

TOWN OF PLEASANT GARDEN, NORTH  
CAROLINA

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2016

**Mayor**

Carla Strickland

**Town Council**

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

**Administrative and Financial Staff**

Sandy Carmany, Town Administrator/Clerk  
Tracy Cooper, Assistant Town Clerk

**TOWN OF PLEASANT GARDEN, NORTH CAROLINA**  
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**June 30, 2016**

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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, 2016, 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, 2016, 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  
October 4, 2016

# MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2016

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, 2016. 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

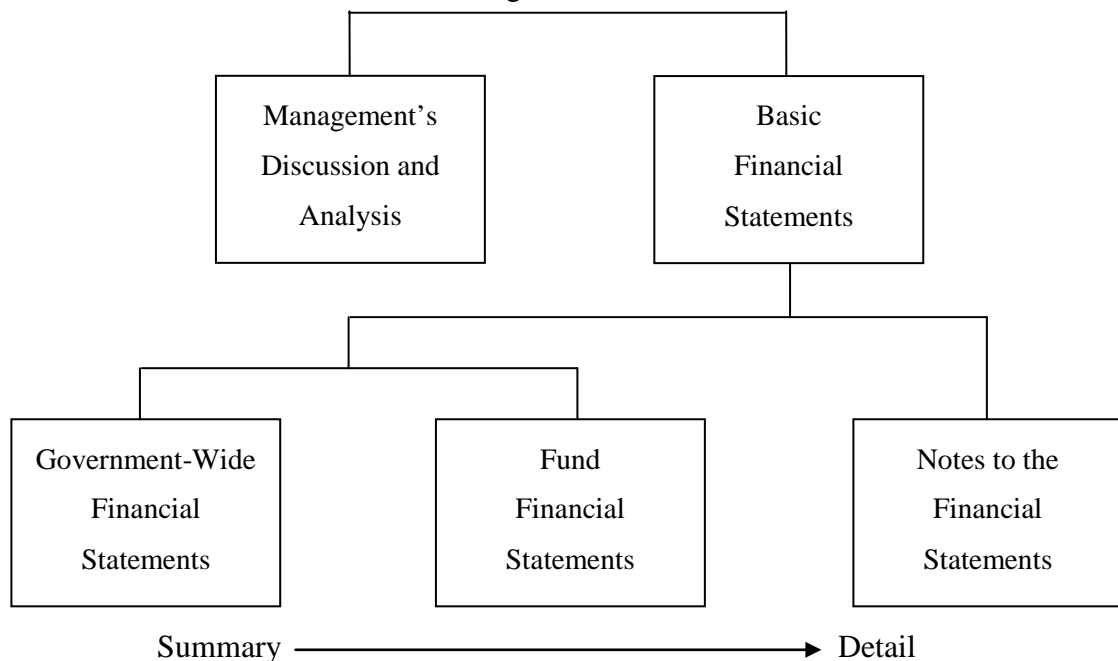
- The assets of the Town exceeded its liabilities at the close of the fiscal year by \$4,777,822 (net position).
- The government's total net position increased by \$53,887.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$2,680,541, a decrease of (\$7,044) in comparison with the prior year. 98% of this total amount, \$2,625,626, 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 \$1,122,932, or 325% 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, 2016

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### Basic Financial Statements

The first two statements (Exhibits 1 and 2) in the basic financial statements are the Government-Wide Financial Statements. They provide both short and long-term information about the 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, 2016

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	
	2016	2015
<b>Assets:</b>		
Current and other assets	\$ 2,698,368	\$ 2,701,042
Capital assets, net	2,091,826	2,030,420
Total assets	<u>4,790,194</u>	<u>4,731,462</u>
<b>Liabilities:</b>		
Current liabilities	<u>12,372</u>	<u>7,527</u>
<b>Net Position:</b>		
Net invested in capital assets	2,091,826	2,030,420
Unrestricted/Restricted	<u>2,685,996</u>	<u>2,693,515</u>
Total net position	<u>\$ 4,777,822</u>	<u>\$ 4,723,935</u>



## MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2016

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 \$4,777,822 as of June 30, 2016. The Town's net position increased by \$53,887 for the fiscal year ended June 30, 2016. A portion of net position (44%) 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. 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 \$1,557,259 in restricted net position primarily for capital projects, while the remaining balance of net position, \$1,128,737, 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 98.54%.

