

TOWN OF LELAND, NORTH CAROLINA

Report of Audit

For the Fiscal Year Ended June 30, 2013



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Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate 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, 2013, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Leland Tourism Development Authority. Those statements were audited by another auditor whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Leland Tourism Development Authority, is based solely on the report of another auditor. 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 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall financial statement presentation of the financial statements.

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

Opinions

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Leland, North Carolina as of June 30, 2013, and the respective changes in financial position and cash flows, where appropriate, thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of the Town of Leland, North Carolina. The combining and individual fund statements, budgetary schedules, other schedules, and Schedule of Expenditures of Federal and State Awards, as required by U.S. Office of Management and Budget Circular A-133, *Audits of State and Local Governments and Non-Profit Organizations* and the State Single Audit Implementation Act, are presented for purposed of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund statements, budgetary schedules, other schedules, and the Schedule of Expenditures of Federal and State Awards are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of other auditors, the combining and individual fund statements, budgetary schedules, Schedule of Expenditures of Federal and State Awards, and other schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 4, 2013 on our consideration of Town of Leland's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements, and other matters. The purpose of the report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Leland's internal control over financial reporting and compliance.

W Greene & Company PLLC

Whiteville, North Carolina
October 4, 2013

Management's Discussion and Analysis

As management of the Town of Leland, we offer readers of the Town of Leland's financial statements this narrative overview and analysis of the financial activities of the Town of Leland for the fiscal year ended June 30, 2013. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the Town's financial statements, which follow this narrative.

Financial Highlights

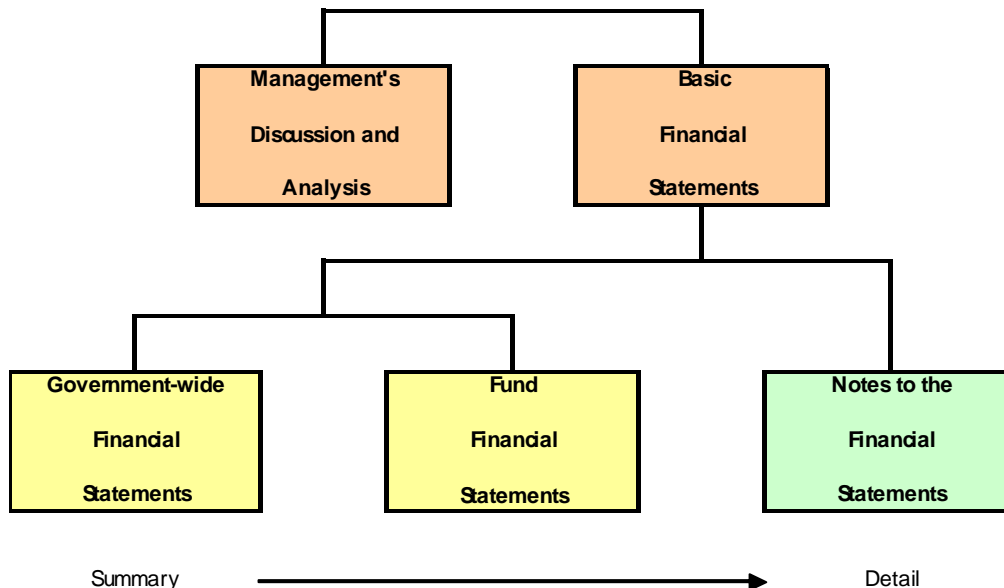
- The assets and deferred outflows of resources of the Town of Leland exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$88,793,025 (net position).
- The government's total net position increased by \$3,990,250.
- As of the close of the current fiscal year, the Town of Leland's governmental funds reported combined ending fund balances of \$13,943,728, with a decrease of \$1,962,101 in fund balance.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$3,806,679 or 64.33 percent of total general fund expenditures for the fiscal year.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to 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.

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

The first two statements (pages 18 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 31) 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 four parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements; 3) the proprietary fund statements; and 4) the fiduciary 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 position and how it has changed. Net position is the difference between the Town's total assets and deferred outflows of resources and total liabilities and deferred inflows of resources. Measuring net position is one way to gauge the Town's financial condition.

The government-wide statements are divided into three categories: 1) governmental activities; and 2) business-type activities; and 3) component units. The governmental activities include most of the Town's basic services such as administration, streets and highways, and inspections. Property taxes and state and federal grant funds finance most of these activities. The business-type activities are those that the Town charges customers to provide. This includes the water and sewer services offered by the Town of Leland. The final category is the component unit. Although legally separate from the Town, the ABC Board is important to the Town. The Town exercises control over the Board by appointing its members.

The government-wide financial statements are on pages 18 through 21 of this report.

Fund Financial Statements

The fund financial statements (see Figure 2) 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 three categories: governmental funds, proprietary funds, and fiduciary 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 Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

The Town of 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.

Proprietary Funds – Town of Leland has one kind of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town of Leland uses enterprise funds to account for its water and sewer activity. This fund is the same as those functions shown in business-type activities in the Statement of Net Position and the Statement of Activities.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Town of Leland has one two fiduciary funds, a pension trust fund and agency fund.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are on pages 32 through 52 of this report.

Other Information – In addition to the basic financial statements and accompanying notes, this report includes certain 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 45 of this report.

Interdependence with Other Entities – The Town depends on financial resources flowing from, or associated with, both the Federal Government and the State of North Carolina. Because of this dependency, the Town is subject to changes in specific flows of intergovernmental revenues based on modifications to Federal and State laws and Federal and State appropriations. It is also subject to changes in investment earnings and assets values associated with U.S. Treasury Securities because of actions by foreign government and others holders of publicly held U.S. Treasury Securities.

Management's Discussion and Analysis (Continued)

Government-Wide Financial Analysis

The Town of Leland's Net Position

Figure 2

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Current and other assets	\$ 14,480,503	\$ 16,725,923	\$ 9,020,147	\$ 7,748,026	\$ 23,500,650	\$ 24,473,949
Capital assets	50,687,323	46,655,923	34,766,780	28,463,684	85,454,103	75,119,607
Deferred outflows of resources	-	-	-	-	-	-
Total assets and deferred outflows of resources	65,167,826	63,381,846	43,786,927	36,211,710	108,954,753	99,593,556
Long-term liabilities outstanding	11,052,082	11,999,175	6,982,643	1,630,282	18,034,725	13,629,457
Other liabilities	1,326,226	961,704	800,777	199,616	2,127,003	1,161,320
Deferred inflows of resources	-	-	-	-	-	-
Total liabilities and deferred inflows of resources	12,378,308	12,960,879	7,783,420	1,829,898	20,161,728	14,790,777
Net position:						
Net investment in capital assets	38,960,879	34,622,218	27,064,748	26,670,374	66,025,627	61,292,592
Restricted	6,479,408	1,808,015	-	-	6,479,408	1,808,015
Unrestricted	7,349,231	13,990,730	8,938,759	7,711,438	16,287,990	21,702,168
Total net position	\$ 52,789,518	\$ 50,420,963	\$ 36,003,507	\$ 34,381,812	\$ 88,793,025	\$ 84,802,775

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets and deferred outflows of the Town of Leland exceeded liabilities and deferred inflows by \$52,789,518 as of June 30, 2013. The Town's net position increased by \$3,990,250 for the fiscal year ended June 30, 2013. However, the largest portion (74%) reflects the Town's net 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 net investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the Town of Leland's net position \$6,479,408 represents sources that are subject to external restrictions on how they may be used. The remaining balance of \$16,287,990 is unrestricted.

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

- Continued diligence in the collection of property taxes by maintaining a tax collection percentage of 96.95%

Management's Discussion and Analysis (Continued)

The Town of Leland's Changes in Net Position

Figure 3

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Revenues:						
Program revenues:						
Charges for services	\$ 1,584,392	\$ 823,906	\$ 3,067,728	\$ 2,394,512	\$ 4,652,120	\$ 3,218,418
Operating grants and contributions	403,189	682,656	-	-	403,189	682,656
Capital grants and contributions	1,570,621	118,749	-	-	1,570,621	118,749
General Revenues						
Property taxes	2,869,633	2,743,387	-	-	2,869,633	2,743,387
Other taxes	3,656,984	3,747,825	-	-	3,656,984	3,747,825
Other	258,494	70,487	4,315	33,071	262,809	103,558
Total revenues	<u>10,343,313</u>	<u>8,187,010</u>	<u>3,072,043</u>	<u>2,427,583</u>	<u>13,415,356</u>	<u>10,614,593</u>
Expenses:						
Governing body	122,758	76,607	-	-	122,758	76,607
Administration	453,479	1,419,688	-	-	453,479	1,419,688
Outside agencies	20,000	-	-	-	20,000	-
Information Technology	450,821	346,672	-	-	450,821	346,672
Human resources	94,844	-	-	-	94,844	-
Finance	234,243	-	-	-	234,243	-
Public works	1,592,635	863,171	-	-	1,592,635	863,171
Planning	138,820	-	-	-	138,820	-
Police	2,264,327	2,438,549	-	-	2,264,327	2,438,549
Fire	-	55,151	-	-	-	55,151
Inspections	352,354	381,696	-	-	352,354	381,696
Development services	284,476	260,087	-	-	284,476	260,087
Powell Bill	193,470	288,630	-	-	193,470	288,630
Transportation	80,000	1,194,926	-	-	80,000	1,194,926
Parks and recreation	1,612,484	508,510	-	-	1,612,484	508,510
Interest on long-term debt	80,047	176,067	-	-	80,047	176,067
Utility	-	-	1,450,348	2,970,736	1,450,348	2,970,736
Total expenses	<u>7,974,758</u>	<u>8,009,754</u>	<u>1,450,348</u>	<u>2,970,736</u>	<u>9,425,106</u>	<u>10,980,490</u>
Increase(Decrease) in net position before transfers	2,368,555	177,256	1,621,695	(543,153)	3,990,250	(365,897)
Transfers	-	200,000	-	(200,000)	-	-
Change in net position	2,368,555	377,256	1,621,695	(743,153)	3,990,250	(365,897)
Net position, July 1	<u>50,420,963</u>	<u>50,043,707</u>	<u>34,381,812</u>	<u>35,124,965</u>	<u>84,802,775</u>	<u>85,168,672</u>
Net position, June 30	<u>\$ 52,789,518</u>	<u>\$ 50,420,963</u>	<u>\$ 36,003,507</u>	<u>\$ 34,381,812</u>	<u>\$ 88,793,025</u>	<u>\$ 84,802,775</u>

Governmental activities. Governmental activities increased the Town's net position by \$2,368,555 primarily due to increased revenues in the general fund.

Business-type activities. Business-type activities increased the Town's net position by \$1,621,695 primarily due to increased revenues and decreased expenses in the utility fund.

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, unreserved fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

The general fund is the chief operating fund of the Town of Leland. At the end of the current fiscal year, Town of Leland's fund balance available in the General Fund was \$6,397,470, while total fund balance reached \$7,121,004. The Town currently has an available fund balance of 108.11 percent of total General Fund expenditures, while total fund balance represents 120.34 percent of the same amount.

At June 30, 2013, the governmental funds of Town of Leland reported a combined fund balance of \$13,943,728, with a net decrease in fund balance of \$1,962,101. Included in this change in fund balance are increases in fund balance in the General Fund.

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.

Revenues were less than the budgeted amounts primarily because the Town did not receive some of the unrestricted intergovernmental funds that were anticipated. Expenditures were held in check to comply with its budgetary requirements.

Proprietary Funds. The Town of Leland's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Proprietary Fund at the end of the fiscal year amounted to \$8,938,759. The total change in net position for the Proprietary Fund was an increase of \$1,621,695.

Management's Discussion and Analysis (Continued)

Capital Asset and Debt Administration

Capital assets. The Town of Leland's investment in capital assets for its governmental and business-type activities as of June 30, 2013, totals \$85,454,103 (net of accumulated depreciation). These assets include buildings, land, vehicles, infrastructure, and equipment.

Major capital asset transactions during the year include the following:

- Construction in progress of a new town hall
- Utility distribution and treatment expansion

The Town of Leland's Capital Assets

Figure 4

(Net of depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Land	\$ 5,093,343	\$ 3,902,840	\$ -	\$ -	\$ 5,093,343	\$ 3,902,840
Construction in Progress	4,418,833	-	-	-	4,418,833	-
Buildings	2,936,671	3,412,973	-	-	2,936,671	3,412,973
Infrastructure	38,238,476	39,227,218	-	-	38,238,476	39,227,218
Vehicles	-	69,267	-	17,783	-	87,050
Plant and Distribution	-	-	34,671,651	28,270,520	34,671,651	28,270,520
Equipment	-	43,625	95,129	175,381	95,129	219,006
Total	\$ 50,687,323	\$ 46,655,923	\$ 34,766,780	\$ 28,463,684	\$ 85,454,103	\$ 75,119,607

Additional information on the Town's capital assets can be found on page 43 in the Notes to the Financial Statements.

Long-term Debt. As of June 30, 2013, the Town of Leland had total debt outstanding of \$11,726,444. Of this, \$-0- is debt backed by the full faith and credit of the Town of Leland.

The Town of Leland's Outstanding Debt
Installment Purchases and Interlocal Agreements

Figure 5

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Installment purchases	\$ 11,726,444	\$ 12,033,704	\$ -	\$ -	\$ 11,726,444	\$ 12,033,704
Interlocal agreements	-	-	7,702,032	1,793,310	7,702,032	1,793,310
Total	\$ 11,726,444	\$ 12,033,704	\$ 7,702,032	\$ 1,793,310	\$ 19,428,476	\$ 13,827,014

The Town of Leland's total debt increased by \$5,601,462 during the fiscal year.

