

TOWN OF YADKINVILLE, NORTH CAROLINA

**FINANCIAL STATEMENTS
AND
SUPPLEMENTARY INFORMATION**

JUNE 30, 2012

TOWN OF YADKINVILLE, NORTH CAROLINA

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TOWN OF YADKINVILLE, NORTH CAROLINA

MEMBERS OF BOARD OF COMMISSIONERS

William E. Branon

Betty Driver

Phillip R. Graham

Tony L. Hall

Thomas E. Norman, Jr.

TOWN OFFICIALS

Hubert L. Gregory Mayor

Christopher S. Ong Town Manager

Dina S. Reavis Finance Officer

Carmen L. Headen Town Clerk



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

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Members of the Board of Commissioners
Town of Yadkinville, North Carolina

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Yadkinville, North Carolina as of and for the year ended June 30, 2012, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Yadkinville's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Yadkinville, North Carolina, as of June 30, 2012, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund, if applicable for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 29, 2012, on our consideration of the Town of Yadkinville's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 11 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Cannon & Company, S.L.P.

October 29, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS



TOWN OF YADKINVILLE

"A TOWN IN PROGRESS"

Management Discussion and Analysis

As management of the Town of Yadkinville, we offer readers of the Town of Yadkinville's financial statements this narrative overview and analysis of the financial activities of the Town of Yadkinville for the fiscal year ended June 30, 2012. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the town's financial statements, which follow this narrative.

Financial Highlights

- The assets of the Town of Yadkinville *exceeded* its liabilities at the close of the fiscal year by \$19,829,032 (*net assets*).
- The government's total net assets *decreased* by \$117,335, primarily due to a *decrease* in the *Business-type* activities net assets. As of the close of the current fiscal year, the Town of Yadkinville's governmental funds reported combined ending fund balances of \$1,987,254 an *increase* of \$123,258 in comparison with the prior year. Approximately 75 percent of this total amount, or \$1,495,292 is available for spending at the government's discretion (unassigned fund balance).
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$1,495,292, or 74 percent of total general fund expenditures for the fiscal year.
- The Town of Yadkinville's total debt *decreased* by \$40,882 (5%) during the current fiscal year.

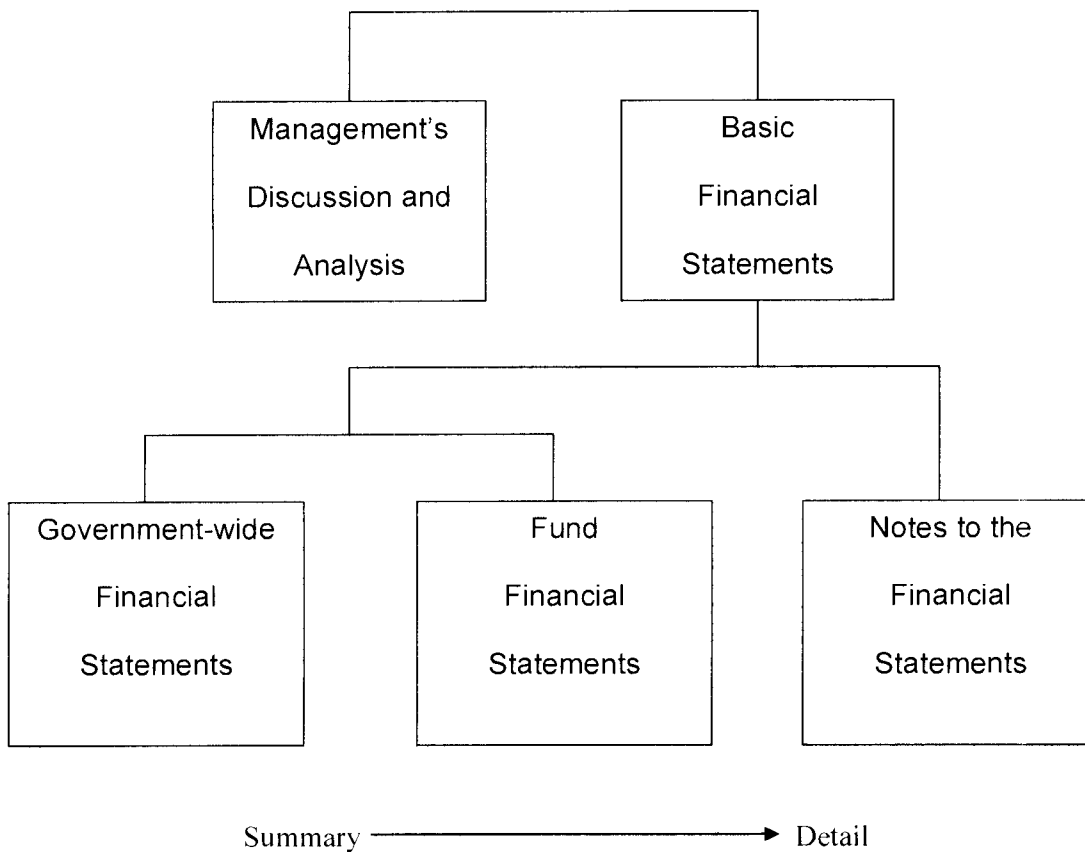
Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to Town of Yadkinville'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 Yadkinville.

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Figure 1



Basic Financial Statements

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

The next statements (Exhibits 3 through 9) are Fund Financial Statements. These statements focus on the activities of the individual parts of the town government. These statements provide more detail than the government-wide statements. There are three parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements; and 3) the proprietary fund statements.

The next section of the basic financial statements is the notes. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, supplemental information is provided to show details about the town's individual funds. Budgetary information required by the General Statutes also can be found in this part of the statements.

Government-wide Financial Statements

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

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

The government-wide statements are divided into two categories: 1) governmental activities; and 2) business-type activities. The governmental activities include most of the Town basic services such as public safety, recreation, and general administration. Property taxes, sales taxes, utility franchise taxes and state and federal grant funds finance most of these activities. The business-type activities are those that the Town charges customers to provide. These include the water and sewer services offered by the Town.

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

Fund Financial Statements

The fund financial statements (see Figure 1) 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 Yadkinville, 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 Town of Yadkinville can be divided into two categories: governmental funds and proprietary funds.

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

The Town of Yadkinville 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 Board 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 board; 2) the final budget as amended by the board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges. To account for the difference between the budgetary basis of accounting and the modified accrual basis, a reconciliation showing the differences in the reported activities is shown at the end of the budgetary statement.

Proprietary Funds – The Town of Yadkinville has just one type of proprietary fund – an *Enterprise Fund*. *Enterprise Funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town of Yadkinville uses enterprise funds to account for its water and sewer activity operations. These funds are the same as those functions shown in the business-type activities in the Statement of Net Assets and the Statement of Activities.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are on pages 22 to 38 of this report.

Government-Wide Financial Analysis

The Town of Yadkinville's Net Assets

Figure 2

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Current and other assets	\$ 2,092,802	\$ 1,998,303	\$ 1,456,122	\$ 1,443,296	\$ 3,548,924	\$ 3,441,599
Capital assets	3,456,851	3,521,979	13,664,843	13,840,299	17,117,694	17,362,278
Total assets	5,549,653	5,520,282	15,120,965	15,283,595	20,666,618	20,803,877
Long-term liabilities outstanding	548,586	593,315	31,214	29,195	579,800	622,510
Other liabilities	131,405	143,044	130,381	91,956	261,786	235,000
Total liabilities	679,991	736,359	161,595	121,151	841,586	857,510
Net assets:						
Invested in capital assets, net of related debt	2,896,852	2,915,312	13,664,843	13,840,299	16,561,695	16,755,611
Restricted	465,512	453,826	-	-	4,5512	453,826
Unrestricted	1,507,298	1,414,785	1,294,527	1,322,145	2,801,825	2,736,930
Total net assets	\$ 4,869,662	\$ 4,783,923	\$ 14,959,370	\$ 15,162,444	\$ 19,368,032	\$ 19,946,367

As noted earlier, net assets may serve over time as one useful indicator of a government's financial condition. The assets of the Town of Yadkinville exceeded liabilities by \$19,829,032 as of June 30, 2012. The town's net assets *decreased* by \$117,335 for the fiscal year ended June 30, 2012. However, the largest portion (84%) reflects the town's investment in capital assets (e.g. land, buildings, machinery, and equipment) less any related debt still outstanding that was issued to acquire those items. The Town of Yadkinville uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Yadkinville's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the Town of Yadkinville's net assets (2.3%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$2,801,825 is unrestricted.

Several particular aspects of the town's financial operations positively influenced the total unrestricted governmental net assets:

- Continued diligence in the collection of property taxes by maintaining a tax collection percentage of 94.64%.
- Long-term debt decreased by \$40,882.

Governmental activities. Governmental activities *increased* the Town of Yadkinville's net assets by \$85,739 as compared to a total *decrease* of \$117,335 in net assets.

Business-type activities: Business-type activities *decreased* the Town of Yadkinville's net assets by \$203,074 as compared to a total *decrease* of \$117,335 in net assets.

Financial Analysis of the Town's Funds

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

Governmental Funds. The focus of the Town of Yadkinville'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 Yadkinville's financing requirements. Specifically, unreserved 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 Yadkinville. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$1,495,292 while total fund balance reached \$1,893,511. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 74 percent of total General Fund expenditures.

