

TOWN OF PLEASANT GARDEN, NORTH
CAROLINA

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

Mayor

Carla Strickland

Town Council

Ron Surgeon, Mayor Pro Tem
Steve Brandt
Rick Wallace
Alan Marshall

Administrative and Financial Staff

Sandy Carmany, Town Administrator/Clerk
Tracy Cooper, Assistant Town Clerk
Jason Petersen, Parks, Recreation and
Facilities Director

TOWN OF PLEASANT GARDEN, NORTH CAROLINA
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June 30, 2017

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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

Report on the Financial Statements

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, 2017, and related notes to the financial statements, which collectively comprise the Town's 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 basic 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 the basic 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 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the basic financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the basic financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Town's preparation and fair presentation of the basic 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 Town'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 basic financial statements.

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

Opinions

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective 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, 2017, and the respective changes in financial position, 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, on pages 3 through 9, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Pleasant Garden, North Carolina's basic financial statements. The individual fund budgetary schedules and other schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The individual fund budgetary schedules and other schedules are the responsibility of management and were derived from and relates 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, the individual fund budgetary schedules and other schedules are 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 11, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2017

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, 2017. 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

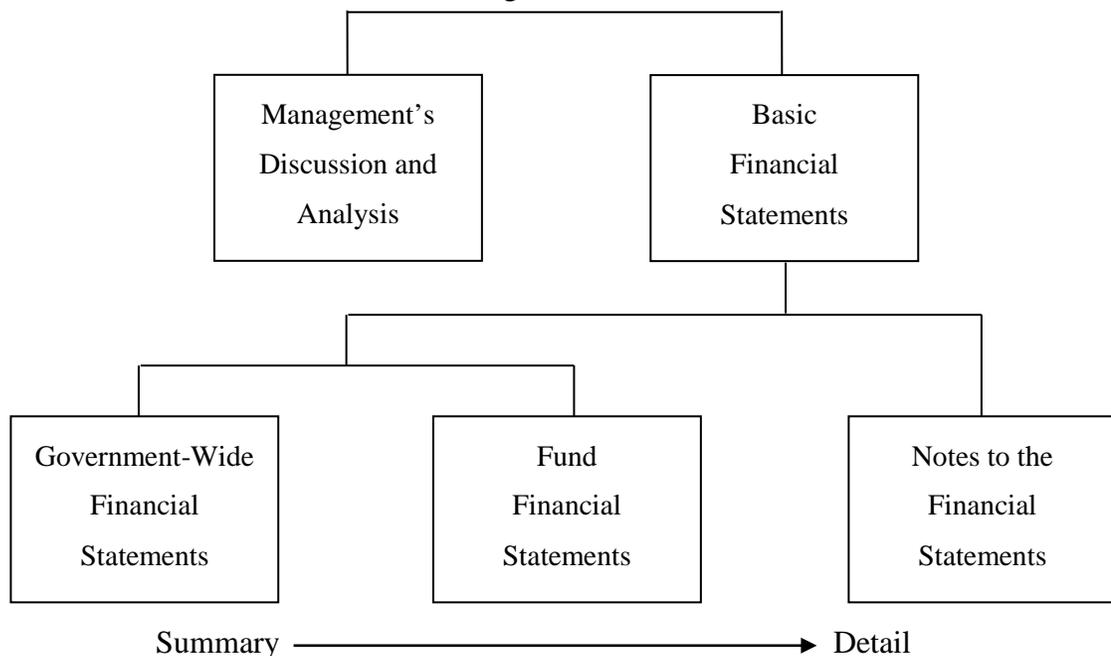
- The assets of the Town exceeded its liabilities at the close of the fiscal year by \$5,398,721 (net position).
- The government's total net position increased by \$620,899.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$2,693,109, an increase of \$12,568 in comparison with the prior year. 98% of this total amount, \$2,635,143, is available for spending at the government's discretion (unassigned, assigned and committed fund balance).
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$1,090,285, or 269% 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

Figure 1



MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2017

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 6) 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 position and how they have changed. Net position is the difference between the Town's total assets and total liabilities and deferred inflow of resources. Measuring net position 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2017

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 Position 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.

