

**TOWN OF LELAND, NORTH CAROLINA**

Report of Audit

For the Fiscal Year Ended June 30, 2013



|  | <u>Page</u> |
|--|-------------|
| <b>FINANCIAL SECTION</b>   |             |
| Independent Auditor's Report .....   | 7           |
| Management's Discussion and Analysis .....   | 10          |
| <br><i>Basic Financial Statements</i><br>  |             |
| <i>Government-wide Financial Statements:</i>   |             |
| Statement of Net Position .....  | 19          |
| Statement of Activities.....   | 20          |
| <br><i>Fund Financial Statements:</i>  |             |
| Balance Sheet – Governmental Funds .....   | 22          |
| Reconciliation of the Balance Sheet of Governmental Funds to the Statement of<br>Net Position.....   | 23          |
| Statement of Revenues, Expenditures, and Changes in Fund Balances –<br>Governmental Funds.....   | 24          |
| Reconciliation of the Statement of Revenues, Expenditures, and Changes in<br>Fund Balances of Governmental Funds to the Statement of Activities..... | 25          |
| Statement of Revenues, Expenditures, and Changes in Fund Balance –<br>Budget and Actual – General Fund .....   | 26          |
| Statement of Fund Net Position – Proprietary Fund.....   | 28          |
| Statement of Revenues, Expenses, and Changes in Fund Net Position –<br>Proprietary Fund.....   | 29          |
| Statement of Cash Flows – Proprietary Fund .....   | 30          |
| Statement of Fiduciary Net Position – Fiduciary Fund.....  | 32          |
| Statement of Changes in Fiduciary Net Position – Fiduciary Fund.....   | 33          |
| Notes to the Financial Statements .....  | 34          |
| <br><i>Required Supplementary Financial Data</i><br>   |             |
| Law Enforcement Officers' Special Separation Allowance –<br>Schedule of Funding Progress .....   | 56          |
| Law Enforcement Officers' Special Separation Allowance –<br>Schedule of Employer Contributions.....  | 57          |
| <br><i>Major Governmental Funds – General Fund</i><br>   |             |
| Statement of Revenues, Expenditures, and Changes in Fund Balance –<br>Budget and Actual – General Fund .....   | 60          |

***Special Revenue Funds Consolidated with General Fund***

|  |    |
|--|----|
| Statement of Revenues, Expenditures, and Changes in Fund Balance –<br>Budget and Actual – Parks and Recreation Capital Reserve Fund.....       | 66 |
| Statement of Revenues, Expenditures, and Changes in Fund Balance –<br>Budget and Actual– Space Development Capital Reserve Fund.....           | 67 |
| Statement of Revenues, Expenditures, and Changes in Fund Balance –<br>Budget and Actual –Transportation Capital Improvement Reserve Fund ..... | 68 |
| Statement of Revenues, Expenditures, and Changes in Fund Balance –<br>Budget and Actual – Drug Forfeiture Capital Reserve Fund .....           | 69 |

***Major Governmental Funds – Capital Project Funds***

|  |    |
|--|----|
| Statement of Revenues, Expenditures, and Changes in Fund Balance –<br>Budget and Actual – Town Center Capital Project Fund ..... | 72 |
|--|----|

***Nonmajor Governmental Funds – Capital Project Funds***

|   |    |
|---|----|
| Combining Balance Sheet – Nonmajor Capital Project Fund.....  | 74 |
| Combining Statement of Revenues, Expenditures, and Changes in Fund<br>Balances – Nonmajor Capital Project Funds .....                               | 76 |
| Statement of Revenues, Expenditures, and Changes in Fund Balance –<br>Budget and Actual – Gateway Beautification Capital Project Fund .....         | 78 |
| Statement of Revenues, Expenditures, and Changes in Fund Balance –<br>Budget and Actual – Village Road/Cross Access Capital Project Fund.....       | 79 |
| Statement of Revenues, Expenditures, and Changes in Fund Balance –<br>Budget and Actual – Fire Department Capital Project Fund.....                 | 80 |
| Statement of Revenues, Expenditures, and Changes in Fund Balance –<br>Budget and Actual – Westgate Nature Park Capital Project Fund .....           | 82 |
| Statement of Revenues, Expenditures, and Changes in Fund Balance –<br>Budget and Actual – Sturgeon Environmental Educational Park Project Fund..... | 81 |
| Statement of Revenues, Expenditures, and Changes in Fund Balance –<br>Budget and Actual – Drug Forfeitures Capital Reserve Fund.....                | 83 |
| Statement of Revenues, Expenditures, and Changes in Fund Balance –<br>Budget and Actual – Lanvale Trace Stormwater Improvement Project Fund.....    | 84 |
| Statement of Revenues, Expenditures, and Changes in Fund Balance –<br>Budget and Actual – Space Development Capital Project Fund.....               | 85 |
| Statement of Revenues, Expenditures, and Changes in Fund Balance –<br>Budget and Actual – Cultural Arts Center Capital Project Fund.....            | 86 |
| Statement of Revenues, Expenditures, and Changes in Fund Balance –<br>Budget and Actual – Vehicle Replacement Capital Project Fund .....            | 86 |

**TOWN OF LELAND, NORTH CAROLINA**  
 Table of Contents (Continued)

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|   |    |
|---|----|
| Statement of Revenues, Expenditures, and Changes in Fund Balance –<br>Budget and Actual – Planning Revitalization Capital Project Fund .....            | 86 |
| Statement of Revenues, Expenditures, and Changes in Fund Balance –<br>Budget and Actual – Transportation Capital Project Fund .....                     | 86 |
| Statement of Revenues, Expenditures, and Changes in Fund Balance –<br>Budget and Actual – Westgate Senior Apt Housing Capital Project Fund .....        | 86 |
| Statement of Revenues, Expenditures, and Changes in Fund Balance –<br>Budget and Actual – Greenway Capital Project Fund .....                           | 86 |
| Statement of Revenues, Expenditures, and Changes in Fund Balance –<br>Budget and Actual – Bike Plan Capital Project Fund.....                           | 86 |
| Statement of Revenues, Expenditures, and Changes in Fund Balance –<br>Budget and Actual – Dog Park Capital Project Fund.....                            | 86 |
| Statement of Revenues, Expenditures, and Changes in Fund Balance –<br>Budget and Actual – Splash Park Capital Project Fund .....                        | 86 |
| Statement of Revenues, Expenditures, and Changes in Fund Balance –<br>Budget and Actual – Rice Gate Capital Project Fund .....                          | 86 |
| Statement of Revenues, Expenditures, and Changes in Fund Balance –<br>Budget and Actual – Property Acquisition (Water Access) Capital Project Fund..... | 86 |
| Statement of Revenues, Expenditures, and Changes in Fund Balance –<br>Budget and Actual – Property Acquisition (General) Capital Project Fund .....     | 86 |
| Statement of Revenues, Expenditures, and Changes in Fund Balance –<br>Budget and Actual – Westgate Berm Capital Project Fund.....                       | 86 |

***Enterprise Funds***

|   |    |
|---|----|
| Schedule of Revenues and Expenditures – Budget and Actual (Non-GAAP) –<br>Utility Fund.....                 | 88 |
| Schedule of Revenues and Expenditures – Budget and Actual (Non-GAAP) –<br>Utility Capital Reserve Fund..... | 90 |

***Agency Funds***

|  |    |
|--|----|
| Combining Statement of Changes in Assets and Liabilities ..... | 92 |
|--|----|

***Other Schedules***

|   |    |
|---|----|
| Schedule of Ad Valorem Taxes Receivable – General Fund..... | 94 |
| Analysis of Current Tax Levy .....                          | 95 |

**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 ..... | 98  |
| 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 .....               | 98  |
| Schedule of Findings and Questioned Costs .....  | 100 |
| Corrective Action Plan .....   | 100 |
| Summary Schedule of Prior Audit Findings .....   | 100 |
| Schedule of Expenditures of Federal and State Awards .....   |     |
| Notes to Schedule of Expenditures of Federal and State Awards .....  |     |

