the more significant accounting policies:

##### **Reporting Entity**

The Town is a municipal corporation, which is governed by an elected five-member council. The Mayor is elected by the voters of the Town. The Mayor serves as the chairperson of the Town Council.

##### **Basis of Presentation**

*Government-Wide Statements:* The statement of net assets and the statement of activities display information about the primary government. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double counting of internal activities. The Town's governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions.

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

*Fund Financial Statements:* The fund financial statements provide information about the Town's funds. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column.

The Town reports the following major governmental funds:

*General Fund* - The General Fund is the primary operating fund of the Town. It is used to account for all financial resources of the general government, except those required to be accounted for in another fund. The primary revenue source is State-shared revenues. The primary expenditures are for general government services.

*Capital Reserve Fund* - The Capital Reserve Fund accounts for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds). The Town has one Capital Reserve Fund within its governmental fund types.

**TOWN OF PLEASANT GARDEN, NORTH CAROLINA**  
**Notes to Financial Statements**

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Town reports the following nonmajor governmental funds:

*Capital Project Funds* – The Capital Project Funds accounts for the resources accumulated and payments made for the following capital projects of the general government: Picnic Shelter Improvement Fund; Multi-purpose Fields Driveway and Parking Improvement Capital Project Fund; and Town Hall Landscaping Improvement Capital Project Fund.

**Measurement Focus and Basis of Accounting**

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

*Government-Wide Financial Statements* - The government-wide financial statements are reported using the economic resources measurement focus and 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 Town gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

*Governmental Fund Financial Statements* - Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

The Town considers all revenues available if they are collected within 90 days after year end, except for property taxes. Ad valorem taxes receivable are not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of January 1, 1993, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, Guilford County is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts in the County, including the Town of Pleasant Garden. For registered motor vehicles, property taxes are due the first day of the fourth month after

## **TOWN OF PLEASANT GARDEN, NORTH CAROLINA**

### **Notes to Financial Statements**

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#### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

the vehicles are registered. The billed taxes are applicable to the fiscal year in which they become due. Therefore, the Town's taxes for vehicles registered in Guilford County from March 2010 through February 2011 apply to the fiscal year ended June 30, 2011. Uncollected taxes that were billed during this period are shown as a receivable in these financial statements and are offset by deferred revenues.

Sales taxes and certain intergovernmental revenues, such as utilities franchise tax, collected and held by the State at year end on behalf of the Town 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.

#### **Budgetary Data**

The Town's budgets are adopted as required by North Carolina General Statutes. An annual budget is adopted for the General Fund and the Capital Reserve Fund. All annual appropriations lapse at fiscal year end. Project ordinances are adopted for the Picnic Shelter Improvement Capital Project Fund; Multi-purpose Fields Driveway and Parking Improvement Capital Project Fund; and Town Hall Landscaping Improvement Capital Project Fund. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and at the object level for all multi-year funds. Amendments are required for any revisions that alter total expenditures of any fund or that change functional appropriations. During the year ended June 30, 2011, several amendments to the original budget were necessary and have been reflected in the statements presented. The budget ordinance must be adopted by July 1<sup>st</sup> of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

#### **Assets, Liabilities, and Fund Equity**

##### **Deposits and Investments**

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

State law [G.S. 159-30(c)] authorizes the Town 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").

# TOWN OF PLEASANT GARDEN, NORTH CAROLINA

## Notes to Financial Statements

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### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Town's investments are carried at fair value as determined by quoted market prices. The securities of the NCCMT Cash Portfolio, a SEC-registered (2a-7) money market mutual fund, are valued at fair value, which is the NCCMT's share price. The NCCMT Term Portfolio's securities are valued at fair value.

#### **Cash and Cash Equivalents**

All cash and investments are essentially demand deposits and are considered cash and cash equivalents.

#### **Ad Valorem Taxes Receivable**

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the Town levies ad valorem taxes on property other than motor vehicles on July 1<sup>st</sup>, the beginning of the fiscal year. The taxes are due on September 1<sup>st</sup> (lien date); however, interest does not accrue until the following January 6<sup>th</sup>. These taxes are based on the assessed values as of January 1, 2010. As allowed by State law, the Town has established a schedule of discounts that apply to taxes that are paid prior to the due date. In the Town's General Fund, ad valorem tax revenues are reported net of such discounts.