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

Figure 3

	Governmental Activities	
	2016	2015
<b>Revenues:</b>		
Program revenues:		
Charges for services	\$ 72,820	\$ 73,000
Capital Grants	78,268	12,369
General revenues:		
Ad valorem taxes	93,737	91,232
Other taxes and licenses	241,269	235,016
Grants		19,900
Investment earnings	4,812	6,180
Total revenues	<u>490,906</u>	<u>437,697</u>
<b>Expenses:</b>		
General government	357,946	383,198
Recreation	79,073	79,365
Total expenses	<u>437,019</u>	<u>462,563</u>
Increase (decrease) in net position	<u>\$ 53,887</u>	<u>\$ (24,866)</u>

## MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2016

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*Governmental Activities* - Governmental activities increased the Town's net position by \$53,887. 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 \$1,122,932. 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 325% and 341%, respectively, of total General Fund expenditures.

At June 30, 2016, the governmental funds of the Town of Pleasant Garden, North Carolina reported a fund balance of \$2,680,541, a 0.2% decrease 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, 2016 totals \$2,091,826 (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, 2016

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

Figure 4

	Governmental Activities	
	2016	2015
Land	\$ 510,000	\$ 510,000
Construction in progress	-	32,344
Land improvements	876,476	704,907
Building	1,121,231	1,121,231
Furniture and Fixtures	40,281	26,983
Total	<u>2,547,988</u>	<u>2,395,465</u>
Less: accumulated depreciation	<u>456,162</u>	<u>365,045</u>
Capital assets, net	<u>\$ 2,091,826</u>	<u>\$ 2,030,420</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 5.4% at June 30, 2016. The seasonally adjusted State rate was 4.9% and the County rate was 5.4%.

**Budget Highlights for the Fiscal Year Ended June 30, 2016**

**Governmental Activities**

The Town Council levied a property tax of \$.025 per \$100 value for the fiscal year 2015-2016. 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 2015-2016 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 three such specific projects, construction of a restroom/concessions building at the athletic fields, design and construction of a greenway connecting Town Hall to the athletic fields, and the purchase of two-way radios.

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, 2016

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### **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, 2016**

Exhibit 1

	<u>Primary Government</u>
	<u>Governmental Activities</u>
<b>Assets</b>	
Current assets:	
Cash and cash equivalents	\$ 2,559,730
Taxes receivable, net	5,455
Due from other governments	132,833
Prepaid items	350
Total current assets	<u>2,698,368</u>
Non current assets:	
Capital assets:	
Land and construction in progress	510,000
Other capital assets, net of accumulated depreciation	1,581,826
Total capital assets	<u>2,091,826</u>
Total assets	<u>4,790,194</u>
<b>Liabilities</b>	
Current liabilities:	
Accrued liabilities	<u>12,372</u>
<b>Net Position</b>	
Net invested in capital assets	2,091,826
Restricted for:	
Stabilization by State Statute	54,565
Capital projects	1,502,694
Unrestricted	<u>1,128,737</u>
Total net position	<u>\$ 4,777,822</u>

**TOWN OF PLEASANT GARDEN, NORTH CAROLINA**  
**Statement of Activities**  
**Year Ended June 30, 2016**

Exhibit 2

	<u>Expenses</u>	<u>Program Revenues</u>		Net (Expense)
		<u>Charges for Services</u>	<u>Capital Grants</u>	Revenue and Changes in Net Position
<b>Functions/Programs</b>				<u>Total</u>
				<u>Governmental Activities</u>
Primary government:				
Governmental activities:				
General government	\$ 357,946	\$ 11,655	\$ 78,268	(268,023)
Recreation	79,073	61,165	-	(17,908)
Total governmental activities	<u>\$ 437,019</u>	<u>\$ 72,820</u>	<u>\$ 78,268</u>	<u>(285,931)</u>
<b>General Revenues:</b>				
Ad valorem taxes				93,737
Other taxes				241,269
Investment earnings				4,812
Total general revenues				<u>339,818</u>
Change in net position				<u>53,887</u>
<b>Net Position:</b>				
Beginning				<u>4,723,935</u>
Ending				<u>\$ 4,777,822</u>