## 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

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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

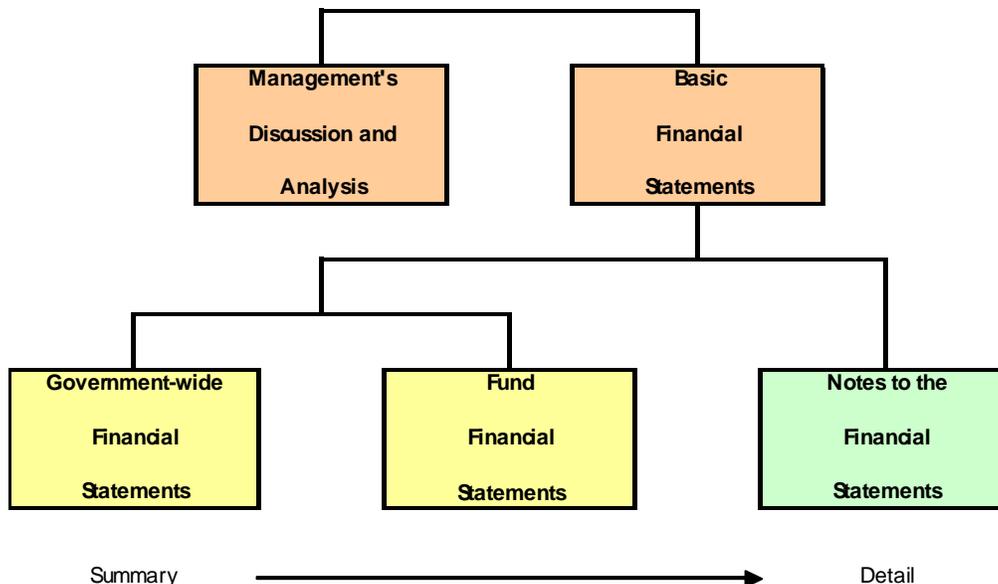
- The assets and deferred outflows of resources of the Town of Leland exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$88,793,025 (net position).
- The government's total net position increased by \$3,990,250.
- As of the close of the current fiscal year, 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<br>Activities |                      | Business-Type<br>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<br>outflows of resources     | <u>65,167,826</u>          | <u>63,381,846</u>    | <u>43,786,927</u>           | <u>36,211,710</u>    | <u>108,954,753</u>   | <u>99,593,556</u>    |
| 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<br>inflows of resources | <u>12,378,308</u>          | <u>12,960,879</u>    | <u>7,783,420</u>            | <u>1,829,898</u>     | <u>20,161,728</u>    | <u>14,790,777</u>    |
| 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                                     | <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> |

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<br>Activities |                      | Business-Type<br>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<br>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              |
| <b>Total</b>             | <b>\$ 50,687,323</b>    | <b>\$ 46,655,923</b> | <b>\$ 34,766,780</b>     | <b>\$ 28,463,684</b> | <b>\$ 85,454,103</b> | <b>\$ 75,119,607</b> |

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        |
| Interlocal agreements | -                       | -                    | 7,702,032                | 1,793,310           | 7,702,032            | 1,793,310            |
| <b>Total</b>          | <b>\$ 11,726,444</b>    | <b>\$ 12,033,704</b> | <b>\$ 7,702,032</b>      | <b>\$ 1,793,310</b> | <b>\$ 19,428,476</b> | <b>\$ 13,827,014</b> |

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

## Management's Discussion and Analysis (Continued)

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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](mailto:dhollis@townofleland.com)



## *Basic Financial Statements*

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**TOWN OF LELAND, NORTH CAROLINA**

Statement of Net Position

June 30, 2013

|  | Primary Government         |                             |                       | Leland<br>Tourism<br>Development<br>Authority |
|--|----------------------------|-----------------------------|-----------------------|---|
|  | Governmental<br>Activities | Business-Type<br>Activities | Total                 |   |
| <b>ASSETS</b>  |                            |                             |                       |   |
| 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             | -   |
| <b>Total Current Assets</b>  | <b>14,480,503</b>          | <b>9,020,147</b>            | <b>23,500,650</b>     | <b>181,213</b>                                |
| Noncurrent Assets:   |                            |                             |                       |   |
| Capital Assets   |                            |                             |                       |   |
| Land, Nondepreciable Improvements,<br>and Construction in Progress | 9,512,176                  | -                           | 9,512,176             | -   |
| Other Capital Assets, Net of<br>Depreciation                       | 41,175,147                 | 34,766,780                  | 75,941,927            | -   |
| <b>Total Noncurrent Assets</b>                                     | <b>50,687,323</b>          | <b>34,766,780</b>           | <b>85,454,103</b>     | <b>-</b>                                      |
| <b>Total Assets</b>  | <b>\$ 65,167,826</b>       | <b>\$ 43,786,927</b>        | <b>\$ 108,954,753</b> | <b>\$ 181,213</b>                             |

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

|   | Primary Government         |                             |                      | Leland<br>Tourism<br>Development<br>Authority |
|---|----------------------------|-----------------------------|----------------------|---|
|   | Governmental<br>Activities | Business-Type<br>Activities | Total                |   |
| <b>LIABILITIES</b>                          |                            |                             |                      |   |
| Current Liabilities:                        |                            |                             |                      |   |
| Accounts Payable and<br>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           | -   |
| <b>Total Liabilities</b>                    | <b>12,378,308</b>          | <b>7,783,420</b>            | <b>20,161,728</b>    | <b>-</b>                                      |
| <b>DEFERRED INFLOWS OF RESOURCES</b>        |                            |                             |                      |   |
| Prepaid Utilities                           | -                          | -                           | -                    | -   |
| Prepaid Taxes                               | -                          | -                           | -                    | -   |
| <b>Total Deferred Inflows of Resources</b>  | <b>-</b>                   | <b>-</b>                    | <b>-</b>             | <b>-</b>                                      |
| <b>NET POSITION</b>                         |                            |                             |                      |   |
| 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                                       |
| <b>Total Net Position</b>                   | <b>\$ 52,789,518</b>       | <b>\$ 36,003,507</b>        | <b>\$ 88,793,025</b> | <b>\$ 181,213</b>                             |

**TOWN OF LELAND, NORTH CAROLINA**

Statement of Activities

For the Year Ended June 30, 2013

| Functions/Programs                    | Expenses         | Program Revenues           |   |   |
|---------------------------------------|------------------|----------------------------|---|---|
|                                       |                  | Charges<br>for<br>Services | Operating<br>Grants<br>and<br>Contributions | Capital<br>Grants<br>and<br>Contributions |
| <b>Primary Government:</b>            |                  |                            |   |   |
| <b>Governmental Activities:</b>       |                  |                            |   |   |
| 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           | -                          | -   | -   |
| <b>Total Governmental Activities</b>  | <b>7,974,758</b> | <b>1,584,392</b>           | <b>403,189</b>                              | <b>1,570,621</b>                          |
| <b>Business-Type Activities:</b>      |                  |                            |   |   |
| Utility                               | 1,450,348        | 3,067,728                  | -   | -   |
| <b>Total Business-Type Activities</b> | <b>1,450,348</b> | <b>3,067,728</b>           | <b>-</b>                                    | <b>-</b>                                  |
| <b>Total Primary Government</b>       | <b>9,425,106</b> | <b>4,652,120</b>           | <b>403,189</b>                              | <b>1,570,621</b>                          |
| <b>Component Units:</b>               |                  |                            |   |   |
| Leland Tourism Development Authority  | 75,905           | -                          | -   | -   |
| <b>Total Component Units</b>          | <b>\$ 75,905</b> | <b>\$ -</b>                | <b>\$ -</b>                                 | <b>\$ -</b>                               |