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

Town of Pleasant Garden, North Carolina's Net Position

Figure 2

	Governmental Activities	
	2017	2016
Assets:		
Current and other assets	\$ 2,733,864	\$ 2,698,368
Capital assets, net	2,700,314	2,091,826
Total assets	<u>5,434,178</u>	<u>4,790,194</u>
Liabilities:		
Current liabilities	<u>35,457</u>	<u>12,372</u>
Net Position:		
Net invested in capital assets	2,700,314	2,091,826
Unrestricted/Restricted	<u>2,698,407</u>	<u>2,685,996</u>
Total net position	<u>\$ 5,398,721</u>	<u>\$ 4,777,822</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2017

As noted earlier, net position 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 \$5,398,721 as of June 30, 2017. The Town's net position increased by \$620,899 for the fiscal year ended June 30, 2017, which was primarily due to contributed capital of \$580,000. A portion of net position (50%) reflects the Town's net investment in capital assets (e.g. land and equipment); less any related debt still outstanding that was issued to acquire those items, if any. 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 net investment in 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 \$1,602,474 in restricted net position primarily for capital projects, while the remaining balance of net position, \$1,095,933, is unrestricted.

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

- 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 98.25%.

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

Figure 3

	Governmental Activities	
	2017	2016
Revenues:		
Program revenues:		
Charges for services	\$ 87,667	\$ 72,820
Capital Grants	701,275	78,268
General revenues:		
Ad valorem taxes	94,067	93,737
Other taxes and licenses	238,938	241,269
Investment earnings	6,777	4,812
Total revenues	<u>1,128,724</u>	<u>490,906</u>
Expenses:		
General government	398,743	357,946
Recreation	109,082	79,073
Total expenses	<u>507,825</u>	<u>437,019</u>
Increase in net position	<u>\$ 620,899</u>	<u>\$ 53,887</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2017

Governmental Activities - Governmental activities increased the Town's net position by \$620,899. Given the significant sum in the unspent fund balance, the Town Council consciously chose to balance the budget by allocating fund balance instead of increasing the property tax rate.

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, unassigned fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year. The General Fund is the chief operating fund of the Town of Pleasant Garden, North Carolina. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$1,090,285. 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 269% and 284%, respectively, of total General Fund expenditures.

At June 30, 2017, the governmental funds of the Town of Pleasant Garden, North Carolina reported a fund balance of \$2,693,109, a 0.5% 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.

Total revenues of the Town were more than budgeted amounts primarily due to unanticipated revenue from fines and penalties and modest increases in collected ad valorem taxes, Greensboro ABC revenue, Sales and Use taxes, and planning fees. Expenditures were less than budgeted amounts due to overall diligence by the Town to control expenditures to comply with budgetary requirements.

Capital Asset and Debt Administration

Capital Assets - Town of Pleasant Garden, North Carolina's capital assets for its governmental activities as of June 30, 2017 totals \$2,700,314 (net of accumulated depreciation). These assets include land, land improvements, buildings, furniture and fixtures and construction in progress.

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2017

Town of Pleasant Garden, North Carolina's Capital Assets

Figure 4

	<u>Governmental Activities</u>	
	<u>2017</u>	<u>2016</u>
Land	\$ 715,000	\$ 510,000
Construction in progress	1,500	-
Land improvements	978,450	876,476
Building	1,504,731	1,121,231
Furniture and Fixtures	59,631	40,281
Total	<u>3,259,312</u>	<u>2,547,988</u>
Less: accumulated depreciation	<u>558,998</u>	<u>456,162</u>
Capital assets, net	<u>\$ 2,700,314</u>	<u>\$ 2,091,826</u>

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

At year end, the Town didn't have any outstanding debt obligations.

Economic Factors and Next Year's Budgets and Rates

The Town was experiencing an unemployment rate of 4.6% at June 30, 2017. The seasonally adjusted State rate was 4.2% and the County rate was 4.6%.