**TOWN OF PLEASANT GARDEN, NORTH CAROLINA**

**Balance Sheet**

**Governmental Funds**

**June 30, 2016**

	Major Funds			
	General	Capital Project	Greenway	Nonmajor Funds
<b>Assets</b>				
Cash and equivalents	\$ 1,137,563	\$ 1,422,167	\$ -	\$ -
Taxes receivable, net	5,455	-	-	-
Due from other governments	54,565	78,268	-	-
Due from other funds	-	2,259	-	-
Prepaid items	350	-	-	-
Total assets	<u>\$ 1,197,933</u>	<u>\$ 1,502,694</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Liabilities, Deferred Inflow of Resources and Fund Balances</b>				
Liabilities:				
Accrued liabilities	\$ 12,372	\$ -	\$ -	\$ -
Due to other funds	2,259	-	-	-
Total liabilities	<u>14,631</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred Inflow of Resources:				
Property taxes receivable	5,455	-	-	-
Total deferred inflow of resources	<u>5,455</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:				
Non Spendable:				
Prepays	350	-	-	-
Restricted:				
Stabilization by State Statute	54,565	-	-	-
Committed:				
Major Capital Project Fund	-	1,502,694	-	-
Unassigned	1,122,932	-	-	-
Total fund balances	<u>1,177,847</u>	<u>1,502,694</u>	<u>-</u>	<u>-</u>
Total liabilities, deferred inflow of resources and fund balances	<u>\$ 1,197,933</u>	<u>\$ 1,502,694</u>	<u>\$ -</u>	<u>\$ -</u>

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



Exhibit 3

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Total  
Governmental  
Funds

---

\$ 2,559,730  
5,455  
132,833  
2,259  
350  

---

\$ 2,700,627

\$ 12,372  
2,259  

---

14,631

---

5,455  

---

5,455

350

54,565

1,502,694  
1,122,932  

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\$ 2,680,541

**TOWN OF PLEASANT GARDEN, NORTH CAROLINA**  
**Reconciliation of the Governmental Funds Balance Sheet to the Statement of**  
**Net Position**  
**June 30, 2016**

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Exhibit 4

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

Total Fund Balance, Governmental Funds	\$ 2,680,541
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	2,091,826
Earned revenues considered deferred inflows of resources in fund statements.	<u>5,455</u>
Net position of governmental activities	<u><u>\$ 4,777,822</u></u>

**TOWN OF PLEASANT GARDEN, NORTH CAROLINA**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**Year Ended June 30, 2016**

	Major Funds			
	General	Capital Project	Greenway	Nonmajor Funds
<b>Revenues</b>				
Ad valorem taxes	\$ 94,212	\$ -	\$ -	\$ -
Other taxes and licenses	8,135	-	-	-
Unrestricted intergovernmental revenues	233,134	-	-	-
Investment earnings	818	3,994	-	-
Grants	-	78,268	-	-
Miscellaneous	72,820	-	-	-
Total revenues	<u>409,119</u>	<u>82,262</u>	<u>-</u>	<u>-</u>
<b>Expenditures</b>				
Current:				
General government	266,829	-	-	-
Recreation	79,073	-	-	-
Capital outlay	-	-	141,531	10,992
Total expenditures	<u>345,902</u>	<u>-</u>	<u>141,531</u>	<u>10,992</u>
Revenues over (under) expenditures	<u>63,217</u>	<u>82,262</u>	<u>(141,531)</u>	<u>(10,992)</u>
<b>Other Financing Sources (Uses)</b>				
Operating transfers to	-	46,627	141,531	10,992
Operating transfers from	<u>(46,627)</u>	<u>(152,523)</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(46,627)</u>	<u>(105,896)</u>	<u>141,531</u>	<u>10,992</u>
Net change in fund balances	16,590	(23,634)	-	-
Fund balances, beginning	<u>1,161,257</u>	<u>1,526,328</u>	<u>-</u>	<u>-</u>
Fund balances, ending	<u><u>\$ 1,177,847</u></u>	<u><u>\$ 1,502,694</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

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Total  
Governmental  
Funds

---

\$ 94,212  
8,135

233,134  
4,812  
78,268  
72,820

---

491,381

266,829  
79,073  
152,523

---

498,425

---

(7,044)

199,150  
(199,150)

---

-

(7,044)

2,687,585

---

\$ 2,680,541

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**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, 2016**

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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>\$ (7,044)</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	152,523
Depreciation expense for governmental assets	<u>(91,117)</u>
	<u>61,406</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>(475)</u>
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Change in net position of governmental activities (Exhibit 2)	<u><u>\$ 53,887</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, 2016**

