

TOWN OF LELAND, NORTH CAROLINA
FINANCIAL STATEMENTS
June 30, 2019

Town Council Members

Brenda Bozeman, Mayor
Pat Batleman, Mayor Pro Tem
Bob Corriston
Michael Callahan
Robert Campbell

Administrative and Financial Staff

David Hollis, Town Manager
Carly Hagg, Finance Director

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FINANCIAL SECTION



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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Leland, North Carolina, as of and for the year ended June 30, 2019, and the related notes to the financial statements which collectively comprise the Town of Leland'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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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 accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall 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.

Members
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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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Leland, North Carolina as of June 30, 2019, and the respective changes in financial position and cash flows, where appropriate, thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 9, the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Asset and Contributions on pages 45 through 46, respectively, the Firefighters' and Rescue Squad Workers' Pension Fund's Schedule of the Proportionate Share of Net Pension Liability on page 47 and the Law Enforcement Officers' Special Separation Allowance schedules of the Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll on pages 48 and 49 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 Leland, North Carolina. The combining and individual fund statements, budgetary schedules, other schedules, and Schedule of Expenditures of Federal and State Awards, as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and the State Single Audit Implementation Act, are presented for purpose of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 25, 2019 on our consideration of Town of Leland's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of the report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Leland's internal control over financial reporting and compliance.

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

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

Whiteville, NC

November 25, 2019

**Town of Leland
Management's Discussion and Analysis
June 30, 2019**

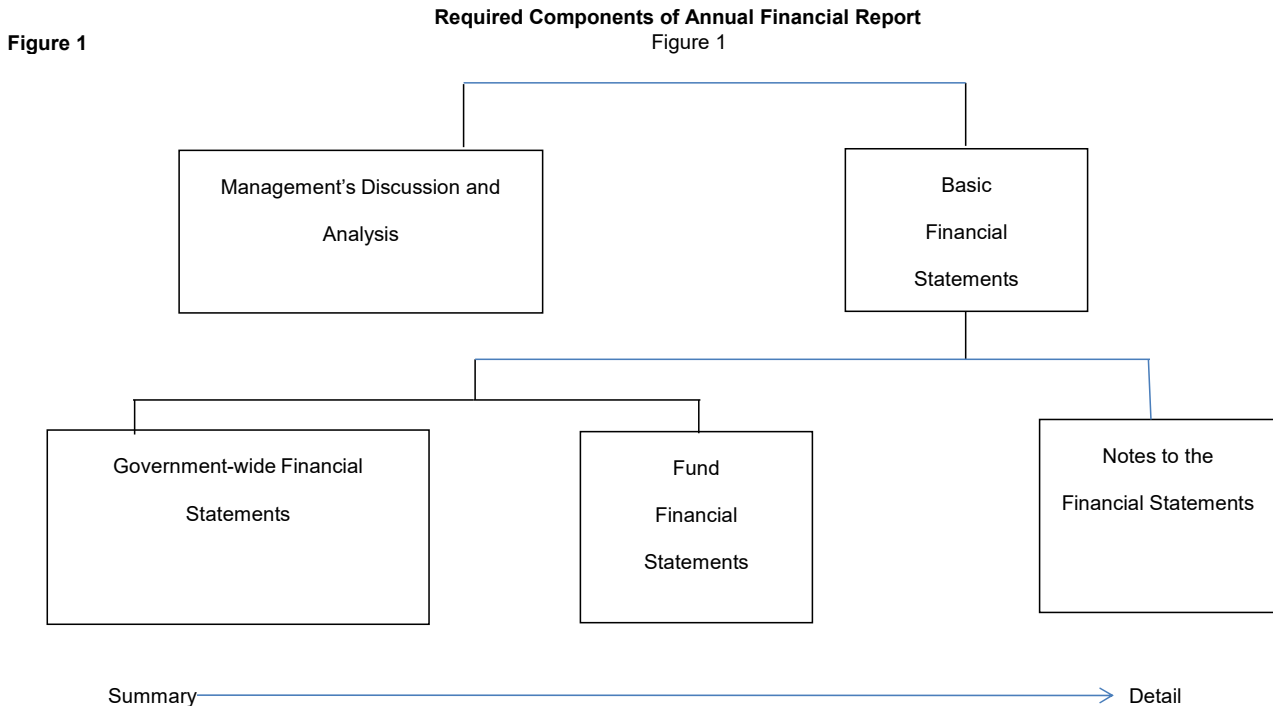
As management of the Town of Leland, we offer readers of the Town of Leland's financial statements this narrative overview and analysis of the financial activities of the Town of Leland for the fiscal year ended June 30, 2019. We encourage readers to read the information presented here in conjunction 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 Town of Leland exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$114,441.596 (net position).
- The government's total net position decreased by \$397,929.
- As of the close of the current fiscal year, the Town of Leland's governmental funds reported combined ending fund balances of \$14,351,501 with a decrease of \$1,099,525 in fund balance.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$7,874,595, or 36.72 percent of total general fund expenditures for the fiscal year.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to Town of Leland's basic financial statements. The Town's basic financial statements consist of three components; 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements (see Figure 1). The basic financial statements present two different views of the Town through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of the Town of Leland.



Town of Leland
Management's Discussion and Analysis
June 30, 2019

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 9a) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the Town's government. These statements provide more detail than the government-wide statements. There are four parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements; 3) the proprietary fund statements; and 4) the fiduciary fund statements.

The next section of the basic financial statements is the **notes**. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, **supplemental information** is provided to show details about the Town's non-major governmental funds and internal service funds, all of which are added together in one column on the basic financial statements. 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 total of the Town's assets and deferred outflows of resources and the total liabilities and deferred inflows of resources. Measuring net position is one way to gauge the Town's financial condition.

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

The government-wide financial statements are on Exhibits 1 and 2 of this report.

Fund Financial Statements

The fund financial statements (See Figure 2) provide a more detailed look at the Town's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Town of Leland, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the Town's budget ordinance. All of the funds of Town of Leland can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

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

Town of Leland
Management's Discussion and Analysis
June 30, 2019

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

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

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements start after Exhibit 8.

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

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

Government-Wide Financial Analysis

The Town of Leland's Net Position
 Figure 2

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 16,735,716	\$ 16,708,993	\$ 16,281,569	\$ 16,071,777	\$ 33,017,285	\$ 32,780,770
Capital Assets	63,200,762	65,807,312	39,755,848	38,629,817	102,956,610	104,437,129
Deferred Outflows of Resources	1,769,961	865,802	195,922	92,969	1,965,883	958,771
Total Assets and Deferred Outflows of Resources	81,706,439	83,382,107	56,233,339	54,794,563	137,939,778	138,176,670
Long-term Liabilities Outstanding	12,369,701	12,580,994	5,886,913	6,826,938	18,256,614	19,407,932
Other Liabilities	3,682,645	2,327,845	1,479,890	1,514,703	5,162,535	3,842,548
Deferred Inflows of Resources	75,024	78,709	4,009	7,956	79,033	86,665
Total Liabilities and Deferred Inflows of Resources	16,127,370	14,987,548	7,370,812	8,349,597	23,498,182	23,337,145
Net Position:						
Net Investment in capital assets	53,034,658	55,685,656	33,729,937	33,842,964	86,764,595	89,528,620
Restricted	4,771,345	1,717,058	-	-	4,771,345	1,717,058
Unrestricted	7,773,066	10,991,845	15,132,590	12,602,002	22,905,656	23,593,847
Total Net Position	\$ 65,579,069	\$ 68,394,559	\$ 48,862,527	\$ 46,444,966	\$ 114,441,596	\$ 114,839,525

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets and deferred outflows of the Town of Leland exceeded liabilities and deferred inflows by \$114,441,596 as of June 30, 2019. The Town's net position decreased by \$397,929 for the fiscal year ended June 30, 2019. However, the largest portion (75.82%) reflects the Town's net investment in capital assets (e.g. land, buildings, machinery, and equipment) less any related debt still outstanding that was issued to acquire those items. The Town of Leland uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Leland's net investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. Expenditures related to the hurricane also contributed to the decrease in net position. An additional portion of the Town of Leland's net position, \$4,771,345, represents sources that are subject to external restrictions on how they may be used. The remaining balance of \$22,905,656 is unrestricted.

Town of Leland
Management's Discussion and Analysis
June 30, 2019

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

- Continued diligence in the collection of property taxes by maintaining a collection percentage of 99.40%.

The Town of Leland Changes in Net Position
Figure 3

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2019
Revenues:						
Program revenues:						
Charges for services	\$ 4,133,148	\$ 3,947,235	\$ 6,600,728	\$ 4,847,064	\$ 10,733,876	\$ 8,794,299
Operating grants and contributions	2,397,258	11,175	-	-	2,397,258	11,175
Capital grants and contributions	603,361	502,333	-	-	603,361	502,333
General revenues:						
Property taxes	5,776,251	5,278,343	-	-	5,776,251	5,278,343
Other taxes	6,480,124	5,713,651	-	-	6,480,124	5,713,651
Other	412,646	1,947,493	210,951	52,467	623,597	1,999,960
Total revenues	19,802,788	17,400,230	6,811,679	4,899,531	26,614,467	22,299,761
Expenses:						
Governing body	855,528	595,852	-	-	855,528	595,852
Administrative (Hurricane Expenses)	3,561,125	1,035,759	-	-	3,561,125	1,035,759
Information Technology	900,229	833,121	-	-	900,229	833,121
Human Resources	232,455	230,676	-	-	232,455	230,676
Finance	325,784	272,750	-	-	325,784	272,750
Public Works	1,083,671	720,634	-	-	1,083,671	720,634
Planning	906,536	598,947	-	-	906,536	598,947
Police	3,330,483	2,878,743	-	-	3,330,483	2,878,743
Fire Department	3,796,752	2,934,954	-	-	3,796,752	2,934,954
Development services	471,573	180,673	-	-	471,573	180,673
Powell Bill	3,615,845	2,408,983	-	-	3,615,845	2,408,983
Transportation	2,631,866	771,714	-	-	2,631,866	771,714
Parks and recreation	166,954	272,082	-	-	166,954	272,082
Interest on long-term debt	292,645	266,609	-	-	292,645	266,609
Utilities	-	-	4,258,068	3,775,402	4,258,068	3,775,402
Cultural Arts Center	-	-	582,882	510,036	582,882	510,036
Total expenses	22,171,446	14,001,497	4,840,950	4,285,438	27,012,396	18,286,935
Increase (decrease) in net position before transfers	(2,368,658)	3,398,733	1,970,729	614,093	(397,929)	4,012,826
Transfers	(205,566)	-	205,566	-	-	-
Change in net position	(2,574,224)	3,398,733	2,176,295	614,093	(397,929)	4,012,826
Net position, beginning	68,394,559	64,995,826	46,444,966	45,830,873	114,839,525	110,826,699
Net position, beginning, restated	68,153,293	64,995,826	46,686,232	45,830,873	114,839,525	110,826,699
Net position, ending	\$ 65,579,069	\$ 68,394,559	\$ 48,862,527	\$ 46,444,966	\$ 114,441,596	\$ 114,839,525

Governmental activities. Governmental activities decreased the Town's net position by \$2,815,490 thereby accounting for 707.54% of the total decline in the net position of the Town of Leland.

Business-type activities: Business-type activities increased the Town's net position by \$2,417,561, thereby accounting for 607.61% of the total growth in the net position of the Town of Leland.

**Town of Leland
Management's Discussion and Analysis
June 30, 2019**

Financial Analysis of the Town's Funds

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

Governmental Funds. The focus of the Town of Leland's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing Town of Leland's financing requirements.

The General Fund is the chief operating fund of the Town of Leland. At the end of the current fiscal year, Town of Leland's fund balance available in the General Fund was \$7,958,773, while total fund balance reached \$12,730,118. The Town currently has an available fund balance of 37.12% of general fund expenditures, while total fund balance represents 59.37% of the same amount.

At June 30, 2019, the governmental funds of Town of Leland reported a combined fund balance of \$14,351,501, with a net decrease in fund balance of \$1,099,525. Included in this change in fund balance is a decrease in fund balance in the non-major funds.

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

Revenues were more than the budgeted amounts primarily because the Town received unrestricted intergovernmental funds that were more than anticipated. Expenditures were held in check to comply with its budgetary requirements.

Proprietary Funds. The Town of Leland's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Utility Fund at the end of the fiscal year amounted to \$15,494,601, and for the Cultural Arts Center a deficit balance of \$362,011. The total change in net position for the Utility Fund was an increase of \$2,188,970 and a decrease in the Cultural Arts Center of \$12,675.

Capital Asset and Debt Administration

Capital assets. The Town of Leland's investment in capital assets for its governmental and business- type activities as of June 30, 2019, totals \$102,956,610 (net of accumulated depreciation). These assets include buildings, land, vehicles, infrastructure, and equipment.

Major capital asset transactions during the year include:

- Land
- Vehicles and equipment
- Utility distribution and treatment expansion

**Town of Leland's Capital Assets
(net of depreciation)
Figure 4**

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	\$ 5,258,347	\$ 4,956,647	\$ -	\$ -	\$ 5,258,347	\$ 4,956,647
Construction in Progress	2,621,338	2,621,338	3,949,214	1,279,869	6,570,552	3,901,207
Buildings	16,530,736	17,494,869	-	-	16,530,736	17,494,869
Infrastructure	37,224,510	39,264,702	-	-	37,224,510	39,264,702
Vehicles	1,190,540	1,147,542	76,326	13,263	1,266,866	1,160,805
Plant and Distribution	-	-	35,572,489	36,808,066	35,572,489	36,808,066
Equipment	375,291	322,214	157,819	528,619	533,110	850,833
Total	\$ 63,200,762	\$ 65,807,312	\$ 39,755,848	\$ 38,629,817	\$ 102,956,610	\$ 104,437,129

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

**Town of Leland
Management's Discussion and Analysis
June 30, 2019**

Long-term Debt. As of June 30, 2019, Town of Leland had total debt outstanding of \$17,654,763. Of this, \$0 is debt backed by the full faith and credit of the Town of Leland.

**Town of Leland's Outstanding Debt
Figure 5**

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Installment purchases	\$ 10,940,597	\$ 12,263,661	\$ 3,780,483	\$ 4,000,000	\$ 14,721,080	\$ 16,263,661
Interlocal agreements	-	-	2,933,683	3,767,311	2,933,683	3,767,311
Total	\$ 10,940,597	\$ 12,263,661	\$ 6,714,166	\$ 7,767,311	\$ 17,654,763	\$ 20,030,972

Town of Leland's total debt decreased by \$2,376,209 (11.86%) during the past fiscal year, primarily due to the regularly scheduled payments.

North Carolina general statutes limit the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for Town of Leland is \$200,315,332. The Town of Leland does not have any authorized but un-issued debt at June 30, 2019.

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

Economic Factors and Next Year's Budgets and Rates

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

- Population Growth
- New construction
- Additional Annexations

Budget Highlights for the General Budget Fiscal Year Ending June 30, 2020

Tax Rate - There is no proposed ad valorem tax rate increase within the FY2019/2020 budget. The current tax rate of 21.0 cents will remain the same.

New Employee Positions - The budget includes the addition of twelve (12) new full-time employees for various departments within the General Fund including Finance, Grounds & Maintenance, Public Services, Police, Planning, and Building Inspections as well as within the Utility Enterprise Fund.

EMS Services Transferred to Brunswick County - As of July 1, 2019, the EMS Ambulance Franchise Agreement with Brunswick County will be terminated. The FY2019-2020 budget does not include expenditures related to EMS services.

Debt Service - The FY2018-2019 debt service expenditures totaled \$1,621,323. The FY2019-2020 debt service budget is \$1,676,755. The increase in debt service is due to a double payment for the ambulance loan. The Town plans to pay off the debt in FY2019-2020 and subsequently sell the ambulance to Brunswick County as part of the EMS service transfer.

Capital Projects - The General Fund budget includes the transfer of \$100,000 into a project account for fire stations.