Budget Highlights for the Fiscal Year Ended June 30, 2017

Governmental Activities

The Town Council levied a property tax of \$.025 per \$100 value for the fiscal year 2016-2017. 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 2016-2017 fiscal year. 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 projects. When the Town Council decides on a course of action about improvements to the Town's property, capital projects revenues will be directed to specific projects in accordance with North Carolina General Statute ordinance requirements. The Town currently has four such specific projects, HVAC and ADA improvements and painting for the Community Center and recreation improvements at Volunteer Park.

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.

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2017

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 Position
June 30, 2017

Exhibit 1

	<u>Primary Government</u>
	<u>Governmental Activities</u>
Assets	
Current assets:	
Cash and cash equivalents	\$ 2,669,424
Taxes receivable, net	6,474
Due from other governments	57,616
Prepaid items	350
Total current assets	<u>2,733,864</u>
Non current assets:	
Capital assets:	
Land and construction in progress	716,500
Other capital assets, net of accumulated depreciation	1,983,814
Total capital assets	<u>2,700,314</u>
Total assets	<u>5,434,178</u>
Liabilities	
Current liabilities:	
Accrued liabilities	<u>35,457</u>
Net Position	
Net invested in capital assets	2,700,314
Restricted for:	
Stabilization by State Statute	57,616
Capital projects	1,544,858
Unrestricted	<u>1,095,933</u>
Total net position	<u>\$ 5,398,721</u>

Statement of Activities

Year Ended June 30, 2017

Functions/Programs	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Capital Grants and Contributions	Revenue and Changes in Net Position
				Total Governmental Activities
Primary government:				
Governmental activities:				
General government	\$ 398,743	\$ 4,800	\$ 121,275	(272,668)
Recreation	109,082	82,867	580,000	553,785
Total governmental activities	<u>\$ 507,825</u>	<u>\$ 87,667</u>	<u>\$ 701,275</u>	<u>281,117</u>
General Revenues:				
				94,067
Ad valorem taxes				238,938
Other taxes				6,777
Investment earnings				<u>339,782</u>
Total general revenues				
Change in net position				<u>620,899</u>
Net Position:				
Beginning				<u>4,777,822</u>
Ending				<u>\$ 5,398,721</u>

TOWN OF PLEASANT GARDEN, NORTH CAROLINA

Balance Sheet

Governmental Funds

June 30, 2017

	Major Funds			
	General	Capital Project	Community Center ADA Project	Nonmajor Funds
Assets				
Cash and equivalents	\$ 1,117,787	\$ 1,551,637	\$ -	\$ -
Taxes receivable, net	5,298	1,176	-	-
Due from other governments	57,616	-	-	-
Due from other funds	-	545	-	-
Prepaid items	350	-	-	-
Total assets	<u>\$ 1,181,051</u>	<u>\$ 1,553,358</u>	<u>\$ -</u>	<u>\$ -</u>
Liabilities, Deferred Inflow of Resources and Fund Balances				
Liabilities:				
Accrued liabilities	\$ 26,957	\$ 8,500	\$ -	\$ -
Due to other funds	545	-	-	-
Total liabilities	<u>27,502</u>	<u>8,500</u>	<u>-</u>	<u>-</u>
Deferred Inflow of Resources:				
Property taxes receivable	5,298	-	-	-
Total deferred inflow of resources	<u>5,298</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:				
Non Spendable:				
Prepays	350	-	-	-
Restricted:				
Stabilization by State Statute	57,616	-	-	-
Committed:				
Major Capital Project Fund	-	1,544,858	-	-
Unassigned	1,090,285	-	-	-
Total fund balances	<u>1,148,251</u>	<u>1,544,858</u>	<u>-</u>	<u>-</u>
Total liabilities, deferred inflow of resources and fund balances	<u>\$ 1,181,051</u>	<u>\$ 1,553,358</u>	<u>\$ -</u>	<u>\$ -</u>

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

Exhibit 3

Total
Governmental
Funds

\$ 2,669,424
6,474
57,616
545
350

\$ 2,734,409

\$ 35,457
545

36,002

5,298

5,298

350

57,616

1,544,858

1,090,285

2,693,109

\$ 2,734,409

TOWN OF PLEASANT GARDEN, NORTH CAROLINA
Reconciliation of the Governmental Funds Balance Sheet to the Statement of
Net Position
June 30, 2017

