

**TOWN OF WEDDINGTON,  
NORTH CAROLINA**

**Financial Statements**

**June 30, 2009**

**Town of Weddington, North Carolina  
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June 30, 2009**

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## **Financial Section**

# TINSLEY & TERRY

CERTIFIED PUBLIC ACCOUNTANTS

## Independent Auditor's Report

To the Honorable Mayor  
And Members of the Town Council  
Weddington, North Carolina


We have audited the accompanying financial statements of the governmental activities and each major fund of the Town of Weddington, North Carolina, as of and for the year ended June 30, 2009, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Weddington's management. Our responsibility is to express opinions on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, and each major fund of the Town of Weddington, North Carolina as of June 30, 2009, and the respective changes in financial position thereof and the respective budgetary comparison of 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 the Governmental Accounting Standards Board. We 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, we did not audit this information and express no opinion thereon.

Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements of the Town of Weddington, North Carolina, taken as a whole. The individual 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 our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

  
Cornelius, North Carolina  
October 28, 2009

## **Management Discussion and Analysis**

## **Management's Discussion and Analysis Town of Weddington**

As management of the Town of Weddington, we offer readers of the Town of Weddington's financial statements this narrative overview and analysis of the financial activities of the Town of Weddington ("the Town") for the fiscal year ended June 30, 2009. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the Town's financial statements, which follow this narrative.

### **Financial Highlights**

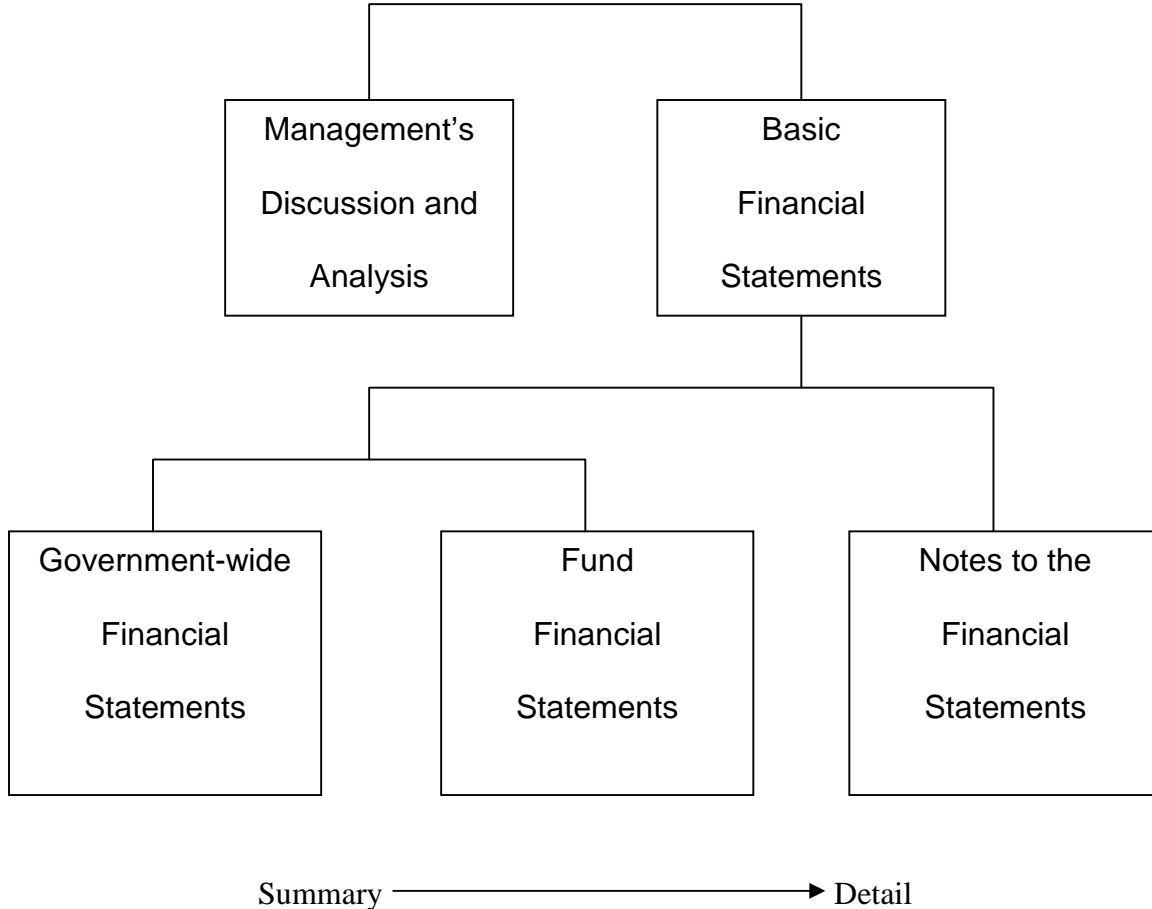
- The assets of the Town exceeded its liabilities at the close of the fiscal year by \$2,942,441 (*net assets*).
- The government's total net assets increased by \$538,224, due to increases in the governmental-type activities net assets.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$2,383,132, with a net change of \$333,352 in fund balance. Approximately 99 percent of this total amount, or \$2,359,403, is available for spending at the government's discretion (*unreserved fund balance*).
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$2,359,403, or 222 percent of total general fund expenditures for the fiscal year.
- The Town does not have any outstanding debt.

