

TOWN OF LELAND, NORTH CAROLINA
FINANCIAL STATEMENTS
June 30, 2020

Town Council Members

Brenda Bozeman, Mayor
Pat Batleman, Mayor Pro Tem
Bob Corriston
Veronica Carter
Robert Campbell

Administrative and Financial Staff

David Hollis, Town Manager
Carly Hagg, Finance Director

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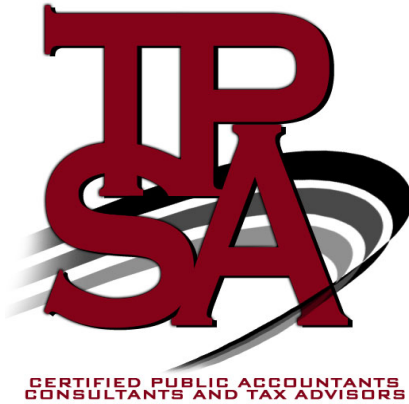
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FINANCIAL SECTION



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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, 2020, 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 January 8, 2021 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

January 8, 2021

**Town of Leland
Management's Discussion and Analysis
June 30, 2020**

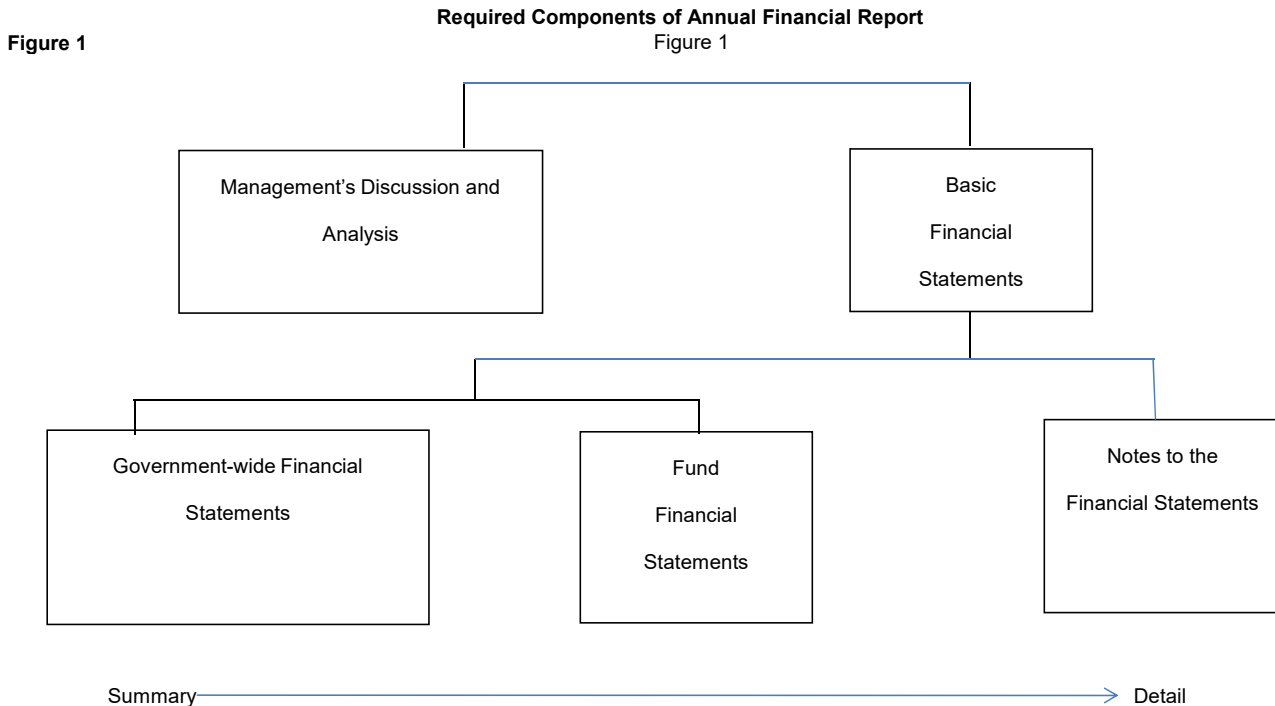
As management of the Town of Leland, we offer readers of the Town of Leland's financial statements this narrative overview and analysis of the financial activities of the Town of Leland for the fiscal year ended June 30, 2020. We encourage readers to read the information presented here in conjunction 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 \$118,926,965 (net position).
- The government's total net position increased by \$4,485,369.
- As of the close of the current fiscal year, the Town of Leland's governmental funds reported combined ending fund balances of \$19,027,826 with an increase of \$4,676,325 in fund balance.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$6,551,879, or 29.70 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, 2020

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 8) 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, 2020

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	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 20,788,813	\$ 16,735,716	\$ 21,048,740	\$ 16,281,569	\$ 41,837,553	\$ 33,017,285
Capital Assets	63,536,509	63,200,762	42,789,863	39,755,848	106,326,372	102,956,610
Deferred Outflows of Resources	2,186,380	1,769,961	222,194	195,922	2,408,574	1,965,883
Total Assets and Deferred Outflows of Resources	86,511,702	81,706,439	64,060,797	56,233,339	150,572,499	137,939,778
Long-term Liabilities Outstanding	16,127,714	12,369,701	24,189,982	5,886,913	40,317,696	18,256,614
Other Liabilities	3,115,749	3,682,645	2,524,075	1,479,890	5,639,824	5,162,535
Deferred Inflows of Resources	40,476	75,024	918	4,009	41,394	79,033
Total Liabilities and Deferred Inflows of Resources	19,283,939	16,127,370	26,714,975	7,370,812	45,998,914	23,498,182
Net Position:						
Net Investment in capital assets	53,254,791	53,034,658	18,473,405	33,729,937	71,728,196	86,764,595
Restricted	6,190,564	4,771,345	-	-	6,190,564	4,771,345
Unrestricted	7,555,788	7,773,066	33,452,417	15,132,590	41,008,205	22,905,656
Total Net Position	\$ 67,001,143	\$ 65,579,069	\$ 51,925,822	\$ 48,862,527	\$ 118,926,965	\$ 114,441,596

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 \$118,926,965 as of June 30, 2020. The Town's net position increased by \$4,485,369 for the fiscal year ended June 30, 2020. However, the largest portion (60.31%) 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, \$6,190,564, represents sources that are subject to external restrictions on how they may be used. The remaining balance of \$41,008,205 is unrestricted.

Town of Leland
Management's Discussion and Analysis
June 30, 2020

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 99.47%.

The Town of Leland Changes in Net Position
Figure 3

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program revenues:						
Charges for services	\$ 4,787,096	\$ 4,133,148	\$ 8,057,378	\$ 6,600,728	\$ 12,844,474	\$ 10,733,876
Operating grants and contributions	351,197	2,397,258	-	-	351,197	2,397,258
Capital grants and contributions	548,480	603,361	160,959	-	709,439	603,361
General revenues:						
Property taxes	7,072,038	5,776,251	-	-	7,072,038	5,776,251
Other taxes	7,008,866	6,480,124	-	-	7,008,866	6,480,124
Other	450,829	412,646	213,075	210,951	663,904	623,597
Total revenues	<u>20,218,506</u>	<u>19,802,788</u>	<u>8,431,412</u>	<u>6,811,679</u>	<u>28,649,918</u>	<u>26,614,467</u>
Expenses:						
Governing body	447,810	855,528	-	-	447,810	855,528
Administrative (Hurricane Expenses)	1,589,215	3,561,125	-	-	1,589,215	3,561,125
Information Technology	1,062,845	900,229	-	-	1,062,845	900,229
Human Resources	253,249	232,455	-	-	253,249	232,455
Finance	415,318	325,784	-	-	415,318	325,784
Public Works	176,890	1,083,671	-	-	176,890	1,083,671
Planning	897,244	906,536	-	-	897,244	906,536
Police	3,985,887	3,330,483	-	-	3,985,887	3,330,483
Fire Department	3,470,422	3,796,752	-	-	3,470,422	3,796,752
Development services	690,711	471,573	-	-	690,711	471,573
Powell Bill	4,009,080	3,615,845	-	-	4,009,080	3,615,845
Transportation	941,842	2,631,866	-	-	941,842	2,631,866
Parks and recreation	415,939	166,954	-	-	415,939	166,954
Interest on long-term debt	270,488	292,645	-	-	270,488	292,645
Utilities	-	-	4,975,452	4,258,068	4,975,452	4,258,068
Cultural Arts Center	-	-	562,157	582,882	562,157	582,882
Total expenses	<u>18,626,940</u>	<u>22,171,446</u>	<u>5,537,609</u>	<u>4,840,950</u>	<u>24,164,549</u>	<u>27,012,396</u>
Increase (decrease) in net position before transfers	1,591,566	(2,368,658)	2,893,803	1,970,729	4,485,369	(397,929)
Transfers	(169,492)	(205,566)	169,492	205,566	-	-
Change in net position	1,422,074	(2,574,224)	3,063,295	2,176,295	4,485,369	(397,929)
Net position, beginning	65,579,069	68,394,559	48,862,527	46,444,966	114,441,596	114,839,525
Net position, beginning, restated	65,579,069	68,153,293	48,862,527	46,686,232	114,441,596	114,839,525
Net position, ending	<u>\$ 67,001,143</u>	<u>\$ 65,579,069</u>	<u>\$ 51,925,822</u>	<u>\$ 48,862,527</u>	<u>\$ 118,926,965</u>	<u>\$ 114,441,596</u>

Governmental activities. Governmental activities increased the Town's net position by \$1,422,074 thereby accounting for 31.70% of the total increase in the net position of the Town of Leland.

Business-type activities: Business-type activities increased the Town's net position by \$3,063,295, thereby accounting for 68.30% of the total growth in the net position of the Town of Leland.

**Town of Leland
Management's Discussion and Analysis
June 30, 2020**

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 \$6,603,356, while total fund balance reached \$12,793,920. The Town currently has an available fund balance of 29.93% of general fund expenditures, while total fund balance represents 58.00% of the same amount.

At June 30, 2020, the governmental funds of Town of Leland reported a combined fund balance of \$19,027,826, with a net increase in fund balance of \$4,676,325. 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 \$33,840,331, and for the Cultural Arts Center a deficit balance of \$387,914. The total change in net position for the Utility Fund was an increase of \$3,089,198 and a decrease in the Cultural Arts Center of \$25,903.

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, 2020, totals \$106,326,372 (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	
	2020	2019	2020	2019	2020	2019
Land	\$ 5,309,547	\$ 5,258,347	\$ 75,739	\$ -	\$ 5,385,286	\$ 5,258,347
Construction in Progress	2,621,338	2,621,338	7,295,457	3,949,214	9,916,795	6,570,552
Buildings	15,804,280	16,530,736	381,989	-	16,186,269	16,530,736
Infrastructure	37,508,045	37,224,510	-	-	37,508,045	37,224,510
Vehicles	1,852,341	1,190,540	459,153	76,326	2,311,494	1,266,866
Plant and Distribution	-	-	34,496,020	35,572,489	34,496,020	35,572,489
Equipment	440,958	375,291	81,505	157,819	522,463	533,110
Total	\$ 63,536,509	\$ 63,200,762	\$ 42,789,863	\$ 39,755,848	\$ 106,326,372	\$ 102,956,610

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, 2020**

Long-term Debt. As of June 30, 2020, Town of Leland had total debt outstanding of \$39,217,878. 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	
	2020	2019	2020	2019	2020	2019
Installment purchases	\$ 13,496,988	\$ 10,940,597	\$ 9,054,995	\$ 3,780,483	\$ 22,551,983	\$ 14,721,080
Interlocal agreements	-	-	16,665,895	2,933,683	16,665,895	2,933,683
Total	\$ 13,496,988	\$ 10,940,597	\$ 25,720,890	\$ 6,714,166	\$ 39,217,878	\$ 17,654,763

Town of Leland's total debt increased by \$21,563,115 (122.14%) during the past fiscal year, primarily due to new Installment Purchase loans and Interlocal agreements.

