

LELAND

NORTH CAROLINA



ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED

JUNE 30, 2012







**TOWN OF LELAND, NORTH CAROLINA**

**Annual Financial Report**

**For the Fiscal Year Ended June 30, 2012**

**S. PRESTON DOUGLAS & ASSOCIATES, LLP**  
*Certified Public Accountants*







**TOWN OF LELAND, NORTH CAROLINA**

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## Independent Auditor's Report

To the Honorable Mayor  
and Members of the Town Council  
Leland, North Carolina

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Leland, North Carolina, as of and for the year ended June 30, 2012, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Leland'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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. The financial statements of the Leland Tourism Development Authority were not audited in accordance with *Government Auditing Standards*. 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 opinion.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 17, 2012 on our consideration of Town of Leland's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of this report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.



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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Leland's basic financial statements. The combining and individual fund statements, budgetary schedules and other schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The combining and individual fund financial statements, budgetary schedules, and other schedules has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements, budgetary schedules and other schedules are stated in all material respects in relation to the basic financial statements as a whole.

*S. Preston Douglas & Associates, LLP*

October 17, 2012

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

### Town Profile

The Town of Leland is located on the Brunswick River in the Wilmington, NC metropolitan area. The Town was incorporated in 1989 as a mayor-council plan, but moved to the council-manager plan in 1996. The initial population was approximately 1,800. With very slow growth during the 1990's, the 2000 Census placed the town's population at 1,938. Due to annexations during the 2000s, the town's land area increased significantly to 22 square miles. The annexations were coupled with residential and commercial development and resulted in significant population growth. The US Census places the 2010 populations at 13,400.

### Financial Highlights

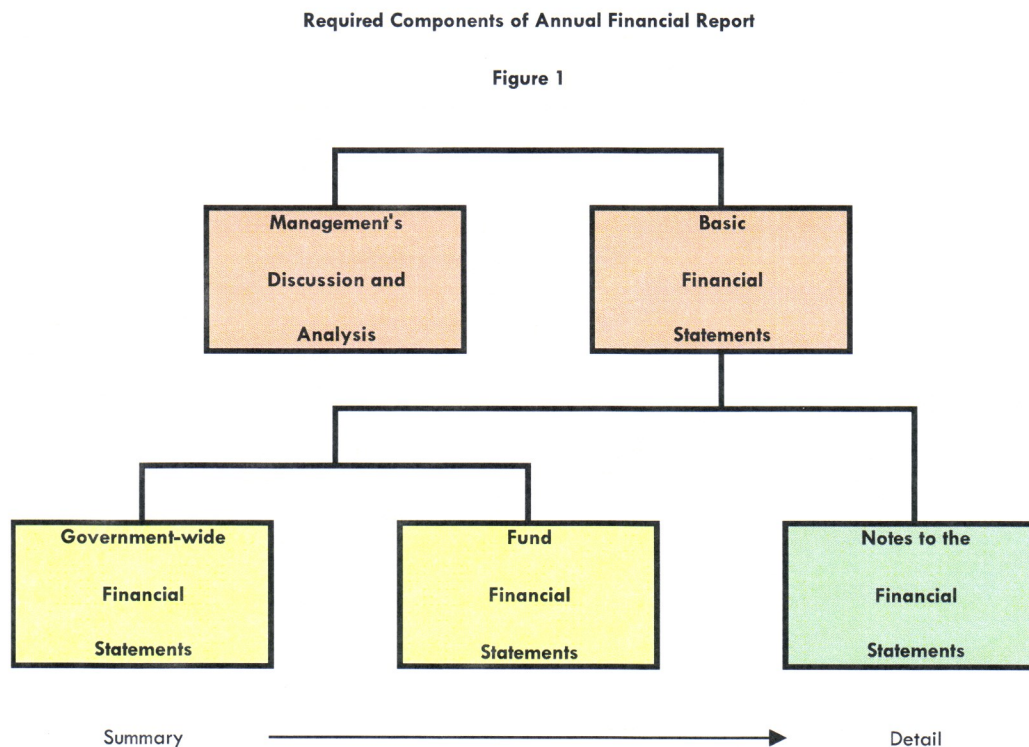
- The assets of the Town of Leland exceeded its liabilities at the close of the fiscal year by \$84,802,779 (*net assets*).
- The Town's total net assets decreased by \$365,893 over the previous year.
- The Town of Leland's governmental fund's total debt increased by \$8,874,127 during the current fiscal year. The major component of this increase was the financing of the Town Hall and Police Station of \$9,900,000.

### Overview of the Financial Statements

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



The relationship of these three components is illustrated in Figure 1 below.



### Basic Financial Statements

The first two statements (pages 19 through 21) 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 (pages 22 through 33) 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 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.



Each of the government-wide statements are divided into two categories: 1) governmental activities; 2) business-type activities. The governmental activities include most of the Town's basic services such as police, inspections, public works, and general administration. Property taxes and state funds finance most of these activities. The business-type activities are those that the Town charges customers to provide. These include the utility services offered by the Town of Leland.

The government-wide financial statements are on pages 19 through 21 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 Leland, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the Town's budget ordinance. All of the funds of Town of Leland can be divided into two categories: governmental funds and proprietary funds.

**Governmental Funds** – Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the Town's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting* 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 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 Leland adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the Town, the management of the Town, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the Town to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the Town complied with the budget ordinance and whether or not the Town succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the board; 2) the final budget as amended by the board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges. To account for the difference between the budgetary basis of accounting and the modified accrual basis, a reconciliation showing the differences in the reported activities is shown at the end of the budgetary statement.

**Nonmajor Governmental Funds – Special Revenue and Capital Project Funds.** Town Council has established the various special revenue funds to accumulate resources for future capital projects and capital project funds to account for capital projects. Transfers out of the special revenue funds must be approved by Town Council. A detailed listing of each of these funds is included on pages 66 through 87.

**Proprietary Funds** – Town of Leland has one proprietary fund. *Enterprise Funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. Town of Leland uses enterprise funds to account for its utility system. This fund is the same as that function shown in the business-type activities in the Statement of Net Assets and the Statement of Activities.



**Notes to the Financial Statements** – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 34 of this report.

**Other Information** – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the Town of Leland's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 56 of this report.

**Government-Wide Financial Analysis**

Leland's total assets, total liabilities, and total net assets are shown in the table in figure 2. The table also compares assets and liabilities for the fiscal year ending June 30, 2012 with the prior fiscal year. Finally the table includes governmental activities and business type activities.

**Town of Leland's Net Assets**

**Figure 1**

	2012	2011	2012	2011	2012	2011
Current and other assets	\$ 16,725,923	\$ 6,673,921	\$ 7,748,026	\$ 7,005,636	\$ 24,473,949	\$ 13,679,557
Capital assets	46,655,923	47,456,538	28,463,684	30,140,493	75,119,607	77,597,031
Total assets	<u>63,381,846</u>	<u>54,130,459</u>	<u>36,211,710</u>	<u>37,146,129</u>	<u>99,593,556</u>	<u>91,276,588</u>
Long-term liabilities outstanding	12,306,434	3,848,167	1,793,310	1,956,339	14,099,744	5,804,506
Other liabilities	654,445	238,585	36,588	64,825	691,033	303,410
Total liabilities	<u>12,960,879</u>	<u>4,086,752</u>	<u>1,829,898</u>	<u>2,021,164</u>	<u>14,790,777</u>	<u>6,107,916</u>
Net assets						
Invested in capital assets, net of related debt	34,622,218	43,900,461	26,670,374	28,184,154	61,292,592	72,084,615
Restricted	1,808,015	1,639,035	-	-	1,808,015	1,639,035
Unrestricted	13,990,734	4,504,211	7,711,438	6,940,811	21,702,172	11,445,022
Total net assets	<u>\$ 50,420,967</u>	<u>\$ 50,043,707</u>	<u>\$ 34,381,812</u>	<u>\$ 35,124,965</u>	<u>\$ 84,802,779</u>	<u>\$ 85,168,672</u>

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 Leland exceeded liabilities by \$84,802,779 as of June 30, 2012. The Town's net assets decreased by \$365,893 for the fiscal year ended June 30, 2012. However, the largest portion \$61,292,592 (72.28%) reflects the Town's investment in capital assets (e.g. land, buildings, machinery, and equipment), less any related debt still outstanding that was issued to acquire those items. The Town of Leland uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Leland's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the Town of Leland's net assets \$1,808,015 (2.14%) represents resources that are subject to external restrictions or are designated for the subsequent year. The remaining balance of \$21,702,172 (25.60%) is unrestricted.

## Management's Discussion and Analysis

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

- Total property tax revenues increased to \$2,743,387 from \$2,326,272 for the previous year.
- Increase in other tax revenues to \$3,747,825 from \$3,145,807 for the previous year.

The table in Figure 3 below provides information on the Town's revenues and expenses and the changes from the fiscal year ended June 30, 2012 and the fiscal year ended June 30, 2011. The table also provides information for governmental activities and business-type activities (Utility Enterprise Fund).

### Town of Leland's Changes in Net Assets

Figure 2

	Governmental Activities		Business Type Activities		Total	
	2012	2011	2012	2011	2012	2011
<b>Revenues:</b>						
<b>Program revenues:</b>						
Charges for services	\$ 823,906	\$ 941,858	\$ 2,394,512	\$ 2,053,927	\$ 3,218,418	\$ 2,995,785
Operating grants	682,656	394,970	-	367,086	682,656	762,056
Capital Grants	118,749	755,383	-	-	118,749	755,383
<b>General revenues:</b>						
Property taxes	2,743,387	2,326,272	-	-	2,743,387	2,326,272
Other taxes	3,747,825	3,145,807	-	-	3,747,825	3,145,807
Other	70,491	70,930	33,071	36,483	103,562	107,413
Transfers	200,000	147,102	(200,000)	(147,102)	-	-
Total revenues	<u>8,387,014</u>	<u>7,782,322</u>	<u>2,227,583</u>	<u>2,310,394</u>	<u>10,614,597</u>	<u>10,092,716</u>
<b>Expenses:</b>						
General government	1,496,295	1,249,181	-	-	1,496,295	1,249,181
Public safety	2,875,396	2,961,071	-	-	2,875,396	2,961,071
Transportation	1,483,556	1,257,835	-	-	1,483,556	1,257,835
Developmental Services	260,087	303,951	-	-	260,087	303,951
Economic and physical development	1,209,843	1,287,073	-	-	1,209,843	1,287,073
Human and culture services	508,510	392,567	-	-	508,510	392,567
Interest on long-term debt	176,067	150,116	-	-	176,067	150,116
Utility operations	-	-	2,970,736	2,723,436	2,970,736	2,723,436
Total expenses	<u>8,009,754</u>	<u>7,601,794</u>	<u>2,970,736</u>	<u>2,723,436</u>	<u>10,980,490</u>	<u>10,325,230</u>
Adjustment for capitilization change	-	1	-	1	-	2
Increase in net assets	377,260	180,529	(743,153)	(413,042)	(365,893)	(232,512)
Net assets, July 1	50,043,707	49,863,178	35,124,965	35,538,007	85,168,672	85,401,185
Net assets, June 30	<u>\$ 50,420,967</u>	<u>\$ 50,043,707</u>	<u>\$ 34,381,812</u>	<u>\$ 35,124,965</u>	<u>\$ 84,802,779</u>	<u>\$ 85,168,673</u>

**Governmental activities:** Governmental activities increased the Town's net assets by \$377,260. Key elements of the governmental activities for the year are as follows:

- Ad valorem tax base increased by \$417,115.
- Increase in other tax revenues of \$602,018.



## Management's Discussion and Analysis

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**Business-type activities:** Business-type activities decreased the Town of Leland's net assets by \$743,155. Key elements of the activities for the business type fund are as follows:

- Charges for Services increased by \$340,585 from the previous year.
- Operating expenses increased from the previous year by \$247,300.

### Financial Analysis of the Town's Funds

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

**Governmental Funds:** The focus of the Town of Leland's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the Town of Leland's financing requirements. Specifically, unassigned fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

**General Fund:** The chief operating fund of the Town of Leland. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$4,762,985, while total fund balance reached \$5,986,219. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 74.85 percent of total General Fund expenditures, while total fund balance represents 94.08 percent of that same amount. At June 30, 2012, the governmental funds of Town of Leland reported a combined fund balance of \$15,905,834, an increase of \$9,605,485 over last year.

**General Fund Budgetary Highlights:** During the fiscal year, the Town revised the budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain services.

**Proprietary Funds:** Town of Leland's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net assets of the Utility Fund at the end of the fiscal year amounted to \$7,711,438.

### Capital Asset and Debt Administration

**Capital Assets:** Town of Leland's investment in capital assets for its governmental and business-type activities as of June 30, 201, totals \$75,119,607 (net of accumulated depreciation). These assets include buildings, roads and bridges, land, machinery and equipment, park facilities, and vehicles.