**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**

| <b>Net (Expense) Revenue and Changes in Net Assets</b> |                      |               |   |
|--|----------------------|---------------|---|
| <b>Primary Government</b>                              |                      |               |   |
| <b>Governmental</b>                                    | <b>Business-Type</b> | <b>Totals</b> | <b>Leland<br/>Tourism<br/>Development<br/>Authority</b> |
| <b>Activities</b>                                      | <b>Activities</b>    |               |   |
| \$ (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

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|                            | <u>Major Funds</u>  |   |                                      |   |
|----------------------------|---------------------|---|--------------------------------------|---|
|                            | <u>General</u>      | <u>Town<br/>Center<br/>Capital Project<br/>Fund</u> | <u>Total<br/>Non-Major<br/>Funds</u> | <u>Total<br/>Governmental<br/>Funds</u> |
| <b>ASSETS</b>              |                     |   |                                      |   |
| Cash and Cash Equivalents  | \$ 5,160,502        | \$ -  | \$ 2,451,680                         | \$ 7,612,182                            |
| Resticted 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                                 |
| <b>Total Assets</b>        | <u>\$ 7,444,061</u> | <u>\$ 4,352,438</u>                                 | <u>\$ 2,672,873</u>                  | <u>\$ 14,469,372</u>                    |

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

|  | <u>Major Funds</u>  |   |                                      |   |
|--|---------------------|---|--------------------------------------|---|
|  | <u>General</u>      | <u>Town<br/>Center<br/>Capital Project<br/>Fund</u> | <u>Total<br/>Non-Major<br/>Funds</u> | <u>Total<br/>Governmental<br/>Funds</u> |
| <b>LIABILITIES</b>   |                     |   |                                      |   |
| Accounts Payable and<br>Accrued Liabilities                                    | \$ 61,726           | \$ 202,587  | \$ -                                 | \$ 264,313                              |
| Deposits   | 88,161              | -   | -                                    | 88,161                                  |
| <b>Total Liabilities</b>   | <b>149,887</b>      | <b>202,587</b>                                      | <b>-</b>                             | <b>352,474</b>                          |
| <b>DEFERRED INFLOWS OF RESOURCES</b>   |                     |   |                                      |   |
| Property Taxes Receivable  | 173,170             | -   | -                                    | 173,170                                 |
| Prepaid Taxes  | -                   | -   | -                                    | -                                       |
| <b>Total Deferred Inflows of Resources</b>                                     | <b>173,170</b>      | <b>-</b>  | <b>-</b>                             | <b>173,170</b>                          |
| <b>FUND BALANCES</b>   |                     |   |                                      |   |
| 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                               |
| <b>Total Fund Balances</b>   | <b>7,121,004</b>    | <b>4,149,851</b>                                    | <b>2,672,873</b>                     | <b>13,943,728</b>                       |
| <b>Total Liabilities, Deferred Inflows of<br/>Resources, and Fund Balances</b> | <b>\$ 7,444,061</b> | <b>\$ 4,352,438</b>                                 | <b>\$ 2,672,873</b>                  | <b>\$ 14,469,372</b>                    |

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<br/>Governmental<br/>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)                            |
| <b>Net position of governmental activities.</b>   | <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

|  | <u>Major Funds</u>  |   |                              |                                 |
|--|---------------------|---|------------------------------|---------------------------------|
|  | <u>General Fund</u> | <u>Town Center Capital Project Fund</u> | <u>Total Non-Major Funds</u> | <u>Total Governmental Funds</u> |
| <b>Revenues</b>  |                     |   |                              |                                 |
| 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                         |
| <b>Total Revenues</b>                                    | <b>8,492,418</b>    | <b>4,659</b>                            | <b>637,077</b>               | <b>9,134,154</b>                |
| <b>Expenditures</b>                                      |                     |   |                              |                                 |
| 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                         |
| <b>Total Expenditures</b>                                | <b>5,917,561</b>    | <b>4,418,833</b>                        | <b>759,861</b>               | <b>11,096,255</b>               |
| <b>Excess (Deficiency) of Revenues Over Expenditures</b> | <b>2,574,857</b>    | <b>(4,414,174)</b>                      | <b>(122,784)</b>             | <b>(1,962,101)</b>              |
| <b>Other Financing Sources (Uses)</b>                    |                     |   |                              |                                 |
| 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)                     |
| <b>Total Other Financing Sources (Uses)</b>              | <b>(2,462,523)</b>  | <b>127,029</b>                          | <b>2,335,494</b>             | <b>-</b>                        |
| <b>Net Change in Fund Balance</b>                        | <b>112,334</b>      | <b>(4,287,145)</b>                      | <b>2,212,710</b>             | <b>(1,962,101)</b>              |
| <b>Fund Balance - Beginning of Year</b>                  | <b>7,008,670</b>    | <b>8,436,996</b>                        | <b>460,163</b>               | <b>15,905,829</b>               |
| <b>Fund Balance - End of Year</b>                        | <b>\$ 7,121,004</b> | <b>\$ 4,149,851</b>                     | <b>\$ 2,672,873</b>          | <b>\$ 13,943,728</b>            |

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

**TOWN OF LELAND, NORTH CAROLINA**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances (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

|  | <b>General Fund</b>        |                         |                           |   |
|--|----------------------------|-------------------------|---------------------------|---|
|  | <b>Original<br/>Budget</b> | <b>Final<br/>Budget</b> | <b>Actual<br/>Amounts</b> | <b>Variance<br/>with<br/>Final Budget<br/>Positive<br/>(Negative)</b> |
| <b>Revenues</b>  |                            |                         |                           |   |
| 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  |
| <b>Total Revenues</b>  | <b>-</b>                   | <b>7,569,990</b>        | <b>8,452,991</b>          | <b>883,001</b>  |
| <b>Expenditures</b>  |                            |                         |                           |   |
| 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)   |
| <b>Total Expenditures</b>  | <b>-</b>                   | <b>7,682,031</b>        | <b>5,917,553</b>          | <b>1,764,478</b>  |
| <b>Revenues Over (Under) Expenditures</b>  | <b>-</b>                   | <b>(112,041)</b>        | <b>2,535,438</b>          | <b>2,647,479</b>  |
| <b>Other Financing Sources (Uses)</b>  |                            |                         |                           |   |
| 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   |
| <b>Total Other Financing Sources (Uses)</b>  | <b>-</b>                   | <b>(3,217,345)</b>      | <b>(3,228,665)</b>        | <b>(11,320)</b>   |
| <b>Revenues and Other Financing Sources<br/>Over (Under) Expenditures and<br/>Other Financing Uses</b> | <b>-</b>                   | <b>(3,329,386)</b>      | <b>(693,227)</b>          | <b>2,636,159</b>  |
| <b>Appropriated Fund Balance</b>   | <b>-</b>                   | <b>3,329,386</b>        | <b>-</b>                  | <b>(3,329,386)</b>  |
| <b>Net Change in Fund Balance</b>  | <b>\$ -</b>                | <b>\$ -</b>             | <b>(693,227)</b>          | <b>\$ (693,227)</b>   |
| <b>Fund Balance - Beginning of Year</b>  |                            |                         | <b>6,558,638</b>          |   |
| <b>Fund Balance - End of Year</b>  |                            |                         | <b>\$ 5,865,411</b>       |   |