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 \$212,279,265. The Town of Leland does not have any authorized but un-issued debt at June 30, 2020.

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.

- Rapid Residential Construction
- Annexations of property into the

Budget Highlights for the General Budget Fiscal Year Ending June 30, 2021

Tax Rate - There is no proposed ad valorem tax rate increase within the FY2020/2021 budget. The current tax rate of 21.0 cents will remain the same.

New Employee Positions - The budget includes the addition of eighteen (18) new full-time employees over the original approved FY19-20 budget. The positions are for various departments within the General Fund and the Utility Enterprise Fund. Twelve (12) of these positions are included in the Fire Department, nine (9) to staff the third fire station, and three (3) to add an additional employee per shift on the ladder truck.

Leland Cultural Arts Center - As of July 1, 2020, the Leland Cultural Arts Center (LCAC) activities will not be reported as a separate enterprise fund. The revenues and expenditures for the LCAC will be incorporated into the General Fund budget.

Debt Service - The FY19-20 General Fund debt service totaled \$1,675,755.00. The FY20-21 debt service budget is \$1,935,000.00. The increase in debt service is due to issuing debt for the financing of a Fire Apparatus and the Municipal Operations Campus.

Capital Projects - There are no transfers to Capital Project Funds incorporated in this budget.

Municipal Vehicle Tax - The Town will continue assessing the \$30.00 per vehicle fee for a Municipal Vehicle Tax which was implemented on July 1, 2019. The budget of \$525,000.00 for the fiscal year will only be used to fund road maintenance and repair projects.

Fire Fee Increase - The budget includes a recommended 10% increase in fire fees within the fire district jurisdiction, subject to Brunswick County Commissioner approval.

Emergency Management Department Budget - The General Fund includes Emergency Management as a new department in the recommended budget with one employee and related expenditures.

Public Services Budget - The Town pays a third-party for the cost of recycling services for Leland residents. The cost budgeted for the FY20-21 year is \$580,000.00 which includes a reduction of service from twice a month pick-up in prior years to once a month pick-up, under a one-year contract.

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, 2020

	Primary Government			Leland Tourism Development Authority
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 14,214,541	\$ 19,027,482	\$ 33,242,023	\$ 343,019
Receivables (net):				
Ad Valorem Taxes	54,763	-	54,763	-
Occupancy Tax	-	-	-	15,152
Accounts	698,612	686,666	1,385,278	-
Prepaid Expenses	504	-	504	-
Due from Other Governments	1,446,846	531	1,447,377	-
Internal balances	401,121	(401,121)	-	-
Restricted Cash and Cash Equivalents	3,972,426	1,735,182	5,707,608	-
Total Current Assets	20,788,813	21,048,740	41,837,553	358,171
Noncurrent Assets				
Capital Assets				
Land, Nondepreciable Improvements, and Construction in Progress	7,930,885	7,371,196	15,302,081	-
Other Capital Assets, Net of Depreciation	55,605,624	35,418,667	91,024,291	-
Total Noncurrent Assets	63,536,509	42,789,863	106,326,372	-
Total Assets	\$ 84,325,322	\$ 63,838,603	\$ 148,163,925	\$ 358,171
DEFERRED OUTFLOWS OF RESOURCES				
Pension Deferrals	\$ 2,186,380	\$ 222,194	\$ 2,408,574	\$ -
Purchase of Sewer Capacity Deferrals	-	14,580,000	14,580,000	-
Total deferred outflows of resources	2,186,380	14,802,194	16,988,574	-
LIABILITIES				
Current Liabilities:				
Accounts Payable and Accrued Liabilities	601,062	64,086	665,148	-
Customer Deposits	860,084	330,750	1,190,834	-
Accrued Interest	51,800	218,943	270,743	-
Unearned revenue	226,620	-	226,620	-
Current Portion of Long-term Debt	1,602,803	1,910,296	3,513,099	-
Total Current Liabilities	3,342,369	2,524,075	5,866,444	-
Long-term liabilities:				
Net pension liability (LGERS)	3,174,886	358,654	3,533,540	-
Total pension liability (LEOSSA)	704,853	-	704,853	-
Compensated absences	353,790	20,734	374,524	-
Due in more than one year	11,894,185	23,810,594	35,704,779	-
Total Long-Term Liabilities	16,127,714	24,189,982	40,317,696	-
Total Liabilities	19,470,083	26,714,057	46,184,140	-
DEFERRED INFLOWS OF RESOURCES				
Pension Deferrals	40,476	918	41,394	-
Total deferred inflows of resources	40,476	918	41,394	-
NET POSITION				
Net investment in capital assets	53,254,791	18,473,405	71,728,196	-
Restricted for:				
Transportation	531,240	-	531,240	-
Stabilization by State Statute	5,652,564	-	5,652,564	15,152
Drug Forfeiture	6,760	-	6,760	-
Unrestricted	7,555,788	33,452,417	41,008,205	343,019
Total Net Position	\$ 67,001,143	\$ 51,925,822	\$ 118,926,965	\$ 358,171

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, 2020

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			Leland Tourism Development Authority
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-type Activities	Total	
Primary government:								
Governmental activities:								
Governing Body	\$ 447,810	\$ -	\$ -	\$ -	\$ (447,810)	\$ -	\$ (447,810)	\$ -
Administration	1,589,215	-	-	-	(1,589,215)	-	(1,589,215)	-
Information Technology	1,062,845	-	-	-	(1,062,845)	-	(1,062,845)	-
Human Resources	253,249	-	-	-	(253,249)	-	(253,249)	-
Finance	415,318	-	-	-	(415,318)	-	(415,318)	-
Public Works	176,890	-	15,188	-	(161,702)	-	(161,702)	-
Planning and Inspections	897,244	1,165,257	252,928	14,198	535,139	-	535,139	-
Police	3,985,887	1,904	83,081	-	(3,900,902)	-	(3,900,902)	-
Fire	3,470,422	3,610,682	-	-	140,260	-	140,260	-
Developmental Services	690,711	-	-	-	(690,711)	-	(690,711)	-
Powell Bill	4,009,080	-	-	534,282	(3,474,798)	-	(3,474,798)	-
Transportation	941,842	-	-	-	(941,842)	-	(941,842)	-
Parks and Recreation	415,939	9,253	-	-	(406,686)	-	(406,686)	-
Interest on long-term debt	270,488	-	-	-	(270,488)	-	(270,488)	-
Total governmental activities	18,626,940	4,787,096	351,197	548,480	(12,940,167)	-	(12,940,167)	-
Business-type activities:								
Utility	4,975,452	7,853,420	-	160,959	-	3,038,927	3,038,927	-
Cultural Arts Center	562,157	203,958	-	-	-	(358,199)	(358,199)	-
Total business-type activities	5,537,609	8,057,378	-	160,959	-	2,680,728	2,680,728	-
Total primary government	\$ 24,164,549	\$ 12,844,474	\$ 351,197	\$ 709,439	(12,940,167)	2,680,728	(10,259,439)	-
Component unit:								
Leland Tourism Development Authority	\$ 137,666	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	(137,666)
General revenues:								
Property taxes, levied for general purpose					7,072,038	-	7,072,038	-
Other taxes and licenses					7,008,866	-	7,008,866	159,937
Investment Earnings					178,583	213,075	391,658	-
Gain (Loss) on Disposal					262,738	-	262,738	-
Miscellaneous					9,508	-	9,508	-
Transfers					(169,492)	169,492	-	-
Total general revenues, special items, and transfers					14,362,241	382,567	14,744,808	159,937
Change in Net Position					1,422,074	3,063,295	4,485,369	22,271
Net position, beginning					65,579,069	48,862,527	114,441,596	335,900
Net position, ending					\$ 67,001,143	\$ 51,925,822	\$ 118,926,965	\$ 358,171

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

TOWN OF LELAND, NORTH CAROLINA
Balance Sheet
Governmental Funds
For the Fiscal Year Ended June 30, 2020

	Major Funds			Total Governmental Funds
	General	Property Acquisition Capital Project Fund	Total Non-Major Funds	
ASSETS				
Cash and cash equivalents	\$ 7,968,732	\$ 5,517,935	\$ 727,874	\$ 14,214,541
Restricted Cash	3,972,426	-	-	3,972,426
Receivables (net):				
Ad Valorem Taxes	48,938	-	-	48,938
Accounts receivable	698,612	-	-	698,612
Prepaid Expenses	504	-	-	504
Due from Other Governments	1,446,846	-	-	1,446,846
Due from other funds	413,024	-	-	413,024
Total assets	\$ 14,549,082	\$ 5,517,935	\$ 727,874	\$ 20,794,891
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	\$ 601,062	\$ -	\$ -	\$ 601,062
Due to other funds	-	-	11,903	11,903
Unearned revenue	226,620	-	-	226,620
Deposits	860,084	-	-	860,084
Total liabilities	1,687,766	-	11,903	1,699,669
DEFERRED INFLOWS OF RESOURCES	67,396	-	-	67,396
Fund balances:				
Restricted:				
Stabilization by State statute	5,652,564	-	-	5,652,564
Streets	531,240	-	-	531,240
Drug Forfeiture	6,760	-	-	6,760
Committed:				
Vehicle Capital Reserve	4,218	-	-	4,218
LEO Special Separation Allowance	47,259	-	-	47,259
Assigned:				
Subsequent Year's Expenditures	-	-	-	-
Capital Projects	-	5,517,935	-	5,517,935
Planning	-	-	146,564	146,564
Parks and Recreation	-	-	143,378	143,378
Transportation	-	-	426,029	426,029
Unassigned:	6,551,879	-	-	6,551,879
Total fund balances	12,793,920	5,517,935	715,971	19,027,826
Total liabilities, deferred inflows of resources, and fund balances	\$ 14,549,082	\$ 5,517,935	\$ 727,874	\$ 20,794,891

TOWN OF LELAND, NORTH CAROLINA
 Balance Sheet
 Governmental Funds
 For the Fiscal Year Ended June 30, 2020

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

Total Governmental Fund Balance	\$	19,027,826
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Gross capital assets at historical costs	93,097,222	
Accumulated depreciation	<u>(29,560,713)</u>	63,536,509
Deferred outflows of resources:		
Contributions to the pension plan in the current fiscal year		
LGERS	575,402	
LEOSSA	<u>6,698</u>	582,100
Pension related deferrals		
LGERS		1,391,507
LEOSSA		212,773
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		5,825
Deferred inflows of resources:		
Liabilities for earned revenues considered deferred inflows of resources in fund statements.		
Ad valorem Taxes		67,396
Pension related deferrals		
LGERS	(8,122)	
LEOSSA	<u>(32,354)</u>	(40,476)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Installment purchase obligations	(13,496,988)	
Accrued interest payable	(51,800)	
Compensated absences	(353,790)	
Net pension liability (LGERS)	(3,174,886)	
Total pension liability (LEOSSA)	<u>(704,853)</u>	(17,782,317)
Net position of governmental activities	\$	<u>67,001,143</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, 2020