Exhibit 4

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

Total Fund Balance, Governmental Funds	\$ 2,693,109
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	2,700,314
Earned revenues considered deferred inflows of resources in fund statements.	<u>5,298</u>
Net position of governmental activities	<u><u>\$ 5,398,721</u></u>

TOWN OF PLEASANT GARDEN, NORTH CAROLINA
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2017

	Major Funds			
	General	Capital Project	Community Center ADA Project	Nonmajor Funds
Revenues				
Ad valorem taxes	\$ 94,224	\$ -	\$ -	\$ -
Other taxes and licenses	9,594	-	-	-
Unrestricted intergovernmental revenues	229,344	-	-	-
Investment earnings	433	6,344	-	-
Grants	-	121,275	-	-
Miscellaneous	87,667	-	-	-
Total revenues	<u>421,262</u>	<u>127,619</u>	<u>-</u>	<u>-</u>
Expenditures				
Current:				
General government	295,907	-	-	-
Recreation	109,082	-	-	-
Capital outlay	-	-	101,974	29,350
Total expenditures	<u>404,989</u>	<u>-</u>	<u>101,974</u>	<u>29,350</u>
Revenues over (under) expenditures	<u>16,273</u>	<u>127,619</u>	<u>(101,974)</u>	<u>(29,350)</u>
Other Financing Sources (Uses)				
Operating transfers to	-	45,869	101,974	29,350
Operating transfers from	<u>(45,869)</u>	<u>(131,324)</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(45,869)</u>	<u>(85,455)</u>	<u>101,974</u>	<u>29,350</u>
Net change in fund balances	(29,596)	42,164	-	-
Fund balances, beginning	<u>1,177,847</u>	<u>1,502,694</u>	<u>-</u>	<u>-</u>
Fund balances, ending	<u><u>\$ 1,148,251</u></u>	<u><u>\$ 1,544,858</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

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

Exhibit 5

Total
Governmental
Funds

\$ 94,224
9,594

229,344

6,777

121,275

87,667

548,881

295,907

109,082

131,324

536,313

12,568

177,193

(177,193)

-

12,568

2,680,541

\$ 2,693,109

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, 2017

Exhibit 6

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

Net change in fund balances - total governmental funds	<u>\$ 12,568</u>
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	131,324
Depreciation expense for governmental assets	<u>(102,836)</u>
	<u>28,488</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 in unavailable revenue for tax revenue.	<u>(157)</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 capital contribution of the Community Center.	<u>580,000</u>
Change in net position of governmental activities (Exhibit 2)	<u><u>\$ 620,899</u></u>

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, 2017

Exhibit 7

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues				
Ad valorem taxes	\$ 92,947	\$ 92,947	\$ 94,224	\$ 1,277
Other taxes and licenses	10,400	10,400	9,594	(806)
Unrestricted intergovernmental revenues	225,800	225,800	229,344	3,544
Investment earnings	1,100	1,100	433	(667)
Miscellaneous	69,700	93,450	87,667	(5,783)
Total revenues	<u>399,947</u>	<u>423,697</u>	<u>421,262</u>	<u>(2,435)</u>
Expenditures				
Current:				
General government	319,126	331,686	295,907	35,779
Recreation	87,135	143,835	109,082	34,753
Total expenditures	<u>406,261</u>	<u>475,521</u>	<u>404,989</u>	<u>70,532</u>
Revenues over (under) expenditures	<u>(6,314)</u>	<u>(51,824)</u>	<u>16,273</u>	<u>68,097</u>
Other Financing Sources (Uses)				
Operating transfers out	(47,300)	(47,300)	(45,869)	1,431
Appropriated fund balances	53,614	99,124	-	(99,124)
Total other financing uses	<u>6,314</u>	<u>51,824</u>	<u>(45,869)</u>	<u>(97,693)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	(29,596)	<u>\$ (29,596)</u>
Fund balances, beginning			1,177,847	
Fund balances, ending			<u>\$ 1,148,251</u>	

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

TOWN OF PLEASANT GARDEN, NORTH CAROLINA
Notes to Financial Statements

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 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. 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 Project Fund - The Capital Project 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).