Management's Discussion and Analysis (Continued)

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 \$152,050,693. The Town of Leland does not have any authorized but un-issued debt at June 30, 2013.

Additional information regarding the Town of Leland's long-term debt can be found beginning on page 52 in the Notes to the Financial Statements.

Economic Factors and Next Year's Budgets and Rates

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

- Population growth
- New construction

Budget Highlights for the Fiscal Year Ending June 30, 2014

Governmental Activities. Property taxes will maintain at levels to fund budgeted revenues.

Business-type Activities. Water rates in the Town will be reviewed during the budget process annually.

Requests for Information

This report is designed to provide an overview of the Town finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the following:

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



Basic Financial Statements

TOWN OF LELAND, NORTH CAROLINA

Statement of Net Position

June 30, 2013

	Primary Government			Leland Tourism Development Authority
	Governmental Activities	Business-Type Activities	Total	
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 7,612,182	\$ 8,707,695	\$ 16,319,877	\$ 170,310
Receivables (net):				
Ad Valorem Taxes	173,170	-	173,170	-
Occupancy Tax	-			10,903
Interest	11,131	-	11,131	-
Accounts	-	207,911	207,911	-
Due from Other Governments	725,559	104,541	830,100	-
Restricted Cash and Cash Equivalents	5,958,461	-	5,958,461	-
Total Current Assets	14,480,503	9,020,147	23,500,650	181,213
Noncurrent Assets:				
Capital Assets				
Land, Nondepreciable Improvements, and Construction in Progress	9,512,176	-	9,512,176	-
Other Capital Assets, Net of Depreciation	41,175,147	34,766,780	75,941,927	-
Total Noncurrent Assets	50,687,323	34,766,780	85,454,103	-
Total Assets	\$ 65,167,826	\$ 43,786,927	\$ 108,954,753	\$ 181,213

TOWN OF LELAND, NORTH CAROLINA
Statement of Net Position (Continued)
June 30, 2013

	Primary Government			Leland Tourism Development Authority
	Governmental Activities	Business-Type Activities	Total	
LIABILITIES				
Current Liabilities:				
Accounts Payable and Accrued Liabilities	\$ 264,313	\$ -	\$ 264,313	\$ -
Customer Deposits	-	66,129	66,129	-
Due to Primary Government	-	-	-	-
Deposits	88,161	-	88,161	-
Current Portion of Long-Term Liabilities	973,752	734,648	1,708,400	-
Total Current Liabilities	1,326,226	800,777	2,127,003	-
Long-Term Liabilities:				
Due in More Than One year	11,052,082	6,982,643	18,034,725	-
Total Liabilities	12,378,308	7,783,420	20,161,728	-
DEFERRED INFLOWS OF RESOURCES				
Prepaid Utilities	-	-	-	-
Prepaid Taxes	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-
NET POSITION				
Net Investment in Capital Assets	38,960,879	27,064,748	66,025,627	-
Restricted for:				
Transportation	1,335,198	-	1,335,198	-
Stabilization by State Statute	723,534	-	723,534	10,903
Building Development	4,149,851	-	4,149,851	-
Drug Forfeiture	270,825	-	270,825	-
Unrestricted	7,349,231	8,938,759	16,287,990	170,310
Total Net Position	\$ 52,789,518	\$ 36,003,507	\$ 88,793,025	\$ 181,213

TOWN OF LELAND, NORTH CAROLINA

Statement of Activities

For the Year Ended June 30, 2013

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
Governing Body	122,758	\$ -	\$ -	\$ -
Administration	453,479	123,768	-	-
Outside Agencies	20,000	-	-	-
Information Technology	450,821	-	-	-
Human Resources	94,844	-	-	-
Finance	234,243	-	-	-
Public Works	1,592,635	7,871	-	-
Planning	138,820	-	-	-
Police	2,264,327	300,357	-	-
Inspections	352,354	1,152,396	-	-
Developmental Services	284,476	-	-	-
Powell Bill	193,470	-	403,189	-
Transportation	80,000	-	-	1,190,503
Parks and Recreation	1,612,484	-	-	380,118
Interest on long-term debt	80,047	-	-	-
Total Governmental Activities	7,974,758	1,584,392	403,189	1,570,621
Business-Type Activities:				
Utility	1,450,348	3,067,728	-	-
Total Business-Type Activities	1,450,348	3,067,728	-	-
Total Primary Government	9,425,106	4,652,120	403,189	1,570,621
Component Units:				
Leland Tourism Development Authority	75,905	-	-	-
Total Component Units	\$ 75,905	\$ -	\$ -	\$ -

General Revenues:

- Property Taxes, Levied for General Purpose
- Other Taxes and Licenses
- Investment Earnings
- Miscellaneous

Transfers

Total General Revenues and Transfers

Change in Net Position

Net Position - Beginning of Year

Net Position - End of Year

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			
Governmental	Business-Type	Totals	Leland Tourism Development Authority
Activities	Activities		
\$ (122,758)	\$ -	\$ (122,758)	\$ -
(329,711)	-	(329,711)	-
(20,000)	-	(20,000)	-
(450,821)	-	(450,821)	-
(94,844)	-	(94,844)	-
(234,243)	-	(234,243)	-
(1,584,764)	-	(1,584,764)	-
(138,820)	-	(138,820)	-
(1,963,970)	-	(1,963,970)	-
800,042	-	800,042	-
(284,476)	-	(284,476)	-
209,719	-	209,719	-
1,110,503	-	1,110,503	-
(1,232,366)	-	(1,232,366)	-
(80,047)	-	(80,047)	-
(4,416,556)	-	(4,416,556)	-
-	1,617,380	1,617,380	-
-	1,617,380	1,617,380	-
(4,416,556)	1,617,380	(2,799,176)	-
-	-	-	(75,905)
-	-	-	(75,905)
2,869,633	-	2,869,633	-
3,656,984	-	3,656,984	102,017
7,578	4,315	11,893	-
250,916	-	250,916	-
-	-	-	-
6,785,111	4,315	6,789,426	102,017
2,368,555	1,621,695	3,990,250	26,112
50,420,963	34,381,812	84,802,775	155,101
\$ 52,789,518	\$ 36,003,507	\$ 88,793,025	\$ 181,213

TOWN OF LELAND, NORTH CAROLINA

Balance Sheet

Governmental Funds

June 30, 2013

	<u>Major Funds</u>			
	<u>General</u>	<u>Town Center Capital Project Fund</u>	<u>Total Non-Major Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and Cash Equivalents	\$ 5,160,502	\$ -	\$ 2,451,680	\$ 7,612,182
Restricted Cash	1,386,855	4,352,438	219,168	5,958,461
Receivables (net):				
Ad Valorem Taxes	173,170	-	-	173,170
Due from Component Unit	-	-	-	-
Due from Other Governments	723,534	-	2,025	725,559
Total Assets	\$ 7,444,061	\$ 4,352,438	\$ 2,672,873	\$ 14,469,372

TOWN OF LELAND, NORTH CAROLINA
Balance Sheet (Continued)
Governmental Funds
June 30, 2013

	Major Funds			
	General	Town Center Capital Project Fund	Total Non-Major Funds	Total Governmental Funds
LIABILITIES				
Accounts Payable and Accrued Liabilities	\$ 61,726	\$ 202,587	\$ -	\$ 264,313
Deposits	88,161	-	-	88,161
Total Liabilities	149,887	202,587	-	352,474
DEFERRED INFLOWS OF RESOURCES				
Property Taxes Receivable	173,170	-	-	173,170
Prepaid Taxes	-	-	-	-
Total Deferred Inflows of Resources	173,170	-	-	173,170
FUND BALANCES				
Restricted				
Stabilization by State Statute	723,534	-	-	723,534
Streets	1,335,198	-	-	1,335,198
Building Development	-	4,149,851	-	4,149,851
Drug Forfeiture	51,657	-	219,168	270,825
Committed				
Administration	185,870	-	-	185,870
Planning	250,000	-	-	250,000
Transportation	9,343	-	-	9,343
Parks and Recreation	64,751	-	-	64,751
Debt Service	693,972	-	-	693,972
Assigned				
Subsequent Year's Expenditures:	-	-	-	-
Information Technology	-	-	10,000	10,000
Planning	-	-	32,370	32,370
Police	-	-	10,000	10,000
Inspections	-	-	8,000	8,000
Public Works	-	-	156,083	156,083
Parks and Recreation	-	-	1,138,616	1,138,616
Transportation	-	-	1,098,636	1,098,636
Unassigned	3,806,679	-	-	3,806,679
Total Fund Balances	7,121,004	4,149,851	2,672,873	13,943,728
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 7,444,061	\$ 4,352,438	\$ 2,672,873	\$ 14,469,372

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

TOWN OF LELAND, NORTH CAROLINA
 Balance Sheet (Continued)
 Governmental Funds
 June 30, 2013

	<u>Total Governmental Funds</u>
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Total Governmental Fund Balance	\$ 13,943,728
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	
Gross capital assets at historical costs	60,988,602
Accumulated depreciation	<u>(10,301,279)</u>
	50,687,323
Other long-term assets (accrued interest receivable from taxes) are not available to pay for current-period expenditures and therefore are deferred	
Accrued interest - taxes	<u>11,131</u>
	11,131
Liabilities for earned revenues considered deferred inflows of resources in fund statements.	
Ad valorem taxes	<u>173,170</u>
	173,170
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	
Installment purchase obligations	(11,726,444)
Net pension obligation	(152,819)
Compensated absences	<u>(146,571)</u>
	(12,025,834)
Net position of governmental activities.	<u><u>\$ 52,789,518</u></u>



TOWN OF LELAND, NORTH CAROLINA
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2013

	Major Funds			
	General Fund	Town Center Capital Project Fund	Total Non-Major Funds	Total Governmental Funds
Revenues				
Ad Valorem Taxes	\$ 2,850,977	\$ -	\$ -	\$ 2,850,977
Other Taxes and Licenses	123,768	-	-	123,768
Unrestricted Intergovernmental	3,656,984	-	-	3,656,984
Restricted Intergovernmental	454,789	-	636,746	1,091,535
Permits and Fees	1,152,396	-	-	1,152,396
Investment Earnings	2,588	4,659	331	7,578
Miscellaneous	250,916	-	-	250,916
Total Revenues	8,492,418	4,659	637,077	9,134,154
Expenditures				
Current				
Governing Body	122,758	-	-	122,758
Administration	444,372	-	-	444,372
Outside Services	20,000	-	-	20,000
Information Technology	446,283	-	-	446,283
Human Resources	94,844	-	-	94,844
Finance	234,243	-	-	234,243
Public Works	1,013,040	-	35,057	1,048,097
Planning	-	-	138,820	138,820
Police	2,133,963	-	5,000	2,138,963
Inspections	349,744	-	-	349,744
Developmental Services	282,740	-	-	282,740
Powell Bill	130,411	-	-	130,411
Transportation	-	-	80,000	80,000
Parks and Recreation	257,856	-	69,314	327,170
Debt Service				
Principal	307,260	-	-	307,260
Interest and Other charges	80,047	-	-	80,047
Capital Outlay				
Administration	-	4,418,833	-	4,418,833
Parks and Recreation	-	-	431,670	431,670
Total Expenditures	5,917,561	4,418,833	759,861	11,096,255
Excess (Deficiency) of Revenues Over Expenditures	2,574,857	(4,414,174)	(122,784)	(1,962,101)
Other Financing Sources (Uses)				
Transfers from Other Funds	125,006	127,029	2,460,500	2,712,535
Transfers to Other Funds	(2,587,529)	-	(125,006)	(2,712,535)
Total Other Financing Sources (Uses)	(2,462,523)	127,029	2,335,494	-
Net Change in Fund Balance	112,334	(4,287,145)	2,212,710	(1,962,101)
Fund Balance - Beginning of Year	7,008,670	8,436,996	460,163	15,905,829
Fund Balance - End of Year	\$ 7,121,004	\$ 4,149,851	\$ 2,672,873	\$ 13,943,728

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 (Continued)
Governmental Funds
For the Year Ended June 30, 2013

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

Net changes in fund balances - total governmental funds \$ (1,962,101)

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the costs of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay expenditures which were capitalized	4,850,503	
Depreciation expense	(2,009,607)	2,840,896

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

Change in unavailable revenue for tax revenues	29,431	
Interest earned on ad valorem taxes	(10,775)	
Amount of donated assets	1,190,503	1,209,159

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 position. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Debt issuance	-	
Debt retirement	307,260	307,260

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	(26,822)	
Compensated absences	163	(26,659)

Total changes in net position of governmental activities	\$ 2,368,555	
--	--------------	--

TOWN OF LELAND, NORTH CAROLINA
 General Fund
 Statement of Revenues, Expenditures, and Changes in Fund Balance
 Budget and Actual
 For the Year Ended June 30, 2013