	Major Fund			Total Governmental Funds
	General Fund	Property Acquisition Capital Project Fund	Total Non- Major Funds	
REVENUES				
Ad valorem taxes	\$ 7,076,180	\$ -	\$ -	\$ 7,076,180
Other taxes and licenses	555	-	-	555
Unrestricted intergovernmental	6,843,098	-	-	6,843,098
Restricted intergovernmental	887,383	-	-	887,383
Permits and fees	4,923,600	-	-	4,923,600
Investment earnings	178,582	-	-	178,582
Miscellaneous	299,052	-	14,198	313,250
Total revenues	20,208,450	-	14,198	20,222,648
EXPENDITURES				
Governing Body	447,810	-	-	447,810
Administration	1,195,799	-	-	1,195,799
Information Technology	1,061,881	-	-	1,061,881
Human Resources	254,997	-	-	254,997
Finance	414,189	-	-	414,189
Public Works	1,117,034	-	-	1,117,034
Police	3,242,334	-	-	3,242,334
Fire Department	3,913,331	-	-	3,913,331
Inspections	738,263	-	-	738,263
Planning	-	84,730	64,278	149,008
Transportation	-	-	74,316	74,316
Economic Development Services	643,687	-	-	643,687
Powell Bill	3,998,097	-	-	3,998,097
Parks and Recreation	338,721	-	78,351	417,072
Debt Service:				
Principal	1,408,898	-	-	1,408,898
Interest and Other Charges	265,404	-	-	265,404
Total expenditures	19,040,445	84,730	216,945	19,342,120
Excess (deficiency) of revenues over expenditures	1,168,005	(84,730)	(202,747)	880,528
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	1,250,225	1,600,000	90,752	2,940,977
Transfers to other funds	(3,019,717)	-	(90,752)	(3,110,469)
Installment Purchase Obligations Issued	665,289	-	-	665,289
Installment Purchase Obligations Issued	-	3,300,000	-	3,300,000
Total other financing sources and uses	(1,104,203)	4,900,000	-	3,795,797
Net change in fund balance	63,802	4,815,270	(202,747)	4,676,325
Fund balance, beginning	12,730,118	702,665	918,718	14,351,501
Prior Period Adjustment / Restatement (See Note VI in the Notes to the Financial Statements)	-	-	-	-
Total Fund balance, beginning restated	12,730,118	-	918,718	14,351,501
Fund balances-ending	\$ 12,793,920	\$ 5,517,935	\$ 715,971	\$ 19,027,826

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, 2020

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

Net changes in fund balances - total governmental funds	\$	4,676,325
<p>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.</p>		
Capital outlay expenditures which are capitalized	1,378,830	
Contributed Capital that is not recorded on the fund statements	2,347,563	
Depreciation Expense	(3,276,199)	
Gain (Loss) on Disposal of Assets	<u>(114,447)</u>	335,747
<p>Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities</p>		
LGERS		575,402
<p>Benefit payments and pension administration costs for LEOSSA</p>		
		6,698
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.</p>		
Change in unavailable revenue for tax revenues	(3,336)	
Interest earned on ad valorem taxes	<u>(806)</u>	(4,142)
<p>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.</p>		
New long-term debt issued	(3,965,289)	
Debt retirement	1,408,898	
Increase in accrued interest payable	<u>(5,084)</u>	(2,561,475)
<p>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:</p>		
Pension expense -LGERS	(1,477,957)	
Pension expense -LEOSSA	(93,826)	
Compensated absences	<u>(34,698)</u>	<u>(1,606,481)</u>
Total Change in net position of governmental activities	\$	<u><u>1,422,074</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, 2020

	General Fund			Variance With Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual Amounts	
Revenues:				
Ad valorem taxes	\$ 7,018,102	\$ 7,018,102	\$ 7,076,180	\$ 58,078
Other taxes and licenses	1,200	1,200	555	(645)
Unrestricted intergovernmental	6,533,041	6,533,041	6,843,098	310,057
Restricted intergovernmental	628,858	708,858	885,479	176,621
Permits and fees	4,688,374	4,703,374	4,923,600	220,226
Investment earnings	200,000	200,000	178,582	(21,418)
Miscellaneous	194,647	294,647	299,052	4,405
Total revenues	<u>19,264,222</u>	<u>19,459,222</u>	<u>20,206,546</u>	<u>747,324</u>
Expenditures				
Governing Body	448,567	448,567	447,810	757
Administration	1,097,057	1,327,057	1,195,799	131,258
Information Technology	1,070,173	1,148,630	1,061,881	86,749
Human Resources	317,175	317,175	254,997	62,178
Finance	437,241	437,241	414,189	23,052
Public Works	1,181,422	1,226,422	1,117,034	109,388
Police	3,711,866	3,798,866	3,210,577	588,289
Fire Department	3,521,314	4,250,603	3,913,331	337,272
Inspections	796,722	796,722	738,263	58,459
Development Services	701,625	701,625	643,687	57,938
Powell Bill	4,499,413	5,968,979	3,998,097	1,970,882
Parks and Recreation	413,377	413,377	338,721	74,656
Debt Service	1,676,753	1,676,753	1,674,302	2,451
Total expenditures	<u>19,872,705</u>	<u>22,512,017</u>	<u>19,008,688</u>	<u>3,503,329</u>
Revenues over (under) expenditures	<u>(608,483)</u>	<u>(3,052,795)</u>	<u>1,197,858</u>	<u>4,250,653</u>
Other financing sources (uses):				
Debt issuance	-	665,289	665,289	-
Transfers from Other Funds	456,392	1,375,006	1,245,225	(129,781)
Transfers to Other Funds	(843,954)	(3,262,568)	(3,019,717)	242,851
Total other financing sources (uses)	<u>(387,562)</u>	<u>(1,222,273)</u>	<u>(1,109,203)</u>	<u>113,070</u>
Revenues and other financing sources over expenditures and other financing uses	<u>(996,045)</u>	<u>(4,275,068)</u>	<u>88,655</u>	<u>4,363,723</u>
Appropriated Fund Balance	<u>1,062,045</u>	<u>4,275,068</u>	<u>-</u>	<u>(4,275,068)</u>
Net Change in Fund Balance	<u>\$ 66,000</u>	<u>\$ -</u>	<u>88,655</u>	<u>\$ 88,655</u>
Fund balance, beginning			12,694,287	
Prior Period Adjustment / Restatement (See Note VI in the Notes to the Financial			-	
Total Fund balance, beginning restated			<u>12,694,287</u>	
Fund balance, ending			<u>\$ 12,782,942</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, 2020

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

Restricted Intergovernmental Revenue	\$ 1,904
Fund Balance, beginning of year	<u>4,856</u>
	<u>6,760</u>

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

Other Expenditures	(31,757)
Transfer from General Fund	5,000
Fund Balance, beginning of year	<u>30,975</u>
	<u>4,218</u>

Fund Balance - End of Year (Consolidated)	\$ <u><u>12,793,920</u></u>
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TOWN OF LELAND, NORTH CAROLINA
Statement of Net Position
Proprietary Funds
June 30, 2020

	Major		
	Utility Fund	Cultural Arts Center	Total
ASSETS			
Current assets:			
Cash and Investments	\$ 19,004,822	\$ 22,660	\$ 19,027,482
Accounts Receivable, net	631,804	54,862	686,666
Due from other governments	244	287	531
Due from other funds	-	-	-
Restricted cash	1,735,182	-	1,735,182
Total current assets	21,372,052	77,809	21,449,861
Noncurrent assets:			
Capital Assets:			
Other Capital Assets, net of Depreciation	42,789,863	-	42,789,863
Total noncurrent assets	42,789,863	-	42,789,863
Total Assets	\$ 64,161,915	\$ 77,809	\$ 64,239,724
DEFERRED OUTFLOWS OF RESOURCES			
Pension deferrals	\$ 167,090	\$ 55,104	\$ 222,194
Purchase of sewer capacity deferrals	14,580,000	-	14,580,000
Total Deferred Outflows of Resources	14,747,090	55,104	14,802,194
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	43,459	20,627	64,086
Due to other funds	-	401,121	401,121
Customer deposits	330,750	-	330,750
Accrued interest payable	218,943	-	218,943
Interlocal Agreements - current	1,312,008	-	1,312,008
Installment Purchases - current	598,288	-	598,288
Total current liabilities	2,503,448	421,748	2,925,196
Noncurrent liabilities:			
Interlocal Agreements - non-current	15,353,887	-	15,353,887
Installment Purchases - non-current	8,456,707	-	8,456,707
Compensated Absences Payable	10,829	9,905	20,734
Net pension liability	269,708	88,946	358,654
Total noncurrent liabilities	24,091,131	98,851	24,189,982
Total liabilities	26,594,579	520,599	27,115,178
DEFERRED INFLOWS OF RESOURCES			
Pension deferrals	690	228	918
Total Deferred Inflows of Resources	690	228	918
NET POSITION			
Net investment in capital assets	18,473,405	-	18,473,405
Unrestricted	33,840,331	(387,914)	33,452,417
Total net position	\$ 52,313,736	\$ (387,914)	\$ 51,925,822

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

Town of Leland, North Carolina
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Fund
For the Year Ended June 30, 2020

	Major		Total
	Utility Fund	Cultural Arts Center	
OPERATING REVENUES			
Water Charges	\$ 2,288,723	\$ -	\$ 2,288,723
Sewer Charges	5,534,916	-	5,534,916
Cultural Arts Center	-	203,958	203,958
Miscellaneous Income	1,465	-	1,465
Total Operating Revenues	7,853,471	203,958	8,057,429
OPERATING EXPENSES			
Water and Sewer Operations	2,999,084	-	2,999,084
Cultural Arts Center Operations	-	562,157	562,157
Depreciation	1,397,189	-	1,397,189
Total Operating Expenses	4,396,273	562,157	4,958,430
OPERATING INCOME (LOSS)	3,457,198	(358,199)	3,098,999
NONOPERATING REVENUES (EXPENSES)			
Investment Earnings	210,361	2,714	213,075
Grant Revenue	(51)	-	(51)
Interest Expense	(579,179)	-	(579,179)
Total Nonoperating Revenues (Expenses)	(368,869)	2,714	(366,155)
Income (loss) before contributions and transfers	3,088,329	(355,485)	2,732,844
Capital Contributions	160,959	-	160,959
Transfers from other funds	7,983,058	329,582	8,312,640
Transfers to other funds	(8,143,148)	-	(8,143,148)
Change in Net Position	3,089,198	(25,903)	3,063,295
Total net position, previously reported	49,224,538	(362,011)	48,862,527
Net Position -- End of Year	\$ 52,313,736	\$ (387,914)	\$ 51,925,822

TOWN OF LELAND, NORTH CAROLINA
Statement of Cash Flows
Proprietary Funds
For The Fiscal Year Ended June 30, 2020