Community Center ADA Project Fund - This capital project fund accounts for the resources accumulated and payments made for the Community Center ADA improvements.

The Town reports the following nonmajor governmental funds:

HVAC Improvements for Community Center Fund - This capital project fund accounts for the resources accumulated and payments made for the Community Center's heating and air system.

Community Center Painting Project Fund - This capital project fund accounts for the resources accumulated and payments made for the Community Center Painting Fund.

TOWN OF PLEASANT GARDEN, NORTH CAROLINA
Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Volunteer Park Fund— This capital project fund accounts for the resources accumulated and payments made for the Volunteer Park 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 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 collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts. Property taxes are due when vehicles are registered. The billed taxes are applicable to the fiscal year in which they are received. Uncollected taxes 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.

TOWN OF PLEASANT GARDEN, NORTH CAROLINA
Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. Sales taxes are considered a shared revenue for the Town because the tax is levied by Guilford County and then remitted to and distributed by the State. Intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. All taxes are reported as general revenues rather than program revenues.

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 Project Fund. All annual appropriations lapse at fiscal yearend. Project ordinances are adopted for the Community Center Painting Fund; Volunteer Park Fund; Community Center Parking Fund; and Community Center Heating and Air System 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. The budget ordinance must be adopted by July 1st 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, Deferred Inflow of Resources 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.

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 1st, the beginning of the fiscal year. The taxes are due on September 1st (lien date); however, interest does not accrue until the following January 6th. These taxes are based on the assessed values as of January 1, 2017. 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.

TOWN OF PLEASANT GARDEN, NORTH CAROLINA

Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 received prior to June 15, 2015 are recorded at 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. 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

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 31st 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 1st 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.

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.

Deferred Inflow of Resources

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, Deferred Inflow 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 Town has one item that meets the criterion for this category which is property taxes receivable.

TOWN OF PLEASANT GARDEN, NORTH CAROLINA
Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Position/Fund Balances

Net Position - Net position in the government-wide financial statements are classified as invested in capital assets, net of related debt; restricted; and unrestricted. Restricted net position represents 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)].

Committed Fund Balance – portion of fund balance that can only be used for specific purposes imposed by majority vote by quorum of the Town's governing body (highest level of decision-making authority). The governing body can, by adoption of an ordinance prior to the end of the 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.

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

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.

TOWN OF PLEASANT GARDEN, NORTH CAROLINA
Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 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 Town, these deposits are considered to be held by the Town's agents in their names. The amount of the pledged collateral is based on an approved averaging method for non-interest-bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the 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, 2017, the Town's deposits had a carrying amount of \$2,669,249 and a bank balance of \$2,682,635. Of the bank balance, \$500,000 was covered by federal depository insurance, and \$2,182,635 was covered by collateral held under the Pooling Method. At June 30, 2017, the Town's petty cash funds totaled \$175.

Receivables

The governmental activities receivables for the governmental funds shown in Exhibit 1 at June 30, 2017 consisted of \$6,474 for taxes and \$57,616 for due from other governments.

Due from other governments consisted of \$55,136 for franchise and sales tax receivable, \$2,480 for sales tax refunds.

TOWN OF PLEASANT GARDEN, NORTH CAROLINA
Notes to Financial Statements

NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)

Capital Assets

Capital asset activity for the year ended June 30, 2017, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 510,000	\$ 205,000	\$ -	\$ 715,000
Construction in progress	-	1,500	-	1,500
Total capital assets not being depreciated	<u>510,000</u>	<u>206,500</u>	<u>-</u>	<u>716,500</u>
Capital assets being depreciated:				
Land improvements	876,476	101,974	-	978,450
Buildings	1,121,231	383,500	-	1,504,731
Furniture and fixtures	40,281	19,350	-	59,631
Total capital assets being depreciated	<u>2,037,988</u>	<u>504,824</u>	<u>-</u>	<u>2,542,812</u>
Less accumulated depreciation for:				
Land improvements	220,218	73,175	-	293,393
Buildings	213,035	26,614	-	239,649
Furniture and fixtures	22,909	3,047	-	25,956
Total accumulated depreciation	<u>456,162</u>	<u>\$ 102,836</u>	<u>\$ -</u>	<u>558,998</u>
Total capital assets being depreciated, net	<u>1,581,826</u>			<u>1,983,814</u>
Government activity capital assets, net	<u>\$2,091,826</u>			<u>\$2,700,314</u>