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>             |
| <b>Fund Balance - End of Year (Consolidated)</b> | <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>          |
| <b>ASSETS</b>                  |                      |
| <b>Current Assets</b>          |                      |
| Cash and Investments           | \$ 8,707,695         |
| Accounts Receivable (net)      | 207,911              |
| Due from Other Government      | 104,541              |
| <b>Total Current Assets</b>    | <u>9,020,147</u>     |
| <b>Noncurrent Assets</b>       |                      |
| Capital Assets                 |                      |
| Other Capital Assets, Net of   |                      |
| Depreciation                   | <u>34,766,780</u>    |
| <b>Total Capital Assets</b>    | <u>34,766,780</u>    |
| <b>Total Noncurrent Assets</b> | <u>34,766,780</u>    |
| <b>Total Assets</b>            | <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>                 |
| <b>LIABILITIES</b>                         |                             |
| <b>Current Liabilities</b>                 |                             |
| Accounts Payable and                       |                             |
| Accrued Liabilities                        | \$ -                        |
| Customer Deposits                          | 66,129                      |
| Interlocal Agreements                      | <u>734,648</u>              |
| <b>Total Current Liabilities</b>           | <u>800,777</u>              |
| <b>Noncurrent Liabilities</b>              |                             |
| Interlocal Agreements                      | 6,967,384                   |
| Compensated Absences Payable               | <u>15,259</u>               |
| <b>Total Noncurrent Liabilities</b>        | <u>6,982,643</u>            |
| <b>Total Liabilities</b>                   | <u><u>7,783,420</u></u>     |
| <b>DEFERRED INFLOWS OF RESOURCES</b>       |                             |
| Prepaid Utilities                          | <u>-</u>                    |
| <b>Total Deferred Inflows of Resources</b> | <u><u>-</u></u>             |
| <b>NET POSITION</b>                        |                             |
| Net Investment in Capital Assets           | 27,064,748                  |
| Unrestricted                               | <u>8,938,759</u>            |
| <b>Total Net Position</b>                  | <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>          |
| <b>Operating Revenues</b>                     |                      |
| Water Charges                                 | \$ 615,393           |
| Sewer Charges                                 | 1,565,034            |
| Impact Fees                                   | 869,030              |
| Penalties and Interest                        | 18,271               |
| <b>Total Operating Revenues</b>               | <u>3,067,728</u>     |
| <b>Operating Expenses</b>                     |                      |
| Water Operations                              | 293,702              |
| Sewer Operations                              | 795,963              |
| Depreciation                                  | 206,655              |
| <b>Total Operating Expenses</b>               | <u>1,296,320</u>     |
| <b>Operating Income (Loss)</b>                | <u>1,771,408</u>     |
| <b>Nonoperating Revenues (Expenses)</b>       |                      |
| Investment Earnings                           | 4,315                |
| Interest Expense                              | (154,028)            |
| <b>Total Nonoperating Revenues (Expenses)</b> | <u>(149,713)</u>     |
| <b>Change in Net Position</b>                 | 1,621,695            |
| <b>Net Position - Beginning of Year</b>       | <u>34,381,812</u>    |
| <b>Net Position - End of Year</b>             | <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

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|   | <u>Major</u>        |
|---|---------------------|
|   | <u>Utility</u>      |
|   | <u>Fund</u>         |
| <b>Cash Flows from Operating Activities</b>                     |                     |
| 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)               |
| <b>Net Cash Provided (Used) by Operating Activities</b>         | <u>1,915,885</u>    |
| <b>Cash Flows from Noncapital Financing Activities</b>          |                     |
| Transfers out   | <u>-</u>            |
| <b>Cash Flows from Capital Financing Activities</b>             |                     |
| 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                          | -                   |
| <b>Net Cash Provided (Used) by Capital Financing Activities</b> | <u>(755,056)</u>    |
| <b>Cash Flows from Investing Activities</b>                     |                     |
| Interest on Investments   | <u>4,315</u>        |
| <b>Net Increase(Decrease) in Cash and Cash Equivalents</b>      | 1,165,144           |
| <b>Cash and Cash Equivalents - Beginning of Year</b>            | <u>7,542,551</u>    |
| <b>Cash and Cash Equivalents - End of Year</b>                  | <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>         |
| <b>Reconciliation of Operating Income to Net Cash<br/>Provided (Used) by Operating Activities</b>        |                     |
| Operating Income (Loss)  | \$ 1,771,408        |
| <b>Adjustments to Reconcile Operating Income<br/>to Net Cash Provided (Used) by Operating Activities</b> |                     |
| 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              |
| <b>Total Adjustments</b>   | <u>144,477</u>      |
| <b>Net Cash Provided (Used) by Operating Activities</b>  | <u>\$ 1,915,885</u> |

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

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

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

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

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### 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:

|  | Beginning<br>Balances | Increases        | Decreases | Ending<br>Balances   |
|--|-----------------------|------------------|-----------|----------------------|
| <b>Governmental activities:</b>                  |                       |                  |           |                      |
| <b>Capital assets not being depreciated:</b>     |                       |                  |           |                      |
| 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>     |
| <b>Capital assets being depreciated:</b>         |                       |                  |           |                      |
| 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>    |
| <b>Less accumulated depreciation for:</b>        |                       |                  |           |                      |
| 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>    |
| <b>Governmental activity capital assets, net</b> | <u>\$ 46,655,923</u>  |                  |           | <u>\$ 50,687,323</u> |

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

|                        | Depreciation        |
|------------------------|---------------------|
| 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<br>Balances | Increases  | Decreases | Ending<br>Balances   |
|---|-----------------------|------------|-----------|----------------------|
| <b>Capital assets being depreciated:</b>    |                       |            |           |                      |
| 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           |
| <b>Less accumulated depreciation for:</b>   |                       |            |           |                      |
| 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           |
| <b>Sewer Fund capital assets, net</b>       | <b>\$ 28,463,685</b>  |            |           | <b>\$ 34,766,780</b> |

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<br>Ending<br>June 30 | Annual<br>Pension<br>Cost<br>(APC) | Percentage<br>of APC<br>Contributed | Net<br>Pension<br>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<br>Revenue | Unearned<br>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<br>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<br>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<br>Balance | Increases    | Decreases  | Ending<br>Balance | Current<br>Portion of<br>Balance |
|----------------------------------|----------------------|--------------|------------|-------------------|----------------------------------|
| <b>Governmental activities:</b>  |                      |              |            |                   |                                  |
| 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                          |
| <b>Business-type activities:</b> |                      |              |            |                   |                                  |
| 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*

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

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| <b>Actuarial<br/>Valuation<br/>Date</b> | <b>Actuarial<br/>Value of<br/>Assets<br/>(a)</b> | <b>Actuarial<br/>Accrued<br/>Liability<br/>(AAL)-<br/>Projected<br/>Unit Credit<br/>(b)</b> | <b>Unfunded<br/>AAL<br/>(UAAL)<br/>(b-a)</b> | <b>Funded<br/>Ratio<br/>(a/b)</b> | <b>Covered<br/>Payroll<br/>(c)</b> | <b>UAAL as a<br/>% of Covered<br/>Payroll<br/>((b-a)/c)</b> |
|---|--|---|--|-----------------------------------|------------------------------------|---|
| 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<br/>June 30</u> | <u>Annual Required<br/>Contribution</u> | <u>Percentage<br/>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*

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

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

**TOWN OF LELAND, NORTH CAROLINA**

General Fund

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

Budget and Actual

For the Fiscal Year Ended June 30, 2013

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

**TOWN OF LELAND, NORTH CAROLINA**

General Fund

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

Budget and Actual

For the Fiscal Year Ended June 30, 2013

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

**TOWN OF LELAND, NORTH CAROLINA**

General Fund

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

Budget and Actual

For the Fiscal Year Ended June 30, 2013

|   | <b>Final<br/>Budget</b> | <b>Actual</b>       | <b>Variance<br/>Positive<br/>(Negative)</b> |
|---|-------------------------|---------------------|---|
| <b>Other Financing Sources (Uses)</b>                           |                         |                     |   |
| 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<br>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)<br>Capital Project Fund     | (30,000)                | (30,000)            | -   |
| Property Acquisition (General)<br>Capital Project Fund          | (20,000)                | (20,000)            | -   |
| Westgate Berm Capital Project Fund                              | (165,000)               | (165,000)           | -   |
| <b>Total Other Financing Sources (Uses)</b>                     | <b>(3,217,345)</b>      | <b>(3,228,665)</b>  | <b>(11,320)</b>                             |
| <b>Fund Balance Appropriated</b>                                | <b>3,329,386</b>        | <b>-</b>            | <b>(3,329,386)</b>                          |
| <b>Net Change in Fund Balance</b>                               | <b>\$ -</b>             | <b>(693,227)</b>    | <b>\$ (693,227)</b>                         |
| <b>Fund Balance - Beginning of Year</b>                         |                         | <b>6,558,638</b>    |   |
| <b>Fund Balance - End of Year</b>                               |                         | <b>\$ 5,865,411</b> |   |



