



ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
JUNE 30, 2018

TOWN OF LELAND, NORTH CAROLINA
FINANCIAL STATEMENTS
June 30, 2018

Town Council Members

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

Administrative and Financial Staff

David Hollis, Town Manager
Carly Hagg, Finance Officer

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FINANCIAL SECTION



Alan W. Thompson, CPA

R. Bryon Scott, CPA

Gregory S. Adams, CPA

INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor
and Members of the Town Council
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, 2018, 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.

Members

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

Opinions

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Leland, North Carolina as of June 30, 2018, 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 and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of the Town of Leland, North Carolina. The combining and individual fund statements, budgetary schedules, and other schedules 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 and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, the combining and individual fund financial statements, budgetary schedules, and other schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2018 on our consideration of Town of Leland's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of the report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Leland's internal control over financial reporting and compliance.

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

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

Whiteville, NC

November 30, 2018

**Town of Leland
Management's Discussion and Analysis
June 30, 2018**

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, 2018. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the Town's financial statements, which follow this narrative.

Financial Highlights

- The assets and deferred outflows of resources of Town of Leland exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$114,839,525 (net position).
- The government's total net position increased by \$3,398,733.
- As of the close of the current fiscal year, the Town of Leland's governmental funds reported combined ending fund balances of \$15,692,292 with an increase of \$4,714,108 in fund balance.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$7,330,193, or 44.88 percent of total general fund expenditures for the fiscal year.

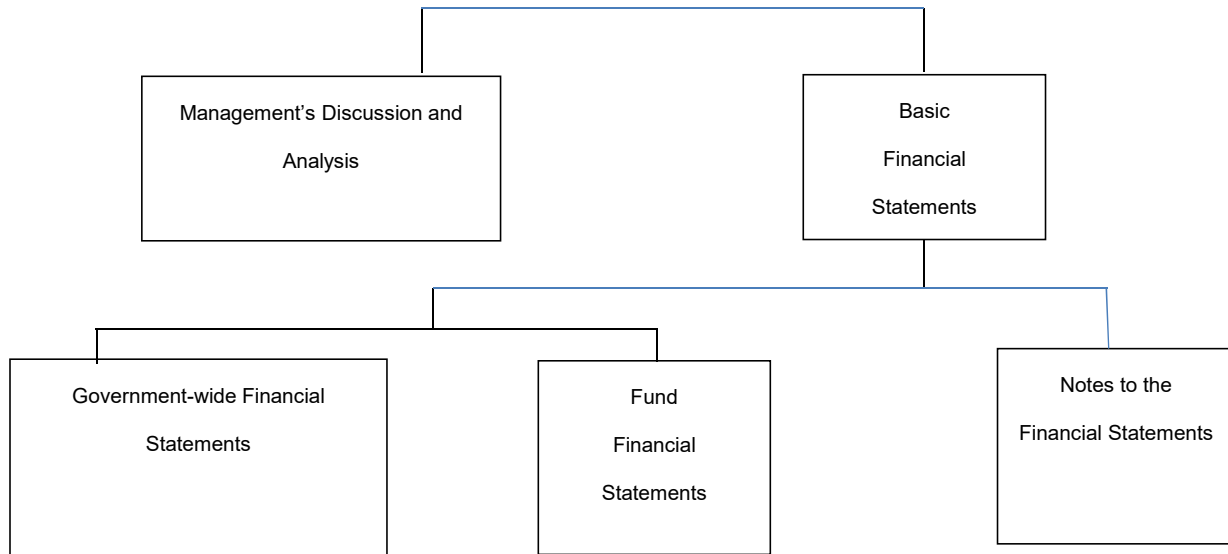
Overview of the Financial Statements

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

Required Components of Annual Financial Report

Figure 1

Figure 1



Summary ➔ Detail

Town of Leland
Management's Discussion and Analysis
June 30, 2018

Basic Financial Statements

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

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

The next section of the basic financial statements is the **notes**. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, **supplemental information** is provided to show details about the Town's non-major governmental funds and internal service funds, all of which are added together in one column on the basic financial statements. Budgetary information required by the General Statutes also can be found in this part of the statements.

Government-wide Financial Statements

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

The two government-wide statements report the Town's net position and how it has changed. Net position is the difference between the total of the Town's assets and deferred outflows of resources and the total liabilities and deferred inflows of resources. Measuring net position is one way to gauge the Town's financial condition.