Depreciation expense for the year ended June 30, 2017 was charged to the general government function of the primary government.

B. Liabilities

Deferred Inflow of Resources

The balance in deferred inflow of resources fund statements is composed of unavailable revenues which consist of property tax receivables at June 30, 2017.

TOWN OF PLEASANT GARDEN, NORTH CAROLINA
Notes to Financial Statements

NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)

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, workers' compensation coverage up to the statutory limits, and employee health coverage. The liability and property exposures are reinsured through commercial carriers for claims in excess of retentions as selected by the Board of Trustees each year. Stop loss insurance is purchased by the Board of Trustees to protect against large medical claims that exceed certain dollar cost levels. Specific information on the limits of the reinsurance, excess and stop loss policies purchased by the Board of Trustees can be obtained by contacting the Risk Management Services Department of the NC League of Municipalities. The pools are audited annually by certified public accountants, and the audited financial statements are available to the Town upon request.

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.

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, 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	\$ 1,148,251
Less:	
Prepaid items	350
Stabilization by State Statute	57,616
Appropriated fund balance for 2018 budget	99,124
Remaining Fund Balance	<u>\$ 991,161</u>

TOWN OF PLEASANT GARDEN, NORTH CAROLINA
Notes to Financial Statements

NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)

Interfund Balances and Activity

Balances due to/from other funds at June 30, 2017 consist of \$545 due to the Capital Project Fund from the General Fund for its allocation of ABC sales, Franchise utility tax, and beer and wine tax revenue.

Transfers to/from other funds at June 30, 2017 consist of the following:

	Transfers		Purpose
	From	To	
General Fund	\$ 45,869	\$ -	To allocate 20% ABC sales, Franchise utility tax, and beer and wine tax revenue and transfer funds for project expenditures
Capital Project Fund	131,324	45,869	
Community Center Parking	-	101,974	
Nonmajor governmental fund	-	29,350	
Total operating transfers	<u>\$ 177,193</u>	<u>\$ 177,193</u>	

Joint Ventures

The Town, in conjunction with 61 other municipalities in 12 counties, is a member of the Piedmont Triad Regional Council (“PTRC”). The participating governments established PTRC to coordinate various funding received from federal and State agencies. Each participating government appoints one member to the PTRC's governing board. The Town paid membership fees of \$965 to PTRC during the fiscal year ended June 30, 2017.

Contribution of Community Center

The Town approved the acceptance of the donation of the Pleasant Garden Community Center in February 2017. The land and building were valued at \$580,000. The Town has decided to run the center and it’s programs, and a Parks and Recreation Director was hired to facilitate the growth and development of the Community Center.

SUPPLEMENTAL SCHEDULES

TOWN OF PLEASANT GARDEN, NORTH CAROLINA
Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual - General Fund
Year Ended June 30, 2017