	General Fund			
	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Ad Valorem Taxes	\$ -	\$ 2,638,500	\$ 2,850,977	\$ 212,477
Other Taxes and Licenses	-	85,500	123,768	38,268
Unrestricted Intergovernmental	-	3,599,200	3,656,984	57,784
Restricted Intergovernmental	-	398,990	415,494	16,504
Permits and Fees	-	649,600	1,152,396	502,796
Investment Earnings	-	2,000	2,456	456
Miscellaneous	-	196,200	250,916	54,716
Total Revenues	-	7,569,990	8,452,991	883,001
Expenditures				
Governing Body	-	133,055	122,758	10,297
Administration	-	445,718	444,372	1,346
Outside Agencies	-	20,000	20,000	-
Information Technology	-	492,474	446,283	46,191
Human Resources	-	113,424	94,844	18,580
Finance	-	287,814	234,243	53,571
Public Works	-	1,243,271	1,013,032	230,239
Police	-	2,361,106	2,133,963	227,143
Inspections	-	376,694	349,744	26,950
Development Services	-	346,899	282,740	64,159
Powell Bill	-	1,178,090	130,411	1,047,679
Parks and Recreation	-	296,180	257,856	38,324
Debt Service	-	387,306	387,307	(1)
Total Expenditures	-	7,682,031	5,917,553	1,764,478
Revenues Over (Under) Expenditures	-	(112,041)	2,535,438	2,647,479
Other Financing Sources (Uses)				
Transfers from Other Funds	-	1,377,020	363,700	(1,013,320)
Transfers to Other Funds	-	(4,594,365)	(3,592,365)	1,002,000
Total Other Financing Sources (Uses)	-	(3,217,345)	(3,228,665)	(11,320)
Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	-	(3,329,386)	(693,227)	2,636,159
Appropriated Fund Balance	-	3,329,386	-	(3,329,386)
Net Change in Fund Balance	\$ -	\$ -	(693,227)	\$ (693,227)
Fund Balance - Beginning of Year			6,558,638	
Fund Balance - End of Year			\$ 5,865,411	

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

TOWN OF LELAND, NORTH CAROLINA

General Fund

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

Budget and Actual

For the Year Ended June 30, 2013

Fund Balance - End of Year \$ 5,865,411

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

Investment Earnings	30
Transfer from the General Fund	-
Fund Balance - Beginning	<u>64,721</u>
	<u>64,751</u>

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

Investment Earnings	-
Public Works Expenditures	(8)
Transfer from the General Fund	-
Fund Balance - Beginning	<u>8</u>
	<u>-</u>

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

Investment Earnings	102
Transfer to the Transportation Capital Project Fund	(363,700)
Fund Balance - Beginning	<u>372,941</u>
	<u>9,343</u>

A legally budgeted Drug Forfeitures Capital Reserve Fund
is consolidated into the General Fund for reporting purposes:

Restricted Intergovernmental Revenue	39,295
Investment Earnings	-
Transfer from the General Fund	-
Fund Balance - Beginning	<u>12,362</u>
	<u>51,657</u>

A legally budgeted Town Center Capital Reserve Fund
is consolidated into the General Fund for reporting purposes:

Investment Earnings	-
Transfer from the General Fund	185,870
Fund Balance - Beginning	<u>-</u>
	<u>185,870</u>

A legally budgeted Debt Payment Capital Reserve Fund
is consolidated into the General Fund for reporting purposes:

Investment Earnings	-
Transfer from the General Fund	568,966
Transfer from the Fire Department Capital Project Fund	125,006
Fund Balance - Beginning	<u>-</u>
	<u>693,972</u>

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

TOWN OF LELAND, NORTH CAROLINA

General Fund

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

Budget and Actual

For the Year Ended June 30, 2013

A legally budgeted Sign Amortization Capital Reserve Fund
is consolidated into the General Fund for reporting purposes:

Investment Earnings	-
Transfer from the General Fund	250,000
Fund Balance - Beginning	-
	<u>250,000</u>
Fund Balance - End of Year (Consolidated)	<u><u>\$ 7,121,004</u></u>



TOWN OF LELAND, NORTH CAROLINA
Statement of Fund Net Position
Proprietary Fund
June 30, 2013

	<u>Major</u>
	<u>Utility</u>
	<u>Fund</u>
ASSETS	
Current Assets	
Cash and Investments	\$ 8,707,695
Accounts Receivable (net)	207,911
Due from Other Government	104,541
Total Current Assets	<u>9,020,147</u>
Noncurrent Assets	
Capital Assets	
Other Capital Assets, Net of	
Depreciation	<u>34,766,780</u>
Total Capital Assets	<u>34,766,780</u>
Total Noncurrent Assets	<u>34,766,780</u>
Total Assets	<u>\$ 43,786,927</u>

TOWN OF LELAND, NORTH CAROLINA
Statement of Fund Net Position (Continued)
Proprietary Fund
June 30, 2013

	<u>Major</u>
	<u>Utility</u>
	<u>Fund</u>
LIABILITIES	
Current Liabilities	
Accounts Payable and	
Accrued Liabilities	\$ -
Customer Deposits	66,129
Interlocal Agreements	<u>734,648</u>
Total Current Liabilities	<u>800,777</u>
Noncurrent Liabilities	
Interlocal Agreements	6,967,384
Compensated Absences Payable	<u>15,259</u>
Total Noncurrent Liabilities	<u>6,982,643</u>
Total Liabilities	<u><u>7,783,420</u></u>
DEFERRED INFLOWS OF RESOURCES	
Prepaid Utilities	<u>-</u>
Total Deferred Inflows of Resources	<u><u>-</u></u>
NET POSITION	
Net Investment in Capital Assets	27,064,748
Unrestricted	<u>8,938,759</u>
Total Net Position	<u><u>\$ 36,003,507</u></u>



TOWN OF LELAND, NORTH CAROLINA
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Fund
For the Year Ended June 30, 2013

	<u>Major</u>
	<u>Utility</u>
	<u>Fund</u>
Operating Revenues	
Water Charges	\$ 615,393
Sewer Charges	1,565,034
Impact Fees	869,030
Penalties and Interest	18,271
Total Operating Revenues	<u>3,067,728</u>
Operating Expenses	
Water Operations	293,702
Sewer Operations	795,963
Depreciation	206,655
Total Operating Expenses	<u>1,296,320</u>
Operating Income (Loss)	<u>1,771,408</u>
Nonoperating Revenues (Expenses)	
Investment Earnings	4,315
Interest Expense	(154,028)
Total Nonoperating Revenues (Expenses)	<u>(149,713)</u>
Change in Net Position	1,621,695
Net Position - Beginning of Year	<u>34,381,812</u>
Net Position - End of Year	<u>\$ 36,003,507</u>

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

TOWN OF LELAND, NORTH CAROLINA

Statement of Cash Flows

Proprietary Fund

For the Year Ended June 30, 2013

	<u>Major</u>
	<u>Utility</u>
	<u>Fund</u>
Cash Flows from Operating Activities	
Cash Received from Customers and Users	\$ 2,964,603
Cash Paid for Goods and Services	(860,790)
Cash Paid to or on Behalf of Employees for Services	(254,057)
Customer Deposits Received	66,629
Customer Deposits Returned	(500)
Net Cash Provided (Used) by Operating Activities	<u>1,915,885</u>
Cash Flows from Noncapital Financing Activities	
Transfers out	<u>-</u>
Cash Flows from Capital Financing Activities	
Acquisition of Capital Assets	(6,509,750)
Interest Paid on Debt Obligations and Equipment Contracts	(154,028)
Principal Paid on Debt Obligations and Equipment Contracts	(601,028)
Interlocal Agreements Issued	6,509,750
Capital Contributions - State Grants	-
Capital Contributions - Federal Grants	-
Net Cash Provided (Used) by Capital Financing Activities	<u>(755,056)</u>
Cash Flows from Investing Activities	
Interest on Investments	<u>4,315</u>
Net Increase(Decrease) in Cash and Cash Equivalents	1,165,144
Cash and Cash Equivalents - Beginning of Year	<u>7,542,551</u>
Cash and Cash Equivalents - End of Year	<u>\$ 8,707,695</u>

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

TOWN OF LELAND, NORTH CAROLINA
Statement of Cash Flows (Continued)
Proprietary Fund
For the Year Ended June 30, 2013

	<u>Major</u>
	<u>Utility</u>
	<u>Fund</u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities	
Operating Income (Loss)	\$ 1,771,408
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities	
Depreciation	206,655
Changes in Assets and Liabilities	
(Increase) Decrease in Accounts Receivable	(103,125)
(Increase) Decrease in Due from Other Governments	(3,853)
Increase (Decrease) in Accounts Payable and Accrued Liabilities	(36,588)
Increase (Decrease) in Prepaid Items	-
Increase (Decrease) in Customer Deposits	66,129
Increase (Decrease) in Compensated Absences Payable	15,259
Total Adjustments	<u>144,477</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 1,915,885</u>

TOWN OF LELAND, NORTH CAROLINA
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2013

	Pension Trust Fund	Agency Funds
ASSETS		
Cash and Investments	\$ 51,129	\$ -
Occupancy Tax Receivable	-	10,903
Total Assets	51,129	10,903
LIABILITIES		
Due to Other Governments	-	10,903
Total Liabilities	-	10,903
NET POSITION		
Assets Held in Trust for Pension Benefits	51,129	-
Total Net Position	\$ 51,129	\$ -

TOWN OF LELAND, NORTH CAROLINA
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2013

	Pension Trust Fund
Additions	
Employer Contributions	\$ 5,000
Investment Earnings	
Interest	<u>22</u>
Total Additions	5,022
Deductions	
Benefits	<u>-</u>
Change in Net Position	5,022
Net Position - Beginning of Year	<u>46,107</u>
Net Position - End of Year	<u><u>\$ 51,129</u></u>

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

TOWN OF LELAND, NORTH CAROLINA

Notes to Financial Statements

June 30, 2013

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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, Basis of Accounting

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

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation, Basis of Accounting (Continued)

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

The Town reports the following major governmental funds:

General Fund – This 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, Transportation Capital Improvement Reserve Fund, Drug Forfeitures Capital Reserve Fund, Town Center Capital Reserve Fund, Debt Payment Capital Reserve Fund, and a Sign Amortization Payment 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.

Town Center 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 the Westgate Nature Park.

Sturgeon Environmental Educational Park Project Fund. The fund is used to account for the construction of the Sturgeon Environmental Educational Park.

Drug Forfeitures Capital Projects Fund. This fund is used to account for activities related to drug forfeitures.

Lanvale Trace Stormwater Improvement Project Fund. This fund is used to account for the repair and maintenance of the Lanvale Trace Stormwater Project.

Space Development Capital Project Fund. This fund is used to account for the development of town property.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation, Basis of Accounting (Continued)

Cultural Arts Center Capital Project Fund. This fund is used to account for funding construction of a Cultural Arts Center.

Vehicle Replacement Capital Project Fund. This fund is used to account for future capital vehicle acquisitions.

Planning Revitalization Capital Project Fund. This fund is used to account for funding major capital improvements.

Transportation Capital Project Fund. This fund is used to account for funding major transportation capital improvements.

Westgate Senior Apartment Housing Capital Project Fund. This fund is used to account for the construction of the Westgate Senior Apartment Housing Complex.

Greenway Capital Project Fund. This fund is used to account for the construction of the Greenway Capital Project.

Bike Plan Capital Project Fund. This fund is used to account for the planning and construction of bike paths.

Dog Park Capital Project Fund. This fund is used to account for the planning and construction of dog parks.

Splash Park Capital Project Fund. This fund is used to account for the planning and construction of a splash park.

Rice Gate Capital Project Fund. This fund is used to account for the associated expenditures of the Rice Gate Project.

Property Acquisition (Water Access) Capital Project Fund. This fund is used for the acquisition of property by the Town.

Property Acquisition (General) Capital Project Fund. This fund is used for the acquisition of property by the Town.

Westgate Berm Capital Project Fund. This fund is used to account for the development of the Westgate Berm.

The Town reports the following major enterprise funds:

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation, Basis of Accounting (Continued)

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 and 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, 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 and Proprietary Fund Financial Statements. The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. 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 non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town 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 non-operating revenues and expenses.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, 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 property taxes 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 Town. For registered motor vehicles, 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, taxes for vehicles registered from March 2012 through February 2013 apply to the fiscal year ended June 30, 2013. Uncollected taxes that were billed during this period are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

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

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, Parks and Recreation Capital Reserve Fund, a Space Development Capital Reserve Fund, Transportation Capital Improvement Reserve Fund, Drug Forfeitures Capital Reserve Fund, Town Center Capital Reserve Fund, Debt Payment Capital Reserve Fund, Sign Amortization Payment Fund, Town Center Capital Project Fund, Gateway Beautification Capital Project Fund, Village Road/Cross Access Capital Project Fund, Fire Department Capital Project Fund, Westgate Nature Park Capital Project Fund, 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, Vehicle Replacement Capital Projects Fund, Planning Revitalization Capital Project Fund, Transportation Capital Project Fund, Westgate Senior Apartment Housing Capital Project Fund, Greenway Capital Project Fund, Bike Plan Capital Project Fund, Dog Park Capital Project Fund, Splash Park Capital Project Fund, Rice Gate

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgetary Data (Continued)

Capital Project Fund, Property Acquisition (Water Access) Capital Project Fund, Property Acquisition (General) Capital Project Fund, Westgate Berm Capital Project Fund, Sewer Fund, and the 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. The governing board must approve all amendments. 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 and the Leland Tourism Development Authority are made in board-designated official depositories and are secured as required by 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 and the Leland Tourism Development Authority may establish time deposit accounts such as NOW and Super-NOW accounts, money market accounts, and certificates of deposits.

State law [G.S.159-30(c)] authorized the Town and the Leland Tourism Development Authority 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; high quality issues of commercial paper and bankers' acceptances and the North Carolina Capital Management Trust (NCCMT). The Town and the Authority's investments are reported at fair value as determined by quoted market prices. The securities of the NCCMT Cash Portfolio, an 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.

