

TOWN OF HOLDEN BEACH
HOLDEN BEACH, NORTH CAROLINA
FINANCIAL STATEMENTS
June 30, 2014

TOWN OF HOLDEN BEACH, NORTH CAROLINA

June 30, 2014

Mayor: J. Alan Holden

Commissioners: Ken Kyser, Mayor Pro Tem

Sandy Miller

Gina Martin

Dennis Harrington

Sheila Young

Town Manager/Finance Officer: David Hewett

Clerk: Heather Finnell

TOWN OF HOLDEN BEACH
TABLE OF CONTENTS
June 30, 2014

FINANCIAL SECTION

Independent Auditors' Report	<u>Exhibit</u>
Management's Discussion and Analysis	
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	1
Statement of Activities	2
Fund Financial Statements:	
Balance Sheet – Governmental Funds	3
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	3
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	4
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	5
Statement of Revenues, Expenditures, and Changes in Fund Balances – Annual Budget and Actual – General and Major Special Revenue Funds	6
Statement of Fund Net Position – Proprietary Funds	7
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds	8
Statement of Cash Flows – Proprietary Funds	9
Notes to the Financial Statements	
Individual Fund Statements and Schedules:	
Comparative Balance Sheets – General Fund	A-1
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund	A-2
Major Special Revenue Fund – BPART Tax Fund Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	A-3
Major Special Revenue Fund – Canal Project Fund Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	A-4
Water and Sewer Fund Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Non GAAP)	B-1

Other Schedules

Schedule of Ad Valorem Taxes Receivable

C-1

Analysis of Current Tax Levy – Town-Wide Levy

C-2

FINANCIAL SECTION



Alan W. Thompson, CPA

R. Bryon Scott, CPA

Gregory S. Adams, CPA

Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities each major fund, and the aggregate remaining fund information of the Town of Holden Beach, North Carolina, as of and for the year ended June 30, 2014, 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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 to 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 the 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, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities each major fund and the aggregate remaining fund information of the Town of Holden Beach, North Carolina as of June 30, 2014, and the respective changes in financial position and cash flows, where appropriate, thereof and the respective budgetary comparison for the General Fund, BPart Tax Fund and Canal Dredging 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 Management's Discussion and Analysis be presented to supplement the basic financial statements. Such information, although not a 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 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 Holden Beach, North Carolina. The individual fund statements, budgetary schedules and other schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The individual fund statements, budgetary schedules and other schedules are the responsibility of management and were derived from and relate 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. In our opinion, based on our audit, the procedures performed as described above, the individual fund financial statements, budgetary schedules and other schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Thompson, Price, Scott, Adams & Co. P.A.

Thompson, Price, Scott, Adams & Co., P.A.

Whiteville, North Carolina

October 31, 2014

Management's Discussion and Analysis

As management of the Town of Holden Beach, we offer readers of the Town of Holden Beach's financial statements this narrative overview and analysis of the financial activities of the Town of Holden Beach for the fiscal year ended June 30, 2014. 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

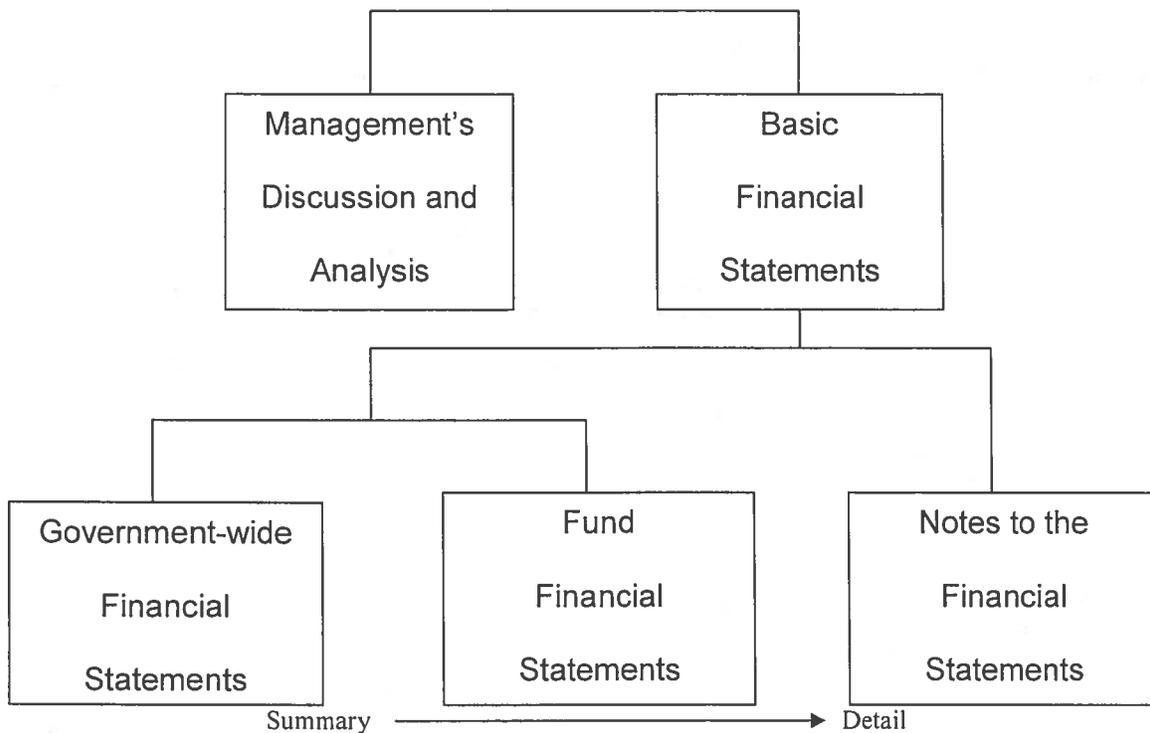
- The assets and deferred outflows of resources of the Town of Holden Beach exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$30,785,549 (*net position*).
- The government's total net position increased by \$1,449,593, due to increases in the governmental activities of \$1,078,959 and increases in the business-type activities of \$370,634.
- As of the close of the current fiscal year, the Town of Holden Beach governmental funds reported combined ending fund balances of \$7,875,324, an increase of \$888,480 in comparison with the prior year. Of this total amount, \$315,600 is available for spending at the government's discretion.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$315,600 or 14 percent of total general fund expenditures for the fiscal year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Town of Holden Beach's basic financial statements. The Town of Holden Beach'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 Holden Beach.

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

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

The next statements (Exhibits 3 through 9) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the Town's government. These statements provide more detail than the government-wide statements. There are three parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements; and 3) the proprietary fund statements.

The next section of the basic financial statements is the notes. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, **supplemental information** is provided to show details about the Town's individual funds. Budgetary information required by the General Statutes also can be found in this part of the statements.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the Town's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the Town's financial status as a whole.

The two government-wide statements report the Town's net 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 two categories: 1) governmental activities; and 2) business-type activities. The governmental activities include most of the Town's basic services such as public safety, parks and recreation, and general administration. 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 Holden Beach. The government-wide financial statements are on Exhibits 1 and 2 of this report.

Fund Financial Statements

The fund financial statements (see Figure 1) provide a more detailed look at the Town's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Holden Beach, 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 Holden Beach can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds – Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the Town's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting* which provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the Town's programs. The relationship between government activities (reported in the Statement of Net 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 Holden Beach 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.

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

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements follow directly behind the basic financial statements.

Other Information – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the Town of Holden Beach. Required supplementary information follows directly behind the notes to the financial statements.

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 asset values associated with U.S. Treasury Securities because of actions by foreign government and other holders of publicly held U.S. Treasury Securities.

Government-Wide Financial Analysis

Town of Holden Beach Net Position

	Figure 2					
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 8,200,702	\$ 7,337,021	\$ 4,406,109	\$ 4,589,691	\$ 12,606,811	\$ 11,926,712
Capital assets	7,503,732	7,562,678	18,206,571	18,178,327	25,710,303	25,741,005
Deferred outflows of resources	-	-	-	-	-	-
Total assets	15,704,434	14,899,699	22,612,680	22,768,018	38,317,114	37,667,717
Long-term liabilities	3,318,274	3,541,707	3,072,614	3,626,871	6,390,888	7,168,578
Other liabilities	392,142	432,699	730,530	702,245	1,122,672	1,134,944
Deferred inflows of resources	18,005	28,239	-	-	18,005	28,239
Total liabilities	3,728,421	4,002,645	3,803,144	4,329,116	7,531,565	8,331,761
Net position:						
Net investment in capital assets	4,011,753	3,851,955	14,587,520	14,021,432	18,599,273	17,873,387
Restricted	868,653	864,209	-	-	868,653	864,209
Unrestricted	7,095,607	6,180,890	4,222,016	4,417,470	11,317,623	10,598,360
Total net position	\$ 11,976,013	\$ 10,897,054	\$ 18,809,536	\$ 18,438,902	\$ 30,785,549	\$ 29,335,956

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 Holden Beach exceeded liabilities and deferred inflows by \$30,785,549 as of June 30, 2014. The Town's net position increased by \$1,449,593 for the fiscal year ended June 30, 2014. However, the largest portion (60%) of net position reflects the Town's net investment in capital assets (e.g. land, construction in progress, buildings, machinery, and equipment). The Town of Holden Beach uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Holden Beach's net investment in 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's net position, \$868,653 represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$11,317,623 is unrestricted.

A particular aspect 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 97.33%, which is comparable to the statewide average of 97.52%.