At June 30, 2012, the governmental funds of the Town of Yadkinville reported a combined fund balance of \$1,987,254, a 6.6 percent increase over last year.

Town of Yadkinville Changes in Net Assets
Figure 3

	Governmental Activities 2012	Governmental Activities 2011	Business Type Activities 2012	Business Type Activities 2011	Total 2012	Total 2011
Revenues:						
Program revenues:						
Charges for services	\$ 4,018	\$ 3,976	\$ 2,134,578	\$ 2,167,463	\$ 2,138,596	\$ 2,171,439
Operating grants and contributions	90,858	109,644	-	-	90,858	109,644
Capital grants and contributions	-	-	237,577	27,000	237,577	27,000
General revenues:						
Property taxes	967,080	941,411	-	-	967,080	941,411
Other taxes	14,331	12,828	-	-	14,331	12,828
Grants and contributions not restricted to specific programs	861,242	826,357	-	-	861,242	826,357
Other	24,660	29,685	1,338	1,472	25,998	31,157
Total revenues	1,962,189	1,923,901	2,373,493	2,195,935	4,335,682	4,119,836
Expenses:						
General government	491,631	509,121	-	-	491,631	509,121
Public safety	960,443	907,417	-	-	960,443	907,417
Transportation	278,848	233,562	-	-	278,848	233,562
Environmental protection	186,441	196,534	-	-	186,441	196,534
Economic development	-	-	-	-	-	-
Culture and recreation	87,783	107,096	-	-	87,783	107,096
Interest on long-term debt	21,304	23,542	-	-	21,304	23,542
Water and sewer	-	-	2,426,567	2,225,050	2,426,567	2,225,050
Total expenses	2,026,450	1,977,272	2,426,567	2,225,050	4,453,017	4,202,322
Increase/(decrease) in net assets before transfers	(64,261)	(53,371)	(53,074)	(29,115)	(117,335)	(82,486)
Transfers	150,000	150,000	(150,000)	(150,000)	-	-
Increase/(decrease) in net assets	85,739	96,629	(203,074)	(179,115)	(117,335)	(82,486)
Net assets, July 1	4,783,923	4,687,294	15,162,444	15,341,559	19,946,367	20,028,853
Net assets, June 30	\$ 4,869,662	\$ 4,783,923	\$ 14,959,370	\$ 15,162,444	\$ 19,829,032	\$ 19,946,367

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. During 2011 there were no significant budget amendments..

Proprietary Funds. The town’s proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net assets of the Water and Sewer District at the end of the fiscal year amounted to \$1, 294,527. The total decrease in net assets for the fund was \$203,074 which consisted of a loss of \$290,651, capital contributions from donations of \$237,577 and a transfer to the general fund of \$150,000 for administrative expenses. Other factors concerning the finances of this fund have already been addressed in the discussion of the town’s business-type activities.

Capital Asset and Debt Administration

Capital assets. The Town of Yadkinville’s investment in capital assets for its governmental and business–type activities as of June 30, 2012, totals \$17,121,694 (net of accumulated depreciation). These assets include buildings, roads and bridges, land, machinery and equipment, and vehicles.

Town of Yadkinville’s Capital Assets

Figure 4

(net of depreciation)

	Governmental Activities 2012	Governmental Activities 2011	Business-type Activities 2012	Business-type Activities 2011	Total 2012	Total 2011
Land	\$ 1,110,231	\$ 1,110,231	\$ 1,003,196	\$ 1,003,196	\$ 2,113,427	\$ 2,113,427
Buildings	1,153,840	1,185,142	-	-	1,153,840	1,185,142
Improvements	621,338	654,275	-	-	621,338	654,275
Water and Sewer system equipment	-	-	12,393,265	12,467,347	12,393,265	12,467,347
Other equipment	103,010	98,585	244,686	257,428	347,696	356,013
Automotive equipment	146,556	144,935	23,696	34,283	170,252	179,218
Infrastructure	321,876	328,811	-	-	321,876	328,811
Construction in progress	-	-	-	78,045	-	78,045
Total	\$ 3,456,851	\$ 3,521,979	\$ 13,664,843	\$ 13,840,299	\$ 17,121,694	\$ 17,362,278

Additional information on the town capital assets can be found in note 3.A.3 of the Basic Financial Statements.

Long-term Debt. As of June 30, 2012, the Town of Yadkinville had an installment purchase agreement totaling \$559,999. The installment purchase agreement was issued to finance a park project.

North Carolina general statutes limit the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for Town of Yadkinville is \$18,419,123.

Economic Factors and Next Year's Budgets and Rates

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

- The substantial expansion of Lydall Thermal/Acoustical, Inc. in Yadkinville
- Low unemployment. Yadkin County's unemployment rate of 8.9% is below the State average of 9.9%.
- New commercial and residential development.

Budget Highlights for the Fiscal Year Ending June 30, 2013

Governmental Activities: The General Fund is balanced with a tax rate of \$0.41 per \$100 valuation. This rate will provide approximately \$876,025 in property tax revenues. The property tax base is estimated to be \$220,112,956 which is a 2.8% increase over FY 2011-2012, and is realistically based on information from the Yadkinville Tax Administrator. A penny on the tax rate is projected to generate about \$20,779 in revenue.

The FY 2012-2013 Adopted Budget for the General Fund totals \$2,147,605, which is about a 2% increase from the FY 2011-2012 Adopted Budget of \$2,100,518.

Business – type Activities: The FY 2012-2013 Adopted Budget for the Water and Sewer Fund totals \$2,195,556. This is about a 8% increase from the FY 2011-2012 Adopted Budget of \$2,029,000.

Requests for Information

This report is designed to provide an overview of the Town 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 Manager, Christopher Ong by phone at 336-679-8732, by e-mail at townmanager@yadkinville.org or by mail at P.O. Box 816, Yadkinville, North Carolina 27055. The Town of Yadkinville's website is www.yadkinville.org.

BASIC FINANCIAL STATEMENTS

TOWN OF YADKINVILLE, NORTH CAROLINA
STATEMENT OF NET ASSETS
JUNE 30, 2012

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Yadkinville Tourism Authority
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 1,644,707	\$ 1,022,697	\$ 2,667,404	\$ 46,684
Taxes receivables (net)	68,115	-	68,115	-
Accrued interest receivable on taxes	8,211	-	8,211	-
Accounts receivable (net)	20,125	195,188	215,313	-
Unbilled receivables	-	107,849	107,849	-
Due from other governments	177,420	-	177,420	2,821
Inventories	-	96,538	96,538	-
Restricted cash and cash equivalents	174,224	33,850	208,074	-
Total current assets	<u>2,092,802</u>	<u>1,456,122</u>	<u>3,548,924</u>	<u>49,505</u>
Capital assets (Note 1):				
Land, non-depreciable improvements	1,110,231	1,003,196	2,113,427	-
Other capital assets, net of depreciation	2,346,620	12,661,647	15,008,267	-
Total capital assets	<u>3,456,851</u>	<u>13,664,843</u>	<u>17,121,694</u>	<u>-</u>
Total assets	<u>\$ 5,549,653</u>	<u>\$ 15,120,965</u>	<u>\$ 20,670,618</u>	<u>\$ 49,505</u>
LIABILITIES				
Current liabilities:				
Accounts payable and accrued expenses	\$ 35,254	\$ 52,086	\$ 87,340	\$ -
Due to tourism authority	2,821	-	2,821	-
Customer deposits	-	33,850	33,850	-
Current portion of long-term liabilities	93,330	44,445	137,775	-
	<u>131,405</u>	<u>130,381</u>	<u>261,786</u>	<u>-</u>
Long-term liabilities:				
Due in more than one year	548,586	31,214	579,800	-
Total liabilities	<u>679,991</u>	<u>161,595</u>	<u>841,586</u>	<u>-</u>
NET ASSETS				
Invested in capital assets, net of related debt	2,896,852	13,664,843	16,561,695	-
Restricted for:				-
Care of Hinshaw Gardens	93,743	-	93,743	-
Stablization by State Statute	197,545	-	197,545	-
Streets	174,224	-	174,224	-
Other purposes	-	-	-	49,505
Unrestricted	1,507,298	1,294,527	2,801,825	-
Total net assets	<u>\$ 4,869,662</u>	<u>\$ 14,959,370</u>	<u>\$ 19,829,032</u>	<u>\$ 49,505</u>

TOWN OF YADKINVILLE, NORTH CAROLINA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012