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

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

Fund Financial Statements

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

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

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

Town of Leland
Management's Discussion and Analysis
June 30, 2018

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	
	2018	2017	2018	2017	2018	2017
Current and other assets	\$ 16,708,993	\$ 11,955,500	\$ 16,071,777	\$ 11,539,910	\$ 32,780,770	\$ 23,495,410
Capital Assets	65,807,312	64,180,129	38,629,817	39,219,129	104,437,129	103,399,258
Deferred Outflows of Resources	865,802	926,119	92,969	104,620	958,771	1,030,739
Total Assets and Deferred Outflows of Resources	83,382,107	77,061,748	54,794,563	50,863,659	138,176,670	127,925,407
Long-term Liabilities Outstanding	12,580,994	9,063,401	6,826,938	3,905,348	19,407,932	12,968,749
Other Liabilities	2,327,845	1,827,860	1,514,703	1,116,151	3,842,548	2,944,011
Deferred Inflows of Resources	78,709	99,922	7,956	11,287	86,665	111,209
Total Liabilities and Deferred Inflows of Resources	14,987,548	10,991,183	8,349,597	5,032,786	23,337,145	16,023,969
Net Position:						
Net Investment in capital assets	55,685,656	54,743,273	33,842,964	34,632,290	89,528,620	89,375,563
Restricted	6,013,771	2,165,888	-	-	6,013,771	2,165,888
Unrestricted	6,695,132	8,086,665	12,602,002	11,198,583	19,297,134	19,285,248
Total Net Position	\$ 68,394,559	\$ 64,995,826	\$ 46,444,966	\$ 45,830,873	\$ 114,839,525	\$ 110,826,699

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets and deferred outflows of the Town of Leland exceeded liabilities and deferred inflows by \$114,839,525 as of June 30, 2018. The Town's net position increased by \$4,012,826 for the fiscal year ended June 30, 2018. However, the largest portion (76.98%) reflects the Town's net investment in capital assets (e.g. land, buildings, machinery, and equipment) less any related debt still outstanding that was issued to acquire those items. The Town of Leland uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Leland's net investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the Town of Leland's net position, \$6,013,771, represents sources that are subject to external restrictions on how they may be used. The remaining balance of \$19,297,134 is unrestricted.

Town of Leland
Management's Discussion and Analysis
June 30, 2018

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 99.34%.

The Town of Leland Changes in Net Position
Figure 3

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program revenues:						
Charges for services	\$ 3,947,235	\$ 970,998	\$ 4,847,064	\$ 4,518,388	\$ 8,794,299	\$ 5,489,386
Operating grants and contributions	11,175	32,534	-	-	11,175	32,534
Capital grants and contributions	502,333	1,162,534	-	313,300	502,333	1,475,834
General revenues:						
Property taxes	5,278,343	4,391,659	-	-	5,278,343	4,391,659
Other taxes	5,713,651	5,296,432	-	-	5,713,651	5,296,432
Other	1,947,493	(82,557)	52,467	3,901	1,999,960	(78,656)
Total revenues	17,400,230	11,771,600	4,899,531	4,835,589	22,299,761	16,607,189
Expenses:						
Governing body	595,852	429,971	-	-	595,852	429,971
Administration	1,035,759	1,759,911	-	-	1,035,759	1,759,911
Information Technology	833,121	703,047	-	-	833,121	703,047
Human Resources	230,676	194,891	-	-	230,676	194,891
Finance	272,750	224,475	-	-	272,750	224,475
Public Works	720,634	1,195,673	-	-	720,634	1,195,673
Planning	598,947	460,915	-	-	598,947	460,915
Police	2,878,743	2,811,104	-	-	2,878,743	2,811,104
Fire Department	2,934,954	-	-	-	2,934,954	-
Development services	180,673	572,321	-	-	180,673	572,321
Powell Bill	2,408,983	1,849,877	-	-	2,408,983	1,849,877
Transportation	771,714	2,151,405	-	-	771,714	2,151,405
Parks and recreation	272,082	718,957	-	-	272,082	718,957
Interest on long-term debt	266,609	243,150	-	-	266,609	243,150
Utilities	-	-	3,775,402	3,857,846	3,775,402	3,857,846
Cultural Arts Center	-	-	510,036	414,423	510,036	414,423
Total expenses	14,001,497	13,315,697	4,285,438	4,272,269	18,286,935	17,587,966
Increase (decrease) in net position before transfers	3,398,733	(1,544,097)	614,093	563,320	4,012,826	(980,777)
Transfers	-	198,183	-	(198,183)	-	-
Change in net position	3,398,733	(1,345,914)	614,093	365,137	4,012,826	(980,777)
Net position, beginning	64,995,826	61,515,257	45,830,873	45,465,736	110,826,699	106,980,993
Net position, beginning, restated	64,995,826	66,341,740	45,830,873	45,465,736	110,826,699	111,807,476
Net position, ending	\$ 68,394,559	\$ 64,995,826	\$ 46,444,966	\$ 45,830,873	\$ 114,839,525	\$ 110,826,699

Governmental activities. Governmental activities increased the Town's net position by \$3,398,733 thereby accounting for 84.70% of the total decline in the net position of the Town of Leland.

Business-type activities: Business-type activities increased the Town's net position by \$614,093, thereby accounting for 15.30% of the total growth in the net position of the Town of Leland.

A significant portion of the increase for the governmental activities was the excess of assets over debt acquired from taking the fire department into the town during the fiscal year ending June 30, 2018.

**Town of Leland
Management's Discussion and Analysis
June 30, 2018**

Financial Analysis of the Town's Funds

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

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

The General Fund is the chief operating fund of the Town of Leland. At the end of the current fiscal year, Town of Leland's fund balance available in the General Fund was \$7,770,988, while total fund balance reached \$13,784,759. The Town currently has an available fund balance of 47.58% of general fund expenditures, while total fund balance represents 84.41% of the same amount.

