

VILLAGE OF FLAT ROCK, NORTH CAROLINA

Financial Statements

June 30, 2008

Village of Flat Rock, North Carolina
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Independent Auditor's Report

To the Honorable Mayor
and Members of the Governing Board
Village of Flat Rock, North Carolina

I have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Village of Flat Rock, North Carolina, as of and for the year ended June 30, 2008, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village of Flat Rock's management. My responsibility is to express opinions on these basic financial statements based on my audit.

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

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, each major fund, and aggregate remaining fund information of the Village of Flat Rock, North Carolina as of June 30, 2008, and the respective changes in financial position 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.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, I did not audit this information and express no opinion on it.

My audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements of the Village of Flat Rock, North Carolina. The combining and individual nonmajor fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

October 20, 2008

Carl E. Shaw, CPA, PLLC

Management's Discussion and Analysis

As management of the Village of Flat Rock, we offer readers of the Village of Flat Rock's financial statements this narrative overview and analysis of the financial activities of the Village of Flat Rock for the fiscal year ended June 30, 2008 that we have furnished in the Village's financial statements, which follow this narrative.

Financial Highlights

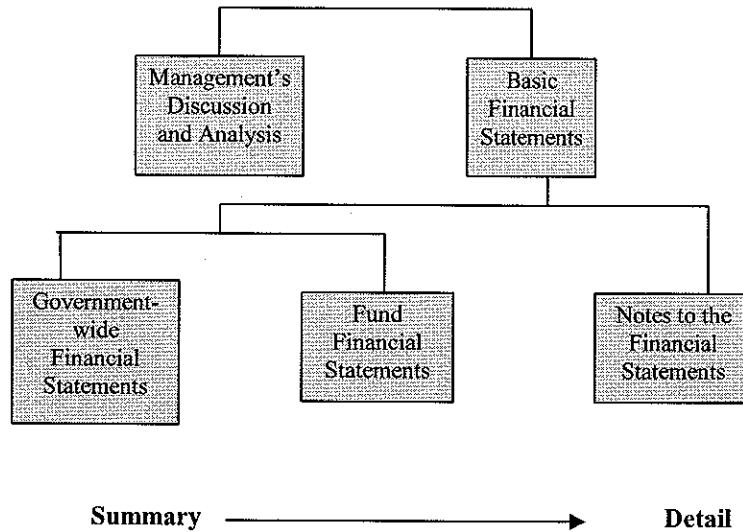
- The assets of the Village of Flat Rock *exceeded* its liabilities at the close of the fiscal year by \$5,160,341.
- The government's total net assets *increased* by \$565,398 primarily due to revenues exceeding budgeted projections.
- As of the close of the current fiscal year, the Village of Flat Rock's governmental funds reported combined ending fund balances of \$4,077,833, an *increase* of \$569,765 in comparison with the prior year. Approximately ninety-seven percent of this total amount, or \$3,947,794, is available for spending at the government's discretion (**unreserved fund balance**).

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to Village of Flat Rock's basic financial statements. The Village'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 Village 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 Village of Flat Rock.

Figure 1

Required Components of Annual Financial Report



Basic Financial Statements

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

The next statements (Exhibits 3 through 5) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the Village government. These statements provide more detail than the government-wide statements. There are two parts to the Fund Financial Statements: 1) the governmental funds statements; and 2) the budgetary comparison statements.

The next section of the basic financial statements is the **notes**. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, **supplemental information** is provided to show details about the Village individual funds. Budgetary information required by the General Statutes also can be found in this part of the statements, along with a summary of property tax revenues.

Government-wide Financial Statements

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

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

The government-wide statements could be divided into three categories: 1) governmental activities; 2) business-type activities; and 3) component units. The governmental activities include most of the Village basic services such as general government, public safety, and environmental protection. Property taxes and State-shared revenues finance most of these activities. The Village has no business-type activities. There are no component units.

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

Fund Financial Statements

The fund financial statements (see Figure 2) provide a more detailed look at the Village'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 Village of Flat Rock, 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 Village budget ordinance. All of the funds of the Village are considered governmental funds.

Governmental Funds – Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. The Village'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 Village programs. The relationship between government activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

The Village 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 Village, the management of the Village, and the decisions of the Council about which services to provide and how to pay for them. It also authorizes the Village to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the Village complied with the budget ordinance and whether or not the Village 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.

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 begin after Exhibit 5.

