

TOWN OF YADKINVILLE, NORTH CAROLINA

**FINANCIAL STATEMENTS
AND
SUPPLEMENTARY INFORMATION**

JUNE 30, 2013

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 AUDITORS' REPORT

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

Report on the Financial Statements

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, 2013, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the 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, 2013, and the respective changes in financial position, and where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 10 through 16 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Yadkinville, North Carolina's financial statements as a whole. The introductory information, combining and individual nonmajor fund financial statements, budgetary schedules, and other schedules, statistical section and schedule of expenditures of federal and state awards are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 23 2013 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 in considering the Town of Yadkinville's internal control over financial reporting and compliance.

Cannon & Company, P.C.

October 23, 2013

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, 2013. 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.

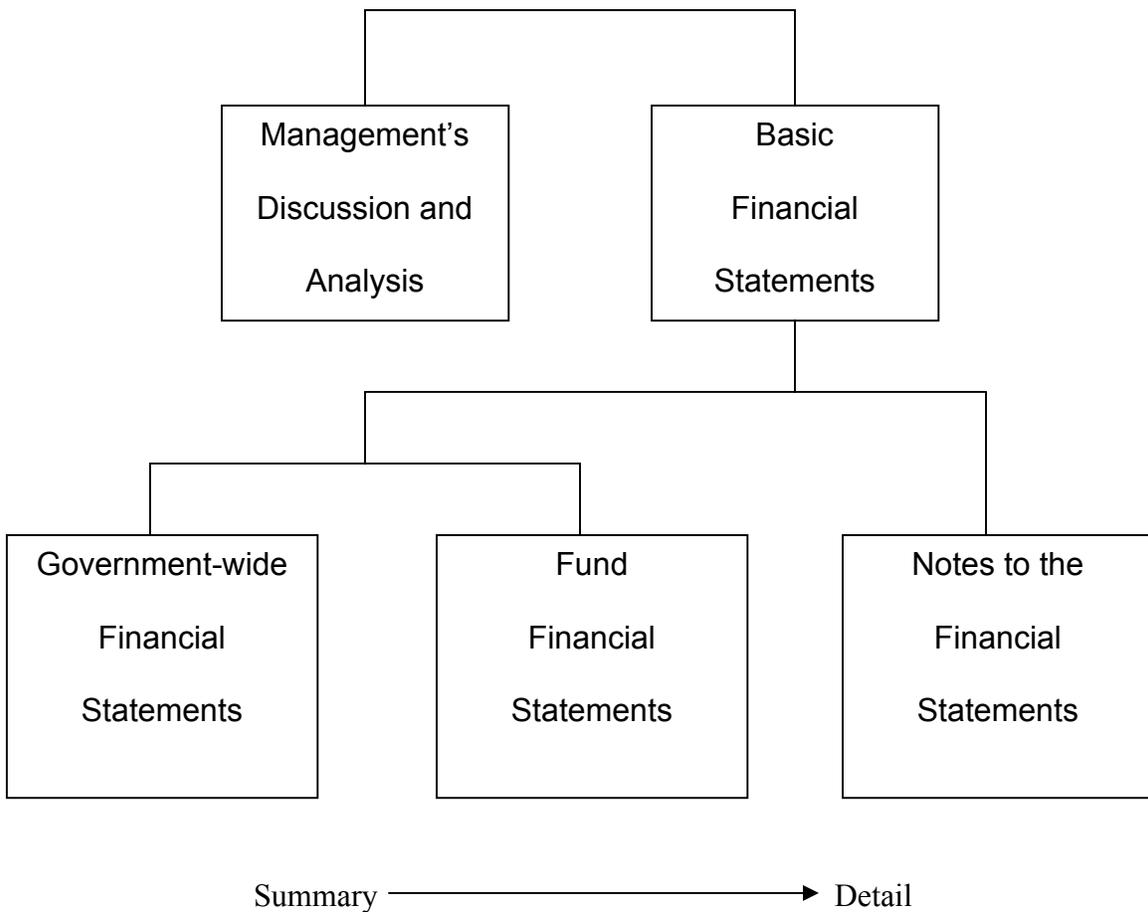
Financial Highlights

- The assets and deferred outflows of resources of the Town of Yadkinville *exceeded* its liabilities and deferred inflows of resources at the close of the fiscal year by \$19,608,185 (*net position*).
- The government's total net position *decreased* by \$220,847, primarily due to a *decrease* in the *Business-type* activities net position. As of the close of the current fiscal year, the Town of Yadkinville's governmental funds reported combined ending fund balances of \$2,012,764 an *increase* of \$25,510 in comparison with the prior year. Approximately 76 percent of this total amount, or \$1,527,095 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 \$1,527,095, or 71 percent of total general fund expenditures for the fiscal year.
- The Town of Yadkinville's total debt *decreased* by \$47,408 (7%) 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.

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 position and how they have changed. Net position is the difference between the Town total assets and deferred outflows of resources and total liabilities and deferred inflows of resources. Measuring net position 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 Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

The Town of 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 Position and the Statement of Activities.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are on pages 21 to 37 of this report.

Government-Wide Financial Analysis

The Town of Yadkinville’s Net Position

Figure 2

	Governmental Activities		Business-Type Activities		Total	
	2013.	2012.	2013.	2012.	2013.	2012.
Current and other assets	\$ 2,155,705	\$ 2,092,802	\$ 1,772,603	\$ 1,456,122	\$ 3,928,308	\$ 3,548,924
Capital assets	3,400,563	3,456,851	13,104,301	13,664,843	16,504,864	17,121,694
Total assets	<u>5,556,268</u>	<u>5,549,653</u>	<u>14,876,904</u>	<u>15,120,965</u>	<u>20,433,172</u>	<u>20,670,618</u>
Long-term liabilities outstanding	493,451	548,586	35,492	31,214	528,943	579,800
Other liabilities	153,806	131,405	142,238	130,381	296,044	261,786
Total liabilities	<u>647,257</u>	<u>679,991</u>	<u>177,730</u>	<u>161,595</u>	<u>824,987</u>	<u>841,586</u>
Net position:						
Net investment in capital assets	2,887,230	2,896,852	13,104,301	13,664,843	15,991,531	16,561,695
Restricted	456,069	465,512	-	-	456,069	465,512
Unrestricted	1,565,712	1,507,298	1,594,873	1,294,527	3,160,585	2,801,825
Total net position	<u>\$ 4,909,011</u>	<u>\$ 4,869,662</u>	<u>\$ 14,699,174</u>	<u>\$ 14,959,370</u>	<u>\$ 19,608,185</u>	<u>\$ 19,829,032</u>

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets and deferred outflows of the Town of Yadkinville exceeded liabilities and deferred inflows by \$19,608,185 as of June 30, 2013. The town's net position decreased by \$220,847 for the fiscal year ended June 30, 2013. However, the largest portion (82%) 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 net 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 position (2.3%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$3,160,585 is unrestricted.