Major capital asset transactions during the year include the following:

- Several police vehicles were acquired during the year
- Land was purchased on several occasions and several fire trucks

Town of Leland's Capital Assets

Figure 3

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Land	\$ 3,902,840	\$ 3,902,840	\$ -	\$ -	\$ 3,902,840	\$ 3,902,840
Buildings and system	3,412,973	3,182,316			3,412,973	3,182,316
Construction in progress	-	-				
Machinery and Equipment	43,625	98,261	175,381	257,011	219,006	355,272
Plant and Distribution			28,270,520	29,860,537	28,270,520	29,860,537
Infrastructure	39,227,218	40,230,267			39,227,218	40,230,267
Vehicles and motorized equipment	69,267	42,854	17,783	22,945	87,050	65,799
Total	\$ 46,655,923	\$ 47,456,538	\$ 28,463,684	\$ 30,140,493	\$ 75,119,607	\$ 77,597,031

Additional information on the Town's capital assets can be found in note II.A.4 of the Basic Financial Statements.

**Long-term Debt:** As of June 30, 2012, the Town of Leland had long-term debt outstanding of \$14,099,744. Of this, 100 percent represents installment purchase contracts.

General Obligations and Revenue Bonds

Figure 4

Due within one year	\$ 307,259	\$ 406,171	\$ 163,028	\$ 163,028	\$ 470,287	\$ 569,199
Due in more than one year	11,726,445	3,149,906	1,630,282	1,793,311	13,356,727	4,943,217
Total	\$ 12,033,704	\$ 3,556,077	\$ 1,793,310	\$ 1,956,339	\$ 13,827,014	\$ 5,512,416

Town of Leland's Outstanding Debt

The total long term debt of Town of Leland increased by \$8,587,328 during the year. The majority of this was due to the financing of the Town Hall and Police Station which was in the amount of \$9,900,000.



North Carolina general statutes limit the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for Town of Leland is \$158,931,186.

Additional information regarding the Town of Leland's long-term debt can be found in note II.E.1 beginning on page 49 of this report.

**Budget Highlights for the Fiscal Year Ending June 30, 2012**

Governmental Activities: Town of Leland's General fund revenues for the fiscal year ending June 30, 2013, are based on an estimated 6.57 percent increase in property tax revenues, a 13.7 percent increase in sales tax revenues, and a 32 percent decrease in building permits. Overall, budgeted expenses for the next year are expected to be decrease .26 percent.

The fiscal year 2012-2013 budget provides for a full range of public services. The Town is moving in a more strategic approach to the recommended budget. To the extent possible, available resources are focused on services, programs, and improvements that address the priorities set by Town Council in the spring, which is based on three main points as follows:

- Deliver exemplary services to residents and businesses in the Town of Leland
- Make Leland the most beautiful and livable community in the Cape Fear region
- Provide services that support a healthy environment

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 following:

**David Hollis, Town Manager**  
**Town of Leland**  
**102 Town Hall Drive**  
**Leland, NC 28451**  
**Telephone: (910)-371-0148 or Email: [dhollis@townofleland.com](mailto:dhollis@townofleland.com)**

*Basic Financial Statements*

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TOWN OF LELAND, NORTH CAROLINA  
Statement of Net Assets  
June 30, 2012

	Primary Government			Leland Tourism Development Authority
	Governmental Activities	Business-Type Activities	Total	
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and Investments	\$ 6,148,692	\$ 7,542,551	\$ 13,691,243	\$ 143,981
Receivables (net):				
Taxes	143,739	-	143,739	11,120
Accounts	-	104,786	104,786	-
Accrued Interest - Taxes	21,906	-	21,906	-
Due from Other Governments	771,639	100,689	872,328	-
Restricted Cash and Investments	9,639,947	-	9,639,947	-
<b>Total Current Assets</b>	<b>16,725,923</b>	<b>7,748,026</b>	<b>24,473,949</b>	<b>155,101</b>
<b>Noncurrent Assets</b>				
Capital Assets				
Land, Nondepreciable Improvements, and Construction in Progress	3,902,840	-	3,902,840	-
Other Capital Assets, Net of Depreciation	42,753,083	28,463,684	71,216,767	-
<b>Total Noncurrent assets</b>	<b>46,655,923</b>	<b>28,463,684</b>	<b>75,119,607</b>	<b>-</b>
<b>Total Assets</b>	<b>\$ 63,381,846</b>	<b>\$ 36,211,710</b>	<b>\$ 99,593,556</b>	<b>\$ 155,101</b>
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Accounts Payable and Accrued Liabilities	\$ 654,445	\$ 36,588	\$ 691,033	\$ -
Current Portion of Long-Term Liabilities	307,259	163,028	470,287	-
<b>Total Current Liabilities</b>	<b>961,704</b>	<b>199,616</b>	<b>1,161,320</b>	<b>-</b>
<b>Long-Term Liabilities</b>				
Due In More Than One Year	11,999,175	1,630,282	13,629,457	-
<b>Total Liabilities</b>	<b>12,960,879</b>	<b>1,829,898</b>	<b>14,790,777</b>	<b>-</b>
<b>NET ASSETS</b>				
Invested in Capital Assets, Net of Related Debt	34,622,218	26,670,374	61,292,592	-
Restricted For:				
Transportation	1,057,330	-	1,057,330	-
Stabilization by State Statute	738,323	-	738,323	-
Drug Forfeitures	12,362	-	12,362	-
Unrestricted	13,990,734	7,711,438	21,702,172	155,101
<b>Total Net Assets</b>	<b>\$ 50,420,967</b>	<b>\$ 34,381,812</b>	<b>\$ 84,802,779</b>	<b>\$ 155,101</b>



TOWN OF LELAND, NORTH CAROLINA  
Statement of Activities  
For the Year Ended June 30, 2012

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government:</b>				
<b>Governmental Activities:</b>				
Governing Board	\$ 76,607	\$ -	\$ -	\$ -
Administration	1,419,688	2,225	-	-
Information Technology	346,672	-	-	-
Public Works	863,171	595,180	77,444	-
Developmental Services	260,087	4,000	-	-
Police	2,438,549	-	212,844	-
Fire	55,151	-	-	-
Outside Agencies	-	-	-	-
Inspections	381,696	190,812	-	-
Transportation	1,194,926	31,689	-	118,749
Powell Bill	288,630	-	387,368	-
Parks and Recreation	508,510	-	5,000	-
Community Promotions	-	-	-	-
Interest on Long-Term Debt	176,067	-	-	-
<b>Total Governmental Activities</b>	<b>8,009,754</b>	<b>823,906</b>	<b>682,656</b>	<b>118,749</b>
<b>Business-Type Activities:</b>				
Utility	2,970,736	2,394,512	-	-
<b>Total Business-Type Activities</b>	<b>2,970,736</b>	<b>2,394,512</b>	<b>-</b>	<b>-</b>
<b>Total Primary Government</b>	<b>\$ 10,980,490</b>	<b>\$ 3,218,418</b>	<b>\$ 682,656</b>	<b>\$ 118,749</b>
<b>Component Units:</b>				
Leland Tourism Development Authority	\$ 15,188	\$ -	\$ -	\$ -
<b>Total Component Units</b>	<b>\$ 15,188</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**General Revenues:**

Taxes:

Property Taxes, Levied for General Purpose

Other Taxes

Occupancy Taxes

Unrestricted Investment Earnings

Miscellaneous

**Transfers**

**Total General Revenues and Transfers**

**Change in Net Assets**

**Net Assets - Beginning**

**Net Assets - Ending**

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

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

Primary Government			Leland Tourism Development Authority
Governmental Activities	Business-Type Activities	Total	
\$ (76,607)	\$ -	\$ (76,607)	\$ -
(1,417,463)	-	(1,417,463)	-
(346,672)	-	(346,672)	-
(190,547)	-	(190,547)	-
(256,087)	-	(256,087)	-
(2,225,705)	-	(2,225,705)	-
(55,151)	-	(55,151)	-
-	-	-	-
(190,884)	-	(190,884)	-
(1,044,488)	-	(1,044,488)	-
98,738	-	98,738	-
(503,510)	-	(503,510)	-
-	-	-	-
(176,067)	-	(176,067)	-
(6,384,443)	-	(6,384,443)	-
-	(576,224)	(576,224)	-
-	(576,224)	(576,224)	-
(6,384,443)	(576,224)	(6,960,667)	-
-	-	-	(15,188)
-	-	-	(15,188)
2,743,387	-	2,743,387	-
3,747,825	-	-	86,074
4,038	25,428	29,466	-
66,453	7,643	74,096	-
200,000	(200,000)	-	-
6,761,703	(166,929)	6,594,774	86,074
377,260	(743,153)	(365,893)	70,886
50,043,707	35,124,965	85,168,672	84,215
\$ 50,420,967	\$ 34,381,812	\$ 84,802,779	\$ 155,101



**TOWN OF LELAND, NORTH CAROLINA**

Balance Sheet  
 Governmental Funds  
 June 30, 2012

	Major Funds			
	General	Town Center Capital Project Fund	Total Non-Major Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and Investments	\$ 5,830,349	\$ -	\$ 318,344	\$ 6,148,693
Restricted Cash and Investments	1,057,330	8,446,387	136,230	9,639,947
Receivables (net):				
Taxes	143,739	-	-	143,739
Due to/from Other Funds	41,091	-	(41,091)	-
Due from Other Governments	697,232	-	74,407	771,639
<b>Total Assets</b>	<b>\$ 7,769,741</b>	<b>\$ 8,446,387</b>	<b>\$ 487,890</b>	<b>\$ 16,704,018</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts Payable and Accrued Liabilities	\$ 617,332	\$ 9,391	\$ 27,722	\$ 654,445
Deferred Revenues	143,739	-	-	143,739
<b>Total Liabilities</b>	<b>761,071</b>	<b>9,391</b>	<b>27,722</b>	<b>798,184</b>
<b>Fund Balances:</b>				
Restricted:				
Stabilization by State Statute	738,323	-	-	738,323
Streets - Powell Bill	1,057,330	-	-	1,057,330
Building Development	-	8,436,996	-	8,436,996
Drug Forfeiture	12,362	-	136,230	148,592
Committed:				
Parks and Recreation	64,721	-	-	64,721
Space Development	8	-	-	8
Transportation	372,941	-	-	372,941
Assigned:				
Subsequent Year's Expenditures	-	-	-	-
Administration	-	-	16,131	16,131
Community Promotion	-	-	156,646	156,646
Fire	-	-	124,770	124,770
Parks and Recreation	-	-	24,351	24,351
Transportation	-	-	2,040	2,040
Unassigned:	4,762,985	-	-	4,762,985
<b>Total Fund Balances</b>	<b>7,008,670</b>	<b>8,436,996</b>	<b>460,168</b>	<b>15,905,834</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 7,769,741</b>	<b>\$ 8,446,387</b>	<b>\$ 487,890</b>	<b>\$ 16,704,018</b>

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

**TOWN OF LELAND, NORTH CAROLINA**

Balance Sheet

Governmental Funds

June 30, 2012

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	<u>Total Governmental Funds</u>
<b>Total Fund Balances</b>	\$ 15,905,834
 Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	
Gross capital assets at historical cost	\$ 54,947,595
Accumulated depreciation	<u>(8,291,672)</u>
	46,655,923
 Other long-term assets (accrued interest receivable from taxes) are not available to pay for current-period expenditures and therefore are deferred	
	21,906
 Liabilities for earned but deferred revenues in fund statements.	
Ad valorem taxes	143,739
 Some liabilities, including installment obligations payable and accrued vacation are not due and payable in the current period and therefore are not reported in the funds.	
Installment obligations	(12,033,704)
Net pension obligation	(125,997)
Compensated absences	<u>(146,734)</u>
	(12,306,435)
 <b>Net assets of governmental activities.</b>	 <u>\$ 50,420,967</u>