Town of Holden Beach Changes in Net Position

Figure 3

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Revenues:						
Program revenues:						
Charges for services	\$ 1,078,443	\$ 433,379	\$ 1,825,850	\$ 1,812,497	\$ 2,904,293	\$ 2,245,876
Operating grants and contributions	104,425	72,860	-	-	104,425	72,860
Capital grants and contributions	-	-	1,601,850	1,610,333	1,601,850	1,610,333
General revenues:						
Property taxes	1,582,935	1,576,909	-	-	1,582,935	1,576,909
Other taxes	1,958,877	1,939,568	164	-	1,959,041	1,939,568
Other	591,390	82,622	-	1,528	591,390	84,150
Total revenues	\$ 5,316,070	\$ 4,105,338	\$ 3,427,864	\$ 3,424,358	\$ 8,743,934	\$ 7,529,696
Expenses:						
General government	828,864	798,963	-	-	828,864	798,963
Public safety	825,594	856,899	-	-	825,594	856,899
Transportation	195,887	224,600	-	-	195,887	224,600
Environmental protection	85,565	124,583	-	-	85,565	124,583
Beach renourishment	2,291,449	1,220,059	-	-	2,291,449	1,220,059
Interest on long-term debt	143,374	151,162	-	-	143,374	151,162
Water and sewer	-	-	2,923,608	2,865,937	2,923,608	2,865,937
Total expenses	4,370,733	3,376,266	2,923,608	2,865,937	7,294,341	6,242,203
Increase in net position before transfers	945,337	729,072	504,256	558,421	1,449,593	1,287,493
Transfers	133,622	76,118	(133,622)	(76,118)	-	-
Increase in net position	1,078,959	805,190	370,634	482,303	1,449,593	1,287,493
Net position, July 1	10,897,054	10,091,864	18,438,902	17,956,599	29,335,956	28,048,463
Prior Period Adjustment	-	-	-	-	-	-
Net position, June 30	\$ 11,976,013	\$ 10,897,054	\$ 18,809,536	\$ 18,438,902	\$ 30,785,549	\$ 29,335,956

Governmental activities. Governmental activities increased the Town's net position by \$1,078,959, thereby accounting for 74% of the total growth in the net position of the Town of Holden Beach. A key element of this increase is as follows:

- Increase in various taxes.

Business-type activities: Business-type activities increased the Town of Holden Beach's net position by \$370,634, accounting for 26% of the total growth in the government's net position. Key elements of this increase are as follows:

- Increase in charges for services.

Financial Analysis of the Town's Funds

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

Governmental Funds. The focus of the Town of Holden Beach 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 Holden Beach financing requirements.

The general fund is the chief operating fund of the Town of Holden Beach. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$315,600, while total fund balance of the general fund was \$1,221,653. The Governing Body of the Town of Holden Beach has determined that the Town should maintain an available fund balance of 25% of general fund expenditures in case of unforeseen needs or opportunities, in addition to meeting the cash flow needs of the Town. The Town currently has an available fund balance of 30% of general fund expenditures, while total fund balance represents 54% of the same amount.

At June 30, 2014, the governmental funds of Town of Holden Beach reported a combined fund balance of \$7,875,324, with an increase in fund balance of \$888,480.

General Fund Budgetary Highlights: During the fiscal year, the Town had few budgetary amendments. 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.

The budgetary amendments for FY 13-14 were due to necessary increases in appropriations in order to meet and maintain service needs of the Town's departments.

Proprietary Funds. The Town of Holden Beach's proprietary fund provides the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Water and Sewer Fund at the end of the fiscal year amounted to \$4,222,016. The total change in net position in the Water and Sewer fund was \$370,634. Other factors concerning the finances of this fund have already been addressed in the discussion of the Town of Holden Beach's business-type activities.

Capital Assets and Debt Administration

Capital Assets. The Town of Holden Beach investment in capital assets for its governmental and business-type activities as of June 30, 2014, totals \$25,710,303 (net of accumulated depreciation). These assets include buildings, land, construction in progress, machinery and equipment, and vehicles.

Major capital asset transactions during the year include the following additions:

- Trucks for Police Department
- Work/Construction on various parks
- Automated meter system for Water/Sewer Department

**Town of Holden Beach Capital Assets
(net of depreciation)**

Figure 4

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Land & Constr. in Progress	\$ 2,572,269	\$ 2,558,173	\$ 140,296	\$ 140,296	\$ 2,712,565	\$ 2,698,469
Buildings and distribution systems	4,347,835	4,438,566	17,760,653	17,690,104	22,108,488	22,128,670
Improvements and infrastructure	363,374	371,867	151,191	154,873	514,565	526,740
Machinery and equipment	89,918	85,453	154,431	191,520	244,349	276,973
Vehicles	130,336	108,619	-	1,534	130,336	110,153
Total	<u>\$ 7,503,732</u>	<u>\$ 7,562,678</u>	<u>\$ 18,206,571</u>	<u>\$ 18,178,327</u>	<u>\$ 25,710,303</u>	<u>\$ 25,741,005</u>

Additional information on the Town's capital assets can be found in note 2.A. of the Basic Financial Statements.

Long-Term Debt

As of June 30, 2014, the Town had total debt of \$7,111,030 (excluding compensated absences). There was a net decrease in total debt of \$756,588.

Additional information regarding the Town's debt can be found in Note 2.B.

Economic Factors and Next Year's Budgets and Rates

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

- Unemployment rates. The Town of Holden Beach's unemployment rate of 6.3% is below the State average of 6.8%.
- The Town does continue to have a steady revenue stream of tourism dollars despite the overall sluggish economy in Southeastern North Carolina.

Budget Highlights for the Fiscal Year Ending June 30, 2015

Governmental Activities: The Town's ad valorem tax rate for the fiscal year ending June 30, 2015 remains unchanged from the prior fiscal year ended June 30, 2014. Fund balance in the BPART fund was appropriated to balance the budget for the year ended June 30, 2015 in the amount of \$613,064.

Business –Type Activities: Revenues for the Water and Sewer fund are expected to remain steady as compared to the current year. Fund balance in this fund was appropriated to balance the budget for the year ended June 30, 2015 in the amount of \$68,039.

Requests for Information

This report is designed to provide an overview of the Town's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Town Manager, Town of Holden Beach, P.O. Box 449, Supply, NC 28462. You can also call (910)-842-6488, visit our website www.hbtownhall.com or send an email to dhewett@hbtownhall.com for more information.

BASIC FINANCIAL STATEMENTS

Town of Holden Beach, North Carolina
Statement of Net Position
June 30, 2014

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Current Assets:			
Cash and Investments	\$ 7,089,771	\$ 1,767,247	\$ 8,857,018
Taxes Receivable (Net)	132,924	-	132,924
Accounts Receivable (Net)	408,309	684,007	1,092,316
Accrued Interest Receivable on Taxes	28,638	-	28,638
Due From Other Governments	84,736	48,016	132,752
Internal Balances	337,946	(337,946)	-
Inventories	-	113,198	113,198
Cash and cash equivalents, restricted	118,378	2,131,587	2,249,965
Total current assets	\$ 8,200,702	\$ 4,406,109	\$ 12,606,811
Non-current Assets:			
Capital Assets:			
Land, Non-depreciable Improvements, and Construction in Progress	\$ 2,572,269	\$ 140,296	\$ 2,712,565
Other Capital Assets, Net of Depreciation	4,931,463	18,066,275	22,997,738
Total Capital Assets	\$ 7,503,732	\$ 18,206,571	\$ 25,710,303
Total Assets	\$ 15,704,434	\$ 22,612,680	\$ 38,317,114
Liabilities			
Current Liabilities:			
Accounts Payable and Accrued Liabilities	\$ 34,243	\$ 103,518	\$ 137,761
Due to other governments	59,429	-	59,429
Accrued Interest Payable	29,329	68,581	97,910
Compensated absences, due in one year	23,859	2,999	26,858
Bonds and notes payable, due in one year	245,282	555,432	800,714
Total current liabilities	\$ 392,142	\$ 730,530	\$ 1,122,672
Long-Term Liabilities:			
Compensated absences	\$ 71,577	\$ 8,995	\$ 80,572
Bonds and notes payable	3,246,697	3,063,619	6,310,316
Total long-term liabilities	\$ 3,318,274	\$ 3,072,614	\$ 6,390,888
Total Liabilities	\$ 3,710,416	\$ 3,803,144	\$ 7,513,560
Deferred Inflows of Resources			
Prepaid Taxes	18,005	-	18,005
Total Deferred Inflows of Resources	\$ 18,005	\$ -	\$ 18,005
Net Position			
Net Investment in Capital Assets	\$ 4,011,753	\$ 14,587,520	\$ 18,599,273
Restricted for:			
Stabilization by State Statute	783,135	-	783,135
Streets	85,518	-	85,518
Unrestricted	7,095,607	4,222,016	11,317,623
Total Net Position	\$ 11,976,013	\$ 18,809,536	\$ 30,785,549

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

Town of Holden Beach, North Carolina
 Statement of Activities
 For the Year Ended June 30, 2014