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

- Continued diligence in the collection of property taxes by maintaining a tax collection percentage of 93.16%.
- Long-term debt decreased by \$47,408.

Governmental activities. Governmental activities *increased* the Town of Yadkinville's net position by \$39,349 as compared to a total *decrease* of \$220,847 in net position.

Business-type activities: Business-type activities *decreased* the Town of Yadkinville's net position by \$260,196 as compared to a total *decrease* of \$220,847 in net position.

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 \$1,527,095 while total fund balance reached \$2,012,764. 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 71 percent of total General Fund expenditures.

At June 30, 2013, the governmental funds of the Town of Yadkinville reported a combined fund balance of \$2,012,764, a 1.3 percent increase over last year.

Town of Yadkinville Changes in Net Position
Figure 3

	Governmental Activities	Governmental Activities	Business Type Activities	Business Type Activities	Total	Total
	2013	2012	2013	2012	2013	2012
Revenues:						
Program revenues:						
Charges for services	\$ 4,595	\$ 4,018	\$ 2,246,541	\$ 2,134,578	\$ 2,251,136	\$ 2,138,596
Operating grants and contributions	106,354	90,858	-	-	106,354	90,858
Capital grants and contributions	5,720	-	-	237,577	5,720	237,577
General revenues:						
Property taxes	990,108	967,080	-	-	990,108	967,080
Other taxes	21,271	14,331	-	-	21,271	14,331
Grants and contributions not restricted to specific programs	947,726	861,242	-	-	947,726	861,242
Other	111,723	24,660	782	1,338	112,505	25,998
Total revenues	2,187,497	1,962,189	2,247,323	2,373,493	4,434,820	4,335,682
Expenses:						
General government	547,618	491,631	-	-	547,618	491,631
Public safety	949,138	960,443	-	-	949,138	960,443
Transportation	328,658	278,848	-	-	328,658	278,848
Environmental protection	204,337	186,441	-	-	204,337	186,441
Culture and recreation	97,924	87,783	-	-	97,924	87,783
Interest on long-term debt	20,473	21,304	-	-	20,473	21,304
Water and sewer	-	-	2,507,519	2,426,567	2,507,519	2,426,567
Total expenses	2,148,148	2,026,450	2,507,519	2,426,567	4,655,667	4,453,017
Increase/(decrease) in net position before transfers	39,349	(64,261)	(260,196)	(53,074)	(220,847)	(117,335)
Transfers	-	150,000	-	(150,000)	-	-
Increase/(decrease) in net position	39,349	85,739	(260,196)	(203,074)	(220,847)	(117,335)
Net position, July 1	4,869,662	4,783,923	14,959,370	15,162,444	19,829,032	19,946,367
Net position, June 30	\$ 4,909,011	\$ 4,869,662	\$ 14,699,174	\$ 14,959,370	\$ 19,608,185	\$ 19,829,032

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.

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 position of the Water and Sewer District at the end of the fiscal year amounted to \$1,594,873. The total decrease in net position for the fund was \$260,196. 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, 2013, totals \$16,504,864 (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 2013	Governmental Activities 2012	Business-type Activities 2013	Business-type Activities 2012	Total 2013	Total 2012
Land	\$ 1,110,231	\$ 1,110,231	\$ 1,003,196	\$ 1,003,196	\$ 2,113,427	\$ 2,113,427
Buildings	1,126,326	1,153,840	-	-	1,126,326	1,153,840
Improvements	588,401	621,338	-	-	588,401	621,338
Water and Sewer system equipment	-	-	11,875,034	12,393,265	11,875,034	12,393,265
Other equipment	99,629	103,010	202,146	244,686	301,775	347,696
Automotive equipment	161,034	146,556	13,110	23,696	174,144	170,252
Infrastructure	314,942	321,876	-	-	314,942	321,876
Construction in progress	-	-	10,815	-	-	-
Total	\$ 3,400,563	\$ 3,456,851	\$ 13,104,301	\$ 13,664,843	\$ 16,504,864	\$ 17,121,694

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, 2013, the Town of Yadkinville had an installment purchase agreement totaling \$513,333. 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 \$18,934,618.

Economic Factors and Next Year's Budgets and Rates

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

- Low unemployment. Yadkin County's unemployment rate of 8.3% is below the State average of 9.0%.
- New commercial development along Highway 601/State Street.
- Residential development.

Budget Highlights for the Fiscal Year Ending June 30, 2014

Governmental Activities: The General Fund is balanced with a tax rate of \$0.41 per \$100 valuation. This rate will provide approximately \$894,428 in property tax revenues. The property tax base is estimated to be \$221,578,229 which is a 2.1% increase over FY 2012-2013, and is realistically based on information from the Yadkin Tax Administrator. A penny on the tax rate is projected to generate about \$21,815 in revenue.

The FY 2013-2014 Adopted Budget for the General Fund totals \$2,217,873, which is about a 3.27% increase from the FY 2012-2013 Adopted Budget of \$2,147,605.

Business – type Activities: The FY 2013-2014 Adopted Budget for the Water and Sewer Fund totals \$2,212,567. This is about a 0.77% increase from the FY 2012-2013 Adopted Budget of \$2,195,556.

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@yadtel.net or by mail at P.O. Drawer 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 POSITION
JUNE 30, 2013

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Yadkinville Tourism Authority
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 1,698,077	\$ 1,322,026	\$ 3,020,103	\$ 55,436
Taxes receivables (net)	84,138	-	84,138	-
Accrued interest receivable on taxes	6,989	-	6,989	-
Accounts receivable (net)	23,658	215,473	239,131	-
Unbilled receivables	-	91,319	91,319	-
Due from other governments	203,331	-	203,331	6,913
Inventories	-	107,975	107,975	-
Restricted cash and cash equivalents	139,512	35,810	175,322	-
Total current assets	<u>2,155,705</u>	<u>1,772,603</u>	<u>3,928,308</u>	<u>62,349</u>
Capital assets (Note 1):				
Land, non-depreciable improvements	1,110,231	1,014,011	2,124,242	-
Other capital assets, net of depreciation	2,290,332	12,090,290	14,380,622	-
Total capital assets	<u>3,400,563</u>	<u>13,104,301</u>	<u>16,504,864</u>	<u>-</u>
Total assets	<u>\$ 5,556,268</u>	<u>\$ 14,876,904</u>	<u>\$ 20,433,172</u>	<u>\$ 62,349</u>
LIABILITIES				
Current liabilities:				
Accounts payable and accrued expenses	\$ 53,446	\$ 58,651	\$ 112,097	\$ 3,852
Due to tourism authority	6,913	-	6,913	-
Customer deposits	-	35,810	35,810	-
Current portion of long-term liabilities	93,447	47,777	141,224	-
	<u>153,806</u>	<u>142,238</u>	<u>296,044</u>	<u>3,852</u>
Long-term liabilities:				
Due in more than one year	493,451	35,492	528,943	-
Total liabilities	<u>647,257</u>	<u>177,730</u>	<u>824,987</u>	<u>3,852</u>
NET POSITION				
Net invested in capital assets	2,887,230	13,104,301	15,991,531	-
Restricted for:				-
Care of Hinshaw Gardens	90,156	-	90,156	-
Stabilization by State Statute	226,989	-	226,989	-
Streets	139,512	-	139,512	-
Other purposes	-	-	-	58,497
Unrestricted	1,565,124	1,594,873	3,159,997	-
Total net position	<u>\$ 4,909,011</u>	<u>\$ 14,699,174</u>	<u>\$ 19,608,185</u>	<u>\$ 58,497</u>