Exhibit 7

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
<b>Revenues</b>				
Ad valorem taxes	\$ 92,384	\$ 92,384	\$ 94,212	\$ 1,828
Other taxes and licenses	10,700	10,700	8,135	(2,565)
Unrestricted intergovernmental revenues	212,700	212,700	233,134	20,434
Investment earnings	2,000	2,000	818	(1,182)
Miscellaneous	67,100	67,100	72,820	5,720
Total revenues	<u>384,884</u>	<u>384,884</u>	<u>409,119</u>	<u>24,235</u>
<b>Expenditures</b>				
Current:				
General government	322,391	322,391	266,829	55,562
Recreation	87,885	87,885	79,073	8,812
Total expenditures	<u>410,276</u>	<u>410,276</u>	<u>345,902</u>	<u>64,374</u>
Revenues over expenditures	<u>(25,392)</u>	<u>(25,392)</u>	<u>63,217</u>	<u>88,609</u>
<b>Other Financing Sources (Uses)</b>				
Operating transfers out	(44,740)	(44,740)	(46,627)	(1,887)
Appropriated fund balances	70,132	70,132	-	(70,132)
Total other financing uses	<u>25,392</u>	<u>25,392</u>	<u>(46,627)</u>	<u>(72,019)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	16,590	<u>\$ 16,590</u>
Fund balances, beginning			<u>1,161,257</u>	
Fund balances, ending			<u>\$ 1,177,847</u>	

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

**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 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). The Town has one major Capital Project Fund within its governmental fund types.

*Greenway Connector Fund* - This capital project fund accounts for the resources accumulated and payments made for the Greenway Connector Fund.

The Town reports the following nonmajor governmental funds:

*Athletic Fields Restroom Fund* - This capital project fund accounts for the resources accumulated and payments made for the Town's athletic field restroom and septic system.

*Two Way Radio Fund* - This capital project fund accounts for the resources accumulated and payments made for the Two-Way Radio Fund.

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

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**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.

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.



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

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**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 year end. Project ordinances are adopted for the Athletic Fields Restroom Fund; Greenway Connector Capital Project Fund; and Two Way Radio 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. 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, 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 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, 2015. 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.

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

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Capital Assets**

Capital assets are defined by the government as assets with an initial, individual cost of more than a certain cost and 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 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.

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.

**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.

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

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

*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.

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.

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

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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, 2016, the Town's deposits had a carrying amount of \$2,559,555 and a bank balance of \$2,572,133. Of the bank balance, \$500,000 was covered by federal depository insurance, and \$2,072,133 was covered by collateral held under the Pooling Method. At June 30, 2016, the Town's petty cash funds totaled \$175.

**Receivables**

The governmental activities receivables for the governmental funds shown in Exhibit 1 at June 30, 2016 consisted of \$5,455 for taxes and \$132,833 for due from other governments.

Due from other governments consisted of \$51,952 for franchise and sales tax receivable, \$2,613 for sales tax refunds, and \$78,268 for grants.

**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, 2016, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
<b>Governmental Activities:</b>				
Capital assets not being depreciated:				
Land	\$ 510,000	\$ -	\$ -	\$ 510,000
Construction in progress	32,344	-	32,344	-
Total capital assets not being depreciated	<u>542,344</u>	<u>-</u>	<u>32,344</u>	<u>510,000</u>
Capital assets being depreciated:				
Land improvements	704,907	171,569	-	876,476
Buildings	1,121,231	-	-	1,121,231
Furniture and fixtures	26,983	13,298	-	40,281
Total capital assets being depreciated	<u>1,853,121</u>	<u>184,867</u>	<u>-</u>	<u>2,037,988</u>
Less accumulated depreciation for:				
Land improvements	154,154	66,064	-	220,218
Buildings	190,610	22,425	-	213,035
Furniture and fixtures	20,281	2,628	-	22,909
Total accumulated depreciation	<u>365,045</u>	<u>\$ 91,117</u>	<u>\$ -</u>	<u>456,162</u>
Total capital assets being depreciated, net	<u>1,488,076</u>			<u>1,581,826</u>
Government activity capital assets, net	<u>\$ 2,030,420</u>			<u>\$ 2,091,826</u>

Depreciation expense for the year ended June 30, 2016 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, 2016.