Functions/Programs	Program Revenues					Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government		
						Business-type Activities	Governmental Activities	Total
Primary government:								
Governmental Activities:								
General government	\$ 828,864	\$ 196,193	\$ -	\$ -	\$ (632,671)	\$ -	\$ -	\$ (632,671)
Public safety	825,594	1,447	69,793	-	(754,354)	-	-	(754,354)
Transportation	195,887	-	34,632	-	(161,255)	-	-	(161,255)
Environmental protection	85,565	9,010	-	-	(76,555)	-	-	(76,555)
Beach renourishment	2,291,449	871,793	-	-	(1,419,656)	-	-	(1,419,656)
Interest and fees	143,374	-	-	-	(143,374)	-	-	(143,374)
Total governmental activities	4,370,733	1,078,443	104,425	-	(3,187,865)	-	-	(3,187,865)
Business-type activities:								
Water & Sewer	2,923,608	1,825,850	-	1,601,850	-	504,092	504,092	504,092
Total business-type activities	2,923,608	1,825,850	-	1,601,850	(3,187,865)	504,092	504,092	(2,683,773)
Total primary government	\$ 7,294,341	\$ 2,904,293	\$ 104,425	\$ 1,601,850	\$ (3,187,865)	\$ 504,092	\$ 504,092	\$ (2,683,773)
General revenues:								
Taxes:								
Property taxes, levied for general purpose					1,582,935	-	-	1,582,935
Sales and use tax					130,994	-	-	130,994
Other taxes					1,827,883	-	-	1,827,883
Investment earnings					4,688	164	-	4,852
Gain/(Loss) on Sale of Capital Assets					2,550	-	-	2,550
Miscellaneous					584,152	-	-	584,152
Transfers					133,622	(133,622)	-	-
Total general revenues and transfers					4,266,824	(133,458)	-	4,133,366
Change in net position					1,078,959	370,634	1,449,593	1,449,593
Net position, beginning					10,897,054	18,438,902	29,335,956	29,335,956
Net position, ending					\$ 11,976,013	\$ 18,809,536	\$ 30,785,549	\$ 30,785,549

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

Town of Holden Beach, North Carolina
Balance Sheet
Governmental Funds
 June 30, 2014

	Major Funds			Total Governmental Funds
	General Fund	BPART Tax Fund	Canal Dredging Fund	
ASSETS				
Cash and cash equivalents	\$ 788,803	\$ 5,250,163	\$ 1,050,805	\$ 7,089,771
Restricted Cash	118,378	-	-	118,378
Receivables, net:				
Taxes	132,924	-	-	132,924
Accounts	946	356,170	51,193	408,309
Due from other governments	80,972	3,764	-	84,736
Due from other funds	342,229	-	55,676	397,905
Total assets	\$ 1,464,252	\$ 5,610,097	\$ 1,157,674	\$ 8,232,023
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	\$ 30,765	\$ 3,478	\$ -	\$ 34,243
Due to other governments	-	59,429	-	59,429
Due to other funds	59,959	-	-	59,959
Total liabilities	\$ 90,724	\$ 62,907	\$ -	\$ 153,631
Deferred Inflows of Resources				
Property taxes receivable	\$ 132,924	\$ -	\$ -	\$ 132,924
Assessments receivable	946	-	51,193	52,139
Prepaid taxes	18,005	-	-	18,005
Total deferred inflows of resources	\$ 151,875	\$ -	\$ 51,193	\$ 203,068
Fund balances:				
Restricted				
Stabilization by State Statute	423,201	359,934	-	783,135
Streets	85,518	-	-	85,518
Debt Covenant	32,860	-	-	32,860
Beach Renourishment	-	4,574,192	1,106,481	5,680,673
Assigned				
Subsequent year's expenditures	-	613,064	-	613,064
General government debt	364,474	-	-	364,474
Unassigned	315,600	-	-	315,600
Total fund balances	1,221,653	5,547,190	1,106,481	7,875,324
Total liabilities, deferred inflows of resources and fund balances	\$ 1,464,252	\$ 5,610,097	\$ 1,157,674	

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

- Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. 7,503,732
- Other long-term assets (accrued interest receivable from taxes) are not available to pay for current-period expenditures and therefore are deferred in the funds. 28,638
- Liabilities for earned considered deferred inflows of resources in fund statements. 185,063
- Some liabilities, including bonds payable and accrued interest, are not due and payable in the current period and therefore are not reported in the funds. (3,616,744)

Net position of governmental activities \$ 11,976,013

Town of Holden Beach, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2014

	Major Funds			Total Governmental Funds
	General Fund	BPART Tax Fund	Canal Dredging Fund	
REVENUES				
Ad valorem taxes	\$ 1,567,059	\$ -	\$ -	\$ 1,567,059
Other taxes and licenses	138,193	1,654,637	848,629	2,641,459
Unrestricted intergovernmental	166,047	-	-	166,047
Restricted intergovernmental	34,632	69,793	-	104,425
Permits and fees	197,371	-	-	197,371
Sales and Service	9,279	-	-	9,279
Investment earnings	-	1,977	2,711	4,688
Miscellaneous	7,201	580,155	-	587,356
Total revenues	<u>2,119,782</u>	<u>2,306,562</u>	<u>851,340</u>	<u>5,277,684</u>
EXPENDITURES				
Current:				
General government	719,362	-	-	719,362
Public safety	842,581	-	-	842,581
Transportation	185,833	-	-	185,833
Environmental protection	128,472	-	-	128,472
Beach renourishment	-	1,733,793	551,165	2,284,958
Debt Service:				
Principal retirement	245,742	-	-	245,742
Interest and fees	145,426	-	-	145,426
Total expenditures	<u>2,267,416</u>	<u>1,733,793</u>	<u>551,165</u>	<u>4,552,374</u>
Excess (deficiency) of revenues over expenditures	<u>(147,634)</u>	<u>572,769</u>	<u>300,175</u>	<u>725,310</u>
OTHER FINANCING SOURCES (USES)				
Transfer (to) from Capital Reserve Fund	-	-	-	-
Transfer (to) from Capital Project fund	-	-	-	-
Transfers (to) from Enterprise Fund	133,622	-	-	133,622
Transfers (to) from Special Revenue Funds	142,796	-	-	142,796
Transfers to General Fund	-	(128,150)	(14,646)	(142,796)
Transfer from General Fund	-	-	-	-
Sale of Capital Assets	2,550	-	-	2,550
Long-term debt issued	26,998	-	-	26,998
Total other financing sources (uses)	<u>305,966</u>	<u>(128,150)</u>	<u>(14,646)</u>	<u>163,170</u>
Net change in fund balance	<u>158,332</u>	<u>444,619</u>	<u>285,529</u>	<u>888,480</u>
Fund balances, beginning	1,063,321	5,102,571	820,952	6,986,844
Fund balances, ending	<u>\$ 1,221,653</u>	<u>\$ 5,547,190</u>	<u>\$ 1,106,481</u>	<u>\$ 7,875,324</u>

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

Town of Holden Beach, North Carolina
**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities**
For the Year Ended June 30, 2014

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

Net changes in fund balances - total governmental funds	\$ 888,480
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Compensated absences	(7,207)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	
Capital Outlay expenditures which were capitalized	102,519
Depreciation Expense for governmental assets	(161,465)
Gain on disposal of capital assets does not provide current financial resources and is not reported in the fund financial statements.	
Proceeds from asset sales are not reported as revenues in the Statement of Activities	
Gain on Sale of Assets	2,550
Proceeds from Assets Sold	(2,550)
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.	
New long-term debt issued	(26,998)
Principal payments on long-term debt	245,742
Decrease in accrued interest payable	2,052
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
Change in unavailable revenue for tax and assessment revenues	<u>35,836</u>
Total changes in net position of governmental activities	<u><u>\$ 1,078,959</u></u>

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

Town of Holden Beach, North Carolina
Statement of Fund Net Position
Proprietary Funds
June 30, 2014

		Major Enterprise Fund
		Water & Sewer Fund
		Fund
Assets		
Current assets:		
Cash and cash equivalents	\$	1,767,247
Accounts receivable (net)		684,007
Due From Other Funds		4,282
Due From Other Governments		48,016
Inventories		113,198
Restricted Assets:		
Cash and cash equivalents		2,131,587
Total current assets	\$	4,748,337
Noncurrent assets:		
Capital assets:		
Land and other non-depreciable assets and construction in progress	\$	140,296
Other capital assets, net of depreciation		18,066,275
Capital Assets (net)	\$	18,206,571
Total noncurrent assets	\$	18,206,571
Total Assets	\$	22,954,908
Liabilities		
Current liabilities:		
Accounts Payable and Accrued Liabilities	\$	103,518
Due to Other Funds		342,228
Accrued Interest		68,581
Compensated absences		2,999
Notes payable - current maturities		555,432
Total Current Liabilities	\$	1,072,758
Noncurrent Liabilities		
Compensated Absences	\$	8,995
Notes payable - noncurrent maturities		3,063,619
Total Noncurrent liabilities	\$	3,072,614
Total Liabilities	\$	4,145,372
Net Position		
Net investment in capital assets	\$	14,587,520
Unrestricted		4,222,016
Total Net Position of Business - Type Activities	\$	18,809,536

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

Town of Holden Beach, North Carolina
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2014

Exhibit 8

		Major Enterprise Fund
		Water & Sewer Fund
Operating revenues:		
Charges for services	\$	1,572,021
Taps and connection fees		44,700
Impact fees		41,865
Share fees		17,125
Other operating revenues		150,139
Total operating revenues	\$	1,825,850
Operating Expenses:		
Administration	\$	73,649
Water and sewer operations		1,067,089
Depreciation		486,083
Total operating expenses	\$	1,626,821
Operating income (loss)	\$	199,029
Nonoperating revenues (expenses):		
Investment earnings	\$	164
Capital charges		1,601,850
City capital charges		(1,171,049)
Interest expense		(125,738)
Total nonoperating revenues (expenses)	\$	305,227
Income (Loss) Before Contributions and Transfers	\$	504,256
Capital contributions		-
Transfers in (out)		(133,622)
Total Income (Loss) After Contributions and Transfers	\$	370,634
Change in Net Position	\$	370,634
Total Net Position, Beginning		18,438,902
Total Net Position, Ending	\$	18,809,536

Town of Holden Beach, North Carolina
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2014