Schedule 1
Page 1 of 2

	Budget	Actual	Variance Positive (Negative)
Revenues			
Ad valorem taxes			
Taxes	\$ 92,747	\$ 94,224	\$ 1,477
Penalties and interest	200	-	(200)
Total ad valorem taxes	<u>92,947</u>	<u>94,224</u>	<u>1,277</u>
Other Taxes and Licenses			
Sales tax	2,200	-	(2,200)
Cable TV franchise tax	8,200	9,594	1,394
Total other taxes and licenses	<u>10,400</u>	<u>9,594</u>	<u>(806)</u>
Unrestricted Intergovernmental Revenues			
Franchise tax	168,000	166,784	(1,216)
Beer and wine tax	21,000	20,893	(107)
Local option sales tax	25,000	28,887	3,887
Greensboro ABC revenues	11,800	12,780	980
Total unrestricted intergovernmental revenues	<u>225,800</u>	<u>229,344</u>	<u>3,544</u>
Investment Earnings	<u>1,100</u>	<u>433</u>	<u>(667)</u>
Miscellaneous			
Recreation fees	82,750	82,867	117
Other	10,700	4,800	(5,900)
Total miscellaneous	<u>93,450</u>	<u>87,667</u>	<u>(5,783)</u>
Total revenues	<u>423,697</u>	<u>421,262</u>	<u>(2,435)</u>
Expenditures			
General Government			
Governing Board Administration:			
Salaries and employee benefits	126,778	122,955	3,823
Capital outlay	6,500	3,928	2,572
Operating expenses	198,408	169,024	29,384
Total general government	<u>331,686</u>	<u>295,907</u>	<u>35,779</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, 2017

Schedule 1
Page 2 of 2

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Recreation			
Operating expenses	\$ 143,835	\$ 109,082	\$ 34,753
Total expenditures	<u>475,521</u>	<u>404,989</u>	<u>70,532</u>
Revenues over (under) expenditures	<u>(51,824)</u>	<u>16,273</u>	<u>68,097</u>
Other Financing Sources (Uses)			
Operating transfers out	(47,300)	(45,869)	(1,431)
Appropriated fund balance	99,124	-	99,124
Total other financing uses	<u>51,824</u>	<u>(45,869)</u>	<u>97,693</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ (29,596)</u>	<u>\$ (29,596)</u>

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

Annually Budgeted Major Capital Project Fund

Year Ended June 30, 2017

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues				
Grants	\$ -	\$ -	\$ 121,275	\$ 121,275
Investment earnings	-	-	6,344	6,344
Total revenues	<u>-</u>	<u>-</u>	<u>127,619</u>	<u>127,619</u>
Expenditures				
General government:				
Project expenses	<u>1,824,287</u>	<u>1,824,287</u>	<u>-</u>	<u>1,824,287</u>
Revenues over (under) expenditures	<u>(1,824,287)</u>	<u>(1,824,287)</u>	<u>127,619</u>	<u>1,951,906</u>
Other Financing Sources (Uses)				
Operating transfers in	-	-	45,869	45,869
Operating transfers out	(131,324)	(131,324)	(131,324)	-
Appropriated fund balance	<u>1,955,611</u>	<u>1,955,611</u>	<u>-</u>	<u>(1,955,611)</u>
Total other financing sources (uses)	<u>1,824,287</u>	<u>1,824,287</u>	<u>(85,455)</u>	<u>(1,909,742)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	42,164	<u>\$ 42,164</u>
Fund balances, beginning			<u>1,502,694</u>	
Fund balances, ending			<u>\$ 1,544,858</u>	

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

HVAC Improvements at Community Center Fund

From Inception and for the Year Ended June 30, 2017

	<u>Project Authorization</u>	<u>Prior Year</u>	<u>Current Year</u>	<u>Total to Date</u>
Expenditures				
Capital outlay				
Hardware and installation	\$ 12,000	\$ -	\$ 8,500	\$ 8,500
Total expenditures	<u>12,000</u>	<u>-</u>	<u>8,500</u>	<u>8,500</u>
Other Financing Sources				
Transfers in	<u>12,000</u>	<u>-</u>	<u>8,500</u>	<u>8,500</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
Fund balances, beginning			<u>-</u>	
Fund balances, ending			<u>\$ -</u>	

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

Community Center Painting Project Fund

From Inception and for the Year Ended June 30, 2017

	<u>Project Authorization</u>	<u>Prior Year</u>	<u>Current Year</u>	<u>Total to Date</u>
Expenditures				
Capital outlay				
Painting services	\$ 20,000	\$ -	\$ 19,350	\$ 19,350
Total expenditures	<u>20,000</u>	<u>-</u>	<u>19,350</u>	<u>19,350</u>
Other Financing Sources				
Transfers in	<u>20,000</u>	<u>-</u>	<u>19,350</u>	<u>19,350</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
Fund balances, beginning			<u>-</u>	
Fund balances, ending			<u>\$ -</u>	