Government-wide Financial Analysis

Figure 2

**Village of Flat Rock, North Carolina
Statement of Net Assets
June 30**

	<u>2008</u>	<u>2007</u>
Current and Other Assets	\$ 4,083,865	\$ 3,515,893
Capital Assets	<u>1,081,022</u>	<u>1,081,133</u>
Total Assets	<u>5,164,887</u>	<u>4,597,026</u>
Liabilities	<u>4,546</u>	<u>2,083</u>
Net Assets		
Invested in Capital Assets	1,081,022	1,081,133
Unrestricted	<u>4,079,319</u>	<u>3,513,810</u>
Total Net Assets	<u>\$ 5,160,341</u>	<u>\$ 4,594,943</u>

As noted earlier, net assets may serve over time as one useful indicator of a government’s financial condition. The assets of the Village of Flat Rock exceeded liabilities by \$5,160,341 as of June 30, 2008. The Village net assets *increased* by \$565,398 for the fiscal year ended June 30, 2008. However, approximately twenty-one percent of net assets reflect the Village investment in capital assets (e.g. land, building, furniture and equipment). The Village of Flat Rock uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. The remaining balance is unrestricted.

Particular aspects of the Village’s financial operations positively influenced the total unrestricted governmental net assets:

- Property tax and sales tax collections exceeded budgetary projections.
- General Government expenses were lower than budgeted.

Figure 3

**Village of Flat Rock, North Carolina
Changes in Net Assets
Year Ended June 30**

	<u>2008</u>	<u>2007</u>
Revenues:		
Program Revenues		
Charges for Services	\$ 19,146	\$ 21,301
Operating Grants and Contributions	-	7,646
General Revenues		
Ad Valorem Taxes	684,345	589,551
Other Taxes	879,291	884,575
Investment Earnings	174,683	161,463
Miscellaneous	10,117	13,574
Total Revenues	<u>1,767,582</u>	<u>1,678,110</u>
Expenses:		
General Government	456,523	381,197
Public Safety	694,432	578,461
Cultural and Recreation	14,256	22,803
Environmental Protection	2,550	1,300
Economic and Physical Development	34,423	10,853
Total Expenses	<u>1,202,184</u>	<u>994,614</u>
Change in Net Assets	565,398	683,496
Net Assets, July 1	<u>4,594,943</u>	<u>3,911,447</u>
Net Assets, June 30	<u><u>\$5,160,341</u></u>	<u><u>\$4,594,943</u></u>

Governmental activities – Governmental activities increased the Net Assets of the Village by \$565,398. Key elements of this increase are as follows:

- Property tax revenues exceeded budgetary provisions.
- Actual sales tax revenues received exceeded the amounts budgeted.
- Actual general government expenses were less than the amount budgeted.

Financial Analysis of the Village Funds

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

Governmental Funds – The focus of the Village of Flat Rock’s governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the Village of Flat Rock’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 Village of Flat Rock. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$3,906,608, while total fund balance reached \$4,036,647. As a measure of the general fund’s liquidity, it may be useful to compare unreserved fund balance to total fund expenditures. Unreserved fund balance represents 3.3 times annual General Fund expenditures.

Governmental Funds Budgetary Highlights – During the fiscal year, the Village revised its budget when it became necessary. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain services.

Capital Asset and Debt Administration

Capital assets – The Village of Flat Rock’s investment in capital assets for its governmental activities as of June 30, 2008 totals \$1,081,022, (net of accumulated depreciation). See Figure 4 for the Village’s Capital Assets.

During the year ended June 30, 2008, the Village installed granite curbing in front of the Village Hall at a cost of \$35,579. This purchase represents the only significant addition to Village capital assets during the year ended June 30, 2008. The dispositions of capital assets this year included the removal of the cost and related accumulated depreciation of old computer software no longer used by the Village. As the items were fully depreciated, there was no gain or loss on the disposal.

Additional information on the capital assets of the Village can be found in Note 3 of the Basic Financial Statements.

Figure 4

**Village of Flat Rock, North Carolina
Capital Assets
June 30**

	<u>2008</u>	<u>2007</u>
Capital Assets		
Land	\$ 125,000	\$ 125,000
Land Improvements	76,460	40,881
Building	794,914	794,914
Equipment and Furniture	111,201	111,201
Computer Equipment and Software	57,742	53,455
Greenways	<u>156,006</u>	<u>156,006</u>
Total	<u>1,321,323</u>	<u>1,281,457</u>
Less: Accumulated Depreciation	<u>240,301</u>	<u>200,324</u>
Capital Assets, Net of Depreciation	<u><u>\$1,081,022</u></u>	<u><u>\$1,081,133</u></u>

Long-term Debt

As of June 30, 2008, the Village had no long-term debt.

Economic Factors and Next Year's Budgets and Rates

The following key economic indicators were used in the budget preparation for the fiscal year ending June 30, 2009.