Exhibit 9

		Major Enterprise Fund <u>Water & Sewer Fund</u>
Cash flows from operating activities:		
Cash received from customers and users	\$	1,842,259
Cash paid for goods and services		(954,757)
Cash paid to employees for services		(229,853)
Net cash provided by (used in) operating activities	\$	<u>657,649</u>
Cash flows from capital and related financing activities:		
Principal paid on bonds	\$	(537,844)
Interest paid on bonds		(135,930)
Acquisition and construction of capital assets		(514,327)
Net cash provided by (used in) capital and related financing activities	\$	<u>(1,188,101)</u>
Cash flows from non-capital financing activities:		
Capital charges paid	\$	(1,171,049)
Capital charges paid by customers		1,571,640
Transfers to other funds		(133,622)
Change in due to/from other funds		188,660
Net cash provided by (used in) non-capital financing activities	\$	<u>455,629</u>
Cash flows from investment activities:		
Interest on investments	\$	<u>164</u>
Net increase (decrease) in cash and cash equivalents	\$	(74,659)
Cash and cash equivalents, July 1		<u>3,973,493</u>
Cash and cash equivalents, June 30	\$	<u><u>3,898,834</u></u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income (loss)	\$	<u>199,029</u>
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	\$	486,083
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable		16,409
(Increase) decrease in due from other governments		(37,242)
(Increase) decrease in inventory		(28,694)
Increase (decrease) in accounts payable and accrued liabilities		20,498
Increase (decrease) in compensated absences payable		1,566
Total adjustments	\$	<u>458,620</u>
Net cash provided by (used in) operating activities	\$	<u><u>657,649</u></u>

The Notes To The Financial Statements Are An Integral Part Of This Statement.

TOWN OF HOLDEN BEACH, NORTH CAROLINA
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Town of Holden Beach 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 Holden Beach 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. The Town does not have any component units.

B. - Basis of Presentation

Government-wide Statements: The statement of net position and the statement of activities display information about the primary government. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double counting of internal activities. 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 nonmajor funds.

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

The Town reports the following major governmental funds:

General Fund - The General Fund is the general operating fund of the Town. The General Fund accounts for all financial resources except those that are required to be accounted for in another fund. The primary revenue sources are ad valorem taxes, State grants, and various other taxes and licenses. The primary expenditures are for general government, public safety, street maintenance and construction and sanitation services.

BPART Tax Fund - This special revenue fund is used to account for occupancy taxes collected which are used to promote tourism and beach renourishment.

Canal Project Fund - This fund is used to account for assessments collected which are used for canal projects.

The Town reports the following major enterprise fund:

Water and Sewer Fund - This fund is used to account for the Town's water and sewer operations.

C. - Measurement Focus and Basis of Accounting

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

Government-wide 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 nonoperating 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 nonoperating revenues and expenses.

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

The Town considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem taxes receivable are not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable for property other than motor vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of September 1, 2013, 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, the State of North Carolina is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts. Property taxes are due when vehicles are registered. The billed taxes are applicable to the fiscal year in which they are received. Uncollected taxes that were billed in periods prior

to September 1, 2013 and for limited registration plates 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. Grant revenues which are unearned at year-end are recorded as unearned revenues. Under the terms of grant agreements, the Town funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there 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, BPART Fund, Canal Dredging Fund and the Enterprise Fund. All annual appropriations lapse at the fiscal year-end. Project ordinances are adopted for the remaining Special Revenue Funds and any Enterprise Capital Project Funds, which are consolidated with the operating funds for reporting purposes. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and at the object level for the multi-year funds. Any revisions that alter the total expenditures of any fund must be approved by the governing board. During the year, several amendments to the original budget were necessary. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

E. - Assets, Liabilities, Deferred Outflows/Inflows of Resources and Fund Equity

1. Deposits and Investments - All deposits of the Town are made in board designated official depositories and are secured as required by State law [G.S. 159-31]. The Town may designate, as an official depository, any bank or savings association whose principal office is located in North Carolina. Also, the Town may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts, and certificates of deposit.

State law [G.S. 159-30(c)] authorizes the Town to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers acceptances; and the North Carolina Capital Management Trust (NCCMT). The Town's investments are reported at fair value as determined by quoted market prices. The securities of the NCCMT - Cash Portfolio, a SEC-registered (2a-7) money market mutual fund, are valued at fair value, which is the NCCMT's share price. The Town of Holden Beach did not have any investments at June 30, 2014.

2. Cash and Cash Equivalents - All cash is essentially demand deposits and is considered cash and cash equivalents.
3. Restricted Assets and Liabilities - Cash and investments are restricted in the Enterprise Fund for the customer deposits held by the Town for payments on the sewer system, future capital projects, and utility deposits. These deposits are restricted to the service for which the deposit was collected.

TOWN OF HOLDEN BEACH, NORTH CAROLINA
 NOTES TO THE FINANCIAL STATEMENTS

Page 4

In the General Fund, Powell Bill funds and USDA funds reserved for debt payments are classified as restricted. The restricted assets of \$85,518 represent Powell Bill which is restricted 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 136-41.4. The USDA funds reserved for debt payments are also restricted. The restricted assets of \$32,860 in the General Fund represent the balance required in a debt covenant with the USDA.

Town of Holden Beach - Restricted Cash	
Governmental Activities	
General Fund	
Streets	\$ 85,518
Debt Reserved	32,860
Total Governmental Activities	<u>\$ 118,378</u>
Business-type Activities	
Water & Sewer Fund	
Customer Deposits	\$ -
Sewer Share	2,131,587
Total Business-type Activities	<u>\$ 2,131,587</u>
Total Restricted Cash	<u><u>\$ 2,249,965</u></u>

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, interest does not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2013.
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. Inventory –The inventories of the Town are valued at cost (first-in, first-out), which approximates market. The inventories of the Town’s enterprise funds consist of material and supplies held for subsequent use. The cost of these inventories is expensed when held for resale rather than 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. 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. The Town defines capital assets as assets with an individual cost of \$5,000 or more.

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

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings	50 Years
Other Improvements	50 Years
Infrastructure	30 Years
Equipment	10 Years
Furniture and Fixtures	10 Years
Computers	10 Years
Vehicles	6 Years
Miscellaneous	3 Years

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. 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 two items that meet the criterion for this category – prepaid taxes and property taxes receivable.

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 reporting period in which they are incurred. 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.

10. Compensated Absences - The vacation policy of the Town provides five days vacation during the first year of employment, ten days during the second through third years of employments, fifteen days during the fourth through ninth year of employment, and twenty days after ten years of employment. The maximum accumulation of vacation is thirty days. Vacation is fully vested when earned. For the Town's government-wide and proprietary funds, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned. The Town has assumed a first-in, first-out method of using accumulated compensated time. The portion of that time that is estimated to be used in the next fiscal year has been designated as a current liability in the government-wide financial statements.

The Town's sick leave policy provides for an accumulation of one sick day per month of employment. The Town's sick leave policy provides for an unlimited accumulation of earned sick leave.

Sick leave does not vest, but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Since the Town has no obligation for the accumulated sick leave until it is actually taken, no accrual for sick leave has 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 either they are (a) not in spendable form or (b) legally or contractually required to be maintained intact.

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

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

- Restricted for Stabilization by State Statute – portion of fund balance that is restricted by State Statute [G.S. 159-8(a)].
- Restricted for Streets - Powell Bill portion of fund balance that is restricted by revenue source for street construction and maintenance expenditures. This amount represents the balance of the total unexpended Powell Bill funds.
- Restricted for Debt – Portion of fund balance that is restricted by creditor.
- Restricted for Beach Renourishment – Portion of fund balance that is restricted by revenue source.

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

Assigned Fund Balance - portion of fund balance that Town of Holden Beach intends to use for specific purposes.

- Subsequent year's expenditures – portion of fund balance that is appropriated in the next year's budget that is not already classified in restricted or committed. The governing body approves the appropriation; however the budget ordinance authorizes the manager to modify the appropriations by resource or appropriation within funds up to \$100,000.
- Assigned for General Government Debt – Portion of fund balance that has been budgeted by the Board for debt payment.

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

The Town of Holden Beach has a revenue spending policy that provides guidance for programs with multiple revenue sources. The Finance Officer will use resources in the following hierarchy: bond proceeds, federal funds, State funds, local non-Town funds, and Town funds. For purposes of fund balance classification expenditures are to be spent from restricted fund balance first, followed in order by committed fund balance, assigned fund balance and lastly unassigned fund balance. The Finance Officer has the authority to deviate from this policy if it is in the best interest of the Town.

The Town has also adopted a minimum fund balance policy for the general fund which instructs management to conduct the business of the Town in such a manner that available fund balance is at least equal to or greater than 25% of budgeted expenditures.

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Excess of Expenditures over Appropriations

For the fiscal year ended June 30, 2014, the expenditures made in the Town's General Fund debt and the General Fund's Environmental Protection section exceeded the authorized appropriations made by the governing board by \$19,074 in the General Fund debt and \$10,140 in the Environmental Protection section. Management and the Board will more closely review the budget reports to ensure compliance in future years.

NOTE 3: DETAIL NOTES ON ALL FUNDS

A. - Assets

1. Deposits - All the deposits of the Town are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the Town's agents in the unit's name. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Town, these deposits are considered to be held by the Town's agents in its name. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the Town or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the Town under the Pooling Method, the potential exists for under-collateralization. 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.

At June 30, 2014, the Town's deposits had a carrying amount of \$10,217,101 and a bank balance of \$10,316,898. Of the Town's bank balance, \$500,000 was covered by FDIC and the excess deposits were collateralized under the pooling method. Included in the carrying amount at June 30, 2014 was the Town's petty cash fund which totaled \$100.