Municipal Vehicle Tax - The Town has added a \$30 per vehicle fee for a Municipal Vehicle Tax which is budgeted at \$525,000 for the year. This revenue will go directly towards road maintenance and repairs.

Fire Fee Increase - The FY2019-2020 budget includes a 20% increase in Fire Fees within the fire jurisdiction.

Fire Department Budget - The Fire Department budget includes \$336,000 to replace 42 self-contained breathing apparatus. Replace all equipment at once ensures consistency of available equipment to all apparatus-dependent personnel.

Public Services Budget - The Town pays a contractor for the cost of recycling services for Leland residents. The cost budgeted for the FY2019-2020 year is \$571,120, just over two cents of the current tax rate.

Requests for Information

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

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

BASIC FINANCIAL STATEMENTS

TOWN OF LELAND, NORTH CAROLINA
Statement of Net Position
For the Year Ended June 30, 2019

	Primary Government			Leland Tourism Development Authority
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 10,884,015	\$ 15,250,482	\$ 26,134,497	\$ 315,910
Receivables (net):				
Ad Valorem Taxes	58,903	-	58,903	-
Occupancy Tax	-	-	-	19,990
Accounts	1,936,380	985,459	2,921,839	-
Prepaid Expenses	67	-	67	-
Due from Other Governments	1,389,375	10,060	1,399,435	-
Internal balances	974,137	(974,137)	-	-
Restricted Cash and Cash Equivalents	1,492,839	1,009,705	2,502,544	-
Total Current Assets	16,735,716	16,281,569	33,017,285	335,900
Noncurrent Assets				
Capital Assets				
Land, Nondepreciable Improvements, and Construction in Progress	7,879,685	3,949,214	11,828,899	-
Other Capital Assets, Net of Depreciation	55,321,077	35,806,634	91,127,711	-
Total Noncurrent Assets	63,200,762	39,755,848	102,956,610	-
Total Assets	\$ 79,936,478	\$ 56,037,417	\$ 135,973,895	\$ 335,900
DEFERRED OUTFLOWS OF RESOURCES				
Pension Deferrals	\$ 1,769,961	\$ 195,922	\$ 1,965,883	\$ -
LIABILITIES				
Current Liabilities:				
Accounts Payable and Accrued Liabilities	551,748	25,508	577,256	-
Customer Deposits	1,755,106	321,450	2,076,556	-
Accrued Interest	46,716	59,656	106,372	-
Current Portion of Long-term Debt	1,329,075	1,073,276	2,402,351	-
Total Current Liabilities	3,682,645	1,479,890	5,162,535	-
Long-term liabilities:				
Net pension liability (LGERS)	2,012,395	227,332	2,239,727	-
Total pension liability (LEOSSA)	426,692	-	426,692	-
Compensated absences	319,092	18,691	337,783	-
Due in more than one year	9,611,522	5,640,890	15,252,412	-
Total Long-Term Liabilities	12,369,701	5,868,913	18,256,614	-
Total Liabilities	16,052,346	7,366,803	23,419,149	-
DEFERRED INFLOWS OF RESOURCES				
Pension Deferrals	75,024	4,009	79,033	-
Total deferred inflows of resources	75,024	4,009	79,033	-
NET POSITION				
Net investment in capital assets	53,034,658	33,729,937	86,764,595	-
Restricted for:				
Transportation	484,988	-	484,988	-
Stabilization by State Statute	4,281,501	-	4,281,501	19,990
Drug Forfeiture	4,856	-	4,856	-
Unrestricted	7,773,066	15,132,590	22,905,656	315,910
Total Net Position	\$ 65,579,069	\$ 48,862,527	\$ 114,441,596	\$ 335,900

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

TOWN OF LELAND, NORTH CAROLINA
Statement of Activities
For the Year Ended June 30, 2019

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Leland Tourism Development Authority
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	
Primary government:								
Governmental activities:								
Governing Body	\$ 855,528	\$ -	\$ -	\$ -	\$ (855,528)	\$ -	\$ (855,528)	\$ -
Administration	3,561,125	-	-	-	(3,561,125)	-	(3,561,125)	-
Information Technology	900,229	-	-	-	(900,229)	-	(900,229)	-
Human Resources	232,455	-	-	-	(232,455)	-	(232,455)	-
Finance	325,784	-	-	-	(325,784)	-	(325,784)	-
Public Works	1,083,671	-	14,037	-	(1,069,634)	-	(1,069,634)	-
Planning and Inspections	906,536	800,673	2,288,682	15,489	2,198,308	-	2,198,308	-
Police	3,330,483	2,971	94,539	-	(3,232,973)	-	(3,232,973)	-
Fire	3,796,752	3,319,471	-	-	(477,281)	-	(477,281)	-
Developmental Services	471,573	-	-	-	(471,573)	-	(471,573)	-
Powell Bill	3,615,845	-	-	517,088	(3,098,757)	-	(3,098,757)	-
Transportation	2,631,866	-	-	-	(2,631,866)	-	(2,631,866)	-
Parks and Recreation	166,954	10,033	-	70,784	(86,137)	-	(86,137)	-
Interest on long-term debt	292,645	-	-	-	(292,645)	-	(292,645)	-
Total governmental activities	<u>22,171,446</u>	<u>4,133,148</u>	<u>2,397,258</u>	<u>603,361</u>	<u>(15,037,679)</u>	<u>-</u>	<u>(15,037,679)</u>	<u>-</u>
Business-type activities:								
Utility	4,258,068	6,350,659	-	-	-	2,092,591	2,092,591	-
Cultural Arts Center	582,882	250,069	-	-	-	(332,813)	(332,813)	-
Total business-type activities	<u>4,840,950</u>	<u>6,600,728</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,759,778</u>	<u>1,759,778</u>	<u>-</u>
Total primary government	<u>\$ 27,012,396</u>	<u>\$ 10,733,876</u>	<u>\$ 2,397,258</u>	<u>\$ 603,361</u>	<u>(15,037,679)</u>	<u>1,759,778</u>	<u>(13,277,901)</u>	<u>-</u>
Component unit:								
Leland Tourism Development Authority	<u>\$ 112,571</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(112,571)</u>
General revenues:								
Property taxes, levied for general purpose					5,776,251	-	5,776,251	-
Other taxes and licenses					6,480,124	-	6,480,124	211,185
Investment Earnings					239,098	210,951	450,049	-
Gain (Loss) on Disposal					34,399	-	34,399	-
Miscellaneous					139,149	-	139,149	-
Transfers					(205,566)	205,566	-	-
Total general revenues, special items, and transfers					<u>12,463,455</u>	<u>416,517</u>	<u>12,879,972</u>	<u>211,185</u>
Change in Net Position					(2,574,224)	2,176,295	(397,929)	98,614
Net position, beginning					68,394,559	46,444,966	114,839,525	237,286
Prior Period Adjustment / Restatement (See Note VI in the Notes to the Financial Statements)					(241,266)	241,266	-	-
Net position, beginning, restated					68,153,293	46,686,232	114,839,525	237,286
Net position, ending					<u>\$ 65,579,069</u>	<u>\$ 48,862,527</u>	<u>\$ 114,441,596</u>	<u>\$ 335,900</u>

TOWN OF LELAND, NORTH CAROLINA
 Balance Sheet
 Governmental Funds
 For the Fiscal Year Ended June 30, 2019

	<u>Major Funds</u>		<u>Total Governmental Funds</u>
	<u>General</u>	<u>Total Non-Major Funds</u>	
ASSETS			
Cash and cash equivalents	\$ 9,262,632	\$ 1,621,383	\$ 10,884,015
Restricted Cash	1,492,839	-	1,492,839
Receivables (net):			
Ad Valorem Taxes	52,274	-	52,274
Accounts receivable	1,936,380	-	1,936,380
Prepaid Expenses	67	-	67
Due from Other Governments	1,389,375	-	1,389,375
Due from other funds	974,137	-	974,137
Total assets	<u>\$ 15,107,704</u>	<u>\$ 1,621,383</u>	<u>\$ 16,729,087</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable and accrued liabilities	\$ 551,748	\$ -	\$ 551,748
Deposits	1,755,106	-	1,755,106
Total liabilities	<u>2,306,854</u>	<u>-</u>	<u>2,306,854</u>
DEFERRED INFLOWS OF RESOURCES	<u>70,732</u>	<u>-</u>	<u>70,732</u>
Fund balances:			
Restricted:			
Stabilization by State statute	4,281,501	-	4,281,501
Streets	484,988	-	484,988
Drug Forfeiture	4,856	-	4,856
Committed:			
Vehicle Capital Reserve	30,975	-	30,975
LEO Special Separation Allowance	53,203	-	53,203
Assigned:			
Subsequent Year's Expenditures	-	-	-
Planning	-	196,644	196,644
Parks and Recreation	-	924,394	924,394
Transportation	-	500,345	500,345
Unassigned:	7,874,595	-	7,874,595
Total fund balances	<u>12,730,118</u>	<u>1,621,383</u>	<u>14,351,501</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 15,107,704</u>	<u>\$ 1,621,383</u>	<u>\$ 16,729,087</u>

TOWN OF LELAND, NORTH CAROLINA
 Balance Sheet
 Governmental Funds
 For the Fiscal Year Ended June 30, 2019

Amounts reported for governmental activities in the Statements of Net Position are different because:

Total Governmental Fund Balance		\$ 14,351,501
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Gross capital assets at historical costs	89,734,480	
Accumulated depreciation	<u>(26,533,718)</u>	63,200,762
Deferred outflows of resources:		
Contributions to the pension plan in the current fiscal year		
LGERS	464,114	
LEOSSA	<u>-</u>	464,114
Pension related deferrals		
LGERS		1,270,226
LEOSSA		35,621
Other long-term assets (accrued interest receivable from taxes) are not available to pay for current-period expenditures and therefore are deferred		
Accrued interest - taxes		6,629
Deferred inflows of resources:		
Liabilities for earned revenues considered deferred inflows of resources in fund statements.		
Ad valorem Taxes		70,732
Pension related deferrals		
LGERS	(35,487)	
LEOSSA	<u>(39,537)</u>	(75,024)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Installment purchase obligations	(10,940,597)	
Accrued interest payable	(46,716)	
Compensated absences	(319,092)	
Net pension liability (LGERS)	(2,012,395)	
Total pension liability (LEOSSA)	<u>(426,692)</u>	(13,745,492)
Net position of governmental activities		<u><u>\$ 65,579,069</u></u>

TOWN OF LELAND, NORTH CAROLINA
 General Fund
 Statement of Revenues, Expenditures, and Changes in Fund Balances
 Budget and Actual
 For the Fiscal Year Ended June 30, 2019

	<u>Major Fund</u>		<u>Total Governmental Funds</u>
	<u>General Fund</u>		
REVENUES			
Ad valorem taxes	\$ 5,763,297	\$ -	\$ 5,763,297
Other taxes and licenses	1,125	-	1,125
Unrestricted intergovernmental	6,303,899	-	6,303,899
Restricted intergovernmental	2,917,317	-	2,917,317
Permits and fees	4,268,914	-	4,268,914
Investment earnings	239,099	-	239,099
Miscellaneous	209,959	86,273	296,232
Total revenues	<u>19,703,610</u>	<u>86,273</u>	<u>19,789,883</u>
EXPENDITURES			
Governing Body	855,528	-	855,528
Administration	3,226,889	-	3,226,889
Information Technology	899,529	-	899,529
Human Resources	233,782	-	233,782
Finance	320,994	-	320,994
Public Works	1,104,103	-	1,104,103
Police	3,077,332	-	3,077,332
Fire Department	3,567,716	-	3,567,716
Inspections	676,423	-	676,423
Planning	-	318,492	318,492
Transportation	-	156,100	156,100
Development Services	463,611	-	463,611
Powell Bill	3,713,608	-	3,713,608
Parks and Recreation	323,630	124,625	448,255
Debt Service:			
Principal	1,323,064	-	1,323,064
Interest and Other Charges	298,416	-	298,416
Total expenditures	<u>20,084,625</u>	<u>599,217</u>	<u>20,683,842</u>
Excess (deficiency) of revenues over expenditures	<u>(381,015)</u>	<u>(512,944)</u>	<u>(893,959)</u>
OTHER FINANCING SOURCES (USES)			
Transfers from other funds	925,911	277,376	1,203,287
Transfers to other funds	(1,358,271)	(50,582)	(1,408,853)
Total other financing sources and uses	<u>(432,360)</u>	<u>226,794</u>	<u>(205,566)</u>
Net change in fund balance	(813,375)	(286,150)	(1,099,525)
Fund balance, beginning	13,784,759	1,907,533	15,692,292
Prior Period Adjustment / Restatement (See Note VI in the Notes to the Financial Statements)	(241,266)	-	(241,266)
Total Fund balance, beginning restated	<u>13,543,493</u>	<u>1,907,533</u>	<u>15,451,026</u>
Fund balances-ending	<u>\$ 12,730,118</u>	<u>\$ 1,621,383</u>	<u>\$ 14,351,501</u>

TOWN OF LELAND, NORTH CAROLINA
 General Fund
 Statement of Revenues, Expenditures, and Changes in Fund Balances
 Budget and Actual
 For the Fiscal Year Ended June 30, 2019

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

Net changes in fund balances - total governmental funds	\$	(1,099,525)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the costs of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital outlay expenditures which are capitalized	798,779	
Depreciation Expense	(3,148,686)	
Gain (Loss) on Disposal of Assets	<u>(256,643)</u>	(2,606,550)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities		
LGERS	464,114	464,114
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.		
Change in unavailable revenue for tax revenues	14,165	
Interest earned on ad valorem taxes	<u>(1,211)</u>	12,954
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	-	
Debt retirement	1,323,064	
Increase in accrued interest payable	<u>5,771</u>	1,328,835
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:		
Pension expense -LGERS	(585,004)	
Pension expense -LEOSSA	(56,881)	
Compensated absences	<u>(32,167)</u>	<u>(674,052)</u>
Total Change in net position of governmental activities	\$	<u><u>(2,574,224)</u></u>

TOWN OF LELAND, NORTH CAROLINA
 General Fund
 Statement of Revenues, Expenditures, and Changes in Fund Balances
 Budget and Actual
 For the Fiscal Year Ended June 30, 2019

	General Fund			Variance With Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual Amounts	
Revenues:				
Ad valorem taxes	\$ 5,550,059	\$ 5,550,059	\$ 5,763,297	\$ 213,238
Other taxes and licenses	800	800	1,125	325
Unrestricted intergovernmental	6,158,649	6,158,649	6,303,899	145,250
Restricted intergovernmental	603,282	605,282	2,914,346	2,309,064
Permits and fees	4,187,625	4,187,625	4,268,914	81,289
Investment earnings	75,000	95,398	239,099	143,701
Miscellaneous	56,102	194,876	209,959	15,083
Total revenues	<u>16,631,517</u>	<u>16,792,689</u>	<u>19,700,639</u>	<u>2,907,950</u>
Expenditures				
Governing Body	524,763	874,763	855,528	19,235
Administration	978,886	3,252,613	3,226,889	25,724
Information Technology	873,639	981,791	899,529	82,262
Human Resources	279,287	279,287	233,782	45,505
Finance	337,627	337,627	320,994	16,633
Public Works	962,451	1,135,672	1,104,103	31,569
Police	3,156,425	3,196,196	2,964,620	231,576
Fire Department	3,824,109	3,835,779	3,567,716	268,063
Inspections	866,252	866,752	676,423	190,329
Development Services	546,832	549,832	463,611	86,221
Powell Bill	4,438,455	6,359,942	3,713,608	2,646,334
Parks and Recreation	347,961	347,961	323,630	24,331
Debt Service	1,621,323	1,621,323	1,621,480	(157)
Total expenditures	<u>18,758,010</u>	<u>23,639,538</u>	<u>19,971,913</u>	<u>3,667,625</u>
Revenues over (under) expenditures	<u>(2,126,493)</u>	<u>(6,846,849)</u>	<u>(271,274)</u>	<u>6,575,575</u>
Other financing sources (uses):				
Debt issuance	-	-	-	-
Transfers from Other Funds	304,395	880,830	925,911	45,081
Transfers to Other Funds	(962,910)	(1,231,786)	(1,113,271)	118,515
Total other financing sources (uses)	<u>(658,515)</u>	<u>(350,956)</u>	<u>(187,360)</u>	<u>163,596</u>
Revenues and other financing sources over expenditures and other financing uses	<u>(2,785,008)</u>	<u>(7,197,805)</u>	<u>(458,634)</u>	<u>6,739,171</u>
Appropriated Fund Balance	<u>2,785,008</u>	<u>7,197,805</u>	<u>-</u>	<u>(7,197,805)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>(458,634)</u>	<u>\$ (458,634)</u>
Fund balance, beginning			13,394,187	
Prior Period Adjustment / Restatement (See Note VI in the Notes to the Financial			<u>(241,266)</u>	
Total Fund balance, beginning restated			13,152,921	
Fund balance, ending			<u>\$ 12,694,287</u>	