- Sales tax revenues will decrease significantly as Henderson County has adopted the ad valorem method of allocating sales tax revenues to the local governments within the County.
- The Village will discontinue paying a portion of its sales tax revenue to Henderson County after September 30, 2008. The Interlocal Agreement that required those payments ended as of June 30, 2008.
- Interest rates are assumed to decrease from levels in previous years lowering effective income earnings.
- There will be no change in paid staffing levels in the municipal government.
- There are no new programs of significance that are of a material cost in the new year.
- The cost of providing services within the Village will increase at a rate roughly equal to inflation.

Budget Highlights for the Fiscal Year Ending June 30, 2009

Governmental Activities

- The budget includes the assessment of property taxes at the rate of 7.5 cents per hundred dollar valuation. This is the fourth year the Village has assessed and collected property taxes on real, personal, business personal and utility properties. The collection rate for those three years is 100%.
- The budget includes payment for fire protection services for which the Village contracts with three fire departments.

Requests for Information

This report is designed to provide an overview of the Village 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 Nick Weedman, Finance Officer, P.O. Box 1288, Flat Rock, North Carolina, 28731, or (828) 697-8100.

Exhibit 1

**Village of Flat Rock, North Carolina
Statement of Net Assets
June 30, 2008**

	<u>Governmental Activities</u>
Assets	
Current Assets:	
Cash and Investments	\$ 3,952,340
Taxes Receivable	1,486
Due from Other Governments	<u>130,039</u>
Total Current Assets	<u>4,083,865</u>
Capital Assets:	
Land	125,000
Other Capital Assets, Net of Depreciation	<u>956,022</u>
Total Capital Assets, Net	<u>1,081,022</u>
Total Assets	<u>5,164,887</u>
Liabilities	
Current Liabilities:	
Accounts Payable and Accrued Expenses	470
Accrued Vacation Pay	2,123
Unearned Revenues	<u>1,953</u>
	<u>4,546</u>
Net Assets	
Invested in Capital Assets	1,081,022
Unrestricted	<u>4,079,319</u>
Total Net Assets	<u>\$ 5,160,341</u>

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

Exhibit 2

Village of Flat Rock, North Carolina
Statement of Activities
For the Year Ended June 30, 2008

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
General Government	\$ 456,523	\$ 19,146	\$ -	\$ -	\$ (437,377)
Public Safety	694,432	-	-	-	(694,432)
Environmental Protection	2,550	-	-	-	(2,550)
Cultural and Recreation	14,256	-	-	-	(14,256)
Economic and Physical Development	34,423	-	-	-	(34,423)
Total Governmental Activities	\$ 1,202,184	\$ 19,146	\$ -	\$ -	(1,183,038)
General revenues:					
Taxes:					
Ad Valorem Taxes					684,345
Unrestricted Intergovernmental					879,291
Unrestricted Investment Earnings					174,683
Miscellaneous					10,117
					<u>1,748,436</u>
					Change in Net Assets 565,398
					Net Assets - beginning of year <u>4,594,943</u>
					Net Assets - end of year <u>\$ 5,160,341</u>

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

Fund Financial Statements

Village of Flat Rock, North Carolina
Balance Sheet
Governmental Funds
June 30, 2008

	Major Fund General	Total Non-Major Funds	Total Governmental Funds
Assets			
Cash	\$ 3,911,154	\$ 41,186	\$ 3,952,340
Taxes Receivable	1,486	-	1,486
Due from Other Governments	130,039	-	130,039
Total Assets	\$ 4,042,679	\$ 41,186	\$ 4,083,865
Liabilities and Fund Balances			
Liabilities:			
Accounts Payable and Accrued Expenses	\$ 470	\$ -	\$ 470
Accrued Vacation Pay	2,123	-	2,123
Deferred Revenue	3,439	-	3,439
Total Liabilities	6,032	-	6,032
Fund Balances:			
Reserved for:			
State Statute	130,039	-	130,039
Unreserved, General Fund			
Undesignated	3,906,608	-	3,906,608
Unreserved, Reported in:			
Special Revenue Funds	-	41,186	41,186
Total Fund Balances	4,036,647	41,186	4,077,833
Total Liabilities and Fund Balances	\$ 4,042,679	\$ 41,186	

Amounts reported for Governmental Activities in the Statement of Net Assets (Exhibit 1) are different because:

Liabilities for earned but deferred revenues in fund statements	1,486
Capital assets used in governmental activities are not financial resources and therefore are not reported in the general fund.	1,081,022
Net assets of governmental activities	\$ 5,160,341