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

Volunteer Park Fund

From Inception and for the Year Ended June 30, 2017

	<u>Project Authorization</u>	<u>Prior Year</u>	<u>Current Year</u>	<u>Total to Date</u>
Expenditures				
Capital outlay				
Planning fees	\$ 75,004	\$ -	\$ 1,500	\$ 1,500
Construction	375,020	-	-	-
Contingency	18,751	-	-	-
Total expenditures	<u>468,775</u>	<u>-</u>	<u>1,500</u>	<u>1,500</u>
Other Financing Sources				
Transfers in	<u>468,775</u>	<u>-</u>	<u>1,500</u>	<u>1,500</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
Fund balances, beginning			<u>-</u>	
Fund balances, ending			<u>\$ -</u>	

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

Community Center ADA Project Fund

From Inception and for the Year Ended June 30, 2017

	Project Authorization	Prior Year	Current Year	Total to Date
Expenditures				
Capital outlay				
Planning fees	\$ 26,544	\$ -	\$ 16,282	\$ 16,282
Construction	79,796	-	85,692	85,692
Total expenditures	<u>106,340</u>	<u>-</u>	<u>101,974</u>	<u>101,974</u>
Other Financing Sources				
Transfers in	<u>106,340</u>	<u>-</u>	<u>101,974</u>	<u>101,974</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
Fund balances, beginning			<u>-</u>	
Fund balances, ending			<u>\$ -</u>	

TOWN OF PLEASANT GARDEN, NORTH CAROLINA
Schedule of Ad Valorem Taxes Receivable
Year Ended June 30, 2017

Schedule 7

<u>Year</u>	<u>Uncollected Balance July 1, 2016</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Uncollected Balance June 30, 2017</u>
Property taxes:				
2016 - 2017	\$ -	\$ 93,737	\$ 92,267	\$ 1,470
2015 - 2016	1,362	-	821	541
2014 - 2015	533	-	206	327
2013 - 2014	658	-	265	393
2012 - 2013	493	-	149	344
2011 - 2012	435	-	113	322
2010 - 2011	274	-	44	230
2009 - 2010	214	-	5	209
2008 - 2009	309	-	5	304
2007 - 2008	577	-	13	564
2006 - 2007	342	-	5	337
2005 - 2006	258	-	1	257
	<u>\$ 5,455</u>	<u>\$ 93,737</u>	<u>\$ 93,894</u>	
Ad valorem taxes receivable, net				<u>\$ 5,298</u>
Reconciliation of collections and credits with revenues:				
Ad valorem taxes:				
General Fund				\$ 94,224
Reconciling items:				
Discounts, write-offs, releases				(567)
Miscellaneous adjustments				237
Total collections and credits				<u>\$ 93,894</u>

Analysis of Current Year Levy

Year Ended June 30, 2017

	Property Valuation (Million)	Rate	Total Levy	Total Levy	
				Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original Levy:					
Property taxed at					
current year's rate	\$ 377,433,760	0.025	\$ 94,108	\$ 84,162	\$ 9,946
Penalties	540,000	0.025	135	135	-
Total original levy	<u>377,973,760</u>		<u>94,243</u>	<u>84,297</u>	<u>9,946</u>
Discoveries	<u>-</u>	0.025	<u>-</u>	<u>-</u>	<u>-</u>
Abatements	<u>(2,024,000)</u>	0.025	<u>(506)</u>	<u>(506)</u>	<u>-</u>
Total property valuation	<u>\$ 375,949,760</u>				
Net levy			\$ 93,737	\$ 83,791	\$ 9,946
Uncollected taxes at June 30, 2017			<u>1,470</u>	<u>1,470</u>	<u>-</u>
Current year's taxes collected			<u>\$ 92,267</u>	<u>\$ 82,321</u>	<u>\$ 9,946</u>
Current levy collection percentage			<u>98.43%</u>	<u>98.25%</u>	<u>100.00%</u>