2. Investments - At June 30, 2014, the Town of Holden Beach had \$889,882 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 of its investments.

3. Accounts Receivable and Due From Other Governments

The amounts presented in the Statement of Net Position are shown below:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Sales Tax Refund Receivable	\$ 11,676	\$ 48,016
Charges for Services Receivable	-	155,589
Sewer Fees and Capital Charges Receivable	-	528,418
Occupancy Taxes Receivable	356,170	-
Assessments Receivable and Other Miscellaneous	52,139	-
Due From Brunswick Co. - Motor Vehicle Tax	1,175	-
Tax on Video Programming Rec.	9,417	-
Franchise Tax Receivable	22,624	-
Telecommunications Tax Receivable	2,778	-
Local Option Sales Tax Receivable	37,066	-
Total	<u>\$ 493,045</u>	<u>\$ 732,023</u>

Receivables – Allowance for Doubtful Accounts

The amount presented in the Balance Sheet and the Statement of Net Position are net of the following allowances for doubtful accounts.

<u>Fund</u>	<u>6/30/2014</u>
General Fund:	
Taxes Receivable	\$ 3,000
Accounts Receivable	2,363
Total	<u>\$ 5,363</u>
Enterprise Fund:	
Accounts Receivable	<u>\$ 79,863</u>

4. Capital Assets

Primary Government

Capital asset activity for the Primary Government for the year ended June 30, 2014, was as follows:

	Beginning Balances	Increases and Adjustments	Decreases	Ending Balances
Governmental Activities:				
Capital assets not being depreciated				
Land	\$ 2,558,173	\$ -	\$ -	\$ 2,558,173
Construction in Progress	-	14,096	-	14,096
Total capital assets not being depreciated	2,558,173	14,096	-	2,572,269
Capital assets being depreciated				
Buildings	5,029,883	10,000	-	5,039,883
Other Improvements & Infrastructure	424,664	-	-	424,664
Equipment	353,042	19,075	-	372,117
Vehicles	455,938	59,348	28,381	486,905
Total capital assets being depreciated	6,263,527	88,423	28,381	6,323,569
Less accumulated depreciation for:				
Buildings	591,317	100,731	-	692,048
Other Improvements & Infrastructure	52,797	8,493	-	61,290
Equipment	267,589	14,610	-	282,199
Vehicles	347,319	37,631	28,381	356,569
Total accumulated depreciation	1,259,022	161,465	28,381	1,392,106
Total capital assets being depreciated, net	5,004,505			4,931,463
Governmental activity capital assets, net	\$ 7,562,678			\$ 7,503,732

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

General Government	\$ 107,455
Public Safety	38,896
Transportation	9,653
Beach Renourishment & Recreational	5,461
Total Depreciation Expense	<u>\$ 161,465</u>

Business-type activities:

Water and Sewer Fund

	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets not being depreciated:				
Land	\$ 140,296	\$ -	\$ -	\$ 140,296
Total capital assets not being depreciated	140,296	-	-	140,296
Capital assets being depreciated:				
Plant and distribution systems	21,803,126	514,327	-	22,317,453
Infrastructure	184,026	-	-	184,026
Furniture and Maintenance Equipment	481,649	-	-	481,649
Vehicles	78,847	-	-	78,847
Total capital assets being depreciated	22,547,648	514,327	-	23,061,975
Less accumulated depreciation for:				
Plant and distribution systems	4,113,022	443,778	-	4,556,800
Infrastructure	29,153	3,682	-	32,835
Furniture and Maintenance Equipment	290,129	37,089	-	327,218
Vehicles	77,313	1,534	-	78,847
Total accumulated depreciation	4,509,617	486,083	-	4,995,700
Total capital assets being depreciated, net	18,038,031			18,066,275
Business-type activities capital assets, net	<u>\$ 18,178,327</u>			<u>\$ 18,206,571</u>

Commitments

The government has active dredging projects as of June 30, 2014. At year-end, the government's commitments with contractors are as follows:

<u>Project</u>	<u>Spent-to-date</u>	<u>Remaining Commitment</u>
Dredging project and Engineering	\$885,813	\$64,287

B. - Liabilities

1. **Pension Plan Obligations**

a. **Local Governmental Employees' Retirement System**

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

Funding Policy - Plan members are required to contribute six percent of their annual covered salary. The Town is required to contribute at an actuarially determined rate. For the Town, the current rate for employees not engaged in law enforcement and for law enforcement officers is 7.07% and 7.28%, respectively, of annual covered payroll. The contribution requirements of members and of Town of Holden Beach are established, and may be amended, by the North Carolina General Assembly. The Town's contributions to LGERS for the years ended June 30, 2014, 2013, and 2012 were \$80,189, \$75,174, and \$134,435, respectively. The contributions made by the Town equaled the required contributions for each year.

b. Law Enforcement Officers Special Separation Allowance

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

The Separation Allowance covers all full-time law enforcement officers of the Town. At December 31, 2012, the Separation Allowance's membership consisted of:

Retirees Receiving Benefits	-
Terminated plan members entitled to but no yet receiving benefits	-
Active Plan Members	8
Total	8

A separate report was not issued for the plan.

2. Summary of Significant Accounting Policies:

Basis of Accounting - The Town has chosen to fund the Separation Allowance on a pay as you go basis. Pension expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting.

Method Used to Value Investments - No funds are set aside to pay benefits and administration costs. These expenditures are paid as they come due.

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 benefit payments on a pay as you go basis through appropriations made in the General Fund operating budget. The Town's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. There were no contributions made by employees.

The Town of Holden Beach has chosen not to have an actuarial study performed because the liability is considered to be immaterial.

c. Supplemental Retirement Income Plan for Law Enforcement Officers

Plan Description - The Town contributes to the Supplemental Retirement Income Plan (Plan), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcement officers employed by the Town. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General

Assembly. The Supplemental Retirement Income Plan for Law Enforcement Officers is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes the pension trust financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan for Law Enforcement Officers. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Funding Policy - Article 12E of G.S. Chapter 143 requires the Town to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2014 were \$27,075, which consisted of \$20,185 from the Town and \$6,890 from law enforcement officers. The Town has also elected to contribute five percent of general employees' salaries to the plan on their behalf. General employees may also make voluntary contributions to the plan. Contributions for general employees for the year ended June 30, 2014 were \$60,408, which consisted of \$30,457 from the Town and \$29,951 from general 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 employees' 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. Because all death benefit payments are made from the Death Benefit Plan and not by the Town, the Town does not determine the number of eligible participants. 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. Contributions are determined as a percentage of monthly payroll based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. The Town considers these contributions to be immaterial.

3. Deferred Outflows and Inflows of Resources

Deferred inflows of resources at year-end is comprised of the following:

	<u>Unavailable Revenue</u>	<u>Unearned Revenue</u>
Taxes/Assessments Rec. (General & Special Revenue Funds)	\$ 185,063	\$ -
Prepaid Taxes (General Fund)	-	18,005
	<u>\$ 185,063</u>	<u>\$ 18,005</u>

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 two self-funded risk-financing pools administered by the North Carolina League of Municipalities. Through these pools, the Town obtains general liability, public officials' liability and auto liability coverage, property coverage up to the total insured values of the property policy and workers' compensation coverage up to statutory limits. These pools are reinsured through commercial companies for single occurrence claims against general liability, auto liability and public officials' liability in excess of \$1,000,000, property in excess of \$500,000 and \$1,000,000 up to statutory limits for workers' compensation. Specific information on the limits of the reinsurance and excess policies purchased by the Board of Trustees can be obtained by contacting the Risk Management Services Department of the NC

TOWN OF HOLDEN BEACH, NORTH CAROLINA
 NOTES TO THE FINANCIAL STATEMENTS

Page 13

League of Municipalities. The pools are audited annually by certified public accountants, and the audited financial statements are available to the Town upon request.

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

The Town carries flood insurance through N.C. Farm Bureau Insurance. The Town has purchased commercial flood insurance for two structures, with \$153,300 coverage for one structure and \$500,000 in coverage for the second.

In accordance with G.S. 159-29, The Town's employees that have access to \$100 or more at any given time of the Town's funds are performance bonded through a commercial surety bond. The finance officer and tax collector are each bonded for \$50,000. The remaining employees are that have access to funds are bonded under a blanket bond for \$25,000.

5. Claims, Judgments and Contingent Liabilities

As of June 30, 2014, the Town was not involved in any civil or legal actions which in the opinion of management and the Town's attorney would have an adverse or material effect on the Town's financial position.