### **Overview of the Financial Statements**

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

**Required Components of Annual Financial Report**

**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's 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 Town's 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 Town of Weddington has no proprietary funds so this part of the Fund Financial Statements is omitted.

## Management Discussion and Analysis Town of Weddington

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's financial status as a whole.

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

The government-wide statements are divided into three categories: 1) governmental activities; 2) business-type activities; and 3) component units. The governmental activities include most of the Town's basic services such as public safety, planning and zoning, and general administration. Property taxes, permits and fees and various state-collected taxes finance most of these activities. The Town of Weddington has no business-type activities or component units so these categories will be omitted from the Town's government-wide statements.

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 Weddington, 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. The Town of Weddington has only governmental funds so these will be the only funds presented in its financial statements.

**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* which 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

Management Discussion and Analysis  
Town of Weddington

there are more or less financial resources available to finance the Town’s programs. The relationship between government activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

The Town of Weddington adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the Town, the management of the Town, and the decisions of the Town Council about which services to provide and how to pay for them. It also authorizes the Town to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the Town complied with the budget ordinance and whether or not the Town succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the Town Council; 2) the final budget as amended by the Town Council; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges.

**Notes to the Financial Statements** – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are on pages 6-13 of this report.

**Government-Wide Financial Analysis**

**The Town of Weddington’s Net Assets**

**Figure 2**

	Governmental Activities		Total	
	2009	2008	2009	2008
Current and other assets	\$ 2,476,876	\$ 2,069,564	\$ 2,476,876	\$ 2,069,564
Capital assets	542,668	352,124	542,668	352,124
Total assets	<u>3,019,544</u>	<u>2,421,688</u>	<u>3,019,544</u>	<u>2,421,688</u>
Long-term liabilities outstanding	-	-	-	-
Other liabilities	77,103	17,471	77,103	17,471
Total liabilities	<u>77,103</u>	<u>17,471</u>	<u>77,103</u>	<u>17,471</u>
Net assets:				
Invested in capital assets	542,668	352,124	542,668	352,124
Restricted	-	-	-	-
Unrestricted	2,399,773	2,052,093	2,399,773	2,052,093
Total net assets	<u>\$ 2,942,441</u>	<u>\$ 2,404,217</u>	<u>\$ 2,942,441</u>	<u>\$ 2,404,217</u>

Management Discussion and Analysis  
Town of Weddington

As noted earlier, net assets may serve over time as one useful indicator of a government's financial condition. The assets of the Town of Weddington exceeded liabilities by \$2,942,441 as of June 30, 2009. The Town's net assets increased by \$538,224 for the fiscal year ended June 30, 2009. Only a small portion (18%) of the net assets reflects the Town's investment in capital assets (e.g. land, buildings, equipment and furniture). The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. All of the Town's net assets are unrestricted and are available for future spending.

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

- Increased ad valorem revenues of approximately \$230,000 due to annexation as well as a county-wide property tax revaluation.
- Donation by a citizen of a parcel of land valued at approximately \$199,000.