Functions/Programs	Program Revenues					Net (Expense) Revenue and Changes in Net Assets				Yadkinville Tourism Authority	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total				
Primary government:											
Governmental Activities:											
General government	\$ 491,631	\$ 2,305	\$ -	\$ -	\$ (489,326)	\$ -	\$ (489,326)	\$ -			
Public safety	960,443	1,463	3,038	-	(955,942)	-	(955,942)	-			
Transportation	278,848	-	87,820	-	(191,028)	-	(191,028)	-			
Environmental protection	186,441	-	-	-	(186,441)	-	(186,441)	-			
Cultural and recreation	87,783	250	-	-	(87,533)	-	(87,533)	-			
Interest on long-term debt	21,304	-	-	-	(21,304)	-	(21,304)	-			
Total governmental activities	2,026,450	4,018	90,858	-	(1,931,574)	-	(1,931,574)	-			
Business-type activities:											
Water and sewer	2,426,567	2,134,578	-	237,577	-	(54,412)	(54,412)	-			
Total business-type activities	2,426,567	2,134,578	-	237,577	-	(54,412)	(54,412)	-			
Total primary government	\$ 4,453,017	\$ 2,138,596	\$ 90,858	\$ 237,577	\$ (1,931,574)	\$ (54,412)	\$ (1,985,986)	\$ -			
Component unit:											
Yadkinville Tourism Authority	\$ (13,139)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			(13,139)
Total component unit	\$ (13,139)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			(13,139)
General revenues:											
Taxes:											
Property taxes, levied for general purpose					967,080		967,080				
Other taxes					14,331		14,331				
Grants and contributions not related to specific programs					861,242		861,242				
Payment from Town of Yadkinville					-		-				14,331
Unrestricted investment earnings					3,943		3,943				
Miscellaneous					20,717		20,717				2,604
Total general revenues not including transfers					1,867,313		1,867,313				16,935
Transfers					150,000		(150,000)				
Total general revenues and transfers					2,017,313		1,868,651				16,935
Change in net assets					85,739		(203,074)				3,796
Net assets, beginning					4,783,923		15,162,444				45,709
Net assets, ending					\$ 4,869,662		\$ 14,959,370				\$ 49,505

The accompanying notes are an integral part of this statement.

TOWN OF YADKINVILLE, NORTH CAROLINA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2012

	Major Fund General Fund	Total Non-Major Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 1,550,964	\$ 93,743	\$ 1,644,707
Restricted cash	174,224	-	174,224
Taxes receivable, net:	68,115	-	68,115
Accounts receivable, net	20,125	-	20,125
Due from other governments	177,420	-	177,420
Total assets	\$ 1,990,848	\$ 93,743	\$ 2,084,591
 LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable and accrued liabilities	\$ 26,401	\$ -	\$ 26,401
Due to other funds	-	-	-
Due to Yadkin County Tourism Authority	2,821	-	2,821
Deferred revenue	68,115	-	68,115
Total liabilities	97,337	-	97,337
Fund balances:			
Nonspendable			
Care of Hinshaw Gardens	-	93,743	93,743
Stabilization by State statute	197,545	-	197,545
Streets	174,224	-	174,224
Assigned:			
Subsequent year expenditures	26,450	-	26,450
Unassigned	1,495,292	-	1,495,292
Total fund balances	1,893,511	93,743	1,987,254
Total liabilities and fund balances	\$ 1,990,848	\$ 93,743	

Amounts reported for governmental activities in the statement of net assets (Exhibit 1) are different because:

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

Gross capital assets, at cost	4,997,086
Accumulated depreciation	(1,540,235)

Other long-term assets (accrued interest receivable from taxes) are not available to pay for current-period expenditures and therefore are deferred in the funds.

8,211

Liabilities for earned but deferred revenues in fund statements.

68,115

Some liabilities, including installment purchase agreements, accrued interest and compensated absences are not due and payable in the current period and therefore are not included in the fund statements

(650,769)

Net assets of governmental activities

\$ 4,869,662

TOWN OF YADKINVILLE, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	<u>Major General Fund</u>	<u>Total Non-Major Funds</u>	<u>Total Governmental Funds</u>
REVENUES			
Ad valorem taxes	\$ 986,698	\$ -	\$ 986,698
Other taxes	14,331	-	14,331
Unrestricted intergovernmental	861,242	-	861,242
Restricted intergovernmental	90,742	-	90,742
Permits and fees	2,905	-	2,905
Investment earnings	3,738	321	4,059
Other revenues	23,821	-	23,821
Total revenues	<u>1,983,477</u>	<u>321</u>	<u>1,983,798</u>
EXPENDITURES			
Current:			
General government	472,304	-	472,304
Public safety	938,379	-	938,379
Transportation	282,996	-	282,996
Environmental protection	186,441	-	186,441
Cultural and recreation	61,203	-	61,203
Debt service	69,217	-	69,217
Total expenditures	<u>2,010,540</u>	<u>-</u>	<u>2,010,540</u>
Revenues over (under) expenditures	<u>(27,063)</u>	<u>321</u>	<u>(26,742)</u>
OTHER FINANCING SOURCES (USES):			
Transfers from other funds	154,576	-	154,576
Transfer to other funds	-	(4,576)	(4,576)
Total other financing sources (uses):	<u>154,576</u>	<u>(4,576)</u>	<u>150,000</u>
Net change in fund balance	127,513	(4,255)	123,258
Fund balances, beginning	<u>1,765,998</u>	<u>97,998</u>	<u>1,863,996</u>
Fund balances, ending	<u>\$ 1,893,511</u>	<u>\$ 93,743</u>	<u>\$ 1,987,254</u>

The accompanying notes are an integral part of this statement.

**TOWN OF YADKINVILLE, NORTH CAROLINA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012**

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

Net changes in fund balances - total governmental funds	\$	123,258
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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. This is the amount by which depreciation exceeded capital outlay in the current period.

Net book value of assets sold	(1,991)	
Capital outlay expenditures which were capitalized	82,917	
Depreciation expense for governmental assets	<u>(146,054)</u>	(65,128)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Change in:

Deferred revenue for tax revenues	(16,077)	
Interest on taxes receivable	(3,541)	(19,618)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term consumes the current financial resources of governmental funds. Neither transactions has any effect on net assets. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Long-term debt paid		46,667
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Expenses reported in the statement of activities that do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds

Change in compensated absences		(686)
Change in accrued interest		<u>1,246</u>

Total changes in net assets of governmental activities	\$	<u>85,739</u>
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TOWN OF YADKINVILLE, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2012

	General Fund			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
Revenues:				
Ad valorem taxes	\$ 899,029	\$ 908,194	\$ 986,698	\$ 78,504
Other taxes	20,000	20,000	14,331	(5,669)
Unrestricted intergovernmental	808,000	808,000	861,242	53,242
Restricted intergovernmental	82,500	90,688	90,742	54
Permits and fees	1,500	1,500	2,905	1,405
Investment earnings	5,000	5,000	3,738	(1,262)
Other revenues	9,610	15,725	23,821	8,096
Total revenues	<u>1,825,639</u>	<u>1,849,107</u>	<u>1,983,477</u>	<u>134,370</u>
Expenditures:				
Current:				
General government	605,742	555,347	472,304	83,043
Public safety	873,737	939,896	938,379	1,517
Transportation	278,492	298,988	282,996	15,992
Environmental protection	193,650	202,815	186,441	16,374
Cultural and recreation	76,142	73,798	61,203	12,595
Debt service:	72,755	72,635	69,217	3,418
Total expenditures	<u>2,100,518</u>	<u>2,143,479</u>	<u>2,010,540</u>	<u>132,939</u>
Revenues over (under) expenditures	<u>(274,879)</u>	<u>(294,372)</u>	<u>(27,063)</u>	<u>267,309</u>
Other financing sources:				
Transfers from Trust fund	6,780	6,780	4,576	(2,204)
Transfer from Water and SewerFund	150,000	150,000	150,000	-
Fund balance appropriated	118,099	137,592	-	(137,592)
Total other financing sources:	<u>274,879</u>	<u>294,372</u>	<u>154,576</u>	<u>(139,796)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	127,513	<u>\$ 127,513</u>
Fund balances, beginning			<u>1,765,998</u>	
Fund balances, ending			<u>\$ 1,893,511</u>	

TOWN OF YADKINVILLE, NORTH CAROLINA
STATEMENT OF NET ASSETS
PROPRIETARY FUND
JUNE 30, 2012

	Water and Sewer Fund
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 1,022,697
Accounts receivable (net) - billed	195,188
Unbilled receivables	107,849
Inventories	96,538
Restricted cash and cash equivalents	33,850
Total current assets	1,456,122
Capital assets:	
Land	1,003,196
Other capital assets, net of depreciation	12,661,647
Capital assets (net)	13,664,843
Total noncurrent assets	13,664,843
Total assets	\$ 15,120,965
 LIABILITIES	
Current liabilities:	
Accounts payable and accrued liabilities	\$ 52,086
Customer deposits	33,850
Current installments of long-term debt	44,445
Total current liabilities	130,381
Non-current liabilities:	
Long-term debt, less current installments	31,214
Total liabilities	161,595
 NET ASSETS	
Invested in capital assets, net of related debt	13,664,843
Unrestricted	1,294,527
Total net assets	\$ 14,959,370

The accompanying notes are an integral part of this statement.

TOWN OF YADKINVILLE, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2012

	Water and Sewer Fund
OPERATING REVENUES:	
Water and sewer charges	\$ 2,071,115
Water and sewer taps	23,967
Reconnection fees and late charges	13,788
Other operating revenues	25,708
Total operating revenues	2,134,578
OPERATING EXPENSES:	
Operating expenses:	
Administration	257,054
Water plant	448,242
Sewer plant	324,107
Laboratory	110,159
Water/sewer operations	693,578
Depreciation	593,427
Total operating expenses	2,426,567
Operating loss	(291,989)
NONOPERATING REVENUES (EXPENSES):	
Investment earnings	1,338
Total nonoperating revenues (expenses), net	1,338
Loss before contributions and transfers	(290,651)
Capital Grants	237,577
Transfer to General fund	(150,000)
Increase in net assets	(203,074)
Total net assets, beginning	15,162,444
Total net assets, ending	\$ 14,959,370

The accompanying notes are an integral part of this statement.