6. Long-Term Obligations

Debt payable is summarized as follows:

Governmental Activities:

4.25% USDA note, payable in annual installments of \$65,720, including interest, final payment due May 2034; secured by real estate	\$ 873,615
3.81% note, payable in annual installments of \$200,000, plus interest; final payment due March 2027; secured by real estate	2,591,954
5.5% lease purchase, payable in annual installments of \$9,490, including interest, final payment due September 2014; secured by 2012 Ford F150	8,995
Installment purchase, payable in annual installments of \$9,584, including interest, final payment due September 2015; secured by 2014 Ram Truck	<u>17,415</u>
Total	<u>\$ 3,491,979</u>

Business-Type Activities:

3.79% note, payable in annual installments of \$459,685, including interest; final payment due November 2019; secured by real estate	\$ 2,469,109
3.79% note, payable in annual installments of \$214,090, including interest; final payment due November 2019; secured by real estate	<u>1,149,942</u>
Total	<u>\$ 3,619,051</u>

TOWN OF HOLDEN BEACH, NORTH CAROLINA
 NOTES TO THE FINANCIAL STATEMENTS
 Page 14

Annual debt service requirements to maturity for the Town's long-term obligations are as follows:

Fiscal Year Ended	Governmental Activities			Business-Type Activities			Total Debt	
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest
2015	\$ 245,282	\$ 138,265	\$ 383,547	\$ 555,432	\$ 118,343	\$ 673,775	\$ 800,714	\$ 256,608
2016	238,054	128,383	366,437	573,595	100,180	673,775	811,649	228,563
2017	230,327	118,907	349,234	592,352	82,424	674,776	822,679	201,331
2018	231,641	109,973	341,614	611,722	62,054	673,776	843,363	172,027
2019	233,012	100,981	333,993	631,725	42,051	673,776	864,737	143,032
2020-2024	1,187,802	367,866	1,555,668	654,225	19,551	673,776	1,842,027	387,417
2025-2029	824,133	141,221	965,354	-	-	-	824,133	141,221
2030-2034	301,728	41,556	343,284	-	-	-	301,728	41,556
2035-2039	-	-	-	-	-	-	-	-
Total	\$ 3,491,979	\$ 1,147,152	\$ 4,639,131	\$ 3,619,051	\$ 424,603	\$ 4,043,654	\$ 7,111,030	\$ 1,571,755

At June 30, 2014, the Town of Holden Beach had a legal debt margin of \$95,357,305. There were no authorized bonds that had not been issued as of June 30, 2014.

Changes in Long – Term Liabilities

A summary of long-term debt is as follows:

	Balance			Balance June 30, 2014	Current Portion of Balance
	July 1, 2013	Increases	Decreases		
Governmental Activities:					
Notes Payable	\$ 3,693,201	\$ -	\$ 227,632	\$ 3,465,569	\$ 227,860
Installment/Lease Purchases	17,522	26,998	18,110	26,410	17,422
Compensated Absences	88,229	7,207	-	95,436	23,859
Governmental activity long term liabilities	\$ 3,798,952	\$ 34,205	\$ 245,742	\$ 3,587,415	\$ 269,141
Business-type Activities:					
Notes Payable	\$ 4,156,895	\$ -	\$ 537,844	\$ 3,619,051	\$ 555,432
Compensated Absences	10,428	1,566	-	11,994	2,999
Business-type activity long term liabilities	\$ 4,167,323	\$ 1,566	\$ 537,844	\$ 3,631,045	\$ 558,431

C. - Interfund Balances and Activity

The composition of interfund balances as of June 30, 2014 is as follows:

Due to/from other funds:

Receivable Fund	Payable Fund	Amount
Canal Dredging Fund	General Fund	\$ 55,676
Utility Fund	General Fund	4,282
General Fund	Utility Fund	342,228
		\$ 402,186

TOWN OF HOLDEN BEACH, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

Page 15

The interfund balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Transfers to/from other funds at June 30, 2014, consist of the following:

Fund	From	To
Enterprise	\$ 133,622	
BPART Fund	128,150	
Canal Dredging Fund	14,646	
General Fund		276,418
	<u>\$ 276,418</u>	<u>\$ 276,418</u>

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.

G. – Net Investment in Capital Assets

	<u>Governmental</u>	<u>Business-Type</u>
Capital Assets	\$ 7,503,732	\$ 18,206,571
Less Long Term Debt	3,491,979	3,619,051
Net Investment in Capital Assets	<u>\$ 4,011,753</u>	<u>\$ 14,587,520</u>

E. – Fund Balance

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

Total fund balance - General Fund	<u>\$ 1,221,653</u>
Less:	
Inventories	-
Stabilization by State Statute	423,201
Streets - Powell Bill	85,518
Appropriated Fund Balance in 2014 budget	-
Debt Covenant	32,860
Working Capital / Fund Balance Policy	566,854
Remaining Fund Balance	<u>\$ 113,220</u>

The Town has also adopted a minimum fund balance policy for the general fund which instructs management to conduct the business of the Town in such a manner that available fund balance is at least equal to or greater than 25% of budgeted expenditures.

Jointly Governed Organization

The Town, in conjunction with twenty other local governments, participates in the Cape Fear Council of Governments (Council). The participating governments established the Council to coordinate various funding received from federal and State agencies. Each participating government appoints one member to the Council's governing boards. The Town paid membership fees of \$465 to the Council during the fiscal year ended June 30, 2014.

The Town, in conjunction with Brunswick County and six other municipalities is a member of the Brunswick Beaches Consortium (Consortium). The participating governments established the Consortium to plan and implement programs and projects directed toward preservation and maintenance of the ocean beaches. Each participating government appoints one representative to the policy board. The Town contributed \$10,000 to the Consortium during the fiscal year ended June 30, 2014.

Contracted Service Agreement

The Town has entered into a sewer service agreement with Brunswick County for the East/West Brunswick Regional Wastewater Project. The term of the agreement is from July 2002 for thirty (30) years or five years after the last maturity of the bonds issued to finance the project. Brunswick County has financed, constructed, and is operating a regional sewer system and the Town, which is using this system for transmission and treatment of the Town's sewage, has agreed to participate with the County in financing the project. The Town is responsible for assisting in paying for a portion of the operation and maintenance of the system, and the Town also has to pay its share of the financing costs the County incurred for construction. The total amounts that the Town is responsible for are approximately 22.43% of the County's 2004A Revenue Bond of \$31,540,000, 33.33% of the County's 2004 Revolving Loan of \$20,000,000, and 33.33% of the County's 2005 Revolving Loan of \$10,000,000. The Town also has to pay the same percentages of the interest on these debts. The payments made in the current year for the capital charges to Brunswick County totaled \$1,171,049. The subsequent years' payment will decrease gradually over the 25 year life span of the debt to a final payment of \$606,451 in 2029. The Town levies a capital charge to residents in order to fund the payments.

NOTE 4: SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES

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

SUPPLEMENTARY STATEMENTS

This section contains additional statements required by the Local Government Commission in North Carolina.

General Fund

Comparative Balance Sheets

June 30, 2014 and June 30, 2013

	June 30, 2014	June 30, 2013
Assets		
Cash and cash equivalents	\$ 788,803	\$ 715,614
Taxes Receivable, net	132,924	123,441
Accounts Receivable, net	946	946
Due From Other funds	342,229	292,520
Due From Other Governments	80,972	76,260
Cash and cash equivalents, restricted	118,378	105,234
Total assets	<u>\$ 1,464,252</u>	<u>\$ 1,314,015</u>
Liabilities and fund balances		
Liabilities:		
Accounts payable and accrued liabilities	\$ 30,765	\$ 38,110
Due to Other Governments	-	-
Due to Other Funds	59,959	59,958
Total liabilities	<u>\$ 90,724</u>	<u>\$ 98,068</u>
Deferred Inflows of Resources		
Property Taxes & Assessments Receivable	\$ 133,870	\$ 124,387
Prepaid Taxes	18,005	28,239
Total Deferred Inflows of Resources	<u>\$ 151,875</u>	<u>\$ 152,626</u>
Fund balances:		
Restricted:		
Stabilization by State Statue	\$ 423,201	\$ 368,780
Streets - Powell Bill	85,518	85,518
Debt Covenant	32,860	19,716
Assigned:		
Assigned for General Government Debt	364,474	372,094
Assigned for Subsequent Year's Expenditures	-	11,539
Unassigned		
	315,600	205,674
Total fund balances	<u>\$ 1,221,653</u>	<u>\$ 1,063,321</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,464,252</u>	<u>\$ 1,314,015</u>

Town of Holden Beach, North Carolina
 General Fund
 Statement of Revenues, Expenditures, and
 Changes in Fund Balances - Budget and Actual

Exhibit A-2

For the Fiscal Year Ended June 30, 2014
 (With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2013)

	2014		Variance Favorable (Unfavorable)	2013
	Final Budget	Actual		Actual
Revenues				
Ad Valorem taxes:				
Current year	\$ 1,501,074	\$ 1,535,187	\$ 34,113	\$ 1,529,832
Prior year	30,000	24,139	(5,861)	38,583
Penalties and interest	8,500	7,733	(767)	9,972
Total	<u>\$ 1,539,574</u>	<u>\$ 1,567,059</u>	<u>\$ 27,485</u>	<u>\$ 1,578,387</u>
Other taxes and licenses:				
Privilege license	\$ 7,500	\$ 7,199	\$ (301)	\$ 7,472
Local option sales tax	128,693	130,994	2,301	125,438
Total	<u>\$ 136,193</u>	<u>\$ 138,193</u>	<u>\$ 2,000</u>	<u>\$ 132,910</u>
Unrestricted intergovernmental:				
Beer and Wine Tax	\$ 2,600	\$ 2,576	\$ (24)	\$ 2,350
Telecommunications Tax	14,000	10,311	(3,689)	22,177
Franchise Tax	109,000	115,536	6,536	109,352
Video Program Tax	34,500	37,624	3,124	37,846
Sales Tax Refund	7,000	-	(7,000)	-
Total	<u>\$ 167,100</u>	<u>\$ 166,047</u>	<u>\$ (1,053)</u>	<u>\$ 171,725</u>
Restricted intergovernmental revenues:				
Powell Bill allocation	\$ 33,700	\$ 34,632	\$ 932	\$ 34,075
FEMA	-	-	-	-
Total	<u>\$ 33,700</u>	<u>\$ 34,632</u>	<u>\$ 932</u>	<u>\$ 34,075</u>
Permits and fees:				
Building permits	\$ 168,121	\$ 175,510	\$ 7,389	\$ 172,687
CAMA permits and reimbursements	7,500	9,075	1,575	8,130
Cable franchise fees	8,000	10,939	2,939	10,389
Other permits and fees	1,700	1,847	147	2,325
Total	<u>\$ 185,321</u>	<u>\$ 197,371</u>	<u>\$ 12,050</u>	<u>\$ 193,531</u>
Other Revenue:				
Investment earnings	\$ 500	\$ -	\$ (500)	\$ 453
Total	<u>\$ 500</u>	<u>\$ -</u>	<u>\$ (500)</u>	<u>\$ 453</u>
Sales and Services:				
Sales and services	\$ 3,350	\$ 9,279	\$ 5,929	\$ 7,628
Total	<u>\$ 3,350</u>	<u>\$ 9,279</u>	<u>\$ 5,929</u>	<u>\$ 7,628</u>
Miscellaneous:				
Other	\$ 6,720	\$ 7,201	\$ 481	\$ 10,396
Total	<u>\$ 6,720</u>	<u>\$ 7,201</u>	<u>\$ 481</u>	<u>\$ 10,396</u>
Total Revenues	<u>\$ 2,072,458</u>	<u>\$ 2,119,782</u>	<u>\$ 47,324</u>	<u>\$ 2,129,105</u>