#### **Allowance for Doubtful Accounts**

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

#### **Capital Assets**

Capital assets are defined by the government as assets with an initial, individual cost of more than a certain cost and an estimated useful life in excess of two years. Capital expenditures over \$5,000 are recorded as general capital assets. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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

Equipment	5 years
Furniture and fixtures	7 years
Leasehold improvements	20 years
Buildings	50 years

**TOWN OF PLEASANT GARDEN, NORTH CAROLINA**  
**Notes to Financial Statements**

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Compensated Absences**

The vacation policy of the Town is non-cumulative over a certain number of days. Vacation is accrued on a calendar-year basis and may be accumulated without any applicable maximum until December 31<sup>st</sup> of the calendar year. At calendar year end, any employee with more than five days of accumulated leave shall have the excess accumulation credited to sick leave so that only five days are carried forward to January 1<sup>st</sup> of the next calendar year.

The Town's sick leave policy is cumulative for an unlimited number of days. However, sick time accumulated during employment is not vested and paid to the employee in the event of termination of employment. Sick leave earned on a monthly basis is allowed as creditable service at the time of retirement to employees who are members of the North Carolina Local Government Employees' Retirement System.

The current portion of the accumulated vacation pay is not considered to be material; therefore, no expenditure or liability has been reported in the governmental funds.

**Net Assets/Fund Balances**

*Net Assets* - Net assets in the government-wide financial statements are classified as invested in capital assets, net of related debt; restricted; and unrestricted. Restricted net assets represent constraints on resources that are either, a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or b) imposed by law through State statutes.

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

The governmental fund types classify fund balances as follows:

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

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

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

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

## TOWN OF PLEASANT GARDEN, NORTH CAROLINA

### Notes to Financial Statements

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#### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Committed for Capital Reserve Fund - portion of fund balance assigned by the Board for acquisition or construction of major capital facilities.

Assigned fund balance – portion of fund balance that Town intends to use for specific purposes.

Assigned for various capital projects – portion of fund balance that has been budgeted by the Board for improvements of picnic shelters, multi-purpose driveway and parking and landscaping.

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

The Town has a revenue spending policy that provides guidance for programs with multiple revenue sources. The Finance Officer will use resources in the following hierarchy: bond proceeds, federal funds, state funds, local non-town funds, and town funds. For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in-order by committed fund balance, assigned fund balance and lastly unassigned fund balance. The Finance Officer does not have the authority to deviate from this policy unless approved by the Town Council if deemed in the best interest of the Town.

The Town has also adopted a minimum fund balance policy for the general fund which instructs management to conduct the business of the Town in such a manner that available fund balance is at least equal to 100% of budgeted expenditures. Any portion of the general fund balance in excess of 100% of budgeted expenditures may be appropriated for one-time expenditures as approved by a majority vote of the Town Council and may not be used for any purpose that would obligate the Town in a future budget.

#### NOTE 2 - DETAIL NOTES ON ALL FUNDS

##### **A. Assets**

##### **Deposits**

All the deposits of the Town 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 Town's agents in the Town's names. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Town, these deposits are considered to be held by the Town's agents in

**TOWN OF PLEASANT GARDEN, NORTH CAROLINA**  
**Notes to Financial Statements**

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NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)

their names. The amount of the pledged collateral is based on an approved averaging method for non-interest-bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the Town or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the Town under the Pooling Method, the potential exists for undercollateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method.

The State Treasurer enforces standards of minimum capitalization for all pooling method financial institutions and monitors them for compliance. The Town analyzes the financial soundness of any other financial institution used by the Town. The Town complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

The Town has no formal policies regarding credit risk, custodial credit risk, or interest rate risk.

At June 30, 2011, the Town's deposits had a carrying amount of \$3,161,579 and a bank balance of \$3,166,946. Of the bank balance, \$828,006 was covered by federal depository insurance, and \$2,338,940 was covered by collateral held under the Pooling Method. At June 30, 2011, the Town's petty cash funds totaled \$175.