**TOWN OF YADKINVILLE, NORTH CAROLINA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Water and Sewer Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	\$ 2,078,755
Cash paid for goods and services	(1,044,192)
Cash paid to or on behalf of employees for services	(743,137)
Customer deposits received	12,945
Customer deposits returned	(8,668)
Other operating revenues	<u>95,047</u>
Net cash provided by operating activities	<u>390,750</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Payment to General Fund	(1,328)
Transfer to General Fund	<u>(150,000)</u>
Net cash used by noncapital financing activities	<u>(151,328)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Federal and state grants	277,097
Acquisition of capital assets	<u>(417,971)</u>
Net cash used by capital and related financing activities	<u>(140,874)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest income	<u>1,338</u>
Net Increase in cash and cash equivalents	99,886
Balances, beginning	<u>956,661</u>
Balances, ending	<u>\$ 1,056,547</u>

**TOWN OF YADKINVILLE, NORTH CAROLINA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Water and Sewer Fund</u>
Reconciliation of operating loss to net cash provided by operating activities	
Operating loss	\$ (291,989)
Adjustments to reconcile operating loss to net cash provided by operating activities	
Depreciation	593,427
Changes in assets and liabilities:	
Decrease in accounts receivable	39,224
Decrease in inventories	8,316
Increase in accounts payable and accrued liabilities	32,396
Increase in customer deposits	4,277
Increase in compensated absences	5,099
Total adjustments	<u>682,739</u>
Net cash provided by operating activities	<u>\$ 390,750</u>

NOTES TO FINANCIAL STATEMENTS

TOWN OF YADKINVILLE, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2012

Note 1. Summary of Significant Accounting Policies

The accounting policies of the Town of Yadkinville, North Carolina (Town) and its discretely presented component unit conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies:

A. Reporting Entity

The Town of Yadkinville is a municipal corporation, which is governed by an elected mayor and a five-member council. As required by generally accepted accounting principles, these financial statements present the Town and its component unit, a legally separate entity for which the Town is financially accountable. The discretely presented component unit presented below is reported in a separate column in the Town's financial statements in order to emphasize that it is legally separate from the Town.

Yadkinville Tourism Development Authority

The members of the Yadkinville Tourism Development Authority's governing board are appointed by the Town. The Yadkinville Tourism Development Authority (authority) receives revenue through a three percent occupancy tax, which is levied and collected by the Town. The Town remits the taxes collected to the authority, net of administration and collection costs not to exceed three percent of collections up to \$500,000, and one percent thereafter. The authority, which has a June 30 year end, is presented as if it were a governmental fund.

B. Basis of Presentation

Government-wide Statements: The statement of net assets and the statement of activities display information about the primary government. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type activities* of the Town. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the Town and 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. 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. Separate statements for each fund category – governmental and proprietary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as non-major funds.

TOWN OF YADKINVILLE, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2012

Note 1. Summary of Significant Accounting Policies (Continued)

B. Basis of Presentation (Continued)

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

The Town reports the following major governmental funds:

General Fund. The General Fund is the general operating fund of the Town. The General Fund accounts for all financial resources except those that are required to be accounted for in another fund. The primary revenue sources are ad valorem taxes, State grants, and various other taxes and licenses. The primary expenditures are for public safety, street maintenance and construction, and sanitation services.

The Town reports the following non-major governmental fund:

Hinshaw Gardens Trust Fund. This fund is used to account for the endowment received and for which earnings are required to be used for the maintenance of Hinshaw Gardens.

The Town reports the following major enterprise funds:

Water and Sewer Fund. This fund is used to account for the Town's water and sewer operations. Included as a sub-funds is the Water and Sewer Capital Project Fund.

C. Measurement Focus and Basis of Accounting

All funds of the Town are accounted for on the cash basis of accounting during the year, and are converted to the modified accrual or accrual basis of accounting at year end in accordance with North Carolina General Statutes.

Government-wide and Proprietary Fund Financial Statements. The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the 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.

TOWN OF YADKINVILLE, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2012

Note 1. Summary of Significant Accounting Policies (Continued)

C. Measurement Focus and Basis of Accounting (Continued)

Revenue from grants 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.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town's enterprise fund are charges to customers for sales and services. The Town also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the water and sewer system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. 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 a revenue because the amount is not susceptible to accrual. At June 30, taxes receivable are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of January 1, 1993, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, Yadkin County is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts in the County, including the Town. For motor vehicles registered under the staggered system, property taxes are due the first day of the fourth month after the vehicles are registered. The billed taxes are applicable to the fiscal year in which they become due. Therefore, the Town's vehicle taxes for vehicles registered in Yadkin County from March 2011 through February 2012 apply to the fiscal year ended June 30, 2012. Uncollected taxes that were billed during this period are shown as a receivable in these financial statements and are offset by deferred revenues.

Sales taxes and certain intergovernmental revenues such as the utilities franchise tax, collected and held by the State at year-end on behalf of the Town are recognized as revenue. Intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. Under the terms of grant agreements, the Town funds certain

TOWN OF YADKINVILLE, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2012

Note 1. Summary of Significant Accounting Policies (Continued)

C. Measurement Focus and Basis of Accounting (Continued)

programs by a combination of specific cost reimbursement grants, categorical block grants and general revenues. Thus when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the Town's policy to first apply cost reimbursement resources to such programs, followed by categorical block grants and then by general revenues

As permitted by generally accepted accounting principles, the Town has elected to apply only applicable FASB Statements and Interpretations issued before November 30, 1989 that do not contradict GASB pronouncements in its accounting and reporting practices for its proprietary operations.

D. Budgetary Data

The Town's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund and the Enterprise Fund. All annual appropriations lapse at the fiscal year end. Project ordinances are adopted for the Water and Sewer Capital Project Funds, which are consolidated with the operating fund for reporting purposes.

All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and at the object level for the multi-year funds. Amendments are required for any revisions that alter total expenditures of any fund or that change functional appropriations. All amendments must be approved by the governing board. During the year, some amendments to the original budget were necessary. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers the time until the annual ordinance can be adopted.

E. Assets, Liabilities, and Fund Equity

1. Deposits and Investments

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

State law [G. S. 159-30(c)] authorizes the Town to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances, and the North Carolina Capital Management Trust (NCCMT).

TOWN OF YADKINVILLE, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2012

Note 1. Summary of Significant Accounting Policies (Continued)

E. Assets, Liabilities, and Fund Equity (Continued)

2. Cash and Cash Equivalents

The Town pools money from the General Fund, the Water and Sewer Fund and all other funds to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents.

3. 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, the beginning of the fiscal year. The taxes are due on September 1(lien date); however, interest does not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2011. As allowed by State law, the Town has established a schedule of discounts that apply to taxes, which are paid prior to the due date. In the Town's General Fund, ad valorem tax revenues are reported net of such discounts.

4. Allowances for Doubtful Accounts

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

5. Inventories

Inventories of the Town consist of expendable parts and supplies, and are valued at cost (first in, first out), which approximates market.

6. Capital Assets

Capital assets are defined by the Town as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of one year. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets are depreciated using the straight line method over the following estimated useful lives:

Buildings	15-50 years
Other improvements	10-40 years
Automotive equipment	5 years
Other equipment	5-10 years
Infrastructure	50 years

TOWN OF YADKINVILLE, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2012

Note 1. Summary of Significant Accounting Policies (Continued)

E. Assets, Liabilities, and Fund Equity (Continued)

7. Compensated Absences

The vacation policy of the Town provides that earned vacation may be accumulated up to a maximum of 40 vacation days. For the Town's government-wide and proprietary funds, an expense and a liability for compensated absences and the salary related payments are recorded as the vacation is earned. The Town has assumed a first-in, first-out method of using accumulated compensated time. The portion of that time that is estimated to be used in the next fiscal year had been designated as a current liability in the government-wide financial statements.

The Town's sick leave policy provides for an unlimited accumulation of sick leave. Sick leave does not vest but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Since the Town has no obligation for the accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

8. Long Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets.

9. Net Assets/ Fund Balances

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

Fund Balances. In governmental fund financial statements, fund balance is composed of five classifications designed to disclose the hierarchy of constraints placed on how the 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 a spendable form or (b) legally or contractually required to be maintained intact.

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

Restricted for Care of Hinshaw Gardens – portion of fund balance that is restricted for the maintenance of Hinshaw Gardens.

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

TOWN OF YADKINVILLE, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2012

Note 1. Summary of Significant Accounting Policies (Continued)

E. Assets, Liabilities, and Fund Equity (Continued)

9. Net Assets/ Fund Balances (Continued)

Restricted for Streets – Powell Bill portion of fund balance that is restricted by revenue source for street construction and maintenance expenditures. This amount represents the balance of the total unexpended Powell Bill funds.