**TOWN OF LELAND, NORTH CAROLINA**

Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental Funds

For the Year Ended June 30, 2012

	Major Funds			
	General	Town Center Capital Project Fund	Total Non-Major Funds	Total Governmental Funds
<b>Revenues</b>				
Ad Valorem Taxes	\$ 2,712,729	\$ -	\$ -	\$ 2,712,729
Other Taxes and Licenses	115,714	-	-	115,714
Unrestricted Intergovernmental	3,622,719	-	-	3,622,719
Restricted Intergovernmental	502,766	-	176,921	679,687
Sales and Services	2,225	-	-	2,225
Permits and Fees	821,681	-	-	821,681
Investment Earnings	3,132	269	637	4,038
Miscellaneous	78,815	-	-	78,815
<b>Total Revenues</b>	<b>7,859,781</b>	<b>269</b>	<b>177,558</b>	<b>8,037,608</b>
<b>Expenditures</b>				
Current:				
Governing Board	76,607	-	-	76,607
Administration	912,615	27,391	477,443	1,417,449
Information Technology	338,977	-	-	338,977
Public Works	934,777	-	-	934,777
Developmental Services	255,804	-	-	255,804
Police	2,249,984	-	70,703	2,320,687
Fire	-	-	-	-
Outside Agencies	-	-	-	-
Inspections	375,666	-	-	375,666
Transportation	-	-	-	-
Powell Bill	279,760	-	-	279,760
Parks and Recreation	271,924	-	33,801	305,725
Community Promotions	-	-	-	-
Debt Service:				
Principal	406,172	1,016,201	-	1,422,373
Interest and Other Charges	147,939	28,128	-	176,067
Capital Outlay:				
Administration	-	391,553	-	391,553
Parks and Recreation	-	-	90,254	90,254
Police	113,233	-	33,191	146,424
<b>Total Expenditures</b>	<b>6,363,458</b>	<b>1,463,273</b>	<b>705,392</b>	<b>8,532,123</b>
<b>Revenues Over (Under)</b>				
<b>Expenditures</b>	<b>1,496,323</b>	<b>(1,463,004)</b>	<b>(527,834)</b>	<b>(494,515)</b>
<b>Other Financing Sources (Uses)</b>				
Transfers from Other Funds	220,000	-	615,277	835,277
Transfers to Other Funds	(635,277)	-	-	(635,277)
Installment Loan Proceeds	-	9,900,000	-	9,900,000
<b>Total Other Financing Sources (Uses)</b>	<b>(415,277)</b>	<b>9,900,000</b>	<b>615,277</b>	<b>200,000</b>
<b>Net Change in Fund Balance</b>	<b>1,081,046</b>	<b>8,436,996</b>	<b>87,443</b>	<b>9,605,485</b>
<b>Fund Balance - Beginning</b>	<b>5,927,624</b>	<b>-</b>	<b>372,725</b>	<b>6,300,349</b>
<b>Fund Balance - Ending</b>	<b>\$ 7,008,670</b>	<b>\$ 8,436,996</b>	<b>\$ 460,168</b>	<b>\$ 15,905,834</b>

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

**TOWN OF LELAND, NORTH CAROLINA**

Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental Funds

For the Year Ended June 30, 2012

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

Net changes in fund balances - total governmental funds	\$	9,605,485
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Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital outlay expenditures which were capitalized	\$	746,981	
Interfund transfers of fixed assets		-	
Depreciation expense for governmental assets		<u>(1,547,596)</u>	(800,615)

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

Change in deferred revenue for tax revenues	25,326	
Change in accrued interest on tax revenues	<u>5,332</u>	30,658

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net assets. Also governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

New long-term debt issued	(9,900,000)	
Principal payments on long-term debt	<u>1,422,373</u>	(8,477,627)

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:

Net pension obligation	(28,199)	
Compensated absences	<u>47,558</u>	19,359

Total changes in net assets of governmental activities		<u>\$</u>	<u>377,260</u>
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**TOWN OF LELAND, NORTH CAROLINA**  
 General Fund  
 Statement of Revenues, Expenditures, and Changes in Fund Balance  
 Budget and Actual  
 For the Fiscal Year Ended June 30, 2012

	General Fund			
	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
Ad Valorem Taxes	\$ 2,465,386	\$ 2,577,386	\$ 2,712,729	\$ 135,343
Other Taxes and Licenses	720,850	90,743	115,714	24,971
Unrestricted Intergovernmental	2,441,188	3,084,394	3,622,719	538,325
Restricted Intergovernmental	471,496	479,396	502,766	23,370
Sales and Services	-	-	2,225	2,225
Permits and Fees	953,400	953,401	821,681	(131,720)
Investment Earnings	4,000	5,000	2,966	(2,034)
Miscellaneous	100	100	66,453	66,353
<b>Total Revenues</b>	<b>7,056,420</b>	<b>7,190,420</b>	<b>7,847,253</b>	<b>656,833</b>
<b>Expenditures</b>				
Governing Board	97,005	97,005	76,607	20,398
Administration	887,662	1,073,030	912,615	160,415
Information Technology	418,977	424,477	338,977	85,500
Public Works	1,260,931	1,260,931	934,777	326,154
Developmental Services	264,665	258,465	255,804	2,661
Police	2,560,678	2,532,124	2,363,217	168,907
Outside Agencies	-	-	-	-
Inspections	448,651	445,483	375,666	69,817
Powell Bill	359,000	442,305	279,760	162,545
Parks and Recreation	329,740	333,692	271,924	61,768
Debt Service	554,111	554,111	554,111	-
<b>Total Expenditures</b>	<b>7,181,420</b>	<b>7,421,623</b>	<b>6,363,458</b>	<b>1,058,165</b>
<b>Revenues Over (Under) Expenditures</b>	<b>(125,000)</b>	<b>(231,203)</b>	<b>1,483,795</b>	<b>1,714,998</b>
<b>Other Financing Sources (Uses)</b>				
Transfers from Other Funds	125,000	250,000	200,000	(50,000)
Transfers to Other Funds	-	(623,224)	(608,610)	14,614
<b>Total Other Financing Sources (Uses)</b>	<b>\$ 125,000</b>	<b>\$ (373,224)</b>	<b>\$ (408,610)</b>	<b>\$ (35,386)</b>
<b>Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</b>	<b>\$ -</b>	<b>\$ (604,427)</b>	<b>\$ 1,075,185</b>	<b>\$ 1,679,612</b>
<b>Appropriated Fund Balance</b>	<b>-</b>	<b>604,427</b>	<b>-</b>	<b>(604,427)</b>
<b>Net Change in Fund Balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>1,075,185</b>	<b>\$ 1,075,185</b>
<b>Fund Balance - Beginning of Year</b>			<b>5,483,453</b>	
<b>Fund Balance - End of Year</b>			<b>6,558,638</b>	

**TOWN OF LELAND, NORTH CAROLINA**

General Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance (Continued)

Budget and Actual

For the Fiscal Year Ended June 30, 2012

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**Fund Balance - End of Year** 6,558,638

A legally budgeted Parks and Recreation Capital Reserve Fund  
is consolidated into the General Fund for reporting purposes:

Interest Income	43
Transfer from General Fund	10,000
Transfer to the Sturgeon Environmental Educational Project Fund	(26,667)
Fund Balance - Beginning	81,345
	<u>64,721</u>

A legally budgeted Space Development Capital Reserve Fund  
is consolidated into the General Fund for reporting purposes:

Interest Income	-
Transfer to the Space Development Capital Project Fund	-
Fund Balance - Beginning	8
	<u>8</u>

A legally budgeted Transportation Capital Improvement Reserve Fund  
is consolidated into the General Fund for reporting purposes:

Interest Income	123
Transfer from General Fund	10,000
Fund Balance - Beginning	362,818
	<u>372,941</u>

A legally budgeted Transportation Capital Improvement Reserve Fund  
is consolidated into the General Fund for reporting purposes:

Forfeitures	12,362
Fund Balance - Beginning	0
	<u>12,362</u>

**Fund Balance - End of Year, Consolidated** \$ 7,008,670



**TOWN OF LELAND, NORTH CAROLINA**

Statement of Net Assets

Proprietary Funds

June 30, 2012

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	<u>Major Utility Fund</u>
<b>ASSETS</b>	
<b>Current Assets</b>	
Cash and Investments	\$ 7,542,551
Accounts Receivable (net)	104,786
Due from Other Governments	100,689
<b>Total Current Assets</b>	<u>7,748,026</u>
<b>Noncurrent Assets</b>	
Capital Assets (net)	<u>28,463,684</u>
<b>Total Assets</b>	<u>\$ 36,211,710</u>
<b>LIABILITIES</b>	
<b>Current Liabilities</b>	
Accounts Payable and Accrued Liabilities	\$ 36,588
Interlocal Agreement	163,028
Due to Other Funds	-
<b>Total Current Liabilities</b>	<u>199,616</u>
<b>Noncurrent Liabilities</b>	
Interlocal Agreement	<u>1,630,282</u>
<b>Total Liabilities</b>	<u>1,829,898</u>
<b>NET ASSETS</b>	
Invested in Capital Assets, Net of Related Debt Unrestricted	26,670,374 <u>7,711,438</u>
<b>Total Net Assets</b>	<u>\$ 34,381,812</u>

**TOWN OF LELAND, NORTH CAROLINA**  
Statement of Revenues, Expenses, and Changes in Fund Net Assets  
Proprietary Funds  
For the Year Ended June 30, 2012

	<u>Major Utility Fund</u>
<b>Operating Revenues</b>	
Water Charges	\$ 644,602
Sewer Charges	1,195,696
Sewer Taps	-
Impact Fees	534,775
Penalties and Interest	19,439
Miscellaneous Income	7,371
	<hr/>
<b>Total Operating Revenues</b>	2,401,883
	<hr/>
<b>Operating Expenses</b>	
Water	441,084
Waste Collection	769,075
Depreciation	1,710,418
	<hr/>
<b>Total Operating Expenses</b>	2,920,577
	<hr/>
<b>Operating Income</b>	(518,694)
	<hr/>
<b>Nonoperating Revenues (Expenses)</b>	
Investment Earnings	25,428
Interest Expense	(49,887)
	<hr/>
<b>Total Nonoperating Revenues (Expenses)</b>	(24,459)
	<hr/>
<b>Income (Loss) Before Contributions and Transfers</b>	(543,153)
	<hr/>
<b>Contributions and Transfers</b>	
Capital Contributions	-
Transfers to Other Funds	(200,000)
	<hr/>
<b>Total Contributions and Transfers</b>	(200,000)
	<hr/>
<b>Change in Net Assets</b>	(743,153)
	<hr/>
<b>Net Assets - Beginning of Year</b>	35,124,965
	<hr/>
<b>Net Assets - End of Year</b>	<u>\$ 34,381,812</u>



**TOWN OF LELAND, NORTH CAROLINA**  
Statement of Cash Flows  
Proprietary Funds  
For the Year Ended June 30, 2012

	<u>Major Utility Fund</u>
<b>Cash Flows from Operating Activities</b>	
Cash Received from Customers and Users	\$ 2,406,401
Cash Paid for Goods and Services	(1,238,396)
<b>Net Cash Provided by Operating Activities</b>	<u>1,168,005</u>
<b>Cash Flows from Noncapital Financing Activities</b>	
Transfers to Other Funds	(200,000)
Due from Other Governments	124,278
<b>Net Cash Used by Noncapital Financing Activities</b>	<u>(75,722)</u>
<b>Cash Flows from Capital Financing Activities</b>	
Principal Paid on Interlocal Agreements	(163,029)
Interest Paid on Interlocal Agreements	(49,887)
Acquisition of Capital Assets	(33,609)
<b>Net Cash Used by Capital Financing Activities</b>	<u>(246,525)</u>
<b>Cash Flows from Investing Activities</b>	
Interest on Investments	<u>25,428</u>
<b>Net Increase in Cash and Cash Equivalents</b>	871,186
<b>Cash and Cash Equivalents - July 1</b>	<u>6,671,365</u>
<b>Cash and Cash Equivalents - June 30</b>	<u>\$ 7,542,551</u>

**TOWN OF LELAND, NORTH CAROLINA**  
Statement of Cash Flows (Continued)  
Proprietary Funds  
For the Year Ended June 30, 2011

	<u>Major Utility Fund</u>
<b>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities</b>	
Operating Income (Loss)	\$ (518,694)
<b>Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities</b>	
Depreciation	1,710,418
Changes in Assets and Liabilities	
(Increase) Decrease in Accounts Receivable	4,518
Increase (Decrease) in Accounts Payable and Accrued Liabilities	(28,237)
<b>Total Adjustments</b>	<u>1,686,699</u>
<b>Net Cash Provided by Operating Activities</b>	<u>\$ 1,168,005</u>

**TOWN OF LELAND, NORTH CAROLINA**  
 Statement of Fiduciary Net Assets  
 Fiduciary Funds  
 June 30, 2012

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	<b>Pension Trust Fund</b>	<b>Agency Funds</b>
	<u>          </u>	<u>          </u>
<b>Assets</b>		
Cash and Cash Equivalents	\$ 46,107	\$ -
<b>Total Assets</b>	<u>\$ 46,107</u>	<u>\$ -</u>
<b>Net Assets</b>		
<b>Net Assets</b>		
Assets Held in Trust for Pension Benefits	\$ 46,107	\$ -
<b>Total Net Assets</b>	<u>\$ 46,107</u>	<u>\$ -</u>



**TOWN OF LELAND, NORTH CAROLINA**  
Statement of Changes in Fiduciary Net Assets  
Fiduciary Funds  
For the Fiscal Year Ended June 30, 2012

	<b>Pension Trust Fund</b>
<b>Additions</b>	
Employer Contributions	\$ 10,000
Investment Earnings	
Interest	21
<b>Total Additions</b>	10,021
<b>Deductions</b>	
Benefits	-
<b>Change in Net Assets</b>	10,021
<b>Net Assets - Beginning of Year</b>	36,086
<b>Net Assets - End of Year</b>	<u>\$ 46,107</u>

## I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Town of Leland 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 Leland 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 funds for which the Town is financially accountable. The discretely presented component unit presented below is reported in a separate column in the Town's financial statements in order to emphasize that it is legally separate from the Town.