TOWN OF YADKINVILLE, NORTH CAROLINA
STATEMENT OF NET POSITION
FOR THE YEAR ENDED JUNE 30, 2013

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			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	\$ 547,618	\$ 2,530	\$ -	\$ -	\$ (545,088)	\$ -	\$ (545,088)	\$ -
Public safety	949,138	1,465	16,478	5,720	(925,475)	-	(925,475)	-
Transportation	328,658	-	89,876	-	(238,782)	-	(238,782)	-
Environmental protection	204,337	-	-	-	(204,337)	-	(204,337)	-
Cultural and recreation	97,924	600	-	-	(97,324)	-	(97,324)	-
Interest on long-term debt	20,473	-	-	-	(20,473)	-	(20,473)	-
Total governmental activities	2,148,148	4,595	106,354	5,720	(2,031,479)	-	(2,031,479)	-
Business-type activities:								
Water and sewer	2,507,519	2,246,541	-	-	-	(260,978)	(260,978)	-
Total business-type activities	2,507,519	2,246,541	-	-	-	(260,978)	(260,978)	-
Total primary government	\$ 4,655,667	\$ 2,251,136	\$ 106,354	\$ 5,720	(2,031,479)	(260,978)	(2,292,457)	-
Component unit:								
Yadkinville Tourism Authority	\$ 15,852	\$ -	\$ -	\$ -	-	-	-	15,852
Total component unit	\$ 15,852	\$ -	\$ -	\$ -	-	-	-	15,852
General revenues:								
Taxes:								
Property taxes, levied for general purpose					990,108	-	990,108	-
Other taxes					21,271	-	21,271	-
Grants and contributions not related to specific programs					947,726	-	947,726	-
Permits and fees					93,546	-	93,546	-
Payment from Town of Yadkinville					-	-	-	21,271
Unrestricted investment earnings					3,851	782	4,633	-
Miscellaneous					14,326	-	14,326	3,573
Total general revenues					2,070,828	782	2,071,610	24,844
Change in net position					39,349	(260,196)	(220,847)	8,992
Net position, beginning					4,869,662	14,959,370	19,829,032	49,505
Net position, ending					\$ 4,909,011	\$ 14,699,174	\$ 19,608,185	\$ 58,497

**TOWN OF YADKINVILLE, NORTH CAROLINA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2013**

	<u>Major Fund General Fund</u>	<u>Total Non-Major Funds</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and cash equivalents	\$ 1,607,892	\$ 90,185	\$ 1,698,077
Restricted cash	139,512	-	139,512
Taxes receivable, net:	84,138	-	84,138
Accounts receivable, net	23,658	-	23,658
Due from other governments	203,331	-	203,331
Total assets	<u>\$ 2,058,531</u>	<u>\$ 90,185</u>	<u>\$ 2,148,716</u>

LIABILITIES AND FUND BALANCES

Liabilities:			
Accounts payable and accrued liabilities	\$ 44,901	\$ -	\$ 44,901
Due to other funds	(29)	29	-
Land, non-depreciable improvements	6,913	-	6,913
Total liabilities	<u>51,785</u>	<u>29</u>	<u>51,814</u>

Deferred inflows of resources			
Property taxes receivable	84,138	-	84,138
Total deferred inflows of resources	<u>84,138</u>	<u>-</u>	<u>84,138</u>

Fund balances:			
Nonspendable			
Care of Hinshaw Gardens	-	90,156	90,156
Stabilization by State statute	226,989	-	226,989
Streets	139,512	-	139,512
Assigned:			
Subsequent year expenditures	29,600	-	29,600
Unassigned	1,526,507	-	1,526,507
Total fund balances	<u>1,922,608</u>	<u>90,156</u>	<u>2,012,764</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,974,393</u>	<u>\$ 90,185</u>	

Amounts reported for governmental activities in the statement of net position (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	5,070,986
Accumulated depreciation	(1,670,423)
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.	6,989
Liabilities for earned revenues considered deferred inflows of resources in fund statements.	84,138
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	(595,443)
Net position of governmental activities	<u>\$ 4,909,011</u>

TOWN OF YADKINVILLE, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	<u>Major</u> <u>General</u> <u>Fund</u>	<u>Total</u> <u>Non-Major</u> <u>Funds</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
REVENUES			
Ad valorem taxes	\$ 975,307	\$ -	\$ 975,307
Other taxes	21,271	-	21,271
Unrestricted intergovernmental	947,726	-	947,726
Restricted intergovernmental	106,354	-	106,354
Permits and fees	96,076	-	96,076
Investment earnings	3,313	538	3,851
Other revenues	16,091	300	16,391
Total revenues	<u>2,166,138</u>	<u>838</u>	<u>2,166,976</u>
EXPENDITURES			
Current:			
General government	553,131	-	553,131
Public safety	934,628	-	934,628
Transportation	317,040	-	317,040
Environmental protection	204,337	-	204,337
Cultural and recreation	64,882	-	64,882
Debt service	67,448	-	67,448
Total expenditures	<u>2,141,466</u>	<u>-</u>	<u>2,141,466</u>
Revenues over (under) expenditures	<u>24,672</u>	<u>838</u>	<u>25,510</u>
OTHER FINANCING SOURCES (USES):			
Transfers from other funds	4,425	-	4,425
Transfer to other funds	-	(4,425)	(4,425)
Total other financing sources (uses):	<u>4,425</u>	<u>(4,425)</u>	<u>-</u>
Net change in fund balance	29,097	(3,587)	25,510
Fund balances, beginning	<u>1,893,511</u>	<u>93,743</u>	<u>1,987,254</u>
Fund balances, ending	<u>\$ 1,922,608</u>	<u>\$ 90,156</u>	<u>\$ 2,012,764</u>

**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, 2013**

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

Net changes in fund balances - total governmental funds	\$	25,510
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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.