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

Assigned Fund Balance - portion of fund balance that the Town intends to use for specific purposes.

Subsequent year's expenditures – portion of fund balance that is appropriated in the next year's budget that is not already in restricted or committed. The governing body approves the appropriation.

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

Note 2. Detail Notes on All Funds

A. Assets

1. Deposits

All the deposits of the Town and the Tourism Authority 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 or the Tourism Authority's agent in these units' names. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Town and the Tourism Authority, these deposits are considered to be held by the Town's and the Tourism Authority's agent 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, the Tourism Authority or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the Town and the Tourism Authority under the Pooling Method, the potential exists for under-collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method.

TOWN OF YADKINVILLE, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2012

Note 2. Detail Notes on All Funds (Continued)

A. Assets (Continued)

1. Deposits (continued)

The Town and the Tourism Authority have no policy regarding custodial credit risk for deposits, but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The Town and the Tourism Authority comply with the provisions of G. S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2012, the Town's deposits had a carrying amount of \$2,875,430 and a bank balance of \$2,968,740. Of the bank balance, \$750,000 was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method. At June 30, 2012, the Town's petty cash fund totals \$48.

At June 30, 2012, the Tourism Authority's deposits had a carrying amount and a bank balance of \$46,684. The entire balance was covered by federal depository insurance.

2. Receivables - Allowances for Doubtful Accounts

The amounts presented in the Balance Sheet and the Statement of Net Assets are net of the following allowance for doubtful accounts:

General Fund - taxes receivable	\$ 27,704
Enterprise Fund - accounts receivable	<u>1,500</u>
	<u>\$ 29,204</u>

TOWN OF YADKINVILLE, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2012

Note 2. Detail Notes on All Funds (Continued)

A. Assets (Continued)

3. Capital Assets

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

<u>Governmental Activities:</u>	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Capital assets not being depreciated:				
Land	\$ 1,110,231	\$ -	\$ -	\$ 1,110,231
Total capital assets not being depreciated	<u>1,110,231</u>	<u>-</u>	<u>-</u>	<u>1,110,231</u>
Capital assets being depreciated:				
Buildings	1,559,882	-	-	1,559,882
Other improvements	773,637	-	-	773,637
Automotive equipment	621,062	59,176	56,917	623,321
Other equipment	559,565	23,741	-	583,306
Infrastructure	<u>346,709</u>	<u>-</u>	<u>-</u>	<u>346,709</u>
	<u>3,860,855</u>	<u>82,917</u>	<u>56,917</u>	<u>3,886,855</u>
Less accumulated depreciation for:				
Buildings	374,740	31,302	-	406,042
Other improvements	119,362	32,937	-	152,299
Automotive equipment	476,127	55,565	54,926	476,765
Other equipment	460,980	19,316	-	480,296
Infrastructure	<u>17,898</u>	<u>6,934</u>	<u>-</u>	<u>24,833</u>
	<u>1,449,107</u>	<u>\$ 146,054</u>	<u>\$ 54,926</u>	<u>1,540,235</u>
Capital assets being depreciated, net	<u>2,411,748</u>			<u>2,346,620</u>
Governmental activity capital assets, net	<u>\$ 3,521,979</u>			<u>\$ 3,456,851</u>

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

General government	\$ 26,406
Public safety	70,426
Transportation	16,024
Cultural and recreation	<u>33,198</u>
	<u>\$ 146,054</u>

TOWN OF YADKINVILLE, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2012

Note 2. Detail Notes on All Funds (Continued)

A. Assets (Continued)

3. Capital Assets (Continued)

Business Type Activities: <u>Water and Sewer Fund</u>	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Capital assets not being depreciated:				
Land	\$ 1,003,196	\$ -	\$ -	\$ 1,003,196
Construction in progress	<u>78,045</u>	<u>349,212</u>	<u>427,257</u>	<u>-</u>
Capital assets not being depreciated	<u>1,081,241</u>	<u>349,212</u>	<u>427,257</u>	<u>1,003,196</u>
Capital assets being depreciated:				
Water and sewer system	20,534,790	455,129	-	20,989,919
Other equipment	2,188,901	40,887	-	2,229,788
Automotive equipment	<u>165,077</u>	<u>-</u>	<u>-</u>	<u>165,077</u>
Total assets being depreciated	<u>22,888,768</u>	<u>496,006</u>	<u>-</u>	<u>23,384,784</u>
Less accumulated depreciation for:				
Water and sewer system	8,067,443	529,211	-	8,596,654
Other equipment	1,931,473	53,629	-	1,985,102
Automotive equipment	<u>130,794</u>	<u>10,587</u>	<u>-</u>	<u>141,381</u>
	<u>10,129,710</u>	<u>\$ 593,427</u>	<u>\$ -</u>	<u>10,723,137</u>
Capital assets being depreciated, net	<u>12,759,058</u>			<u>12,661,647</u>
Business type activity capital assets, net	<u>\$ 13,840,299</u>			<u>\$ 13,664,843</u>

TOWN OF YADKINVILLE, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2012

Note 2. Detail Notes on All Funds (Continued)

B. Liabilities

1. Pension Plan Obligations

a. Local Governmental Employees' Retirement System

Plan Description. The Town contributes to the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS provides retirement and disability benefits to plan members and beneficiaries. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Local Governmental Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Funding Policy. Plan members are required to contribute six percent of their annual covered salary. The Town is required to contribute at an actuarially determined rate. For the Town, the current rate for employees not engaged in law enforcement and for law enforcement officers is 6.97% and 7.05%, respectively, of annual covered payroll. The contribution requirements of members and of the Town are established and may be amended by the North Carolina General Assembly. The Town's contributions to LGERS for the years ended June 30, 2012, 2011 and 2010 were \$108,607, \$97,496, and \$74,614, respectively. The contributions made by the Town equaled the required contributions for each year.

b. Law Enforcement Officers' Special Separation Allowance

1. Plan Description. The Town administers a public employee retirement system (the "Separation Allowance"), a single-employer defined benefit pension plan that provides retirement benefits to the Town's qualified sworn law enforcement officers. The Separation Allowance is equal to .85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

All full-time law enforcement officers of the Town are covered by the Separation Allowance.

**TOWN OF YADKINVILLE, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2012**

Note 2. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

1. Pension Plan Obligations (Continued)

b. Law Enforcement Officers' Special Separation Allowance (Continued)

At June 30, 2012, the Separation Allowance's membership consisted of:

Retirees receiving benefits	-
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	12
Total	12

A separate report was not issued for the plan.

2. Summary of Significant Accounting Policies

Basis of Accounting. The Town has chosen to fund the Separation Allowance on a pay as you go basis. Pension expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting.

Method Used to Value Investments. No funds are set aside to pay benefits and administration costs. These expenses are paid as they come due.

3. Contributions. The Town is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to pay benefits and administration costs on a pay as you go basis through appropriations made in the General Fund operating budget. The Town's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. There were no contributions made by employees.

The Town has chosen not to have an actuarial study performed because the liability is considered to be immaterial.

c. Supplemental Retirement Income Plan for Law Enforcement Officers

Plan Description. The Town contributes to the Supplemental Retirement Income Plan (Plan), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to employees not engaged in law enforcement and law enforcement officers employed by the Town. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Supplemental Retirement Income Plan for Law Enforcement Officers is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan for Law Enforcement Officers.

**TOWN OF YADKINVILLE, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2012**

Note 2. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

1. Pension Plan Obligations (Continued)

c. Supplemental Retirement Income Plan for Law Enforcement Officers (Continued)

That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410 or by calling (919) 981-5454.

Funding Policy. Article 12E of G.S. Chapter 143 requires the Town to contribute each month an amount equal to five percent of each officer's salary. The town has also elected to contribute an amount equal to five percent of each employee's salary who are not engaged in law enforcement. All amounts contributed are vested immediately. Also, the employees may make voluntary contributions to the plan. Voluntary contributions from employees amounted to \$52,438 for the year ended June 30, 2012. The Town's required contributions for the year ended June 30, 2012 were \$52,533 for employees not engaged in law enforcement and \$25,235 for law enforcement officers.

2. Other Employment Benefits

The Town has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest months salary in a row during the 24 months prior to the employee's death, but the benefit may not exceed \$50,000 or be less than \$25,000. All death benefit payments are made from the Death Benefit Plan. The Town has no liability beyond the payment of monthly contributions. The contributions to the Death Benefit Plan cannot be separated between the post-employment and the other benefit amount. The Town considers these contributions to be immaterial.

3. Deferred Revenues

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

	<u>Deferred Revenue</u>
Taxes receivable (general fund)	<u>\$ 68,115</u>

TOWN OF YADKINVILLE, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2012

Note 2. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

4. 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 has property, general liability, auto liability, worker's compensation and employee health coverages. There have been no significant reductions in insurance coverage in the prior year, and settled claims from these risks have not exceeded the commercial coverage in any of the past three fiscal years.

The Town does not carry flood insurance as the Town limits are not in designated flood area. In accordance with G.S. 159-29, the Town's and the Yadkinville Tourism Authority's employees that have access to \$100 or more at any given time of the Town's and the Yadkinville Tourism Authority's funds are performance bonded through a commercial surety bond. The finance officer is individually bonded for \$50,000. The remaining employees that have access to funds are bonded under a blanket bond of \$100,000.