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

Village of Flat Rock, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2008

	<u>Major Fund General Fund</u>	<u>Total Non-Major Funds</u>	<u>Total Governmental Funds</u>
Revenues			
Ad Valorem Taxes	\$ 688,338	\$ -	\$ 688,338
Unrestricted Intergovernmental	879,292	-	879,292
Permits and Fees	19,146	-	19,146
Investment Earnings	172,816	1,866	174,682
Miscellaneous	10,021	360	10,381
Total Revenues	<u>1,769,613</u>	<u>2,226</u>	<u>1,771,839</u>
Expenditures			
Current:			
General Government	466,811	-	466,811
Public Safety	694,432	-	694,432
Cultural and Recreation	-	3,856	3,856
Environmental Protection	2,550	-	2,550
Economic and Physical Development	34,425	-	34,425
Total Expenditures	<u>1,198,218</u>	<u>3,856</u>	<u>1,202,074</u>
Revenues Over Expenditures	571,395	(1,630)	569,765
Fund Balances			
Beginning of Year	<u>3,465,252</u>	<u>42,816</u>	<u>3,508,068</u>
End of Year	<u>\$ 4,036,647</u>	<u>\$ 41,186</u>	<u>\$ 4,077,833</u>

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

Village of Flat Rock, North Carolina
Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances - Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2008

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

Net changes in fund balances - total governmental funds	\$ 569,765
Change in deferred revenue for tax revenue	(4,256)
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.	
Capital Outlay	50,415
Depreciation Expense	<u>(50,526)</u>
Total changes in net assets of governmental activities	<u>\$ 565,398</u>

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

Village of Flat Rock, North Carolina
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance -
Annual Budget and Actual
For the Year Ended June 30, 2008

	Budget		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Ad Valorem Taxes	\$ 671,304	\$ 675,304	\$ 688,338	\$ 13,034
Unrestricted Intergovernmental	820,575	816,575	879,292	62,717
Permits and Fees	12,000	12,000	19,146	7,146
Investment Earnings	175,000	175,000	172,816	(2,184)
Miscellaneous	100	100	10,021	9,921
Total Revenues	<u>1,678,979</u>	<u>1,678,979</u>	<u>1,769,613</u>	<u>90,634</u>
Expenditures:				
Current:				
General Government	836,287	754,944	466,813	288,131
Public Safety	686,942	746,755	694,432	52,323
Environmental Protection	26,500	26,500	2,550	23,950
Economic and Physical Development	43,750	65,280	34,423	30,857
Contingency	84,000	84,000	-	84,000
Total Expenditures	<u>1,677,479</u>	<u>1,677,479</u>	<u>1,198,218</u>	<u>479,261</u>
Other Financing Sources (Uses):				
Transfers Out	(1,500)	(1,500)	-	(1,500)
Total	<u>(1,500)</u>	<u>(1,500)</u>	<u>-</u>	<u>(1,500)</u>
Net Changes in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	571,395	<u>\$ 568,395</u>
Fund Balance				
Beginning of Year			<u>3,465,252</u>	
End of Year			<u>\$ 4,036,647</u>	

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

Village of Flat Rock, North Carolina
Notes to the Financial Statements
Year Ended June 30, 2008

Note 1 – Summary of Significant Accounting Policies

The Village of Flat Rock, North Carolina (the Village) was incorporated on June 29, 1995. The accounting policies of the Village conform to accounting principles generally accepted in the United States of America as applicable to governments. The following is a summary of the more significant accounting policies:

A. Reporting Entity

The Village is a municipal corporation, which is governed by an elected mayor and a six-member council. The mayor presides at all council meetings, but only votes when there is a tie.

B. Basis of Presentation

Government-wide Statements: The statement of net assets and the statement of activities display information about the Village's financial activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type activities* of the Village. 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 Village has no business-type activities.

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

Fund Financial Statements: The fund financial statements provide information about the Village's funds. Separate statements for each fund category – *governmental and proprietary* – would be presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

The Village reports the following major governmental fund:

General Fund – The General Fund, the general operating fund of the Village, is used to account for all financial resources except for those accounted for in other funds. The primary revenue sources are ad valorem taxes and State-shared revenues. The primary expenditures are for general government services, public safety, and environmental protection.

The Village reports the following non-major governmental funds:

Capital Reserve Special Revenue Fund – This fund accounts for revenues that are restricted for use for a particular purpose.

Greenways Capital Project Fund – This fund accounts for the Greenways Capital Project.

C. Measurement Focus and Basis of Accounting

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

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

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

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

The Village 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, Henderson 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 Village of Flat Rock. 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 Village's vehicle taxes for vehicles registered in Henderson County from March 2007 through February 2008 apply to the fiscal year ended June 30, 2008. Uncollected taxes that were billed during this period are shown as a receivable in these financial statements and are offset by deferred revenues.