	Major Utility Fund	Major Cultural Arts Center	Total
Cash flows from operating activities:			
Cash Received from Customers and Users	\$ 8,179,239	\$ 177,314	\$ 8,356,553
Cash Paid for Goods and Services	(2,397,776)	(247,429)	(2,645,205)
Cash Paid to or on Behalf of Employees for Services	(492,146)	(281,310)	(773,456)
Customer Deposits (net)	9,300	-	9,300
Net cash provided (used) by operating activities	5,298,617	(351,425)	4,947,192
Cash flows from noncapital financing activities			
Due from other governments	9,198	-	9,198
Temporary Bank Overdraft	-	-	-
Transfers from other funds	7,983,058	(243,434)	7,739,624
Transfers to other funds	(8,143,148)	-	(8,143,148)
Total Cash flows from noncapital financing activities	(150,892)	(243,434)	(394,326)
Cash flows from Capital financing activities			
Acquisition of Capital Assets	(4,431,204)	-	(4,431,204)
Interest Paid on Debt Obligations and Equipment Contracts	(419,892)	-	(419,892)
Principal Paid on Debt Obligations and Equipment Contracts	(1,073,276)	-	(1,073,276)
Debt issued	20,080,000	-	20,080,000
Purchase of Sewer Capacity Deferral	(14,580,000)	-	(14,580,000)
Capital Contributions	160,959	-	160,959
Capital contributions -State Grant	(51)	-	(51)
Net cash provided (used) by capital and related financing activities	(263,464)	-	(263,464)
Cash flows from investing activities:			
Interest on investments	210,361	2,714	213,075
Net increase (decrease) in cash and cash equivalents	5,094,622	(592,145)	4,502,477
Cash and cash equivalents, July 1	15,645,382	614,805	16,260,187
Cash and cash equivalents, June 30	\$ 20,740,004	\$ 22,660	\$ 20,762,664
Reconciliation of operating income to net cash provided by operating activities:			
Operating income (loss)	\$ 3,457,198	\$ (358,199)	\$ 3,098,999
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	1,397,189	-	1,397,189
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	325,768	(26,644)	299,124
(Increase) decrease in deferred outflows of resources for pensions	(19,757)	(6,515)	(26,272)
Increase (decrease) in accounts payable and accrued liabilities	31,062	7,516	38,578
Increase (Decrease) in customer deposits	9,300	-	9,300
Decrease of deferred inflows of resources - pensions	(2,325)	(766)	(3,091)
(Increase) Decrease in net pension liability	98,754	32,568	131,322
Increase (decrease) in compensated absences payable	1,428	615	2,043
Total adjustments	1,841,419	6,774	1,848,193
Net cash provided (used) by operating activities	\$ 5,298,617	\$ (351,425)	\$ 4,947,192

Town of Leland
Notes to the Financial Statements
June 30, 2020

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.

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

Town of Leland
Notes to the Financial Statements
June 30, 2020

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.

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.

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, 2020

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, 2020

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, 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. The NCCMT Government Portfolio, a SEC-registered (2a-7) money market mutual fund, is measured at fair value. As of June 30, 2020, The Term Portfolio has a duration of .15 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, 2020

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	\$ 750,396
Drug Forfeiture	6,760
Unexpended loan proceeds	<u>3,215,270</u>
Total Governmental Activities	<u>3,972,426</u>
Business-type Activities	
Utility Fund:	
Customer Deposits	330,750
Unexpended loan proceeds	<u>1,404,432</u>
Total Business-Type Activities	<u>1,735,182</u>
Total Restricted Cash	<u>\$ 5,707,608</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, 2019.

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, 2020

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 are 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 2020 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, 2020

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 Public Safety - portion of fund balance that has been committed for use within the public safety 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, 2020

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, 2020, the Town's Old Fayetteville/Village Rd Ped Loop Capital Project Fund had a negative fund balance in the amount of \$11,903. This fund balance deficit could have been avoided by budget amendment and transfer from the General Fund to this fund. Management and the Board will more closely review the fund balance for each fund.

Town of Leland
Notes to the Financial Statements
June 30, 2020

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, 2020, the Town's deposits had a carrying amount of \$12,271,172 and a bank balance of \$12,364,769. 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 \$343,019 and the bank balance was \$343,019. Of the bank balance, \$250,000 was covered by federal depository insurance. At June 30, 2020, the Town's petty cash fund totaled \$410.

2. Investments

At June 30, 2020, the Town of Leland had \$26,678,459 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, 2020 are net of the following allowances for doubtful accounts:

Fund	June 30, 2020
General Fund	
Taxes Receivable	\$ 41,338
Total	\$ 41,338
Enterprise Funds	
Utility Billing	\$ 40,680
Total	\$ 40,680

Town of Leland
Notes to the Financial Statements
June 30, 2020

III. DETAIL NOTES ON ALL FUNDS (Continued)

A. Assets (Continued)

4. Capital Assets

Primary Government

Capital asset activity for the year ended June 30, 2020, was as follows:

	Beginning Balances				Ending Balances	
	June 30, 2019	Additions	Retirements	Transfers	June 30, 2020	
Governmental Activities						
Capital assets not being depreciated:						
Land	\$ 5,258,347	\$ 51,200	\$ -	\$ -	\$ 5,309,547	
Construction in Progress	2,621,338	-	-	-	2,621,338	
Total capital assets not being depreciated	7,879,685	51,200	-	-	7,930,885	
Other capital assets:						
Buildings & Improvements	23,771,422	-	-	-	23,771,422	
Equipment	759,701	268,592	(152,605)	-	875,688	
Vehicles	3,865,467	1,059,038	(211,046)	-	4,713,459	
Infrastructure	53,458,205	2,347,563	-	-	55,805,768	
Total capital assets being depreciated	81,854,795	3,675,193	(363,651)	-	85,166,337	
Less accumulated depreciation for:						
Buildings & Improvements	7,240,686	726,456	-	-	7,967,142	
Equipment	384,410	112,844	(62,524)	-	434,730	
Vehicles	2,674,927	372,871	(186,680)	-	2,861,118	
Infrastructure	16,233,695	2,064,028	-	-	18,297,723	
Total accumulated depreciation	26,533,718	3,276,199	(249,204)	-	29,560,713	
Total capital assets being depreciated, net	55,321,077	\$ 398,994	\$ (114,447)	\$ -	55,605,624	
Governmental activities capital assets, net	\$ 63,200,762				\$ 63,536,509	

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

Governmental activities	Depreciation
Administration	\$ 239,950
Cultural Arts	1,800
Economic Development	-
Fire	257,035
Inspections	33,928
Parks & Recreation	15,664
Police	179,857
Public Works	38,096
Transportation	2,509,869
Total depreciation expense	<u>\$ 3,276,199</u>

Town of Leland
Notes to the Financial Statements
June 30, 2020

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:					
Land	\$ -	\$ 75,739	\$ -	\$ -	\$ 75,739
Construction in Progress	3,949,214	4,095,568	(749,325)	-	7,295,457
Total capital assets not being depreciated	<u>3,949,214</u>	<u>4,171,307</u>	<u>(749,325)</u>	<u>-</u>	<u>7,371,196</u>
Capital assets being depreciated:					
Buildings	-	385,199	-	-	385,199
Equipment	3,711,907	43,000	-	-	3,754,907
Vehicles	134,903	420,064	(14,000)	-	540,967
Water and Sewer System	47,514,897	160,959	-	-	47,675,856
Total capital assets being depreciated	<u>51,361,707</u>	<u>1,009,222</u>	<u>(14,000)</u>	<u>-</u>	<u>52,356,929</u>
Less accumulated depreciation for:					
Buildings	-	3,210	-	-	3,210
Equipment	3,554,088	119,314	-	-	3,673,402
Vehicles	58,577	37,237	(14,000)	-	81,814
Water and Sewer System	11,942,408	1,237,428	-	-	13,179,836
Total accumulated depreciation	<u>15,555,073</u>	<u>1,397,189</u>	<u>(14,000)</u>	<u>-</u>	<u>16,938,262</u>
Sewer capital assets, net	<u>\$ 39,755,848</u>				<u>\$ 42,789,863</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, 2020

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 Stature 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, 2020, was 9.70% of compensation for law enforcement officers and 8.95% 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 \$616,135 for the year ended June 30, 2020.

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, 2020, the Town reported a liability of \$3,533,540 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018. The total pension liability was then rolled forward to the measurement date of June 30, 2019 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, 2019, the Town's proportion was 0.12939%, which was an increase of 0.0350% from its proportion measured as of June 30, 2018

For the year ended June 30, 2020, the Town recognized pension expense of \$ 1,620,648. At June 30, 2020, 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	\$ 605,032	\$ -
Changes of assumptions	575,908	-
Net difference between projected and actual earnings on pension plan investments	86,188	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	305,840	9,040
Town contributions subsequent to the measurement date	616,135	-
Total	<u>\$ 2,189,103</u>	<u>\$ 9,040</u>

Town of Leland
Notes to the Financial Statements
June 30, 2020

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)

\$616,135 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, 2021. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:		
2020		\$ 712,128
2021		284,969
2022		423,091
2023		143,740
2024		-
Thereafter		-
		\$ 1,563,928

Actuarial Assumptions. The total pension liability in the December 31, 2018 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, 2018 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, 2019 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, 2020

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

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
Town's proportionate share of the net pension liability (asset)	\$ 8,081,852	\$ 3,533,540	\$ (247,029)

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	35
Total	35

**Town of Leland
Notes to the Financial Statements
June 30, 2020**

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, 2018 valuation. The total pension liability in the December 31, 2018 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	3.26 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, 2020, the Town reported a total pension liability of \$704,853. The total pension liability was measured as of December 31, 2019 based on a December 31, 2018 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2019 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2020, the Town recognized pension expense of \$93,826.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 163,408	\$ 8,059
Changes of assumptions	49,365	24,295
Town benefit payments and plan administrative expense made subsequent to the measurement date	6,698	-
Total	\$ 219,471	\$ 32,354

Town of Leland
Notes to the Financial Statements
June 30, 2020

III. DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

1 Pension Plan Obligations (Continued)

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

\$6,698 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, 2021. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2021	\$ 31,259
2022	31,259
2023	31,259
2024	32,047
2025	26,477
Thereafter	28,118

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 3.26 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 (2.26 percent) or 1-percentage-point higher (4.26 percent) than the current rate:

	1% Decrease (2.26%)	Discount Rate (3.26%)	1% Increase (4.26%)
Total pension liability	\$ 788,548	\$ 704,853	\$ 629,609

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

	2020
Beginning balance	\$ 426,692
Service Cost	47,035
Interest on the total pension liability	15,532
Changes of benefit terms	-
Differences between expected and actual experience in the measurement of the total pension liability	186,035
Changes of assumptions or other inputs	29,559
Benefit payments	-
Other changes	-
Ending balance of the total pension liability	<u>\$ 704,853</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, 2018 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, 2020

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	\$ 1,620,648	\$ 93,826	\$ 1,714,474
Pension Liability	3,533,540	704,853	4,238,393
Proportionate share of the net pension liability	0.12939%	n/a	
Deferred of Outflows of Resources			
Differences between expected and actual experience	605,032	163,408	768,440
Changes of assumptions	575,908	49,365	625,273
Net difference between projected and actual earnings on plan investments	86,188	-	86,188
Changes in proportion and differences between contributions and proportionate share of contributions	305,840	-	305,840
Benefit payments and administrative costs paid subsequent to the measurement	616,135	6,698	622,833
Deferred of Inflows of Resources			
Differences between expected and actual experience	-	8,059	8,059
Changes of assumptions	-	24,295	24,295
Net difference between projected and actual earnings on plan investments	-	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	9,040	-	9,040

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, 2020 were \$107,280, which consisted of \$92,775 from the Town and \$14,505 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, 2020 equaled \$274,747, which consisted of \$123,651 from the Town and \$151,096 from the employees.