**Receivables**

The receivables shown in Exhibit 1 at June 30, 2011 were as follows:

	<u>Taxes</u>	<u>Due from other Governments</u>	<u>Total</u>
<b>Governmental Activities</b>			
General	\$ 5,805	\$ 40,492	\$ 46,297

Due from other governments consisted of the following:

Franchise and sales tax receivable	\$ 37,541
Sales tax refund	2,951
	<u>\$ 40,492</u>

**TOWN OF PLEASANT GARDEN, NORTH CAROLINA**  
**Notes to Financial Statements**

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NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)

**Capital Assets**

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

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
<b>Governmental Activities:</b>				
Capital assets not being depreciated:				
Land	\$ 510,000	\$ -	\$ -	\$ 510,000
Construction in progress	-	32,915	-	32,915
Total capital assets not being depreciation	<u>510,000</u>	<u>32,915</u>	<u>-</u>	<u>542,915</u>
Capital assets being depreciated:				
Land improvements	-	6,808	-	6,808
Buildings	1,121,231	-	-	1,121,231
Furniture and fixtures	19,635	-	-	19,635
Total capital assets being depreciated	<u>1,140,866</u>	<u>6,808</u>	<u>-</u>	<u>1,147,674</u>
Less accumulated depreciation for:				
Land improvements	-	340	-	340
Buildings	78,486	22,425	-	100,911
Furniture and fixtures	4,909	2,805	-	7,714
Total accumulated depreciation	<u>83,395</u>	<u>\$ 25,570</u>	<u>\$ -</u>	<u>108,965</u>
Total capital assets being depreciated, net	<u>1,057,471</u>			<u>1,038,709</u>
Government activity capital assets, net	<u>\$1,567,471</u>			<u>\$1,581,624</u>

**Construction Commitments**

The government has one active construction project as of June 30, 2011. At year end, the government's commitments with contractors were approximately \$322,000 and \$0 was spent to date toward this contract.

**TOWN OF PLEASANT GARDEN, NORTH CAROLINA**  
**Notes to Financial Statements**

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NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)

**B. Liabilities**

**Accrued Liabilities**

Included in accrued liabilities, at year end, is \$19,054 relating to a letter of credit payout to assist in future payments for street improvements of the Hunters Hills Subdivision. Since the Town doesn't own any streets, the Town is currently looking into how to legally disburse these funds to the appropriate organization who is responsible for the upkeep of the subdivision's streets.

**Deferred/Unearned Revenues**

The balance in deferred revenues on the fund statements and unearned revenues on the government-wide statements at June 30, 2011 is composed of the following elements:

	<u>Deferred Revenue</u>	<u>Unearned Revenue</u>
Tax receivable, net	<u>\$ 5,805</u>	<u>\$ -</u>

**Risk Management**

The Town 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 Town participates in three self-funded risk financing pools administered by the North Carolina League of Municipalities. Through these pools, the Town obtains general liability and auto liability coverage of \$2 million per occurrence, property coverage with a limit of up to \$1,327,808, workers' compensation coverage up to the statutory limits, and employee benefits liability coverage up to \$1 million lifetime limit. The pools are reinsured through commercial companies for single occurrence claims against general liability, auto liability and property in excess of \$500,000, and \$300,000 up to statutory limits for workers' compensation. The property liability pool has an aggregate limit for the total property losses in a single year with the reinsurance limit based upon a percentage of the total insurance values.

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

The Town carries flood insurance through the Interlocal Risk Financing Fund of North Carolina. The policy has a limit of insurance for a single occurrence of \$5,000,000.

In accordance with G.S. 159-29, the Town's employees that have access to \$100 or more at any given time of the Town's funds are performance bonded through a commercial surety bond. The finance officer and tax collector are each individually bonded for \$50,000 and \$10,000, respectively. The remaining employees that have access to funds are bonded under a blanket bond for \$20,000.