*Special Revenue Funds*  
*Consolidated With General Fund*

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

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

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

**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

|  | <b>Final<br/>Budget</b> | <b>Actual</b>    | <b>Variance<br/>Positive<br/>(Negative)</b> |
|--|-------------------------|------------------|---|
| <b>Revenues</b>  |                         |                  |   |
| Investment Earnings  | \$ -                    | \$ 102           | \$ 102                                      |
| <b>Expenditures</b>  |                         |                  |   |
| <b>Transportation</b>  |                         |                  |   |
| Other Expenditures   | -                       | -                | -   |
| <b>Total Transportation</b>                                  | -                       | -                | -   |
| <b>Excess (Deficiency) of Revenues<br/>Over Expenditures</b> | -                       | 102              | 102   |
| <b>Other Financing Uses</b>                                  |                         |                  |   |
| Transfers out:   |                         |                  |   |
| General Fund   | (363,700)               | (363,700)        | -   |
| <b>Total Other Financing Uses</b>                            | (363,700)               | (363,700)        | -   |
| <b>Appropriated Fund Balance</b>                             | 363,700                 | -                | (363,700)                                   |
| <b>Net Change in Fund Balance</b>                            | <u>\$ -</u>             | <u>(363,598)</u> | <u>\$ (363,598)</u>                         |
| <b>Fund Balance - Beginning of Year</b>                      |                         | <u>372,941</u>   |   |
| <b>Fund Balance - End of Year</b>                            |                         | <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<br>Budget | Actual           | Variance<br>Positive<br>(Negative) |
|--|-----------------|------------------|------------------------------------|
| <b>Revenues</b>  |                 |                  |                                    |
| <b>Restricted Intergovernmental</b>                          |                 |                  |                                    |
| Federal Forfeitures  |                 | \$ 35,831        |                                    |
| State Forfeitures  |                 | 3,464            |                                    |
| <b>Total Restricted Intergovernmental</b>                    | <b>\$ -</b>     | <b>39,295</b>    | <b>\$ 39,295</b>                   |
| <b>Investment Earnings</b>                                   |                 |                  |                                    |
|  | -               | -                | -                                  |
| <b>Total Revenues</b>  |                 | <b>39,295</b>    | <b>39,295</b>                      |
| <b>Expenditures</b>  |                 |                  |                                    |
| <b>Police</b>  |                 |                  |                                    |
| Other Expenditures   | -               | -                | -                                  |
| <b>Total Police</b>  | -               | -                | -                                  |
| <b>Excess (Deficiency) of Revenues<br/>Over Expenditures</b> |                 |                  |                                    |
|  | -               | <b>39,295</b>    | <b>39,295</b>                      |
| <b>Other Financing Uses</b>                                  |                 |                  |                                    |
| Transfers out:   |                 |                  |                                    |
| General Fund   | (11,320)        | -                | 11,320                             |
| <b>Total Other Financing Uses</b>                            | <b>(11,320)</b> | -                | <b>11,320</b>                      |
| <b>Appropriated Fund Balance</b>                             | <b>11,320</b>   | -                | <b>(11,320)</b>                    |
| <b>Net Change in Fund Balance</b>                            | <b>\$ -</b>     | <b>39,295</b>    | <b>\$ 39,295</b>                   |
| <b>Fund Balance - Beginning of Year</b>                      |                 | <b>12,362</b>    |                                    |
| <b>Fund Balance - End of Year</b>                            |                 | <b>\$ 51,657</b> |                                    |

**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

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

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

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

*Major Governmental Funds*

*Capital Project Funds*

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

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

*Nonmajor Governmental Funds*

*Capital Project Funds*

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

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

| Sturgeon<br>Environmental<br>Educational<br>Park<br>Project<br>Fund | Drug<br>Forfeitures<br>Capital<br>Project<br>Fund | Lanvale<br>Trace<br>Stormwater<br>Improvement<br>Project<br>Fund | Space<br>Development<br>Capital<br>Project<br>Fund | Cultural<br>Arts<br>Center<br>Capital<br>Project<br>Fund | Vehicle<br>Replacement<br>Capital<br>Project<br>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<br>Revitalization<br>Capital<br>Project<br>Fund | Transportation<br>Capital<br>Project<br>Fund | Westgate<br>Senior<br>Apt<br>Housing<br>Capital<br>Project<br>Fund | Greenway<br>Capital<br>Project<br>Fund |
|--|--|--|--|--|
| <b>Assets</b>                              |  |  |  |  |
| Cash and Cash Equivalents                  | \$ 685,000   | \$ 357,500                                   | \$ 32,370  | \$ 50,000                              |
| Restricted Cash                            | -  | -  | -  | -                                      |
| Due from Other Governments                 | -  | -  | -  | -                                      |
| <b>Total Assets</b>                        | <b>685,000</b>   | <b>357,500</b>                               | <b>32,370</b>  | <b>50,000</b>                          |
| <b>Liabilities</b>                         |  |  |  |  |
| Accounts Payable and Accrued Liabilities   | -  | -  | -  | -                                      |
| Due to Other Funds                         | -  | -  | -  | -                                      |
| <b>Total Liabilities</b>                   | <b>-</b>   | <b>-</b>                                     | <b>-</b>   | <b>-</b>                               |
| <b>Fund Balances</b>                       |  |  |  |  |
| Restricted                                 |  |  |  |  |
| Drug Forfeitures                           | -  | -  | -  | -                                      |
| Assigned:                                  |  |  |  |  |
| Information Technology                     | -  | -  | -  | -                                      |
| Planning                                   | -  | -  | 32,370   | -                                      |
| Police                                     | -  | -  | -  | -                                      |
| Inspections                                | -  | -  | -  | -                                      |
| Public Works                               | -  | -  | -  | -                                      |
| Parks and Recreation                       | -  | -  | -  | 50,000                                 |
| Transportation                             | 685,000  | 357,500                                      | -  | -                                      |
| <b>Total Fund Balances</b>                 | <b>685,000</b>   | <b>357,500</b>                               | <b>32,370</b>  | <b>50,000</b>                          |
| <b>Total Liabilities and Fund Balances</b> | <b>\$ 685,000</b>  | <b>\$ 357,500</b>                            | <b>\$ 32,370</b>   | <b>\$ 50,000</b>                       |



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

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|  | <b>Westgate<br/>Berm<br/>Capital<br/>Project<br/>Fund</b> | <b>Total</b>        |
|--|---|---------------------|
|  | <hr/>   | <hr/>               |
| <b>Assets</b>                              |   |                     |
| Cash and Cash Equivalents                  | \$ 145,045  | \$ 2,451,680        |
| Restricted Cash                            | -   | 219,168             |
| Due from Other Governments                 | -   | 2,025               |
|  | <hr/>   | <hr/>               |
| <b>Total Assets</b>                        | <u>145,045</u>  | <u>2,672,873</u>    |
| <b>Liabilities</b>                         |   |                     |
| Accounts Payable and Accrued Liabilities   | -   | -                   |
| Due to Other Funds                         | -   | -                   |
|  | <hr/>   | <hr/>               |
| <b>Total Liabilities</b>                   | -   | -                   |
| <b>Fund Balances</b>                       |   |                     |
| 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/>               |
| <b>Total Fund Balances</b>                 | <u>145,045</u>  | <u>2,672,873</u>    |
| <b>Total Liabilities and Fund Balances</b> | <u>\$ 145,045</u>   | <u>\$ 2,672,873</u> |