Sales taxes and certain intergovernmental revenues, such as the utilities franchise tax, collected and held by the State at year-end on behalf of the Village, 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. Grant revenues that are unearned at year-end are recorded as unearned revenues. Under the terms of grant agreements, the Village could fund certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenues. Thus, when program expenses are incurred, there would be both restricted and unrestricted net assets available to finance the program. It is the Village's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

As permitted by accounting principles generally accepted in the United States of America, the Village has elected to apply only applicable FASB Statements and Interpretations issued on or before November 30, 1989 that do not contradict GASB pronouncements in its accounting and reporting practices for its government-wide operations.

D. Budgetary Data

The Village's budgets are adopted as required by North Carolina General Statutes. An annual budget ordinance is adopted for the General Fund and the Capital Reserve Fund. All annual appropriations lapse at fiscal year-end. A project ordinance was adopted for the Village's Capital Project Fund, which is consolidated with the operating funds for reporting purposes. All budgets are prepared using the modified accrual basis of accounting.

Expenditures may not legally exceed appropriations at the departmental level for all annually budgeted funds and at the object level for the multi-year funds. The budget officer may transfer amounts up to \$1,000 between departments, including contingency appropriations, providing that an official report of such transfers be made at the next regular meeting of the Council. The governing board must approve any revisions that alter total expenditures of any fund. During the year, several 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 that time until the annual ordinance can be adopted.

E. Assets, Liabilities and Net Assets/Fund Balance

Deposits and Investments – All deposits of the Village are made in board-designated official depositories and are secured as required by State law [G.S. 159-31]. The Village may designate as an official depository any bank or savings association whose principal office is located in North Carolina. Also, the Village 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 Village 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 Village's investments with a maturity of more than one year at acquisition and non-money market investments are reported at fair value as determined by quoted market prices. The securities of the NCCMT Cash Portfolio, a SEC-registered (2a-7) money market mutual fund, are valued at fair value, which is the NCCMT's share price.

Cash and Cash Equivalents – The Village pools money from several 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.

Ad Valorem Taxes Receivable – In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the Village 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, 2007.

Allowances for Doubtful Accounts – All receivables that historically experience uncollectible accounts are subject to be shown net of an allowance for doubtful accounts. This amount will be estimated by analyzing the percentage of receivables that were written off in prior years. The Village has not established an allowance due to the immaterial amounts of receivables subject to being uncollectible.

Capital Assets – Capital assets are defined by the Village as assets with an initial, individual cost of more than a certain cost and an estimated useful life in excess of two years. Minimum capitalization cost is \$1,000. 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 assets' lives are not capitalized.

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

Asset Class	Estimated Useful Lives (in years)
Buildings	40
Leasehold Improvements	10
Equipment and Furniture	3-10

Compensated Absences – The vacation policy of the Village provides for the accumulation of up to thirty days earned vacation leave with such leave being fully vested when earned. An expense and liability for compensated absences and the salary-related payments are recorded as the leave is earned. The portion of that time that is estimated to be used in the next fiscal year has been designated as a current liability in the government-wide financial statements.

The Village's sick leave policy provides for an unlimited accumulation of earned 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 Village has no obligation for the accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

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

In the governmental fund financial statements, reservations of fund balance represent amounts that cannot be appropriated or are legally segregated for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

State law [G.S. 159-13(b)(16)] restricts appropriation of fund balance for the subsequent year's budget to an amount not to exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts as those amounts stand at the close of the fiscal year preceding the budget year.

The governmental fund types classify fund balances as follows:

Reserved

Reserved by State Statute – portion of fund balance, in addition to reserves for encumbrances and prepaid expenditures, which is *not* available for appropriation under State law [G.S.159-8(a)]. This amount is usually comprised of accounts receivable and interfund receivables that have not been offset by deferred revenues.

Unreserved

Undesignated – portion of total fund balance available for appropriation that is uncommitted at year-end.

Note 2 – Deposits and Investments

Deposits:

All the deposits of the Village 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 Village's agents in the unit's names. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Village, these deposits are considered to be held by the Village in its name. The amount of 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 Village or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the Village 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 Village has no formal 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 Village complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2008, the Village's deposits had a carrying amount of \$2,504,158 and a bank balance of \$2,527,385. \$198,819 of the bank balance was covered by federal depository insurance and \$2,328,566 in interest-bearing deposits was covered by collateral held under the Pooling Method. At June 30, 2008, the Village's petty cash fund totaled \$200.

Investments:

At June 30, 2008, the Village had \$1,447,982 invested with the North Carolina Capital Management Trust's Cash Portfolio, which carried a credit rating of AAAM by Standard and Poor's. The Village's cash and investment policy identifies the specific investment types allowed for the Village, thus addressing its credit risk policy.