5. Changes in Long-Term Obligations

During the year ended June 30, 2012, the following changes occurred in long-term liabilities:

<u>Governmental activities</u>	<u>Balance July 1, 2011</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2012</u>	<u>Current Portion of Balance</u>
Compensated absences	\$ 81,230	\$ 686	\$ -	\$ 81,916	\$ 46,663
Installment purchase agreement	<u>606,666</u>	<u>-</u>	<u>46,667</u>	<u>559,999</u>	<u>46,667</u>
	687,896	686	46,667	641,915	93,330
 <u>Business-type activities</u>					
Compensated absences	<u>70,560</u>	<u>5,099</u>	<u>-</u>	<u>75,659</u>	<u>44,445</u>
Total long-term obligations	<u>\$ 758,456</u>	<u>\$ 5,785</u>	<u>\$ 46,667</u>	<u>\$ 717,574</u>	<u>\$ 137,775</u>

In January, 2009, the Town entered into an installment purchase agreement in the amount of \$700,000 to finance the construction of a park. This financing agreement requires semi-annual principal payments of \$23,333 plus interest at 3.79% per annum.

**TOWN OF YADKINVILLE, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2012**

Note 2. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

5. Changes in Long-Term Obligations (Continued)

Annual debt service requirements to maturity of the installment purchase agreement are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>
2013	\$ 46,667	\$ 20,782
2014	46,667	19,013
2015	46,667	17,245
2016	46,667	15,476
2017	46,667	13,707
2018-2022	233,333	42,006
2023-2024	<u>93,331</u>	<u>4,422</u>
	<u>\$ 559,999</u>	<u>\$ 132,651</u>

The Town had a legal debt margin of \$18,419,123 at June 30, 2012.

C. Interfund Balances and Activity

There were no balances due to/from other funds as of June 30, 2012.

Transfers to/from other funds during the year were as follows:

<u>Transfer from</u>	<u>Amount</u>	<u>Transfer to</u>	<u>Amount</u>
Water and Sewer Fund	\$ 150,000	General Fund	\$ 150,000
Trust Fund	<u>4,576</u>	General Fund	<u>4,576</u>
	<u>\$ 154,576</u>		<u>\$ 154,576</u>

During the 2011 fiscal year, the Town made transfers amounting to \$150,000 from the Water and Sewer Fund to the General Fund for unreimbursed administrative expenses and \$4,576 from the Trust Fund to the General Fund for the expenses of Hinshaw Gardens.

TOWN OF YADKINVILLE, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2012

Note 2. Detail Notes on All Funds (Continued)

D. 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	\$ 1,893,511
Less:	
Stabilization by State Statute	197,545
Streets - Powell Bill	174,224
Subsequent year's expenditures	26,450
Remaining Fund Balance	<u>1,495,292</u>

Note 3. Joint Venture and Jointly Governed Organization

Joint Venture. The Town of Yadkinville, City of Winston-Salem, Village of Clemmons, Town of Kernersville, Town of Lewisville, Town of Oak Ridge and Town of Bermuda Run jointly appoint the nine members Triad Municipal Alcoholic Beverage Control Board, which operates 15 liquor stores in Yadkin County, Forsyth County, Davie County and Guilford County. North Carolina General Statute 18B-805 requires the Triad Municipal Alcoholic Beverage Control Board to distribute its net income to the seven municipalities who appoint the Board and to Forsyth County. During fiscal year 2011, the Town of Yadkinville received \$50,627 distributed net income. The participating governments do not have equity interest in the joint venture. The Town of Yadkinville does not have financial responsibility for the Triad Board and is not held responsible for its debts. Audited financial statements for the Triad Municipal Alcoholic Beverage Control Board are available through their administrative offices at 3127 Starlight Drive, Winston-Salem, North Carolina 27107-4141.

Jointly Governed Organization. The Town, in conjunction with twelve counties and seventy-three other municipalities established the Piedmont Triad Regional Council (PTRC). The participating governments established the 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 \$611 to PTRC during the fiscal year ended June 30, 2012.

Note 4. Reconciliation of Powell Bill Expenditures

Per financial statements	\$ 76,568
Deduct accounts payable as of June 30, 2011	(854)
Add accounts payable as of June 30, 2011	<u>253</u>
Per Powell Bill report	<u>\$ 75,967</u>

TOWN OF YADKINVILLE, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2012

Note 5. Trust Fund

The Town has received contributions from an individual and has assumed responsibility for the maintenance of Hinshaw Gardens, a park within the Town limits. The Town has included this endowment in a trust fund and will use the income from these contributions to assist in the maintenance of the park.

Note 6. Summary of Significant Contingencies

Indemnification Agreement

The Town has entered into a Performance Agreement with a local business and the Rural Economic Development Center, Inc. (Center). The Center has committed \$500,000 in grant funds to be expended by the Town on water and sewer improvements for the benefit of the business. The agreement requires the business to provide a specified minimum number of jobs within certain time limits or the grant or a portion thereof, as specified in the agreement, is to be repaid to the Center by the business.

The Town has also entered into a separate Indemnification Agreement with the business whereby it has agreed to indemnify the business of its obligation to repay the Center should the business not meet the terms of the Performance Agreement. The Town has agreed to reimburse the Center all sums that may be due under the terms of the performance agreement, and to indemnify and hold the business harmless against any and all liabilities, costs and expenses including reasonable attorney fees under the agreement.

Federal and State Assisted Programs

The Town has received proceeds from several federal and state grants. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under grant agreements. Such audits could result in the refund of grant monies to the grantor agencies. Management believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the refund of grant monies.

**INDIVIDUAL FUND
FINANCIAL STATEMENTS SECTION**

**TOWN OF YADKINVILLE, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Ad valorem taxes:			
Current year, net of discounts	\$	\$ 916,694	\$
Prior years		61,927	
Penalties and interest		8,077	
Total	908,194	986,698	78,504
Other taxes - room occupancy tax	20,000	14,331	(5,669)
Unrestricted intergovernmental:			
Local option sales taxes		296,094	
Hold harmless payment		46,117	
Telecommunications sales tax		40,667	
Utility franchise tax		376,367	
Piped natural gas tax		3,598	
Video franchise fee		19,653	
Solid waste disposal		2,002	
Beer and wine tax		12,833	
ABC profit distribution		50,627	
Tax refunds		13,284	
Total	808,000	861,242	53,242
Restricted intergovernmental:			
Powell Bill allocation		87,704	
Controlled substance tax		3,038	
Federal drug monies			
Total	90,688	90,742	54
Permits and fees:			
Building permits		2,305	
Privilege license		600	
Total	1,500	2,905	1,405
Investment earnings	5,000	3,738	(1,262)
Other revenues:			
Parking violations		2,395	
Cablevision fees		2,941	
Court costs		1,463	
Rents		250	
Sale of property		5,691	
Miscellaneous		11,081	
Total	15,725	23,821	8,096
Total revenues	1,849,107	1,983,477	134,370

(continued)

**TOWN OF YADKINVILLE, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Expenditures:			
General government:			
Governing body:			
Salaries		20,700	
Employee benefits		1,584	
Telephone and postage		1,359	
Printing		1,290	
Travel		25	
Miscellaneous		7,427	
	<u>33,547</u>	<u>32,385</u>	<u>1,162</u>
Administration:			
Salaries		194,400	
Employee benefits		66,422	
Professional services		34,966	
Training		180	
Telephone and postage		6,852	
Printing		373	
Travel		1,696	
Maintenance and repairs		2,966	
Safety		564	
Advertising		1,218	
Auto supplies		2,474	
Insurance and bonds		44,660	
Supplies and materials		4,070	
Contract services		11,889	
Dues and subscriptions		4,876	
Other departmental expense		171	
Capital outlay		4,278	
	<u>401,758</u>	<u>382,055</u>	<u>19,703</u>
Planning and zoning:			
Fees		1,256	
Professional services		9,289	
Advertising		1,215	
Miscellaneous		114	
	<u>15,436</u>	<u>11,874</u>	<u>3,562</u>

(continued)

**TOWN OF YADKINVILLE, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Budget	Actual	Variance Positive (Negative)
Public buildings:			
Utilities		12,024	
Maintenance and repairs		895	
Supplies and materials		267	
Contract services		5,985	
Miscellaneous		660	
Total	25,900	19,831	6,069
Special appropriations:			
Board of elections		3,731	
Sales taxes		8,097	
Yadkin County Tourism Authority		14,331	
Total	78,706	26,159	52,547
Total general government	555,347	472,304	83,043
Public Safety - Police:			
Salaries		565,129	
Employee benefits		200,117	
Telephone and postage		14,164	
Printing		217	
Utilities		8,126	
Maintenance and repairs		24,372	
OSHA safety		418	
Advertising		79	
Automotive supplies		44,384	
Supplies and materials		9,938	
Uniforms		2,641	
Contracted services		14,586	
K-9 care		559	
Drug buy money		1,000	
Miscellaneous		906	
Capital outlay		51,743	
Total public safety	939,896	938,379	1,517
Transportation - Garage:			
Telephone		1,771	
Utilities		5,313	
Maintenance and repair		804	
Supplies and materials		813	
Contracted services		7,966	
Total	20,078	16,667	3,411