Capital outlay expenditures which were capitalized	94,338	
Depreciation expense for governmental assets	<u>(156,346)</u>	(62,008)

Change in:

Amount of donated assets	5,720	
Change in unavailable revenue for tax revenues	16,023	
Interest on taxes receivable	(1,222)	4,498

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		8,351
Change in accrued interest		<u>308</u>

Total changes in net position of governmental activities	\$	<u><u>23,326</u></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, 2013

	General Fund			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
Revenues:				
Ad valorem taxes	\$ 945,220	\$ 945,220	\$ 975,307	\$ 30,087
Other taxes	14,550	14,550	21,271	6,721
Unrestricted intergovernmental	853,490	853,490	947,726	94,236
Restricted intergovernmental	90,000	93,377	106,354	12,977
Permits and fees	90,480	89,920	96,076	6,156
Investment earnings	3,125	3,125	3,313	188
Other revenues	22,900	23,460	16,091	(7,369)
Total revenues	2,019,765	2,023,142	2,166,138	142,996
Expenditures:				
Current:				
General government	535,843	570,261	553,131	17,130
Public safety	917,154	946,295	934,628	11,667
Transportation	299,084	333,764	317,040	16,724
Environmental protection	203,710	203,710	204,337	(627)
Cultural and recreation	124,314	124,314	64,882	59,432
Debt service	67,500	67,500	67,448	52
Total expenditures	2,147,605	2,245,844	2,141,466	104,378
Revenues over (under) expenditures	(127,840)	(222,702)	24,672	247,374
Other financing sources:				
Transfers from Trust fund	6,390	6,390	4,425	(1,965)
Transfer from Water and Sewer Fund	95,000	95,000	-	(95,000)
Fund balance appropriated	26,450	121,312	-	(121,312)
Total other financing sources:	127,840	222,702	4,425	(218,277)
Net change in fund balance	\$ -	\$ -	29,097	\$ 29,097
Fund balances, beginning			1,893,511	
Fund balances, ending			<u>\$ 1,922,608</u>	

TOWN OF YADKINVILLE, NORTH CAROLINA
STATEMENT OF FUND NET POSITION
PROPRIETARY FUND
JUNE 30, 2013

	<u>Water and Sewer Fund</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 1,322,026
Accounts receivable (net) - billed	215,473
Unbilled receivables	91,319
Inventories	107,975
Restricted cash and equivalents	<u>35,810</u>
Total current assets	<u>1,772,603</u>
Capital assets:	
Land, non-depreciable improvements	1,014,011
Other capital assets, net of depreciation	<u>12,090,290</u>
Capital assets (net)	<u>13,104,301</u>
Land, non-depreciable improvements	
Total noncurrent assets	<u>13,104,301</u>
Total assets	<u><u>\$ 14,876,904</u></u>
LIABILITIES	
Current liabilities:	
Accounts payable and accrued liabilities	\$ 58,651
Customer deposits	35,810
Compensated absences-current	<u>47,777</u>
Total current liabilities	<u>142,238</u>
Non-current liabilities:	
Compensated absences	<u>35,492</u>
Total liabilities	<u>177,730</u>
NET POSITION	
Net invested in capital assets	13,104,301
Unrestricted	<u>1,594,873</u>
Total net position	<u><u>\$ 14,699,174</u></u>

TOWN OF YADKINVILLE, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2013

	Water and Sewer Fund
OPERATING REVENUES:	
Water and sewer charges	\$ 2,191,378
Water and sewer taps	12,121
Reconnection fees and late charges	14,449
Other operating revenues	28,593
Total operating revenues	2,246,541
OPERATING EXPENSES:	
Operating expenses:	
Administration	268,001
Water plant	477,066
Sewer plant	314,777
Laboratory	104,075
Water/sewer operations	748,281
Depreciation	595,319
Total operating expenses	2,507,519
Operating loss	(260,978)
NONOPERATING REVENUES (EXPENSES):	
Investment earnings	782
Total nonoperating revenues (expenses), net	782
Change in net position	(260,196)
Total net position, beginning	14,959,370
Total net position, ending	\$ 14,699,174

**TOWN OF YADKINVILLE, NORTH CAROLINA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2013**

Exhibit 9

	<u>Water and Sewer Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	\$ 2,194,362
Cash paid for goods and services	(1,148,903)
Cash paid to or on behalf of employees for services	(768,939)
Customer deposits received	11,950
Customer deposits returned	(9,990)
Other operating revenues	<u>48,424</u>
Net cash provided by operating activities	<u>326,904</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition of capital assets	<u>(26,397)</u>
Net cash used by capital and related financing activities	<u>(26,397)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest income	<u>782</u>
Net Increase in cash and cash equivalents	301,289
Balances, beginning	<u>1,056,547</u>
Balances, ending	<u><u>\$ 1,357,836</u></u>
Reconciliation of operating loss to net cash provided by operating activities	
Operating loss	\$ (260,978)
Adjustments to reconcile operating loss to net cash provided by operating activities	
Depreciation	595,319
Changes in assets and liabilities:	
Increase in accounts receivable	(3,755)
Increase in inventories	(11,437)
Decrease in accounts payable and accrued liabilities	(1,815)
Increase in customer deposits	1,960
Increase in compensated absences	7,610
Total adjustments	<u>587,882</u>
Net cash provided by operating activities	<u><u>\$ 326,904</u></u>

The accompanying notes are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

TOWN OF YADKINVILLE, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2013

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 six 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 six 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 (discrete presentation).

B. Basis of Presentation

Government-wide Statements: The statement of net position and the statement of activities display information about the primary government. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type activities* of the 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 Year Ended June 30, 2013

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-fund 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 Year Ended June 30, 2013

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 2012 through February 2013 apply to the fiscal year ended June 30, 2013. Uncollected taxes that were billed during this period are shown as a receivable in these financial statements and are offset by deferred inflow of resources.

Sales taxes and certain intergovernmental revenues such as the utilities franchise tax, collected and held by the State at year-end on behalf of the 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 Year Ended June 30, 2013

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 position 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

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, Deferred Outflows/Inflows of Resources 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). The securities of the NCCMT- Cash Portfolio, a SEC-registered (2a-7) money market mutual fund, are valued at fair value, which is the NCCMT's share price. The CCMT- Term Portfolio's securities are valued at fair value.

TOWN OF YADKINVILLE, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2013

Note 1. Summary of Significant Accounting Policies (Continued)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources 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, 2012. 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 Year Ended June 30, 2013

Note 1. Summary of Significant Accounting Policies (Continued)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources 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. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Town did not have any items that met this criterion. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Town had one item that meet the criterion for this category - property taxes receivable.

9. Long Term Obligations

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

10. Net Position/Fund Balances

Net Position

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

TOWN OF YADKINVILLE, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2013

Note 1. Summary of Significant Accounting Policies (Continued)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Fund Equity (Continued)

10. Net Position/Fund Balances (Continued)

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)].

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.

TOWN OF YADKINVILLE, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2013

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.