# TOWN OF PLEASANT GARDEN, NORTH CAROLINA

## Notes to Financial Statements

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### 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	\$ 1,177,847
Less:	
Prepaid items	350
Stabilization by State Statute	54,565
Appropriated fund balance for 2017 budget	53,614
Remaining Fund Balance	<u>\$ 1,069,318</u>

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

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NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)

**Interfund Balances and Activity**

Balances due to/from other funds at June 30, 2016 consist of \$2,259 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, 2016 consist of the following:

	<b>Transfers</b>		<b>Purpose</b>
	<b>From</b>	<b>To</b>	
General Fund	\$ 46,627	\$ -	To allocate 20% ABC sales, Franchise utility tax, and beer and wine tax revenue and transfer funds for project expenditures
Capital Project Fund	152,523	46,627	
Greenway	-	141,531	
Nonmajor governmental fund	-	10,992	
Total operating transfers	<u>\$ 199,150</u>	<u>\$ 199,150</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 \$961 to PTRC during the fiscal year ended June 30, 2016.

**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, 2016**

Schedule 1  
Page 1 of 2

	Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>			
<b>Ad valorem taxes</b>			
Taxes	\$ 92,134	\$ 94,212	\$ 2,078
Penalties and interest	250	-	(250)
Total ad valorem taxes	<u>92,384</u>	<u>94,212</u>	<u>1,828</u>
<b>Other Taxes and Licenses</b>			
Sales tax	2,200	-	(2,200)
Cable TV franchise tax	8,500	8,135	(365)
Total other taxes and licenses	<u>10,700</u>	<u>8,135</u>	<u>(2,565)</u>
<b>Unrestricted Intergovernmental Revenues</b>			
Franchise tax	158,000	175,115	17,115
Beer and wine tax	19,000	20,213	1,213
Local option sales tax	24,000	26,132	2,132
Greensboro ABC revenues	11,700	11,674	(26)
Total unrestricted intergovernmental revenues	<u>212,700</u>	<u>233,134</u>	<u>20,434</u>
<b>Investment Earnings</b>	<u>2,000</u>	<u>818</u>	<u>(1,182)</u>
<b>Miscellaneous</b>			
Recreation fees	57,500	61,165	3,665
Other	9,600	11,655	2,055
Total miscellaneous	<u>67,100</u>	<u>72,820</u>	<u>5,720</u>
Total revenues	<u>384,884</u>	<u>409,119</u>	<u>24,235</u>
<b>Expenditures</b>			
<b>General Government</b>			
Governing Board Administration:			
Salaries and employee benefits	111,808	104,942	6,866
Capital outlay	10,620	6,036	4,584
Operating expenses	199,963	155,851	44,112
Total general government	<u>322,391</u>	<u>266,829</u>	<u>55,562</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, 2016**

Schedule 1  
Page 2 of 2

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
<b>Recreation</b>			
Operating expenses	\$ 87,885	\$ 79,073	\$ 8,812
Total expenditures	<u>410,276</u>	<u>345,902</u>	<u>64,374</u>
Revenues over expenditures	<u>(25,392)</u>	<u>63,217</u>	<u>88,609</u>
<b>Other Financing Sources (Uses)</b>			
Operating transfers out	(44,740)	(46,627)	1,887
Appropriated fund balance	<u>70,132</u>	<u>-</u>	<u>70,132</u>
Total other financing uses	<u>25,392</u>	<u>(46,627)</u>	<u>72,019</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ 16,590</u>	<u>\$ 16,590</u>

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

## Annually Budgeted Major Capital Project Fund

Year Ended June 30, 2016

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
<b>Revenues</b>				
Grants	\$ -	\$ -	\$ 78,268	\$ 78,268
Investment earnings	-	-	3,994	3,994
Total revenues	<u>-</u>	<u>-</u>	<u>82,262</u>	<u>82,262</u>
<b>Expenditures</b>				
General government:				
Project expenses	<u>1,803,088</u>	<u>1,803,088</u>	<u>-</u>	<u>1,803,088</u>
Revenues over (under) expenditures	<u>(1,803,088)</u>	<u>(1,803,088)</u>	<u>82,262</u>	<u>1,885,350</u>
<b>Other Financing Sources (Uses)</b>				
Operating transfers in	-	-	46,627	46,627
Operating transfers out	(152,523)	(152,523)	(152,523)	-
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>1,803,088</u>	<u>1,803,088</u>	<u>(105,896)</u>	<u>(1,908,984)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>(23,634)</u>	<u>\$ (23,634)</u>
Fund balances, beginning			<u>1,526,328</u>	
Fund balances, ending			<u>\$ 1,502,694</u>	