**Town of Weddington's Changes in Net Assets**

**Figure 3**

	2009	2008	2009	2008
<b>Revenues:</b>				
Program revenues:				
Charges for services	\$ 21,375	\$ 70,410	\$ 21,375	\$ 70,410
Operating grants and contributions	50,000	-	50,000	-
General revenues:				
Property taxes	604,404	375,034	604,404	375,034
Other taxes	557,728	514,919	557,728	514,919
Operating grants and contributions	145,000	-	145,000	-
Capital grants and contributions	198,970	-	198,970	-
Other	32,007	223,016	32,007	223,016
Total revenues	<u>1,609,484</u>	<u>1,183,379</u>	<u>1,609,484</u>	<u>1,183,379</u>
<b>Expenses:</b>				
General government	461,876	407,712	461,876	407,712
Public safety	350,760	353,289	350,760	353,289
Economic development	258,624	157,356	258,624	157,356
Total expenses	<u>1,071,260</u>	<u>918,357</u>	<u>1,071,260</u>	<u>918,357</u>
Increase in net assets	538,224	265,022	538,224	265,022
Net assets, July 1	<u>2,404,217</u>	<u>2,139,195</u>	<u>2,404,217</u>	<u>2,139,195</u>
Net assets, June 30	<u>\$ 2,942,441</u>	<u>\$ 2,404,217</u>	<u>\$ 2,942,441</u>	<u>\$ 2,404,217</u>

Management Discussion and Analysis  
Town of Weddington

**Governmental activities.** Governmental activities increased the Town's net assets by \$538,224. Key elements of this increase are as follows:

- Increased ad valorem revenues of approximately \$230,000 due to annexation as well as a county-wide property tax revaluation.
- One-time revenues of \$145,000 from operating grants and contributions received from the Union County Library Foundation. In prior years the Town contributed this amount to the Union County Library Foundation for the construction of a regional library to be built in Weddington. Due to a change in the County's plans, the Library Foundation returned the Town's contributions during the current fiscal year.
- Donation by a citizen of a parcel of land valued at approximately \$199,000.

**Financial Analysis of the Town's Funds**

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

**Governmental Funds.** The focus of the Town of Weddington'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'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 Weddington. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$2,359,403 while total fund balance reached \$2,383,132. 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. Unreserved fund balance represents 222% of total General Fund expenditures while total fund balance represents 224% of that same amount.

At June 30, 2009, the governmental funds of the Town of Weddington reported total fund balance of \$2,383,132 with a net increase in fund balance of \$333,352. As the General Fund is the Town's only governmental fund, all of this increase is attributable to it.

**General Fund Budgetary Highlights:** During the fiscal year, the Town revised the budget on one occasion. 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.

Revenues were more than budgeted amounts in part due to the Town not budgeting pass-through money received related to the Local Area Regional Transportation Plan

Management Discussion and Analysis  
Town of Weddington

(LARTP). The Town received \$50,000 in grant money from the Mecklenburg Union Metropolitan Planning Organization (MUMPO) which was used to pay consulting fees for the project. The Town also did not budget the related LARTP consulting expense. The Town did budget its portion of consulting expense that was not covered by the grant. In addition, the Town's portion of state-collected taxes such as utility franchise and local option sales taxes were higher than anticipated.

Expenditures were less than budgeted amounts principally due to budgeted expenditures for landscaping and streetscaping not being spent in the budgeted fiscal year. The expenditures were to be for approximately \$100,000 for projects that the Town will not undertake until the completion of the current NCDOT road-widening project that is taking place in the Town. This project is not anticipated to be completed until sometime in FY2010 at the earliest.

**Capital Asset and Debt Administration**

**Capital assets.** The Town of Weddington's investment in capital assets for its governmental activities as of June 30, 2009, totals \$542,668 (net of accumulated depreciation). These assets include land, buildings, computers, equipment, and furniture.

Major capital asset transactions during the year include the following:

- Donation by a citizen of a parcel of land valued at approximately \$199,000.