#### Leland Tourism Development Authority

The Leland Tourism Development Authority is a municipal corporation, which is governed by a five member Board of Commissioners appointed by the town. The Leland Tourism Development Authority, which has a June 30 year-end, is presented as if it were a proprietary fund (discrete presentation). Complete financial statements for the Authority may be obtained from the entity's administrative offices at Leland Tourism Development Authority, PO Box 1186, Shallotte, NC 28459.

### 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. These statements distinguish between the *governmental* and *business-type activities* of the Town. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the Town and for each function of the Town's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. 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, proprietary, and fiduciary* – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

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



I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation (Continued)

The Town reports the following major governmental funds:

**General Fund.** The General Fund is the general operating fund of the Town. The General Fund accounts for all financial resources except those that are required to be accounted for in another fund. The primary revenue sources are ad valorem taxes, State grants and various other taxes and licenses. The primary expenditures are for administration, police, inspections, and parks and recreation. Additionally, the Town has legally adopted a Parks and Recreation Capital Reserve Fund, a Space Development Capital Reserve Fund, and a Transportation Capital Improvement Reserve Fund. Under GASB 54 guidance these funds are consolidated in the General Fund. The budgetary comparison for these funds has been included in the supplemental information.

**Space Development Capital Project Fund.** This fund is used to account for the acquisition of building and equipment for use in the development of town property.

The Town reports the following non-major governmental funds:

**Gateway Beautification Capital Project Fund.** This fund is used to account for the construction of improvements at the Town's main entrance at Village Road and US 17/74/76.

**Village Road/ Cross Access Capital Project Fund.** This fund is used to account for construction and improvements at the Village Road/ Cross Access.

**Fire Department Capital Projects Fund.** This fund is used to account for the acquisition of fire department buildings and equipment.

**Westgate Nature Park Capital Project Fund.** This fund is used to account for the construction of Westgate Nature Park facilities.

**Town Center Capital Project Fund.** This fund is used to account for the operations and construction of the upcoming new Town Hall and Police Department.

**Sturgeon Environmental Educational Park Project.** This fund is used to account for the construction of the Environmental Education park.

**Drug Forfeitures Capital Project Fund.** This fund will allow for a transparent accounting of federal and state forfeiture revenue and expenditures.

**Lanvale Trace Stormwater Improvement Project Fund.** This fund will begin planning and design phase or future construction of stormwater best management practices and stream restoration.

**Cultural Arts Center Capital Projects Fund.** This fund is used to design and construct a Cultural Arts Center located at the "Peak Fitness" building in Magnolia Greens.



I. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

B. **Basis of Presentation (Continued)**

The Town reports the following major enterprise fund:

**Utility Fund.** This fund is used to account for the Town's water and sewer operations.

The Town reports the following fund types:

**Agency Fund.** Agency funds are custodial in nature and do not involve the measurement of operating results. An agency fund is used to account for assets the Town holds on behalf of others. The Town maintains the Leland Tourism Development Authority Fund, which accounts for occupancy taxes that the Town is required to remit to Leland Tourism Development Authority.

**Pension Trust Fund.** The Town maintains a Pension Trust Fund – the Special Separation Allowance Fund. Pension trust funds are used to report resources that are required to be held in trust for the members and beneficiaries of defined benefit pension plans, defined contribution plans, or other postemployment benefit plans. The Special Separation Allowance Fund, that accounts for Law Enforcement Officers' Special Separation Allowance, is a single-employer, public employee retirement system.

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

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

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



I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus and Basis of Accounting (Continued)

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

The Town considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem taxes receivable are not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable 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, Brunswick 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 Leland. 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 Brunswick County from March 2010 through February 2011 apply to the fiscal year ended June 30, 2011. Uncollected taxes that were billed during this period are shown as a receivable in these financial statements and are offset by deferred revenues.

Sales taxes and certain intergovernmental revenues, such as the utilities franchise tax, collected and held by the State at year-end on behalf of the Town are recognized as revenue. Intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. Grant revenues which are unearned at year-end are recorded as unearned revenues. Under the terms of grant agreements, the Town funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the Town's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

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

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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, Space Development Capital Project Fund, Parks and Recreation Capital Reserve Fund, Space Development Capital Reserve Fund, Transportation Capital Improvement Reserve Fund, Fire Department Capital Project Fund, Gateway Beautification Capital Project Fund, Westgate Nature Park Capital Project Fund, Village Road/ Cross Access Capital Project Fund, Sewer Fund, and Sewer Capital Reserve 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. All amendments must be approved by the governing board. During the year, several immaterial 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 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 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.



**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

**3. Restricted Assets**

The unexpended bond proceeds of the Town Center Capital Project Fund bonds issued by the City are classified as restricted assets for the governmental fund because their use is completely restricted to the purpose for which the bonds were originally issued. Cash collected for drug forfeiture and seizures are classified as restricted assets for the General Fund because their use is completely restricted by the U.S. Department of Justice, to the purpose for which they were received. Powell Bill funds are also classified as restricted cash because it can only be expended only for the purposes of maintaining, repairing, constructing, reconstructing or widening of local streets per G.S. 136-41.1 through 136-41-4.

**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, 2010. As allowed by State law, the Town has established a schedule of discounts that apply to taxes that are paid prior to the due date. In the Town's General Fund, ad valorem tax revenues are reported net of such discounts.

**4. Allowances for Doubtful Accounts**

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

**5. Inventory**

The inventories of the Town are valued at cost (first-in, first-out), which approximates market. The Town's General Fund inventory consists of expendable supplies that are recorded as expenditures as when purchased.

The inventories of the Town's enterprise funds consist of materials and supplies held for subsequent use. The cost of these inventories is expensed when purchased.

**6. Capital Assets**

Capital assets are defined by the government as assets with an initial, individual cost of more than a certain cost and an estimated useful life in excess of two years. Minimum capitalization costs are as follows: land, buildings, and infrastructure \$100,000; equipment and vehicles \$5,000. 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. General infrastructure assets acquired prior to July 1, 2003, are not recorded. 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.

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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

Asset Class	Estimated Useful Lives
Infrastructure	25-40
Buildings	40
Improvements	40
Vehicles	5
Equipment	5

**7. Long-Term Obligations**

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method that approximates the effective interest method. Bonds payable are reported net of the applicable bond premiums or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**8. 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 and proprietary funds, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned.

The Town'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 Town does not have any obligation for the accumulated sick leave until it is actually taken, no accrual for sick leave has been made.



I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

9. Net Assets/ Fund Balances

Net Assets

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

Fund Balances

In the governmental fund financial statements, fund balance is composed of five classifications designed to disclose the hierarchy of constraints placed on how fund balance can be spent.

The governmental fund types classify fund balances as follows:

Nonspendable Fund Balance – This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Inventories – portion of fund balance that is not an available resource because it represents the year-end balance of ending inventories, which are not spendable resources.

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

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

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

Restricted for Drug Forfeitures and Seizures – portion of fund balance that is restricted by the U.S. Department of Justice.

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

Committed for Parks and Recreation - portion of fund balance assigned by the Board for parks and recreation.

Committed for Space Development – portion of fund balance assigned by the Board for space development.

Committed for Transportation – portion of fund balance assigned by the Board for transportation improvement.



**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**F. Assets, Liabilities, and Fund Equity (Continued)**

**9. Net Assets/ Fund Balances**

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

Subsequent year's expenditures – portion of fund balance that is appropriated in the next year's budget that is not already classified in restricted or committed. The governing body approves the appropriation; however the budget ordinance authorizes the manager to modify the appropriations by resource or appropriation within funds up to \$100,000.

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

**II. 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 formal policy regarding custodial 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 official depositories and verifying that deposits are properly secured.

At June 30, 2012, the Town's deposits had a carrying amount of \$17,095,063 and a bank balance of \$17,279,277. Of the bank balance, \$500,000 was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method. At June 30, 2012, the Town's petty cash funds totaled \$400.

**II. DETAIL NOTES ON ALL FUNDS (Continued)**

**A. Assets (Continued)**

**2. Investments**

At June 30, 2012, the Town of Leland had \$6,282,237 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. Receivables - Allowances for Doubtful Accounts**

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

Fund	06/30/2012
General Fund:	
Taxes Receivable	\$ 16,000
Enterprise Funds	
Utility Billing	41,000
Total	\$ <u>57,000</u>

II. DETAIL NOTES ON ALL FUNDS (Continued)

A. Assets (Continued)

4. Capital Assets

Primary Government

Capital asset activity for the Primary Government for the year ended June 30, 2012, was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
<b>Governmental activities:</b>				
<b>Capital assets not being depreciated:</b>				
Land	\$ 3,902,840	\$ -	\$ -	\$ 3,902,840
Construction in progress	-	-	-	-
Total capital assets not being depreciated	<u>3,902,840</u>	<u>-</u>	<u>-</u>	<u>3,902,840</u>
<b>Capital assets being depreciated:</b>				
Buildings	3,785,967	495,808	-	4,281,775
Equipment	260,097	-	-	260,097
Vehicles	2,673,349	146,424	55,522	2,764,251
Infrastructure	43,633,884	104,749	-	43,738,633
Total capital assets being depreciated	<u>50,353,297</u>	<u>746,981</u>	<u>55,522</u>	<u>51,044,755</u>
<b>Less accumulated depreciation for:</b>				
Buildings	503,651	365,151	-	868,802
Equipment	161,836	54,636	-	216,472
Vehicles	2,730,495	20,011	55,522	2,694,984
Infrastructure	3,403,617	1,107,798	-	4,511,414
Total accumulated depreciation	<u>6,799,599</u>	<u>\$ 1,547,596</u>	<u>\$ 55,522</u>	<u>8,291,672</u>
Total capital assets being depreciated, net	<u>43,553,699</u>			<u>42,753,083</u>
<b>Governmental activity capital</b>	<u>\$ 47,456,539</u>			<u>\$ 46,655,923</u>



II. DETAIL NOTES ON ALL FUNDS (Continued)

B. Assets (Continued)

4. Capital Assets (Continued)

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

Administration	\$	11,398
Powell		8,871
Information Technology		4,550
Public Works		24,664
Developmental Services		6,481
Police		135,043
Fire		55,151
Inspections		2,617
Transportation		1,194,924
Parks and Recreation		<u>103,897</u>
Total	\$	<u>1,547,596</u>

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
<b>Business-type activities:</b>				
<i>Sewer Fund</i>				
<b>Capital assets being depreciated:</b>				
Equipment	\$ 338,498	\$ 18,620	\$ -	\$ 357,118
Vehicles	50,493	14,989	-	65,482
Sewer System	<u>33,737,921</u>	-	-	<u>33,737,921</u>
Total capital assets being depreciated	<u>34,126,912</u>	<u>33,609</u>	-	<u>34,160,521</u>
<b>Less accumulated depreciation for:</b>				
Equipment	81,487	100,250	-	181,737
Vehicles	27,548	20,151	-	47,699
Sewer System	<u>3,877,384</u>	<u>1,590,017</u>	-	<u>5,467,401</u>
Total accumulated depreciation	<u>3,986,419</u>	<u>\$ 1,710,418</u>	<u>\$ -</u>	<u>5,696,837</u>
Total capital assets being depreciated, net	<u>30,140,493</u>			<u>28,463,684</u>
<b>Sewer Fund capital assets, net</b>	<u>\$ 30,140,493</u>			<u>\$ 28,463,684</u>

II. DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities

1. Pension Plan Obligations

a. Local Governmental Employees' Retirement System

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

**Funding Policy.** Plan members are required to contribute six percent of their annual covered salary. The Town is required to contribute at an actuarially determined rate. For the Town, the current rate for employees not engaged in law enforcement and for law enforcement officers is 7.85% and 8.02%, respectively, of annual covered payroll. The contribution requirements of members and of the Town of Leland are established and may be amended by the North Carolina General Assembly. The Town's contributions to LGERS for the years ended June 30, 2012, 2011, and 2010 were \$199,241, \$156,715, and \$134,743 respectively. The contributions made by the Town equaled the required contributions for each year.

b. Law Enforcement Officers Special Separation Allowance

1. Plan Description

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

II. DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

1. Pension Plan Obligations (Continued)

b. Law Enforcement Officers Special Separation Allowance (Continued)

1. Plan Description (Continued)

All full time law enforcement officers of the Town are covered by the Separation Allowance. At December 31, 2011, the Separation Allowance's membership consisted of:

Retirees receiving benefits	-
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	32
Total	<u>32</u>

A separate report was not issued for the plan.

2. Summary of Significant Accounting Policies

**Basis of Accounting.** Financial statements for the Separation Allowance are prepared using the accrual basis of accounting. Employer contributions to the plan are recognized when due and when the Town has made a formal commitment to provide the contributions. Benefits are recognized when due and payable in accordance with the terms in the plan.

**Method Used to Value Investments.** Investments are reported at fair value. Short-term money market debt instruments, deposits, and repurchase agreements, are reported at cost or amortized cost, which approximates fair value. Certain longer term United States Government and United States Agency securities are valued at the last reported sales price.