At June 30, 2018, the governmental funds of Town of Leland reported a combined fund balance of \$15,692,292, with a net increase in fund balance of \$4,714,108. Included in this change in fund balance is an increase 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 \$13,293,708, and for the Cultural Arts Center a deficit balance of \$691,706. The total change in net position for the Utility Fund was an increase of \$954,899 and a decrease in the Cultural Arts Center of \$340,806.

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, 2018, totals \$104,437,129 (net of accumulated depreciation). These assets include buildings, land, vehicles, infrastructure, and equipment.

Major capital asset transactions during the year include:

- Contributed capital from developers
- Vehicles
- Utility distribution and treatment expansion

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

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land	\$ 4,956,647	\$ 5,845,260	\$ -	\$ -	\$ 4,956,647	\$ 5,845,260
Construction in Progress	2,621,338	1,864,152	1,279,869	260,327	3,901,207	2,124,479
Buildings	17,494,869	17,582,391	-	-	17,494,869	17,582,391
Infrastructure	39,264,702	38,861,600	-	-	39,264,702	38,861,600
Vehicles	1,147,542	162,220	13,263	20,196	1,160,805	182,416
Plant and Distribution	-	-	36,808,066	38,747,140	36,808,066	38,747,140
Equipment	322,214	(135,494)	528,619	191,466	850,833	55,972
Total	\$ 65,807,312	\$ 64,180,129	\$ 38,629,817	\$ 39,219,129	\$ 104,437,129	\$ 103,399,258

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, 2018**

Long-term Debt. As of June 30, 2018, Town of Leland had total debt outstanding of \$14,023,695. 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	
	2018	2017	2018	2017	2018	2017
Installment purchases	\$ 12,263,661	\$ 9,436,856	\$ 4,000,000	\$ -	\$ 16,263,661	\$ 9,436,856
Interlocal agreements	-	-	3,767,311	4,586,839	3,767,311	4,586,839
Total	\$ 12,263,661	\$ 9,436,856	\$ 7,767,311	\$ 4,586,839	\$ 20,030,972	\$ 14,023,695

Town of Leland's total debt increased by \$6,007,277 (42.84%) during the past fiscal year, primarily due to new loan proceeds in the fiscal year for streets and sewer.

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 \$181,147,390. The Town of Leland does not have any authorized but un-issued debt at June 30, 2018.

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

Economic Factors and Next Year's Budgets and Rates

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

- Population Growth
- New construction

Budget Highlights for the Fiscal Year Ending June 30, 2019

Governmental Activities. Property tax rate will remain at 21 cents per \$100 valuation of taxable property.

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

Requests for Information

This report is designed to provide an overview of the Town'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, 2018

	Primary Government			Leland Tourism Development Authority
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 10,449,456	\$ 12,227,362	\$ 22,676,818	\$ 220,118
Receivables (net):				
Ad Valorem Taxes	64,407	-	64,407	-
Occupancy Tax	-	-	-	17,168
Accounts	3,720	567,052	570,772	-
Due from Other Governments	1,152,024	14,789	1,166,813	-
Restricted Cash and Cash Equivalents	5,039,386	3,262,574	8,301,960	-
Total Current Assets	16,708,993	16,071,777	32,780,770	237,286
Noncurrent Assets				
Capital Assets				
Land, Nondepreciable Improvements, and Construction in Progress	7,577,985	1,279,869	8,857,854	-
Other Capital Assets, Net of Depreciation	58,229,327	37,349,948	95,579,275	-
Total Noncurrent Assets	65,807,312	38,629,817	104,437,129	-
Total Assets	\$ 82,516,305	\$ 54,701,594	\$ 137,217,899	\$ 237,286
DEFERRED OUTFLOWS OF RESOURCES				
Pension Deferrals	\$ 865,802	\$ 92,969	\$ 958,771	\$ -
LIABILITIES				
Current Liabilities:				
Accounts Payable and Accrued Liabilities	576,126	112,566	688,692	-
Customer Deposits	376,168	282,116	658,284	-
Accrued Interest	52,487	66,876	119,363	-
Current Portion of Long-term Debt	1,323,064	1,053,145	2,376,209	-
Total Current Liabilities	2,327,845	1,514,703	3,842,548	-
Long-term liabilities:				
Net pension liability (LGRS)	945,213	106,777	1,051,990	-
Total pension liability (LEOSSA)	408,259	-	408,259	-
Compensated absences	286,925	5,995	292,920	-
Due in more than one year	10,940,597	6,714,166	17,654,763	-
Total Long-Term Liabilities	12,580,994	6,826,938	19,407,932	-
Total Liabilities	14,908,839	8,341,641	23,250,480	-
DEFERRED INFLOWS OF RESOURCES				
Pension Deferrals	78,709	7,956	86,665	-
Total deferred inflows of resources	78,709	7,956	86,665	-
NET POSITION				
Net investment in capital assets	55,685,656	33,842,964	89,528,620	-
Restricted for:				
Transportation	4,856,142	-	4,856,142	-
Stabilization by State Statute	1,155,744	-	1,155,744	17,168
Drug Forfeiture	1,885	-	1,885	-
Unrestricted	6,695,132	12,602,002	19,297,134	220,118
Total Net Position	\$ 68,394,559	\$ 46,444,966	\$ 114,839,525	\$ 237,286