**Town of Weddington's Capital Assets**

**Figure 4**

(net of depreciation)

	Governmental Activities 2009	Governmental Activities 2008	Total 2009	Total 2008
Land	\$ 198,970	\$ -	\$ 198,970	\$ -
Building	269,047	283,095	269,047	283,095
Computer	46,919	42,377	46,919	42,377
Equipment	27,682	25,910	27,682	25,910
Furniture	50	742	50	742
<b>Total</b>	<b>\$ 542,668</b>	<b>\$ 352,124</b>	<b>\$ 542,668</b>	<b>\$ 352,124</b>

Management Discussion and Analysis  
Town of Weddington

Additional information on the Town's capital assets can be found in note III of the Basic Financial Statements.

### **Economic Factors and Next Year's Budgets and Rates**

The following key economic indicators impact the growth and prosperity of the Town.

- The Town of Weddington is located in Union County, one of the state's fastest growing counties. The projected population increase from 2007-2010 is 13.9% for the county compared to only 4.8% for the state as a whole; however, the rate of growth is slowing compared to the tremendous growth the County experienced over the past two decades. In addition, the County's unemployment rate increased from 4% in 2007 to 6.2% as of July 2008.  
(Data source: Union County CAFR for the fiscal year ending June 30, 2008)

### **Budget Highlights for the Fiscal Year Ending June 30, 2010**

**Governmental Activities:** Budgeted revenues for the fiscal year ending June 30, 2010 are approximately \$290,000, or 20%, less than actual revenues for the fiscal year ending June 30, 2009. This is principally due to FY2009 revenues including one-time revenues for the Local Area Regional Transportation grant (\$50,000) and the return of the Town's previous library contributions (\$145,000). Remaining revenues such as investment earnings and other state-collected taxes have been budgeted conservatively based on the recent decline in the overall economic environment.

Budgeted expenditures are approximately \$65,000, or 6%, higher than actual expenditures for fiscal year 2009. The Town has appropriated \$20,000 in fund balance to cover the excess of budgeted expenditures over budgeted revenues for fiscal year 2010. Expenditures are higher primarily due to an additional \$50,000 being budgeted for public safety. Despite the completion of the Local Area Regional Transportation Plan (LARTP), consulting expenses are not expected to decrease because the Town has retained additional consultants for a Downtown Core study as well as consultants to assist the Town and Union County in the enforcement of a floodplain violation which the Town became involved in as a result of its recent involuntary annexation. In addition, budgeted salaries and employee benefits for Town staff are higher due to the implementation of several recommendations arising from an independent study of the Town's compensation packages.

### **Requests for Information**

This report is designed to provide an overview of the Town's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Town's finance officer, Leslie Gaylord, at 1924 Weddington Road, Weddington, NC 28104. Requests may also be made by telephone at (704) 846-2709 or by visiting the Town's website at [www.townofweddington.com](http://www.townofweddington.com).

## **Basic Financial Statements**

**Town of Weddington, North Carolina**  
**Statement of Net Assets**  
**June 30, 2009**

	<b>Primary Government</b>	
	<b>Governmental Activities</b>	<b>Total</b>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 2,432,938	\$ 2,432,938
Taxes receivables (net)	20,209	20,209
Due from other governments	23,729	23,729
Total current assets	<u>2,476,876</u>	<u>2,476,876</u>
Capital assets:		
Land, non depreciable improvements	198,970	198,970
Other capital assets, net of depreciation	343,698	343,698
Total capital assets	<u>542,668</u>	<u>542,668</u>
Total assets	<u>\$ 3,019,544</u>	<u>\$ 3,019,544</u>
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 45,255	\$ 45,255
Deposits in escrow	31,848	31,848
Total liabilities	<u>77,103</u>	<u>77,103</u>
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt	542,668	542,668
Unrestricted	2,399,773	2,399,773
Total net assets	<u>\$ 2,942,441</u>	<u>\$ 2,942,441</u>