Town of Holden Beach, North Carolina
General Fund

Exhibit A-2

Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual

For the Fiscal Year Ended June 30, 2014

(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2013)

	2014		Variance Favorable (Unfavorable)	2013
	Final Budget	Actual		Actual
Expenditures				
General Government:				
Governing body:				
Salaries and employee benefits	\$ 8,400	\$ 8,397	\$ 3	\$ 8,397
Other operating expenditures	125,350	120,080	5,270	109,470
Total	<u>\$ 133,750</u>	<u>\$ 128,477</u>	<u>\$ 5,273</u>	<u>\$ 117,867</u>
Administration:				
Salaries and employee benefits	\$ 399,971	\$ 388,903	\$ 11,068	\$ 380,162
Operating expenditures	212,970	201,982	10,988	185,540
Capital outlay	-	-	-	6,029
Total	<u>\$ 612,941</u>	<u>\$ 590,885</u>	<u>\$ 22,056</u>	<u>\$ 571,731</u>
Total General Government	<u>\$ 746,691</u>	<u>\$ 719,362</u>	<u>\$ 27,329</u>	<u>\$ 689,598</u>
Public safety:				
Police department:				
Salaries and employee benefits	\$ 472,246	\$ 487,136	\$ (14,890)	\$ 492,733
Operating expenditures	103,500	86,010	17,490	86,366
Capital outlay	55,590	59,348	(3,758)	64,324
Total	<u>\$ 631,336</u>	<u>\$ 632,494</u>	<u>\$ (1,158)</u>	<u>\$ 643,423</u>
Inspections:				
Salaries and employee benefits	\$ 185,976	\$ 185,330	\$ 646	\$ 187,158
Operating expenditures	49,000	24,757	24,243	48,726
Capital outlay	-	-	-	-
Total	<u>\$ 234,976</u>	<u>\$ 210,087</u>	<u>\$ 24,889</u>	<u>\$ 235,884</u>
Total Public Safety	<u>\$ 866,312</u>	<u>\$ 842,581</u>	<u>\$ 23,731</u>	<u>\$ 879,307</u>
Transportation:				
Streets and highways:				
Salaries and employee benefits	\$ 111,843	\$ 77,890	\$ 33,953	\$ 91,861
Operating expenditures	174,400	107,943	66,457	115,631
Total	<u>\$ 286,243</u>	<u>\$ 185,833</u>	<u>\$ 100,410</u>	<u>\$ 207,492</u>
Total Transportation	<u>\$ 286,243</u>	<u>\$ 185,833</u>	<u>\$ 100,410</u>	<u>\$ 207,492</u>

Town of Holden Beach, North Carolina
General Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2014

Exhibit A-2

(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2013)

	2014			2013
	Final Budget	Actual	Variance Favorable (Unfavorable)	Actual
Environmental protection:				
Sanitation:				
Salaries and employee benefits	\$ 44,481	\$ 51,137	\$ (6,656)	\$ 54,577
Other operating expenditures	73,851	77,335	(3,484)	70,049
Total	<u>\$ 118,332</u>	<u>\$ 128,472</u>	<u>\$ (10,140)</u>	<u>\$ 124,626</u>
Total Environmental Protection	<u>\$ 118,332</u>	<u>\$ 128,472</u>	<u>\$ (10,140)</u>	<u>\$ 124,626</u>
Debt Service:				
Principal retirement	\$ 372,094	\$ 245,742	\$ 126,352	\$ 235,995
Interest and fees	-	145,426	(145,426)	153,208
Total debt service	<u>\$ 372,094</u>	<u>\$ 391,168</u>	<u>\$ (19,074)</u>	<u>\$ 389,203</u>
Total expenditures	<u>\$ 2,389,672</u>	<u>\$ 2,267,416</u>	<u>\$ 122,256</u>	<u>\$ 2,290,226</u>
Revenues over (under) expenditures	<u>\$ (317,214)</u>	<u>\$ (147,634)</u>	<u>\$ 169,580</u>	<u>\$ (161,121)</u>
Other financing sources (uses):				
Transfers from BPART Tax Fund	\$ 128,150	\$ 128,150	-	\$ 32,198
Transfers from Special Revenue Fund	40,475	14,646	(25,829)	-
Transfers (to) from Enterprise Fund	133,622	133,622	-	32,198
Transfers (to) from Special Revenue Fund	(6,572)	-	6,572	(6,572)
Sale of Capital Assets	10,000	2,550	(7,450)	9,998
Long-term debt issued	-	26,998	26,998	27,012
Total	<u>\$ 305,675</u>	<u>\$ 305,966</u>	<u>\$ 291</u>	<u>\$ 94,834</u>
Appropriated From (Transfer to) Fund Balance	<u>11,539</u>	<u>-</u>	<u>(11,539)</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 158,332</u>	<u>\$ 158,332</u>	<u>\$ (66,287)</u>
Fund balance:				
Beginning of year, July 1		1,063,321		1,129,608
Prior Period Adjustment		<u>-</u>		<u>-</u>
End of year, June 30		<u>\$ 1,221,653</u>		<u>\$ 1,063,321</u>

Town of Holden Beach, North Carolina
Special Revenue Fund - BPART Tax Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2014
(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2013)

	2014			2013
	Final Budget	Actual	Variance Favorable (Unfavorable)	Actual
Revenues				
Occupancy tax receipts	\$ 1,650,250	\$ 1,654,637	\$ 4,387	\$ 1,634,933
FEMA grants	447,960	69,793	(378,167)	38,785
Investment earnings	8,000	1,977	(6,023)	5,308
Donations	500	-	(500)	39,605
Sales Tax Refund	1,500	-	(1,500)	-
Miscellaneous	2,500	580,155	577,655	4,088
Total	<u>\$ 2,110,710</u>	<u>\$ 2,306,562</u>	<u>\$ 195.852</u>	<u>\$ 1,722,719</u>
Expenditures				
Salaries and employee benefits	\$ 208,053	\$ 199,799	\$ 8,254	\$ 184,160
Operating Expenditures	831,524	390,647	440,877	636,607
FEMA Expenditures	447,960	-	447,960	54,500
Capital Outlay	184,760	43,171	141,589	483,455
Lockwood Folly Dredging	1,022,600	821,628	200,972	-
County's share of occupancy tax	270,875	278,548	(7,673)	268,449
Total	<u>\$ 2,965,772</u>	<u>\$ 1,733,793</u>	<u>\$ 1,231,979</u>	<u>\$ 1,627,171</u>
Revenues over (under) expenditures	<u>\$ (855,062)</u>	<u>\$ 572,769</u>	<u>\$ 1,427,831</u>	<u>\$ 95,548</u>
Other Financing Sources (Uses):				
Transfer (to) from General Fund	\$ (128,150)	\$ (128,150)	\$ -	\$ (32,198)
Transfer (to) from Water/Sewer Fund	-	-	-	43,920
Fund balance appropriated	983,212	-	(983,212)	-
Total other financing sources (uses)	<u>\$ 855,062</u>	<u>\$ (128,150)</u>	<u>\$ (983,212)</u>	<u>\$ 11,722</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 444,619</u>	<u>\$ 444,619</u>	<u>\$ 107,270</u>
Fund balance:				
Beginning of year, July 1		5,102,571		4,995,301
Prior Period Adjustment		-		-
End of year, June 30		<u>\$ 5,547,190</u>		<u>\$ 5,102,571</u>

Canal Dredging Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual (Non-GAAP)