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, 2018

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Leland Tourism Development Authority
					Governmental Activities	Business-type Activities	Total	
Primary government:								
Governmental activities:								
Governing Body	\$ 595,852	\$ -	\$ -	\$ -	\$ (595,852)	\$ -	\$ (595,852)	\$ -
Administration	1,035,759	139,601	-	-	(896,158)	-	(896,158)	-
Information Technology	833,121	-	-	-	(833,121)	-	(833,121)	-
Human Resources	230,676	-	-	-	(230,676)	-	(230,676)	-
Finance	272,750	-	-	-	(272,750)	-	(272,750)	-
Public Works	720,634	-	-	-	(720,634)	-	(720,634)	-
Planning and Inspections	598,947	878,970	10,436	-	290,459	-	290,459	-
Police	2,878,743	-	739	-	(2,878,004)	-	(2,878,004)	-
Fire	2,934,954	2,923,496	-	-	(11,458)	-	(11,458)	-
Developmental Services	180,673	-	-	-	(180,673)	-	(180,673)	-
Powell Bill	2,408,983	-	-	502,333	(1,906,650)	-	(1,906,650)	-
Transportation	771,714	-	-	-	(771,714)	-	(771,714)	-
Parks and Recreation	272,082	5,168	-	-	(266,914)	-	(266,914)	-
Interest on long-term debt	266,609	-	-	-	(266,609)	-	(266,609)	-
Total governmental activities	<u>14,001,497</u>	<u>3,947,235</u>	<u>11,175</u>	<u>502,333</u>	<u>(9,540,754)</u>	<u>-</u>	<u>(9,540,754)</u>	<u>-</u>
Business-type activities:								
Utility	3,775,402	4,677,834	-	-	-	902,432	902,432	-
Cultural Arts Center	510,036	169,230	-	-	-	(340,806)	(340,806)	-
Total business-type activities	<u>4,285,438</u>	<u>4,847,064</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>561,626</u>	<u>561,626</u>	<u>-</u>
Total primary government	<u>\$ 18,286,935</u>	<u>\$ 8,794,299</u>	<u>\$ 11,175</u>	<u>\$ 502,333</u>	<u>(9,540,754)</u>	<u>561,626</u>	<u>(8,979,128)</u>	<u>-</u>
Component unit:								
Leland Tourism Development Authority	\$ 71,995	\$ -	\$ -	\$ -	-	-	-	(71,995)
General revenues:								
Property taxes, levied for general purpose					5,278,343	-	5,278,343	-
Other taxes and licenses					5,713,651	-	5,713,651	154,623
Investment Earnings					147,786	52,467	200,253	-
Gain (Loss) on Disposal					-	-	-	-
Special item - gain on acquisition of fire department					972,920	-	972,920	-
Miscellaneous					826,787	-	826,787	-
Transfers					-	-	-	-
Total general revenues, special items, and transfers					<u>12,939,487</u>	<u>52,467</u>	<u>12,991,954</u>	<u>154,623</u>
Change in Net Position					<u>3,398,733</u>	<u>614,093</u>	<u>4,012,826</u>	<u>82,628</u>
Net position, beginning					<u>64,995,826</u>	<u>45,830,873</u>	<u>110,826,699</u>	<u>154,658</u>
Net position, ending					<u>\$ 68,394,559</u>	<u>\$ 46,444,966</u>	<u>\$ 114,839,525</u>	<u>\$ 237,286</u>

TOWN OF LELAND, NORTH CAROLINA
 Balance Sheet
 Governmental Funds
 For the Fiscal Year Ended June 30, 2018

	<u>Major Funds</u>		
	<u>General</u>	<u>Total Non-Major Funds</u>	
ASSETS			
Cash and cash equivalents	\$ 10,682,543	\$ 1,908,918	\$ 12,591,461
Restricted Cash	2,897,381	-	2,897,381
Receivables (net):			
Ad Valorem Taxes	56,567	-	56,567
Accounts receivable	3,720	-	3,720
Due from Other Governments	1,152,024	-	1,152,024
Total assets	<u>\$ 14,792,235</u>	<u>\$ 1,908,918</u>	<u>\$ 16,701,153</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable and accrued liabilities	\$ 574,741	\$ 1,385	\$ 576,126
Deposits	376,168	-	376,168
Total liabilities	<u>950,909</u>	<u>1,385</u>	<u>952,294</u>
DEFERRED INFLOWS OF RESOURCES	<u>56,567</u>	<u>-</u>	<u>56,567</u>
Fund balances:			
Restricted:			
Stabilization by State statute	1,155,744	-	1,155,744
Streets	4,856,142	-	4,856,142
Drug Forfeiture	1,885	-	1,885
Committed:			
Vehicle Capital Reserve	143,687	-	143,687
LEO Special Separation Allowance	52,108	-	52,108
Assigned:			
Subsequent Year's Expenditures	-	-	-
Planning	245,000	185,495	430,495
Parks and Recreation	-	1,363,171	1,363,171
Transportation	-	358,867	358,867
Unassigned:	7,330,193	-	7,330,193
Total fund balances	<u>13,784,759</u>	<u>1,907,533</u>	<u>15,692,292</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 14,792,235</u>	<u>\$ 1,908,918</u>	<u>\$ 16,701,153</u>