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

**Town of Weddington, North Carolina  
Statement of Activities  
For the Year Ended June 30, 2009**

**Net (Expense) Revenue and  
Changes in Net Assets  
Primary Government**

**Program Revenues**

<b>Functions/Programs</b>	<b>Expenses</b>	<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>	<b>Governmental Activities</b>	<b>Total</b>
<b>Primary government:</b>						
Governmental Activities:						
General government	\$ 461,876	\$ -	\$ 145,000	\$ 198,970	\$ (117,906)	\$ (117,906)
Public safety	350,760	-	-	-	(350,760)	(350,760)
Economic and physical development	258,624	21,375	50,000	-	(187,249)	(187,249)
Total governmental activities (See Note I)	<u>1,071,260</u>	<u>21,375</u>	<u>195,000</u>	<u>198,970</u>	<u>(655,915)</u>	<u>(655,915)</u>
Total primary government	<u>\$ 1,071,260</u>	<u>\$ 21,375</u>	<u>\$ 195,000</u>	<u>\$ 198,970</u>	<u>(655,915)</u>	<u>(655,915)</u>

General revenues:

Taxes:			
Property taxes, levied for general purpose		604,404	604,404
Other taxes		557,728	557,728
Unrestricted investment earnings		27,859	27,859
Miscellaneous		4,148	4,148
Total general revenues		<u>1,194,139</u>	<u>1,194,139</u>
Change in net assets		538,224	538,224
Net assets-beginning		2,404,217	2,404,217
Net assets-ending		<u>\$ 2,942,441</u>	<u>\$ 2,942,441</u>

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

**Town of Weddington, North Carolina  
Balance Sheet  
Governmental Funds  
June 30, 2009**

	<b>Major Fund General</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 2,432,938	\$ 2,432,938
Receivables, net:		
Taxes	20,209	20,209
Due from other governments	23,729	23,729
	<hr/>	<hr/>
Total assets	<u>\$ 2,476,876</u>	<u>\$ 2,476,876</u>
<b>LIABILITIES AND FUND BALANCES</b>		
Liabilities:		
Accounts payable and accrued liabilities	\$ 41,687	\$ 41,687
Deposits in escrow	31,848	31,848
Deferred revenue	20,209	20,209
Total liabilities	<hr/> 93,744	<hr/> 93,744
Fund balances:		
Reserved for:		
State statute	23,729	23,729
Unreserved		
Designated for capital projects	569,629	569,629
Designated for water and sewer	15,204	15,204
Designated for subsequent year's expenditures	20,000	20,000
Undesignated	1,754,570	1,754,570
Total fund balances	<hr/> 2,383,132	<hr/> 2,383,132
Total liabilities and fund balances	<u>\$ 2,476,876</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	542,668
Some liabilities, including compensated absences, are not due and payable in the current period and therefore are not reported in the funds	(3,568)
Liabilities for earned but deferred revenues in fund statements.	20,209
Net assets of governmental activities	<u>\$ 2,942,441</u>

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

**Town of Weddington, North Carolina**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Governmental Funds**  
**For the Year Ended June 30, 2009**

	<b>Major Funds</b>		<b>Total Governmental Funds</b>
	<b>General Fund</b>		
<b>REVENUES</b>			
Ad valorem taxes	\$ 590,273	\$	590,273
Unrestricted intergovernmental	557,728		557,728
Permits and fees	21,375		21,375
Investment earnings	27,859		27,859
Miscellaneous	199,148		199,148
Total revenues	1,396,383		1,396,383
<b>EXPENDITURES</b>			
General government	440,911		440,911
Public safety	350,760		350,760
Economic and physical development	271,360		271,360
Total expenditures	1,063,031		1,063,031
Excess of revenues over expenditures	333,352		333,352
Net change in fund balance	333,352		333,352
Fund balances-beginning	2,049,780		2,049,780
Fund balances-ending	\$ 2,383,132	\$	2,383,132

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

Net changes in fund balances - total governmental funds	\$ 333,352
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 outlays in the current period.	(8,425)
Dontated land which does not have an effect on Governmental Funds, is a revenue on the statement of activities	198,970
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
Change in deferred revenue for tax revenues	14,131
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Compensated absences	196
Total changes in net assets of governmental activities	\$ 538,224

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

**Town of Weddington  
General Fund  
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
For the Year Ended June 30, 2009**