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

| Sturgeon<br>Enviromental<br>Educational<br>Park<br>Project<br>Fund | Drug<br>Forfeitures<br>Capital<br>Project<br>Fund | Lanvale<br>Trace<br>Stormwater<br>Improvement<br>Project<br>Fund | Space<br>Development<br>Capital<br>Project<br>Fund | Cultural<br>Arts<br>Center<br>Capital<br>Project<br>Fund | Vehicle<br>Replacement<br>Capital<br>Project<br>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<br>Revitalization<br>Capital<br>Project<br>Fund | Transportation<br>Capital<br>Project<br>Fund | Westgate<br>Senior<br>Apt<br>Housing<br>Capital<br>Project<br>Fund | Greenway<br>Capital<br>Project<br>Fund |
|--|--|--|--|--|
| <b>Revenues</b>  |  |  |  |  |
| Restricted Intergovernmental                                 | \$ -   | \$ -   | \$ 171,190   | \$ -                                   |
| Investment Earnings  | -  | -  | -  | -                                      |
| <b>Total Revenues</b>  | -  | -  | 171,190  | -                                      |
| <b>Expenditures</b>  |  |  |  |  |
| Planning   | -  | -  | 138,820  | -                                      |
| Police   | -  | -  | -  | -                                      |
| Public Works   | -  | -  | -  | -                                      |
| Parks and Recreation   | -  | -  | -  | -                                      |
| Transportation   | -  | -  | -  | -                                      |
| <b>Total Expenditures</b>                                    | -  | -  | 138,820  | -                                      |
| <b>Excess (Deficiency) of Revenues<br/>Over Expenditures</b> | -  | -  | 32,370   | -                                      |
| <b>Other Financing Sources (Uses)</b>                        |  |  |  |  |
| Transfers from Other Funds                                   | 685,000  | 357,500                                      | -  | 50,000                                 |
| Transfers to Other Funds                                     | -  | -  | -  | -                                      |
| <b>Total Other Financing Sources (Uses)</b>                  | 685,000  | 357,500                                      | -  | 50,000                                 |
| <b>Net Change in Fund Balance</b>                            | 685,000  | 357,500                                      | 32,370   | 50,000                                 |
| <b>Fund Balance - Beginning of Year</b>                      | -  | -  | -  | -                                      |
| <b>Fund Balance - End of Year</b>                            | \$ 685,000   | \$ 357,500                                   | \$ 32,370  | \$ 50,000                              |

| Bike<br>Plan<br>Capital<br>Project<br>Fund | Dog<br>Park<br>Capital<br>Project<br>Fund | Splash<br>Park<br>Capital<br>Project<br>Fund | Rice<br>Gate<br>Capital<br>Project<br>Fund | Property<br>Acquisition<br>(Water Access)<br>Capital<br>Project<br>Fund | Property<br>Acquisition<br>(General)<br>Capital<br>Project<br>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



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



**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

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

**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

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

|  | <b>Final<br/>Budget</b> | <b>Actual</b>    | <b>Variance<br/>Positive<br/>(Negative)</b> |
|--|-------------------------|------------------|---|
| <b>Revenues</b>  |                         |                  |   |
| Investment Earnings  | \$ -                    | \$ 236           | \$ 236                                      |
| <b>Expenditures</b>  |                         |                  |   |
| <b>Fire</b>  |                         |                  |   |
| Capital Outlay   |                         | -                | -   |
| <b>Total Fire</b>  | -                       | -                | -   |
| <b>Excess (Deficiency) of Revenues<br/>Over Expenditures</b> | -                       | 236              | 236   |
| <b>Other Financing Uses</b>                                  |                         |                  |   |
| Transfers out:   |                         |                  |   |
| Debt Payment Capital Reserve Fund                            | (125,006)               | (125,006)        | -   |
| <b>Total Other Financing Uses</b>                            | (125,006)               | (125,006)        | -   |
| <b>Appropriated Fund Balance</b>                             | 125,006                 | -                | (125,006)                                   |
| <b>Net Change in Fund Balance</b>                            | <u>\$ -</u>             | <u>(124,770)</u> | <u>\$ (124,770)</u>                         |
| <b>Fund Balance - Beginning of Year</b>                      |                         | <u>124,770</u>   |   |
| <b>Fund Balance - End of Year</b>                            |                         | <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<br>Budget  | Actual            | Variance<br>Positive<br>(Negative) |
|--|------------------|-------------------|------------------------------------|
| <b>Revenues</b>  |                  |                   |                                    |
| <b>Restricted Intergovernmental</b>                          |                  |                   |                                    |
| PARTF Grant  |                  | \$ 377,618        |                                    |
| <b>Total Restricted Intergovernmental</b>                    | <b>\$ -</b>      | <b>377,618</b>    | <b>\$ 377,618</b>                  |
| <b>Expenditures</b>  |                  |                   |                                    |
| <b>Parks and Recreation</b>                                  |                  |                   |                                    |
| Capital Outlay   |                  | 421,981           | -                                  |
| <b>Total Parks and Recreation</b>                            | <b>300,000</b>   | <b>421,981</b>    | <b>(121,981)</b>                   |
| <b>Excess (Deficiency) of Revenues<br/>Over Expenditures</b> | <b>(300,000)</b> | <b>(44,363)</b>   | <b>255,637</b>                     |
| <b>Other Financing Sources</b>                               |                  |                   |                                    |
| Transfers in:  |                  |                   |                                    |
| General Fund   | 300,000          | 300,000           | -                                  |
| <b>Total Other Financing Sources</b>                         | <b>300,000</b>   | <b>300,000</b>    | <b>-</b>                           |
| <b>Appropriated Fund Balance</b>                             | <b>-</b>         | <b>-</b>          | <b>-</b>                           |
| <b>Net Change in Fund Balance</b>                            | <b>\$ -</b>      | <b>255,637</b>    | <b>\$ 255,637</b>                  |
| <b>Fund Balance - Beginning of Year</b>                      |                  | <b>5,594</b>      |                                    |
| <b>Fund Balance - End of Year</b>                            |                  | <b>\$ 261,231</b> |                                    |

**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

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

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

**TOWN OF LELAND, NORTH CAROLINA**

Lanvale Trace Stormwater Improvement Project Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual

For the Fiscal Year Ended June 30, 2013

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

|  | <b>Final<br/>Budget</b> | <b>Actual</b> | <b>Variance<br/>Positive<br/>(Negative)</b> |
|--|-------------------------|---------------|---|
| <b>Revenues</b>  |                         |               |   |
| Investment Earnings  | \$ -                    | \$ 2          | \$ 2  |
| <b>Expenditures</b>  |                         |               |   |
| <b>Public Works</b>  |                         |               |   |
| Other Expenditures   |                         | 132           |   |
| <b>Total Public Works</b>                                    | -                       | 132           | (132)                                       |
| <b>Excess (Deficiency) of Revenues<br/>Over Expenditures</b> | -                       | (130)         | (130)                                       |
| <b>Other Financing Sources</b>                               |                         |               |   |
| Transfers in:  |                         |               |   |
| General Fund   | -                       | -             | -   |
| <b>Total Other Financing Sources</b>                         | -                       | -             | -   |
| <b>Appropriated Fund Balance</b>                             | -                       | -             | -   |
| <b>Net Change in Fund Balance</b>                            | <u>\$ -</u>             | <u>(130)</u>  | <u>\$ (130)</u>                             |
| <b>Fund Balance - Beginning of Year</b>                      |                         | <u>130</u>    |   |
| <b>Fund Balance - End of Year</b>                            |                         | <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<br>Budget | Actual     | Variance<br>Positive<br>(Negative) |
|--|-----------------|------------|------------------------------------|
| <b>Revenues</b>  |                 |            |                                    |
| Investment Earnings  | \$ -            | \$ 31      | \$ 31                              |
| <b>Expenditures</b>  |                 |            |                                    |
| <b>Parks and Recreation</b>                                  |                 |            |                                    |
| Other Expenditures   |                 | 69,314     | -                                  |
| <b>Total Parks and Recreation</b>                            | 400,000         | 69,314     | 330,686                            |
| <b>Excess (Deficiency) of Revenues<br/>Over Expenditures</b> | (400,000)       | (69,283)   | 330,717                            |
| <b>Other Financing Sources</b>                               |                 |            |                                    |
| Transfers in:  |                 |            |                                    |
| General Fund   | 400,000         | 450,000    | 50,000                             |
| <b>Total Other Financing Sources</b>                         | 400,000         | 450,000    | 50,000                             |
| <b>Appropriated Fund Balance</b>                             | -               | -          | -                                  |
| <b>Net Change in Fund Balance</b>                            | \$ -            | 380,717    | \$ 380,717                         |
| <b>Fund Balance - Beginning of Year</b>                      |                 | 67,592     |                                    |
| <b>Fund Balance - End of Year</b>                            |                 | \$ 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<br>Budget | Actual    | Variance<br>Positive<br>(Negative) |
|--|-----------------|-----------|------------------------------------|
| <b>Revenues</b>  |                 |           |                                    |
| Investment Earnings  | \$ -            | \$ -      | \$ -                               |
| <b>Expenditures</b>  |                 |           |                                    |
| <b>Information Technology</b>                                |                 |           |                                    |
| Capital Outlay   |                 |           |                                    |
| <b>Total Information Technology</b>                          | 10,000          | -         | 10,000                             |
| <b>Public Works</b>  |                 |           |                                    |
| Capital Outlay   |                 |           |                                    |
| <b>Total Public Works</b>                                    | 10,000          | -         | 10,000                             |
| <b>Police</b>  |                 |           |                                    |
| Capital Outlay   |                 |           |                                    |
| <b>Total Police</b>  | 10,000          | -         | 10,000                             |
| <b>Inspections</b>   |                 |           |                                    |
| Capital Outlay   |                 |           |                                    |
| <b>Total Inspections</b>                                     | 8,000           | -         | 8,000                              |
| <b>Total Expenditures</b>                                    | 38,000          | -         | 38,000                             |
| <b>Excess (Deficiency) of Revenues<br/>Over Expenditures</b> | (38,000)        | -         | 38,000                             |
| <b>Other Financing Sources</b>                               |                 |           |                                    |
| Transfers in:  |                 |           |                                    |
| General Fund   | 38,000          | 38,000    | -                                  |
| <b>Total Other Financing Sources</b>                         | 38,000          | 38,000    | -                                  |
| <b>Appropriated Fund Balance</b>                             | -               | -         | -                                  |
| <b>Net Change in Fund Balance</b>                            | \$ -            | 38,000    | \$ 38,000                          |
| <b>Fund Balance - Beginning of Year</b>                      |                 | -         |                                    |
| <b>Fund Balance - End of Year</b>                            |                 | \$ 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<br>Budget | Actual     | Variance<br>Positive<br>(Negative) |
|--|-----------------|------------|------------------------------------|
| <b>Revenues</b>  |                 |            |                                    |
| Investment Earnings  | \$ -            | \$ -       | \$ -                               |
| <b>Expenditures</b>  |                 |            |                                    |
| <b>Transportation</b>  |                 |            |                                    |
| Other Expenditures   |                 | -          |                                    |
| <b>Total Transportation</b>                                  | 685,000         | -          | 685,000                            |
| <b>Excess (Deficiency) of Revenues<br/>Over Expenditures</b> | (685,000)       | -          | 685,000                            |
| <b>Other Financing Sources</b>                               |                 |            |                                    |
| Transfers in:  |                 |            |                                    |
| General Fund   | 685,000         | 685,000    | -                                  |
| <b>Total Other Financing Sources</b>                         | 685,000         | 685,000    | -                                  |
| <b>Appropriated Fund Balance</b>                             | -               | -          | -                                  |
| <b>Net Change in Fund Balance</b>                            | \$ -            | 685,000    | \$ 685,000                         |
| <b>Fund Balance - Beginning of Year</b>                      |                 | -          |                                    |
| <b>Fund Balance - End of Year</b>                            |                 | \$ 685,000 |                                    |

**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

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

**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<br>Budget | Actual           | Variance<br>Positive<br>(Negative) |
|--|-----------------|------------------|------------------------------------|
| <b>Revenues</b>  |                 |                  |                                    |
| Federal Grant  | \$ 171,190      | \$ 171,190       | \$ -                               |
| <b>Expenditures</b>  |                 |                  |                                    |
| <b>Planning</b>  |                 |                  |                                    |
| Other Expenditures   |                 | 138,820          |                                    |
| <b>Total Planning</b>  | 171,190         | 138,820          | 32,370                             |
| <b>Excess (Deficiency) of Revenues<br/>Over Expenditures</b> | -               | 32,370           | 32,370                             |
| <b>Other Financing Sources</b>                               |                 |                  |                                    |
| Transfers in:  |                 |                  |                                    |
| General Fund   | -               | -                | -                                  |
| <b>Total Other Financing Sources</b>                         | -               | -                | -                                  |
| <b>Appropriated Fund Balance</b>                             | -               | -                | -                                  |
| <b>Net Change in Fund Balance</b>                            | <u>\$ -</u>     | 32,370           | <u>\$ 32,370</u>                   |
| <b>Fund Balance - Beginning of Year</b>                      |                 | -                |                                    |
| <b>Fund Balance - End of Year</b>                            |                 | <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<br>Budget | Actual           | Variance<br>Positive<br>(Negative) |
|--|-----------------|------------------|------------------------------------|
| <b>Revenues</b>  |                 |                  |                                    |
| Investment Earnings  | \$ -            | \$ -             | \$ -                               |
| <b>Expenditures</b>  |                 |                  |                                    |
| <b>Parks and Recreation</b>                                  |                 |                  |                                    |
| Other Expenditures   |                 | -                |                                    |
| <b>Total Parks and Recreation</b>                            | -               | -                | -                                  |
| <b>Excess (Deficiency) of Revenues<br/>Over Expenditures</b> | -               | -                | -                                  |
| <b>Other Financing Sources</b>                               |                 |                  |                                    |
| Transfers in:  |                 |                  |                                    |
| General Fund   | 50,000          | 50,000           | -                                  |
| <b>Total Other Financing Sources</b>                         | 50,000          | 50,000           | -                                  |
| <b>Appropriated Fund Balance</b>                             | (50,000)        | -                | 50,000                             |
| <b>Net Change in Fund Balance</b>                            | <u>\$ -</u>     | 50,000           | <u>\$ 50,000</u>                   |
| <b>Fund Balance - Beginning of Year</b>                      |                 | -                |                                    |
| <b>Fund Balance - End of Year</b>                            |                 | <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<br>Budget | Actual           | Variance<br>Positive<br>(Negative) |
|--|-----------------|------------------|------------------------------------|
| <b>Revenues</b>  |                 |                  |                                    |
| Investment Earnings  | \$ -            | \$ -             | \$ -                               |
| <b>Expenditures</b>  |                 |                  |                                    |
| <b>Parks and Recreation</b>                                  |                 |                  |                                    |
| Capital Outlay   |                 | -                |                                    |
| <b>Total Parks and Recreation</b>                            | -               | -                | -                                  |
| <b>Excess (Deficiency) of Revenues<br/>Over Expenditures</b> | -               | -                | -                                  |
| <b>Other Financing Sources</b>                               |                 |                  |                                    |
| Transfers in:  |                 |                  |                                    |
| General Fund   | 50,000          | 50,000           | -                                  |
| <b>Total Other Financing Sources</b>                         | 50,000          | 50,000           | -                                  |
| <b>Appropriated Fund Balance</b>                             | (50,000)        | -                | 50,000                             |
| <b>Net Change in Fund Balance</b>                            | <u>\$ -</u>     | 50,000           | <u>\$ 50,000</u>                   |
| <b>Fund Balance - Beginning of Year</b>                      |                 | -                |                                    |
| <b>Fund Balance - End of Year</b>                            |                 | <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<br>Budget | Actual           | Variance<br>Positive<br>(Negative) |
|--|-----------------|------------------|------------------------------------|
| <b>Revenues</b>  |                 |                  |                                    |
| Investment Earnings  | \$ -            | \$ -             | \$ -                               |
| <b>Expenditures</b>  |                 |                  |                                    |
| <b>Parks and Recreation</b>                                  |                 |                  |                                    |
| Capital Outlay   |                 | -                |                                    |
| <b>Total Parks and Recreation</b>                            | -               | -                | -                                  |
| <b>Excess (Deficiency) of Revenues<br/>Over Expenditures</b> | -               | -                | -                                  |
| <b>Other Financing Sources</b>                               |                 |                  |                                    |
| Transfers in:  |                 |                  |                                    |
| General Fund   | 50,000          | 50,000           | -                                  |
| <b>Total Other Financing Sources</b>                         | 50,000          | 50,000           | -                                  |
| <b>Appropriated Fund Balance</b>                             | (50,000)        | -                | 50,000                             |
| <b>Net Change in Fund Balance</b>                            | <u>\$ -</u>     | 50,000           | <u>\$ 50,000</u>                   |
| <b>Fund Balance - Beginning of Year</b>                      |                 | -                |                                    |
| <b>Fund Balance - End of Year</b>                            |                 | <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