TOWN OF LELAND, NORTH CAROLINA
 General Fund
 Statement of Revenues, Expenditures, and Changes in Fund Balances
 Budget and Actual
 For the Fiscal Year Ended June 30, 2019

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

Restricted Intergovernmental Revenue	\$ 2,971
Fund Balance, beginning of year	<u>1,885</u>
	<u>4,856</u>

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

Transfer to General Fund	(245,000)
Fund Balance, beginning of year	<u>245,000</u>
	<u>-</u>

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

Other Expenditures	(112,712)
Transfer from General Fund	-
Fund Balance, beginning of year	<u>143,687</u>
	<u>30,975</u>

Fund Balance - End of Year (Consolidated)	\$ <u>12,730,118</u>
--------------------------------------------------	-----------------------------

TOWN OF LELAND, NORTH CAROLINA
Statement of Net Position
Proprietary Funds
June 30, 2019

	Major		
	Utility Fund	Cultural Arts Center	Total
ASSETS			
Current assets:			
Cash and Investments	\$ 14,635,677	\$ 614,805	\$ 15,250,482
Accounts Receivable, net	957,816	27,643	985,459
Due from other governments	9,198	862	10,060
Due from other funds	-	-	-
Restricted cash	1,009,705	-	1,009,705
Total current assets	16,612,396	643,310	17,255,706
Noncurrent assets:			
Capital Assets:			
Other Capital Assets, net of Depreciation	39,755,848	-	39,755,848
Total noncurrent assets	39,755,848	-	39,755,848
Total Assets	\$ 56,368,244	\$ 643,310	\$ 57,011,554
DEFERRED OUTFLOWS OF RESOURCES			
Pension deferrals	\$ 147,333	\$ 48,589	\$ 195,922
Total Deferred Outflows of Resources	147,333	48,589	195,922
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	12,397	13,111	25,508
Due to other funds	-	974,137	974,137
Customer deposits	321,450	-	321,450
Accrued interest payable	59,656	-	59,656
Interlocal Agreements - current	847,788	-	847,788
Installment Purchases - current	225,488	-	225,488
Total current liabilities	1,466,779	987,248	2,454,027
Noncurrent liabilities:			
Interlocal Agreements - non-current	2,085,895	-	2,085,895
Installment Purchases - non-current	3,554,995	-	3,554,995
Compensated Absences Payable	9,401	9,290	18,691
Net pension liability	170,954	56,378	227,332
Total noncurrent liabilities	5,821,245	65,668	5,886,913
Total liabilities	7,288,024	1,052,916	8,340,940
DEFERRED INFLOWS OF RESOURCES			
Pension deferrals	3,015	994	4,009
Total Deferred Inflows of Resources	3,015	994	4,009
NET POSITION			
Net investment in capital assets	33,729,937	-	33,729,937
Unrestricted	15,494,601	(362,011)	15,132,590
Total net position	\$ 49,224,538	\$ (362,011)	\$ 48,862,527

Town of Leland, North Carolina
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Fund
For the Year Ended June 30, 2019

	Major		Total
	Utility Fund	Cultural Arts Center	
OPERATING REVENUES			
Water Charges	\$ 1,851,889	\$ -	\$ 1,851,889
Sewer Charges	4,444,126	-	4,444,126
Cultural Arts Center	-	235,908	235,908
Miscellaneous Income	23,797	-	23,797
Total Operating Revenues	6,319,812	235,908	6,555,720
OPERATING EXPENSES			
Water and Sewer Operations	2,464,544	-	2,464,544
Cultural Arts Center Operations	-	582,882	582,882
Depreciation	1,611,344	-	1,611,344
Total Operating Expenses	4,075,888	582,882	4,658,770
OPERATING INCOME (LOSS)	2,243,924	(346,974)	1,896,950
NONOPERATING REVENUES (EXPENSES)			
Investment Earnings	210,354	597	210,951
Grant Revenue	30,847	-	30,847
Interest Expense	(182,180)	-	(182,180)
Insurance Proceeds	-	14,161	14,161
Total Nonoperating Revenues (Expenses)	59,021	14,758	73,779
Income (loss) before contributions and transfers	2,302,945	(332,216)	1,970,729
Transfers from other funds	1,144,693	404,941	1,549,634
Transfers to other funds	(1,258,668)	(85,400)	(1,344,068)
Change in Net Position	2,188,970	(12,675)	2,176,295
Total net position, previously reported	47,136,672	(691,706)	46,444,966
Prior Period Adjustment / Restatement (See Note VI in the Notes to the Financial Statements)	(101,104)	342,370	241,266
Total net position, restated	47,035,568	(349,336)	46,686,232
Net Position -- End of Year	\$ 49,224,538	\$ (362,011)	\$ 48,862,527

TOWN OF LELAND, NORTH CAROLINA
Statement of Cash Flows
Proprietary Funds
For The Fiscal Year Ended June 30, 2019

	<u>Major</u>	<u>Major</u>	
	<u>Utility Fund</u>	<u>Cultural Arts Center</u>	<u>Total</u>
Cash flows from operating activities:			
Cash Received from Customers and Users	\$ 5,932,119	\$ 209,923	\$ 6,142,042
Cash Paid for Goods and Services	(2,175,261)	(286,911)	(2,462,172)
Cash Paid to or on Behalf of Employees for Services	(364,815)	(281,146)	(645,961)
Customer Deposits (net)	39,334	-	39,334
Net cash provided (used) by operating activities	3,431,377	(358,134)	3,073,243
Cash flows from noncapital financing activities			
Increase (decrease) in due to other funds	-	6,762	6,762
Temporary Bank Overdraft	101,104	(99,035)	2,069
Transfers from other funds	1,144,693	404,941	1,549,634
Transfers to other funds	(1,359,772)	(85,400)	(1,445,172)
Total Cash flows from noncapital financing activities	(113,975)	227,268	113,293
Cash flows from Capital financing activities			
Acquisition of Capital Assets	(2,737,375)	-	(2,737,375)
Interest Paid on Debt Obligations and Equipment Contracts	(189,400)	-	(189,400)
Principal Paid on Debt Obligations and Equipment Contracts	(1,053,145)	-	(1,053,145)
Insurance recovery	-	14,161	14,161
Capital contributions -State Grant	30,847	-	30,847
Net cash provided (used) by capital and related financing activities	(3,949,073)	14,161	(3,934,912)
Cash flows from investing activities:			
Interest on investments	210,354	597	210,951
Net increase (decrease) in cash and cash equivalents	(421,317)	(116,108)	(537,425)
Cash and cash equivalents, July 1	16,167,803	388,543	16,556,346
Prior Period Adjustment / Restatement (See Note VI in the Notes to the Financial Statements)	(101,104)	342,370	241,266
Cash and cash equivalents, July 1 - Restated	16,066,699	730,913	16,797,612
Cash and cash equivalents, June 30	\$ 15,645,382	\$ 614,805	\$ 16,260,187
Reconciliation of operating income to net cash provided by operating activities:			
Operating income (loss)	\$ 2,243,924	\$ (346,974)	\$ 1,896,950
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	1,611,344	-	1,611,344
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	(387,693)	(25,985)	(413,678)
(Increase) decrease in deferred outflows of resources for pensions	(77,420)	(25,533)	(102,953)
Increase (decrease) in accounts payable and accrued liabilities	(89,208)	2,150	(87,058)
Increase (Decrease) in customer deposits	39,334	-	39,334
Decrease of deferred inflows of resources - pensions	(2,968)	(979)	(3,947)
(Increase) Decrease in net pension liability	90,658	29,897	120,555
Increase (decrease) in compensated absences payable	3,406	9,290	12,696
Total adjustments	1,187,453	(11,160)	1,176,293
Net cash provided (used) by operating activities	\$ 3,431,377	\$ (358,134)	\$ 3,073,243

Town of Leland
Notes to the Financial Statements
June 30, 2019

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

Leland Tourism Development Authority

The Leland Tourism Development Authority is a municipal corporation, which is governed by a five member Board of Commissioners appointed by the Town. The Leland Tourism Development Authority, which has a June 30 year-end, is presented as if it were a proprietary fund (discrete presentation). Complete financial statements for the authority may be obtained from the entity's administrative offices at Leland Tourism Development Authority, 102 Town Hall Drive, Leland, NC 28451.

B. Basis of Presentation – Basis of Accounting

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

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

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

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

The Town reports the following major governmental funds:

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

Town of Leland
Notes to the Financial Statements
June 30, 2019

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The Town reports the following non-major governmental funds:

Cypress Cove Park Project Fund. The fund is used to account for the construction of the Cypress Cover Park.

Old Fayetteville MUP Capital Project Fund. This fund is used to account for planning and construction.

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

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

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

Sturgeon Creek Community Restoration Project Fund. This fund is used to account for the associated expenditures of the Sturgeon Creed Community Restoration Project.

Property Acquisition (General) Capital Project Fund. This fund is used to account for general property acquisitions for the Town.

Municipal Park Improvements Capital Project Fund. This fund is used to account for the construction of the Municipal Park Capital Project.

Leland MS Sidewalk Capital Project Fund. This fund is used to account for construction and improvements of the Leland MS Sidewalk.

Old Fayetteville/Village Rd Ped Loop Capital Project Fund. This fund is used to account for planning and construction.

Village Road MUP Extension Capital Project Fund. This fund is used to account for planning and construction.

The Town reports the following major enterprise funds:

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

Cultural Arts Center - This fund is used to account for the activities of the Cultural Arts Center.

Town of Leland
Notes to the Financial Statements
June 30, 2019

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting

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

Government-wide, Proprietary, and Fiduciary Fund Financial Statements – The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus. The government-wide, proprietary fund and fiduciary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the Town gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

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

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

The Town considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem property taxes are not accrued as a revenue because the amount is not susceptible to accrual. At June 30, taxes receivable are materially past due and are not considered to be an available resource to finance the operations of the current year. 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, Town of Leland 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 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. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been satisfied. Under the terms of grant agreements, the Town funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus when program expenses are incurred, there are both restricted and unrestricted net 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.

Town of Leland
Notes to the Financial Statements
June 30, 2019

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgetary Data

The Town's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund, Powell Bill Fund, Governors Hwy Safety Grant GHSP Fund, Powell Bill Paving Capital Project Fund, State Drug Forfeitures Capital Reserve Fund, Sign Amortization Payment Fund, Vehicle Capital Reserve Fund, Cypress Cove Park Capital Project Fund, Old Fayetteville MUP Capital Project Fund, Planning Revitalization Capital Project Fund, Westgate Senior Apartment Housing Capital Project Fund, Greenway Capital Project Fund, Sturgeon Creek Community Restoration Project, Property Acquisition (Water Access) Capital Project Fund, Municipal Park Improvements Capital Project Fund, Leland MS Sidewalk Capital Project Fund, Old Fayetteville/Village Rd Ped Loop Capital Project Fund, Village Road MUP Ext Capital Project Fund, Utility Fund, the Utility Capital Reserve Fund, and the Cultural Arts Center Fund.

All annual appropriations lapse at the fiscal year end. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and at the project level for the multi-year funds. The governing board must approve all amendments. During the year, several immaterial amendments to the original budget were necessary. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

E. Assets, Liabilities and Fund Equity

1. Deposits and Investments

All deposits of the Town and the Leland Tourism Development Authority are made in board-designated official depositories and are secured as required by 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 and the Leland Tourism Development Authority may establish time deposit accounts such as NOW and Super-NOW accounts, money market accounts, and certificates of deposit.

State law [G.S.159-30(c)] authorizes the Town and the Leland Tourism Development Authority to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; high quality issues of commercial paper and bankers' acceptances and the North Carolina Capital Management Trust (NCCMT). The Town and the Authority's investments are reported at fair value. Non-participating interest earning investment contractors are accounts for at cost. The NCCMT Government Portfolio, a SEC-registered (2a-7) external investment pool, is measured at fair value. The NCCMT-Term Portfolio is bond fund, has no rating and is measured at fair value. As of June 30, 2019, The Term portfolio has a duration of .11 years. Because the NCCMT Government and Term Portfolios have a weighted average maturity of less than 90 days, they are presented as an investment with a maturity of less than 6 months.

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

2. Cash and Cash Equivalents

The Town pools money from several funds to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents. Leland Tourism Development Authority considers demand deposits and investments purchased with an original maturity of three months or less, which are not limited as to use, to be cash and cash equivalents.

Town of Leland
Notes to the Financial Statements
June 30, 2019

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Fund Equity (Continued)

3. Restricted Assets

Cash collected for drug forfeiture and seizures are classified as restricted assets for the General Fund because their use is completely restricted by the U.S. Department of Justice, to the purpose for which they were received. Powell bill funds are also classified as restricted cash because it can be expended only for the purposes of maintaining, repairing, constructing, reconstructing or widening of local streets per G.S.136-41.1 through 136-41.4. Customer deposits held by the Town before any services are supplied are restricted to the service for which the deposit was collected.

Town of Leland Restricted Cash

Governmental Activities	
General Fund:	
Streets	\$ 713,489
Drug Forfeiture	4,857
Unexpended loan proceeds	<u>774,493</u>
Total Governmental Activities	<u>1,492,839</u>
Business-type Activities	
Utility Fund:	
Customer Deposits	321,450
Unexpended loan proceeds	<u>688,255</u>
Total Business-Type Activities	<u>1,009,705</u>
Total Restricted Cash	<u><u>\$ 2,502,544</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, penalties and interest do not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2018.

5. Allowance for Doubtful Accounts

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

6. Inventories and Prepaid Items

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

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

Town of Leland
Notes to the Financial Statements
June 30, 2019

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Fund Equity (Continued)

7. Capital Assets

Capital assets are defined by the government as assets with an initial, individual cost of more than a certain cost and an estimated useful life in excess of two years. Minimum capitalization costs are as follows: land, buildings, and infrastructure, \$100,000; furniture, equipment, and vehicles, \$5,000. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets received prior to June 30, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 30, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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

	<u>Years</u>
Buildings and Improvements	40
Infrastructure	25-40
Vehicles	5
Furniture and Equipment	5

8. Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Town has one item that meets this criterion, contributions made to the pension plan in the 2017 fiscal year. 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 several items that meet the criterion for this category – prepaid taxes, property taxes receivable, prepaid utilities, and pension deferrals.

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 policies of the Town provide for the accumulation of up to 240 hours earned vacation leave with such leave being fully vested when earned. For the Town's government-wide and proprietary funds, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned.