	<u>General Fund</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
Revenues:				
Ad valorem taxes	\$ 513,750	\$ 552,000	\$ 590,273	\$ 38,273
Unrestricted intergovernmental	478,000	483,000	557,728	74,728
Permits and fees	35,000	16,500	21,375	4,875
Investment earnings	40,000	27,500	27,859	359
Miscellaneous	1,500	147,500	199,148	51,648
Total revenues	<u>1,068,250</u>	<u>1,226,500</u>	<u>1,396,383</u>	<u>169,883</u>
Expenditures:				
General government	445,455	545,255	440,911	104,344
Public safety	361,575	361,675	350,760	10,915
Economic and physical development	291,220	319,570	271,360	48,210
Total expenditures	<u>1,098,250</u>	<u>1,226,500</u>	<u>1,063,031</u>	<u>163,469</u>
Revenues over expenditures	<u>(30,000)</u>	<u>-</u>	<u>333,352</u>	<u>333,352</u>
Fund balance appropriated	30,000	-	-	-
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	333,352	<u>\$ 333,352</u>
Fund balances, beginning of year			2,049,780	
Fund balances, end of year			<u>\$ 2,383,132</u>	

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

**Town of Weddington, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2009**

**I. Summary of Significant Accounting Policies**

The accounting policies of the Town of Weddington 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 Weddington is a municipal corporation that is governed by an elected mayor and a four-member council. As required by generally accepted accounting principles, these financial statements present the Town, which has no component units.

**B. Basis of Presentation**

*Government-wide Statements:* The statement of net assets and the statement of activities display information about the primary government. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions.

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

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

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, and various other taxes and licenses. The primary expenditures are for the general government and public safety.

**C. Measurement Focus and Basis of Accounting**

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

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

**Town of Weddington, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2009**

**I. Summary of Significant Accounting Policies (Continued)**

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

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

The Town considers all revenues available if they are collected within 60 days after year-end, except for property taxes. Ad valorem taxes receivable are not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable 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, Union 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 of Weddington. 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 Union County from March 2008 through February 2009 apply to the fiscal year ended June 30, 2009. 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 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. Grant revenues which are unearned at year-end are recorded as unearned 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. All annual appropriations lapse at the fiscal-year end. 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 by more than \$2,500. All amendments must be approved by the governing board. During the year, amendments to the original budget were necessary and approved by the governing board. 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 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 association whose principal office is

**Town of Weddington, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2009**

I. Summary of Significant Accounting Policies (Continued)

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 Town'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. The NCCMT Term Portfolio's securities are valued at fair value.

2. Cash and Cash Equivalents

The Town 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.

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, 2008.

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. No allowance for doubtful accounts was required as of June 30, 2009.

5. Capital Assets

Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. 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
Buildings	40
Improvements	20
Furniture and equipment	10
Computer equipment	5

**Town of Weddington, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2009**

I. Summary of Significant Accounting Policies (Continued)

6. Compensated Absences

The vacation policy of the Town provides for the accumulation of up to thirty days earned vacation leave with such leave being fully vested when earned. For the Town's government-wide financial statements, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave 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 has been designated as a current liability in the government-wide financial statements.

The Town's sick leave policies provide 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 Town has no obligation for the accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

7. 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 reserves for inventories, 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, which have not been offset by deferred revenues.

Unreserved:

Designated for subsequent year's expenditures- portion of the total fund balance available for appropriation that has been designated for the adopted 2009-2010 budget ordinance.

Designated for capital projects- portion of the total fund balance available for appropriation that has been designated for future capital projects.

Designated for water and sewer- portion of the total fund balance available for appropriation that has been designated for future water and sewer expenditures.

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

**Town of Weddington, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2009**

I. Summary of Significant Accounting Policies (Continued)

8. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that effect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

II. Stewardship, Compliance, and Accountability

A. Significant Violations of Finance-Related Legal and Contractual Provisions

1. Noncompliance with North Carolina General Statutes

None

2. Contractual Violations

None

B. Deficit in Fund Balance or Net Assets of Individual Funds

None

C. Excess of Expenditures over Appropriations

None

III. Detail Notes on All Funds

A. Assets

1. Deposits

All the deposits of the Town are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the Town's agents in 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, these deposits are considered to be held by the Town's agents in their names. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the Town or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the Town under the Pooling Method, the potential exists for 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 has 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 complies with the provisions of G.S. 159-31 when designating depositories and verifying that deposits are properly secured.