In accordance with State law, the Town and Leland Tourism Development Authority have invested in securities which are callable and which provide for periodic interest rate increases in specific increments until maturity. These investments are reported at fair values as determined by quoted market prices.

2. Cash and Cash Equivalents

The Town pools money from several funds, except the Pension Trust Fund, 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. Leland Tourism Development Authority considers demand deposits and investments purchased with an original maturity of three months or less, which are not limited as to use, to be cash and cash equivalents.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Fund Equity (Continued)

3. Restricted Assets

The unexpended debt proceeds of the Town Center Capital Project Fund loans issued by the Town are classified as restricted assets for the governmental fund because their use is completely restricted to the purpose for which the loans 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 be expended only for the purposes of maintaining, repairing, constructing, reconstructing or widening of local streets per G.S.136-41.1 through 136-41.1.

4. 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, penalties and interest do not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2012.

5. 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.

6. Inventories and Prepaid Items

The inventories of the Town, and Leland Tourism Development Authority 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 when purchased.

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

7. 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; furniture, 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. 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)

7. Capital Assets (Continued)

Capital assets of the Town are depreciated on a straight-line basis over the following estimated useful lives:

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

8. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Town has no items that meet this criterion. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Town has three items that meet the criterion for this category – prepaid taxes, and property taxes receivable, and prepaid utilities.

9. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. 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, except for prepaid insurance costs, are expensed in the period in which they occur. Prepaid insurance costs are expensed over the life of the 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.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Fund Equity (Continued)

10. Compensated Absences

The vacation policies of the Town provide 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 sick leave policies of the Town provide for an unlimited accumulation of earned sick leave. Sick leave does not vest, but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Since the Town does not have any obligation for the accumulated sick leave until it is actually taken, no accruals for sick leave have been made.

11. Net Position/Fund Balances

Net Position

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

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.

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.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Fund Equity (Continued)

11. Net Position/Fund Balances (Continued)

Fund Balances (Continued)

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

Restricted for Building Development – portion of Town Center Capital Project Fund that is restricted by debt agreements.

Committed Fund Balance – portion of fund balance that can only be used for specific purposes imposed by majority vote by quorum of 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 Administration - portion of fund balance that has been committed for use within the administration department.

Committed for Planning - portion of fund balance that has been committed for planning purposes.

Committed for Transportation - portion of fund balance that has been committed for future capital projects.

Committed for Parks and Recreation - portion of fund balance that has been committed for projects within the parks and recreation department.

Committed for Debt Service - portion of fund balance that has been committed for repayment of debts.

Assigned fund balance – portion of fund balance that Town of Chadbourn intends to use for specific purposes.

Assigned for Information Technology – portion of fund balance that has been assigned for information technology purposes.

Assigned for Planning – portion of fund balance that has been assigned for planning purposes.

Assigned for Police - portion of fund balance that has been assigned for purposes with the police department.

Assigned for Inspections - portion of fund balance that has been assigned for vehicle replacement purposes with the inspections department.

Assigned for Public Works - portion of fund balance that has been assigned for projects within the public works department.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Fund Equity (Continued)

11. Net Position/Fund Balances (Continued)

Fund Balances (Continued)

Assigned for Parks and recreation - portion of fund balance that has been assigned for projects within the parks and recreation department.

Assigned for Transportation - portion of fund balance that has been assigned for projects within the transportation department.

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.

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 of the deposits of the Town and the Leland Tourism Development Authority are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits exceeding the federal depository insurance coverage level are collateralized with securities held by the Town's or the Leland Tourism Development Authority'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 and the Authority, 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, Leland Tourism Development Authority or with the escrow agent.

II. DETAIL NOTES ON ALL FUNDS (Continued)

B. Assets (Continued)

1. Deposits (Continued)

Because of the inability to measure the exact amounts of collateral pledged for the Town, or Leland Tourism Development Authority under the Pooling Method, the potential exists for under-collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The Town has no formal policy regarding custodial credit risk for deposits, but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The Town complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured. Leland Tourism Development Authority has no formal policy regarding custodial credit risk for deposits.

At June 30, 2013, the Town's deposits had a carrying amount of \$14,073,731 and a bank balance of \$14,185,923. Of the bank balance, \$750,000 was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method. The carrying amount of deposits for Leland Tourism Development Authority was \$170,310 and the bank balance was \$180,091. All of the bank balance was covered by federal depository insurance. At June 30, 2013, the Town's petty cash fund totaled \$400.

2. Investments

At June 30, 2013, the Town of Leland had \$8,255,336 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 Position for the year ended June 30, 2013 are net of the following allowances for doubtful accounts:

Fund	06/30/2013
General Fund	
Taxes Receivable	\$ 10,000
Total	10,000
Enterprise Funds	
Utility Billing	41,000
Total	\$ 51,000

II. DETAIL NOTES ON ALL FUNDS (Continued)

A. Assets (Continued)

4. Capital Assets

Primary Government

Capital asset activity for the year ended June 30, 2013, was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 3,902,840	\$ 1,190,503	-	\$ 5,093,343
Construction in Progress	-	4,418,833	-	4,418,833
Total capital assets not being depreciated	<u>3,902,840</u>	<u>5,609,336</u>	-	<u>9,512,176</u>
Capital assets being depreciated:				
Buildings and Improvements	4,281,775	-	-	4,281,775
Equipment	260,097	-	-	260,097
Vehicles	2,764,251	-	-	2,764,251
Infrastructure	43,738,633	431,670	-	44,170,303
Total capital assets being depreciated	<u>51,044,755</u>	<u>431,670</u>	-	<u>51,476,426</u>
Less accumulated depreciation for:				
Buildings and Improvements	868,802	476,302	-	1,345,104
Equipment	216,472	43,625	-	260,097
Vehicles	2,694,984	69,267	-	2,764,251
Infrastructure	4,511,414	1,420,413	-	5,931,827
Total accumulated depreciation	<u>8,291,672</u>	<u>2,009,607</u>	-	<u>10,301,279</u>
Total capital assets being depreciated, net	<u>42,753,083</u>			<u>41,175,147</u>
Governmental activity capital assets, net	<u>\$ 46,655,923</u>			<u>\$ 50,687,323</u>

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

	<u>Depreciation</u>
Administration	\$ 11,108
Powell Bill	8,560
Information Technology	9,537
Public Works	27,041
Developmental Services	10,736
Police	176,405
Fire	63,059
Inspections	2,610
Transportation	1,556,754
Parks and Recreation	143,797
Total	<u>\$ 2,009,607</u>

II. DETAIL NOTES ON ALL FUNDS (Continued)

A. Assets (Continued)

4. Capital Assets

Business-Type Activities:
Sewer Fund

	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets being depreciated:				
Equipment	\$ 357,118	\$ -	\$ -	\$ 357,118
Vehicles	65,482	-	-	65,482
Sewer System	33,737,921	6,509,750	-	40,247,671
Total capital assets being Depreciated	34,160,521	6,509,750	-	40,670,271
Less accumulated depreciation for:				
Equipment	181,737	80,252	-	261,989
Vehicles	47,699	17,783	-	65,482
Sewer System	5,467,400	108,620	-	5,576,020
Total accumulated depreciation	5,696,836	\$ 206,655	\$ -	5,903,491
Total capital assets being depreciated, net	28,463,685			34,766,780
Sewer Fund capital assets, net	\$ 28,463,685			\$ 34,766,780

B. Liabilities

1. Pension Plan Obligations

a. Local Governmental Employees' Retirement System

Plan Description – 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 6.74% and 6.77%, respectively, of annual covered payroll. The contribution requirements of members and of 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, 2013, 2012 and 2011 were \$168,422, \$199,241, and \$156,715 respectively. The contributions made by the Town equaled the required contributions for each year.

II. DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

1. Pension Plan Obligations (Continued)

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.

All full-time law enforcement officers of the Town are covered by the Separation Allowance. At June 30, 2013, the Separation Allowance's membership consisted of:

Retirees receiving benefits	-
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	<u>33</u>
Total	<u>33</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 latest reported sales price.

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

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 \$5,000 or 15.71% of annual pension cost. 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.

The annual required contribution for the current year was determined as part of the December 31, 2012 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 liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at December 31, 2012 was 18 years.

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

Employer annual required contribution	\$ 33,363
Interest on net pension obligation	6,300
Less adjustment of annual required contribution	<u>(7,841)</u>
Annual pension cost	31,822
Less contributions made	<u>5,000</u>
Increase (decrease) in net pension obligation	26,822
Net pension obligation beginning of year	<u>125,997</u>
Net pension obligation end of year	<u><u>\$ 152,819</u></u>

3 Year Trend Information

Year Ending June 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2011	\$ 34,486	14.50%	\$ 97,798
2012	33,199	15.06%	125,997
2013	31,822	15.71%	152,819

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, 2012, the most recent actuarial valuation date, the plan was 30.97% funded. The actuarial accrued liability for benefits was \$132,366, resulting in an unfunded actuarial accrued liability (UAAL) of \$91,366. The covered payroll (annual payroll of active employees covered by the plan) was \$1,223,149, and the ratio of the UAAL to the covered payroll was 7.47 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.

c. Supplemental Retirement Income Plan for Law Enforcement Officers

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 that the Town contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2013 were \$66,402, which consisted of \$52,253 from the Town and \$14,149 from the law enforcement officers.

II. DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

1. Pension Plan Obligations (Continued)

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

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, 2013 equaled \$94,346, which consisted of \$71,198 from the Town and \$23,148 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 Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest months' salary in a row during the 24 months prior to the employee's death, but the benefit may not exceed \$50,000 or be less than \$25,000. All death benefit payments are made from the Death Benefit Plan. The Town has no liability beyond the payment of monthly contributions. The contributions to the Death Benefit Plan cannot be separated between the post employment benefit amount and the other benefit amount. The Town considers these contributions to be immaterial.

3. Deferred Outflows and Inflows of Resources

Deferred inflows of resources at year-end are composed of the following:

	Unavailable Revenue	Unearned Revenue
Taxes Receivable (General Fund)	\$ 173,170	\$ -
Total	<u>\$ 173,170</u>	<u>\$ -</u>

II. DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

4. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town 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 \$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 from the previous 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 carries no flood insurance through the National Flood Insurance Plan (NFIP), as they are considered to be in a low-risk area.

5. Claims, Judgments and Contingent Liabilities

At June 30, 2013, the Town was a defendant to various lawsuits. In the opinion of the Town's management and the Town's attorney, the ultimate effect of these legal matters will not have a material adverse effect on the Town's financial position.

6. Long-Term Obligations

a. Installment Purchases

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%.

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 annual payments of \$660,000, at an annual interest rate of 2.14%.

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%.

II. DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

6. Long-Term Obligations (Continued)

a. Installment Purchases (Continued)

For Town of Leland, the future minimum payments as of June 30, 2013, including \$1,979,704 of interest are as follows:

Year Ending June 30	Governmental Activities	
	Principal	Interest
2014	973,752	279,767
2015	980,507	253,241
2016	972,188	226,443
2017	806,667	203,368
2018	806,667	183,597
2019-2023	3,886,667	621,427
2024-2028	3,300,000	211,860
Total	11,726,447	1,979,704

b. Interlocal Agreement

The Town has incurred the following liability through joint service agreements with Brunswick County. In these agreements, the Town of Leland shares in the costs and debt of certain sewer infrastructure financed by the County. These agreements require principal payments due annually with semiannual interest payments, at an annual interest rate of 1.84% to 2.55%.

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

Year Ending June 30	Business Type Activities	
	Principal	Interest
2014	734,648	176,044
2015	780,558	150,712
2016	793,498	133,594
2017	806,488	116,204
2018	819,528	98,539
2019-2023	3,767,312	215,559
Total	7,702,032	890,652

II. DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

6. Long-Term Obligations (Continued)

c. Long-Term Obligation Activity

	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion of Balance
Governmental activities:					
Installment purchases	\$ 12,033,704	\$ -	\$ 307,260	\$ 11,726,444	\$ 973,752
Compensated absences	146,734	40,559	40,722	146,571	-
Net pension obligation	125,997	31,822	5,000	152,819	-
Total governmental activities	12,306,435	72,381	352,982	12,025,834	973,752
Business-type activities:					
Interlocal agreements	\$ 1,793,310	\$ 6,509,750	\$ 601,028	\$ 7,702,032	\$ 734,648
Compensated absences	12,363	6,516	3,620	15,259	-
Total business-type activities	\$ 1,805,673	\$ 6,516,266	\$ 604,648	\$ 7,717,291	\$ 734,648

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.