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, 2013, the Town's deposits had a carrying amount of \$3,195,378 and a bank balance of \$3,241,991. Of the bank balance, \$450,000 was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method. At June 30, 2013, the Town's petty cash fund totals \$48.

At June 30, 2013, the Tourism Authority's deposits had a carrying amount and a bank balance of \$55,436. 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 Position are net of the following allowance for doubtful accounts:

General Fund - taxes receivable	\$ 30,648
Enterprise Fund - accounts receivable	<u>1,500</u>
	<u>\$ 32,148</u>

TOWN OF YADKINVILLE, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2013

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, 2013 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	3,918	-	1,563,800
Other improvements	773,637	-	-	773,637
Automotive equipment	623,321	76,922	20,658	679,585
Other equipment	583,306	19,218	5,500	597,024
Infrastructure	<u>346,709</u>	<u>-</u>	<u>-</u>	<u>346,709</u>
	<u>3,886,855</u>	<u>100,058</u>	<u>26,158</u>	<u>3,960,755</u>
Less accumulated depreciation for:				
Buildings	406,042	31,432	-	437,474
Other improvements	152,299	32,937	-	185,236
Automotive equipment	476,765	62,443	20,658	518,551
Other equipment	480,296	22,599	5,500	497,395
Infrastructure	<u>24,833</u>	<u>6,934</u>	<u>-</u>	<u>31,767</u>
	<u>1,540,235</u>	<u>\$ 156,346</u>	<u>\$ 26,158</u>	<u>1,670,423</u>
Capital assets being depreciated, net	<u>2,346,620</u>			<u>2,290,332</u>
Governmental activity capital assets, net	<u>\$ 3,456,851</u>			<u>\$ 3,400,563</u>

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

General government	\$ 30,058
Public safety	73,889
Transportation	18,741
Cultural and recreation	<u>33,658</u>
	<u>\$ 156,346</u>

TOWN OF YADKINVILLE, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2013

Note 2. Detail Notes on All Funds (Continued)

A. Assets (Continued)

3. Capital Assets (Continued)

<u>Business Type Activities:</u> <u>Water and Sewer Fund</u>	<u>Beginning</u> <u>Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending</u> <u>Balances</u>
Capital assets not being depreciated:				
Land	\$ 1,003,196	\$ -	\$ -	\$ 1,003,196
Construction in progress	-	10,815	-	10,815
Capital assets not being depreciated	<u>1,003,196</u>	<u>10,815</u>	<u>-</u>	<u>1,014,011</u>
Capital assets being depreciated:				
Water and sewer system	20,989,919	14,649	-	21,004,568
Other equipment	2,229,788	9,313	-	2,239,101
Automotive equipment	<u>165,077</u>	<u>-</u>	<u>-</u>	<u>165,077</u>
Total assets being depreciated	<u>23,384,784</u>	<u>23,962</u>	<u>-</u>	<u>23,408,746</u>
Less accumulated depreciation for:				
Water and sewer system	8,596,654	532,880	-	9,129,534
Other equipment	1,985,102	51,853	-	2,036,955
Automotive equipment	<u>141,381</u>	<u>10,586</u>	<u>-</u>	<u>151,967</u>
	<u>10,723,137</u>	<u>\$ 595,319</u>	<u>\$ -</u>	<u>11,318,456</u>
Capital assets being depreciated, net	<u>12,661,647</u>			<u>12,090,290</u>
Business type activity capital assets, net	<u>\$ 13,664,843</u>			<u>\$ 13,104,301</u>

TOWN OF YADKINVILLE, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2013

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 6.74% and 6.77%, 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, 2013, 2012 and 2011 were \$109,200, \$108,607, and \$97,496, 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 Year Ended June 30, 2013**

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, 2013, the Separation Allowance's membership consisted of:

Retirees receiving benefits	-
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	<u>12</u>
Total	<u><u>12</u></u>

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 Year Ended June 30, 2013

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 \$49,849 for the year ended June 30, 2013. The Town's required contributions for the year ended June 30, 2013 were \$55,058 for employees not engaged in law enforcement and \$25,496 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 Outflows and Inflows of Resources

Deferred inflows of resources at year-end is comprised of taxes receivable (General Fund) in the amount of \$84,138.

TOWN OF YADKINVILLE, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2013

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 coverage. 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 a designated flood area. In accordance with G.S. 159-29, the Town's employees that have access to \$100 or more at any given time of the Town's funds are performance bonded through a commercial surety bond. The finance officer 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, 2013, the following changes occurred in long-term liabilities:

	Balance July 1, 2012	Increases	Decreases	Balance June 30, 2013	Current Portion of Balance
<u>Governmental activities</u>					
Compensated absences	\$ 81,916	\$ -	\$ 8,351	\$ 73,565	\$ 46,780
Installment purchase agreement	<u>560,000</u>	<u>-</u>	<u>46,667</u>	<u>513,333</u>	<u>46,667</u>
	641,916	-	55,018	586,898	93,447
<u>Business-type activities</u>					
Compensated absences	<u>75,659</u>	<u>7,610</u>	<u>-</u>	<u>83,269</u>	<u>47,777</u>
Total long-term obligations	<u>\$ 717,575</u>	<u>\$ 7,610</u>	<u>\$ 55,018</u>	<u>\$ 670,167</u>	<u>\$ 141,224</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 Year Ended June 30, 2013

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>
2014	\$ 46,667	\$ 19,013
2015	46,667	17,245
2016	46,667	15,476
2017	46,667	13,707
2018	46,667	11,939
2019-2023	233,333	33,163
2024	<u>46,665</u>	<u>1,326</u>
	<u>\$ 513,333</u>	<u>\$ 111,869</u>

The Town had a legal debt margin of \$18,934,618 at June 30, 2013.

C. Interfund Balances and Activity

Balances due to/from other funds as of June 30, 2013 were as followings:

<u>Due from</u>	<u>Amount</u>	<u>Due to</u>	<u>Amount</u>
Hinshaw Gardens Fund	<u>\$ 29</u>	General Fund	<u>\$ 29</u>

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>
Trust Fund	<u>\$ 4,425</u>	General Fund	<u>\$ 4,425</u>

During the 2013 fiscal year, the Town made transfers amounting to \$4,425 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 Year Ended June 30, 2013

D. Fund Balance

The following schedule provides management and citizens with information on the portion of General Fund Balance that is available for appropriation:

<i>Total fund balance-General Fund</i>	\$1,922,608
Less:	
Stabilization by State Statute	226,989
Streets-Powell Bill	138,924
Appropriated Fund Balance in 2014 budget	29,600
Remaining fund balance	1,527,095

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 member 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 2013, the Town of Yadkinville received \$53,814 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 PRTC 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 \$1,191 to PRTC during the fiscal year ended June 30, 2012.