**Town of Weddington, North Carolina  
Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2009**

III. Detail Notes on All Funds (Continued)

At June 30, 2009, the Town's deposits had a carrying amount of \$407,640 and a bank balance of \$422,592. Of the bank balances, \$250,000 was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method.

2. Investments

At June 30, 2009 the Town had \$2,025,298 invested with the North Carolina Capital Management Trust's Cash Portfolio which carried a credit rating of AAAM by Standard and Poor's. The Town has no policy regarding credit risk.

3. Capital Assets

Capital asset activity for the Primary Government for the year ended June 30, 2009, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets being depreciated:				
Buildings	\$ 424,364	\$ -	\$ -	\$ 424,364
Equipment	47,521	7,674	-	55,195
Computer	71,706	17,798	-	89,504
Furniture	14,023	-	-	14,023
Total capital being depreciated	557,614	25,472	-	583,086
Less accumulated depreciation for:				
Buildings	141,269	14,048	-	155,317
Equipment	21,611	5,902	-	27,513
Computer	29,329	13,256	-	42,585
Furniture	13,281	692	-	13,973
Total accumulated depreciation	205,490	33,898	-	239,388
Total capital assets being depreciated, net	352,124			343,698
Capital assets not being depreciated:				
Land	-	198,970	-	198,970
Governmental activities capital assets, net	\$ 352,124			\$ 542,668

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

General government \$ 33,898

**Town of Weddington, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2009**

III. Detail Notes on All Funds (Continued)

B. Liabilities

1. Pension Plan Obligations

a. Local Governmental Employees' Retirement System

*Plan Description.* The Town of Weddington contributes to the statewide Local Governmental Employees' Retirement System (LERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LERS 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 LERS. 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 is 7.81% of annual covered payroll. The contribution requirements of members and of the Town of Weddington are established and may be amended by the North Carolina General Assembly. The Town's contributions to LERS for the years ended June 30, 2009 and 2008 were \$10,635 and \$9,079 respectively. The contributions made by the Town equaled the required contributions for the year.

b. Supplemental Retirement Income Plan

*Plan Description.* The Town employees contribute 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 is established in conformity with section 401(k) of the Internal Revenue Code of 1986 as amended. The Supplemental Retirement Income Plan 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. 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.* The Town has elected to contribute to the Supplemental Retirement Insurance Plan. Contributions for the year ended June 30, 2009 were \$11,805, which consisted of \$4,994 from the employees and \$6,811 from the Town.

2. Deferred / Unearned Revenues

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

	Deferred
	<u>Revenue</u>
Taxes receivable (General Fund)	<u>\$20,209</u>

**Town of Weddington, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2009**

III. Detail Notes on All Funds (Continued)

3. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town participates in three self-funded risk-financing pools administered by the North Carolina League of Municipalities. Through these pools, the Town obtains general liability and auto liability coverage of \$5 million and \$1 million respectively 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 and auto liability in excess of \$1,000,000 and property in excess of \$500,000 and \$1,000,000 up to statutory limits for workers' compensation. The pools are reinsured for annual employee health claims in excess of \$250,000. 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 Town carries commercial coverage for all other risks of loss. There have been no significant reductions in insurance coverage in the prior year, and settled claims have not exceeded coverage in any of the past three fiscal years.

In accordance with G.S. 159-29, the Town's employees are performance bonded through a commercial surety bond. The finance officer and tax collector are each individually bonded for \$50,000 and \$20,000 respectively. The remaining employees that have access to funds are bonded under a blanket bond for \$20,000.

The Town carries flood insurance for buildings and contents that are located in Flood Zone X. This zone is defined as areas outside the 1% annual chance floodplain. The deductible with respect to this coverage is \$50,000.

4. Subsequent Events

Management has evaluated subsequent events through October 28, 2009, the date which the financial statements were available to be issued and determined there were no events for disclosure.