TOWN OF LELAND, NORTH CAROLINA
 Balance Sheet
 Governmental Funds
 For the Fiscal Year Ended June 30, 2018

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

Total Governmental Fund Balance	\$	15,692,292
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Gross capital assets at historical costs	89,754,521	
Accumulated depreciation	(23,947,210)	65,807,312
Deferred outflows of resources:		
Contributions to the pension plan in the current fiscal year		
LGERS	368,652	
LEOSSA	-	368,652
Pension related deferrals		
LGERS		454,333
LEOSSA		42,817
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		7,840
Deferred inflows of resources:		
Liabilities for earned revenues considered deferred inflows of resources in fund statements.		
Ad valorem Taxes		56,567
Pension related deferrals		
LGERS	(70,424)	
LEOSSA	(8,285)	(78,709)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Installment purchase obligations	(12,263,661)	
Accrued interest payable	(52,487)	
Compensated absences	(286,925)	
Net pension liability (LGERS)	(945,213)	
Total pension liability (LEOSSA)	(408,259)	(13,956,545)
Net position of governmental activities	\$	68,394,559

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, 2018

	<u>Major Fund</u>		<u>Total Governmental Funds</u>
	<u>General Fund</u>	<u>Total Non- Major Funds</u>	
REVENUES			
Ad valorem taxes	\$ 5,307,379	\$ -	\$ 5,307,379
Other taxes and licenses	800	-	800
Unrestricted intergovernmental	5,700,922	-	5,700,922
Restricted intergovernmental	525,437	-	525,437
Permits and fees	3,947,235	-	3,947,235
Investment earnings	147,786	-	147,786
Miscellaneous	165,436	661,351	826,787
Total revenues	<u>15,794,995</u>	<u>661,351</u>	<u>16,456,346</u>
EXPENDITURES			
Governing Body	595,852	-	595,852
Administration	795,132	-	795,132
Information Technology	833,121	-	833,121
Human Resources	229,352	-	229,352
Finance	274,930	-	274,930
Public Works	722,803	-	722,803
Police	2,926,686	-	2,926,686
Fire Department	2,818,650	-	2,818,650
Inspections	531,338	-	531,338
Planning	-	127,793	127,793
Transportation	-	341,829	341,829
Development Services	417,194	-	417,194
Powell Bill	2,409,804	-	2,409,804
Parks and Recreation	272,082	287,564	559,646
Debt Service:			
Principal	936,689	-	936,689
Interest and Other Charges	221,419	-	221,419
Capital Outlay:			
Administration	-	-	-
Total expenditures	<u>13,985,052</u>	<u>757,186</u>	<u>14,742,238</u>
Excess (deficiency) of revenues over expenditures	<u>1,809,943</u>	<u>(95,835)</u>	<u>1,714,108</u>
OTHER FINANCING SOURCES (USES)			
Transfers from other funds	1,430,212	1,094,095	2,524,307
Transfers to other funds	(2,346,618)	(177,689)	(2,524,307)
Loan Proceeds - Refinancing	3,000,000	-	3,000,000
Total other financing sources and uses	<u>2,083,594</u>	<u>916,406</u>	<u>3,000,000</u>
Net change in fund balance	3,893,537	820,571	4,714,108
Fund balance, beginning	9,891,222	1,086,962	10,978,184
Fund balances-ending	<u>\$ 13,784,759</u>	<u>\$ 1,907,533</u>	<u>\$ 15,692,292</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, 2017

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

Net changes in fund balances - total governmental funds	\$	4,714,108
<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	2,931,537	
Contributed Assets from the Acquisition of the Fire Department	1,736,414	
Depreciation Expense	(3,040,769)	
Gain (Loss) on Disposal of Assets	<u>-</u>	1,627,183
<p>Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities</p>		
LGERS	368,652	368,652
<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	(26,778)	
Interest earned on ad valorem taxes	<u>(2,259)</u>	(29,037)
<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	(3,000,000)	
Debt acquired from the acquisition of the fire department	(763,494)	
Debt retirement	936,689	
Increase in accrued interest payable	<u>(45,190)</u>	(2,871,995)
<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	(312,761)	
Pension expense -LEOSSA	(65,403)	
Compensated absences	<u>(32,014)</u>	(410,178)
Total Change in net position of governmental activities	\$	<u><u>3,398,733</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, 2018