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

Town of Leland
Notes to the Financial Statements
June 30, 2019

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Fund Equity (Continued)

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 a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or b) 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 balance as follows:

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

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

Restricted for Stabilization of State Statute - North Carolina G.S. 159-8 prohibits units of government from budgeting or spending a portion of their fund balance. This is one of several statutes enacted by the North Carolina State Legislature in the 1930's that were designed to improve and maintain the fiscal health of local government units. Restricted by State Statute (RSS), is calculated at the end of each fiscal year for all annually budgeted funds. The calculation in G.S. 159-8(a) provides a formula for determining what portion of fund balance is available for appropriation. The amount of fund balance not available for appropriation is what is known as "restricted by State statute". *Appropriated fund balance in any fund shall not exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts, as those figures stand at the close of the fiscal year next preceding the budget.* Per GASB guidance, RSS is considered a resource upon which a restriction is "imposed by law through constitutional provisions or enabling legislation." RSS is reduced by inventories and prepaids as they are classified as nonspendable. Outstanding encumbrances are included within RSS. RSS is included as a component of Restricted Net Position and Restricted Fund Balance on the face of the balance sheet.

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

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

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

Committed for Administration - portion of fund balance that has been committed for use within the administration department.

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

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

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

Town of Leland
Notes to the Financial Statements
June 30, 2019

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Fund Equity (Continued)

11. Net Position/Fund Balances (Continued)

Assigned Fund Balance - portion of fund balance that the Town of Leland governing board has budgeted.

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

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

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

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

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

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

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

Subsequent year's expenditures – portion of fund balance that is appropriated in the next year's budget that is not already classified in restricted or committed.

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

12. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows or resources related to pensions, and pension expense, information about the fiduciary net position of the Local Governmental Employees' Retirement System (LGERS) and additions to/deductions from LGERS' fiduciary net position have been determined on the same basis as they are reported by LGERS. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The Town of Leland employer contributions are recognized when due and the Town of Leland has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of LGERS. Investments are reported at fair value.

For purposes of measuring the net pension expense, information about the fiduciary net position of the Firefighters' and Rescue Squad Workers' Pension Fund (FRSWPF) and additions to/deductions from FRSWPF's fiduciary net position have been determined on the same basis as they are reported by FRSWPF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

For the fiscal year ending June 30, 2019, the expenditures made in the Town's governing body department of the General Fund exceeded the authorized appropriations made by the governing board for general government activities by \$157 in the debt service category. This over-expenditure could have been avoided by budget amendment. Management and the Board will more closely review the budget reports to ensure compliance in future years.

Town of Leland
Notes to the Financial Statements
June 30, 2019

III. DETAIL NOTES ON ALL FUNDS

A. Assets

1. Deposits

All of the deposits of the Town and the Leland Tourism Development Authority are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits exceeding the federal depository insurance coverage level are collateralized with securities held by the Town's or the Leland Tourism Development Authority's agents in these units' names. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Town and the Authority, these deposits are considered to be held by the Town's agents in their names. The amount of the pledged collateral is based on an approved averaging method for noninterest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the Town, Leland Tourism Development Authority or with the escrow agent.

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

At June 30, 2019, the Town's deposits had a carrying amount of \$4,239,754 and a bank balance of \$4,716,444. Of the bank balance, \$250,000 was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method. The carrying amount of deposits for Leland Tourism Development Authority was \$315,910 and the bank balance was \$317,210. Of the bank balance, \$250,000 was covered by federal depository insurance. At June 30, 2019, the Town's petty cash fund totaled \$410.

2. Investments

At June 30, 2019, the Town of Leland had \$24,397,287 invested with the North Carolina Capital Management Trust's Government Portfolio which carried a credit rating of AAAM by Standard and Poor's. The Town has no policy regarding credit risk.

3. Receivables - Allowances for Doubtful Accounts

The amounts presented in the Balance Sheet and the Statement of Net Position for the year ended June 30, 2019 are net of the following allowances for doubtful accounts:

Fund	June 30, 2019
General Fund	
Taxes Receivable	\$ 57,302
Total	\$ 57,302
Enterprise Funds	
Utility Billing	\$ 33,728
Total	\$ 33,728

Town of Leland
Notes to the Financial Statements
June 30, 2019

III. DETAIL NOTES ON ALL FUNDS (Continued)

A. Assets (Continued)

4. Capital Assets

Primary Government

Capital asset activity for the year ended June 30, 2019, was as follows:

	Beginning Balances				Ending Balances
	June 30, 2018	Additions	Retirements	Transfers	
Governmental Activities					
Capital assets not being depreciated:					
Land	\$ 4,956,647	\$ 301,700	\$ -	\$ -	\$ 5,258,347
Construction in Progress	2,621,338	-	-	-	2,621,338
Total capital assets not being depreciated	<u>7,577,985</u>	<u>301,700</u>	<u>-</u>	<u>-</u>	<u>7,879,685</u>
Other capital assets:					
Buildings & Improvements	24,267,495		(496,073)	-	23,771,422
Equipment	624,357	135,344	-	-	759,701
Vehicles	3,826,480	361,735	(322,748)	-	3,865,467
Infrastructure	53,458,205		-	-	53,458,205
Total capital assets being depreciated	<u>82,176,537</u>	<u>497,079</u>	<u>(818,821)</u>	<u>-</u>	<u>81,854,795</u>
Less accumulated depreciation for:					
Buildings & Improvements	6,772,626	720,682	(252,622)	-	7,240,686
Equipment	302,143	82,267	-	-	384,410
Vehicles	2,678,938	305,545	(309,556)	-	2,674,927
Infrastructure	14,193,503	2,040,192	-	-	16,233,695
Total accumulated depreciation	<u>23,947,210</u>	<u>3,148,686</u>	<u>(562,178)</u>	<u>-</u>	<u>26,533,718</u>
Total capital assets being depreciated, net	<u>58,229,327</u>	<u>\$ (2,651,607)</u>	<u>\$ (256,643)</u>	<u>\$ -</u>	<u>55,321,077</u>
Governmental activities capital assets, net	<u>\$ 65,807,312</u>				<u>\$ 63,200,762</u>

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

	Depreciation
Governmental activities	
Administration	\$ 228,202
Cultural Arts	1,800
Economic Development	-
Fire	240,546
Inspections	11,044
Parks & Recreation	12,485
Police	168,521
Public Works	24,508
Transportation	2,461,580
Total depreciation expense	<u>\$ 3,148,686</u>

Town of Leland
Notes to the Financial Statements
June 30, 2019

III, DETAIL NOTES ON ALL FUNDS (Continued)

A. Assets (Continued)

4. Capital Assets (Continued)

Business-Type Activities

UTILITY FUND

	Beginning Balances	Increases	Decreases	Transfers	Ending Balances
Capital assets not being depreciated:					
Construction in Progress	\$ 1,279,869	\$ 2,669,345	\$ -	\$ -	\$ 3,949,214
Total capital assets not being depreciated	<u>1,279,869</u>	<u>2,669,345</u>	<u>-</u>	<u>-</u>	<u>3,949,214</u>
Capital assets being depreciated:					
Equipment	3,711,907	-	-	-	3,711,907
Vehicles	66,873	68,030	-	-	134,903
Water and Sewer System	47,514,897	-	-	-	47,514,897
Total capital assets being depreciated	<u>51,293,677</u>	<u>68,030</u>	<u>-</u>	<u>-</u>	<u>51,361,707</u>
Less accumulated depreciation for:					
Equipment	3,183,288	370,800	-	-	3,554,088
Vehicles	53,610	4,967	-	-	58,577
Water and Sewer System	10,706,831	1,235,577	-	-	11,942,408
Total accumulated depreciation	<u>13,943,729</u>	<u>\$ 1,611,344</u>	<u>\$ -</u>	<u>\$ -</u>	<u>15,555,073</u>
Sewer capital assets, net	<u>\$ 38,629,817</u>				<u>\$ 39,755,848</u>

B. Liabilities

1. Pension Plan Obligations

a. Local Governmental Employees' Retirement System of North Carolina

Plan Description. The Town of Leland is a participating employer in 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 membership is comprised of general employees and local law enforcement officers (LEOs) of participating local governmental entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members - nine appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. 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, or at www.osc.nc.gov.

Benefits Provided. LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service (age 55 for firefighters). Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age (15 years of creditable service for firefighters and rescue squad members who are killed in the line of duty) or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

Town of Leland
Notes to the Financial Statements
June 30, 2019

III. DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (continued)

1 Pension Plan Obligations (continued)

a. Local Governmental Employees' Retirement System of North Carolina (continued)

LGERS plan members who are LEOs are eligible to retire with full retirement benefits at age 55 with five years of creditable service as an officer, or at any age with 30 years of creditable service. LEO plan members are eligible to retire with partial retirement benefits at age 50 with 15 years of creditable service as an officer. Survivor benefits are available to eligible beneficiaries of LEO members who die while in active service of within 180 days of their last day of service and who also have either completed 20 years of creditable service regardless of age, or have completed 15 years of service as a LEO and have reached age 50, or have completed five years of creditable service as a LEO and have reached age 55, or have completed 15 years of creditable service as a LEO if killed in the line of duty. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions.

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. Town of Leland employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The Town of Leland contractually required contribution rate for the year ended June 30, 2019, was 8.50% of compensation for law enforcement officers and 7.75% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Town of Leland were \$516,543 for the year ended June 30, 2019.

Refunds of Contributions - Town employees who have terminated service as a contributing member of LGERS, may file an application for a refund of their contributions. By state law, refunds to members with at least five years of service include 4% interest. State law requires a 60 day waiting period after service termination before the refund may be paid. The acceptance of a refund payment cancels the individual's right to employer contributions or any other benefit provided by LGERS.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2019, the Town reported a liability of \$2,239,728 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017. The total pension liability was then rolled forward to the measurement date of June 30, 2018 utilizing update procedures incorporating the actuarial assumptions. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2018, the Town's proportion was 0.09441%, which was an increase of 0.02555% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the Town recognized pension expense of \$ 651,090. At June 30, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 345,538	\$ 11,594
Changes of assumptions	594,337	-
Net difference between projected and actual earnings on pension plan investments	307,448	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	166,396	27,902
Town contributions subsequent to the measurement date	516,543	-
Total	\$ 1,930,262	\$ 39,496

Town of Leland
Notes to the Financial Statements
June 30, 2019

III. DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (continued)

1 Pension Plan Obligations (continued)

a. Local Governmental Employees' Retirement System of North Carolina (continued)

\$516,543 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2020. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:		
2019		\$ 621,946
2020		424,149
2021		114,915
2022		213,211
2023		-
Thereafter		-
		\$ 1,374,221

Actuarial Assumptions. The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods in the measurement:

Inflation	3.0 percent
Salary Increases	3.50 to 8.10 percent, including inflation and productivity factor
Investment rate of return	7.00 percent, net of pension plan investment expense, including inflation

The plan currently uses mortality tables that vary by age, gender, employee group (i.e. general, law enforcement officer) and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2017 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

Future ad hoc COLA amounts are not considered to be substantively automatic and are therefore not included in the measurement.

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income expectations of forward yields projected and interpolated for multiple tenor and over multiple year horizons. global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates for each major asset class as of June 30, 2018 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income	29.0%	1.4%
Global Equity	42.0%	5.3%
Real Estate	8.0%	4.3%
Alternatives	8.0%	8.9%
Credit	7.0%	6.0%
Inflation Protection	6.0%	4.0%
Total	100.0%	

Town of Leland
Notes to the Financial Statements
June 30, 2019

III. DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (continued)

1 Pension Plan Obligations (continued)

a. Local Governmental Employees' Retirement System of North Carolina (continued)

The information above is based on 30 year expectations developed with the consulting actuary for the 2014 asset liability and investment policy study for the North Carolina retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

Discount rate. The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Town's proportionate share of the net pension asset to changes in the discount rate. The following presents the Town's proportionate share of the net pension asset calculated using the discount rate of 7.00 percent, as well as what the Town's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent) or one percentage point higher (8.00 percent) than the current rate:

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
Town's proportionate share of the net pension liability (asset)	\$ 5,380,021	\$ 2,239,728	\$ (384,350)

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued Comprehensive Annual Financial Report (CAFR) for the State of North Carolina.

b. Law Enforcement Officers' Special Separation Allowance

1. Plan Description

The Town of Leland administers a public employee retirement system (the Separation Allowance), a single-employer defined benefit pension plan that provides retirement benefits to the Town's qualified sworn law enforcement officers under the age of 62 who have completed at least 30 years of creditable service or have attained 55 years of age and have completed five or more years of creditable service. The Separation Allowance is equal to 0.85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

All full-time Town law enforcement officers are covered by the Separation Allowance. At December 31, 2018, the Separation Allowance's membership consisted of:

Retirees receiving benefits	0
Terminated plan members entitled to but not yet receiving benefits	0
Active plan members	36
Total	36

Town of Leland
Notes to the Financial Statements
June 30, 2019

III. DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

1 Pension Plan Obligations (Continued)

b. Law Enforcement Officers' Special Separation Allowance (continued)

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. Benefits are recognized when due and payable in accordance with the terms of the plan.

The Separation Allowance has no assets accumulated in a trust that meets the criteria which are outlined in GASB Statement 73.

3. Actuarial Assumptions

The entry age actuarial cost method was used in the December 31, 2017 valuation. The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Salary increases	3.50 to 7.35 percent, including inflation and productivity factor
Discount rate	3.64 percent

The discount rate is based on the yield of the S&P Municipal Bond 20 Year High Grade Rate Index.

Mortality rates are based on the RP-2000 Mortality tables with adjustments for mortality improvements based on Scale AA.

4. Contributions.

The Town is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned on a pay as you go basis through appropriations made in the General Fund operating budget. There were no contributions made by employees. The Town's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings. The Town paid \$0 as benefits came due for the reporting period.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2019, the Town reported a total pension liability of \$426,692. The total pension liability was measured as of December 31, 2018 based on a December 31, 2017 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2018 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2019, the Town recognized pension expense of \$56,881.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 5,433	\$ 9,721
Changes of assumptions	30,188	29,816
Town benefit payments and plan administrative expense made subsequent to the measurement date	-	-
Total	\$ 35,621	\$ 39,537

Town of Leland
Notes to the Financial Statements
June 30, 2019

III. DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

1 Pension Plan Obligations (Continued)

b. Law Enforcement Officers' Special Separation Allowance (continued)

\$0 reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ended June 30, 2020. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2019	\$	13
2020		13
2021		13
2022		13
2023		801
Thereafter		(4,769)

Sensitivity of the Town's total pension liability to changes in the discount rate. The following presents the Town's total pension liability calculated using the discount rate of 3.64 percent, as well as what the Town's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.64 percent) or 1-percentage-point higher (4.64 percent) than the current rate:

	<u>1% Decrease</u> <u>(2.64%)</u>	<u>Discount Rate</u> <u>(3.64%)</u>	<u>1% Increase</u> <u>(4.64%)</u>
Total pension liability	\$ 484,815	\$ 426,692	\$ 375,106

Schedule of Changes in Total Pension Liability Law Enforcement Officers' Special Separation Allowance

	<u>2019</u>
Beginning balance	\$ 408,259
Service Cost	43,967
Interest on the total pension liability	12,901
Changes of benefit terms	-
Differences between expected and actual experience in the measurement of the total pension liability	(11,383)
Changes of assumptions or other inputs	(27,052)
Benefit payments	-
Other changes	-
Ending balance of the total pension liability	<u>\$ 426,692</u>

The plan currently uses mortality tables that vary by age, and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2017 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

Town of Leland
Notes to the Financial Statements
June 30, 2019

III. DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

1 Pension Plan Obligations (Continued)

Total Expense, Liabilities, and Deferred Outflows and Inflows of Resources of Related to Pensions

Following is information related to the proportionate share and pension expense for all pension plans:

	<u>LGERS</u>	<u>LEOSSA</u>	<u>Total</u>
Pension Expense	\$ 348,092	\$ 56,881	\$ 404,973
Pension Liability	2,239,728	426,692	2,666,420
Proportionate share of the net pension liability	0.09441%	n/a	
Deferred of Outflows of Resources			
Differences between expected and actual experience	345,538	5,433	350,971
Changes of assumptions	594,337	30,188	624,525
Net difference between projected and actual earnings on plan investments	307,448	-	307,448
Changes in proportion and differences between contributions and proportionate share of contributions	166,396	-	166,396
Benefit payments and administrative costs paid subsequent to the measurement	516,543	-	516,543
Deferred of Inflows of Resources			
Differences between expected and actual experience	11,594	9,721	21,315
Changes of assumptions	-	29,816	29,816
Net difference between projected and actual earnings on plan investments	-	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	27,902	-	27,902

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

Funding Policy - Article 12E of G.S. Chapter 143 requires that the Town contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2019 were \$125,692, which consisted of \$90,454 from the Town and \$35,238 from the law enforcement officers.