Supplemental Information

**Town of Weddington, North Carolina**  
**General Fund**  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2009**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Revenues:</b>			
Ad valorem taxes:			
Ad valorem taxes	\$ 552,000	\$ 590,273	\$ 38,273
Unrestricted intergovernmental:			
Local option sales taxes	95,000	108,947	13,947
Utility franchise tax	350,000	399,497	49,497
Beer and wine tax	38,000	49,284	11,284
Total	<u>483,000</u>	<u>557,728</u>	<u>74,728</u>
Permits and fees:			
Subdivision fees	-	4,435	4,435
Zoning fees	16,500	16,940	440
Total	<u>16,500</u>	<u>21,375</u>	<u>4,875</u>
Investment earnings	<u>27,500</u>	<u>27,859</u>	<u>359</u>
Miscellaneous:			
Contributions	-	50,000	50,000
Other	147,500	149,148	1,648
Total	<u>147,500</u>	<u>199,148</u>	<u>51,648</u>
Total revenues	<u>1,226,500</u>	<u>1,396,383</u>	<u>169,883</u>
<b>Expenditures:</b>			
General government:			
Governing board:			
Legal		154,837	
Other operating expenditures		11,542	
Total		<u>166,379</u>	
Administration:			
Salaries and employee benefits		140,796	
Other operating expenditures		113,900	
Capital outlay		12,736	
Professional fees		7,100	
Total		<u>274,532</u>	
Total general government	<u>545,255</u>	<u>440,911</u>	<u>104,344</u>

**Town of Weddington, North Carolina**  
**General Fund**  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2009**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Public safety			
Police			
Contracted services		199,085	
Capital Outlay		-	
Total Police		<u>199,085</u>	
Fire			
Contributions		151,675	
Total public safety	<u>361,675</u>	<u>350,760</u>	<u>10,915</u>
Economic and physical development			
Planning			
Salaries and employee benefits		112,101	
Contracted services		130,802	
Capital outlay		12,736	
Other operating expenditures		15,721	
Total	<u>319,570</u>	<u>271,360</u>	<u>48,210</u>
Total expenditures	<u>1,226,500</u>	<u>1,063,031</u>	<u>163,469</u>
Revenues over (under) expenditures	<u>\$ -</u>	333,352	<u>\$ 333,352</u>
Fund balances:			
Beginning of year, July 1		<u>2,049,780</u>	
End of year, June 30		<u>\$ 2,383,132</u>	

## **Other Schedules**

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This section contains additional information required on property taxes.

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Schedule of Ad Valorem Taxes Receivable

Analysis of Current Tax Levy

**Town of Weddington, North Carolina  
General Fund  
Schedule of Ad Valorem Taxes Receivable  
June 30, 2009**

<u>Fiscal Year</u>	<u>Uncollected Balance 06/30/2008</u>	<u>Additions</u>	<u>Collections And Credits</u>	<u>Uncollected Balance 06/30/2009</u>
2008-2009	\$ -	\$ 605,272	\$ 588,328	\$ 16,944
2007-2008	4031	-	2,171	1,860
2006-2007	1107	-	730	377
2005-2006	395	-	(33)	428
2004-2005	244	-	(47)	291
2003-2004	201	-	(9)	210
2002-2003	89	-	-	89
2001-2002	10	-	-	10
	<u>\$ 6,077</u>	<u>\$ 605,272</u>	<u>\$ 591,140</u>	<u>\$ 20,209</u>

Reconciliation with revenues:

Ad valorem taxes - General Fund	\$ 590,273
Reconciling items:	
Adjustments and corrections	<u>867</u>
Total collections and credits	<u>\$ 591,140</u>

**Town of Weddington, North Carolina**  
**Analysis of Current Tax Levy**  
**Town - Wide Levy**  
**For the Fiscal Year Ended June 30, 2009**

	City - Wide		Total Levy		
	Property Valuation	Rate	Total Levy	Property excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property taxed at current	\$2,017,573,333	0.030	\$ 605,272	\$ 577,333	\$ 27,939
Total property valuation	<u>\$2,017,573,333</u>				
Net levy			605,272	577,333	27,939
Uncollected taxes at June 30, 2009			<u>(16,944)</u>	<u>(16,944)</u>	<u>-</u>
Current year's taxes collected			<u>\$ 588,328</u>	<u>\$ 560,389</u>	<u>\$ 27,939</u>
Current levy collection percentage			<u>97.20%</u>	<u>97.07%</u>	<u>100.00%</u>