	General Fund			Variance With Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual Amounts	
Revenues:				
Ad valorem taxes	\$ 5,095,438	\$ 5,095,438	\$ 5,307,379	\$ 211,941
Other taxes and licenses	800	800	800	-
Unrestricted intergovernmental	5,243,827	5,243,827	5,700,922	457,095
Restricted intergovernmental	503,000	505,500	524,698	19,198
Permits and fees	3,820,009	3,820,759	3,947,235	126,476
Investment earnings	18,000	18,000	147,786	129,786
Miscellaneous	25,611	36,104	165,436	129,332
Total revenues	<u>14,706,685</u>	<u>14,720,428</u>	<u>15,794,256</u>	<u>1,073,828</u>
Expenditures				
Governing Body	298,963	331,858	595,852	(263,994)
Administration	960,455	960,455	795,132	165,323
Information Technology	881,059	1,153,940	833,121	320,819
Human Resources	269,157	269,157	229,352	39,805
Finance	338,419	338,419	274,930	63,489
Public Works	724,012	933,235	722,803	210,432
Police	3,221,684	3,003,687	2,891,093	112,594
Fire Department	2,968,687	2,951,829	2,818,650	133,179
Inspections	703,709	703,709	531,338	172,371
Development Services	525,991	535,991	417,194	118,797
Powell Bill	3,731,149	6,797,659	2,409,804	4,387,855
Parks and Recreation	308,665	305,570	272,082	33,488
Debt Service	1,242,159	1,242,159	1,158,108	84,051
Total expenditures	<u>16,174,109</u>	<u>19,527,668</u>	<u>13,949,459</u>	<u>5,578,209</u>
Revenues over (under) expenditures	<u>(1,467,424)</u>	<u>(4,807,240)</u>	<u>1,844,797</u>	<u>6,652,037</u>
Other financing sources (uses):				
Debt issuance	-	3,000,000	3,000,000	-
Transfers from Other Funds	743,358	1,738,570	1,430,212	(308,358)
Transfers to Other Funds	(1,101,072)	(3,012,690)	(2,384,618)	628,072
Total other financing sources (uses)	<u>(357,714)</u>	<u>1,725,880</u>	<u>2,045,594</u>	<u>319,714</u>
Revenues and other financing sources over expenditures and other financing uses	<u>(1,825,138)</u>	<u>(3,081,360)</u>	<u>3,890,391</u>	<u>6,971,751</u>
Appropriated Fund Balance	<u>1,825,138</u>	<u>3,081,360</u>	<u>-</u>	<u>(3,081,360)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>3,890,391</u>	<u>\$ 3,890,391</u>
Fund balance, beginning			9,503,796	
Fund balance, ending			<u>\$ 13,394,187</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, 2018

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

Restricted Intergovernmental Revenue	\$ 739
Fund Balance, beginning of year	1,146
	1,885

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

Fund Balance, beginning of year	245,000
	245,000

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

Other Expenditures	(35,593)
Transfer from General Fund	38,000
Fund Balance, beginning of year	141,280
	143,687

Fund Balance - End of Year (Consolidated)	\$ <u>13,784,759</u>
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TOWN OF LELAND, NORTH CAROLINA
Statement of Net Position
Proprietary Funds
June 30, 2018

	<u>Major</u>	<u>Major</u>	
	<u>Utility Fund</u>	<u>Cultural Arts Center</u>	<u>Total</u>
ASSETS			
Current assets:			
Cash and Investments	\$ 12,905,229	\$ 388,543	\$ 13,293,772
Accounts Receivable, net	565,453	1,599	567,052
Due from other governments	13,868	921	14,789
Due from other funds	-	-	-
Restricted cash	3,262,574	-	3,262,574
Total current assets	16,747,124	391,063	17,138,187
Noncurrent assets:			
Capital Assets:			
Other Capital Assets, net of Depreciation	38,629,817	-	38,629,817
Total noncurrent assets	38,629,817	-	38,629,817
Total Assets	\$ 55,376,941	\$ 391,063	\$ 55,768,004
DEFERRED OUTFLOWS OF RESOURCES			
Pension deferrals	\$ 69,913	\$ 23,056	\$ 92,969
Total Deferred Outflows of Resources	69,913	23,056	92,969
LIABILITIES			
Current liabilities:			
Temporary Bank Overdraft	-	1,066,410	1,066,410
Accounts payable and accrued liabilities	101,605	10,961	112,566
Customer deposits	282,116	-	282,116
Accrued interest payable	66,876	-	66,876
Interlocal Agreements - current	833,628	-	833,628
Installment Purchases - current	219,517	-	219,517
Total current liabilities	1,503,742	1,077,371	2,581,113
Noncurrent liabilities:			
Interlocal Agreements - non-current	2,933,683	-	2,933,683
Installment Purchases - non-current	3,780,483	-	3,780,483
Compensated Absences Payable	5,995	-	5,995
Net pension liability	80,296	26,481	106,777
Total noncurrent liabilities	6,800,457	26,481	6,826,938
Total liabilities	8,304,199	1,103,852	9,408,051
DEFERRED INFLOWS OF RESOURCES			
Pension deferrals	5,983	1,973	7,956
Total Deferred Inflows of Resources	5,983	1,973	7,956
NET POSITION			
Net investment in capital assets	33,842,964	-	33,842,964
Unrestricted	13,293,708	(691,706)	12,602,002
Total net position	\$ 47,136,672	\$ (691,706)	\$ 46,444,966

Town of Leland, North Carolina
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Fund
For the Year Ended June 30, 2018