**TOWN OF PLEASANT GARDEN, NORTH CAROLINA**  
**Notes to Financial Statements**

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NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)

**Deferred Compensation Plan**

The Town offers its employees a deferred compensation plan in accordance with the Internal Revenue Code (“IRC”) Section 457. The plan, available to all employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees or other beneficiaries until termination, retirement, death or unforeseeable emergency. The Town has no administrative involvement and does not perform the investing function. The Town has no fiduciary accountability for the plan and, accordingly, the plan assets and related liabilities to plan participants are not included in the basic financial statements.

**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	\$ 1,182,229
Less:	
Prepaid items	350
Stabilization by State Statute	40,492
Remaining Fund Balance	<u>\$ 1,141,387</u>

**Interfund Balances and Activity**

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

	<b>Transfers</b>		<b>Purpose</b>
	<u>From</u>	<u>To</u>	
General Fund	\$ 35,477	\$ -	To allocate 20% ABC sales, Franchise utility tax, and beer and wine tax revenue and transfer funds for project expenditures
Capital Reserve Fund	18,701	-	
Nonmajor governmental funds	-	54,178	
Total operating transfers	<u>\$ 54,178</u>	<u>\$ 54,178</u>	

**Joint Ventures**

The Town, in conjunction with 45 other municipalities in 7 counties, is a member of the Piedmont Triad Council of Governments (“PTCOG”). The participating governments established PTCOG to coordinate various funding received from federal and State agencies. Each participating government appoints one member to the PTCOG's governing board. The Town paid membership fees of \$1,109 to PTCOG during the fiscal year ended June 30, 2011.

**SUPPLEMENTAL SCHEDULES**

**TOWN OF PLEASANT GARDEN, NORTH CAROLINA**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2011**

Schedule 1

	<u>Capital Projects</u>			<u>Total Nonmajor Funds</u>
	<u>Picnic Shelter Improvements</u>	<u>Multi-purpose Field Driveway and Parking Improvements</u>	<u>Town Hall Landscaping Improvements</u>	
<b>Assets</b>				
Cash and equivalents	\$ 965	\$ 7,085	\$ -	\$ 8,050
Total assets	<u>\$ 965</u>	<u>\$ 7,085</u>	<u>\$ -</u>	<u>\$ 8,050</u>
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Accrued liabilities	\$ -	\$ -	\$ -	\$ -
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:				
Assigned:				
Capital projects	965	7,085	-	8,050
Total fund balances	<u>965</u>	<u>7,085</u>	<u>-</u>	<u>8,050</u>
Total liabilities and fund balances	<u>\$ 965</u>	<u>\$ 7,085</u>	<u>\$ -</u>	<u>\$ 8,050</u>

**TOWN OF PLEASANT GARDEN, NORTH CAROLINA**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**June 30, 2011**

Schedule 2

	<u>Capital Projects</u>			
	<u>Picnic Shelter Improvements</u>	<u>Multi-purpose Field Driveway and Parking Improvements</u>	<u>Town Hall Landscaping Improvements</u>	<u>Total Nonmajor Funds</u>
<b>Expenditures</b>				
Current:				
Capital outlay	\$ 2,035	\$ 32,915	\$ 11,178	\$ 46,128
Total expenditures	<u>2,035</u>	<u>32,915</u>	<u>11,178</u>	<u>46,128</u>
<b>Other Financing Sources</b>				
Operating transfers	<u>3,000</u>	<u>40,000</u>	<u>11,178</u>	<u>54,178</u>
Net change in fund balances	<u>965</u>	<u>7,085</u>	<u>-</u>	<u>8,050</u>
Fund balances, beginning	-	-	-	-
Fund balances, ending	<u>\$ 965</u>	<u>\$ 7,085</u>	<u>\$ -</u>	<u>\$ 8,050</u>