3. Contributions

The Town is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned by making contributions based on actuarial valuations. For the current year, the Town contributed \$36,000, or 16.15% of annual covered payroll. There were no contributions made by employees. The Town's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings.



II. DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

1. Pension Plan Obligations (Continued)

b. Law Enforcement Officers Special Separation Allowance (Continued)

3. Contributions (Continued)

The annual required contribution for the current year was determined as part of the December 31, 2011 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 5.00% investment rate of return (net of administrative expenses) and (b) projected salary increases of 4.25 – 7.85% per year. Both (a) and (b) included an inflation component of 3.00%. The assumptions did not include post employment benefit increases. The actuarial value of assets was determined using the market value of investments. The unfunded actuarial liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at December 31, 2011 was 19 years.

Annual Pension Cost and Net Pension Obligation. The City's annual pension cost and net pension obligation to the Separation Allowance for the current year were as follows:

Annual required contribution	\$	34,143
Interest on net pension obligation		4,890
Adjustment to annual required contribution		-5,834
Annual pension cost (expense)		<u>33,199</u>
Contributions made		-5,000
Increase (decrease) in net pension obligation		<u>28,199</u>
Net pension obligation, beginning of year		<u>97,798</u>
Net pension obligation, end of year	\$	<u><u>125,997</u></u>

3 Year Trend Information

Year Ending June 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2010	\$ 25,707	19.45%	\$ 68,312
2011	34,486	14.50%	97,798
2012	33,199	15.06%	125,997

II. DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

1. Pension Plan Obligations (Continued)

b. Law Enforcement Officers Special Separation Allowance (Continued)

4. Funded Status and Funding Progress

As of December 31, 2011, the most recent actuarial valuation date, the plan was 16.15% funded. The actuarial accrued liability for benefits was \$222,960, resulting in an unfunded actuarial accrued liability (UAAL) of \$186,960. The covered payroll (annual payroll of active employees covered by the plan) was \$1,286,773, and the ratio of the UAAL to the covered payroll was 14.53 percent.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

B. Liabilities (Continued)

1. Pension Plan Obligations (Continued)

c. Supplemental Retirement Income Plan for Law Enforcement Officers

**Plan Description.** The Town contributes to the Supplemental Retirement Income Plan (Plan), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcement officers employed by the Town. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Supplemental Retirement Income Plan for Law Enforcement Officers is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan for Law Enforcement Officers. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

**Funding Policy.** Article 12E of G.S. Chapter 143 requires the Town to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. The law enforcement officers may also make voluntary contributions to the plan. Contributions for the year ended June 30, 2012 were \$83,266, which consisted of \$63,572 from the Town and \$19,694 from the law enforcement officers.



II. DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

1. Pension Plan Obligations (Continued)

d. All Other Employees

**Plan Description.** All other employees have the option of contributing to the Supplemental Retirement Plan of North Carolina 401(k). This plan is a defined contribution pension plan and participation is optional.

**Funding Policy.** The Town contributes each month an amount equal to five percent of each employee's salary, and all amounts contributed are vested immediately. The employees may also make voluntary contributions to the plan. Contributions for the year ended June 30, 2012 were \$77,327, which consisted of \$60,926 from the Town and \$16,401 from the employees.

2. Other Employment Benefits

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

C. Deferred / Unearned Revenues

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

	Deferred Revenue	Unearned Revenue
Taxes Receivable (General Fund)	\$ 143,739	\$ -
Total	\$ 143,739	\$ -



II. DETAIL NOTES ON ALL FUNDS (Continued)

D. 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 \$1 million 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 Town carries commercial coverage for all other risks of loss. There have been no significant reductions in insurance coverage in the prior year, and settled claims have not exceeded coverage in any of the past three fiscal years. The finance officer and tax collector are bonded for \$50,000 and \$10,000 respectively.

The Town is not in a flood zone and therefore, does not carry flood insurance.

E. Long-Term Obligations

1. Installment Purchases

a. On May 19, 2006, the Town entered into an installment loan in the amount of \$1,500,000 to purchase 4 fire trucks. The financing contract requires 107 monthly payments beginning June 2007 of \$15,348, at an annual interest rate of 3.97%.	667,040
b. On June 21, 2012 the Town entered into an installment loan in the amount of \$9,900,000 to finance the construction of the new Town Hall and Police Station. The financing contract requires 15 yearly payments of \$660,000, at an annual interest rate of 2.14%.	9,900,000
c. On February 20, 2007, the Town entered into an installment loan in the amount of \$2,200,000 to finance a new fire station. The financing contract requires 15 annual payments beginning February 2008 of \$146,667 plus interest at 3.85%.	<u>1,466,664</u>
Total:	<u>12,033,704</u>

II. DETAIL NOTES ON ALL FUNDS (Continued)

E. Long-Term Obligations (Continued)

1. Installment Purchases (Continued)

Annual debt service payments on installment loans to maturity are as follows:

Year Ending June 30	Governmental Type Activities	
	Principal	Interest
2013	\$ 307,259	\$ 80,047
2014	973,752	289,772
2015	980,507	253,241
2016	972,188	223,443
2017	806,667	203,368
2018-2022	4,033,333	720,280
2023-2027	3,300,000	282,480
2028-2032	660,000	14,124
Total	\$ 12,033,704	\$ 2,066,755

2. Interlocal Agreement

The Town has incurred the following liability through a joint service agreement with Brunswick County. In this agreement, the Town of Leland shares in the costs and debt of certain sewer infrastructure financed by the County. The agreement requires principal payments due annually on May 1 with semiannual interest payments due on November 1 and May 1, at an annual interest rate of 2.55%.

2. Interlocal Agreement (Continued)

Annual debt service requirements to maturity for interlocal agreements are as follows:

Year Ending June 30	Business Type Activities	
	Principal	Interest
2013	\$ 163,028	\$ 45,729
2014	163,028	41,572
2015	163,028	37,415
2016	163,028	33,258
2017	163,028	29,101
2018-2022	815,143	83,144
2023-2027	163,028	4,157
Total	\$ 1,793,311	\$ 274,376



II. DETAIL NOTES ON ALL FUNDS (Continued)

E. Long-Term Obligations (Continued)

3. Changes in Long-Term Liabilities

	Balance July 1, 2011	Increases	Decreases	Balance June 30, 2012	Current Portion of Balance
Governmental activities:					
Installment purchases	\$ 3,556,077	\$ 9,990,000	\$ 1,422,372	\$ 12,033,704	\$ 307,259
Compensated absences	194,292	-	47,558	146,734	-
Net pension obligation	97,798	33,199	5,000	125,997	-
Governmental activity long-term Liabilities	\$ 3,848,167	\$ 9,933,199	\$ 1,474,930	\$ 12,306,436	\$ 307,259
Business-type activities:					
Interlocal agreement	\$ 1,956,339	\$ -	\$ 163,028	\$ 1,793,310	\$ 163,028
Compensated absences	10,623	1,739	-	12,363	-
Business-type activity long-term Liabilities	\$ 1,966,962	\$ 1,739	\$ 163,028	\$ 1,805,673	\$ 163,028

Compensated absences for governmental activities typically have been liquidated in the general fund and are accounted for on a LIFO basis, assuming that employees are taking leave as it is earned.

F. Interfund Balances and Activity

Transfers to /from other funds at June 30, 2011, consist of the following:

From the Sewer Fund to the Sewer Capital Reserve Fund	\$ 59,417
From the Sewer Capital Reserve Fund to the Sewer Fund	162,495
From the Sewer Fund to the General Fund	200,000
From the General Fund to the Cultural Arts Center Capital Projects Fund	150,000 75,000
From the Space Development Capital Reserve Fund to the Space Development Capital Projects Fund	360,000
From the General Fund to the Lanvale Trace Stormwater Improvement Project Fund	16,000
From the General Fund to the Drug Forfeitures Capital Project Fund	137,610
From the Parks and Recreation Capital Reserve Fund to the Sturgeon Environmental Educational Park Project	26,667
From the Space Development Capital Reserve Fund to the Space Development Capital Project Fund	360,000
From the General Fund to the Transportation Capital Improvement Reserve Fund	10,000
From the General Fund to the Parks and Recreation Capital Reserve Fund	10,000
Total	\$ 1,567,189



**II. DETAIL NOTES ON ALL FUNDS (Continued)**

Transfers are used to move unrestricted revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including amounts providing matching funds for various grant programs.

**G. Fund Balance**

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

Total fund balance – General Fund	\$	7,008,670
Less:		
Restricted		
Stabilization by State Statute		738,323
Streets – Powell Bill		1,057,330
Drug Forfeiture		12,362
Committed		
Parks and Recreation		64,721
Space Development		8
Transportation		372,941
Remaining Fund Balance		4,762,985

The outstanding encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at year end.

Encumbrances	General Fund	Non-Major Funds
-	-	-

**III. Summary Disclosure of Significant Contingencies**

**Federal and State Assisted Programs**

The Town has received proceeds from several federal and state grants. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under 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 moneys.

*Required Supplementary*

*Financial Data*

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**TOWN OF LELAND, NORTH CAROLINA**

Law Enforcement Officers' Special Separation Allowance

Required Supplementary Information

Schedule of Funding Progress

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL)- Projected Unit Credit (b)</b>	<b>Unfunded AAL (UAAL) (b-a)</b>	<b>Funded Ratio (a/b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a % of Covered Payroll ((b-a)/c)</b>
12/31/2002	\$ -	\$ 12,388	\$ 12,388	0.00%	\$ 278,395	4.45%
12/31/2006	-	62,139	62,139	0.00%	730,659	8.50%
12/31/2007	-	81,230	81,230	0.00%	982,494	8.27%
12/31/2008	-	157,107	157,104	0.00%	1,204,352	13.04%
12/31/2009	26,000	229,838	203,838	11.31%	1,240,546	16.43%
12/31/2010	31,000	222,238	191,238	13.95%	1,332,449	14.35%
12/31/2011	36,000	222,960	186,960	16.15%	1,286,773	14.53%



**TOWN OF LELAND, NORTH CAROLINA**  
 Law Enforcement Officers' Special Separation Allowance  
 Required Supplementary Information  
 Schedule of Employer Contributions

<u>Year Ended June 30</u>	<u>Annual Pension Cost</u>	<u>Percentage Contributed</u>
2007	\$ 4,305	0.00%
2008	13,048	0.00%
2009	17,061	152.39%
2010	25,707	19.45%
2011	34,486	14.50%
2012	33,199	15.06%

Notes to the Required Schedules:

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows.

Valuation Date	12/31/2011
Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level Percent of Pay Closed
Remaining Amortization Period	19 Years
Asset Valuation Method	Market Value
Actuarial Assumptions:	
Investment Rate of Return	5.00%
Projected Salary Increases	4.25% - 7.85%
Includes Inflation at	3.00%
Cost of Living Adjustments	N/A



***Major Governmental Funds***

***General Fund***

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**TOWN OF LELAND, NORTH CAROLINA**  
 General Fund  
 Statement of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual  
 For the Fiscal Year Ended June 30, 2012

	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>			
<b>Ad Valorem Taxes</b>			
Taxes		\$ 2,699,408	
Penalties and Interest		13,321	
<b>Total Ad Valorem Taxes</b>	<b>\$ 2,577,386</b>	<b>2,712,729</b>	<b>\$ 135,343</b>
<b>Other Taxes and Licenses</b>			
Privilege Licenses		115,714	
<b>Total Other Taxes and Licenses</b>	<b>90,743</b>	<b>115,714</b>	<b>24,971</b>
<b>Unrestricted Intergovernmental</b>			
Local Option Sales Tax		2,748,596	
Utility Franchise Tax		721,991	
Telecommunications Tax		38,844	
Piped Natural Gas Tax		-	
Video Tax		54,272	
Beer and Wine Tax		59,016	
<b>Total Unrestricted Intergovernmental</b>	<b>3,084,394</b>	<b>3,622,719</b>	<b>538,325</b>
<b>Restricted Intergovernmental</b>			
Powell Bill Allocation		387,368	
Police Grants		28,010	
Solid Waste Tax		9,392	
Drug Forfeiture		69,959	
Miscellaneous		8,037	
<b>Total Restricted Intergovernmental</b>	<b>479,396</b>	<b>502,766</b>	<b>23,370</b>
<b>Sales and Services</b>			
Court Fees		1,175	
Fines and Penalties		1,050	
<b>Total Sales and Services</b>	<b>-</b>	<b>2,225</b>	<b>2,225</b>
<b>Permits and Fees</b>			
Building Permits		595,180	
Inspection Fees		190,812	
Zoning Permits		31,689	
Stormwater Permits		4,000	
<b>Total Permits and Fees</b>	<b>953,401</b>	<b>821,681</b>	<b>(131,720)</b>
<b>Investment Earnings</b>			
General Fund		2,323	
Powell Bill		643	
<b>Total Investment Earnings</b>	<b>5,000</b>	<b>2,966</b>	<b>(2,034)</b>
<b>Miscellaneous</b>			
Other		66,453	
<b>Total Miscellaneous</b>	<b>100</b>	<b>66,453</b>	<b>66,353</b>
<b>Total Revenues</b>	<b>\$ 7,190,420</b>	<b>\$ 7,847,253</b>	<b>\$ 656,833</b>