(continued)

**TOWN OF YADKINVILLE, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Transportation - Streets and highways:			
Salaries		75,504	
Employee benefits		29,178	
Training		837	
Telephonic and postage		557	
Utilities		40,128	
Travel		314	
Maintenance and repairs		8,430	
OSHA safety		575	
Automotive supplies		10,338	
Supplies and materials		3,625	
Uniforms		1,328	
Contracted services		4,768	
Miscellaneous		14	
Capital outlay		14,165	
Total	<u>191,206</u>	<u>189,761</u>	<u>1,445</u>
Transportation - Powell Bill:			
Professional services		950	
Maintenance and repairs		5,354	
Automotive supplies		9,533	
Supplies and materials		2,169	
Paving and resurfacing		52262	
Capital outlay		6,300	
Total	<u>87,704</u>	<u>76,568</u>	<u>11,136</u>
Total transportation	<u>298,988</u>	<u>282,996</u>	<u>15,992</u>
Environmental protection:			
Sanitation:			
Maintenance and repairs		1,761	
Automotive supplies		1,881	
Supplies and materials		385	
Contracted services		181,136	
Tipping fees		1,278	
Total environmental protection	<u>202,815</u>	<u>186,441</u>	<u>16,374</u>
Cultural and recreation:			
Town park:			
Salaries		15,620	
Employee benefits		6,554	
Utilities		5,129	
Maintenance and repairs		3,641	
Supplies and materials		1,139	
Contracted services		7,475	
Park events		1,250	
Insurance		444	
Miscellaneous		104	
Capital outlay		6,431	
Total	<u>58,698</u>	<u>47,787</u>	<u>10,911</u>

(continued)

**TOWN OF YADKINVILLE, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Budget	Actual	Variance Positive (Negative)
Hinshaw Gardens:			
Salaries		3,390	
Employee benefits		259	
Utilities		193	
Maintenance and repairs		171	
Supplies and materials		145	
Insurance		445	
Miscellaneous		93	
Total	<u>6,380</u>	<u>4,696</u>	<u>1,684</u>
Special appropriations:			
Yadkin County Library		2,500	
Yadkin County ARC		400	
Sports club		2,500	
Downtown Association		3,320	
Total	<u>8,720</u>	<u>8,720</u>	<u>-</u>
Total cultural and recreation	<u>73,798</u>	<u>61,203</u>	<u>12,595</u>
Debt Service:			
Principal retirement		46,667	
Interest and other charges		22,550	
	<u>72,635</u>	<u>69,217</u>	<u>3,418</u>
Total expenditures	<u>2,143,479</u>	<u>2,010,540</u>	<u>132,939</u>
Revenues over (under) expenditures	<u>(294,372)</u>	<u>(27,063)</u>	<u>267,309</u>
Other financing sources:			
Transfers from Trust Fund	6,780	4,576	(2,204)
Transfer from Water & Sewer Fund	150,000	150,000	-
Fund balance appropriated	<u>137,592</u>		<u>(137,592)</u>
Total other financing sources	<u>294,372</u>	<u>154,576</u>	<u>(139,796)</u>
Revenues and other financing sources over expenditures	<u>\$ -</u>	<u>127,513</u>	<u>\$ 127,513</u>
Fund balances, beginning		<u>1,765,998</u>	
Fund balances, ending		<u>\$ 1,893,511</u>	

**TOWN OF YADKINVILLE, NORTH CAROLINA
 COMBINING BALANCE SHEET
 NON-MAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2012**

	Hinshaw Gardens Fund	Total Nonmajor Governmental Funds
	<u> </u>	<u> </u>
ASSETS		
Cash and cash equivalents	\$ 93,743	\$ 93,743
	<u> </u>	<u> </u>
Total Assets	<u>\$ 93,743</u>	<u>\$ 93,743</u>
 LIABILITIES AND FUND BALANCES		
Fund Balances	\$ 93,743	\$ 93,743
	<u> </u>	<u> </u>
	<u>\$ 93,743</u>	<u>\$ 93,743</u>

**TOWN OF YADKINVILLE, NORTH CAROLINA
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 NON-MAJOR GOVERNMENTAL FUNDS
 YEAR ENDED JUNE 30, 2012**

	Hinshaw Gardens Fund	Total Nonmajor Governmental Funds
REVENUES		
Investment earnings	\$ 321	\$ 321
Total revenues	321	321
EXPENDITURES		
Total expenditures	-	-
Revenues over (under) expenditures	321	321
OTHER FINANCING SOURCES (USES)		
Transfer (to) from General Fund	(4,576)	(4,576)
Total other financing sources (uses)	(4,576)	(4,576)
Net change in fund balances	(4,255)	(4,255)
Fund balances, beginning	97,998	97,998
Fund balances, ending	\$ 93,743	\$ 93,743

**TOWN OF YADKINVILLE, NORTH CAROLINA
WATER AND SEWER FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP)
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Operating revenues:			
Water and sewer charges	\$ -	\$ 2,110,339	\$ -
Water and sewer taps		23,967	
Water reconnection fees and penalties		13,788	
Tax refunds		20,159	
Sale of materials		5,379	
Miscellaneous		170	
Total operating revenues	2,026,000	2,173,802	147,802
Nonoperating revenues:			
Interest earnings	3,000	1,338	
Total nonoperating revenues	3,000	1,338	(1,662)
Total revenues	2,029,000	2,175,140	146,140
Expenditures:			
Administration:			
Salaries		129,618	
Employee benefits		54,281	
Training		318	
Telephone and postage		8,605	
Printing		230	
Maintenance and repairs		1,548	
OSHA safety		320	
Automotive supplies		3,612	
Supplies and materials		4,373	
Uniforms		647	
Contracted services		4,002	
Sales tax		14,057	
Insurance		36,174	
Other expense		1,145	
Total administration	281,809	258,930	22,879

(continued)

**TOWN OF YADKINVILLE, NORTH CAROLINA
WATER AND SEWER FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP)
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Water plant:			
Salaries		160,745	
Employee benefits		60,070	
Professional services		44,483	
Employee training		230	
Telephone and postage		2,121	
Printing		500	
Utilities		64,207	
Maintenance and repairs		20,262	
OSHA safety		754	
Automotive supplies		5,112	
Supplies and materials		6,511	
Other supplies - chemicals		46,198	
Uniforms		2,033	
Contracted services		24,928	
Permits		2,320	
Insurance		3,555	
Miscellaneous		2,989	
Total water plant	<u>468,903</u>	<u>447,018</u>	<u>21,885</u>
Sewer plant:			
Salaries		98,893	
Employee benefits		37,061	
Employee training		410	
Telephone and postage		1,968	
Printing		310	
Utilities		90,420	
Travel		160	
Maintenance and repairs		11,686	
OSHA safety		429	
Automotive supplies		4,394	
Supplies and materials		3,682	
Other supplies - chemicals		17,276	
Uniforms		1,512	
Contracted services		46,482	
Permits		4,742	
Miscellaneous		964	
Total sewer plant	<u>333,977</u>	<u>320,389</u>	<u>13,588</u>

(continued)

**TOWN OF YADKINVILLE, NORTH CAROLINA
WATER AND SEWER FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP)
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Laboratory:			
Salaries		62,761	
Employee benefits		22,912	
Employee training		160	
Telephone and postage		15	
Travel		160	
Maintenance and repairs		652	
OSHA safety		192	
Automotive supplies		1,135	
Supplies and materials		8,037	
Other supplies - chemicals		3,342	
Uniforms		1,110	
Contracted services		1,876	
Dues and subscriptions		14	
Permits		1,387	
Miscellaneous		1,296	
Total laboratory	<u>112,666</u>	<u>105,049</u>	<u>7,617</u>
Water/sewer operations:			
Salaries		291,120	
Employee benefits		110,132	
Professional services		700	
Employee training		2,657	
Telephone and postage		6,517	
Printing		55	
Utilities		22,258	
Travel		791	
Maintenance and repairs		41,736	
OSHA safety		1,271	
Automotive supplies		19,515	
Supplies and materials		38,700	
Uniforms		3,754	
Contracted services		147,289	
Permits		1,310	
Miscellaneous		534	
Total water/sewer operations	<u>716,076</u>	<u>688,339</u>	<u>27,737</u>
Capital outlay	<u>79,069</u>	<u>67,758</u>	<u>11,311</u>
Total expenditures	<u>1,992,500</u>	<u>1,887,483</u>	<u>105,017</u>
Revenue over (under) expenditures	<u>36,500</u>	<u>287,657</u>	<u>251,157</u>

(continued)

**TOWN OF YADKINVILLE, NORTH CAROLINA
WATER AND SEWER FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP)
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Budget	Actual	Variance Positive (Negative)
Other financing sources (uses):			
Transfers to General Fund	(150,000)	(150,000)	-
Transfers to Capital Project Fund	(150,000)	(34,630)	115,370
Fund Balance appropriated	263,500	-	(263,500)
Total other financing sources (uses)	(36,500)	(184,630)	(148,130)
Revenues and other financing sources over expenditures and other uses	\$ -	\$ 103,027	\$ 103,027