**TOWN OF PLEASANT GARDEN, NORTH CAROLINA**

Schedule 3

**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**

**Picnic Shelter Improvement Capital Project Fund**

**From Inception and for the Year Ended June 30, 2011**

	<u>Project Authorization</u>	<u>Prior Year</u>	<u>Current Year</u>	<u>Total to Date</u>
<b>Expenditures</b>				
<b>Capital outlay</b>				
Contracted engineering services	\$ 8,000	\$ -	\$ 2,035	\$ 2,035
Contingency	800	-	-	-
Total expenditures	<u>8,800</u>	<u>-</u>	<u>2,035</u>	<u>2,035</u>
<b>Other Financing Sources</b>				
Transfers in	<u>8,800</u>	<u>-</u>	<u>3,000</u>	<u>3,000</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	965	<u>\$ 965</u>
Fund balances, beginning			<u>-</u>	
Fund balances, ending			<u>\$ 965</u>	

**TOWN OF PLEASANT GARDEN, NORTH CAROLINA**

Schedule 4

**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**

**Multi-purpose Fields Driveway and Parking Improvement Capital Project Fund**

**From Inception and for the Year Ended June 30, 2011**

	<u>Project Authorization</u>	<u>Prior Year</u>	<u>Current Year</u>	<u>Total to Date</u>
<b>Expenditures</b>				
<b>Capital outlay</b>				
Contracted engineering services	\$ 37,950	\$ -	\$ 32,490	\$ 32,490
Geotechnical engineering	5,300	-	-	-
Permit fees	1,000	-	425	425
Contingency	2,200	-	-	-
Total expenditures	<u>46,450</u>	<u>-</u>	<u>32,915</u>	<u>32,915</u>
<b>Other Financing Sources</b>				
Transfers in	<u>46,450</u>	<u>-</u>	<u>40,000</u>	<u>40,000</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	7,085	<u>\$ 7,085</u>
Fund balances, beginning			-	
Fund balances, ending			<u>\$ 7,085</u>	

**TOWN OF PLEASANT GARDEN, NORTH CAROLINA**

Schedule 5

**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**

**Town Hall Landscaping Improvement Capital Project Fund**

**From Inception and for the Year Ended June 30, 2011**

	<u>Project Authorization</u>	<u>Prior Year</u>	<u>Current Year</u>	<u>Total to Date</u>
<b>Expenditures</b>				
<b>Capital outlay</b>				
Lawn reseeding and associated site work	\$ 3,300	\$ -	\$ 3,500	\$ 3,500
Shrubbery and other plan materials	6,400	-	6,233	6,233
Area B improvements	1,500	-	1,445	1,445
Contingency	300	-	-	-
Total expenditures	<u>11,500</u>	<u>-</u>	<u>11,178</u>	<u>11,178</u>
<b>Other Financing Sources (Uses)</b>				
Transfers out	-	-	(322)	(322)
Transfers in	11,500	-	11,500	11,500
Total other financing sources	<u>11,500</u>	<u>-</u>	<u>11,178</u>	<u>11,178</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
Fund balances, beginning			-	
Fund balances, ending			<u>\$ -</u>	

**TOWN OF PLEASANT GARDEN, NORTH CAROLINA**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances -**  
**Budget and Actual - General Fund**  
**Year Ended June 30, 2011**

Schedule 6  
Page 1 of 2

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Revenues</b>			
<b>Ad valorem taxes</b>			
Taxes	\$ 82,040	\$ 84,014	\$ 1,974
Penalties and interest	-	351	351
Total ad valorem taxes	<u>82,040</u>	<u>84,365</u>	<u>2,325</u>
<b>Other Taxes and Licenses</b>			
Local option sales tax	26,000	20,138	(5,862)
Cable TV franchise tax	6,000	7,397	1,397
Total other taxes and licenses	<u>32,000</u>	<u>27,535</u>	<u>(4,465)</u>
<b>Unrestricted Intergovernmental Revenues</b>			
Franchise tax	159,000	162,711	3,711
Beer and wine tax	22,600	23,606	1,006
Greensboro ABC revenues	6,100	5,340	(760)
Total unrestricted intergovernmental revenues	<u>187,700</u>	<u>191,657</u>	<u>3,957</u>
<b>Investment Earnings</b>	<u>19,800</u>	<u>20,988</u>	<u>1,188</u>
<b>Miscellaneous</b>			
Recreation fees	55,000	55,769	769
Other	8,500	2,695	(5,805)
Total miscellaneous	<u>63,500</u>	<u>58,464</u>	<u>(5,036)</u>
 Total revenues	 <u>385,040</u>	 <u>383,009</u>	 <u>(2,031)</u>
<b>Expenditures</b>			
<b>General Government</b>			
Governing Board Administration:			
Salaries and employee benefits	104,677	103,326	1,351
Capital outlay	500	3,522	(3,022)
Operating expenses	183,983	171,538	12,445
Total general government	<u>289,160</u>	<u>278,386</u>	<u>10,774</u>