Town of Leland
Notes to the Financial Statements
June 30, 2020

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, 2020, the State contributed \$18,302,000 to the plan. The Town's proportionate share of the State's contribution is \$9,327.

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, 2020, 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 \$18,491. The net pension liability was measured as of June 30, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018. The total pension liability was then rolled forward to the measurement date of June 30, 2019 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, 2020 and at June 30, 2019 was 0%

For the year ended June 30, 2020, the Town recognized pension expense of \$9,735 and revenue of \$9,735 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, 2018 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, 2020

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, 2020

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	\$ 616,135
Benefit payments made and administrative expenses for LEOSSA	6,698
Differences between expected and actual experience	
LGERS	605,032
LEOSSA	163,408
Changes of assumptions	
LGERS	575,908
LEOSSA	49,365
Net difference between projected and actual	
LGERS	86,188
LEOSSA	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	
LGERS	305,840
LEOSSA	-
Total Deferred outflows	<u>\$ 2,408,574</u>

Deferred inflows of resources is comprised of the following:

Taxes receivable, less penalties	\$ 67,396
Pension deferrals:	
Changes in assumptions	
LGERS	-
LEOSSA	24,295
Differences between expected and actual experience	
LGERS	-
LEOSSA	8,059
Changes in proportion and differences between employer contributions and proportionate share of contributions	
LGERS	9,040
LEOSSA	-
Total Deferred inflows	<u>\$ 108,790</u>

Town of Leland
Notes to the Financial Statements
June 30, 2020

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, 2020, 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 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.	5,280,000
On October 15, 2015, the Town entered into a direct placement installment purchase loan in the amount of \$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	317,025
On April 3, 2015 the Town entered into a direct placement installment purchase loan in the amount of \$2,000,000 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.	1,017,125
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.	317,548
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.	-
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 \$571,837 at an annual interest rate of 2.72%. The road and sewer lines are pledged as collateral for the debt.	6,154,994
On September 26, 2019, the Town entered into a direct placement installment purchase loan with BB&T in the amount of \$665,289 for fire truck financing. The financing contract requires 5 annual payments beginning September 2020 of \$141,885 including interest at an annual rate of 2.2%.	665,289
On December 10, 2019, the Town entered into a direct placement installment purchase loan with BB&T in the amount of \$5,500,000 for sewer improvements. The financing contract requires 15 annual principal payments beginning January 2021 of \$366,667 plus interest at an annual rate of 2.4%.	5,500,000
On June 25, 2020, the Town entered into a direct placement installment purchase loan with BB&T in the amount of \$3,300,000 construction of a municipal operations campus. The financing contract requires 15 annual principal payments beginning June 2021 of \$220,000 plus interest at an annual rate of 2.5%.	3,300,000

Total	\$ 22,551,981
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Town of Leland
Notes to the Financial Statements
June 30, 2020

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, 2020, including \$3,654,738 of interest are as follows:

Year Ending	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
June 30				
2021	\$ 1,682,626	\$ 331,027	\$ 598,288	\$ 229,796
2022	1,610,127	290,188	604,588	214,622
2023	1,452,178	250,657	611,059	199,278
2024	1,349,229	216,343	617,707	183,757
2025	1,352,191	184,174	624,535	168,055
2026-2030	4,430,458	488,952	3,231,781	598,071
2031-2035	1,700,000	115,470	2,767,037	184,348
Total	<u>\$ 13,576,809</u>	<u>\$ 1,876,811</u>	<u>\$ 9,054,995</u>	<u>\$ 1,777,927</u>

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%. \$ 2,085,895

The Town has incurred the following liability through joint service agreement with Brunswick County. In this agreement, the Town of Leland shares in the costs and debt of certain sewer capacity in their infrastructure financed by the County. This agreement requires principal payments due annually with semiannual interest payments, at an annual interest rate of 2.2%. 14,580,000

Total \$ 16,665,895

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

Year Ending	Business Type Activities	
	Principal	Interest
June 30		
2021	\$ 1,312,009	\$ 680,577
2022	1,351,278	639,242
2023	847,608	596,355
2024	520,000	565,500
2025	550,000	539,500
2026-2030	3,180,000	2,257,500
2031-2035	4,015,000	1,427,800
2036-2040	4,890,000	549,050
Total	<u>\$ 16,665,895</u>	<u>\$ 7,255,524</u>

Town of Leland
Notes to the Financial Statements
June 30, 2020

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	\$ 10,940,597	\$ 3,965,289	\$ 1,408,898	\$ 13,496,988	\$ 1,602,803
Compensated Absences	319,092	34,698	-	353,790	-
Net Pension Liability (LGERS)	2,012,395	1,162,491	-	3,174,886	-
Total Pension Liability (LEOSSA)	426,692	278,161	-	704,853	-
Total	<u>\$ 13,698,776</u>	<u>\$ 5,440,639</u>	<u>\$ 1,408,898</u>	<u>\$ 17,730,517</u>	<u>\$ 1,602,803</u>
Business-type Activities:					
Interlocal Agreements	\$ 2,933,683	\$ 14,580,000	\$ 847,788	\$ 16,665,895	\$ 1,312,008
Direct Placement Installment Purchases	3,780,483	5,500,000	225,488	9,054,995	598,288
Net Pension Liability (LGERS)	227,332	131,322	-	358,654	-
Compensated Absences	18,691	2,043	-	20,734	-
Total	<u>\$ 6,960,189</u>	<u>\$ 20,213,365</u>	<u>\$ 1,073,276</u>	<u>\$ 26,100,278</u>	<u>\$ 1,910,296</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, 2020, consists of the following:

From	To	Amount
General Fund	Powell Bill Paving CPF to fund project expenditures	\$ 391,614
General Fund	Cultural Arts Center Fund to fund project expenditures	329,582
General Fund	Property Acquisition CPF to fund project expenditures	1,600,000
General Fund	Vehicle Capital Reserve Fund to cover expenditures	5,000
Public Utility Enterprise Fund	General Fund for allocation of administrative costs	160,090
Powell Bill Fund	Powell Bill Paving CPF to fund project expenditures	527,000
Utility Capital Reserve Fund	Public Utility Enterprise Fund for administrative costs	1,513,168
Public Utility Enterprise Fund	Utility Capital Reserve Fund to fund project expenditures	3,559,076
Public Utility Enterprise Fund	Lift Station Upgrade Capital Reserve Fund to fund project costs	100,000
Lift Station Upgrade Reserve Fund	Utility Capital Reserve Fund to fund project expenditures	55,814
Utility Capital Reserve Fund	Lift Station Upgrade Capital Reserve Fund to fund project costs	2,755,000
		<u>\$ 10,996,344</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 \$401,121.

Due from the Old Fayetteville / Village Rd Ped Loop Capital Project Fund for an advance to cover cash balance overdrafts in the amount of \$11,903.

Town of Leland
Notes to the Financial Statements
June 30, 2020

III. DETAIL NOTES ON ALL FUNDS (Continued)

D. Net Investment in Capital Assets

	Governmental Activities	Business-Type Activities
Capital assets	\$ 63,536,509	\$ 42,789,863
Total debt, gross	13,496,988	25,720,890
Less:		
Capital related unspent debt issuances	3,215,270	1,404,432
Total capital debt	10,281,718	24,316,458
Net investment in capital assets	\$ 53,254,791	\$ 18,473,405

E. Fund Balance

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

<u>Total Fund Balance - General Fund</u>	\$ 12,793,920
Less:	
Restricted	
Stabilization by State Statute	5,652,564
Streets - Powell Bill	531,240
Drug Forfeiture	6,760
Committed	
Transportation	4,218
LEO Separation Allowance	47,259
Remaining Fund Balance	6,551,879

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>	<i>Public Utilities</i>
	\$ 3,112,036	\$ -	\$ 2,934,692

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 January 8, 2021, which is the date the financial statements were available to be issued. There are a few lawsuits pending. Although there could ultimately be some liability, the Town maintains that there should be no liability to the Town.

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							
	2020	2019	2018	2017	2016	2015	2014
Leland proportion of the net pension liability (asset) (%)	0.12939%	0.09441%	0.06886%	0.05636%	0.05893%	0.05978%	0.05460%
Leland proportion of the net pension liability (asset) (\$)	\$ 3,533,540	\$ 2,239,728	\$ 1,051,990	\$ 1,196,148	\$ 264,474	\$ (352,550)	\$ 658,140
Leland covered payroll	\$ 6,502,799	\$ 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	54%	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%	99.07%	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>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 616,135	\$ 516,543	\$ 410,297	\$ 259,734	\$ 194,441	\$ 212,037	\$ 186,801
Contributions in relation to the contractually required contribution	616,135	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>	<u>\$ -</u>
Leland; covered payroll	\$ 6,739,323	\$ 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	9.14%	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, 2020

Firefighters' and Rescue Squad Workers' Pension

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Leland's proportionate share of the net pension liability (%)	0.0000%	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	18,491	34,519	10,286
Total	<u>\$ 18,491</u>	<u>\$ 34,519</u>	<u>\$ 10,286</u>
Leland's covered payroll	\$ 1,358,924	\$ 1,358,924	\$ -
Leland's proportionate share of the net pension liability as a percentage of its covered payroll	1.36%	2.54%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	89.69%	89.35%	84.94%

** 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, 2020

Law Enforcement Officers' Special Separation Allowance				
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Beginning Balance	\$ 426,692	\$ 408,259	\$ 308,324	\$ 279,024
Service Cost	47,035	43,967	38,021	30,768
Interest on the total pension liability	15,532	12,901	11,901	9,961
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience in the measurement of the total pension liability	186,035	(11,383)	7,629	-
Changes of assumptions or other inputs	29,559	(27,052)	42,384	(11,429)
Benefit payments	-	-	-	-
Other changes	-	-	-	-
Ending balance of the total pension liability	<u>\$ 704,853</u>	<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, 2020

	Law Enforcement Officers' Special Separation Allowance			
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total pension liability	\$ 704,853	\$ 426,692	\$ 408,259	\$ 308,324
Covered payroll	\$ 1,895,467	\$ 1,707,437	\$ 1,611,350	\$ 1,255,830
Total pension liability as a percentage of covered payroll	37.19%	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, 2020