All Other Employees

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

Funding Policy - The Town contributes each month an amount equal to five percent of each employee's salary, and all amounts contributed are vested immediately. The employees may also make voluntary contributions to the plan. Contributions for the year ended June 30, 2019 equaled \$229,288, which consisted of \$125,491 from the Town and \$103,797 from the employees.

Town of Leland
Notes to the Financial Statements
June 30, 2019

III. DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

2 Fire Fighters' and Rescue Squad Workers' Pension Fund

Plan Description . The State of North Carolina contributes, on behalf of the Town of Hope Mills, to the Firefighter's and Rescue Squad Workers' Pension Fund (Fund), a cost-sharing multiple-employer defined benefit pension plan with a special funding situation administered by the State of North Carolina. The Fund provides pension benefits for eligible fire and rescue squad workers who have elected to become members of the fund. Article 86 of G.S. Chapter 58 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members - nine appointed by the Governor, one appointed by the state Senate, one appointed by the state House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Firefighter's and Rescue Squad Workers' Pension Fund 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 the Firefighter's and Rescue Squad Workers' Pension Fund. 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, or at www.osc.nc.gov.

Benefits Provided . FRSWPF provides retirement and survivor benefits. The present retirement benefit is \$170 per month. Plan members are eligible to receive the monthly benefit at age 55 with 20 years of creditable service as a firefighter or rescue squad worker, and have terminated duties as a firefighter or rescue squad worker. Eligible beneficiaries of member who die before beginning to receive the benefit will receive the amount paid by the member and contribution paid on the member's behalf into the plan. Eligible beneficiaries of members who die after beginning to receive benefits will be paid the amount the member contributed minus the benefits collected.

Contributions . Plan members are required to contribute \$10 per month to the plan. The State, a non-employer contributor, funds the plan through appropriations. The Town does not contribute to the Fund. Contribution provisions are established by General Statute 58-86 and may be amended only by the North Carolina General Assembly. For the fiscal year ending June 30, 2018, the State contributed \$17,952,000 to the plan. The Town's proportionate share of the State's contribution is \$12,688.

Refunds of Contributions - Plan members who are no longer eligible or choose not to participate in the plan may file an application for a refund of their contributions. Refunds include the member's contributions and contributions paid by others on the member's behalf. No interest will be paid on the amount of the refund. The acceptance of a refund payment cancels the individual's right to employer contributions or any other benefit provided by FRSWPF.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2019, the Town reported no liability for its proportionate share of the net pension liability, as the State provides 100% pension support to the Town through its appropriations to the FRSWPF. The total portion of the net pension liability that was associated with the Town and supported by the State was \$34,519. The net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017. The total pension liability was then rolled forward to the measurement date of June 30, 2018 utilizing update procedures incorporating the actuarial assumptions. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative the projected contributions of all participating employers. As the Town is not projected to make any future contributions to the plan, its proportionate share at June 30, 2018 and at June 30, 2017 was 0%.

For the year ended June 30, 2019, the Town recognized pension expense of \$9,816 and revenue of \$9,816 for support provided by the State. At June 30, 2019, the Town reported no deferred outflows of resources and no deferred inflows of resources related to pensions.

Actuarial Assumptions . The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	Not applicable
Investment rate of return	7.0 percent, net of pension plan investment expenses, including inflation

Town of Leland
Notes to the Financial Statements
June 30, 2019

III. DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

2 Fire Fighters' and Rescue Squad Workers' Pension Fund

For more information regarding actuarial assumptions, including mortality tables, the actuarial experience study, the consideration of future ad hoc COLA amounts, the development of the projected long-term investment returns, and the asset allocation policy refer to the discussion of actuarial assumption for the LGERS plan in Section a. of this note.

Discount rate. The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued Comprehensive Annual Financial Report (CAFR) for the State of North Carolina.

3 Other Employment Benefits

The Town has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest months' salary in a row during the 24 months prior to the employee's death, but the benefit may not exceed \$50,000 or be less than \$25,000. 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.

Town of Leland
Notes to the Financial Statements
June 30, 2019

III. DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

4 Deferred Outflows and Inflows of Resources

The Town has several deferred outflows of resources. Deferred outflows of resources is comprised of the following:

Deferred outflows of resources is comprised of the following:

Contributions to pension plan in current fiscal year - LGERS	\$ 516,543
Benefit payments made and administrative expenses for LEOSSA	-
Differences between expected and actual experience	
LGERS	345,538
LEOSSA	5,433
Changes of assumptions	
LGERS	594,337
LEOSSA	30,188
Net difference between projected and actual	
LGERS	307,448
LEOSSA	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	
LGERS	166,396
LEOSSA	-
Total Deferred outflows	<u>\$ 1,965,883</u>

Deferred inflows of resources is comprised of the following:

Taxes receivable, less penalties	\$ 70,732
Pension deferrals:	
Changes in assumptions	
LGERS	-
LEOSSA	29,816
Differences between expected and actual experience	
LGERS	11,594
LEOSSA	9,721
Changes in proportion and differences between employer contributions and proportionate share of contributions	
LGERS	27,902
LEOSSA	-
Total Deferred inflows	<u>\$ 149,765</u>

Town of Leland
Notes to the Financial Statements
June 30, 2019

III. DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

5 Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town participates in three self-funded risk financing pools administered by the North Carolina League of Municipalities. Through these pools, the Town obtains general liability and auto liability coverage of \$1 million per occurrence, property coverage up to the total insurance values of the property policy, workers' compensation coverage up to statutory limits, and employee health coverage up to \$2 million lifetime limit. The pools are reinsured through commercial companies for single occurrence claims against general liability, auto liability and property in excess of \$500,000 and \$300,000 up to statutory limits for workers' compensation. The pools are reinsured for annual employee health claims in excess of \$150,000. The property liability pool has an aggregate limit for the total property losses in a single year, with the reinsurance limit based upon a percentage of the total insurance values.

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

The Town carries no flood insurance through the National Flood Insurance Plan (NFIP), as they are considered to be in a low-risk area.

6 Claims, Judgments and Contingent Liabilities

At June 30, 2019, the Town was a defendant to various lawsuits. In the opinion of the Town's management and the Town's attorney, the ultimate effect of these legal matters will not have a material adverse effect on the Town's financial position.

7 Long-Term Obligations

a. Installment Purchases

On June 21, 2012 the Town entered into a direct placement installment purchase loan in the amount of \$9,900,000 \$ 5,940,000 to finance the construction of the new Town Hall and Police Station. The financing contract requires 15 annual payments of \$660,000, at an annual interest rate of 2.14%. The Town Hall is pledged as collateral for the debt.

On October 15, 2015, the Town entered into a direct placement installment purchase loan in the amount of 468,847 \$1,043,000 to refinance a new fire station. The financing contract requires 7 annual payments beginning June 2016 of \$165,465 including interest at 2.91%. The fire station is pledged as collateral for the debt.

On April 3, 2015 the Town entered into a direct placement installment purchase loan in the amount of \$2,000,000 1,150,459 to finance the construction of a new Cultural Arts Center. The financing contract requires 15 annual payments beginning April 2015 of \$133,333 at an annual interest rate of 3.09%. The Cultural Arts Center building is pledged as collateral for the debt.

On October 27, 2017, the Town entered into a direct placement installment purchase loan with BB&T in the amount of \$529,246 as part of the agreement to take on the assets and debt of the Leland Volunteer Fire Department. The financing contract requires 5 annual principal payments beginning October 2018 of \$105,849 plus interest at an annual interest rate of 2.37%. The building is pledged as collateral for the debt. 423,397

On November 2, 2017, the Town entered into a direct placement installment purchase loan with LGFCU Financial Partners, LLC in the amount of \$234,248 to purchase an ambulance. The financing contract requires 3 annual principal payments beginning November 2018 of \$86,624 plus interest at an annual interest rate of 2.25%. The ambulance is pledged as collateral for the debt. 157,894

On January 26, 2018, the Town entered into a direct placement installment purchase loan with BB&T in the amount of \$7,000,000 for road and sewer improvements. The financing contract requires 15 annual payments beginning January 2019 of \$328,317 at an annual interest rate of 2.72%. The road and sewer lines are pledged as collateral for the debt. 6,580,483

Total	\$ 14,721,080
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Town of Leland
Notes to the Financial Statements
June 30, 2019

III. DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

7 Long Term Obligations (Continued)

a. Installment Purchases (Continued)

For Town of Leland, the future minimum payments as of June 30, 2019, including \$2,252,046 of interest are as follows:

Year Ending June 30	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2020	\$ 1,329,075	\$ 266,056	\$ 225,488	\$ 102,829
2021	1,335,245	233,693	231,621	96,696
2022	1,259,968	201,153	237,921	90,396
2023	1,099,183	169,982	244,393	83,924
2024	993,333	144,089	251,040	77,277
2025-2029	4,123,793	366,717	1,361,417	280,168
2030-2034	800,000	54,400	1,228,603	84,666
Total	\$ 10,940,597	\$ 1,436,090	\$ 3,780,483	\$ 815,956

b. Interlocal Agreement

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

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

Year Ending June 30	Business Type Activities	
	Principal	Interest
2020	\$ 847,788	\$ 62,363
2021	862,008	43,827
2022	876,278	24,992
2023	347,609	5,855
Total	\$ 2,933,683	\$ 137,037

Town of Leland
Notes to the Financial Statements
June 30, 2019

III. DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

7 Long-Term Obligations (Continued)

c. Long-Term Obligation Activity

Governmental Activities:	Beginning Balance	Additions	Retirements	Ending Balance	Current Portion of Balance
Direct Placement Installment Purchases	\$ 12,263,661	\$ -	\$ 1,323,064	\$ 10,940,597	\$ 1,329,075
Compensated Absences	286,925	32,167	-	319,092	-
Net Pension Liability (LGERS)	945,213	1,067,182	-	2,012,395	-
Total Pension Liability (LEOSSA)	408,259	18,433	-	426,692	-
Total	<u>\$ 13,904,058</u>	<u>\$ 1,117,782</u>	<u>\$ 1,323,064</u>	<u>\$ 13,698,776</u>	<u>\$ 1,329,075</u>
Business-type Activities:					
Interlocal Agreements	\$ 3,767,311	\$ -	\$ 833,628	\$ 2,933,683	\$ 847,788
Direct Placement Installment Purchases	4,000,000	-	219,517	3,780,483	225,488
Net Pension Liability (LGERS)	106,777	120,555	-	227,332	-
Compensated Absences	5,995	12,696	-	18,691	-
Total	<u>\$ 7,880,083</u>	<u>\$ 133,251</u>	<u>\$ 1,053,145</u>	<u>\$ 6,960,189</u>	<u>\$ 1,073,276</u>

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

C. Interfund Balances and Activity

Transfers to/from other funds at June 30, 2019, consists of the following:

From	To	Amount
General Fund	Cultural Arts Center Fund to fund project costs	\$ 404,941
General Fund	Old Fayetteville MUP CPF to fund project expenditures	277,376
Powell Bill	Powell Bill Paving CPF to fund project expenditures	280,853
Sign Amortization Payment Fund	General Fund to close fund	245,000
Planning Revitalization CPF	General Fund to close fund	50,582
Public Utility Enterprise Fund	General Fund for allocation of administrative costs	113,975
Public Utility Enterprise Fund	Sewer Capital Reserve Fund to fund project expenditures	779,493
Public Utility Enterprise Fund	Lift Station Upgrade Capital Reserve Fund to fund project costs	300,000
Sewer Capital Reserve Fund	Public Utility Enterprise Fund for administrative costs	65,200
Cultural Arts Center Fund	General Fund for allocation of administrative costs	85,400
		<u>\$ 2,602,820</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, including amounts providing matching funds for various grant programs.

Balances due to and due from other funds consist of the following:

Due from the Cultural Arts Center Fund to the General Fund for an advance to cover cash balance overdrafts in the amount of \$974,137.

Town of Leland
Notes to the Financial Statements
June 30, 2019

III. DETAIL NOTES ON ALL FUNDS (Continued)

D. Net Investment in Capital Assets

	Governmental Activities	Business-Type Activities
Capital assets	\$ 63,200,762	\$ 39,755,848
Total debt, gross	10,940,597	6,714,166
Less:		
Capital related unspent debt issuances	774,493	688,255
Total capital debt	10,166,104	6,025,911
Net investment in capital assets	\$ 53,034,658	\$ 33,729,937

E. Fund Balance

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

<i>Total Fund Balance - General Fund</i>	\$ 12,730,118
Less:	
Restricted	
Stabilization by State Statute	4,281,501
Streets - Powell Bill	484,988
Drug Forfeiture	4,856
Committed	
Transportation	30,975
LEO Separation Allowance	53,203
Remaining Fund Balance	7,874,595

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

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

IV. SUMMARY DISCLOSURE OF SIGNIFICANT COMMITMENTS AND CONTINGENCIES

A. Federal and State Assisted Programs

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

V. SIGNIFICANT EFFECTS OF SUBSEQUENT EVENTS

Subsequent events have been evaluated through November 25, 2019, which is the date the financial statements were available to be issued. The Town will be sharing along with Brunswick County, a currently undetermined amount of the fees for a sewer expansion project.

VI. PRIOR PERIOD ADJUSTMENT / RESTATEMENT

At the end of the fiscal year ended June 30, 2018, the town allocated shared expenditures between the General Fund the Utility Fund and the Cultural Arts Center Fund. However, the allocation entries did not get posted in the trial balance used in the audit report. For the fiscal year ended June 30, 2019, those allocations have been reflected as a prior period adjustment / restatement in this report. As a result, the net positions for the General Fund, Utility Fund and the Cultural Arts Center Fund changed by (\$241,266), (\$101,104), and \$342,370, respectively.

REQUIRED
SUPPLEMENTAL FINANCIAL DATA

Town of Leland
Town of Leland Proportionate Share of Net Pension Liability (Asset)
Required Supplementary Information
Last Six Fiscal Years*

Local Government Employees' Retirement System						
	2019	2018	2017	2016	2015	2014
Leland proportion of the net pension liability (asset) (%)	0.09441%	0.06886%	0.05636%	0.05893%	0.05978%	0.05460%
Leland proportion of the net pension liability (asset) (\$)	\$ 2,239,728	\$ 1,051,990	\$ 1,196,148	\$ 264,474	\$ (352,550)	\$ 658,140
Leland covered payroll	\$ 5,308,752	\$ 3,429,102	\$ 2,910,994	\$ 2,759,619	\$ 2,607,220	\$ 2,493,749
Leland proportionate share of the net pension liability (asset) as a percentage of its covered payroll	42%	31%	41%	10%	-14%	26%
Plan fiduciary net position as a percentage of the total pension liability**	91.63%	94.18%	91.47%	98.09%	102.64%	94.35%

* The amounts presented for each fiscal year were determined as of the prior fiscal year ending June 30.

** This will be the same percentage for all participant employers in the LGERS plan.

**Town of Leland
Town of Leland Contributions
Required Supplementary Information
Last Six Fiscal Years**

	Local Government Employees' Retirement System					
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 516,543	\$ 410,297	\$ 259,734	\$ 194,441	\$ 212,037	\$ 186,801
Contributions in relation to the contractually required contribution	516,543	410,297	259,734	194,441	212,037	186,801
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Leland; covered payroll	\$ 6,502,799	\$ 5,308,752	\$ 3,429,102	\$ 2,910,994	\$ 2,759,619	\$ 2,607,220
Contributions as a percentage of covered payroll	7.94%	7.73%	7.57%	6.68%	7.68%	7.16%

Town of Leland, North Carolina
Town of Leland's Proportionate Share of Net Pension Liability
Required Supplementary Information
June 30, 2019

Firefighters' and Rescue Squad Workers' Pension

	<u>2019</u>	<u>2018</u>
Leland's proportionate share of the net pension liability (%)	0.0000%	0.0000%
Leland's proportionate share of the net pension liability (\$)	\$ -	\$ -
State's proportionate share of the net pension liability associated with the Town of Leland	34,519	10,286
Total	<u>\$ 34,519</u>	<u>\$ 10,286</u>
Leland's covered payroll	\$ 1,358,924	\$ -
Leland's proportionate share of the net pension liability as a percentage of its covered payroll	2.54%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	89.69%	89.35%

** Note that June 30, 2018 is the first year with a fire department. Therefore, there were no prior year wages on which to base this percentage.