Note 3 – Capital Assets

Capital asset activity for the Village for the year ended June 30, 2008 was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 125,000	\$ -	\$ -	\$ 125,000
Total Capital Assets Not Being Depreciated	<u>125,000</u>	<u>-</u>	<u>-</u>	<u>125,000</u>
Capital Assets Being Depreciated:				
Land Improvements	40,881	35,579	-	76,460
Equipment and Furniture	111,201	-	-	111,201
Computer Equipment and Software	53,455	14,836	10,549	57,742
Village Centre Trail	156,006	-	-	156,006
Building	794,914	-	-	794,914
Total Capital Assets Being Depreciated	<u>1,156,457</u>	<u>50,415</u>	<u>10,549</u>	<u>1,196,323</u>
Less: Accumulated Depreciation For:				
Land Improvements	6,813	3,911	-	10,724
Equipment and Furniture	56,418	12,468	-	68,886
Computer Equipment and Software	45,798	3,874	10,549	39,123
Village Centre Trail	41,613	10,400	-	52,013
Building	49,682	19,873	-	69,555
Total Accumulated Depreciation	<u>200,324</u>	<u>50,526</u>	<u>10,549</u>	<u>240,301</u>
Total Capital Assets Being Depreciated - Net	<u>956,133</u>	<u>(111)</u>	<u>-</u>	<u>956,022</u>
Governmental Activity Capital Assets - Net	<u>\$ 1,081,133</u>	<u>\$ (111)</u>	<u>\$ -</u>	<u>\$ 1,081,022</u>

Depreciation expense of \$50,526 was charged \$40,126 to the Village's general government function and \$10,400 to the Village's cultural and recreation function.

Note 4 – Pension Plan Obligations

Local Governmental Employees' Retirement System

Plan Description. The Village 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 6% of their annual covered salary. The Village is required to contribute at an actuarially-determined rate. For the Village, the current rate for employees is 5.43% of annual covered payroll. The contribution requirements for members and the Village are established and may be amended by the North Carolina General Assembly. The Village's contributions to LGERS for the years ended June 30, 2008, 2007, and 2006 were \$4,134, \$4,067, and \$3,573, respectively. The contributions made by the Village equaled the required contributions for each year.

Note 5 – Other Post-Employment Benefits

At retirement, all employees have the option to purchase basic medical insurance at the Village's group rate. The entire cost of this insurance is borne by the employees. This coverage, provided under COBRA, continues for no longer than eighteen months.

Note 6 – Other Employment Benefits

The Village 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 Village has no liability beyond the payment of monthly contributions. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount. The Village considers these contributions to be immaterial.

Note 7 – Deferred/Unearned Revenues

The balance in deferred/unearned revenues at year end is composed of the following:

	<u>Deferred Revenue</u>	<u>Unearned Revenue</u>
Prepaid Taxes (General Fund)	\$ 1,953	\$ 1,953
Taxes Receivable (General Fund)	<u>1,486</u>	<u>-</u>
	<u>\$ 3,439</u>	<u>\$ 1,953</u>

Note 8 – Risk Management

The Village 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 Village participates in three self-funded risk financing pools administered by the North Carolina League of Municipalities. Through these pools, the Village obtains general liability and auto liability coverage of \$1,000,000 per occurrence, property coverage up to the total insurance values of the property policy, workers' compensation coverage up to statutory limits, and employee health coverage up to a \$2 million lifetime limit. The pools are reinsured through commercial companies for single occurrence claims against general liability, auto liability, and property in excess of \$500,000 and \$300,000 up to statutory limits for workers' compensation. The pools are reinsured for annual employee health claims in excess of \$150,000. The property liability pool has an aggregate limit for the total property losses in a single year, with the reinsurance limit based upon a percentage of the total insurance values.

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

The Village does not carry flood insurance through the National Flood Insurance Plan.

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

Note 9 – Jointly Governed Organization

The Village, in conjunction with other area counties and municipalities, has established the Land of Sky Regional Council (Council). The participating governments established the Council to coordinate various funding received from federal and State agencies. Each participating government, including the Village, appoints one member to the Council's governing board.

Note 10 – Summary Disclosures of Significant Contingencies

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

The Village is periodically involved in legal actions and claims arising in the normal course of operations. The ultimate resolution of these actions is not expected to have a material effect upon the financial position of the Village.

Note 11 – Commitments

The Village is obligated under the following commitments as of June 30, 2008:

Henderson County – Sales & Use Tax Payment	<u>\$ 10,000</u>
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Note 12 – Stewardship, Compliance and Accountability

Excess of Expenditures over Appropriations

During the year ended June 30, 2008, actual expenditures in the Greenways Capital Project Fund exceeded budgeted amounts. A budget amendment was not prepared to account for the prior year receipt of a State grant and its related expenditure along with the current year's expenditure.

The Village council will prepare a budget amendment to reflect this expenditure.