Note 4. Reconciliation of Powell Bill Expenditures

Per financial statements	\$ 125,176
Deduct accounts payable as of June 30, 2013	(5,537)
Add accounts payable as of June 30, 2012	<u>853</u>
Per Powell Bill report	<u>\$ 120,492</u>

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 moneys.

Note 7. Significant Effects of Subsequent Events

Subsequent events have been evaluated through October 17, 2013, which is the date the financial statements were available to be issued. Through that date, management has determined that there were not any material recognizable or nonrecognizable subsequent events.

Note 8. Change in Accounting Principles/Restatement

The Town implemented Governmental Accounting Standards Board (GASB) Statement 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and Statement 65, *Items previously reported as Assets and Liabilities*, in the fiscal year ending June 30, 2013. In accordance with GASB Statement 63, the Statement of Net Assets has been replaced with the Statement of Net Position. Items on the Statement of Net Position are now classified into Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position. Additionally, GASB Statement 65 requires that deferred costs from the refunding of debt, which were previously deferred and amortized, be presented as deferred outflows of resources.

**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 YEAR ENDED JUNE 30, 2013**

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Ad valorem taxes:			
Current year, net of discounts	\$ -	\$ 923,601	\$ -
Prior years		45,229	
Penalties and interest		6,477	
Total	945,220	975,307	30,087
Other taxes - room occupancy tax	14,550	21,271	6,721
Unrestricted intergovernmental:			
Local option sales taxes		329,070	
Hold harmless payment		49,734	
Telecommunications sales tax		36,727	
Utility franchise tax		420,517	
Piped natural gas tax		4,538	
Video franchise fee		19,487	
Solid waste disposal		1,868	
Beer and wine tax		12,003	
ABC profit distribution		53,814	
Tax refunds		19,968	
Total	853,490	947,726	94,236
Restricted intergovernmental:			
Powell Bill allocation		89,876	
Controlled substance tax		2,380	
Federal drug monies		14,098	
Total	93,377	106,354	12,977
Permits and fees:			
Solid waste fees		92,971	
Building permits		2,530	
Special events permits		150	
Privilege license		425	
Total	89,920	96,076	6,156
Investment earnings	3,125	3,313	188
Other revenues:			
Parking violations		885	
Cablevision fees		2,560	
Court costs		1,465	
Rents		300	
Sale of property		1,943	
Miscellaneous		8,938	
Total	23,460	16,091	(7,369)
Total revenues	2,023,142	2,166,138	142,996

**TOWN OF YADKINVILLE, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative) (continued)
Expenditures:			
General government:			
Governing body:			
Salaries		20,700	
Employee benefits		1,584	
Telephone and postage		3,309	
Printing		745	
Travel		87	
Miscellaneous		8,621	
	<u>35,300</u>	<u>35,046</u>	<u>254</u>
Administration:			
Salaries		179,457	
Employee benefits		63,535	
Professional services		45,402	
Training		1,461	
Telephone and postage		6,744	
Printing		927	
Travel		654	
Maintenance and repairs		2,647	
Advertising		1,134	
Auto supplies		4,277	
Insurance and bonds		46,432	
Supplies and materials		4,576	
Contract services		13,245	
Dues and subscriptions		5,955	
Other departmental expense		116	
Capital outlay		31,558	
	<u>418,520</u>	<u>408,120</u>	<u>10,400</u>
Planning and zoning:			
Salaries		33,333	
Employee benefits		12,599	
Fees		1,250	
Professional services		2,800	
Training		1,646	
Telephone and postage		476	
Printing		105	
Travel		102	
Safety		107	
Advertising		1,289	
Auto supplies		408	
Supplies and materials		1,030	
Miscellaneous		85	
Capital outlay		1,142	
	<u>60,062</u>	<u>56,372</u>	<u>3,690</u>

**TOWN OF YADKINVILLE, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2013**

	Budget	Actual	Variance Positive (Negative)
			(continued)
Public buildings:			
Utilities		10,853	
Maintenance and repairs		3,151	
Supplies and materials		409	
Contract services		5,712	
Miscellaneous		570	
Capital outlay		4,518	
Total	30,218	25,213	5,005
Special appropriations:			
Sales taxes		6,028	
Bank charges		1,081	
		21,271	
Total	26,161	28,380	(2,219)
Total general government	570,261	553,131	17,130
Public Safety - Police:			
Salaries		569,899	
Employee benefits		200,301	
Training		21	
Telephone and postage		15,328	
Printing		245	
Utilities		6,741	
Travel		7	
Maintenance and repairs		13,296	
OSHA safety		180	
Advertising		74	
Automotive supplies		39,772	
Supplies and materials		7,517	
Uniforms		3,282	
Contracted services		13,295	
K-9 care		849	
Drug buy money		1,500	
Miscellaneous		1,349	
Capital outlay		60,972	
Total public safety	946,295	934,628	11,667
Transportation - Garage:			
Telephone		539	
Utilities		6,315	
Maintenance and repair		1,584	
Supplies and materials		943	
Contracted services		4,976	
Total	17,400	14,357	3,043

**TOWN OF YADKINVILLE, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2013**

	Budget	Actual	Variance Positive (Negative)
			(continued)
Transportation - Streets and highways:			
Salaries		77,129	
Employee benefits		29,170	
Training		480	
Telephone and postage		775	
Utilities		36,637	
Travel		140	
Maintenance and repairs		5,612	
OSHA safety		475	
Automotive supplies		10,567	
Supplies and materials		2,168	
Uniforms		1,300	
Contracted services		4,701	
Capital outlay		8,352	
Total	194,730	177,506	17,224
Transportation - Powell Bill:			
Professional services		1,100	
Maintenance and repairs		7,811	
Automotive supplies		8,074	
Supplies and materials		2,524	
Paving and resurfacing		82,606	
Sidewalks		23,062	
Total	121,634	125,177	(3,543)
Total transportation	333,764	317,040	16,724
Environmental protection:			
Sanitation:			
Maintenance and repairs		1,137	
Automotive supplies		253	
Supplies and materials		420	
Contracted services		201,282	
Tipping fees		1,245	
Total environmental protection	203,710	204,337	(627)
Cultural and recreation:			
Town park:			
Salaries		15,217	
Employee benefits		6,166	
Utilities		5,913	
Maintenance and repairs		2,192	
Supplies and materials		1,021	
Contracted services		7,265	
Park events		2,282	
Total	52,924	40,056	12,868

(continued)

Hinshaw Gardens:

**TOWN OF YADKINVILLE, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2013**

	Budget	Actual	Variance Positive (Negative)
Salaries		2,820	
Employee benefits		216	
Utilities		238	
Maintenance and repairs		648	
Supplies and materials		447	
Miscellaneous		57	
Total	6,390	4,426	1,964
Special appropriations:			
Yadkin County Library		2,500	
Yadkin County ARC		400	
Yadkin County YMCA		1,000	
Yadkin county Arts Council		10,000	
Sports Club		2,500	
Downtown Business Association		4,000	
Total	65,000	20,400	44,600
Total cultural and recreation	124,314	64,882	59,432
Debt Service:			
Principal retirement		46,667	
Interest and other charges		20,781	
	67,500	67,448	52
Total expenditures	2,245,844	2,141,466	104,378
Revenues over (under) expenditures	(222,702)	24,672	247,374
Other financing sources:			
Transfers from Trust Fund	6,390	4,425	(1,965)
Transfer from Water & Sewer Fund	95,000	-	(95,000)
Fund balance appropriated	121,312	-	(121,312)
Total other financing sources	222,702	4,425	(218,277)
Revenues and other financing sources over expenditures	\$ -	29,097	\$ 29,097
Fund balances, beginning		1,893,511	
Fund balances, ending		\$ 1,922,608	

**TOWN OF YADKINVILLE, NORTH CAROLINA
 COMBINING BALANCE SHEET
 NON-MAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2013**

	Hinshaw Gardens Fund	Total Nonmajor Governmental Funds
	<u> </u>	<u> </u>
ASSETS		
Cash and cash equivalents	\$ 90,185	\$ 90,185
	<u> </u>	<u> </u>
Total Assets	<u>\$ 90,185</u>	<u>\$ 90,185</u>
 LIABILITIES AND FUND BALANCES		
Due to other funds	\$ 29	\$ 29
Fund Balances	<u>90,156</u>	<u>90,156</u>
	<u>\$ 90,185</u>	<u>\$ 90,185</u>

**TOWN OF YADKINVILLE, NORTH CAROLINA
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 NON-MAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2013**

	Hinshaw Gardens Fund	Total Nonmajor Governmental Funds
	<u> </u>	<u> </u>
REVENUES		
Investment earnings	\$ 538	\$ 538
Rents	300	300
	<u> </u>	<u> </u>
Total revenues	838	838
	<u> </u>	<u> </u>
EXPENDITURES		
Total expenditures	-	-
	<u> </u>	<u> </u>
Revenues over (under) expenditures	838	838
	<u> </u>	<u> </u>
OTHER FINANCING SOURCES (USES)		
Transfer (to) from General Fund	(4,425)	(4,425)
	<u> </u>	<u> </u>
Total other financing sources (uses)	(4,425)	(4,425)
	<u> </u>	<u> </u>
Net change in fund balances	(3,587)	(3,587)
Fund balances, beginning	93,743	93,743
	<u> </u>	<u> </u>
Fund balances, ending	<u>\$ 90,156</u>	<u>\$ 90,156</u>

**TOWN OF YADKINVILLE, NORTH CAROLINA
WATER AND SEWER FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Operating revenues:			
Water and sewer charges	\$	\$ 2,194,363	\$
Water and sewer taps		12,121	
Water reconnection fees and penalties		14,449	
Tax refunds		19,214	
Sale of materials		2,549	
Miscellaneous		90	
Total operating revenues	<u>2,194,050</u>	<u>2,242,786</u>	<u>48,736</u>
Nonoperating revenues:			
Interest earnings		782	
Total nonoperating revenues	<u>1,506</u>	<u>782</u>	<u>(724)</u>
Total revenues	<u>2,195,556</u>	<u>2,243,568</u>	<u>48,012</u>
Expenditures:			
Administration:			
Salaries		132,368	
Employee benefits		54,410	
Training		50	
Telephone and postage		8,273	
Printing		162	
Maintenance and repairs		1,728	
OSHA safety		280	
Automotive supplies		3,736	
Supplies and materials		1,788	
Uniforms		706	
Contracted services		5,528	
Sales tax		13,178	
Insurance		41,665	
Other expense		1,998	
Total administration	<u>271,276</u>	<u>265,870</u>	<u>5,406</u>

(continued)

**TOWN OF YADKINVILLE, NORTH CAROLINA
WATER AND SEWER FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Water plant:			
Salaries		164,433	
Employee benefits		60,602	
Professional services		62,903	
Employee training		230	
Telephone and postage		2,832	
Printing		200	
Utilities		82,027	
Maintenance and repairs		25,577	
OSHA safety		600	
Automotive supplies		2,776	
Supplies and materials		5,237	
Other supplies - chemicals		51,433	
Uniforms		2,006	
Contracted services		11,480	
Permits		3,425	
Miscellaneous		118	
Total water plant	<u>511,482</u>	<u>475,879</u>	<u>35,603</u>
Sewer plant:			
Salaries		103,703	
Employee benefits		37,958	
Employee training		580	
Telephone and postage		1,375	
Printing		115	
Utilities		81,040	
Travel		194	
Maintenance and repairs		20,937	
OSHA safety		375	
Automotive supplies		3,376	
Supplies and materials		1,575	
Other supplies - chemicals		24,068	
Uniforms		1,508	
Contracted services		40,562	
Permits		4,250	
Miscellaneous		273	
Total sewer plant	<u>346,762</u>	<u>321,889</u>	<u>24,873</u>

(continued)

**TOWN OF YADKINVILLE, NORTH CAROLINA
WATER AND SEWER FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Laboratory:			
Salaries		66,089	
Employee benefits		23,517	
Employee training		255	
Telephone and postage		28	
Travel		339	
Maintenance and repairs		795	
OSHA safety		225	
Automotive supplies		886	
Supplies and materials		6,579	
Other supplies - chemicals		2,483	
Uniforms		1,060	
Contracted services		1,477	
Dues and subscriptions		50	
Permits		1,600	
Miscellaneous		694	
Total laboratory	<u>115,464</u>	<u>106,077</u>	<u>9,387</u>
Water/sewer operations:			
Salaries		302,345	
Employee benefits		112,770	
Professional services		4,562	
Employee training		2,471	
Telephone and postage		6,557	
Printing		115	
Utilities		22,561	
Travel		1,432	
Maintenance and repairs		62,928	
OSHA safety		1,347	
Automotive supplies		15,254	
Supplies and materials		42,760	
Uniforms		3,560	
Contracted services		163,580	
Permits		1,310	
Miscellaneous		2,760	
Total water/sewer operations	<u>780,699</u>	<u>746,312</u>	<u>34,387</u>
Capital outlay	<u>29,039</u>	<u>23,962</u>	<u>5,077</u>
Total expenditures	<u>2,054,722</u>	<u>1,939,989</u>	<u>114,733</u>
Revenue over (under) expenditures	<u>140,834</u>	<u>303,579</u>	<u>162,745</u>

(continued)

**TOWN OF YADKINVILLE, NORTH CAROLINA
WATER AND SEWER FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2013**

	Budget	Actual	Variance Positive (Negative)
Other financing sources (uses):			
Transfers to General Fund	(95,000)	-	95,000
Transfers to Capital Project Fund	(497,480)	(497,480)	-
Fund Balance appropriated	451,646	-	(451,646)
Total other financing sources (uses)	(140,834)	(497,480)	(356,646)
Revenues and other financing sources over expenditures and other uses	\$ -	\$ (193,901)	\$ (193,901)