This Schedule is intended to show information for 10 years, and the additional information will be displayed as it becomes available.

TOWN OF LELAND, NORTH CAROLINA
Schedule of Changes in Total Pension Liability
Required Supplementary Information
June 30, 2019

Law Enforcement Officers' Special Separation Allowance

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Beginning Balance	\$ 408,259	\$ 308,324	\$ 279,024
Service Cost	43,967	38,021	30,768
Interest on the total pension liability	12,901	11,901	9,961
Changes of benefit terms	-	-	-
Differences between expected and actual experience in the measurement of the total pension liability	(11,383)	7,629	-
Changes of assumptions or other inputs	(27,052)	42,384	(11,429)
Benefit payments	-	-	-
Other changes	-	-	-
Ending balance of the total pension liability	<u>\$ 426,692</u>	<u>\$ 408,259</u>	<u>\$ 308,324</u>

The amounts presented for each fiscal year were determined as of the prior fiscal year ending December 31.

TOWN OF LELAND, NORTH CAROLINA
Schedule of Pension Liability as a Percentage of Covered Payroll
Required Supplementary Information
June 30, 2019

	Law Enforcement Officers' Special Separation Allowance	2019	2018	2017
		<u>2019</u>	<u>2018</u>	<u>2017</u>
Total pension liability	\$	426,692	\$ 408,259	\$ 308,324
Covered payroll	\$	1,707,437	\$ 1,611,350	\$ 1,255,830
Total pension liability as a percentage of covered payroll		24.99%	25.34%	24.55%

Note to the schedules:

The Town of Leland has no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 73 to pay related benefits.

Major Governmental Funds

General Fund

TOWN OF LELAND, NORTH CAROLINA
 General Fund
 Statement of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual
 For the Fiscal Year Ended June 30, 2019

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Ad valorem Taxes			
Taxes	\$ 5,540,059	\$ 5,751,459	\$ 211,400
Penalties and Interest	10,000	11,838	1,838
Total Ad Valorem Taxes	<u>5,550,059</u>	<u>5,763,297</u>	<u>213,238</u>
Other Taxes and Licenses			
Privilege Licenses	800	1,125	325
Total Other Taxes and Licenses	<u>800</u>	<u>1,125</u>	<u>325</u>
Unrestricted Intergovernmental Revenues			
Local Option Sales Tax	5,286,820	5,347,860	61,040
Utility Franchise Tax	791,829	874,406	82,577
Beer and Wine Tax	80,000	81,633	1,633
Total Unrestricted Intergovernmental	<u>6,158,649</u>	<u>6,303,899</u>	<u>145,250</u>
Restricted Intergovernmental Revenues			
Powell Bill Allocation	505,000	517,088	12,088
FEMA Grant	-	2,288,682	2,288,682
Police Grant Reimbursement	88,282	94,539	6,257
Solid Waste Disposal Tax	12,000	14,037	2,037
Total Restricted Intergovernmental	<u>605,282</u>	<u>2,914,346</u>	<u>2,309,064</u>
Permits and Fees			
Building Permits	912,897	753,909	(158,988)
Inspection Fees	66,000	46,764	(19,236)
Recreation Fees	2,200	8,683	6,483
Fire Fees	3,080,565	3,319,471	238,906
Other Fees and Permits	125,963	140,087	14,124
Total Permits and Fees	<u>4,187,625</u>	<u>4,268,914</u>	<u>81,289</u>
Investment Earnings			
General	80,398	174,478	94,080
Powell Bill	15,000	64,621	49,621
Total Investment Earnings	<u>95,398</u>	<u>239,099</u>	<u>143,701</u>
Miscellaneous			
Sale of Fixed Assets	19,050	34,399	15,349
Other	175,826	175,560	(266)
Total Miscellaneous	<u>194,876</u>	<u>209,959</u>	<u>15,083</u>
Total Revenues	<u>16,792,689</u>	<u>19,700,639</u>	<u>2,907,950</u>
Expenditures			
Governing Body			
Salaries and Wages	72,240	69,055	3,185
Employee Benefits	6,520	6,519	1
Other Expenditures	796,003	779,954	16,049
Total Governing Body	<u>874,763</u>	<u>855,528</u>	<u>19,235</u>

TOWN OF LELAND, NORTH CAROLINA
 General Fund
 Statement of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual
 For the Fiscal Year Ended June 30, 2019

	Final Budget	Actual	Variance Positive (Negative)
Administration			
Salaries and Wages	\$ 548,568	\$ 559,025	\$ (10,457)
Employee Benefits	197,374	177,454	19,920
Other Expenditures	2,506,671	2,490,410	16,261
Total Administration	<u>3,252,613</u>	<u>3,226,889</u>	<u>25,724</u>
Information Technology			
Salaries and Wages	22,793	21,383	1,410
Employee Benefits	15,654	7,516	8,138
Other Expenditures	943,344	870,630	72,714
Total Information Technology	<u>981,791</u>	<u>899,529</u>	<u>82,262</u>
Human Resources			
Salaries and Wages	155,056	140,903	14,153
Employee Benefits	60,401	46,061	14,340
Other Expenditures	63,830	46,818	17,012
Total Human Resources	<u>279,287</u>	<u>233,782</u>	<u>45,505</u>
Finance			
Salaries and Wages	170,214	171,548	(1,334)
Employee Benefits	63,515	59,266	4,249
Other Expenditures	103,898	90,180	13,718
Total Finance	<u>337,627</u>	<u>320,994</u>	<u>16,633</u>
Public Works			
Salaries and Wages	303,489	297,252	6,237
Employee Benefits	141,172	133,208	7,964
Other Expenditures	669,511	652,143	17,368
Capital Outlay	21,500	21,500	-
Total Public Works	<u>1,135,672</u>	<u>1,104,103</u>	<u>31,569</u>
Police			
Salaries and Wages	1,888,163	1,819,204	68,959
Employee Benefits	883,939	740,116	143,823
Other Expenditures	311,569	291,566	20,003
Capital Outlay	112,525	113,734	(1,209)
Total Police	<u>3,196,196</u>	<u>2,964,620</u>	<u>231,576</u>
Fire Department			
Salaries and Wages	2,339,299	2,213,849	125,450
Employee Benefits	972,446	885,048	87,398
Other Expenditures	479,034	429,960	49,074
Capital Outlay	45,000	38,859	6,141
Total Fire Department	<u>3,835,779</u>	<u>3,567,716</u>	<u>268,063</u>
Inspections			
Salaries and Wages	336,778	321,972	14,806
Employee Benefits	140,014	119,431	20,583
Other Expenditures	175,617	121,325	54,292
Capital Outlay	214,343	113,695	100,648
Total Inspections	<u>866,752</u>	<u>676,423</u>	<u>190,329</u>

TOWN OF LELAND, NORTH CAROLINA
 General Fund
 Statement of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual
 For the Fiscal Year Ended June 30, 2019

	Final Budget	Actual	Variance Positive (Negative)
Economic and Community Development			
Salaries and Wages	\$ 305,150	\$ 281,790	\$ 23,360
Employee Benefits	129,102	107,071	22,031
Other Expenditures	115,580	74,750	40,830
Total Developmental Services	<u>549,832</u>	<u>463,611</u>	<u>86,221</u>
Powell Bill			
Salaries and Wages	214,990	217,023	(2,033)
Employee Benefits	109,229	100,888	8,341
Other Expenditures	1,466,459	1,263,853	202,606
Powell Bill Capital Project Cost	4,569,264	2,131,844	2,437,420
Total Powell Bill	<u>6,359,942</u>	<u>3,713,608</u>	<u>2,646,334</u>
Parks and Recreation			
Salaries and Wages	148,907	153,212	(4,305)
Employee Benefits	56,805	60,243	(3,438)
Other Expenditures	142,249	110,175	32,074
Total Parks and Recreation	<u>347,961</u>	<u>323,630</u>	<u>24,331</u>
Debt Service			
Principal	-	1,323,064	(1,323,064)
Interest	-	298,416	(298,416)
Total Debt Service	<u>1,621,323</u>	<u>1,621,480</u>	<u>(157)</u>
Total Expenditures	<u>23,639,538</u>	<u>19,971,913</u>	<u>3,667,625</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(6,846,849)</u>	<u>(271,274)</u>	<u>6,575,575</u>
Other Financing Sources (Uses):			
Transfers In:			
Cultural Arts Center Fund	86,605	85,400	(1,205)
Public Utility Fund	105,145	113,975	8,830
Sign Amortization CPF	245,000	245,000	-
Planning Revitalization CPF	50,582	50,582	-
General Fund	112,645	150,101	37,456
Powell Bill Paving CPF	280,853	280,853	-
Transfers Out:			
Powell Bill Paving CPF	(280,853)	(280,853)	-
Old Fayetteville MUP CPF	(277,376)	(277,376)	-
General Fund	(112,645)	(150,101)	(37,456)
Cultural Arts Center Fund	(560,912)	(404,941)	155,971
Total Other Financing Sources (Uses)	<u>(350,956)</u>	<u>(187,360)</u>	<u>163,596</u>
Fund Balance Appropriated	<u>7,197,805</u>	<u>-</u>	<u>(7,197,805)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>(458,634)</u>	<u>\$ (458,634)</u>
Fund balance, beginning		13,394,187	
Prior Period Adjustment / Restatement (See Note VI in the Notes to the Financial Statements)		<u>(241,266)</u>	
Total beginning fund balance, restated		13,152,921	
Fund balance, ending		<u>\$ 12,694,287</u>	

Special Revenue Funds
Consolidated with General Fund

TOWN OF LELAND, NORTH CAROLINA
Drug Forfeitures Capital Reserve Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2019

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Restricted Intergovernmental			
Federal Forfeitures	\$ -	\$ -	\$ -
State Forfeitures	-	2,971	2,971
Total Restricted Intergovernmental	-	2,971	2,971
Investment Earnings			
	-	-	-
Total Revenues	-	2,971	2,971
Expenditures			
Police			
Other Expenditures	-	-	-
Total Police	-	-	-
Excess Revenue Over (Under) Expenditures	-	2,971	2,971
Fund Balance Appropriated		-	-
Net Change in Fund Balance	\$ -	2,971	\$ 2,971
Fund balance, beginning		1,885	
Fund balance, ending		\$ 4,856	

TOWN OF LELAND, NORTH CAROLINA
 Sign Amortization Payment Fund
 Statement of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual
 For the Year Ended June 30, 2019

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Investment earnings	\$ -	\$ -	\$ -
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures			
Planning			
Other Expenditures	-	-	-
Total Planning	<u>-</u>	<u>-</u>	<u>-</u>
Excess Revenue Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources (uses)			
Transfers Out:			
General Fund	-	(245,000)	(245,000)
Fund Balance Appropriated	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>(245,000)</u>	<u>(245,000)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>(245,000)</u>	<u>\$ (245,000)</u>
Fund balance, beginning		<u>245,000</u>	
Fund balance, ending		<u>\$ -</u>	

TOWN OF LELAND, NORTH CAROLINA
 Vehicle Capital Reserve Fund
 Statement of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual
 For the Year Ended June 30, 2019

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Investment Earnings	\$ -	\$ -	\$ -
Expenditures			
Police			
Capital Outlay	144,469	112,712	31,757
Total Public Works	144,469	112,712	31,757
Excess Revenue Over (Under) Expenditures	(144,469)	(112,712)	31,757
Other financing sources (uses)			
Transfers In:			
General Fund	-	-	-
Total other financing sources (uses)	-	-	-
Fund Balance Appropriated	144,469	-	(144,469)
Net Change in Fund Balance	<u>\$ -</u>	(112,712)	<u>\$ (112,712)</u>
Fund balance, beginning		143,687	
Fund balance, ending		<u>\$ 30,975</u>	

Non-Major Governmental Funds

Capital Project Funds

TOWN OF LELAND, NORTH CAROLINA
 Combining Balance Sheet
 Nonmajor Capital Project Funds
 June 30, 2019

	Cypress Cove Park Capital Project Fund	Old Fayetteville MUP Capital Project Fund	Planning Revitalization Capital Project Fund	Westgate Senior Apt. Housing Capital Project Fund	Greenway Capital Project Fund	Sturgeon Creek Community Restoration Capital Project Fund
ASSETS						
Cash and cash equivalents	\$ 8,096	\$ 500,345	\$ -	\$ 82,818	\$ 30,001	\$ 130,977
Restricted Cash	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-
Total assets	\$ 8,096	\$ 500,345	\$ -	\$ 82,818	\$ 30,001	\$ 130,977
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts Payable and Accrued Liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to Other Funds	-	-	-	-	-	-
Total liabilities	-	-	-	-	-	-
Restricted:						
Drug Forfeitures	-	-	-	-	-	-
Assigned:						
Planning	-	-	-	82,818	-	-
Police	-	-	-	-	-	-
Parks and Recreation	8,096	-	-	-	30,001	130,977
Sewer	-	-	-	-	-	-
Transportation	-	500,345	-	-	-	-
Total fund balances	8,096	500,345	-	82,818	30,001	130,977
Total liabilities, deferred inflows of resources, and fund balances	\$ 8,096	\$ 500,345	\$ -	\$ 82,818	\$ 30,001	\$ 130,977

TOWN OF LELAND, NORTH CAROLINA
 Combining Balance Sheet
 Nonmajor Capital Project Funds
 June 30, 2019

	Property Acquisition Capital Project Fund	Municipal Park Improvements Capital Project Fund	Leland MS Sidewalk Capital Project Fund	Old Fayetteville/Village Road Ped Loop Capital Project Fund	Village Road MUP Extension Capital Project Fund	June 30, 2019
ASSETS						
Cash and cash equivalents	\$ 702,665	\$ 52,655	\$ 34,880	\$ 49,756	\$ 29,190	\$ 1,621,383
Restricted Cash	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-
Total assets	\$ 702,665	\$ 52,655	\$ 34,880	\$ 49,756	\$ 29,190	\$ 1,621,383
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts Payable and Accrued Liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to Other Funds	-	-	-	-	-	-
Total liabilities	-	-	-	-	-	-
Restricted:						
Drug Forfeitures	-	-	-	-	-	-
Assigned:						
Planning	-	-	34,880	49,756	29,190	196,644
Police	-	-	-	-	-	-
Parks and Recreation	702,665	52,655	-	-	-	924,394
Sewer	-	-	-	-	-	-
Transportation	-	-	-	-	-	500,345
Total fund balances	702,665	52,655	34,880	49,756	29,190	1,621,383
Total liabilities, deferred inflows of resources, and fund balances	\$ 702,665	\$ 52,655	\$ 34,880	\$ 49,756	\$ 29,190	\$ 1,621,383

TOWN OF LELAND, NORTH CAROLINA

Combining Statement of Revenues,
Expenditures and Changes in Fund
Nonmajor Capital Project Funds

TOWN OF LELAND, NORTH CAROLINA

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Capital Project Funds
June 30, 2019