Revenues	Final Budget	Actual	Variance Positive (Negative)
Ad valorem Taxes			
Taxes	\$ 7,006,102	\$ 7,064,594	\$ 58,492
Penalties and Interest	12,000	11,586	(414)
Total Ad Valorem Taxes	<u>7,018,102</u>	<u>7,076,180</u>	<u>58,078</u>
Other Taxes and Licenses			
Privilege Licenses	1,200	555	(645)
Total Other Taxes and Licenses	<u>1,200</u>	<u>555</u>	<u>(645)</u>
Unrestricted Intergovernmental Revenues			
Local Option Sales Tax	5,586,250	5,881,020	294,770
Utility Franchise Tax	866,791	874,779	7,988
Beer and Wine Tax	80,000	87,299	7,299
Total Unrestricted Intergovernmental	<u>6,533,041</u>	<u>6,843,098</u>	<u>310,057</u>
Restricted Intergovernmental Revenues			
Powell Bill Allocation	572,000	534,282	(37,718)
FEMA Grant	-	252,928	252,928
Police Grant Reimbursement	121,858	83,081	(38,777)
Solid Waste Disposal Tax	15,000	15,188	188
Total Restricted Intergovernmental	<u>708,858</u>	<u>885,479</u>	<u>176,621</u>
Permits and Fees			
Building Permits	895,251	1,118,720	223,469
Inspection Fees	85,000	46,537	(38,463)
Recreation Fees	10,000	9,253	(747)
Fire Fees	3,552,210	3,610,682	58,472
Other Fees and Permits	160,913	138,408	(22,505)
Total Permits and Fees	<u>4,703,374</u>	<u>4,923,600</u>	<u>220,226</u>
Investment Earnings			
General	160,000	128,191	(31,809)
Powell Bill	40,000	50,391	10,391
Total Investment Earnings	<u>200,000</u>	<u>178,582</u>	<u>(21,418)</u>
Miscellaneous			
Sale of Fixed Assets	263,248	262,738	(510)
Other	31,399	36,314	4,915
Total Miscellaneous	<u>294,647</u>	<u>299,052</u>	<u>4,405</u>
Total Revenues	<u>19,459,222</u>	<u>20,206,546</u>	<u>747,324</u>
Expenditures			
Governing Body			
Salaries and Wages	72,240	68,565	3,675
Employee Benefits	6,665	5,659	1,006
Other Expenditures	369,662	373,586	(3,924)
Total Governing Body	<u>448,567</u>	<u>447,810</u>	<u>757</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, 2020

	Final Budget	Actual	Variance Positive (Negative)
Administration			
Salaries and Wages	\$ 584,470	\$ 612,249	\$ (27,779)
Employee Benefits	214,942	195,492	19,450
Other Expenditures	527,645	388,058	139,587
Total Administration	<u>1,327,057</u>	<u>1,195,799</u>	<u>131,258</u>
Information Technology			
Salaries and Wages	43,254	42,958	296
Employee Benefits	18,322	16,722	1,600
Other Expenditures	1,087,054	1,002,201	84,853
Total Information Technology	<u>1,148,630</u>	<u>1,061,881</u>	<u>86,749</u>
Human Resources			
Salaries and Wages	163,931	139,140	24,791
Employee Benefits	64,574	42,682	21,892
Other Expenditures	88,670	73,175	15,495
Total Human Resources	<u>317,175</u>	<u>254,997</u>	<u>62,178</u>
Finance			
Salaries and Wages	230,881	233,788	(2,907)
Employee Benefits	87,390	82,749	4,641
Other Expenditures	118,970	97,652	21,318
Total Finance	<u>437,241</u>	<u>414,189</u>	<u>23,052</u>
Public Works			
Salaries and Wages	370,428	350,435	19,993
Employee Benefits	179,091	157,653	21,438
Other Expenditures	603,903	529,196	74,707
Capital Outlay	73,000	79,750	(6,750)
Total Public Works	<u>1,226,422</u>	<u>1,117,034</u>	<u>109,388</u>
Police			
Salaries and Wages	2,250,866	1,895,348	355,518
Employee Benefits	1,030,028	803,823	226,205
Other Expenditures	387,972	313,573	74,399
Capital Outlay	130,000	197,833	(67,833)
Total Police	<u>3,798,866</u>	<u>3,210,577</u>	<u>588,289</u>
Fire Department			
Salaries and Wages	1,921,423	1,696,694	224,729
Employee Benefits	760,417	730,231	30,186
Other Expenditures	558,474	457,463	101,011
Capital Outlay	1,010,289	1,028,943	(18,654)
Total Fire Department	<u>4,250,603</u>	<u>3,913,331</u>	<u>337,272</u>
Inspections			
Salaries and Wages	503,939	487,912	16,027
Employee Benefits	210,572	179,811	30,761
Other Expenditures	69,023	43,540	25,483
Capital Outlay	13,188	27,000	(13,812)
Total Inspections	<u>796,722</u>	<u>738,263</u>	<u>58,459</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, 2020

	Final Budget	Actual	Variance Positive (Negative)
Economic and Community Development			
Salaries and Wages	\$ 442,706	\$ 410,159	\$ 32,547
Employee Benefits	156,210	165,986	(9,776)
Other Expenditures	102,709	67,542	35,167
Total Developmental Services	<u>701,625</u>	<u>643,687</u>	<u>57,938</u>
Powell Bill			
Salaries and Wages	392,245	275,865	116,380
Employee Benefits	172,264	127,392	44,872
Other Expenditures	1,775,716	1,299,404	476,312
Powell Bill Capital Project Cost	3,628,754	2,295,436	1,333,318
Total Powell Bill	<u>5,968,979</u>	<u>3,998,097</u>	<u>1,970,882</u>
Parks and Recreation			
Salaries and Wages	179,774	182,095	(2,321)
Employee Benefits	75,788	73,629	2,159
Other Expenditures	157,815	82,997	74,818
Total Parks and Recreation	<u>413,377</u>	<u>338,721</u>	<u>74,656</u>
Debt Service			
Principal	-	1,408,898	(1,408,898)
Interest	-	265,404	(265,404)
Total Debt Service	<u>1,676,753</u>	<u>1,674,302</u>	<u>2,451</u>
Total Expenditures	<u>22,512,017</u>	<u>19,008,688</u>	<u>3,503,329</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(3,052,795)</u>	<u>1,197,858</u>	<u>4,250,653</u>
Other Financing Sources (Uses):			
Debt issuance	665,289	665,289	-
Transfers In:			
Cultural Arts Center Fund	124,012	-	(124,012)
Public Utility Fund	158,852	160,090	1,238
General Fund	565,142	558,135	(7,007)
Powell Bill Paving CPF	527,000	527,000	-
Transfers Out:			
Property Acquisition CPF	(1,600,000)	(1,600,000)	-
Powell Bill Paving CPF	(527,000)	(577,000)	(50,000)
General Fund	(173,529)	(166,521)	7,008
Cultural Arts Center Fund	(570,425)	(329,582)	240,843
General Fund to Vehicle Capital Reserve Fund	-	(5,000)	(5,000)
Powell Bill Paving Capital Project Fund	(50,000)	-	50,000
Mallory Creek Capital Project Fund	(341,614)	(341,614)	-
Total Other Financing Sources (Uses)	<u>(1,222,273)</u>	<u>(1,109,203)</u>	<u>113,070</u>
Fund Balance Appropriated	<u>4,275,068</u>	<u>-</u>	<u>(4,275,068)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>88,655</u>	<u>\$ 88,655</u>
Fund balance, beginning		12,694,287	
Prior Period Adjustment / Restatement (See Note VI in the Notes to the Financial Statements)			
Total beginning fund balance, restated		<u>12,694,287</u>	
Fund balance, ending		<u>\$ 12,782,942</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, 2020

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Restricted Intergovernmental			
Federal Forfeitures	\$ -	\$ -	\$ -
State Forfeitures	-	1,904	1,904
Total Restricted Intergovernmental	-	1,904	1,904
Investment Earnings			
	-	-	-
Total Revenues	-	1,904	1,904
Expenditures			
Police			
Other Expenditures	-	-	-
Total Police	-	-	-
Excess Revenue Over (Under) Expenditures	-	1,904	1,904
Fund Balance Appropriated		-	-
Net Change in Fund Balance	\$ -	1,904	\$ 1,904
Fund balance, beginning		4,856	
Fund balance, ending		\$ 6,760	

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, 2020

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Investment Earnings	\$ -	\$ -	\$ -
Expenditures			
Police			
Capital Outlay	36,757	31,757	5,000
Total Public Works	36,757	31,757	5,000
Excess Revenue Over (Under) Expenditures	(36,757)	(31,757)	5,000
Other financing sources (uses)			
Transfers In:			
General Fund	5,000	5,000	-
Total other financing sources (uses)	5,000	5,000	-
Fund Balance Appropriated	31,757	-	(31,757)
Net Change in Fund Balance	<u>\$ -</u>	(26,757)	<u>\$ (26,757)</u>
Fund balance, beginning		30,975	
Fund balance, ending		<u>\$ 4,218</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, 2020

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Grant Revenue	\$ 262,080	\$ -	\$ (262,080)
Investment Earnings	-	-	-
Total Revenues	<u>262,080</u>	<u>-</u>	<u>(262,080)</u>
Expenditures			
Public Buildings			
Other Expenditures	4,800,000	35,243	4,764,757
Capital Outlay	1,064,745	49,487	1,015,258
Total Parks and Recreation	<u>5,864,745</u>	<u>84,730</u>	<u>5,780,015</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(5,602,665)</u>	<u>(84,730)</u>	<u>5,517,935</u>
Other financing sources (uses):			
Transfers In:			
General Fund	1,600,000	1,600,000	-
Debt Issuance	3,300,000	3,300,000	-
Total financing sources (uses)	<u>4,900,000</u>	<u>4,900,000</u>	<u>-</u>
Appropriated Fund Balance	702,665	-	(702,665)
Net Change in Fund Balance	<u>\$ -</u>	4,815,270	<u>\$ 4,815,270</u>
Fund Balance - Beginning of Year		<u>702,665</u>	
Fund Balance - End of Year		<u>\$ 5,517,935</u>	

Non-Major Governmental Funds

Capital Project Funds

TOWN OF LELAND, NORTH CAROLINA
 Combining Balance Sheet
 Nonmajor Capital Project Funds
 June 30, 2020

	Cypress Cove Park Capital Project Fund	Old Fayetteville MUP 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	\$ -	\$ 426,029	\$ 97,016	\$ -	\$ 143,378
Restricted Cash	-	-	-	-	-
Due from other funds	-	-	-	-	-
Total assets	\$ -	\$ 426,029	\$ 97,016	\$ -	\$ 143,378
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable and Accrued Liabilities	\$ -	\$ -	\$ -	\$ -	\$ -
Due to Other Funds	-	-	-	-	-
Total liabilities	-	-	-	-	-
Restricted:					
Drug Forfeitures	-	-	-	-	-
Assigned:					
Planning	-	-	97,016	-	-
Police	-	-	-	-	-
Parks and Recreation	-	-	-	-	143,378
Sewer	-	-	-	-	-
Transportation	-	426,029	-	-	-
Total fund balances	-	426,029	97,016	-	143,378
Total liabilities, deferred inflows of resources, and fund balances	\$ -	\$ 426,029	\$ 97,016	\$ -	\$ 143,378

TOWN OF LELAND, NORTH CAROLINA
 Combining Balance Sheet
 Nonmajor Capital Project Funds
 June 30, 2020

	Municipal Park Improvements Capital Project Fund	Leland MS Sidewalk Capital Project Fund	Old Fayetteville/Vill age Road Ped Loop Capital Project Fund	Village Road MUP Extension Capital Project Fund	June 30, 2020
ASSETS					
Cash and cash equivalents	\$ -	\$ 33,152	\$ -	\$ 28,299	\$ 727,874
Restricted Cash	-	-	-	-	-
Due from other funds	-	-	-	-	-
Total assets	\$ -	\$ 33,152	\$ -	\$ 28,299	\$ 727,874
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable and Accrued Liabilities	\$ -	\$ -	\$ -	\$ -	\$ -
Due to Other Funds	-	-	11,903	-	11,903
Total liabilities	-	-	11,903	-	11,903
Restricted:					
Drug Forfeitures	-	-	-	-	-
Assigned:					
Planning	-	33,152	(11,903)	28,299	146,564
Police	-	-	-	-	-
Parks and Recreation	-	-	-	-	143,378
Sewer	-	-	-	-	-
Transportation	-	-	-	-	426,029
Total fund balances	-	33,152	(11,903)	28,299	715,971
Total liabilities, deferred inflows of resources, and fund balances	\$ -	\$ 33,152	\$ -	\$ 28,299	\$ 727,874