**TOWN OF PLEASANT GARDEN, NORTH CAROLINA**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances -**  
**Budget and Actual - General Fund (Continued)**  
**Year Ended June 30, 2011**

Schedule 6  
Page 2 of 2

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Recreation</b>			
Operating expenses	\$ 77,600	\$ 64,956	\$ 12,644
Total expenditures	<u>366,760</u>	<u>343,342</u>	<u>23,418</u>
Revenues over expenditures	<u>18,280</u>	<u>39,667</u>	<u>21,387</u>
<b>Other Financing Sources (Uses)</b>			
Operating transfers out	(45,140)	(35,477)	(9,663)
Appropriated fund balance	26,860	-	26,860
Total other financing uses	<u>(18,280)</u>	<u>(35,477)</u>	<u>17,197</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ 4,190</u>	<u>\$ 4,190</u>

**TOWN OF PLEASANT GARDEN, NORTH CAROLINA**  
**Schedule of Ad Valorem Taxes Receivable**  
**Year Ended June 30, 2011**

Schedule 7

<u>Year</u>	<u>Uncollected Balance July 1, 2010</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Uncollected Balance June 30, 2011</u>
<b>Property taxes:</b>				
2010 - 2011	\$ -	\$ 85,738	\$ 82,878	\$ 2,860
2009 - 2010	2,659	-	1,938	721
2008 - 2009	659	-	192	467
2007 - 2008	926	-	108	818
2006 - 2007	683	-	85	598
2005 - 2006	365	-	24	341
	<u>\$ 5,292</u>	<u>\$ 85,738</u>	<u>\$ 85,225</u>	
<b>Ad valorem taxes receivable, net</b>				<u>\$ 5,805</u>
<b>Reconciliation of collections and credits with revenues:</b>				
Ad valorem taxes:				
General Fund				\$ 84,365
Reconciling items:				
Penalties and interest				(351)
Discounts, write-offs, releases				457
Miscellaneous adjustments				754
Total collections and credits				<u>\$ 85,225</u>

**TOWN OF PLEASANT GARDEN, NORTH CAROLINA**  
**Analysis of Current Year Levy**  
**Year Ended June 30, 2011**

Schedule 8

	<u>Property Valuation (Million)</u>	<u>Rate</u>	<u>Total Levy</u>	<u>Total Levy</u>	
				<u>Property Excluding Registered Motor Vehicles</u>	<u>Registered Motor Vehicles</u>
<b>Original Levy:</b>					
Property taxed at current year's rate	\$ 312,128	0.025	\$ 78,032	\$ 76,470	\$ 1,562
Motor vehicles taxed at prior year's rate	33,356		8,339	-	8,339
Penalties	11,780		2,945	2,945	-
Total original levy	<u>357,264</u>		<u>89,316</u>	<u>79,415</u>	<u>9,901</u>
<b>Discoveries</b>	<u>9,640</u>		<u>2,410</u>	<u>2,410</u>	<u>-</u>
<b>Abatements</b>	<u>(12,172)</u>		<u>(3,043)</u>	<u>(2,977)</u>	<u>(66)</u>
Total property valuation	<u>\$ 354,732</u>				
<b>Net levy</b>			\$ 88,683	\$ 78,848	\$ 9,835
<b>Uncollected taxes at June 30, 2011</b>			<u>5,805</u>	<u>3,252</u>	<u>2,553</u>
<b>Current year's taxes collected</b>			<u>\$ 82,878</u>	<u>\$ 75,596</u>	<u>\$ 7,282</u>
<b>Current levy collection percentage</b>			<u>93.45%</u>	<u>95.88%</u>	<u>74.04%</u>