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

Revenues and other financing sources over expenditures		\$ (193,901)
Reconciling items:		
Capital outlay		23,962
Depreciation		(595,319)
Increase in accounts receivable, net of allowance for doubtful accounts		3,755
Increase in inventory		11,437
Increase in compensated absences		(7,610)
Transfer to capital project fund		497,480
Total reconciling items		(66,295)
Change in net position		\$ (260,196)

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
FOR THE YEAR ENDED JUNE 30, 2013

	<u>Project Autho- rization</u>	<u>Current Year</u>	<u>Total To Date</u>	<u>Variance Positive (Negative)</u>
RESERVOIR PROJECT				
EXPENDITURES				
Professional services	\$ 108,280	\$ 10,815	\$ 10,815	\$ 97,465
Reservoir	<u>389,200</u>	<u>-</u>	<u>-</u>	<u>389,200</u>
Total expenditures	<u>497,480</u>	<u>10,815</u>	<u>10,815</u>	<u>486,665</u>
Revenue over (under) Expenditures	(497,480)	(10,815)	(10,815)	486,665
OTHER FINANCING SOURCES				
Transfer from Water and Sewer Fund	<u>497,480</u>	<u>497,480</u>	<u>497,480</u>	<u>-</u>
Total Revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>486,665</u>	<u>\$ 486,665</u>	<u>\$ 486,665</u>
Fund balance, beginning		<u>-</u>		
Fund balance, ending		<u>\$ 486,665</u>		

TOWN OF YADKINVILLE, NORTH CAROLINA
COMPONENT UNIT - YADKINVILLE TOURISM DEVELOPMENT AUTHORITY
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2013

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Occupancy tax	\$ 16,400	\$ 21,271	\$ 4,871
Wine events	650	3,573	2,923
Interest income	275	-	(275)
Total revenues	17,325	24,844	7,519
 Expenditures:			
Administration	492	-	492
Tourism related programs	8,611	4,510	4,101
Travel and tourism promotion	17,222	11,132	6,090
Insurance	-	210	(210)
Total expenditures	26,325	15,852	10,473
 Revenues over (under) expenditures	(9,000)	8,992	17,992
 Other financing sources (uses)			
Fund balance appropriated	9,000	-	(9,000)
Total other financing sources (uses)	9,000	-	(9,000)
 Net change in fund balances	\$ -	8,992	\$ 8,992
 Fund balance, beginning		49,505	
 Fund balance, ending		\$ 58,497	

OTHER SCHEDULES

TOWN OF YADKINVILLE, NORTH CAROLINA
SCHEDULE OF AD VALOREM TAXES RECEIVABLE
JUNE 30, 2013

<u>Fiscal Year</u>	Uncollected Balance <u>June 30, 2012</u>	Additions	Collections And Credits	Uncollected Balance <u>June 30, 2013</u>
2012-2013	\$ -	\$ 992,456	\$ 924,239	\$ 68,217
2011-2012	52,181	-	37,503	14,678
2010-2011	12,747	-	6,135	6,612
2009-2010	6,736	-	1,673	5,063
2008-2009	4,680	-	403	4,277
2007-2008	3,694	-	75	3,619
2006-2007	2,751	-	43	2,708
2005-2006	3,283	-	42	3,241
2004-2005	3,541	-	57	3,484
2003-2004	2,911	-	24	2,887
2002-2003	3,295	-	3,295	-
	<u>\$ 95,819</u>	<u>\$ 992,456</u>	<u>\$ 973,489</u>	<u>114,786</u>

Less: allowance for uncollectible accounts:

General Fund 30,648

Ad valorem taxes receivable - net \$ 84,138

Reconcilement with revenues:

Ad valorem taxes - General Fund \$ 975,307

Reconciling items:

Interest collected (6,477)

Discounts and collection fees 5,954

Adjustments to taxes (4,560)

Taxes written off 3,265

Total collections and credits \$ 973,489

**TOWN OF YADKINVILLE NORTH CAROLINA
ANALYSIS OF CURRENT TAX LEVY
TOWN-WIDE LEVY
FOR THE YEAR ENDED JUNE 30, 2013**

	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	\$ 234,686,801	\$ 0.0041	\$ 962,216	\$ 914,017	\$ 48,199
Motor vehicles taxed at prior year's rate	7,223,236	0.0041	29,616	-	29,616
Penalty			624	624	-
	<u>241,910,037</u>		<u>992,456</u>	<u>914,641</u>	<u>77,815</u>
Discoveries:					
Current year taxes	4,074,883		17,131	13,955	3,176
Abatements	<u>(2,885,536)</u>		<u>(11,970)</u>	<u>(7,165)</u>	<u>(4,805)</u>
Total property valuation	<u>\$ 243,099,384</u>				
Net levy			997,617	921,431	76,186
Uncollected taxes at June 30, 2013			<u>(68,217)</u>	<u>(53,830)</u>	<u>(14,387)</u>
Current year's taxes collected			<u>\$ 929,400</u>	<u>\$ 867,601</u>	<u>\$ 61,799</u>
Current levy collection percentage			<u>93.16%</u>	<u>94.16%</u>	<u>81.12%</u>

COMPLIANCE SECTION

**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, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the 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, 2013, and the related notes to the financial statements, which collectively comprises the Town of Yadkinville's basic financial statements, and have issued our report thereon dated October 23, 2013.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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

Cannon & Company, L.L.P.

October 23, 2013

TOWN OF YADKINVILLE, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2013

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. Financial Statement Findings

None reported.

Section III- Federal Awards Findings and Questioned Costs

Not applicable.

Section IV. State Award Findings and Questioned Costs

Not applicable.

TOWN OF YADKINVILLE, NORTH CAROLINA

**CORRECTIVE ACTION PLAN
For the Year Ended June 30, 2013**

Section II. Financial Statement Findings

Not applicable.

Section III. Federal Award Findings and Questioned Costs

Not applicable.

Section IV. State Award Findings and Questioned Costs

Not applicable.

TOWN OF YADKINVILLE, NORTH CAROLINA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended June 30, 2013

Section II. Financial Statement Findings

None Reported.

**TOWN OF YADKINVILLE, NORTH CAROLINA
 SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
 FOR THE YEAR ENDED JUNE 30, 2013**

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State/ Pass-through Grantor's Number	Fed. (Direct & Pass-through) Expenditures	State Expenditures	Local Expenditures
State Grants:					
Cash Assistance:					
N.C. Department of Transportation:					
Powell Bill			\$ -	\$ 120,492	\$ -
Total assistance - State programs			<u>-</u>	<u>120,492</u>	<u>-</u>
			<u>\$ -</u>	<u>\$ 120,492</u>	<u>\$ -</u>

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. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.