From Inception and for the Fiscal Year Ended June 30, 2014

			Actual		Variance Favorable (Unfavorable)
	Final Budget	Prior Years	Current Years	Total to Date	
Revenues:					
Assessments HBH	\$ 94,105	\$ 363,495	\$ 94,295	\$ 457,790	\$ 363,685
Assessments HBH (Balance Forward)	246,092	92,792	-	92,792	(153,300)
Assessments HHC	117,394	229,951	104,770	334,721	217,327
Assessments HHC (Balance Forward)	24,881	15,458	-	15,458	(9,423)
Assessments HAC	634,133	439,145	647,657	1,086,802	452,669
Assessments HAC (Balance Forward)	492,492	120,990	-	120,990	(371,502)
Assessments Blockade Runner	-	23,044	-	23,044	23,044
Prior Year Assessments HBH	3,000	9,527	550	10,077	7,077
Prior Year Assessments HH	4,000	4,389	-	4,389	389
Prior Year Assessments HA	1,000	1,995	1,357	3,352	2,352
Interest -HBH	749	4,468	245	4,713	3,964
Interest -HH	150	2,613	458	3,071	2,921
Interest - HA	1,000	680	2,008	2,688	1,688
Miscellaneous revenue	-	4,066	-	4,066	4,066
Miscellaneous revenue	-	168,197	-	168,197	168,197
Total revenues	\$ 1,618,996	\$ 1,480,810	\$ 851,340	\$ 2,332,150	\$ 713,154
Expenditures:					
Holden Beach Harbor Project:					
Administration	\$ -	\$ 13,546	\$ -	\$ 13,546	\$ (13,546)
Professional services	-	165,983	-	165,983	(165,983)
Construction	-	261,909	-	261,909	(261,909)
Administration	3,439	-	69	69	3,370
Professional services	3,439	21,904	10,959	32,863	(29,424)
Construction	328,469	-	75,987	75,987	252,482
Total Holden Beach Harbor Project	\$ 335,347	\$ 463,342	\$ 87,015	\$ 550,357	\$ (215,010)
Heritage Harbor Canal Project:					
Administration	\$ -	\$ 69	\$ -	\$ 69	\$ (69)
Professional services	-	120,796	-	120,796	(120,796)
Construction	-	255,363	-	255,363	(255,363)
Administration	1,464	-	69	69	1,395
Professional services	1,464	17,012	6,824	23,836	(22,372)
Construction	139,836	-	73,762	73,762	66,074
Total Heritage Harbor Canal Project	\$ 142,764	\$ 393,240	\$ 80,655	\$ 473,895	\$ (331,131)
Harbor Acres Canal Project:					
Administration	\$ -	\$ 193	\$ -	\$ 193	\$ (193)
Professional services	-	48,520	-	48,520	(48,520)
Construction	-	31,666	-	31,666	(31,666)
Administration	11,286	1,442	200	1,642	9,644
Professional services	11,286	36,319	19,626	55,945	(44,659)
Construction	1,077,838	-	363,669	363,669	714,169
Total Harbor Acres Canal Project	\$ 1,100,410	\$ 118,140	\$ 383,495	\$ 501,635	\$ 598,775
Blockade Runner Project:					
Administration	\$ -	\$ 94	\$ -	\$ 94	\$ (94)
Professional services	-	15,800	-	15,800	(15,800)
Construction	-	40,915	-	40,915	(40,915)
Total Blockade Runner Project	\$ -	\$ 56,809	\$ -	\$ 56,809	\$ (56,809)
Total expenditures	\$ 1,578,521	\$ 1,031,531	\$ 551,165	\$ 1,582,696	\$ (4,175)
Revenues Over (Under) Expenditures	\$ 40,475	\$ 449,279	\$ 300,175	\$ 749,454	\$ 708,979

Canal Dredging Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual (Non-GAAP)

From Inception and for the Fiscal Year Ended June 30, 2014

	Final Budget	Prior Years	Actual Current Years	Total to Date	Variance Favorable (Unfavorable)
Other Financing Sources (Uses):					
Transfer from General Fund	\$ -	\$ 358,529	\$ -	\$ 358,529	\$ 358,529
Transfer from Powell Bill to Blockade Runner	-	-	-	-	-
Transfer from General Fund	6,572	13,144	-	13,144	6,572
Transfer from Capital Project Funds	-	343,192	-	343,192	343,192
Transfer to Dredging Special Revenue	-	(343,192)	-	(343,192)	(343,192)
Transfer to General Fund	(40,475)	-	(14,646)	(14,646)	25,829
Appropriated fund balance	(6,572)	-	-	-	6,572
Total Other Financing Uses	<u>\$ (40,475)</u>	<u>\$ 371,673</u>	<u>\$ (14,646)</u>	<u>\$ 357,027</u>	<u>\$ 397,502</u>
Net change	<u>\$ -</u>	<u>\$ 820,952</u>	<u>\$ 285,529</u>	<u>\$ 1,106,481</u>	<u>\$ 1,106,481</u>

Water and Sewer Fund
Schedule of Revenues and Expenditures
Budget & Actual (Non-GAAP)

For the Fiscal Year Ended June 30, 2014

(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2013)

	2014		Variance Favorable (Unfavorable)	2013
	Final Budget	Actual		Actual
Revenues:				
Operating Revenues:				
Water and sewer charges	\$ 1,574,000	\$ 1,572,021	\$ (1,979)	\$ 1,511,113
Tap and connection fees	38,250	44,700	6,450	39,212
Impact fees	40,000	41,865	1,865	46,727
Share fees	82,500	17,125	(65,375)	72,552
Other operating revenues	140,500	150,139	9,639	142,893
Total Operating Revenues	\$ 1,875,250	\$ 1,825,850	\$ (49,400)	\$ 1,812,497
Nonoperating Revenues:				
Interest on Investments	\$ 3,600	\$ 164	\$ (3,436)	\$ 1,528
Sales Tax Refund	5,000	-	(5,000)	-
Capital charges	1,590,600	1,601,850	11,250	1,610,333
Total Nonoperating Revenues	\$ 1,599,200	\$ 1,602,014	\$ 2,814	\$ 1,611,861
Total Revenues	\$ 3,474,450	\$ 3,427,864	\$ (46,586)	\$ 3,424,358
Expenditures:				
Water & Sewer Administration:				
Salaries and employee benefits	\$ 41,117	\$ 40,225	\$ 892	\$ 37,552
Operating expenses	58,250	33,424	24,826	32,986
Total Administration	\$ 99,367	\$ 73,649	\$ 25,718	\$ 70,538
Operations:				
Salaries and Employee Benefits	\$ 189,072	\$ 191,930	\$ (2,858)	\$ 193,182
Operating expenses	1,100,520	875,159	225,361	816,744
Capital Outlay	730,000	514,327	215,673	-
Total Operations	\$ 2,019,592	\$ 1,581,416	\$ 438,176	\$ 1,009,926
Non-Operating:				
City capital charges	1,171,050	1,171,049	1	1,154,642
Debt Service:				
Principal retirement	\$ 673,776	\$ 537,844	\$ 135,932	\$ 575,400
Interest and fees	-	125,738	(125,738)	145,919
Total Debt Service	\$ 673,776	\$ 663,582	\$ 10,194	\$ 721,319
Total Expenditures	\$ 3,963,785	\$ 3,489,696	\$ 474,089	\$ 2,956,425
Other Financing Sources (Uses):				
Transfer (to) from General Fund	\$ (133,622)	\$ (133,622)	\$ -	\$ (32,198)
Transfer (to) from BPART Fund	-	-	-	(43,920)
Appropriated fund balance	622,957	-	(622,957)	-
Total Other Sources (Uses)	\$ 489,335	\$ (133,622)	\$ (622,957)	\$ (76,118)
Revenues and Other Sources over Expenditures and Other Financing Uses	\$ -	\$ (195,454)	\$ (195,454)	\$ 391,815
Reconciliation from budgetary basis (modified accrual) to full accrual:				
Reconciling Items:				
Principal retirement		\$ 537,844		\$ 575,400
Capital Outlay		514,327		-
Depreciation		(486,083)		(484,912)
Total Reconciling items		566,088		90,488
Change in net position		\$ 370,634		\$ 482,303

OTHER SCHEDULES

This section includes additional information on property taxes.

- Schedule of Ad Valorem Taxes Receivable
- Analysis of Current Tax Levy

Town of Holden Beach, North Carolina
General Fund
Schedule of Ad Valorem Taxes Receivable
June 30, 2014

Exhibit C-1

Fiscal Year	Uncollected Balance 6/30/2013	Additions	Collections And Credits	Uncollected Balance 6/30/2014
2013-2014	\$ -	\$ 1,569,232	\$ 1,527,376	\$ 41,856
2012-2013	41,072	-	18,677	22,395
2011-2012	27,806	-	4,343	23,463
2010-2011	32,370	-	7,316	25,054
2009-2010	11,562	-	370	11,192
2008-2009	9,796	-	8	9,788
2007-2008	2,795	-	1,214	1,581
2006-2007	363	-	-	363
2005-2006	136	-	22	114
2004-2005	118	-	-	118
2003-2004	423	-	423	-
2002-2003	-	-	-	-
Totals	\$ 126,441	\$ 1,569,232	\$ 1,559,749	\$ 135,924
			Less: Allowance for Uncollectible Accounts: General Fund	3,000
			Ad valorem taxes receivable - net	\$ 132,924
	<u>Reconciliation with revenues:</u>			
	Ad valorem taxes - General Fund			\$ 1,567,059
	Reconciling items:			
	Interest & Penalties Collected			(7,733)
	Miscellaneous adjustments and releases			423
	Subtotal			\$ (7,310)
	Total collections and credits			\$ 1,559,749

Town of Holden Beach, North Carolina
Analysis of Current Tax Levy
Town - Wide Levy
For the Fiscal Year Ended June 30, 2014

Exhibit C-2

	Town - Wide		Total Levy		
	Property Valuation	Rate	Total Levy	Property excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property taxed at current year's rate	\$ 1,235,616,047	0.127	\$ <u>1,569,232</u>	\$ <u>1,552,253</u>	\$ <u>16,979</u>
Net levy			\$ 1,569,232	\$ 1,552,253	\$ 16,979
Uncollected taxes at June 30, 2014			<u>41,856</u>	<u>41,616</u>	<u>240</u>
Current year's taxes collected			\$ <u><u>1,527,376</u></u>	\$ <u><u>1,510,637</u></u>	\$ <u><u>16,739</u></u>
Current levy collection percentage			<u><u>97.33%</u></u>	<u><u>97.32%</u></u>	<u><u>98.59%</u></u>