Individual Fund Statements and Schedules

Village of Flat Rock, North Carolina
General Fund
Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2008

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Ad Valorem Taxes:			
Current Year	\$ 674,904	\$ 686,641	\$ 11,737
Interest and Penalties	400	1,697	1,297
Total	<u>675,304</u>	<u>688,338</u>	<u>13,034</u>
Unrestricted Intergovernmental:			
Local Option Sales Taxes	655,775	668,362	12,587
Franchise Tax - Utilities	130,000	106,305	(23,695)
Franchise Tax - Telecommunication	20,000	43,874	23,874
Franchise Tax - Video Programming	-	46,374	46,374
Food Stamp Tax Reimbursement	800	-	(800)
Beer and Wine Tax	10,000	14,377	4,377
Total	<u>816,575</u>	<u>879,292</u>	<u>62,717</u>
Permits and Fees:			
Building permits	<u>12,000</u>	<u>19,146</u>	<u>7,146</u>
Investment Earnings	<u>175,000</u>	<u>172,816</u>	<u>(2,184)</u>
Miscellaneous	<u>100</u>	<u>10,021</u>	<u>9,921</u>
Total Revenues	<u>1,678,979</u>	<u>1,769,613</u>	<u>90,634</u>
Expenditures:			
General Government:			
Governing Body	<u>30,875</u>	<u>4,563</u>	<u>26,312</u>
Administration:			
Salaries and Employee Benefits	103,300	104,677	(1,377)
Other Operating Expenditures	<u>86,700</u>	<u>71,046</u>	<u>15,654</u>
Total	<u>190,000</u>	<u>175,723</u>	<u>14,277</u>

**Village of Flat Rock, North Carolina
General Fund
Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2008**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Finance:			
Professional Services	9,000	8,516	484
Tax Department	7,900	7,801	99
Other Operating Expenditures	250	184	66
Total	<u>17,150</u>	<u>16,501</u>	<u>649</u>
Tax Payments:			
Sales Tax Revenue Paid to Henderson County	<u>219,101</u>	<u>213,311</u>	<u>5,790</u>
Legal:			
Contracted Services	7,500	3,013	4,487
Other Operating Expenditures	6,600	2,700	3,900
Total	<u>14,100</u>	<u>5,713</u>	<u>8,387</u>
Elections:			
Operating Expenses	<u>7,850</u>	<u>-</u>	<u>7,850</u>
Public Building:			
Capital Outlay	<u>275,868</u>	<u>51,002</u>	<u>224,866</u>
Total General Government	<u>754,944</u>	<u>466,813</u>	<u>288,131</u>
Public Safety:			
Payments to Fire Departments	708,655	694,432	14,223
Other Operating Expenses	38,100	-	38,100
Total Public Safety	<u>746,755</u>	<u>694,432</u>	<u>52,323</u>

Village of Flat Rock, North Carolina
General Fund
Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2008

	Budget	Actual	Variance Positive (Negative)
Environmental Protection:			
Operating Expenditures	6,500	2,550	3,950
Economic and Physical Development			
Planning and Zoning:			
Salaries and Employee Benefits	21,530	8,326	13,204
Professional Services	2,000	983	1,017
Other Operating Expenditures	22,550	14,435	8,115
	46,080	23,744	22,336
Community Development			
Other Operating Expenditures	39,200	10,679	28,521
Total Economic and Physical Development	85,280	34,423	50,857
Contingency	84,000	-	84,000
Total Expenditures	1,677,479	1,198,218	479,261
Revenues over Expenditures	1,500	571,395	569,895
Other Financing Sources (Uses)			
Transfers Out	(1,500)	-	(1,500)
Net Change in Fund Balance	\$ -	571,395	\$ 568,395
Fund Balance:			
Beginning of Year		3,465,252	
End of Year		\$ 4,036,647	

**Village of Flat Rock, North Carolina
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2008**

	Capital Reserve Fund	Capital Project Greenways Fund	Total Nonmajor Governmental Funds
Assets			
Cash	\$ 38,169	\$ 3,017	\$ 41,186
 Total Assets	<u>\$ 38,169</u>	<u>\$ 3,017</u>	<u>\$ 41,186</u>
 Liabilities and Fund Balances			
Liabilities:			
Accounts Payable	\$ -	\$ -	\$ -
 Fund Balances:			
Undesignated	38,169	3,017	41,186
Reserved for State Statute	-	-	-
 Total Fund Balances	38,169	3,017	41,186
 Total Liabilities and Fund Balances	<u>\$ 38,169</u>	<u>\$ 3,017</u>	<u>\$ 41,186</u>

Village of Flat Rock, North Carolina
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2008