	Major	Major	
	Utility Fund	Cultural Arts Center	Total
OPERATING REVENUES			
Water Charges	\$ 1,059,473	\$ -	\$ 1,059,473
Sewer Charges	3,523,927	-	3,523,927
Cultural Arts Center	-	169,230	169,230
Penalties and Interest	85,932	-	85,932
Miscellaneous Income	8,502	-	8,502
Total Operating Revenues	<u>4,677,834</u>	<u>169,230</u>	<u>4,847,064</u>
OPERATING EXPENSES			
Water and Operations	2,027,323	-	2,027,323
Cultural Arts Center Operations	-	510,036	510,036
Depreciation	1,608,854	-	1,608,854
Total Operating Expenses	<u>3,636,177</u>	<u>510,036</u>	<u>4,146,213</u>
OPERATING INCOME (LOSS)	<u>1,041,657</u>	<u>(340,806)</u>	<u>700,851</u>
NONOPERATING REVENUES (EXPENSES)			
Investment Earnings	52,467	-	52,467
Interest Expense	(139,225)	-	(139,225)
Total Nonoperating Revenues (Expenses)	<u>(86,758)</u>	<u>-</u>	<u>(86,758)</u>
Income (loss) before contributions and transfers	954,899	(340,806)	614,093
Transfers from other funds	1,142,842	-	1,142,842
Transfers to other funds	(1,142,842)	-	(1,142,842)
Change in Net Position	954,899	(340,806)	614,093
Total net position, previously reported	46,181,773	(350,900)	45,830,873
Net Position -- End of Year	<u>\$ 47,136,672</u>	<u>\$ (691,706)</u>	<u>\$ 46,444,966</u>

TOWN OF LELAND, NORTH CAROLINA
Statement of Cash Flows
Proprietary Funds
For The Fiscal Year Ended June 30, 2018

	Major	Major	
	Utility Fund	Cultural Arts Center	Total
Cash flows from operating activities:			
Cash Received from Customers and Users	\$ 4,608,653	\$ 171,590	\$ 4,780,243
Cash Paid for Goods and Services	(1,632,712)	(235,238)	(1,867,950)
Cash Paid to or on Behalf of Employees for Services	(340,058)	(275,073)	(615,131)
Customer Deposits (net)	53,026	-	53,026
Net cash provided (used) by operating activities	2,688,909	(338,721)	2,350,188
Cash flows from noncapital financing activities			
Increase (decrease) in due to other funds	-	(2,791)	(2,791)
Temporary Bank Overdraft	-	1,066,410	1,066,410
Transfers from other funds	1,142,842	-	1,142,842
Transfers to other funds	(1,142,842)	-	(1,142,842)
Total Cash flows from noncapital financing activities	-	1,063,619	1,063,619
Cash flows from Capital financing activities			
Acquisition of Capital Assets	(1,019,542)	-	(1,019,542)
Interest Paid on Debt Obligations and Equipment Contracts	(98,539)	-	(98,539)
Principal Paid on Debt Obligations and Equipment Contracts	(819,528)	-	(819,528)
Debt issued	4,000,000	-	4,000,000
Capital contributions	-	-	-
Net cash provided (used) by capital and related financing activities	2,062,391	-	2,062,391
Cash flows from investing activities:			
Interest on investments	52,467	-	52,467
Net increase (decrease) in cash and cash equivalents	4,803,767	724,898	5,528,665
Cash and cash equivalents, July 1	11,364,036	(336,355)	11,027,681
Cash and cash equivalents, June 30	\$ 16,167,803	\$ 388,543	\$ 16,556,346
Reconciliation of operating income to net cash provided by operating activities:			
Operating income (loss)	\$ 1,041,657	\$ (340,806)	\$ 700,851
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	1,608,854	-	1,608,854
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	(69,181)	2,360	(66,821)
(Increase) decrease in deferred outflows of resources for pensions	8,761	2,890	11,651
Increase (decrease) in accounts payable and accrued liabilities	69,934	1,289	71,223
Increase (Decrease) in customer deposits	53,026	-	53,026
Decrease of deferred inflows of resources - pensions	(2,505)	(826)	(3,331)
(Increase) Decrease in net pension liability	(11,004)	(3,628)	(14,632)
Increase (decrease) in compensated absences payable	(10,633)	-	(10,633)
Total adjustments	1,647,252	2,085	1,649,337
Net cash provided (used) by operating activities	\$ 2,688,909	\$ (338,721)	\$ 2,350,188

Town of Leland
Notes to the Financial Statements
June 30, 2018

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

Leland Tourism Development Authority

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

B. Basis of Presentation – Basis of Accounting

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

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

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

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

The Town reports the following major governmental funds:

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

Town of Leland
Notes to the Financial Statements
June 30, 2018

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The Town reports the following non-major governmental funds:

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

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

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

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

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

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

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

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

Police Grant Capital Project Fund. This fund is used to account for the capital expenditures from police funds.

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.

NC Department of Transportation Capital Project Fund. This fund is used to reserve funds for DOT project.

Mallory Creek Capital Project Fund. This fund is used to account for construction and improvements of Mallory Creek.