**TOWN OF LELAND, NORTH CAROLINA**

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balance (Continued)

Budget and Actual

For the Fiscal Year Ended June 30, 2011

	Final Budget	Actual	Variance Positive (Negative)
<b>Expenditures</b>			
<b>Governing Board</b>			
Operating Expenditures		\$ 76,607	
<b>Total Governing Board</b>	\$ 97,005	76,607	\$ 20,398
<b>Administration</b>			
Salaries and Wages		351,239	
Employee Benefits		118,833	
Operating Expenditures		442,543	
<b>Total Administration</b>	1,073,030	912,615	160,415
<b>Information Technology</b>			
Salaries and Wages		54,338	
Employee Benefits		21,571	
Operating Expenditures		263,068	
<b>Total Information Technology</b>	424,477	338,977	85,500
<b>Public Works</b>			
Salaries and Wages		68,435	
Employee Benefits		29,177	
Operating Expenditures		837,165	
Capital Outlay		-	
<b>Total Public Works</b>	1,260,931	934,777	326,154
<b>Developmental Services</b>			
Salaries and Wages		161,636	
Employee Benefits		57,929	
Operating Expenditures		36,239	
<b>Total Developmental Services</b>	258,465	255,804	2,661
<b>Police</b>			
Salaries and Wages		1,360,466	
Employee Benefits		543,906	
Operating Expenditures		345,612	
Capital Outlay		113,233	
<b>Total Police</b>	2,532,124	2,363,217	168,907
<b>Outside Agencies</b>			
Operating Expenditures		-	
<b>Total Outside Agencies</b>	-	-	-
<b>Inspections</b>			
Salaries and Wages		236,121	
Employee Benefits		97,963	
Operating Expenditures		41,582	
<b>Total Inspections</b>	\$ 445,483	\$ 375,666	\$ 69,817

**TOWN OF LELAND, NORTH CAROLINA**

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balance (Continued)

Budget and Actual

For the Fiscal Year Ended June 30, 2011

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Powell Bill</b>			
Salaries and Wages		\$ 29,347	
Employee Benefits		20,499	
Operating Expenditures		229,914	
<b>Total Powell Bill</b>	<b>\$ 442,305</b>	<b>279,760</b>	<b>\$ 162,545</b>
<b>Parks and Recreation</b>			
Salaries and Wages		115,563	
Employee Benefits		52,428	
Operating Expenditures		103,933	
<b>Total Parks and Recreation</b>	<b>333,692</b>	<b>271,924</b>	<b>61,768</b>
<b>Debt Service</b>			
Principal Retirement		406,172	
Interest Expense		147,939	
<b>Total Debt Service</b>	<b>554,111</b>	<b>554,111</b>	<b>-</b>
<b>Total Expenditures</b>	<b>7,421,623</b>	<b>6,363,458</b>	<b>1,058,165</b>
<b>Revenues Over (Under) Expenditures</b>	<b>(231,203)</b>	<b>1,483,795</b>	<b>1,714,998</b>
<b>Other Financing Sources (Uses)</b>			
Transfers In:			
Utility Fund	250,000	200,000	(50,000)
Transfers Out:			
Cultural Arts Fund	75,000	75,000	-
Storm Water Fund	16,000	16,000	-
Parks Capital Reserve Fund	10,000	10,000	-
Transportation Capital Improvement Fund	10,000	10,000	-
Space Development Captial Project Fund	360,000	360,000	-
Drug Forfeiture Fund	152,224	137,610	14,614
<b>Total Other Financing Sources (Uses)</b>	<b>\$ (373,224)</b>	<b>\$ (408,610)</b>	<b>\$ (35,386)</b>



**TOWN OF LELAND, NORTH CAROLINA**

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balance (Continued)

Budget and Actual

For the Fiscal Year Ended June 30, 2011

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	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	\$ (604,427)	\$ 1,075,185	\$ 1,679,612
Appropriated Fund Balance	<u>604,427</u>	-	<u>(604,427)</u>
Net Change in Fund Balance	<u>\$ -</u>	1,075,185	<u>\$ 1,075,185</u>
Fund Balance - Beginning of Year		<u>5,483,453</u>	
Fund Balance - End of Year		<u>\$ 6,558,638</u>	



*Special Revenue Funds*

*Consolidated With General Fund*

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**TOWN OF LELAND, NORTH CAROLINA**  
Parks and Recreation Capital Reserve Fund  
Statement of Revenues, Expenditures, and Changes in Fund Balance  
Budget and Actual  
For the Fiscal Year Ended June 30, 2012

	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>			
Investment Earnings	\$ 42	\$ 43	\$ 1
<b>Total Revenues</b>	<u>42</u>	<u>43</u>	<u>1</u>
<b>Expenditures</b>			
<b>Parks and Recreation</b>			
Capital Outlay		-	
<b>Total Parks and Recreation</b>	-	-	-
<b>Total Expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Revenues Over (Under) Expenditures</b>	<u>42</u>	<u>43</u>	<u>1</u>
<b>Other Financing Sources</b>			
Transfers in:			
General Fund	-	10,000	10,000
Transfers out:			
Sturgeon Environmental Educational Project Fund	(26,667)	(26,667)	-
<b>Total Other Financing Sources</b>	<u>(26,667)</u>	<u>(16,667)</u>	<u>10,000</u>
<b>Revenues and Other Financing Sources Over (Under) Expenditures</b>	<u>(26,625)</u>	<u>(16,624)</u>	<u>10,001</u>
<b>Appropriated Fund Balance</b>	<u>26,625</u>	<u>-</u>	<u>(26,625)</u>
<b>Net Change in Fund Balance</b>	<u>\$ -</u>	<u>(16,624)</u>	<u>\$ (16,624)</u>
<b>Fund Balance - Beginning of Year</b>		<u>81,345</u>	
<b>Fund Balance - End of Year</b>		<u>\$ 64,721</u>	

**TOWN OF LELAND, NORTH CAROLINA**  
 Space Development Capital Reserve Fund  
 Statement of Revenues, Expenditures, and Changes in Fund Balance  
 Budget and Actual  
 For the Fiscal Year Ended June 30, 2012

	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>			
Investment Earnings	\$ -	\$ -	\$ -
<b>Total Revenues</b>	-	-	-
<b>Expenditures</b>			
<b>Public Works</b>			
Capital outlay		-	
<b>Total Public Works</b>	-	-	-
<b>Total Expenditures</b>	-	-	-
<b>Revenues Over (Under) Expenditures</b>	-	-	-
<b>Other Financing Sources (Uses)</b>			
Transfers out:			
Space Development Capital Project Fund	-	-	-
<b>Total Other Financing Sources (Uses)</b>	-	-	-
<b>Revenues and Other Financing Sources Over (Under) Expenditures</b>	-	-	-
<b>Appropriated Fund Balance</b>	-	-	-
<b>Net Change in Fund Balance</b>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
<b>Fund Balance - Beginning of Year</b>		<u>8</u>	
<b>Fund Balance - End of Year</b>		<u>\$ 8</u>	

**TOWN OF LELAND, NORTH CAROLINA**  
 Transportation Capital Improvement Reserve Fund  
 Statement of Revenues, Expenditures, and Changes in Fund Balance  
 Budget and Actual  
 For the Fiscal Year Ended June 30, 2012

	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>			
Investment Earnings	\$ -	\$ 123	\$ 123
<b>Total Revenues</b>	-	123	123
<b>Expenditures</b>			
<b>Transportation</b>			
Operating Expenditures		-	
<b>Total Transportation</b>	-	-	-
<b>Total Expenditures</b>	-	-	-
<b>Revenues Over (Under) Expenditures</b>	-	123	123
<b>Other Financing Sources (Uses)</b>			
Transfers in:			
General Fund	-	10,000	10,000
<b>Total Other Financing Sources (Uses)</b>	-	10,000	10,000
<b>Revenues and Other Financing Sources Over (Under) Expenditures</b>	-	10,123	10,123
<b>Appropriated Fund Balance</b>	-	-	-
<b>Net Change in Fund Balance</b>	<u>\$ -</u>	<u>10,123</u>	<u>\$ 10,123</u>
<b>Fund Balance - Beginning of Year</b>		<u>362,818</u>	
<b>Fund Balance - End of Year</b>		<u>\$ 372,941</u>	



**TOWN OF LELAND, NORTH CAROLINA**  
Drug Forfeitures Capital Reserve Fund  
Statement of Revenues, Expenditures, and Changes in Fund Balance  
Budget and Actual  
For the Fiscal Year Ended June 30, 2012

	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>			
<b>Restricted Intergovernmental</b>			
Federal Forfeitures		\$ 12,362	
State Forfeitures		-	
<b>Total Restricted Intergovernmental</b>	\$ 251,500	12,362	\$ (239,138)
<b>Investment Earnings</b>	-	-	-
<b>Total Revenues</b>	251,500	12,362	(239,138)
<b>Expenditures</b>			
<b>Police</b>			
Capital Outlay		-	
<b>Total Police</b>	-	-	-
<b>Total Expenditures</b>	-	-	-
<b>Revenues Over (Under) Expenditures</b>	251,500	12,362	(239,138)
<b>Other Financing Sources (Uses)</b>			
Transfers in:			
General Fund	-	-	-
Transfers out:			
Drug Forfeitures Capital Project Fund	-	-	-
<b>Total Other Financing Sources (Uses)</b>	-	-	-
<b>Revenues and Other Financing Sources Over (Under) Expenditures</b>	251,500	12,362	(239,138)
<b>Appropriated Fund Balance</b>	(251,500)	-	251,500
<b>Net Change in Fund Balance</b>	\$ -	12,362	\$ 12,362
<b>Fund Balance - Beginning of Year</b>		-	
<b>Fund Balance - End of Year</b>		\$ 12,362	



***Major Governmental Funds***

***Capital Project Funds***

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**TOWN OF LELAND, NORTH CAROLINA**  
Town Center Capital Project Fund  
Statement of Revenues, Expenditures, and Changes in Fund Balance  
Budget and Actual  
For the Fiscal Year Ended June 30, 2012

	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>			
Investment Earnings	-	269	269
<b>Total Revenues</b>	-	269	269
<b>Expenditures</b>			
<b>Administration</b>			
Operating		27,391	
Capital Outlay		391,554	
<b>Total Administration</b>	580,000	418,945	161,055
<b>Debt Service</b>			
Principal Retirement	1,150,000	1,016,200	133,800
Interest Paid	-	28,128	(28,128)
<b>Total Debt Service</b>	1,150,000	1,044,328	105,672
<b>Total Expenditures</b>	1,730,000	1,463,273	266,727
<b>Revenues Over (Under) Expenditures</b>	(1,730,000)	(1,463,004)	266,996
<b>Other Financing Sources</b>			
Installment Loan Proceeds			
Loan - Suntrust Bank	9,900,000	9,900,000	-
<b>Total Other Financing Sources</b>	9,900,000	9,900,000	-
<b>Revenues and Other Financing Sources Over (Under) Expenditures</b>	8,170,000	8,436,996	266,996
<b>Appropriated Fund Balance</b>	(8,170,000)	-	8,170,000
<b>Net Change in Fund Balance</b>	<u>\$ -</u>	8,436,996	<u>\$ 8,436,996</u>
<b>Fund Balance - Beginning of Year</b>		-	
<b>Fund Balance - End of Year</b>		<u>\$ 8,436,996</u>	

*Nonmajor Governmental Funds*

*Capital Project Funds*

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**TOWN OF LELAND, NORTH CAROLINA**

Combining Balance Sheet

Nonmajor Capital Project Funds

June 30, 2012

	Gateway Beautification Capital Project Fund	Village Road/ Cross Access Capital Project Fund	Fire Department Capital Project Fund
<b>Assets</b>			
Cash and Cash Equivalents	\$ 89,054	\$ 2,040	\$ 124,770
Due from Other Governments			
<b>Total Assets</b>	<u>89,054</u>	<u>2,040</u>	<u>124,770</u>
<b>Liabilities</b>			
Accounts Payable and Accrued Liabilities	-	-	-
Due to Other Funds	-	-	-
<b>Total Liabilities</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balances</b>			
Restricted			
Drug Forfeitures	-	-	-
Assigned:			
Administration	-	-	-
Community Promotion	89,054	-	-
Fire	-	-	124,770
Parks and Recreation	-	-	-
Transportation	-	2,040	-
<b>Total Fund Balances</b>	<u>89,054</u>	<u>2,040</u>	<u>124,770</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 89,054</u>	<u>\$ 2,040</u>	<u>\$ 124,770</u>