	Capital Reserve Fund	Capital Project Greenways	Total Nonmajor Governmental Funds
Revenues:			
Restricted Intergovernmental Revenues	\$ -	\$ -	\$ -
Investment Earnings	1,579	287	1,866
Miscellaneous	-	360	360
Total Revenues	<u>1,579</u>	<u>647</u>	<u>2,226</u>
Expenditures:			
Other Operating Expenditures	-	3,856	3,856
Total Expenditures	<u>-</u>	<u>3,856</u>	<u>3,856</u>
Net Change in Fund Balance	1,579	(3,209)	(1,630)
Fund Balances:			
Beginning of Year	<u>36,590</u>	<u>6,226</u>	<u>42,816</u>
End of Year	<u>\$ 38,169</u>	<u>\$ 3,017</u>	<u>\$ 41,186</u>

Village of Flat Rock, North Carolina
Capital Reserve Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2008

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Investment Earnings	\$ 1,800	\$ 1,579	\$ (221)
Expenditures:			
Current:			
General Government	1,800	-	1,800
Net Change in Fund Balance	\$ -	1,579	\$ 1,579
Fund Balance:			
Beginning of Year		36,590	
End of Year		\$ 38,169	

Village of Flat Rock, North Carolina
Capital Projects Fund - Greenways
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
From Inception and For the Year Ended June 30, 2008

	<u>Project</u>	<u>Actual</u>			<u>Variance</u>
	<u>Author -</u>	<u>Prior</u>	<u>Current</u>	<u>Total to</u>	<u>Positive</u>
	<u>ization</u>	<u>Year</u>	<u>Year</u>	<u>Date</u>	<u>(Negative)</u>
Revenues:					
Greenways Sidewalk Project:					
Restricted Intergovernmental Revenues	\$ 125,680	\$ 121,523	\$ -	\$121,523	\$ (4,157)
Miscellaneous Income	36,520	45,156	359	45,515	8,995
Investment Earnings	1,000	3,568	288	3,856	2,856
	<u>163,200</u>	<u>170,247</u>	<u>647</u>	<u>170,894</u>	<u>7,694</u>
Expenditures:					
Cultural and Recreation:					
Capital Outlay	136,350	159,514	-	159,514	(23,164)
Other Operating Expenditures	27,335	12,507	3,856	16,363	10,972
Contingencies	5,515	-	-	-	5,515
	<u>169,200</u>	<u>172,021</u>	<u>3,856</u>	<u>175,877</u>	<u>(6,677)</u>
Revenues Over (Under) Expenditures	<u>(6,000)</u>	<u>(1,774)</u>	<u>(3,209)</u>	<u>(4,983)</u>	<u>1,017</u>
Other Financing Sources:					
Transfers from Other Funds:					
General Fund	6,000	8,000	-	8,000	2,000
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ 6,226</u>	<u>(3,209)</u>	<u>\$ 3,017</u>	<u>\$ 3,017</u>
Fund Balance:					
Beginning of Year			<u>6,226</u>		
End of Year			<u>\$ 3,017</u>		

Other Schedules

Village of Flat Rock, North Carolina
General Fund
Schedule of Ad Valorem Taxes Receivable
June 30, 2008

<u>Fiscal Year</u>	<u>Uncollected Balance June 30, 2007</u>	<u>Additions</u>	<u>Collections And Credits</u>	<u>Uncollected Balance June 30, 2008</u>
2007-2008	\$ -	\$ 684,082	\$ 683,130	\$ 952
2006-2007	5,225	-	4,831	394
2005-2006	517	-	377	140

Note: The Village of Flat Rock assessed property taxes for the first time in the year 2005-2006.

<u>\$ 5,742</u>	<u>\$ 684,082</u>	<u>\$ 688,338</u>	<u>1,486</u>
Less: Allowance for Uncollectible Accounts			<u>-</u>
Ad Valorem Taxes Receivable - Net			<u>\$ 1,486</u>

Reconciliation with Revenues:

Ad Valorem Taxes Collected Current Year	<u>\$ 688,338</u>
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**Village of Flat Rock, North Carolina
Analysis of Current Tax Levy
For the Year Ended June 30, 2008**

	Village-wide			Total Levy	
	Total Property Valuation	Tax Rate	Levy Amount	Property Excluding Registered Vehicles	Registered Motor Vehicles
Original Levy Taxed at Current Rate	\$ 907,981,333	\$ 0.075	\$ 680,986	\$ 648,668	\$ 32,318
Discoveries	7,364,000		5,523	5,523	-
Releases	(4,505,333)		(3,379)	(3,379)	-
Adjusted Levy	\$ 910,840,000				
Net Levy			683,130	650,812	32,318
Less: Uncollected Taxes at June 30, 2008			952	-	952
Current Year's Taxes Collected			\$ 682,178	\$ 650,812	\$ 31,366
Percent Collected			99.86%	100.00%	97.05%