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

## Greenway Connector Capital Project Fund

From Inception and for the Year Ended June 30, 2016

	Project Authorization	Prior Year	Current Year	Total to Date
<b>Expenditures</b>				
<b>Capital outlay</b>				
Contracted engineering services	\$ 28,475	\$ 28,475	\$ -	\$ 28,475
Construction	149,108	3,869	141,531	145,400
Total expenditures	<u>177,583</u>	<u>32,344</u>	<u>141,531</u>	<u>173,875</u>
<b>Other Financing Sources</b>				
Transfers in	<u>177,583</u>	<u>32,344</u>	<u>141,531</u>	<u>173,875</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

## Athletic Field Restroom Capital Project Fund

## From Inception and for the Year Ended June 30, 2016

	<u>Project Authorization</u>	<u>Prior Year</u>	<u>Current Year</u>	<u>Total to Date</u>
<b>Expenditures</b>				
<b>Capital outlay</b>				
Construction	\$ 158,019	\$ 160,396	\$ 3,482	\$ 163,878
Architectural and engineering services	18,000	13,773	-	13,773
Design/construction of septic system	24,000	30,370	-	30,370
Soil evaluation and septic system permit	2,390	2,530	-	2,530
Contingency	12,190	280	-	280
Total expenditures	<u>214,599</u>	<u>207,349</u>	<u>3,482</u>	<u>210,831</u>
<b>Other Financing Sources</b>				
Transfers in	<u>214,599</u>	<u>207,349</u>	<u>3,482</u>	<u>210,831</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

## Two Way Radio Capital Project Fund

From Inception and for the Year Ended June 30, 2016

	Project Authorization	Prior Year	Current Year	Total to Date
<b>Expenditures</b>				
<b>Capital outlay</b>				
Hardware	\$ 5,020	\$ -	\$ 5,020	\$ 5,020
Installation	2,490	-	2,490	2,490
Total expenditures	<u>7,510</u>	<u>-</u>	<u>7,510</u>	<u>7,510</u>
<b>Other Financing Sources</b>				
Transfers in	<u>7,510</u>	<u>-</u>	<u>7,510</u>	<u>7,510</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, 2016**

Schedule 6

<u>Year</u>	<u>Uncollected Balance July 1, 2015</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Uncollected Balance June 30, 2016</u>
<b>Property taxes:</b>				
2015 - 2016	\$ -	\$ 93,048	\$ 91,686	\$ 1,362
2014 - 2015	1,279	-	746	533
2013 - 2014	1,154	-	496	658
2012 - 2013	780	-	287	493
2011 - 2012	544	-	109	435
2010 - 2011	334	-	60	274
2009 - 2010	240	-	26	214
2008 - 2009	339	-	30	309
2007 - 2008	615	-	38	577
2006 - 2007	368	-	26	342
2005 - 2006	277	-	19	258
	<u>\$ 5,930</u>	<u>\$ 93,048</u>	<u>\$ 93,523</u>	
<b>Ad valorem taxes receivable, net</b>				<u>\$ 5,455</u>
<b>Reconciliation of collections and credits with revenues:</b>				
Ad valorem taxes:				
General Fund				\$ 94,212
Reconciling items:				
Discounts, write-offs, releases				(458)
Miscellaneous adjustments				(231)
Total collections and credits				<u>\$ 93,523</u>

## Analysis of Current Year Levy

Year Ended June 30, 2016

	Property Valuation (Million)	Rate	Total Levy	Total Levy	
				Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
<b>Original Levy:</b>					
Property taxed at					
current year's rate	\$ 373,964,000	0.025	\$ 93,491	\$ 84,038	\$ 9,453
Penalties	556,000	0.025	140	140	-
Total original levy	<u>374,520,000</u>		<u>93,631</u>	<u>84,178</u>	<u>9,453</u>
<b>Discoveries</b>	<u>92,000</u>	0.025	<u>23</u>	<u>23</u>	<u>-</u>
<b>Abatements</b>	<u>2,424,000</u>	0.025	<u>(606)</u>	<u>(606)</u>	<u>-</u>
Total property valuation	<u>\$ 377,036,000</u>				
<b>Net levy</b>			\$ 93,048	\$ 83,595	\$ 9,453
<b>Uncollected taxes at June 30, 2016</b>			<u>1,362</u>	<u>1,362</u>	<u>-</u>
<b>Current year's taxes collected</b>			<u>\$ 91,686</u>	<u>\$ 82,233</u>	<u>\$ 9,453</u>
<b>Current levy collection percentage</b>			<u>98.54%</u>	<u>98.37%</u>	<u>100.00%</u>