	Cypress Cove Park Capital Project Fund	Old Fayetteville MUP Capital Project Fund	Planning Revitalization Capital Project Fund	Westgate Senior Apt. Housing Capital Project Fund	Greenway Capital Project Fund	Sturgeon Creek Community Restoration Capital Project Fund
Revenues						
Restricted Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investment Earnings	-	-	-	-	-	-
Other Income	-	70,784	-	15,489	-	-
Total Revenue	\$ -	\$ 70,784	\$ -	\$ 15,489	\$ -	\$ -
Expenditures						
Planning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Parks and Recreation	-	-	-	-	14,908	109,717
Transportation	-	156,100	-	-	-	-
Total Expenditures	-	156,100	-	-	14,908	109,717
Excess (Deficiency) of Revenues Over Expenditures	-	(85,316)	-	15,489	(14,908)	(109,717)
Other Financing Sources (Uses)						
Transfers from Other Funds	-	277,376	-	-	-	-
Transfers to Other Funds	-	-	(50,582)	-	-	-
Total Other Financing Sources (Uses)	-	277,376	(50,582)	-	-	-
Net Change in Fund Balance	-	192,060	(50,582)	15,489	(14,908)	(109,717)
Fund balance - Beginning	8,096	308,285	50,582	67,329	44,909	240,694
Fund Balance - End of Year	\$ 8,096	\$ 500,345	\$ -	\$ 82,818	\$ 30,001	\$ 130,977

TOWN OF LELAND, NORTH CAROLINA

Combining Statement of Revenues,
Expenditures and Changes in Fund
Nonmajor Capital Project Funds

TOWN OF LELAND, NORTH CAROLINA

Combining Statement of Revenues, Expenditures and CI
Nonmajor Capital Project Funds
June 30, 2019

	Property Acquisition Capital Project Fund	Municipal Park Improvements Capital Project Fund	Leland MS Sidewalk Capital Project Fund	Old Fayetteville/Vil lage Road Ped Loop Capital Project Fund	Village Road MUP Extension Capital Project Fund	June 30, 2019
Revenues						
Restricted Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investment Earnings	-	-	-	-	-	-
Other Income	-	-	-	-	-	86,273
Total Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 86,273
Expenditures						
Planning	\$ 314,152	\$ -	\$ 1,447	\$ 1,447	\$ 1,446	\$ 318,492
Parks and Recreation	-	-	-	-	-	124,625
Transportation	-	-	-	-	-	156,100
Total Expenditures	314,152	-	1,447	1,447	1,446	599,217
Excess (Deficiency) of Revenues Over Expenditures	(314,152)	-	(1,447)	(1,447)	(1,446)	(512,944)
Other Financing Sources (Uses)						
Transfers from Other Funds	-	-	-	-	-	277,376
Transfers to Other Funds	-	-	-	-	-	(50,582)
Total Other Financing Sources (Uses)	-	-	-	-	-	226,794
Net Change in Fund Balance	(314,152)	-	(1,447)	(1,447)	(1,446)	(286,150)
Fund balance - Beginning	1,016,817	52,655	36,327	51,203	30,636	1,907,533
Fund Balance - End of Year	\$ 702,665	\$ 52,655	\$ 34,880	\$ 49,756	\$ 29,190	\$ 1,621,383

TOWN OF LELAND, NORTH CAROLINA
 Cypress Cove Park Capital Project Fund
 Statement of Revenues, Expenditures, and Changes in Fund Balance
 Budget and Actual
 For the Fiscal Year Ended June 30, 2019

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Restricted Intergovernmental	\$ -	\$ -	\$ -
Investment Earnings	-	-	-
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures			
Parks and Recreation			
Capital Outlay	-	-	-
Total Parks and Recreation	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Appropriated Fund Balance	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund Balance - Beginning of Year		<u>8,096</u>	
Fund Balance - End of Year		<u>\$ 8,096</u>	

TOWN OF LELAND, NORTH CAROLINA
 Old Fayetteville MUP Capital Project Fund
 Statement of Revenues, Expenditures, and Changes in Fund Balance
 Budget and Actual
 For the Fiscal Year Ended June 30, 2019

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Grants	\$ 1,714,375	\$ 70,784	\$ (1,643,591)
Total Revenues	<u>1,714,375</u>	<u>70,784</u>	<u>(1,643,591)</u>
Expenditures			
Transportation			
Other Expenditures	2,301,087	156,100	2,144,987
Total Transportation	<u>2,301,087</u>	<u>156,100</u>	<u>2,144,987</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(586,712)</u>	<u>(85,316)</u>	<u>501,396</u>
Other financing sources (uses):			
Transfers Out:			
General Fund	277,376	277,376	-
Total financing sources (uses)	<u>277,376</u>	<u>277,376</u>	<u>-</u>
Appropriated Fund Balance	<u>309,336</u>	<u>-</u>	<u>(309,336)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>192,060</u>	<u>\$ 192,060</u>
Fund Balance - Beginning of Year		<u>308,285</u>	
Fund Balance - End of Year		<u>\$ 500,345</u>	

TOWN OF LELAND, NORTH CAROLINA
 Planning Revitalization Capital Project Fund
 Statement of Revenues, Expenditures, and Changes in Fund Balance
 Budget and Actual
 For the Fiscal Year Ended June 30, 2019

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Investment Earnings	\$ -	\$ -	\$ -
Expenditures			
Transportation			
Other Expenditures	-	-	-
Total Transportation	-	-	-
Excess (Deficiency) of Revenues Over Expenditures	-	-	-
Other financing sources (uses):			
Transfers Out:			
General Fund	-	(50,582)	(50,582)
Total financing sources (uses)	-	(50,582)	(50,582)
Appropriated Fund Balance	-	-	-
Net Change in Fund Balance	<u>\$ -</u>	(50,582)	<u>\$ (50,582)</u>
Fund Balance - Beginning of Year		50,582	
Fund Balance - End of Year		<u>\$ -</u>	

TOWN OF LELAND, NORTH CAROLINA
 Westgate Senior Apt. Housing Capital Project Fund
 Statement of Revenues, Expenditures, and Changes in Fund Balance
 Budget and Actual
 For the Fiscal Year Ended June 30, 2019

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Federal Grant	\$ -	\$ -	\$ -
Miscellaneous Income	-	15,489	15,489
Total Revenues	<u>-</u>	<u>15,489</u>	<u>15,489</u>
Expenditures			
Planning			
Other Expenditures	-	-	-
Total Planning	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>15,489</u>	<u>15,489</u>
Appropriated Fund Balance	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>15,489</u>	<u>\$ 15,489</u>
Fund Balance - Beginning of Year		<u>67,329</u>	
Fund Balance - End of Year		<u>\$ 82,818</u>	

TOWN OF LELAND, NORTH CAROLINA
 Greenway Capital Project Fund
 Statement of Revenues, Expenditures, and Changes in Fund Balance
 Budget and Actual
 For the Fiscal Year Ended June 30, 2019

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Investment Earnings	\$ -	\$ -	\$ -
Expenditures			
Parks and Recreation			
Other Expenditures	100,000	14,908	85,092
Total Parks and Recreation	<u>100,000</u>	<u>14,908</u>	<u>85,092</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(100,000)</u>	<u>(14,908)</u>	<u>85,092</u>
Appropriated Fund Balance	<u>100,000</u>	<u>-</u>	<u>(100,000)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>(14,908)</u>	<u>\$ (14,908)</u>
Fund Balance - Beginning of Year		<u>44,909</u>	
Fund Balance - End of Year		<u>\$ 30,001</u>	

TOWN OF LELAND, NORTH CAROLINA
 Sturgeon Creek Community Restoration Project
 Statement of Revenues, Expenditures, and Changes in Fund Balance
 Budget and Actual
 For the Fiscal Year Ended June 30, 2019

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Miscellaneous Revenue	\$ -	\$ -	\$ -
Investment Earnings	-	-	-
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures			
Parks and Recreation			
Other Expenditures	239,717	109,717	130,000
Total Parks and Recreation	<u>239,717</u>	<u>109,717</u>	<u>130,000</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(239,717)</u>	<u>(109,717)</u>	<u>130,000</u>
Appropriated Fund Balance	<u>239,717</u>	<u>-</u>	<u>(239,717)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>(109,717)</u>	<u>\$ (109,717)</u>
Fund Balance - Beginning of Year		<u>240,694</u>	
Fund Balance - End of Year		<u><u>\$ 130,977</u></u>	

TOWN OF LELAND, NORTH CAROLINA
Property Acquisition (General) Capital Project Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Fiscal Year Ended June 30, 2019

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Investment Earnings	\$ -	\$ -	\$ -
Expenditures			
Public Buildings			
Other Expenditures	1,016,817	314,152	702,665
Total Parks and Recreation	1,016,817	314,152	702,665
Excess (Deficiency) of Revenues Over Expenditures	<u>(1,016,817)</u>	<u>(314,152)</u>	<u>702,665</u>
Appropriated Fund Balance	1,016,817	-	(1,016,817)
Net Change in Fund Balance	<u>\$ -</u>	(314,152)	<u>\$ (314,152)</u>
Fund Balance - Beginning of Year		<u>1,016,817</u>	
Fund Balance - End of Year		<u>\$ 702,665</u>	

TOWN OF LELAND, NORTH CAROLINA
Municipal Park Improvements Capital Project Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Fiscal Year Ended June 30, 2019

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Investment Earnings	\$ -	\$ -	\$ -
Expenditures			
Parks and Recreation			
Capital Outlay	-	-	-
Total Parks and Recreation	-	-	-
Excess (Deficiency) of Revenues Over Expenditures	-	-	-
Appropriated Fund Balance	-	-	-
Net Change in Fund Balance	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund Balance - Beginning of Year		<u>52,655</u>	
Fund Balance - End of Year		<u>\$ 52,655</u>	

TOWN OF LELAND, NORTH CAROLINA
 Leland MS Sidewalk Capital Project Fund
 Statement of Revenues, Expenditures, and Changes in Fund Balance
 Budget and Actual
 For the Fiscal Year Ended June 30, 2019

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues			
Restricted Intergovernmental			
STP-DA Grant	\$ 203,027	\$ -	\$ (203,027)
Total Restricted Intergovernmental	<u>203,027</u>	<u>-</u>	<u>(203,027)</u>
Expenditures			
Planning			
Capital Outlay	239,354	1,447	237,907
Total Planning	<u>239,354</u>	<u>1,447</u>	<u>237,907</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(36,327)</u>	<u>(1,447)</u>	<u>34,880</u>
Appropriated Fund Balance	<u>36,327</u>	<u>-</u>	<u>(36,327)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>(1,447)</u>	<u>\$ (1,447)</u>
Fund Balance - Beginning of Year		<u>36,327</u>	
Fund Balance - End of Year		<u>\$ 34,880</u>	

TOWN OF LELAND, NORTH CAROLINA
 Old Fayetteville/Village Rd Ped Loop
 Statement of Revenues, Expenditures, and Changes in Fund Balance
 Budget and Actual
 For the Fiscal Year Ended June 30, 2019

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues			
Restricted Intergovernmental			
STP-DA Grant	\$ 172,402	\$ -	\$ (172,402)
Total Restricted Intergovernmental	<u>172,402</u>	<u>-</u>	<u>(172,402)</u>
Expenditures			
Planning			
Capital Outlay	223,605	1,447	222,158
Total Planning	<u>223,605</u>	<u>1,447</u>	<u>222,158</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(51,203)</u>	<u>(1,447)</u>	<u>49,756</u>
Appropriated Fund Balance	<u>51,203</u>	<u>-</u>	<u>(51,203)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>(1,447)</u>	<u>\$ (1,447)</u>
Fund Balance - Beginning of Year		<u>51,203</u>	
Fund Balance - End of Year		<u>\$ 49,756</u>	

TOWN OF LELAND, NORTH CAROLINA
 Village Rd MUP Extension
 Statement of Revenues, Expenditures, and Changes in Fund Balance
 Budget and Actual
 For the Fiscal Year Ended June 30, 2019

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues			
Restricted Intergovernmental			
STP-DA Grant	\$ 97,914	\$ -	\$ (97,914)
Total Restricted Intergovernmental	<u>97,914</u>	<u>-</u>	<u>(97,914)</u>
Expenditures			
Planning			
Capital Outlay	137,127	1,446	137,127
Total Planning	<u>137,127</u>	<u>1,446</u>	<u>135,681</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(39,213)</u>	<u>(1,446)</u>	<u>37,767</u>
Appropriated Fund Balance	<u>39,213</u>	<u>-</u>	<u>(39,213)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>(1,446)</u>	<u>\$ (1,446)</u>
Fund Balance - Beginning of Year		<u>30,636</u>	
Fund Balance - End of Year		<u>\$ 29,190</u>	

Enterprise Funds

TOWN OF LELAND, NORTH CAROLINA
 Utility Fund
 Schedule of Revenues and Expenditures
 Budget and Actual (Non-GAAP)
 For the Fiscal Year Ended June 30, 2019

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues			
Operating Revenues			
Water Charges	\$ 981,883	\$ 1,851,889	\$ 870,006
Sewer Charges	3,644,326	4,444,126	799,800
Penalties and Interest	72,000	-	(72,000)
Total Operating Revenues	<u>4,698,209</u>	<u>6,296,015</u>	<u>1,597,806</u>
Nonoperating Revenues			
Miscellaneous Income	13,540	23,797	10,257
Grant Revenue	-	30,847	30,847
Investment Earnings	10,000	209,724	199,724
Total Nonoperating Revenues	<u>23,540</u>	<u>264,368</u>	<u>240,828</u>
Total Revenues	<u>4,721,749</u>	<u>6,560,383</u>	<u>1,838,634</u>
Expenditures			
Water/Sewer Operations			
Salaries and Wages	341,292	267,832	73,460
Employee Benefits	136,673	96,983	39,690
Repairs and Maintenance	686,471	438,118	248,353
Capital Outlay	30,000	29,804	196
Other Expenditures	1,580,775	1,618,131	(37,356)
Total Water Operations	<u>2,775,211</u>	<u>2,450,868</u>	<u>324,343</u>
Debt Service			
Principal Retirement	1,242,545	1,053,145	189,400
Interest Paid	-	148,714	(148,714)
Total Debt Service	<u>1,242,545</u>	<u>1,201,859</u>	<u>40,686</u>
Total Expenditures	<u>4,017,756</u>	<u>3,652,727</u>	<u>365,029</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>703,993</u>	<u>2,907,656</u>	<u>2,203,663</u>

TOWN OF LELAND, NORTH CAROLINA
 Utility Fund
 Schedule of Revenues and Expenditures
 Budget and Actual (Non-GAAP)
 For the Fiscal Year Ended June 30, 2019

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Other financing sources (uses):			
Transfers In:			
Utility Capital Reserve Fund	213,050	65,200	(147,850)
Transfers Out:			
General Fund	(105,145)	(113,975)	(8,830)
Utility Capital Reserve Fund	(1,239,875)	(1,489,875)	(250,000)
Lift Station Upgrade Capital Reserve Fund	-	(300,000)	(300,000)
Total financing sources (uses)	<u>(1,131,970)</u>	<u>(1,838,650)</u>	<u>(706,680)</u>
Appropriated Fund Balance	<u>967,977</u>	<u>-</u>	<u>(967,977)</u>
Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	<u>\$ 540,000</u>	<u>\$ 1,069,006</u>	<u>\$ 529,006</u>
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:			
Revenues Over (Under) Expenditures and Other Financing Sources (Uses)		<u>\$ 1,069,006</u>	
Reconciling Items:			
Capital Outlay		\$ -	
Depreciation Expense		(1,611,344)	
Principal Retirement		1,053,145	
(Increase) decrease in accrued interest		(33,466)	
Increase (decrease) in deferred outflows of resources - pensions		77,420	
(Increase) Decrease in deferred inflows of resources - pensions		2,968	
(Increase) decrease in net pension liability		(90,658)	
(Increase) decrease in accrued compensated absences		(3,406)	
Investment Earnings from Utility Capital Reserve Fund		630	
Transfers (consolidating funds)		<u>1,724,675</u>	
Total Reconciling Items		<u>1,119,964</u>	
Change in Net Position		<u>\$ 2,188,970</u>	

TOWN OF LELAND, NORTH CAROLINA
Combining Schedule of Revenues and Expenditures
Utility Capital Project Funds
June 30, 2019