Westgate Nature Park Capital Project Fund	Sturgeon Environmental Park Project Fund	Drug Forfeitures Capital Project Fund	Lanvale Trace Stormwater Improvement Project Fund	Space Development Capital Project Fund	Cultural Arts Center Capital Project Fund	Total
\$ - 74,407	\$ 18,757	\$ 136,230	\$ 16,001	\$ 130	\$ 67,592	\$ 454,574 74,407
74,407	18,757	136,230	16,001	130	67,592	528,981
27,722	-	-	-	-	-	27,722
41,091	-	-	-	-	-	41,091
68,813	-	-	-	-	-	68,813
-	-	136,230	-	-	-	136,230
-	-	-	16,001	130	-	16,131
-	-	-	-	-	67,592	156,646
-	-	-	-	-	-	124,770
5,594	18,757	-	-	-	-	24,351
-	-	-	-	-	-	2,040
5,594	18,757	136,230	16,001	130	67,592	460,168
\$ 74,407	\$ 18,757	\$ 136,230	\$ 16,001	\$ 130	\$ 67,592	\$ 528,981

**TOWN OF LELAND, NORTH CAROLINA**

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Nonmajor Capital Project Funds

For the Fiscal Year Ended June 30, 2012

	Gateway Beautification Capital Project Fund	Village Road/ Cross Access Capital Project Fund	Fire Department Capital Project Fund	Westgate Nature Park Capital Project Fund
<b>Revenues</b>				
Restricted Intergovernmental	\$ -	\$ -	\$ -	\$ 74,407
Investment Earnings	51	-	559	-
<b>Total Revenues</b>	<u>51</u>	<u>-</u>	<u>559</u>	<u>74,407</u>
<b>Expenditures</b>				
Administration	-	-	-	-
Community Promotion	-	-	-	-
Fire	-	-	-	-
Debt Service	-	-	-	-
Police	-	-	-	-
Parks and Recreation	-	-	-	116,642
<b>Total Expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>116,642</u>
<b>Revenues Over (Under) Expenditures</b>	<u>51</u>	<u>-</u>	<u>559</u>	<u>(42,235)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers from Other Funds	-	-	-	-
Transfers to Other Funds	-	-	-	-
Installment Loan Proceeds	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Change in Fund Balance</b>	51	-	559	(42,235)
<b>Fund Balance - Beginning of Year</b>	<u>89,003</u>	<u>2,040</u>	<u>124,211</u>	<u>47,829</u>
<b>Fund Balance - End of Year</b>	<u>\$ 89,054</u>	<u>\$ 2,040</u>	<u>\$ 124,770</u>	<u>\$ 5,594</u>

Sturgeon Environmental Educational Park Project Fund	Drug Forfeitures Capital Project Fund	Lanvale Trace Stormwater Improvement Project Fund	Space Development Capital Project Fund	Cultural Arts Center Capital Project Fund	Total
\$ -	\$ 102,514	\$ -	\$ -	\$ -	176,921
5	-	1	17	4	637
5	102,514	1	17	4	177,558
7,915	-	-	469,529	7,412	484,856
-	-	-	-	-	-
-	-	-	-	-	-
-	103,894	-	-	-	103,894
-	-	-	-	-	116,642
7,915	103,894	-	469,529	7,412	705,392
(7,910)	(1,380)	1	(469,512)	(7,408)	(527,834)
26,667	137,610	16,000	360,000	75,000	615,277
-	-	-	-	-	-
26,667	137,610	16,000	360,000	75,000	615,277
18,757	136,230	16,001	(109,512)	67,592	87,443
-	-	-	109,642	-	372,725
\$ 18,757	\$ 136,230	\$ 16,001	\$ 130	\$ 67,592	\$ 460,168



**TOWN OF LELAND, NORTH CAROLINA**  
 Gateway Beautification Capital Project Fund  
 Statement of Revenues, Expenditures, and Changes in Fund Balance  
 Budget and Actual  
 For the Fiscal Year Ended June 30, 2012

	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>			
Investment Earnings	\$ -	\$ 51	\$ 51
<b>Total Revenues</b>	-	51	51
<b>Expenditures</b>			
<b>Community Promotion</b>			
Capital Outlay		-	
<b>Total Community Promotion</b>		-	
<b>Total Expenditures</b>	-	-	-
<b>Revenues Over (Under) Expenditures</b>	-	51	51
<b>Other Financing Sources (Uses)</b>			
Transfers in:			
General Fund	-	-	-
<b>Total Other Financing Sources (Uses)</b>	-	-	-
<b>Revenues and Other Sources Over (Under) Expenditures and Other Uses</b>	-	51	51
<b>Appropriated Fund Balance</b>	-	-	-
<b>Net Change in Fund Balance</b>	<u>\$ -</u>	<u>51</u>	<u>\$ 51</u>
<b>Fund Balance - Beginning of Year</b>		<u>89,003</u>	
<b>Fund Balance - End of Year</b>		<u>\$ 89,054</u>	

**TOWN OF LELAND, NORTH CAROLINA**  
 Village Road/Cross Access Capital Project Fund  
 Statement of Revenues, Expenditures, and Changes in Fund Balance  
 Budget and Actual  
 For the Fiscal Year Ended June 30, 2012

	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>			
Investment Earnings	\$ -	\$ -	\$ -
<b>Total Revenues</b>	-	-	-
<b>Expenditures</b>			
<b>Transportation</b>			
Capital Outlay		-	
<b>Total Transportation</b>	-	-	-
<b>Total Expenditures</b>	-	-	-
<b>Revenues Over (Under) Expenditures</b>	-	-	-
<b>Other Financing Sources (Uses)</b>			
Transfers in:			
General Fund	-	-	-
<b>Total Other Financing Sources (Uses)</b>	-	-	-
<b>Revenues and Other Sources Over (Under) Expenditures and Other Uses</b>	-	-	-
<b>Appropriated Fund Balance</b>	-	-	-
<b>Net Change in Fund Balance</b>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
<b>Fund Balance - Beginning of Year</b>		<u>2,040</u>	
<b>Fund Balance - End of Year</b>		<u>\$ 2,040</u>	

**TOWN OF LELAND, NORTH CAROLINA**  
 Fire Department Capital Project Fund  
 Statement of Revenues, Expenditures, and Changes in Fund Balance  
 Budget and Actual  
 For the Fiscal Year Ended June 30, 2012

	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>			
Investment Earnings	\$ -	\$ 559	\$ 559
<b>Total Revenues</b>	-	559	559
<b>Expenditures</b>			
<b>Fire</b>			
Capital Outlay		-	
<b>Total Fire</b>	-	-	-
<b>Total Expenditures</b>	-	-	-
<b>Revenues Over (Under) Expenditures</b>	-	559	559
<b>Other Financing Sources</b>			
Transfers in:			
General Fund	-	-	-
<b>Total Other Financing Sources</b>	-	-	-
<b>Revenues and Other Financing Sources Over (Under) Expenditures</b>	-	559	559
<b>Appropriated Fund Balance</b>	-	-	-
<b>Net Change in Fund Balance</b>	<u>\$ -</u>	<u>559</u>	<u>\$ 559</u>
<b>Fund Balance - Beginning of Year</b>		<u>124,211</u>	
<b>Fund Balance - End of Year</b>		<u>\$ 124,770</u>	



**TOWN OF LELAND, NORTH CAROLINA**  
 Sturgeon Environmental Educational Park Project  
 Statement of Revenues, Expenditures, and Changes in Fund Balance  
 Budget and Actual  
 For the Fiscal Year Ended June 30, 2012

	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>			
<b>Restricted Intergovernmental</b>			
Grant Revenue		\$ -	
<b>Total Restricted Intergovernmental</b>	\$ 79,999	-	\$ (79,999)
<b>Investment Earnings</b>	-	5	5
<b>Total Revenues</b>	79,999	5	(79,994)
<b>Expenditures</b>			
<b>Administration</b>			
Operating Expenditures		7,915	
<b>Total Administration</b>	26,667	7,915	18,752
<b>Parks and Recreation</b>			
Capital Outlay		-	
<b>Total Parks and Recreation</b>	79,999	-	79,999
<b>Total Expenditures</b>	106,666	7,915	98,751
<b>Revenues Over (Under) Expenditures</b>	(26,667)	(7,915)	-
<b>Other Financing Sources</b>			
Transfers in:			
Parks and Recreation Capital Reserve Fund	26,667	26,667	-
<b>Total Other Financing Sources</b>	26,667	26,667	-
<b>Revenues and Other Financing Sources Over (Under) Expenditures</b>	-	18,752	-
<b>Appropriated Fund Balance</b>	-	-	-
<b>Net Change in Fund Balance</b>	\$ -	18,752	\$ -
<b>Fund Balance - Beginning of Year</b>		-	
<b>Fund Balance - End of Year</b>		\$ 18,752	

**TOWN OF LELAND, NORTH CAROLINA**  
 Westgate Nature Park Capital Projects Fund  
 Statement of Revenues, Expenditures, and Changes in Fund Balance  
 Budget and Actual  
 For the Fiscal Year Ended June 30, 2012

	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>			
<b>Restricted Intergovernmental</b>			
PARTF Grant		74,407	
<b>Total Restricted Intergovernmental</b>	\$ 500,000	74,407	\$ (425,593)
Investment Earnings	-	-	-
<b>Total Revenues</b>	500,000	74,407	(425,593)
<b>Expenditures</b>			
<b>Parks and Recreation</b>			
Operating Expenditures		26,388	
Capital Outlay		90,254	
<b>Total Parks and Recreation</b>	580,000	116,642	463,358
<b>Total Expenditures</b>	580,000	116,642	463,358
<b>Revenues Over (Under)</b>			
<b>Expenditures</b>	(80,000)	(42,235)	37,765
<b>Other Financing Sources (Uses)</b>			
Transfers in:			
Parks and Recreation Capital Reserve Fund	80,000	-	(80,000)
<b>Total Other Financing Sources (Uses)</b>	80,000	-	(80,000)
<b>Revenues and Other Sources</b>			
<b>Over (Under) Expenditures</b>			
<b>and Other Uses</b>	-	(42,235)	(42,235)
<b>Appropriated Fund Balance</b>	-	-	-
<b>Net Change in Fund Balance</b>	\$ -	(42,235)	\$ (42,235)
<b>Fund Balance - Beginning of Year</b>		47,829	
<b>Fund Balance - End of Year</b>		\$ 5,594	

**TOWN OF LELAND, NORTH CAROLINA**  
Drug Forfeitures Capital Project Fund  
Statement of Revenues, Expenditures, and Changes in Fund Balance  
Budget and Actual  
For the Fiscal Year Ended June 30, 2012

	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>			
<b>Restricted Intergovernmental</b>			
Federal Drug Forfeitures		\$ 102,124	
Federal Drug Forfeitures		390	
<b>Total Restricted Intergovernmental</b>	<b>\$ -</b>	<b>102,514</b>	<b>\$ 102,514</b>
<b>Investment Earnings</b>	-	-	-
<b>Total Revenues</b>	-	<b>102,514</b>	<b>102,514</b>
<b>Expenditures</b>			
<b>Police</b>			
Operating Expenditures		70,703	
Capital Outlay		33,191	
<b>Total Police</b>	<b>152,224</b>	<b>103,894</b>	<b>48,330</b>
<b>Total Expenditures</b>	<b>152,224</b>	<b>103,894</b>	<b>48,330</b>
<b>Revenues Over (Under) Expenditures</b>	<b>(152,224)</b>	<b>(1,380)</b>	<b>150,844</b>
<b>Other Financing Sources</b>			
Transfers in:			
General Fund	152,224	137,610	(14,614)
<b>Total Other Financing Sources</b>	<b>152,224</b>	<b>137,610</b>	<b>(14,614)</b>
<b>Revenues and Other Financing Sources Over (Under) Expenditures</b>	-	<b>136,230</b>	<b>136,230</b>
<b>Appropriated Fund Balance</b>	-	-	-
<b>Net Change in Fund Balance</b>	<b>\$ -</b>	<b>136,230</b>	<b>\$ 136,230</b>
<b>Fund Balance - Beginning of Year</b>		-	
<b>Fund Balance - End of Year</b>		<b>\$ 136,230</b>	



**TOWN OF LELAND, NORTH CAROLINA**

Lanvale Trace Stormwater Improvement Project Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual

For the Fiscal Year Ended June 30, 2012

	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>			
Investment Earnings	-	1	1
<b>Total Revenues</b>	-	1	1
<b>Expenditures</b>			
<b>Public Works</b>			
Operating		-	
<b>Total Public Works</b>	82,000	-	82,000
<b>Total Expenditures</b>	82,000	-	82,000
<b>Revenues Over (Under) Expenditures</b>	(82,000)	1	82,001
<b>Other Financing Sources</b>			
Transfers in:			
General Fund	16,000	16,000	-
<b>Total Other Financing Sources</b>	16,000	16,000	-
<b>Revenues and Other Financing Sources Over (Under) Expenditures</b>	(66,000)	16,001	82,001
<b>Appropriated Fund Balance</b>	66,000	-	(66,000)
<b>Net Change in Fund Balance</b>	<u>\$ -</u>	16,001	<u>\$ 16,001</u>
<b>Fund Balance - Beginning of Year</b>		-	
<b>Fund Balance - End of Year</b>		<u>\$ 16,001</u>	