TOWN OF LELAND, NORTH CAROLINA

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Capital Project Funds

June 30, 2020

	Cypress Cove Park Capital Project Fund	Old Fayetteville MUP 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	-	-	14,198	-	-
Total Revenue	\$ -	\$ -	\$ 14,198	\$ -	\$ -
Expenditures					
Planning	\$ -	\$ -	\$ -	\$ -	\$ -
Parks and Recreation	-	-	-	-	78,351
Transportation	-	74,316	-	-	-
Total Expenditures	-	74,316	-	-	78,351
Excess (Deficiency) of Revenues Over Expenditures	-	(74,316)	14,198	-	(78,351)
Other Financing Sources (Uses)					
Transfers from Other Funds	-	-	-	-	90,752
Transfers to Other Funds	(8,096)	-	-	(30,001)	-
Installment Purchase Obligations Issued	-	-	-	-	-
Total Other Financing Sources (Uses)	(8,096)	-	-	(30,001)	90,752
Net Change in Fund Balance	(8,096)	(74,316)	14,198	(30,001)	12,401
Fund balance - Beginning	8,096	500,345	82,818	30,001	130,977
Fund Balance - End of Year	\$ -	\$ 426,029	\$ 97,016	\$ -	\$ 143,378

TOWN OF LELAND, NORTH CAROLINA

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Capital Project Funds

June 30, 2020

	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, 2020
Revenues					
Restricted Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -
Investment Earnings	-	-	-	-	-
Other Income	-	-	-	-	14,198
Total Revenue	\$ -	\$ -	\$ -	\$ -	\$ 14,198
Expenditures					
Planning	\$ -	\$ 1,728	\$ 61,659	\$ 891	\$ 64,278
Parks and Recreation	-	-	-	-	78,351
Transportation	-	-	-	-	74,316
Total Expenditures	-	1,728	61,659	891	216,945
Excess (Deficiency) of Revenues Over Expenditures	-	(1,728)	(61,659)	(891)	(202,747)
Other Financing Sources (Uses)					
Transfers from Other Funds	-	-	-	-	90,752
Transfers to Other Funds	(52,655)	-	-	-	(90,752)
Installment Purchase Obligations Issued	-	-	-	-	-
Total Other Financing Sources (Uses)	(52,655)	-	-	-	-
Net Change in Fund Balance	(52,655)	(1,728)	(61,659)	(891)	(202,747)
Fund balance - Beginning	52,655	34,880	49,756	29,190	918,718
Fund Balance - End of Year	\$ -	\$ 33,152	\$ (11,903)	\$ 28,299	\$ 715,971

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, 2020

	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>
Transfers Out:			
Parks Capital Project Fund	-	(8,096)	(8,096)
Total financing sources (uses)	<u>-</u>	<u>(8,096)</u>	<u>(8,096)</u>
Appropriated Fund Balance	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>(8,096)</u>	<u>\$ (8,096)</u>
Fund Balance - Beginning of Year		<u>8,096</u>	
Fund Balance - End of Year		<u>\$ -</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, 2020

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Grants	\$ 1,714,375	\$ -	\$ (1,714,375)
Total Revenues	<u>1,714,375</u>	<u>-</u>	<u>(1,714,375)</u>
Expenditures			
Transportation			
Other Expenditures	2,144,987	74,316	2,070,671
Total Transportation	<u>2,144,987</u>	<u>74,316</u>	<u>2,070,671</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(430,612)</u>	<u>(74,316)</u>	<u>356,296</u>
Other financing sources (uses):			
Transfers Out:			
General Fund	0	-	-
Total financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Appropriated Fund Balance	<u>430,612</u>	<u>-</u>	<u>(430,612)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>(74,316)</u>	<u>\$ (74,316)</u>
Fund Balance - Beginning of Year		<u>500,345</u>	
Fund Balance - End of Year		<u>\$ 426,029</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, 2020

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Federal Grant	\$ -	\$ -	\$ -
Miscellaneous Income	15,489	14,198	(1,291)
Total Revenues	<u>15,489</u>	<u>14,198</u>	<u>(1,291)</u>
Expenditures			
Planning			
Other Expenditures	98,306	-	98,306
Total Planning	<u>98,306</u>	<u>-</u>	<u>98,306</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(82,817)</u>	<u>14,198</u>	<u>(99,597)</u>
Appropriated Fund Balance	<u>82,817</u>	<u>-</u>	<u>(82,817)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>14,198</u>	<u>\$ (182,414)</u>
Fund Balance - Beginning of Year		<u>82,818</u>	
Fund Balance - End of Year		<u>\$ 97,016</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, 2020

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Investment Earnings	\$ -	\$ -	\$ -
Expenditures			
Parks and Recreation			
Other Expenditures	-	-	-
Total Parks and Recreation	-	-	-
Excess (Deficiency) of Revenues Over Expenditures	-	-	-
Other financing sources (uses):			
Transfers Out:			
Parks Capital Project Fund	-	(30,001)	(30,001)
Total financing sources (uses)	-	(30,001)	(30,001)
Appropriated Fund Balance	-	-	-
Net Change in Fund Balance	<u>\$ -</u>	<u>(30,001)</u>	<u>\$ -</u>
Fund Balance - Beginning of Year		<u>30,001</u>	
Fund Balance - End of Year		<u>\$ -</u>	

TOWN OF LELAND, NORTH CAROLINA
Parks Capital Project Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Fiscal Year Ended June 30, 2020

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Miscellaneous Revenue	\$ -	\$ -	\$ -
Investment Earnings	-	-	-
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures			
Parks and Recreation			
Cypress Cove Park	8,096	-	8,096
Greenway Planning Project	30,001	7,500	22,501
Sturgeon Creek Park	130,000	54,051	75,949
Founders Park (Municipal Park)	52,656	16,800	35,856
Total Parks and Recreation	<u>220,753</u>	<u>78,351</u>	<u>142,402</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(220,753)</u>	<u>(78,351)</u>	<u>142,402</u>
Transfers In:			
Cypress Cove Park	-	8,096	8,096
Greenway Planning Project		30,001	30,001
Founders Park (Municipal Park)		52,655	52,655
Total financing sources (uses)	<u>-</u>	<u>90,752</u>	<u>90,752</u>
Appropriated Fund Balance	<u>220,753</u>	<u>-</u>	<u>(220,753)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>12,401</u>	<u>\$ 12,401</u>
Fund Balance - Beginning of Year		<u>130,977</u>	
Fund Balance - End of Year		<u>\$ 143,378</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, 2020

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Investment Earnings	\$ -	\$ -	\$ -
Expenditures			
Parks and Recreation			
Capital Outlay	-	-	-
Total Parks and Recreation	-	-	-
Excess (Deficiency) of Revenues Over Expenditures	-	-	-
Other financing sources (uses):			
Transfers Out:			
Parks Capital Project Fund	-	(52,655)	(52,655)
Total financing sources (uses)	-	(52,655)	(52,655)
Appropriated Fund Balance	-	-	-
Net Change in Fund Balance	<u>\$ -</u>	<u>(52,655)</u>	<u>\$ (52,655)</u>
Fund Balance - Beginning of Year		<u>52,655</u>	
Fund Balance - End of Year		<u>\$ -</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, 2020

	Final Budget	Actual	Variance Positive (Negative)
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	237,907	1,728	236,179
Total Planning	<u>237,907</u>	<u>1,728</u>	<u>236,179</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(34,880)</u>	<u>(1,728)</u>	<u>33,152</u>
Appropriated Fund Balance	<u>34,880</u>	<u>-</u>	<u>(34,880)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>(1,728)</u>	<u>\$ (1,728)</u>
Fund Balance - Beginning of Year		<u>34,880</u>	
Fund Balance - End of Year		<u>\$ 33,152</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, 2020

	Final Budget	Actual	Variance Positive (Negative)
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	222,158	61,659	160,499
Total Planning	<u>222,158</u>	<u>61,659</u>	<u>160,499</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(49,756)</u>	<u>(61,659)</u>	<u>(11,903)</u>
Appropriated Fund Balance	<u>49,756</u>	<u>-</u>	<u>(49,756)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>(61,659)</u>	<u>\$ (61,659)</u>
Fund Balance - Beginning of Year		<u>49,756</u>	
Fund Balance - End of Year		<u>\$ (11,903)</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, 2020

	<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	135,681	891	137,127
Total Planning	<u>135,681</u>	<u>891</u>	<u>134,790</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(37,767)</u>	<u>(891)</u>	<u>36,876</u>
Appropriated Fund Balance	<u>37,767</u>	<u>-</u>	<u>(37,767)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>(891)</u>	<u>\$ (891)</u>
Fund Balance - Beginning of Year		<u>29,190</u>	
Fund Balance - End of Year		<u>\$ 28,299</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, 2020

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Operating Revenues			
Water Charges	\$ 1,514,552	\$ 2,288,723	\$ 774,171
Sewer Charges	5,183,706	5,534,916	351,210
Penalties and Interest	15,000	28,367	13,367
Total Operating Revenues	<u>6,713,258</u>	<u>7,852,006</u>	<u>1,138,748</u>
Nonoperating Revenues			
Miscellaneous Income	-	1,465	1,465
Grant Revenue	-	(51)	(51)
Investment Earnings	160,000	210,047	50,047
Total Nonoperating Revenues	<u>160,000</u>	<u>211,461</u>	<u>51,461</u>
Total Revenues	<u>6,873,258</u>	<u>8,063,467</u>	<u>1,190,209</u>
Expenditures			
Water/Sewer Operations			
Salaries and Wages	510,765	362,531	148,234
Employee Benefits	194,832	129,615	65,217
Repairs and Maintenance	334,316	274,922	59,394
Capital Outlay	145,000	441,862	(296,862)
Other Expenditures	1,982,832	1,712,054	270,778
Total Water Operations	<u>3,167,745</u>	<u>2,920,984</u>	<u>246,761</u>
Debt Service			
Principal Retirement	1,073,276	1,073,276	-
Interest Paid	419,892	419,892	-
Total Debt Service	<u>1,493,168</u>	<u>1,493,168</u>	<u>-</u>
Total Expenditures	<u>4,660,913</u>	<u>4,414,152</u>	<u>246,761</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>2,212,345</u>	<u>3,649,315</u>	<u>1,436,970</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, 2020