	Utility Capital Reserve Fund	Lift Station Upgrade Capital Reserve Fund	US 17 Corridor Force Main Upgrade Capital Project Fund	Total
Revenues				
Investment Earnings	\$ 483	\$ 136	\$ 11	\$ 630
Expenditures				
Sewer Operations				
Bank Fees	-	4	-	4
Capital Outlay	-	1,572,225	1,097,116	2,669,341
Total Expenditures	-	1,572,229	1,097,116	2,669,345
Excess (Deficiency) of Revenues Over Expenditures	483	(1,572,093)	(1,097,105)	(2,668,715)
Other Financing Sources (Uses)				
Transfers from Other Funds	1,489,875	300,000	-	1,789,875
Debt issuance	-	-	-	-
Transfers to Other Funds	(65,200)	-	-	(65,200)
Total Other Financing Sources (Uses)	1,424,675	300,000	-	1,724,675
Revenues Over Other Financing	\$ 1,425,158	\$ (1,272,093)	\$ (1,097,105)	\$ (944,040)

TOWN OF LELAND, NORTH CAROLINA
 Utility Capital Reserve Fund
 Schedule of Revenues and Expenditures
 Budget and Actual (Non-GAAP)
 For the Fiscal Year Ended June 30, 2019

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Water System Development Fees	\$ 777,088	\$ -	\$ (777,088)
Sewer System Development Fees	1,159,274	-	(1,159,274)
Investment Earnings	-	483	483
Total Water and Sewer Revenues	<u>1,936,362</u>	<u>483</u>	<u>(1,935,879)</u>
Expenditures			
Sewer Operations			
Other Expenditures	569,336	-	569,336
Total Sewer Operations	<u>569,336</u>	<u>-</u>	<u>569,336</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>1,367,026</u>	<u>483</u>	<u>(2,505,215)</u>
Transfers In:			
Utility Fund	69,112	1,489,875	1,420,763
Transfers Out:			
Utility Fund	(703,729)	(65,200)	(638,529)
Total financing sources (uses)	<u>(634,617)</u>	<u>1,424,675</u>	<u>782,234</u>
Appropriated Fund Balance	<u>(732,409)</u>	<u>-</u>	<u>732,409</u>
Revenues Over Other Financing Sources (Uses)	<u>\$ -</u>	<u>\$ 1,425,158</u>	<u>\$ (990,572)</u>

TOWN OF LELAND, NORTH CAROLINA
Lift Station Upgrade Capital Reserve Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2019

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Investment Earnings	\$ -	\$ 136	\$ 136
Expenditures			
Sewer Operations			
Bank Fees	-	4	(4)
Capital Outlay	4,542,837	1,572,225	2,970,612
Total Sewer Operations	4,542,837	1,572,229	2,970,608
Excess (Deficiency) of Revenues Over Expenditures	(4,542,837)	(1,572,093)	2,970,744
Other financing sources (uses):			
Transfers In:			
Utility Fund	790,679	300,000	(490,679)
Total financing sources (uses)	790,679	300,000	(490,679)
Appropriated Fund Balance	3,752,158	-	(3,752,158)
Revenues Over Other Financing Sources (Uses)	\$ -	\$ (1,272,093)	\$ (1,272,093)

TOWN OF LELAND, NORTH CAROLINA
 US 17 Corridor Force Main Upgrade Capital Project Fund
 Schedule of Revenues and Expenditures
 Budget and Actual (Non-GAAP)
 For the Fiscal Year Ended June 30, 2019

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Investment Earnings	\$ -	\$ 11	\$ 11
Expenditures			
Sewer Operations			
Bank Fees	-	4	(4)
Capital Outlay	2,369,716	1,097,112	1,272,604
Total Sewer Operations	<u>2,369,716</u>	<u>1,097,116</u>	<u>1,272,600</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(2,369,716)</u>	<u>(1,097,105)</u>	<u>1,272,611</u>
Appropriated Fund Balance	<u>2,369,716</u>	<u>-</u>	<u>(2,369,716)</u>
Revenues Over Other Financing Sources (Uses)	<u>\$ -</u>	<u>\$ (1,097,105)</u>	<u>\$ (1,097,105)</u>

TOWN OF LELAND, NORTH CAROLINA
 Cultural Arts Center
 Schedule of Revenues and Expenditures
 Budget and Actual (Non-GAAP)
 For the Fiscal Year Ended June 30, 2019

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Operating Revenues			
Registration Revenue	\$ 95,000	\$ 166,458	\$ 71,458
Facility Rental Revenue	15,000	17,906	2,906
Application Fee Revenue	500	408	(92)
Facility Deposit Revenue	-	70	70
Sales Revenue	18,500	36,709	18,209
Studio Pass Revenue	3,000	6,587	3,587
Caterer Application Fees	200	70	(130)
Grant revenue	7,750	7,700	(50)
Total Operating Revenues	<u>139,950</u>	<u>235,908</u>	<u>95,958</u>
Nonoperating Revenues			
Investment Earnings	-	597	597
Insurance Proceeds	14,161	14,161	-
Total Nonoperating Revenues	<u>14,161</u>	<u>14,758</u>	<u>597</u>
Total Revenues	<u>154,111</u>	<u>250,666</u>	<u>96,555</u>
Expenditures			
Salaries and Wages	207,039	206,764	275
Employee Benefits	74,018	74,382	(364)
Professional / Contract Fees	25,290	24,188	1,102
Capital Outlay	-	-	-
Other Expenditures	322,071	264,873	57,198
Total Expenditures	<u>628,418</u>	<u>570,207</u>	<u>58,211</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(474,307)</u>	<u>(319,541)</u>	<u>154,766</u>
Other financing sources (uses):			
Transfers In/(to):			
General Fund	560,912	404,941	(155,971)
General Fund	(86,605)	(85,400)	1,205
Total financing sources (uses)	<u>474,307</u>	<u>319,541</u>	<u>1,205</u>
Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 155,971</u>
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:			
Revenues Over (Under) Expenditures and Other Financing Sources (Uses)		<u>\$ -</u>	
Reconciling Items:			
Increase (decrease) in deferred outflows of resources - pensions		25,533	
(Increase) Decrease in deferred inflows of resources - pensions		979	
(Increase) decrease in net pension liability		(29,897)	
(Increase) decrease in accrued compensated absences		(9,290)	
Total Reconciling Items		<u>(12,675)</u>	
Change in Net Position		<u>\$ (12,675)</u>	

Other Schedules

TOWN OF LELAND, NORTH CAROLINA
 General Fund
 Schedule of Ad Valorem Taxes Receivable
 For the Fiscal Year Ended June 30, 2019

<u>Fiscal Year</u>	<u>Uncollected Balance July 1, 2018</u>	<u>Additions and Adjustments</u>	<u>Collections and Credits</u>	<u>Uncollected Balance June 30, 2019</u>
2018-19	\$ -	\$ 5,721,715	\$ 5,687,116	\$ 34,599
2017-18	34,739	-	17,569	17,170
2016-17	19,199	-	6,389	12,810
2015-16	14,632	-	3,393	11,239
2014-15	7,605	-	2,498	5,107
2013-14	9,453	-	1,647	7,806
2012-13	10,592	-	2,239	8,353
2011-12	6,071	-	848	5,223
2010-11	4,653	-	154	4,499
2009-10	2,866	-	96	2,770
2008-09	4,879	-	4,879	-
	<u>\$ 114,689</u>	<u>\$ 5,721,715</u>	<u>\$ 5,726,828</u>	109,576
Less: Allowance for Uncollectible Accounts: General Fund				57,302
Ad Valorem Taxes Receivable, net				<u>\$ 52,274</u>
<u>Reconciliation with Revenues</u>				
Ad Valorem Taxes - General Fund				\$ 5,763,297
Reconciling Items:				
Interest and Penalties Collected				(11,838)
Releases and adjustments				<u>(24,631)</u>
Total Collections and Credits				<u>\$ 5,726,828</u>

TOWN OF LELAND, NORTH CAROLINA
 General Fund
 Schedule of Ad Valorem Taxes Receivable
 For the Fiscal Year Ended June 30, 2019

	Town-Wide			Total Levy	
	Property Valuation	Rate per \$100	Amount of Levy	Property Excluding	Registered
				Registered Motor Vehicles	Motor Vehicles
Original Levy:					
Property Taxed at Current Year's Rate	\$ 2,724,626,190	0.21	\$ 5,721,715	\$ 5,186,100	\$ 535,615
	-				
	<u>2,724,626,190</u>		<u>5,721,715</u>	<u>5,186,100</u>	<u>535,615</u>
Total Property Valuations	<u>\$ 2,724,626,190</u>				
Net Levy			\$ 5,721,715	\$ 5,186,100	\$ 535,615
Uncollected Taxes at June 30, 2019			34,599	34,599	-
Current Year's Taxes Collected			<u>\$ 5,687,116</u>	<u>\$ 5,151,501</u>	<u>\$ 535,615</u>
Current Levy Collection Percentage			<u>99.40%</u>	<u>99.33%</u>	<u>100.00%</u>

Compliance Section



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R. Bryon Scott, CPA
Gregory S. Adams, CPA**

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

Independent Auditors' Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Leland, North Carolina, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprises the Town of Leland's basic financial statements, and have issued our report thereon dated November 25, 2019.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

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

Thompson, Price, Scott, Adams & Co., P.A.
Whiteville, NC
November 25, 2019



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

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**Report On Compliance With Requirements Applicable To Each Major Federal
Program And Internal Control Over Compliance In Accordance With OMB
Uniform Guidance and the State Single Audit Implementation Act**

Independent Auditors' Report

To the Board of Town Commissioners
Town of Leland
Leland, North Carolina

Report on Compliance for Each Major Federal Program

We have audited the Town of Leland, North Carolina's, compliance with the types of compliance requirements described in the OMB *Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of Town of Leland's major federal programs for the year ended June 30, 2019. The Town of Leland's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with Federal and State statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Town of Leland's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by Comptroller General of the United States; and the audit requirements of Title 2 U.S *Code of Federal Regulations Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the State Single Audit Implementation Act. Those standards, the Uniform Guidance, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred with governance. examining, on a test basis, evidence about Town of Leland's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, Town of Leland complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

Members
American Institute of CPAs - N.C. Association of CPAs - AICPA Division of Firms

Report on Internal Control Over Compliance

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

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

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

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

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

Thompson, Price, Scott, Adams & Co., P.A.
Whiteville, NC
November 25, 2019



Report On Compliance With Requirements Applicable To Each Major State
Program And Internal Control Over Compliance In Accordance With OMB Uniform Guidance
and the State Single Audit Implementation Act

Independent Auditors' Report

To the Board of Town Commissioners
Town of Leland
Leland, North Carolina

Report on Compliance for Each Major State Program

We have audited the Town of Leland, North Carolina's, compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of the Town of Leland's major State programs for the year ended June 30, 2019. The Town of Leland's major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with state statutes, regulations, and the terms and conditions of its state awards applicable to its state programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Town of Leland's major State programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and applicable sections of Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), as described in the *Audit Manual for Governmental Auditors in North Carolina*, and the State Single Audit Implementation Act. Those standards, Uniform Guidance, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above with governance a direct and material effect on a major State program occurred. An audit includes examining, on a test basis, evidence about the Town of Leland's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major State Program

In our opinion, the Town of Leland has complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2019.

Report on Internal Control Over Compliance

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance that the results of that testing based on the requirements of Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

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

Thompson, Price, Scott, Adams & Co., P.A.
Whiteville, NC
November 25, 2019

TOWN OF LELAND, NORTH CAROLINA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2019

Section I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance to GAAP: Unmodified

Internal control over financial reporting:

- Material Weakness(es) identified? ___ yes X no

- Significant Deficiency(s) identified that are
not considered to be material weaknesses ___ yes X none reported

Noncompliance material to financial statements
noted ___ yes X no

TOWN OF LELAND, NORTH CAROLINA
 Schedule of Findings and Questioned Costs
 For the Year Ended June 30, 2019

Federal Awards

Internal control over major federal programs:

- Material Weakness(es) identified? ___yes _X_no
- Significant Deficiency(s) identified that are not considered to be material weaknesses ___yes _X_none reported
- Noncompliance material to federal awards ___yes _X_no

Type of auditor's report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133 ___yes _X_no

Identification of major federal programs:

<u>CFDA #</u>	<u>Program Name</u>
97.036	Disaster Grants - Public Assistance (Presentially Declared Disasters)

Federal programs that met the criteria for a major program using the criteria discussed in OMB Circular No. A-133 Section .520 and the State Single Audit Act are included in the list of major federal programs.

Dollar threshold used to distinguish between Type A and Type B Programs \$ 750,000

Auditee qualified as low-risk auditee? ___ yes _X_no

Town of Leland, NORTH CAROLINA
 Schedule of Findings and Questioned Costs
 For the Year Ended June 30, 2019

State Awards

Internal control over major State programs:

- Material Weakness(es) identified? yes no
- Significant Deficiency(s) identified that are not considered to be material weaknesses yes none reported

Type of auditor's report issued on compliance for major State programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with the State Single Audit Implementation Act? yes no

Identification of major State programs:

Program Name

Powell Bill Allocation

TOWN OF LELAND, NORTH CAROLINA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2019

Section II. Financial Statement Findings

None reported.

Section III. Federal Award Findings and Questioned Costs

None Reported.

Section III. State Award Findings and Questioned Costs

None Reported.

TOWN OF LELAND, NORTH CAROLINA
Corrective Action Plan
For the Year Ended June 30, 2019

Section II - Financial Statement Findings

None Reported.

Section III. Federal Award Findings and Questioned Costs

None Reported.

Section III. State Award Findings and Questioned Costs

None Reported.

TOWN OF LELAND, NORTH CAROLINA
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
For the Year Ended June 30, 2019

None reported.

Town of Leland
Schedule of Expenditures of Federal and State Awards
Federal and State Awards
For The Fiscal Year Ended June 30, 2019

<u>Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>State/ Pass-through Grantor's Number</u>	<u>Fed (Direct & Pass-through Expenditures</u>	<u>State Expenditures</u>	<u>Local Expenditures</u>
Federal Grants:					
Cash Programs:					
<u>U.S. Department of Homeland Security</u>					
Passed-through NC Department of Public Safety Disaster Grants - Public Assistance (Presentially Declared Disasters)	97.036		\$ 1,732,147	\$ 577,382	\$ -
Assistance to Firefighters Grant	97.044		58,182		5,818
<u>U.S. Department of Justice</u>					
Passed-through NC Department of Public Safety Bulletproof Vest Partnership Program	16.607		1,509	-	1,509
<u>U.S. Department of Transportation</u>					
Passed-through NC Department of Transportation: Highway Planning and Construction	20.205		165,669	-	-
Total assistance - Federal programs			<u>1,957,507</u>	<u>577,382</u>	<u>7,327</u>
State Grants:					
Cash Assistance:					
<u>N.C. Department of Transportation</u>					
Powell Bill		32570	-	683,383	-
<u>N.C. Department of Public Safety</u>					
In-Car Camera Grant			-	24,211	24,211
Total assistance - State programs			<u>-</u>	<u>707,594</u>	<u>24,211</u>
Total assistance			<u>\$ 1,957,507</u>	<u>\$ 1,284,976</u>	<u>\$ 31,538</u>

Notes to the Schedule of Expenditures of Federal and State Financial Awards:

Note 1: Basis of Presentation

The accompanying schedule of expenditures of federal and state awards (SFSA) includes the federal and state grant activity of the Town of Leland under the programs of the federal government and the State of North Carolina for the year ended June 30, 2019. The information in this SFSA is presented in accordance with the requirements of title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements Cost Principles and Audit Requirements for Federal Awards and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of the Town of Leland, it is not intended to and does not present the financial position, changes in net position or cash flows of the Town of Leland.

Note 2: Summary of Significant Accounting Policies

Expenditures reported in the SFSA are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursements.

Note 3: Indirect Cost Rate

The Town of Leland has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.