C. Interfund Balances and Activity

Transfers to/from other funds at June 30, 2013, consists of the following:

From the Capital Improvement Reserve Fund to the General Fund	\$ 363,700
From the General Fund to the Town Center Capital Reserve Fund	185,870
From the General Fund to the Debt Payment Capital Reserve Fund	568,966
From the General Fund to the Sign Amortization Payment Fund	250,000
From the General Fund to the Town Center Capital Project Fund	127,029
From the General Fund to the Gateway Beautification Capital Project Fund	45,000
From the General Fund to the Westgate Nature Park Capital Project Fund	300,000
From the General Fund to the Sturgeon Environmental Educational Park Fund	120,000
From the General Fund to the Capital Arts Center Capital Project Fund	450,000
From the General Fund to the Vehicle Replacement Capital Project Fund	38,000
From the General Fund to the Planning Revitalization Capital Project Fund	685,000
From the General Fund to the Transportation Capital Project Fund	357,500
From the General Fund to the Greenway Capital Project Fund	50,000
From the General Fund to the Bike Path Capital Project Fund	50,000
From the General Fund to the Dog Park Capital Project Fund	50,000
From the General Fund to the Splash Park Capital Project Fund	50,000
From the General Fund to the Rice Gate Capital Project Fund	50,000
From the General Fund to the Prop. Acquisition(Water Access) Capital Project Fund	30,000
From the General Fund to the Prop. Acquisition(General) Capital Project Fund	20,000
From the General Fund to the Westgate Berm Capital Project Fund	165,000
From the Fire Department Capital Project Fund to the Debt Payment Capital Reserve	125,006
From the Utility Fund to the Utility Capital Reserve Fund	591,390
Total	<u>\$ 4,672,461</u>

II. DETAIL NOTES ON ALL FUNDS (Continued)

C. Interfund Balances and Activity (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.

D. Fund Balance

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

<i>Total fund balance – General Fund</i>	\$	7,121,004
Less:		
Restricted		
Stabilization by State Statute		723,534
Streets – Powell Bill		1,335,198
Drug Forfeiture		51,657
Committed		
Administration		185,870
Planning		250,000
Transportation		9,343
Parks and Recreation		64,751
Debt Service		693,972
Remaining Fund Balance		3,806,679

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

<i>Encumbrances</i>	General Fund	Non-Major Funds
-	\$ -	\$ -

III. SUMMARY DISCLOSURE OF SIGNIFICANT COMMITMENTS AND CONTINGENCIES

A. 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 funds will be immaterial. No provision has been made in the accompanying financial statements for the refund of grant moneys.

IV. CHANGE IN ACCOUNTING PRINCIPLES/RESTATEMENT

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

Required Supplementary

Financial Data

TOWN OF LELAND, NORTH CAROLINA
 Law Enforcement Officers' Special Separation Allowance
 Required Supplementary Information
 Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)- Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
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	157,107	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%
12/31/2012	41,000	132,366	91,366	30.97%	1,223,149	7.47%

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 Required Contribution</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%
2013	33,363	14.99%

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	12/31/2012
Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level Percent of Pay Closed
Remaining Amortization Period	18 Years
Asset Valuation Method	Market Value
Actuarial Assumptions:	
Investment Rate of Return	5.00%
Projected Salary Increases	4.25% - 7.85%
Included Inflation at	3.00%
Cost of Living Adjustments	N/A



Major Governmental Funds

General Fund

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, 2013

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Ad Valorem Taxes			
Taxes		\$ 2,839,263	
Penalties and Interest		11,714	
Total Ad Valorem Taxes	\$ 2,638,500	2,850,977	\$ 212,477
Other Taxes and Licenses			
Privilege Licenses		123,768	
Total Other Taxes and Licenses	85,500	123,768	38,268
Unrestricted Intergovernmental			
Local Option Sales Tax		2,990,566	
Utility Franchise Tax		610,002	
Beer and Wine Tax		56,416	
Total Unrestricted Intergovernmental	3,599,200	3,656,984	57,784
Restricted Intergovernmental			
Powell Bill Allocation		403,189	
State Grants		2,500	
Controlled Substance Tax		1,934	
Solid Waste Disposal Tax		7,871	
Total Restricted Intergovernmental	398,990	415,494	16,504
Permits and Fees			
Inspection Fees		1,053,833	
Zoning Permits		98,563	
Total Permits and Fees	649,600	1,152,396	502,796
Investment Earnings			
General		1,897	
Powell Bill		559	
Total Investment Earnings	2,000	2,456	456
Miscellaneous			
Other		250,916	
Total Miscellaneous	196,200	250,916	54,716
Total Revenues	7,569,990	8,452,991	883,001

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, 2013

	Final Budget	Actual	Variance Positive (Negative)
Expenditures			
Governing Body			
Salaries and Wages		\$ 37,130	
Employee Benefits		2,930	
Other Expenditures		82,698	
Total Governing Body	\$ 133,055	122,758	\$ 10,297
Administration			
Salaries and Wages		222,426	
Employee Benefits		76,458	
Other Expenditures		145,488	
Total Administration	445,718	444,372	1,346
Outside Agencies			
Other Expenditures		20,000	
Total Outside Agencies	20,000	20,000	-
Information Technology			
Salaries and Wages		79,187	
Employee Benefits		33,232	
Other Expenditures		333,864	
Total Information Technology	492,474	446,283	46,191
Human Resources			
Salaries and Wages		57,486	
Employee Benefits		22,413	
Other Expenditures		14,945	
Total Human Resources	113,424	94,844	18,580
Finance			
Salaries and Wages		102,431	
Employee Benefits		44,251	
Other Expenditures		87,561	
Total Finance	287,814	234,243	53,571
Public Works			
Salaries and Wages		95,481	
Employee Benefits		50,092	
Other Expenditures		867,459	
Total Public Works	1,243,271	1,013,032	230,239
Police			
Salaries and Wages		1,323,157	
Employee Benefits		537,762	
Other Expenditures		368,525	
Total Police	2,361,106	2,133,963	227,143

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, 2013

	Final Budget	Actual	Variance Positive (Negative)
Inspections			
Salaries and Wages		\$ 217,746	
Employee Benefits		96,315	
Other Expenditures		35,683	
Total Inspections	\$ 376,694	349,744	\$ 26,950
Developmental Services			
Salaries and Wages		172,231	
Employee Benefits		60,430	
Other Expenditures		50,079	
Total Development Services	346,899	282,740	64,159
Powell Bill			
Salaries and Wages		58,109	
Employee Benefits		39,441	
Other Expenditures		32,861	
Total Powell Bill	1,178,090	130,411	1,047,679
Parks and Recreation			
Salaries and Wages		109,954	
Employee Benefits		47,550	
Other Expenditures		100,352	
Total Parks and Recreation	296,180	257,856	38,324
Debt Service			
Principal		307,260	
Interest		80,047	
Total Debt Service	387,306	387,307	(1)
Total Expenditures	7,682,031	5,917,553	1,764,478
Excess (Deficiency) of Revenues Over (Under) Expenditures	(112,041)	2,535,438	2,647,479

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, 2013

	Final Budget	Actual	Variance Positive (Negative)
Other Financing Sources (Uses)			
Transfers In:			
Drug Forfeitures Capital Reserve Fund	\$ 11,320	\$ -	\$ (11,320)
Transportation Capital Improvement Reserve Fund	363,700	363,700	-
Transfers Out:			
Town Center Capital Reserve Fund	(185,870)	(185,870)	-
Debt Payment Capital Reserve Fund	(568,966)	(568,966)	-
Sign Amortization Payment Fund	(250,000)	(250,000)	-
Town Center Capital Project Fund	(127,029)	(127,029)	-
Gateway Beautification Capital Project Fund	(45,000)	(45,000)	-
Westgate Nature Park Capital Project Fund	(300,000)	(300,000)	-
Sturgeon Environmental Educational Park Capital Project Fund	(120,000)	(120,000)	-
Cultural Arts Center Capital Project Fund	(450,000)	(450,000)	-
Vehicle Replacement Capital Project Fund	(38,000)	(38,000)	-
Planning Revitalization Capital Project Fund	(685,000)	(685,000)	-
Transportation Capital Project Fund	(357,500)	(357,500)	-
Greenway Capital Project Fund	(50,000)	(50,000)	-
Bike Path Capital Project Fund	(50,000)	(50,000)	-
Dog Park Capital Project Fund	(50,000)	(50,000)	-
Splash Park Capital Project Fund	(50,000)	(50,000)	-
Rice Gate Capital Project Fund	(50,000)	(50,000)	-
Property Acquisition (Water Access) Capital Project Fund	(30,000)	(30,000)	-
Property Acquisition (General) Capital Project Fund	(20,000)	(20,000)	-
Westgate Berm Capital Project Fund	(165,000)	(165,000)	-
Total Other Financing Sources (Uses)	(3,217,345)	(3,228,665)	(11,320)
Fund Balance Appropriated	3,329,386	-	(3,329,386)
Net Change in Fund Balance	\$ -	(693,227)	\$ (693,227)
Fund Balance - Beginning of Year		6,558,638	
Fund Balance - End of Year		\$ 5,865,411	



Special Revenue Funds
Consolidated With General Fund

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, 2013

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Investment Earnings	\$ 50	\$ 30	\$ (20)
Expenditures			
Parks and Recreation			
Other Expenditures	-	-	-
Total Parks and Recreation	-	-	-
Excess (Deficiency) of Revenues Over Expenditures	50	30	(20)
Other Financing Sources			
Transfers in:			
General Fund	-	-	-
Total Other Financing Sources	-	-	-
Appropriated Fund Balance	(50)	-	50
Net Change in Fund Balance	\$ -	30	\$ 30
Fund Balance - Beginning of Year		<u>64,721</u>	
Fund Balance - End of Year		<u><u>\$ 64,751</u></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, 2013

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Investment Earnings	\$ -	\$ -	\$ -
Expenditures			
Public Works			
Other Expenditures	-	8	-
Total Public Works	-	8	(8)
Excess (Deficiency) of Revenues Over Expenditures	-	(8)	(8)
Other Financing Sources			
Transfers in:			
General Fund	-	-	-
Total Other Financing Sources	-	-	-
Appropriated Fund Balance	-	-	-
Net Change in Fund Balance	<u>\$ -</u>	<u>(8)</u>	<u>\$ (8)</u>
Fund Balance - Beginning of Year		<u>8</u>	
Fund Balance - End of Year		<u><u>\$ -</u></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, 2013

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Investment Earnings	\$ -	\$ 102	\$ 102
Expenditures			
Transportation			
Other Expenditures	-	-	-
Total Transportation	-	-	-
Excess (Deficiency) of Revenues Over Expenditures	-	102	102
Other Financing Uses			
Transfers out:			
General Fund	(363,700)	(363,700)	-
Total Other Financing Uses	(363,700)	(363,700)	-
Appropriated Fund Balance	363,700	-	(363,700)
Net Change in Fund Balance	<u>\$ -</u>	<u>(363,598)</u>	<u>\$ (363,598)</u>
Fund Balance - Beginning of Year		<u>372,941</u>	
Fund Balance - End of Year		<u>\$ 9,343</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, 2013

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Restricted Intergovernmental			
Federal Forfeitures		\$ 35,831	
State Forfeitures		3,464	
Total Restricted Intergovernmental	\$ -	39,295	\$ 39,295
Investment Earnings	-	-	-
Total Revenues		39,295	39,295
Expenditures			
Police			
Other Expenditures	-	-	-
Total Police	-	-	-
Excess (Deficiency) of Revenues Over Expenditures	-	39,295	39,295
Other Financing Uses			
Transfers out:			
General Fund	(11,320)	-	11,320
Total Other Financing Uses	(11,320)	-	11,320
Appropriated Fund Balance	11,320	-	(11,320)
Net Change in Fund Balance	\$ -	39,295	\$ 39,295
Fund Balance - Beginning of Year		12,362	
Fund Balance - End of Year		\$ 51,657	

TOWN OF LELAND, NORTH CAROLINA
Town Center Capital Reserve Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Fiscal Year Ended June 30, 2013

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Investment Earnings	\$ -	\$ -	\$ -
Expenditures			
Administration			
Capital Outlay		-	
Total Administration	185,870	-	185,870
Excess (Deficiency) of Revenues Over Expenditures	(185,870)	-	185,870
Other Financing Sources			
Transfers in:			
General Fund	185,870	185,870	-
Total Other Financing Sources	185,870	185,870	-
Appropriated Fund Balance	-	-	-
Net Change in Fund Balance	\$ -	185,870	\$ 185,870
Fund Balance - Beginning of Year		-	
Fund Balance - End of Year		\$ 185,870	

TOWN OF LELAND, NORTH CAROLINA
 Debt Payment Capital Reserve Fund
 Statement of Revenues, Expenditures, and Changes in Fund Balance
 Budget and Actual
 For the Fiscal Year Ended June 30, 2013

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Investment Earnings	\$ -	\$ -	\$ -
Expenditures			
Debt Service			
Principal Retirement		-	
Interest Paid		-	
Total Debt Service	693,972	-	-
Excess (Deficiency) of Revenues Over Expenditures	(693,972)	-	-
Other Financing Sources			
Transfers in:			
General Fund	568,966	568,966	
Fire Department Capital Project Fund	125,006	125,006	-
Total Other Financing Sources	693,972	693,972	-
Appropriated Fund Balance	-	-	-
Net Change in Fund Balance	\$ -	693,972	\$ -
Fund Balance - Beginning of Year		-	
Fund Balance - End of Year		\$ 693,972	

TOWN OF LELAND, NORTH CAROLINA
 Sign Amortization Payment Fund
 Statement of Revenues, Expenditures, and Changes in Fund Balance
 Budget and Actual
 For the Fiscal Year Ended June 30, 2013

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Investment Earnings	\$ -	\$ -	\$ -
Expenditures			
Planning			
Other Expenditures			
Total Planning	250,000	-	250,000
Excess (Deficiency) of Revenues Over Expenditures	(250,000)	-	250,000
Other Financing Sources			
Transfers in:			
General Fund	250,000	250,000	-
Total Other Financing Sources	250,000	250,000	-
Appropriated Fund Balance	-	-	-
Net Change in Fund Balance	\$ -	250,000	\$ 250,000
Fund Balance - Beginning of Year		-	
Fund Balance - End of Year		\$ 250,000	