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

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|  | <b>Final<br/>Budget</b> | <b>Actual</b>    | <b>Variance<br/>Positive<br/>(Negative)</b> |
|--|-------------------------|------------------|---|
| <b>Revenues</b>  |                         |                  |   |
| Investment Earnings  | \$ -                    | \$ -             | \$ -  |
| <b>Expenditures</b>  |                         |                  |   |
| <b>Parks and Recreation</b>                                  |                         |                  |   |
| Other Expenditures   |                         |                  |   |
| <b>Total Parks and Recreation</b>                            | -                       | -                | -   |
| <b>Excess (Deficiency) of Revenues<br/>Over Expenditures</b> | -                       | -                | -   |
| <b>Other Financing Sources</b>                               |                         |                  |   |
| Transfers in:  |                         |                  |   |
| General Fund   | 30,000                  | 30,000           | -   |
| <b>Total Other Financing Sources</b>                         | 30,000                  | 30,000           | -   |
| <b>Appropriated Fund Balance</b>                             | (30,000)                | -                | 30,000                                      |
| <b>Net Change in Fund Balance</b>                            | <u>\$ -</u>             | 30,000           | <u>\$ 30,000</u>                            |
| <b>Fund Balance - Beginning of Year</b>                      |                         | -                |   |
| <b>Fund Balance - End of Year</b>                            |                         | <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<br>Budget | Actual           | Variance<br>Positive<br>(Negative) |
|--|-----------------|------------------|------------------------------------|
| <b>Revenues</b>  |                 |                  |                                    |
| Investment Earnings  | \$ -            | \$ -             | \$ -                               |
| <b>Expenditures</b>  |                 |                  |                                    |
| <b>Parks and Recreation</b>                                  |                 |                  |                                    |
| Other Expenditures   |                 |                  |                                    |
| <b>Total Parks and Recreation</b>                            | -               | -                | -                                  |
| <b>Excess (Deficiency) of Revenues<br/>Over Expenditures</b> | -               | -                | -                                  |
| <b>Other Financing Sources</b>                               |                 |                  |                                    |
| Transfers in:  |                 |                  |                                    |
| General Fund   | 20,000          | 20,000           | -                                  |
| <b>Total Other Financing Sources</b>                         | 20,000          | 20,000           | -                                  |
| <b>Appropriated Fund Balance</b>                             | (20,000)        | -                | 20,000                             |
| <b>Net Change in Fund Balance</b>                            | <u>\$ -</u>     | 20,000           | <u>\$ 20,000</u>                   |
| <b>Fund Balance - Beginning of Year</b>                      |                 | -                |                                    |
| <b>Fund Balance - End of Year</b>                            |                 | <u>\$ 20,000</u> |                                    |

**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

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

*Enterprise Funds*

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

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

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

|  |                     |
|--|---------------------|
| Revenues Over (Under) Expenditures<br>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>      |
| <b>Change in Net Position</b>  | <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

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

*Agency Funds*

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**TOWN OF LELAND, NORTH CAROLINA**

Agency Funds

Combining Statement of Changes in Assets and Liabilities

For the Fiscal Year Ended June 30, 2013

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

*Other Schedules*

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

| <u>Fiscal Year</u> | <u>Uncollected<br/>Balance<br/>7-1-12</u> | <u>Additions<br/>and<br/>Adjustments</u> | <u>Collections<br/>and<br/>Credits</u> | <u>Uncollected<br/>Balance<br/>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 |
| <b>Original Levy:</b>                     |                         |                |                     |  |                           |
| 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>            |
| <b>Discoveries:</b>                       |                         |                |                     |  |                           |
| Current Year Taxes                        | -                       | 0.1515         | -                   | -  | -                         |
| Penalties                                 | -                       |                | -                   | -  | -                         |
|   | <u>-</u>                |                | <u>-</u>            | <u>-</u>                                     | <u>-</u>                  |
| <b>Abatements:</b>                        |                         |                |                     |  |                           |
| Property Taxes -                          |                         |                |                     |  |                           |
| Current Year's Rate                       | -                       | 0.1515         | \$ -                | -  | -                         |
|   | <u>-</u>                |                | <u>\$ -</u>         | <u>-</u>                                     | <u>-</u>                  |
| <b>Total Property Valuations</b>          | <u>\$ 1,900,633,663</u> |                |                     |  |                           |
| <b>Net Levy</b>                           |                         |                | 2,879,460           | 2,671,136                                    | 208,324                   |
| <b>Uncollected Taxes at June 30, 2013</b> |                         |                | 87,959              | 62,567                                       | 25,392                    |
| <b>Current Year's Taxes Collected</b>     |                         |                | <u>\$ 2,791,501</u> | <u>\$ 2,608,569</u>                          | <u>\$ 182,932</u>         |
| <b>Current Levy Collection Percentage</b> |                         |                | <u>96.95%</u>       | <u>97.66%</u>                                | <u>87.81%</u>             |



## *Compliance Section*

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

**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

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**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

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|  |
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| <b>SECTION I. SUMMARY OF AUDITOR'S RESULTS</b> |
|--|

**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

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|   |
|---|
| <b>SECTION II. FINANCIAL STATEMENT FINDINGS</b> |
|---|

*None Reported.*

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

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|   |
|---|
| <b>SECTION III. STATE AWARD FINDINGS AND QUESTIONED COSTS</b> |
|---|

*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

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*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<br>Grantor/Program Title  | Federal<br>CFDA<br>Number | State/<br>Pass-through<br>Grantors<br>Number | Federal<br>(Direct &<br>Pass-through)<br>Expenditures | State<br>Expenditures | Local<br>Expenditures |
|--|---------------------------|--|---|-----------------------|-----------------------|
| <b>Federal Awards:</b>   |                           |  |   |                       |                       |
| <u>U.S. Department of Housing and Urban Development</u>  |                           |  |   |                       |                       |
| <i>Passed thru N.C. Department of Commerce</i>   |                           |  |   |                       |                       |
| Community Development Block Grants/<br>State's Program and Non-Entitlement Grants<br>in Hawaii |                           |  |   |                       |                       |
|  | 14.228                    | -  | \$ 138,820  | \$ -                  | \$ -                  |
| <b>Total Federal Awards</b>  |                           |  | 138,820   | -                     | -                     |
| <b>State Awards:</b>   |                           |  |   |                       |                       |
| <u>N.C. Department of Transportation</u>   |                           |  |   |                       |                       |
| Non-State System Street-Aid Allocation<br>(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<br/>and Natural Resources</u>                                |                           |  |   |                       |                       |
| <i>Division of Parks and Recreation</i>  |                           |  |   |                       |                       |
| Parks and Recreation Trust Fund  |                           |  |   |                       |                       |
|  | -                         | -  | -   | 452,025               | 2,955,000             |
| <b>Total State Awards</b>  |                           |  | -   | 580,403               | 2,955,000             |
| <b>Total Federal and State Awards</b>  |                           |  | \$ 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

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**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.