**Reconciliation from budgetary basis
(modified accrual) to full accrual:**

Revenues and other financing sources over expenditures	\$ 103,027	
Reconciling items:		
Capital outlay	67,758	
Depreciation	(593,427)	
Decrease in accounts receivable, net of allowance for doubtful accounts	(39,224)	
Decrease in inventory	(8,316)	
Increase in compensated absences	(5,099)	
Transfer to capital project fund	34,630	
Total reconciling items	(543,678)	
Decrease in net assets	\$ (440,651)	

TOWN OF YADKINVILLE, NORTH CAROLINA
WATER AND SEWER FUND CAPITAL PROJECT FUND - RESERVOIR PROJECT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FROM INCEPTION AND FOR YEAR ENDED JUNE 30, 2012

	<u>Project Autho- rization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total To Date</u>	<u>Variance Positive (Negative)</u>
RESERVOIR AND WATER LINE EXTENSION					
REVENUES					
CDBG grant	\$ 1,000,000	\$ 1,000,000	\$ -	\$ 1,000,000	\$ -
ARC grant	200,000	200,000	-	200,000	-
Rural Center Grant	1,208,000	762,423	237,577	1,000,000	208,000
	<u>2,408,000</u>	<u>1,962,423</u>	<u>237,577</u>	<u>2,200,000</u>	<u>208,000</u>
Total revenues					
EXPENDITURES					
Professional services	442,000	399,968	66,849	466,817	(24,817)
Water lines	1,248,675	490,984	282,364	773,348	475,327
Reservoir	998,550	1,308,173	-	1,308,173	(309,623)
Contingency	8,000	-	-	-	8,000
	<u>2,697,225</u>	<u>2,199,125</u>	<u>349,213</u>	<u>2,548,338</u>	<u>148,887</u>
Total expenditures					
Revenue over (under) Expenditures	(289,225)	(236,702)	(111,636)	(348,338)	(59,113)
OTHER FINANCING SOURCES					
Transfers from Water and Sewer Fund	289,225	313,708	34,630	348,338	59,113
	<u>289,225</u>	<u>313,708</u>	<u>34,630</u>	<u>348,338</u>	<u>59,113</u>
Total Revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>\$ 77,006</u>	<u>(77,006)</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balance, beginning			<u>77,006</u>		
Fund balance, ending			<u>\$ -</u>		

TOWN OF YADKINVILLE, NORTH CAROLINA
COMPONENT UNIT - YADKINVILLE TOURISM DEVELOPMENT AUTHORITY
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP)
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues:			
Occupancy tax	\$ 15,600	\$ 14,331	\$ (1,269)
Wine events	-	2,604	2,604
Interest income	250	-	(250)
Total revenues	<u>15,850</u>	<u>16,935</u>	<u>1,085</u>
Expenditures:			
Administration	1,412	2,553	(1,141)
Travel and tourism promotion	35,200	9,118	26,082
Tourism related programs	10,438	1,258	9,180
Insurance	-	210	(210)
Total expenditures	<u>47,050</u>	<u>13,139</u>	<u>33,911</u>
Revenues over (under) expenditures	<u>(31,200)</u>	<u>3,796</u>	<u>34,996</u>
Other financing sources (uses)			
Fund balance appropriated	<u>31,200</u>	<u>-</u>	<u>(31,200)</u>
Total other financing sources (uses)	<u>31,200</u>	<u>-</u>	<u>(31,200)</u>
Net change in fund balances	<u>\$ -</u>	<u>3,796</u>	<u>\$ 3,796</u>
Fund balance, beginning		<u>45,709</u>	
Fund balance, ending		<u>\$ 49,505</u>	

OTHER SCHEDULES

**TOWN OF YADKINVILLE, NORTH CAROLINA
SCHEDULE OF AD VALOREM TAXES RECEIVABLE
JUNE 30, 2012**

<u>Fiscal Year</u>	<u>Uncollected Balance June 30, 2011</u>	<u>Additions</u>	<u>Collections And Credits</u>	<u>Uncollected Balance June 30, 2012</u>
2011-2012	\$ -	\$ 977,262	\$ 925,081	\$ 52,181
2010-2011	53,288	-	40,541	12,747
2009-2010	20,033	-	13,297	6,736
2008-2009	11,502	-	6,822	4,680
2007-2008	4,547	-	853	3,694
2006-2007	3,301	-	550	2,751
2005-2006	3,346	-	63	3,283
2004-2005	3,587	-	46	3,541
2003-2004	3,102	-	191	2,911
2002-2003	3,301	-	6	3,295
2001-2002	3,659	-	3,659	-
	<u>\$ 109,666</u>	<u>\$ 977,262</u>	<u>\$ 991,109</u>	<u>95,819</u>

Less: allowance for uncollectible accounts:

General Fund	<u>27,704</u>
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Ad valorem taxes receivable - net	<u>\$ 68,115</u>
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Reconciliation with revenues:

Ad valorem taxes - General Fund	\$ 986,698
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Reconciling items:

Interest collected	(8,077)
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Discounts and collection fees	4,850
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Adjustments to taxes	4,018
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Taxes written off	<u>3,620</u>
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Total collections and credits	<u>\$ 991,109</u>
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**TOWN OF YADKINVILLE NORTH CAROLINA
ANALYSIS OF CURRENT TAX LEVY
TOWN-WIDE LEVY
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Town - Wide			Total Levy	
	Property Valuation	Rate	Total Levy	Property excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property taxed at current year's rate	\$ 230,686,563	\$ 0.0041	\$ 945,815	\$ 900,122	\$ 45,693
Motor vehicles taxed at prior year's rate	7,265,216	0.0041	29,784	-	29,784
Penalty			1,663	1,663	-
	<u>237,951,779</u>		<u>977,262</u>	<u>901,785</u>	<u>75,477</u>
Discoveries:					
Current year taxes	3,516,191		14,453	13,607	846
Abatements	<u>(4,228,933)</u>		<u>(17,352)</u>	<u>(14,145)</u>	<u>(3,207)</u>
Total property valuation	<u><u>\$ 237,239,037</u></u>				
Net levy			974,363	901,247	73,116
Uncollected taxes at June 30, 2012			<u>(52,181)</u>	<u>(39,407)</u>	<u>(12,774)</u>
Current year's taxes collected			<u>\$ 922,182</u>	<u>\$ 861,840</u>	<u>\$ 60,342</u>
Current levy collection percentage			<u>94.64%</u>	<u>95.63%</u>	<u>82.53%</u>

COMPLIANCE SECTION



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

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Honorable Mayor and
Members of the Board of Commissioners
Town of Yadkinville, North Carolina

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregated remaining fund information of the Town of Yadkinville, North Carolina, as of and for the year ended June 30, 2012, which collectively comprises the Town of Yadkinville's basic financial statements, and have issued our report thereon dated October 29, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the Town of Yadkinville is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Town of Yadkinville's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Town of Yadkinville's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting was for limited purpose described in the first paragraph in this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

This report is intended solely for the information and use of management, others within the entity, members of the Town Board and federal and State awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

Cannon & Company, P.C.

October 29, 2012

TOWN OF YADKINVILLE, NORTH CAROLINA

SCHEDULE OF FINDINGS AND RESPONSES
For the Fiscal Year Ended June 30, 2012

Section I. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness identified? Yes No

- Significant deficiency identified
that is not considered to be a
material weakness Yes No

Noncompliance material to financial
statements noted Yes No

Section II. Federal Awards

None

Section III. State Awards

None

TOWN OF YADKINVILLE, NORTH CAROLINA
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)
For the Fiscal Year Ended June 30, 2012

Section I. Financial Statement Findings

None reported.

Section II. Federal Award Findings and Responses

None reported.

Section III. State Award Findings and Questioned Costs

None Reported.

TOWN OF YADKINVILLE, NORTH CAROLINA

**CORRECTIVE ACTION PLAN
For the Fiscal Year Ended June 30, 2012**

Section II. Financial Statement Findings

None reported.

Section III. Federal Award Findings and Responses

None reported.

Section IV. State Award Findings and Responses

None Reported

TOWN OF YADKINVILLE, NORTH CAROLINA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Fiscal Year Ended June 30, 2012

Section II. Financial Statement Findings

None Reported

Section III. Federal Award Findings and Responses

None reported.

Section III. State Award Findings and Questioned Costs

None Reported

**TOWN OF YADKINVILLE, NORTH CAROLINA
 SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
 FOR THE YEAR ENDED JUNE 30, 2012**

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State/ Pass-through Grantor's Number	Fed. (Direct & Pass-through) Expenditures	State Expenditures	Local Expenditures
Federal Grants: None.					
Total assistance - federal programs			\$ -	\$ -	\$ -
State Grants:					
Cash Assistance:					
N.C. Parks and Recreation Trust Fund Rural Center Grant			-	237,577	34,630
N.C. Department of Transportation: Powell Bill			-	75,967	-
Total assistance - State programs			-	313,544	34,630
Total assistance			\$ -	\$ 313,544	\$ 34,630

Notes to the Schedule of Expenditures of Federal and State Financial Awards:

The accompanying schedule of expenditures of federal and State awards includes the federal and State grant activity of the Town of Yadkinville and is presented on the modified accrual basis of accounting.