Major Governmental Funds

Capital Project Funds

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, 2013

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Investment Earnings	\$ -	\$ 4,659	\$ 4,659
Total Revenues	<u>-</u>	<u>4,659</u>	<u>4,659</u>
Expenditures			
Administration			
Capital Outlay		4,418,833	
Total Administration	<u>4,545,862</u>	<u>4,418,833</u>	<u>127,029</u>
Total Expenditures	<u>4,545,862</u>	<u>4,418,833</u>	<u>127,029</u>
Revenues Over (Under) Expenditures	<u>(4,545,862)</u>	<u>(4,414,174)</u>	<u>131,688</u>
Other Financing Sources (Uses)			
Transfers in:			
General Fund	127,029	127,029	-
Total Other Financing Sources (Uses)	<u>127,029</u>	<u>127,029</u>	<u>-</u>
Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>(4,418,833)</u>	<u>(4,287,145)</u>	<u>131,688</u>
Appropriated Fund Balance	<u>4,418,833</u>	<u>-</u>	<u>(4,418,833)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>(4,287,145)</u>	<u>\$ (4,287,145)</u>
Fund Balance - Beginning of Year		<u>8,436,996</u>	
Fund Balance - End of Year		<u>\$ 4,149,851</u>	

Nonmajor Governmental Funds

Capital Project Funds

TOWN OF LELAND, NORTH CAROLINA
Combining Balance Sheet
Nonmajor Special Projects Funds
June 30, 2013

	Gateway Beautification Capital Project Fund	Village Road/ Cross Access Capital Project Fund	Fire Department Capital Project Fund	Westgate Nature Park Capital Project Fund
Assets				
Cash and Cash Equivalents	\$ 54,096	\$ 2,040	\$ -	\$ 259,206
Restricted Cash	-	-	-	-
Due from Other Governments	-	-	-	2,025
Total Assets	54,096	2,040	-	261,231
Liabilities				
Accounts Payable and Accrued Liabilities	-	-	-	-
Due to Other Funds	-	-	-	-
Total Liabilities	-	-	-	-
Fund Balances				
Restricted				
Drug Forfeitures	-	-	-	-
Assigned:				
Information Technology	-	-	-	-
Planning	-	-	-	-
Police	-	-	-	-
Inspections	-	-	-	-
Public Works	-	-	-	-
Parks and Recreation	-	-	-	261,231
Transportation	54,096	2,040	-	-
Total Fund Balances	54,096	2,040	-	261,231
Total Liabilities and Fund Balances	\$ 54,096	\$ 2,040	\$ -	\$ 261,231

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	Vehicle Replacement Capital Project Fund
\$ 129,076	\$ -	\$ 1,038	\$ -	\$ 448,309	\$ 38,000
-	219,168	-	-	-	-
-	-	-	-	-	-
129,076	219,168	1,038	-	448,309	38,000
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	219,168	-	-	-	-
-	-	-	-	-	10,000
-	-	-	-	-	-
-	-	-	-	-	10,000
-	-	-	-	-	8,000
-	-	1,038	-	-	10,000
129,076	-	-	-	448,309	-
-	-	-	-	-	-
129,076	219,168	1,038	-	448,309	38,000
\$ 129,076	\$ 219,168	\$ 1,038	\$ -	\$ 448,309	\$ 38,000

TOWN OF LELAND, NORTH CAROLINA
Combining Balance Sheet (Continued)
Nonmajor Special Projects Funds
June 30, 2013

	Planning Revitalization Capital Project Fund	Transportation Capital Project Fund	Westgate Senior Apt Housing Capital Project Fund	Greenway Capital Project Fund
Assets				
Cash and Cash Equivalents	\$ 685,000	\$ 357,500	\$ 32,370	\$ 50,000
Restricted Cash	-	-	-	-
Due from Other Governments	-	-	-	-
Total Assets	685,000	357,500	32,370	50,000
Liabilities				
Accounts Payable and Accrued Liabilities	-	-	-	-
Due to Other Funds	-	-	-	-
Total Liabilities	-	-	-	-
Fund Balances				
Restricted				
Drug Forfeitures	-	-	-	-
Assigned:				
Information Technology	-	-	-	-
Planning	-	-	32,370	-
Police	-	-	-	-
Inspections	-	-	-	-
Public Works	-	-	-	-
Parks and Recreation	-	-	-	50,000
Transportation	685,000	357,500	-	-
Total Fund Balances	685,000	357,500	32,370	50,000
Total Liabilities and Fund Balances	\$ 685,000	\$ 357,500	\$ 32,370	\$ 50,000

Bike Plan Capital Project Fund	Dog Park Capital Project Fund	Splash Park Capital Project Fund	Rice Gate Capital Project Fund	Property Acquisition (Water Access) Capital Project Fund	Property Acquisition (General) Capital Project Fund
\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 30,000	\$ 20,000
-	-	-	-	-	-
-	-	-	-	-	-
50,000	50,000	50,000	50,000	30,000	20,000
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
50,000	50,000	50,000	50,000	30,000	20,000
-	-	-	-	-	-
50,000	50,000	50,000	50,000	30,000	20,000
\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 30,000	\$ 20,000

TOWN OF LELAND, NORTH CAROLINA
Combining Balance Sheet (Continued)
Nonmajor Special Projects Funds
June 30, 2013

	Westgate Berm Capital Project Fund	Total
	<hr/>	<hr/>
Assets		
Cash and Cash Equivalents	\$ 145,045	\$ 2,451,680
Restricted Cash	-	219,168
Due from Other Governments	-	2,025
	<hr/>	<hr/>
Total Assets	145,045	2,672,873
	<hr/> <hr/>	<hr/> <hr/>
Liabilities		
Accounts Payable and Accrued Liabilities	-	-
Due to Other Funds	-	-
	<hr/>	<hr/>
Total Liabilities	-	-
	<hr/>	<hr/>
Fund Balances		
Restricted		
Drug Forfeitures	-	219,168
Assigned:		
Information Technology	-	10,000
Planning	-	32,370
Police	-	10,000
Inspections	-	8,000
Public Works	145,045	156,083
Parks and Recreation	-	1,138,616
Transportation	-	1,098,636
	<hr/>	<hr/>
Total Fund Balances	145,045	2,672,873
	<hr/>	<hr/>
Total Liabilities and Fund Balances	\$ 145,045	\$ 2,672,873
	<hr/> <hr/>	<hr/> <hr/>



TOWN OF LELAND, NORTH CAROLINA

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

Nonmajor Special Projects Funds

For the Fiscal Year Ended June 30, 2013

	Gateway Beautification Capital Project Fund	Village Road/ Cross Access Capital Project Fund	Fire Department Capital Project Fund	Westgate Nature Park Capital Project Fund
Revenues				
Restricted Intergovernmental	\$ -	\$ -	\$ -	\$ 377,618
Investment Earnings	42	-	236	-
Total Revenues	42	-	236	377,618
Expenditures				
Planning	-	-	-	-
Police	-	-	-	-
Public Works	-	-	-	-
Parks and Recreation	-	-	-	421,981
Transportation	80,000	-	-	-
Total Expenditures	80,000	-	-	421,981
Excess (Deficiency) of Revenues Over Expenditures	(79,958)	-	236	(44,363)
Other Financing Sources (Uses)				
Transfers from Other Funds	45,000	-	-	300,000
Transfers to Other Funds	-	-	(125,006)	-
Total Other Financing Sources (Uses)	45,000	-	(125,006)	300,000
Net Change in Fund Balance	(34,958)	-	(124,770)	255,637
Fund Balance - Beginning of Year	89,054	2,040	124,770	5,594
Fund Balance - End of Year	\$ 54,096	\$ 2,040	\$ -	\$ 261,231

Sturgeon Enviromental 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	Vehicle Replacement Capital Project Fund
\$ -	\$ 87,938	\$ -	\$ -	\$ -	\$ -
13	-	7	2	31	-
13	87,938	7	2	31	-
-	-	-	-	-	-
-	5,000	-	-	-	-
-	-	14,970	132	-	-
9,689	-	-	-	69,314	-
-	-	-	-	-	-
9,689	5,000	14,970	132	69,314	-
(9,676)	82,938	(14,963)	(130)	(69,283)	-
120,000	-	-	-	450,000	38,000
120,000	-	-	-	450,000	38,000
110,324	82,938	(14,963)	(130)	380,717	38,000
18,752	136,230	16,001	130	67,592	-
\$ 129,076	\$ 219,168	\$ 1,038	\$ -	\$ 448,309	\$ 38,000

TOWN OF LELAND, NORTH CAROLINA

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

Nonmajor Special Projects Funds

For the Fiscal Year Ended June 30, 2013

	Planning Revitalization Capital Project Fund	Transportation Capital Project Fund	Westgate Senior Apt Housing Capital Project Fund	Greenway Capital Project Fund
Revenues				
Restricted Intergovernmental	\$ -	\$ -	\$ 171,190	\$ -
Investment Earnings	-	-	-	-
Total Revenues	-	-	171,190	-
Expenditures				
Planning	-	-	138,820	-
Police	-	-	-	-
Public Works	-	-	-	-
Parks and Recreation	-	-	-	-
Transportation	-	-	-	-
Total Expenditures	-	-	138,820	-
Excess (Deficiency) of Revenues Over Expenditures	-	-	32,370	-
Other Financing Sources (Uses)				
Transfers from Other Funds	685,000	357,500	-	50,000
Transfers to Other Funds	-	-	-	-
Total Other Financing Sources (Uses)	685,000	357,500	-	50,000
Net Change in Fund Balance	685,000	357,500	32,370	50,000
Fund Balance - Beginning of Year	-	-	-	-
Fund Balance - End of Year	\$ 685,000	\$ 357,500	\$ 32,370	\$ 50,000

Bike Plan Capital Project Fund	Dog Park Capital Project Fund	Splash Park Capital Project Fund	Rice Gate Capital Project Fund	Property Acquisition (Water Access) Capital Project Fund	Property Acquisition (General) Capital Project Fund
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
50,000	50,000	50,000	50,000	30,000	20,000
-	-	-	-	-	-
50,000	50,000	50,000	50,000	30,000	20,000
50,000	50,000	50,000	50,000	30,000	20,000
-	-	-	-	-	-
\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 30,000	\$ 20,000

TOWN OF LELAND, NORTH CAROLINA

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

Nonmajor Special Projects Funds

For the Fiscal Year Ended June 30, 2013

	Westgate Berm Capital Project Fund	Total
	<hr/>	<hr/>
Revenues		
Restricted Intergovernmental	\$ -	\$ 636,746
Investment Earnings	-	331
Total Revenues	<hr/>	<hr/>
	-	637,077
Expenditures		
Planning	-	138,820
Police	-	5,000
Public Works	19,955	35,057
Parks and Recreation	-	500,984
Transportation	-	80,000
Total Expenditures	<hr/>	<hr/>
	19,955	759,861
Excess (Deficiency) of Revenues Over Expenditures	<hr/>	<hr/>
	(19,955)	(122,784)
Other Financing Sources (Uses)		
Transfers from Other Funds	165,000	2,460,500
Transfers to Other Funds	-	-
Total Other Financing Sources (Uses)	<hr/>	<hr/>
	165,000	2,460,500
Net Change in Fund Balance	145,045	2,212,710
Fund Balance - Beginning of Year	<hr/>	<hr/>
	-	460,163
Fund Balance - End of Year	<hr/>	<hr/>
	\$ 145,045	\$ 2,672,873



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, 2013

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Investment Earnings	\$ -	\$ 42	\$ 42
Expenditures			
Transportation			
Other Expenditures		80,000	-
Total Transportation	125,000	80,000	45,000
Excess (Deficiency) of Revenues Over Expenditures	(125,000)	(79,958)	45,042
Other Financing Sources			
Transfers in:			
General Fund	45,000	45,000	-
Total Other Financing Sources	45,000	45,000	-
Appropriated Fund Balance	80,000	-	(80,000)
Net Change in Fund Balance	\$ -	(34,958)	\$ (34,958)
Fund Balance - Beginning of Year		89,054	
Fund Balance - End of Year		\$ 54,096	

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, 2013

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Investment Earnings	\$ -	\$ -	\$ -
Expenditures			
Transportation			
Capital Outlay		-	
Total Transportation	-	-	-
Excess (Deficiency) of Revenues Over Expenditures	-	-	-
Other Financing Sources			
Transfers in:			
General Fund	-	-	-
Total Other Financing Sources	-	-	-
Appropriated Fund Balance	-	-	-
Net Change in Fund Balance	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund Balance - Beginning of Year		<u>2,040</u>	
Fund Balance - End of Year		<u><u>\$ 2,040</u></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, 2013

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Investment Earnings	\$ -	\$ 236	\$ 236
Expenditures			
Fire			
Capital Outlay		-	-
Total Fire	-	-	-
Excess (Deficiency) of Revenues Over Expenditures	-	236	236
Other Financing Uses			
Transfers out:			
Debt Payment Capital Reserve Fund	(125,006)	(125,006)	-
Total Other Financing Uses	(125,006)	(125,006)	-
Appropriated Fund Balance	125,006	-	(125,006)
Net Change in Fund Balance	<u>\$ -</u>	<u>(124,770)</u>	<u>\$ (124,770)</u>
Fund Balance - Beginning of Year		<u>124,770</u>	
Fund Balance - End of Year		<u>\$ -</u>	

TOWN OF LELAND, NORTH CAROLINA
 Westgate Nature Park Capital Project Fund
 Statement of Revenues, Expenditures, and Changes in Fund Balance
 Budget and Actual
 For the Fiscal Year Ended June 30, 2013