**TOWN OF LELAND, NORTH CAROLINA**  
 Space Development Capital Project Fund  
 Statement of Revenues, Expenditures, and Changes in Fund Balance  
 Budget and Actual  
 For the Fiscal Year Ended June 30, 2012

	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>			
Investment Earnings	\$ -	\$ 17	\$ 17
<b>Total Revenues</b>	<u>-</u>	<u>17</u>	<u>17</u>
<b>Expenditures</b>			
<b>Administration</b>			
Operating		469,529	
<b>Total Administration</b>	<u>360,000</u>	<u>469,529</u>	<u>(109,529)</u>
<b>Public Works</b>			
Capital Outlay		-	
<b>Total Public Works</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Expenditures</b>	<u>360,000</u>	<u>469,529</u>	<u>(109,529)</u>
<b>Revenues Over (Under) Expenditures</b>	<u>(360,000)</u>	<u>(469,512)</u>	<u>(109,512)</u>
<b>Other Financing Sources (Uses)</b>			
Transfers in:			
Space Development Capital Reserve Fund	360,000	360,000	-
<b>Total Other Financing Sources (Uses)</b>	<u>360,000</u>	<u>360,000</u>	<u>-</u>
<b>Revenues and Other Sources Over (Under) Expenditures and Other Uses</b>	<u>-</u>	<u>(109,512)</u>	<u>(109,512)</u>
<b>Appropriated Fund Balance</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Change in Fund Balance</b>	<u>\$ -</u>	<u>(109,512)</u>	<u>\$ (109,512)</u>
<b>Fund Balance - Beginning of Year</b>		<u>109,642</u>	
<b>Fund Balance - End of Year</b>		<u>\$ 130</u>	

**TOWN OF LELAND, NORTH CAROLINA**  
 Cultural Arts Center Capital Projects Fund  
 Statement of Revenues, Expenditures, and Changes in Fund Balance  
 Budget and Actual  
 For the Fiscal Year Ended June 30, 2012

	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>			
Investment Earnings	-	4	4
<b>Total Revenues</b>	-	4	4
<b>Expenditures</b>			
<b>Parks and Recreation</b>			
Operating		7,412	
<b>Total Parks and Recreation</b>	75,000	7,412	67,588
<b>Total Expenditures</b>	75,000	7,412	67,588
<b>Revenues Over (Under) Expenditures</b>	(75,000)	(7,408)	67,592
<b>Other Financing Sources</b>			
Transfers in:			
General Fund	75,000	75,000	-
<b>Total Other Financing Sources</b>	75,000	75,000	-
<b>Revenues and Other Financing Sources Over (Under) Expenditures</b>	-	67,592	67,592
<b>Appropriated Fund Balance</b>	-	-	-
<b>Net Change in Fund Balance</b>	<u>\$ -</u>	67,592	<u>\$ 67,592</u>
<b>Fund Balance - Beginning of Year</b>		-	
<b>Fund Balance - End of Year</b>		<u>\$ 67,592</u>	



*Enterprise Funds*

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**TOWN OF LELAND, NORTH CAROLINA**  
 Sewer Fund  
 Schedule of Revenues and Expenditures  
 Budget and Actual (Non-GAAP)  
 For the Fiscal Year Ended June 30, 2012

	Final Budget	Actual	Variance Positive (Negative)
<b>Operating Revenues</b>			
Water Charges		\$ 644,602	
Sewer Charges		1,195,696	
Sewer Taps		-	
Impact Fees		534,775	
Penalties and Interest		19,439	
<b>Total Operating Revenues</b>	<b>\$ 1,680,094</b>	<b>2,394,512</b>	<b>\$ 714,418</b>
<b>Nonoperating Revenues</b>			
Investment Earnings		17,365	17,365
Miscellaneous Revenue		7,911	
<b>Total Nonoperating Revenues</b>	<b>14,500</b>	<b>25,276</b>	<b>10,776</b>
<b>Total Revenues</b>	<b>1,694,594</b>	<b>2,419,788</b>	<b>725,194</b>
<b>Expenditures</b>			
<b>Water</b>			
Salaries and Wages		47,499	
Employee Benefits		24,650	
Operating Expenditures		368,935	
Capital Outlay		18,620	
<b>Total Water</b>	<b>245,980</b>	<b>459,704</b>	<b>(213,724)</b>
<b>Waste Collection</b>			
Salaries and Wages		89,843	
Employee Benefits		44,907	
Operating Expenditures		621,961	
Capital Outlay		14,989	
<b>Total Waste Collection</b>	<b>871,149</b>	<b>771,700</b>	<b>99,449</b>
<b>Debt Service</b>			
Principal Retirement		163,028	
Interest Paid		49,887	
<b>Total Debt Service</b>	<b>217,072</b>	<b>212,915</b>	<b>-</b>
<b>Contingency</b>			
	-	-	-
<b>Total Expenditures</b>	<b>1,334,201</b>	<b>1,444,319</b>	<b>(114,275)</b>
<b>Revenue Over (Under) Expenditures</b>	<b>\$ 360,393</b>	<b>\$ 975,469</b>	<b>\$ 610,919</b>

**TOWN OF LELAND, NORTH CAROLINA**  
 Sewer Fund  
 Schedule of Revenues and Expenditures (Continued)  
 Budget and Actual (Non-GAAP)  
 For the Fiscal Year Ended June 30, 2012

	Final Budget	Actual	Variance Positive (Negative)
<b>Other Financing Sources (Uses)</b>			
Transfers in:			
Utility Reserve Fund	\$ 162,495	\$ 162,495	\$ -
Transfers out:			
General Fund	(200,000)	(200,000)	-
Sewer Capital Reserve Fund	(59,417)	(59,417)	-
<b>Total Other Financing Sources (Uses)</b>	<u>(96,922)</u>	<u>(96,922)</u>	-
<b>Revenues and Other Financing Sources (Uses) Over (Under) Expenditures</b>	263,471	878,547	610,919
<b>Appropriated Fund Balance</b>	<u>8,000</u>	-	<u>(8,000)</u>
<b>Revenues and Other Financing Sources(Uses) Over (Under) Expenditures and Appropriated Fund Balance</b>	<u>\$ 271,471</u>	<u>\$ 878,547</u>	<u>\$ 602,919</u>
 <b>Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:</b>			
<b>Revenues and Other Financing Sources (Uses) Over (Under) Expenditures</b>		<u>\$ 878,547</u>	
Reconciling Items:			
Depreciation Expense		(1,710,418)	
Capital Outlay		33,609	
Capital Contributions		-	
Debt Principal		163,028	
Accrued Vacation		(12,363)	
Interest Income			
Sewer Capital Reserve Fund		8,063	
Transfer to General Fund - Fixed Assets		-	
Transfers from Sewer Capital Reserve Fund		(162,495)	
Transfers to Sewer Capital Reserve Fund		59,417	
Total Reconciling Items		<u>(1,621,159)</u>	
<b>Net Income</b>		<u>\$ (742,612)</u>	



**TOWN OF LELAND, NORTH CAROLINA**  
 Sewer Fund  
 Sewer Capital Reserve Fund  
 Schedule of Revenues and Expenditures  
 Budget and Actual (Non-GAAP)  
 For the Fiscal Year Ended June 30, 2012

	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>			
Investment Earnings	\$ -	\$ 8,063	\$ 8,063
<b>Expenditures</b>			
<b>Waste Collection</b>			
Operating Expenditures		-	
<b>Total Waste Collection</b>	-	-	-
<b>Revenue Over (Under) Expenditures</b>	-	8,063	8,063
<b>Other Financing Sources(Uses)</b>			
Transfers in:			
Sewer Fund	59,417	59,417	-
Transfers out:			
Sewer Fund	(162,495)	(162,495)	-
<b>Total Other Financing Sources(Uses)</b>	(103,078)	(103,078)	-
<b>Revenues and Other Financing Sources(Uses) Over (Under) Expenditures</b>	(103,078)	(95,015)	8,063
<b>Appropriated Fund Balance</b>	35,000	-	(35,000)
<b>Revenues and Other Financing Sources(Uses) Over (Under) Expenditures and Appropriated Fund Balance</b>	\$ (68,078)	\$ (95,015)	\$ (26,937)

*Agency Funds*

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**TOWN OF LELAND, NORTH CAROLINA**

Agency Funds

Combining Statement of Changes in Assets and Liabilities

For the Fiscal Year Ended June 30, 2012

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	Balance July 1, 2011	Additions	Deductions	Balance June 30, 2012
<b><u>Leland Tourism Development Authority- Occupancy Taxes</u></b>				
<b>Assets</b>				
Cash and Investments	\$ -	\$ 86,074	\$ 86,074	\$ -
<b>Liabilities</b>				
Due to Other Governments	\$ -	\$ 86,074	\$ 86,074	\$ -
 <b><u>Totals - All Agency Funds</u></b>				
<b>Assets</b>				
Cash and Investments	\$ -	\$ 86,074	\$ 86,074	\$ -
<b>Liabilities</b>				
Due to Other Governments	\$ -	\$ 86,074	\$ 86,074	\$ -



*Other Schedules*

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TOWN OF LELAND, NORTH CAROLINA  
 General Fund  
 Schedule of Ad Valorem Taxes Receivable  
 June 30, 2012

Fiscal Year	Uncollected Balance June 30, 2011	Additions and Adjustments	Collections and Credits	Uncollected Balance June 30, 2012
2011-12	\$ 79,411	\$ -	\$ -	\$ 79,411
2010-11	20,844	14,191	-	35,035
2009-10	9,384	5,641	-	15,025
2008-09	7,302	568	-	7,870
2007-08	5,581	1,599	-	7,180
2006-07	2,849	2,732	-	5,581
2005-06	2,323	526	-	2,849
2004-05	2,092	304	-	2,396
2003-04	2,328	-	280	2,048
2002-03	2,032	312	-	2,344
2001-02	2,043	-	56	1,987
	\$ 56,778	\$ 25,873	\$ 336	161,726
Less: Allowance for Uncollectible Accounts: General Fund				16,000
Ad Valorem Taxes Receivable - Net				\$ 145,726
<u>Reconciliation with Revenues</u>				
Ad Valorem Taxes - General Fund				\$ 2,743,387
Reconciling Items:				
Interest and Penalties Collected				(6,657)
Taxes Released				1,587
Taxes Written Off				1,987
Total Collections and Credits				\$ 2,740,304

**TOWN OF LELAND, NORTH CAROLINA**

Analysis of Current Tax Levy

Town-Wide Levy

June 30, 2012

	Town-Wide		Total Levy		
	Property Valuation	Rate Per \$100	Amount of Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
<b>Original Levy:</b>					
Property Taxed at Current Year's Rate	\$ 1,806,189,789	0.1515	\$ 2,736,378	\$ 2,575,088	\$ 161,290
<b>Discoveries:</b>					
Current Year Taxes	-	0.1515	-	-	-
Penalties	-		-	-	-
<b>Abatements:</b>					
Property Taxes - Current Year's Rate	(3,171,083)	0.1515	(4,804)	(3,071)	(1,733)
<b>Total Property Valuations</b>	<u>\$ 1,803,018,706</u>				
<b>Net Levy</b>			2,731,574	2,572,017	159,557
<b>Uncollected Taxes at June 30, 2011</b>			(79,411)	(58,563)	(20,848)
<b>Current Year's Taxes Collected</b>			<u>\$ 2,652,163</u>	<u>\$ 2,513,454</u>	<u>\$ 138,709</u>
<b>Current Levy Collection Percentage</b>			<u>97.09%</u>	<u>97.72%</u>	<u>86.93%</u>







## Compliance Section





*Compliance Section*

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122 Memory Plaza  
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**Report on Internal Control Over Financial Reporting  
and on Compliance and Other Matters Based on an  
Audit of Financial Statements Performed in Accordance with  
*Government Auditing Standards***

To the Honorable Mayor  
and Members of the Town Council  
Town of Leland, North Carolina

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregated remaining fund information of the Town of Leland, North Carolina, as of and for the year ended June 30, 2012, which collectively comprises the Town of Leland's basic financial statements, and have issued our report thereon dated October 17, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The financial statements of the Town of Leland Tourism Development Authority were not audited in accordance with *Government Auditing Standards*.

***Internal Control Over Financial Reporting***

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

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

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

***Compliance and Other Matters***

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

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

***S. Preston Douglas & Associates, LLP***

October 17, 2012



**SECTION I. SUMMARY OF AUDITOR'S RESULTS**

**Financial Statements**

Type of auditor's report issued:

Unqualified

Internal control over financial reporting:

Material weakness(es) identified?

\_\_\_\_\_ Yes      X   No

Significant deficiency(ies) identified that are  
not considered to be material weaknesses

\_\_\_\_\_ Yes      X   No

Noncompliance material to financial statements noted

\_\_\_\_\_ Yes      X   No



**SECTION II. FINANCIAL STATEMENT FINDINGS**

None.