	Final Budget	Actual	Variance Positive (Negative)
Other financing sources (uses):			
Contributed Capital - Builders	-	160,959	160,959
Transfers In:			
Utility Capital Reserve Fund	1,513,168	1,513,168	-
Transfers Out:			
General Fund	(158,852)	(160,090)	(1,238)
Utility Capital Reserve Fund	(3,641,712)	(3,559,076)	82,636
Lift Station Upgrade Capital Reserve Fund	-	(100,000)	(100,000)
Total financing sources (uses)	<u>(2,287,396)</u>	<u>(2,145,039)</u>	<u>142,357</u>
Appropriated Fund Balance	<u>75,051</u>	<u>-</u>	<u>(75,051)</u>
Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	<u>\$ -</u>	<u>\$ 1,504,276</u>	<u>\$ 1,504,276</u>
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:			
Revenues Over (Under) Expenditures and Other Financing Sources (Uses)		<u>\$ 1,504,276</u>	
Reconciling Items:			
Capital Outlay		\$ 174,677	
Capital Outlay from Capital Contributions		160,959	
Depreciation Expense		(1,397,189)	
Principal Retirement		1,073,276	
(Increase) decrease in accrued interest		(159,287)	
Increase (decrease) in deferred outflows of resources - pensions		19,757	
(Increase) Decrease in deferred inflows of resources - pensions		2,325	
(Increase) decrease in net pension liability		(98,754)	
(Increase) decrease in accrued compensated absences		(1,428)	
Investment Earnings from Utility Capital Reserve Fund		314	
Transfers (consolidating funds)		2,145,908	
Total Reconciling Items		<u>1,584,922</u>	
Change in Net Position		<u>\$ 3,089,198</u>	

TOWN OF LELAND, NORTH CAROLINA
Combining Schedule of Revenues and Expenditures
Utility Capital Project Funds
June 30, 2020

	Utility Capital Reserve Fund	Lift Station Upgrade Capital Reserve Fund	US 17 Corridor Force Main Upgrade Capital Project Fund	Total
Revenues				
Investment Earnings	\$ -	\$ 314	\$ -	\$ 314
Expenditures				
Sewer Operations				
Other Expenditures	-	-	-	-
Capital Outlay	-	4,095,568	-	4,095,568
Total Expenditures	-	4,095,568	-	4,095,568
Excess (Deficiency) of Revenues Over Expenditures	-	(4,095,254)	-	(4,095,254)
Other Financing Sources (Uses)				
Transfers from Other Funds	3,614,890	2,855,000	-	6,469,890
Debt issuance	-	5,500,000	-	5,500,000
Transfers to Other Funds	(4,268,168)	(55,814)	-	(4,323,982)
Total Other Financing Sources (Uses)	(653,278)	8,299,186	-	7,645,908
Revenues Over Other Financing	\$ (653,278)	\$ 4,203,932	\$ -	\$ 3,550,654

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, 2020

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Water System Development Fees	\$ (513,101)	\$ -	\$ 513,101
Sewer System Development Fees	(583,621)	-	583,621
Investment Earnings	-	-	-
Total Water and Sewer Revenues	<u>(1,096,722)</u>	<u>-</u>	<u>1,096,722</u>
Expenditures			
Sewer Operations			
Other Expenditures	-	-	-
Total Sewer Operations	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(1,096,722)</u>	<u>-</u>	<u>1,096,722</u>
Transfers In:			
Utility Fund	3,614,890	3,614,890	-
Transfers Out:			
Utility Fund	(4,268,168)	(4,268,168)	-
Total financing sources (uses)	<u>(653,278)</u>	<u>(653,278)</u>	<u>-</u>
Appropriated Fund Balance	<u>1,750,000</u>	<u>-</u>	<u>(1,750,000)</u>
Revenues Over Other Financing Sources (Uses)	<u>\$ -</u>	<u>\$ (653,278)</u>	<u>\$ (653,278)</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, 2020

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Investment Earnings	\$ -	\$ 314	\$ 314
Expenditures			
Sewer Operations			
Other Expenditures	-	-	-
Capital Outlay	11,516,120	4,095,568	7,420,552
Total Sewer Operations	<u>11,516,120</u>	<u>4,095,568</u>	<u>7,420,552</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(11,516,120)</u>	<u>(4,095,254)</u>	<u>7,420,866</u>
Other financing sources (uses):			
Transfers In:			
Utility Fund	2,855,000	2,855,000	-
Debt issuance	5,500,000	5,500,000	-
Transfers Out:			
Utility Fund	(55,814)	(55,814)	-
Total financing sources (uses)	<u>8,299,186</u>	<u>8,299,186</u>	<u>-</u>
Appropriated Fund Balance	<u>3,593,669</u>	<u>-</u>	<u>(3,593,669)</u>
Revenues Over Other Financing Sources (Uses)	<u>\$ 376,735</u>	<u>\$ 4,203,932</u>	<u>\$ 3,827,197</u>

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, 2020

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Investment Earnings	\$ -	\$ -	\$ -
Expenditures			
Sewer Operations			
Bank Fees	-	-	-
Capital Outlay	1,272,604	-	1,272,604
Total Sewer Operations	1,272,604	-	1,272,604
Excess (Deficiency) of Revenues Over Expenditures	(1,272,604)	-	1,272,604
Appropriated Fund Balance	1,272,604	-	(1,272,604)
Revenues Over Other Financing Sources (Uses)	\$ -	\$ -	\$ -

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, 2020

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Operating Revenues			
Registration Revenue	\$ 139,300	\$ 158,694	\$ 19,394
Facility Rental Revenue	17,500	10,973	(6,527)
Application Fee Revenue	500	520	20
Facility Deposit Revenue	-	1,676	1,676
Sales Revenue	35,000	25,703	(9,297)
Studio Pass Revenue	5,000	5,170	170
Caterer Application Fees	100	100	-
Grant revenue	1,200	1,100	(100)
Total Operating Revenues	<u>198,600</u>	<u>203,958</u>	<u>5,358</u>
Nonoperating Revenues			
Investment Earnings	1,000	2,714	1,714
Insurance Proceeds	0	0	-
Total Nonoperating Revenues	<u>1,000</u>	<u>2,714</u>	<u>1,714</u>
Total Revenues	<u>199,600</u>	<u>206,672</u>	<u>7,072</u>
Expenditures			
Salaries and Wages	234,891	180,757	54,134
Employee Benefits	80,677	100,553	(19,876)
Professional / Contract Fees	26,095	28,238	(2,143)
Capital Outlay	-	-	-
Other Expenditures	304,350	226,707	77,643
Total Expenditures	<u>646,013</u>	<u>536,255</u>	<u>109,758</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(446,413)</u>	<u>(329,583)</u>	<u>116,830</u>
Other financing sources (uses):			
Transfers In/(to):			
General Fund	570,425	329,582	(240,843)
General Fund	(124,012)	-	124,012
Total financing sources (uses)	<u>446,413</u>	<u>329,582</u>	<u>124,012</u>
Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	<u>\$ -</u>	<u>\$ (1)</u>	<u>\$ 240,842</u>
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:			
Revenues Over (Under) Expenditures and Other Financing Sources (Uses)		<u>\$ (1)</u>	
Reconciling Items:			
Increase (decrease) in deferred outflows of resources - pensions		6,515	
(Increase) Decrease in deferred inflows of resources - pensions		766	
(Increase) decrease in net pension liability		(32,568)	
(Increase) decrease in accrued compensated absences		(615)	
Total Reconciling Items		<u>(25,902)</u>	
Change in Net Position		<u>\$ (25,903)</u>	

Other Schedules

TOWN OF LELAND, NORTH CAROLINA
 General Fund
 Schedule of Ad Valorem Taxes Receivable
 For the Fiscal Year Ended June 30, 2020

<u>Fiscal Year</u>	<u>Uncollected Balance July 1, 2019</u>	<u>Additions and Adjustments</u>	<u>Collections and Credits</u>	<u>Uncollected Balance June 30, 2020</u>
2019-20	\$ -	\$ 6,601,800	\$ 6,566,852	\$ 34,948
2018-19	34,599	-	20,832	13,767
2017-18	17,170	-	8,186	8,984
2016-17	12,810	-	7,609	5,201
2015-16	11,239	-	4,532	6,707
2014-15	5,107	-	2,026	3,081
2013-14	7,806	-	4,524	3,282
2012-13	8,353	-	2,761	5,592
2011-12	5,223	-	134	5,089
2010-11	4,499	-	874	3,625
2009-10	2,770	-	2,770	-
	<u>\$ 109,576</u>	<u>\$ 6,601,800</u>	<u>\$ 6,621,100</u>	90,276
Less: Allowance for Uncollectible Accounts: General Fund				41,338
Ad Valorem Taxes Receivable, net				<u>\$ 48,938</u>
<u>Reconciliation with Revenues</u>				
Ad Valorem Taxes - General Fund				\$ 7,076,180
Reconciling Items:				
Interest and Penalties Collected				(11,586)
Releases and adjustments				<u>(443,494)</u>
Total Collections and Credits				<u>\$ 6,621,100</u>

TOWN OF LELAND, NORTH CAROLINA
 General Fund
 Schedule of Ad Valorem Taxes Receivable
 For the Fiscal Year Ended June 30, 2020

	<u>Town-Wide</u>			<u>Total Levy</u>	
	<u>Property Valuation</u>	<u>Rate per \$100</u>	<u>Amount of Levy</u>	<u>Property Excluding Registered Motor Vehicles</u>	<u>Registered Motor Vehicles</u>
Original Levy:					
Property Taxed at					
Current Year's Rate	\$ 3,143,714,286	0.21	\$ 6,601,800	\$ 6,047,381	\$ 554,419
	-				
	<u>3,143,714,286</u>		<u>6,601,800</u>	<u>6,047,381</u>	<u>554,419</u>
Total Property Valuations	<u><u>\$ 3,143,714,286</u></u>				
Net Levy			\$ 6,601,800	\$ 6,047,381	\$ 554,419
Uncollected Taxes at June 30, 2020			<u>34,948</u>	<u>34,948</u>	<u>-</u>
Current Year's Taxes Collected			<u>\$ 6,566,852</u>	<u>\$ 6,012,433</u>	<u>\$ 554,419</u>
Current Levy Collection Percentage			<u>99.47%</u>	<u>99.42%</u>	<u>100.000%</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, 2020, 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 January 8, 2021.

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
January 8, 2021



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

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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, 2020. 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, 2020.

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
January 8, 2021

TOWN OF LELAND, NORTH CAROLINA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2020

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

State Awards

Internal control over major State programs:

- Material Weakness(es) identified? ___yes X no
- Significant Deficiency(s) identified that are
not considered to be material weaknesses ___yes X 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 X no

Identification of major State programs:

Program Name
Powell Bill

Section II. Financial Statement Findings

None reported.

Section III. State Award Findings and Questioned Costs

None Reported.



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Corrective Action Plan
For the Year Ended June 30, 2020

Section II - Financial Statement Findings

None Reported.

Section III - State Award Findings and Question Costs

None Reported

TOWN OF LELAND, NORTH CAROLINA
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
For the Year Ended June 30, 2020

None reported.

Town of Leland
Schedule of Expenditures of Federal and State Awards
Federal and State Awards
For The Fiscal Year Ended June 30, 2020

<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		\$ 125,964	\$ 41,988	\$ -
<u>U.S. Department of Justice</u>					
Passed-through NC Department of Public Safety Bulletproof Vest Partnership Program	16.607		4,008	-	-
Total assistance - Federal programs			129,972	41,988	-
State Grants:					
Cash Assistance:					
<u>N.C. Department of Transportation</u>					
Powell Bill		32570	-	550,066	-
Total assistance - State programs			-	550,066	-
Total assistance			\$ 129,972	\$ 592,054	\$ -

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, 2020. 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.