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Restricted Intergovernmental			
PARTF Grant		\$ 377,618	
Total Restricted Intergovernmental	\$ -	377,618	\$ 377,618
Expenditures			
Parks and Recreation			
Capital Outlay		421,981	-
Total Parks and Recreation	300,000	421,981	(121,981)
Excess (Deficiency) of Revenues Over Expenditures	(300,000)	(44,363)	255,637
Other Financing Sources			
Transfers in:			
General Fund	300,000	300,000	-
Total Other Financing Sources	300,000	300,000	-
Appropriated Fund Balance	-	-	-
Net Change in Fund Balance	\$ -	255,637	\$ 255,637
Fund Balance - Beginning of Year		5,594	
Fund Balance - End of Year		\$ 261,231	

TOWN OF LELAND, NORTH CAROLINA
 Sturgeon Environmental Educational Park Capital Project Fund
 Statement of Revenues, Expenditures, and Changes in Fund Balance
 Budget and Actual
 For the Fiscal Year Ended June 30, 2013

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Investment Earnings	\$ -	\$ 13	\$ 13
Expenditures			
Parks and Recreation			
Capital Outlay		9,689	-
Total Parks and Recreation	120,000	9,689	110,311
Excess (Deficiency) of Revenues Over Expenditures	(120,000)	(9,676)	110,324
Other Financing Sources			
Transfers in:			
General Fund	120,000	120,000	-
Total Other Financing Sources	120,000	120,000	-
Appropriated Fund Balance	-	-	-
Net Change in Fund Balance	\$ -	110,324	\$ 110,324
Fund Balance - Beginning of Year		18,752	
Fund Balance - End of Year		\$ 129,076	

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, 2013

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Restricted Intergovernmental			
Federal Drug Foreitures		\$ 87,650	
State Drug Forfeitures		288	
Total Restricted Intergovernmental	\$ 157,224	87,938	\$ (69,286)
Expenditures			
Police			
Other Expenditures		5,000	
Total Police	157,224	5,000	152,224
Excess (Deficiency) of Revenues Over Expenditures	-	82,938	82,938
Other Financing Sources			
Transfers in:			
General Fund	-	-	-
Total Other Financing Sources	-	-	-
Appropriated Fund Balance	-	-	-
Net Change in Fund Balance	\$ -	82,938	\$ 82,938
Fund Balance - Beginning of Year		136,230	
Fund Balance - End of Year		\$ 219,168	

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, 2013

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Investment Earnings	\$ -	\$ 7	\$ 7
Expenditures			
Public Works			
Other Expenditures		14,970	
Total Public Works	15,000	14,970	30
Excess (Deficiency) of Revenues Over Expenditures	(15,000)	(14,963)	37
Other Financing Sources			
Transfers in:			
General Fund	-	-	-
Total Other Financing Sources	-	-	-
Appropriated Fund Balance	15,000	-	(15,000)
Net Change in Fund Balance	<u>\$ -</u>	<u>(14,963)</u>	<u>\$ (14,963)</u>
Fund Balance - Beginning of Year		<u>16,001</u>	
Fund Balance - End of Year		<u>\$ 1,038</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, 2013

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Investment Earnings	\$ -	\$ 2	\$ 2
Expenditures			
Public Works			
Other Expenditures		132	
Total Public Works	-	132	(132)
Excess (Deficiency) of Revenues Over Expenditures	-	(130)	(130)
Other Financing Sources			
Transfers in:			
General Fund	-	-	-
Total Other Financing Sources	-	-	-
Appropriated Fund Balance	-	-	-
Net Change in Fund Balance	<u>\$ -</u>	<u>(130)</u>	<u>\$ (130)</u>
Fund Balance - Beginning of Year		<u>130</u>	
Fund Balance - End of Year		<u>\$ -</u>	

TOWN OF LELAND, NORTH CAROLINA
 Cultural Arts Center Capital Project Fund
 Statement of Revenues, Expenditures, and Changes in Fund Balance
 Budget and Actual
 For the Fiscal Year Ended June 30, 2013

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Investment Earnings	\$ -	\$ 31	\$ 31
Expenditures			
Parks and Recreation			
Other Expenditures		69,314	-
Total Parks and Recreation	400,000	69,314	330,686
Excess (Deficiency) of Revenues Over Expenditures	(400,000)	(69,283)	330,717
Other Financing Sources			
Transfers in:			
General Fund	400,000	450,000	50,000
Total Other Financing Sources	400,000	450,000	50,000
Appropriated Fund Balance	-	-	-
Net Change in Fund Balance	\$ -	380,717	\$ 380,717
Fund Balance - Beginning of Year		67,592	
Fund Balance - End of Year		\$ 448,309	

TOWN OF LELAND, NORTH CAROLINA
 Vehicle Replacement Capital Project Fund
 Statement of Revenues, Expenditures, and Changes in Fund Balance
 Budget and Actual
 For the Fiscal Year Ended June 30, 2013

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Investment Earnings	\$ -	\$ -	\$ -
Expenditures			
Information Technology			
Capital Outlay			
Total Information Technology	10,000	-	10,000
Public Works			
Capital Outlay			
Total Public Works	10,000	-	10,000
Police			
Capital Outlay			
Total Police	10,000	-	10,000
Inspections			
Capital Outlay			
Total Inspections	8,000	-	8,000
Total Expenditures	38,000	-	38,000
Excess (Deficiency) of Revenues Over Expenditures	(38,000)	-	38,000
Other Financing Sources			
Transfers in:			
General Fund	38,000	38,000	-
Total Other Financing Sources	38,000	38,000	-
Appropriated Fund Balance	-	-	-
Net Change in Fund Balance	\$ -	38,000	\$ 38,000
Fund Balance - Beginning of Year		-	
Fund Balance - End of Year		\$ 38,000	

TOWN OF LELAND, NORTH CAROLINA
 Planning Revitalization Capital Project Fund
 Statement of Revenues, Expenditures, and Changes in Fund Balance
 Budget and Actual
 For the Fiscal Year Ended June 30, 2013

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Investment Earnings	\$ -	\$ -	\$ -
Expenditures			
Transportation			
Other Expenditures		-	
Total Transportation	<u>685,000</u>	<u>-</u>	<u>685,000</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(685,000)</u>	<u>-</u>	<u>685,000</u>
Other Financing Sources			
Transfers in:			
General Fund	685,000	685,000	-
Total Other Financing Sources	<u>685,000</u>	<u>685,000</u>	<u>-</u>
Appropriated Fund Balance	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>685,000</u>	<u>\$ 685,000</u>
Fund Balance - Beginning of Year		<u>-</u>	
Fund Balance - End of Year		<u>\$ 685,000</u>	

TOWN OF LELAND, NORTH CAROLINA
 Transportation Capital Project Fund
 Statement of Revenues, Expenditures, and Changes in Fund Balance
 Budget and Actual
 For the Fiscal Year Ended June 30, 2013

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Investment Earnings	\$ -	\$ -	\$ -
Expenditures			
Transportation			
Other Expenditures		-	
Total Transportation	<u>357,500</u>	<u>-</u>	<u>357,500</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(357,500)</u>	<u>-</u>	<u>357,500</u>
Other Financing Sources			
Transfers in:			
General Fund	357,500	357,500	-
Total Other Financing Sources	<u>357,500</u>	<u>357,500</u>	<u>-</u>
Appropriated Fund Balance	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>357,500</u>	<u>\$ 357,500</u>
Fund Balance - Beginning of Year		<u>-</u>	
Fund Balance - End of Year		<u>\$ 357,500</u>	

TOWN OF LELAND, NORTH CAROLINA
 Westgate Senior Apt. Housing Capital Project Fund
 Statement of Revenues, Expenditures, and Changes in Fund Balance
 Budget and Actual
 For the Fiscal Year Ended June 30, 2013

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Federal Grant	\$ 171,190	\$ 171,190	\$ -
Expenditures			
Planning			
Other Expenditures		138,820	
Total Planning	171,190	138,820	32,370
Excess (Deficiency) of Revenues Over Expenditures	-	32,370	32,370
Other Financing Sources			
Transfers in:			
General Fund	-	-	-
Total Other Financing Sources	-	-	-
Appropriated Fund Balance	-	-	-
Net Change in Fund Balance	<u>\$ -</u>	<u>32,370</u>	<u>\$ 32,370</u>
Fund Balance - Beginning of Year		<u>-</u>	
Fund Balance - End of Year		<u>\$ 32,370</u>	

TOWN OF LELAND, NORTH CAROLINA
 Greenway Capital Project Fund
 Statement of Revenues, Expenditures, and Changes in Fund Balance
 Budget and Actual
 For the Fiscal Year Ended June 30, 2013

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Investment Earnings	\$ -	\$ -	\$ -
Expenditures			
Parks and Recreation			
Other Expenditures		-	
Total Parks and Recreation	-	-	-
Excess (Deficiency) of Revenues Over Expenditures	-	-	-
Other Financing Sources			
Transfers in:			
General Fund	50,000	50,000	-
Total Other Financing Sources	50,000	50,000	-
Appropriated Fund Balance	(50,000)	-	50,000
Net Change in Fund Balance	<u>\$ -</u>	50,000	<u>\$ 50,000</u>
Fund Balance - Beginning of Year		-	
Fund Balance - End of Year		<u>\$ 50,000</u>	

TOWN OF LELAND, NORTH CAROLINA
 Bike Plan Capital Project Fund
 Statement of Revenues, Expenditures, and Changes in Fund Balance
 Budget and Actual
 For the Fiscal Year Ended June 30, 2013

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Investment Earnings	\$ -	\$ -	\$ -
Expenditures			
Parks and Recreation			
Capital Outlay		-	
Total Parks and Recreation	-	-	-
Excess (Deficiency) of Revenues Over Expenditures	-	-	-
Other Financing Sources			
Transfers in:			
General Fund	50,000	50,000	-
Total Other Financing Sources	50,000	50,000	-
Appropriated Fund Balance	(50,000)	-	50,000
Net Change in Fund Balance	<u>\$ -</u>	50,000	<u>\$ 50,000</u>
Fund Balance - Beginning of Year		-	
Fund Balance - End of Year		<u>\$ 50,000</u>	

TOWN OF LELAND, NORTH CAROLINA
 Dog Park Capital Project Fund
 Statement of Revenues, Expenditures, and Changes in Fund Balance
 Budget and Actual
 For the Fiscal Year Ended June 30, 2013

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Investment Earnings	\$ -	\$ -	\$ -
Expenditures			
Parks and Recreation			
Capital Outlay		-	
Total Parks and Recreation	-	-	-
Excess (Deficiency) of Revenues Over Expenditures	-	-	-
Other Financing Sources			
Transfers in:			
General Fund	50,000	50,000	-
Total Other Financing Sources	50,000	50,000	-
Appropriated Fund Balance	(50,000)	-	50,000
Net Change in Fund Balance	<u>\$ -</u>	50,000	<u>\$ 50,000</u>
Fund Balance - Beginning of Year		-	
Fund Balance - End of Year		<u>\$ 50,000</u>	

TOWN OF LELAND, NORTH CAROLINA
 Splash Park Capital Project Fund
 Statement of Revenues, Expenditures, and Changes in Fund Balance
 Budget and Actual
 For the Fiscal Year Ended June 30, 2013

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Investment Earnings	\$ -	\$ -	\$ -
Expenditures			
Parks and Recreation			
Capital Outlay		-	-
Total Parks and Recreation	-	-	-
Excess (Deficiency) of Revenues Over Expenditures	-	-	-
Other Financing Sources			
Transfers in:			
General Fund	50,000	50,000	-
Total Other Financing Sources	50,000	50,000	-
Appropriated Fund Balance	(50,000)	-	50,000
Net Change in Fund Balance	<u>\$ -</u>	50,000	<u>\$ 50,000</u>
Fund Balance - Beginning of Year		-	
Fund Balance - End of Year		<u>\$ 50,000</u>	

TOWN OF LELAND, NORTH CAROLINA
Rice Gate Capital Project Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Fiscal Year Ended June 30, 2013

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Investment Earnings	\$ -	\$ -	\$ -
Expenditures			
Parks and Recreation			
Capital Outlay		-	
Total Parks and Recreation	-	-	-
Excess (Deficiency) of Revenues Over Expenditures	-	-	-
Other Financing Sources			
Transfers in:			
General Fund	50,000	50,000	-
Total Other Financing Sources	50,000	50,000	-
Appropriated Fund Balance	(50,000)	-	50,000
Net Change in Fund Balance	<u>\$ -</u>	50,000	<u>\$ 50,000</u>
Fund Balance - Beginning of Year		-	
Fund Balance - End of Year		<u>\$ 50,000</u>	

TOWN OF LELAND, NORTH CAROLINA

Property Acquisition (Water Access) Capital Project Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual

For the Fiscal Year Ended June 30, 2013

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Investment Earnings	\$ -	\$ -	\$ -
Expenditures			
Parks and Recreation			
Other Expenditures			
Total Parks and Recreation	-	-	-
Excess (Deficiency) of Revenues Over Expenditures	-	-	-
Other Financing Sources			
Transfers in:			
General Fund	30,000	30,000	-
Total Other Financing Sources	30,000	30,000	-
Appropriated Fund Balance	(30,000)	-	30,000
Net Change in Fund Balance	<u>\$ -</u>	30,000	<u>\$ 30,000</u>
Fund Balance - Beginning of Year		-	
Fund Balance - End of Year		<u>\$ 30,000</u>	

TOWN OF LELAND, NORTH CAROLINA
Property Acquisition (General) Capital Project Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Fiscal Year Ended June 30, 2013

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Investment Earnings	\$ -	\$ -	\$ -
Expenditures			
Parks and Recreation			
Other Expenditures			
Total Parks and Recreation	-	-	-
Excess (Deficiency) of Revenues Over Expenditures	-	-	-
Other Financing Sources			
Transfers in:			
General Fund	20,000	20,000	-
Total Other Financing Sources	20,000	20,000	-
Appropriated Fund Balance	(20,000)	-	20,000
Net Change in Fund Balance	\$ -	20,000	\$ 20,000
Fund Balance - Beginning of Year		-	
Fund Balance - End of Year		\$ 20,000	

TOWN OF LELAND, NORTH CAROLINA
 Westgate Berm Capital Project Fund
 Statement of Revenues, Expenditures, and Changes in Fund Balance
 Budget and Actual
 For the Fiscal Year Ended June 30, 2013

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Investment Earnings	\$ -	\$ -	\$ -
Expenditures			
Public Works			
Other Expenditures		19,955	
Total Public Works	165,000	19,955	145,045
Excess (Deficiency) of Revenues Over Expenditures	(165,000)	(19,955)	145,045
Other Financing Sources			
Transfers in:			
General Fund	165,000	165,000	-
Total Other Financing Sources	165,000	165,000	-
Appropriated Fund Balance	-	-	-
Net Change in Fund Balance	\$ -	145,045	\$ 145,045
Fund Balance - Beginning of Year		-	
Fund Balance - End of Year		\$ 145,045	

Enterprise Funds

TOWN OF LELAND, NORTH CAROLINA
Utility Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2013

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Operating Revenues			
Water Charges		\$ 615,393	
Sewer Charges		1,565,034	
Impact Fees		869,030	
Penalties and Interest		18,271	
Total Operating Revenues	\$ 3,141,723	3,067,728	\$ (73,995)
Nonoperating Revenues			
Investment Earnings		2,279	
Total Nonoperating Revenues	16,000	2,279	(13,721)
Total Revenues	3,157,723	3,070,007	(87,716)
Expenditures			
Water Operations			
Salaries and Wages		54,021	
Employee Benefits		23,447	
Repairs and Maintenance		42,873	
Other Expenditures		173,361	
Total Water Operations	516,857	293,702	223,155
Sewer Operations			
Salaries and Wages		124,758	
Employee Benefits		51,831	
Repairs and Maintenance		41,493	
Other Expenditures		574,986	
Capital Outlay		6,509,750	
Total Sewer Operations	7,605,226	7,302,818	302,408
Debt Service			
Principal Retirement		601,028	
Interest Paid		154,028	
Total Debt Service	954,000	755,056	198,944
Total Expenditures	9,076,083	8,351,576	724,507
Excess (Deficiency) of Revenues Over (Under) Expenditures	(5,918,360)	(5,281,569)	636,791

TOWN OF LELAND, NORTH CAROLINA
 Utility Fund
 Schedule of Revenues and Expenditures (Continued)
 Budget and Actual (Non-GAAP)
 For the Fiscal Year Ended June 30, 2013

	Final Budget	Actual	Variance Positive (Negative)
Other Financing Sources (Uses)			
Interlocal Agreements - Brunswick County	\$ 6,509,750	\$ 6,509,750	\$ -
Transfers Out:			
Utility Capital Reserve Fund	(591,390)	(591,390)	-
Total Other Financing Sources (Uses)	<u>5,918,360</u>	<u>5,918,360</u>	-
Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	<u>\$ -</u>	<u>\$ 636,791</u>	<u>\$ 636,791</u>

**Reconciliation from Budgetary Basis
(Modified Accrual) to Full Accrual:**

Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	<u>\$ 636,791</u>
Reconciling Items:	
Depreciation Expense	(206,655)
Capital Outlay	6,509,750
Principal Retirement	601,028
Interlocal Agreements	(6,509,750)
Increase in Compensated Absences Payable	(2,895)
Investment Earnings from Utility Capital Reserve Fund	2,036
Transfer to Utility Capital Reserve Fund	591,390
Total Reconciling Items	<u>984,904</u>
Change in Net Position	<u>\$ 1,621,695</u>

TOWN OF LELAND, NORTH CAROLINA
 Utility Capital Reserve Fund
 Schedule of Revenues and Expenditures
 Budget and Actual (Non-GAAP)
 For the Fiscal Year Ended June 30, 2013

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Investment Earnings	\$ -	\$ 2,036	\$ 2,036
Expenditures			
Sewer Operations			
Other Expenditures		-	
Total Sewer Operations	-	-	-
Revenues Over (Under) Expenditures		2,036	2,036
Other Financing Sources			
Transfers in:			
Utility Fund	-	591,390	
Total Other Financing Sources	591,390	591,390	-
Appropriated Fund Balance	(591,390)	-	591,390
Revenues Over Other Financing Sources (Uses)	\$ -	\$ 593,426	\$ 593,426

Agency Funds

TOWN OF LELAND, NORTH CAROLINA

Agency Funds

Combining Statement of Changes in Assets and Liabilities

For the Fiscal Year Ended June 30, 2013

	Balance July 1, 2012	Additions	Deductions	Balance June 30, 2013
<u>Leland Tourism Development Authority-</u>				
<u>Occupancy Taxes</u>				
Assets				
Cash and Investments	\$ -	\$ 106,826	\$ 106,826	\$ -
Occupancy Tax Receivable	-	10,903	-	10,903
Total Assets	<u>\$ -</u>	<u>\$ 117,729</u>	<u>\$ 106,826</u>	<u>\$ 10,903</u>
Liabilities				
Dues to Other Governments	<u>\$ -</u>	<u>\$ 117,729</u>	<u>\$ 106,826</u>	<u>\$ 10,903</u>
<u>Totals - All Agency Funds</u>				
Assets				
Cash and Investments	\$ -	\$ 106,826	\$ 106,826	\$ -
Occupancy Tax Receivable	-	10,903	-	10,903
Total Assets	<u>\$ -</u>	<u>\$ 117,729</u>	<u>\$ 106,826</u>	<u>\$ 10,903</u>
Liabilities				
Dues to Other Governments	<u>\$ -</u>	<u>\$ 117,729</u>	<u>\$ 106,826</u>	<u>\$ 10,903</u>

Other Schedules

TOWN OF LELAND, NORTH CAROLINA
 General Fund
 Schedule of Ad Valorem Taxes Receivable
 June 30, 2013

<u>Fiscal Year</u>	<u>Uncollected Balance 7-1-12</u>	<u>Additions and Adjustments</u>	<u>Collections and Credits</u>	<u>Uncollected Balance 6-30-13</u>
2012-13	\$ -	\$ 2,879,460	\$ 2,791,501	\$ 87,959
2011-12	79,411	-	40,075	39,336
2010-11	35,035	-	10,249	24,786
2009-10	15,025	-	1,938	13,087
2008-09	7,870	-	1,652	6,218
2007-08	7,180	-	3,781	3,399
2006-07	5,581	-	2,140	3,441
2005-06	2,849	-	1,056	1,793
2004-05	2,396	-	822	1,574
2003-04	2,048	-	471	1,577
2002-03	2,344	-	2,344	-
	<u>\$ 159,739</u>	<u>\$ 2,879,460</u>	<u>\$ 2,856,029</u>	183,170

Less: Allowance for Uncollectible Accounts:
 General Fund

10,000

Ad Valorem Taxes Receivable - Net

173,170

Reconciliation with Revenues

Ad Valorem Taxes - General Fund

2,850,977

Reconciling Items:

Interest and Penalties Collected

(11,714)

Taxes Released

14,422

Taxes Written Off

2,344

Total Collections and Credits

\$ 2,856,029

TOWN OF LELAND, NORTH CAROLINA

Analysis of Current Tax Levy

Town-Wide Levy

June 30, 2013

	Town-Wide		Total Levy		
	Property Valuation	Rate Per \$100	Amount of Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original Levy:					
Property Taxed at					
Current Year's Rate	\$ 1,900,633,663	0.1515	\$ 2,879,460	\$ 2,671,136	\$ 208,324
Penalties	-		-	-	-
	<u>1,900,633,663</u>		<u>2,879,460</u>	<u>2,671,136</u>	<u>208,324</u>
Discoveries:					
Current Year Taxes	-	0.1515	-	-	-
Penalties	-		-	-	-
	<u>-</u>		<u>-</u>	<u>-</u>	<u>-</u>
Abatements:					
Property Taxes -					
Current Year's Rate	-	0.1515	\$ -	-	-
	<u>-</u>		<u>\$ -</u>	<u>-</u>	<u>-</u>
Total Property Valuations	<u>\$ 1,900,633,663</u>				
Net Levy			2,879,460	2,671,136	208,324
Uncollected Taxes at June 30, 2013			87,959	62,567	25,392
Current Year's Taxes Collected			<u>\$ 2,791,501</u>	<u>\$ 2,608,569</u>	<u>\$ 182,932</u>
Current Levy Collection Percentage			<u>96.95%</u>	<u>97.66%</u>	<u>87.81%</u>



Compliance Section

**Report On Internal Control Over Financial Reporting And On Compliance and Other Matters
Based On An Audit Of Financial Statements Performed In Accordance With
*Government Auditing Standards***

Independent Auditor's Report

To the Honorable Mayor
And the Town Council
Town of Leland, North Carolina

We have audited, in accordance with the 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 accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, 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, 2013, and the related notes to the financial statements, which collectively comprises the Town of Leland's basic financial statements, and have issued our report thereon dated October 4, 2013. Our report includes a reference to other auditors who audited the financial statements of the Leland Tourism Development Authority, as described in our report on the Town of Leland's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported separately by those auditors. The financial statements of the Leland Tourism Development Authority were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

Our consideration of 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 that

might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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

W Greene & Company PLLC

Whiteville, North Carolina
October 4, 2013

**Report on Compliance for Each Major State Program and on Internal Control Over Compliance;
In accordance with OMB Circular A-133 and the
State Single Audit Implementation Act**

Independent Auditor's Report

To the Honorable Mayor
And the Town Council
Town of Leland, North Carolina

Report on Compliance for Each Major State Program

We have audited the Town of Leland, North Carolina, compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of the Town of Leland's major state programs for the year ended June 30, 2013. The Town of Leland's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Town of Leland's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and applicable sections of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, as described in the *Audit Manual for Governmental Auditors in North Carolina*, and the State Single Audit Implementation Act. Those standards, OMB Circular A-133, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Town of Leland's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of the Town of Leland's compliance.

Opinion on Each Major State Program

In our opinion, the Town of Leland complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2013.

Report on Internal Control Over Compliance

Management of the Town of Leland is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town of Leland's internal control over compliance with the types of requirements that could have a direct and material effect on a major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

W Greene & Company PLLC

Whiteville, North Carolina
October 4, 2013

TOWN OF LELAND, NORTH CAROLINA
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2013

SECTION I. SUMMARY OF AUDITOR'S RESULTS
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Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? _____ Yes _____ X No

Significant deficiency(s) identified that are not considered to be material weaknesses _____ Yes _____ X None

Noncompliance material to financial statements noted _____ Yes _____ X No

TOWN OF LELAND, NORTH CAROLINA
Schedule of Findings and Questioned Costs (Continued)
For the Fiscal Year Ended June 30, 2013

SECTION II. FINANCIAL STATEMENT FINDINGS

None Reported.

TOWN OF LELAND, NORTH CAROLINA
Schedule of Findings and Questioned Costs (Continued)
For the Fiscal Year Ended June 30, 2013

SECTION III. STATE AWARD FINDINGS AND QUESTIONED COSTS

None Reported.

TOWN OF LELAND, NORTH CAROLINA

Corrective Action Plan

For the Fiscal Year Ended June 30, 2013



SECTION II. FINANCIAL STATEMENT FINDINGS

None Reported

SECTION III. STATE AWARD FINDINGS AND QUESTIONED COSTS

None Reported

TOWN OF LELAND, NORTH CAROLINA
Summary Schedule of Prior Audit Findings
For the Fiscal Year Ended June 30, 2013

None Reported.

TOWN OF LELAND, NORTH CAROLINA
 Schedule of Expenditures of Federal and State Awards
 For the Year Ended June 30, 2013

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State/ Pass-through Grantors Number	Federal (Direct & Pass-through) Expenditures	State Expenditures	Local Expenditures
Federal Awards:					
<u>U.S. Department of Housing and Urban Development</u>					
<i>Passed thru N.C. Department of Commerce</i>					
Community Development Block Grants/ State's Program and Non-Entitlement Grants in Hawaii					
	14.228	-	\$ 138,820	\$ -	\$ -
Total Federal Awards			138,820	-	-
State Awards:					
<u>N.C. Department of Transportation</u>					
Non-State System Street-Aid Allocation (Powell Bill)					
	-	DOT-4	-	125,878	-
<u>N.C. Department of Cultural Resources</u>					
<i>North Carolina Arts Council</i>					
Arts in Communities/Grassroots Arts Program					
	-	-	-	2,500	-
<u>N.C. Department of Environment and Natural Resources</u>					
<i>Division of Parks and Recreation</i>					
Parks and Recreation Trust Fund					
	-	-	-	452,025	2,955,000
Total State Awards			-	580,403	2,955,000
Total Federal and State Awards			\$ 138,820	\$ 580,403	\$ 2,955,000

TOWN OF LELAND, NORTH CAROLINA

Notes to Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2013

I. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal and state awards includes the state grant activity of the Town of Leland, North Carolina and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the State Single Audit Implementation Act. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