The Town reports the following major enterprise funds:

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

The Town reports the following non-major enterprise funds:

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, 2018

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation – Basis of Accounting (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, 2018

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgetary Data

The Town's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund, Powell Bill Fund, Governors Hwy Safety Grant GHSP Fund, Powell Bill Paving Capital Project Fund, State Drug Forfeitures Capital Reserve Fund, Sign Amortization Payment Fund, Vehicle Capital Reserve Fund, Cypress Cove Park Capital Project Fund, Old Fayetteville MUP Capital Project Fund, Planning Revitalization Capital Project Fund, Westgate Senior Apartment Housing Capital Project Fund, Greenway Capital Project Fund, Sturgeon Creek Community Restoration Project, Property Acquisition (Water Access) Capital Project Fund, Municipal Park Improvements Capital Project Fund, Police Grant 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, NCDOT Grant Capital Project Fund, Mallory Creek 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, an SEC-registered (2a-7) external investment pool, is measured at amortized cost, which is the NCCMT's share price. The NCCMT Term Portfolio's securities are valued at fair value.

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

2. Cash and Cash Equivalents

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

Town of Leland
Notes to the Financial Statements
June 30, 2018

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	\$ 2,895,496
Drug Forfeiture	1,885
Unexpended loan proceeds	<u>2,142,005</u>
Total Governmental Activities	<u>5,039,386</u>

Business-type Activities

Utility Fund:

Customer Deposits	282,116
Unexpended loan proceeds	<u>2,980,458</u>
Total Business-Type Activities	<u>3,262,574</u>

Total Restricted Cash	<u><u>\$ 8,301,960</u></u>
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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, 2017.

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, 2018

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Fund Equity (Continued)

7. Capital Assets

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

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

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

8. Deferred outflows/inflows of resources

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

9. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method that approximates the effective interest method. Bonds payable are reported net of the applicable bond premiums or discount. Bond issuance costs, except for prepaid insurance costs, are expensed in the reporting period in which they are incurred. Prepaid insurance costs are expensed over the life of the debt.

In fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

10. Compensated Absences

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

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

Town of Leland
Notes to the Financial Statements
June 30, 2018

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 - portion of fund balance that is restricted by State Statute [G.S. 159-8(a)].

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

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

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

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

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

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

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

Town of Leland
Notes to the Financial Statements
June 30, 2018

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, 2018, the expenditures made in the Town's governing body department of the General Fund exceeded the authorized appropriations made by the governing board for general government activities by \$263,994. This over-expenditure occurred because of unplanned legal expenditures in the governing body department. This over-expenditure could have been avoided by budget amendment, as there was adequate remaining available budget within the general government. Management and the Board will more closely review the budget reports to ensure compliance in future years.

Town of Leland
Notes to the Financial Statements
June 30, 2018

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, 2018, the Town's deposits had a carrying amount of \$13,271,298 and a bank balance of \$13,715,790. Of the bank balance, \$500,000 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 \$220,118 and the bank balance was \$228,868. All of the bank balance was covered by federal depository insurance. At June 30, 2018, the Town's petty cash fund totaled \$410.

2. Investments

At June 30, 2018, the Town of Leland had \$17,707,479 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, 2018 are net of the following allowances for doubtful accounts:

Fund	June 30, 2018
General Fund	
Taxes Receivable	\$ 58,122
Total	\$ 58,122
Enterprise Funds	
Utility Billing	\$ 87,398
Total	\$ 87,398

Town of Leland
Notes to the Financial Statements
June 30, 2018

III. DETAIL NOTES ON ALL FUNDS (Continued)

A. Assets (Continued)

4. Capital Assets

Primary Government

Capital asset activity for the year ended June 30, 2018, was as follows:

	Beginning Balances		Additions	Retirements	Transfers	Ending Balances	
	June 30, 2017					June 30, 2018	
Governmental Activities							
Capital assets not being depreciated:							
Land	\$ 5,845,260	\$ 502,902	\$ -	\$ (1,391,515)	\$ -	\$ 4,956,647	
Construction in Progress	1,864,152	757,186	-	-	-	2,621,338	
Total capital assets not being depreciated	7,709,412	1,260,088	-	(1,391,515)	-	7,577,985	
Other capital assets:							
Buildings & Improvements	24,255,144	796,691	-	(784,340)	-	24,267,495	
Equipment	266,833	300,480	-	57,044	-	624,357	
Vehicles	3,100,615	885,603	213,487	53,749	-	3,826,480	
Infrastructure	49,968,053	1,425,090	-	2,065,062	-	53,458,205	
Total capital assets being depreciated	77,590,645	3,407,863	213,487	1,391,515	-	82,176,536	
Less accumulated depreciation for:							
Buildings & Improvements	6,672,753	814,354	-	(714,481)	-	6,772,626	
Equipment	402,327	40,830	-	(141,014)	-	302,143	
Vehicles	2,938,395	170,303	213,487	(216,273)	-	2,678,938	
Infrastructure	11,106,453	2,015,282	-	1,071,768	-	14,193,503	
Total accumulated depreciation	21,119,928	3,040,769	213,487	-	-	23,947,210	
Total capital assets being depreciated, net	56,470,717	\$ 367,095	\$ -	\$ -	-	58,229,327	
Governmental activities capital assets, net	\$ 64,180,129					\$ 65,807,312	

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

Governmental activities	Depreciation
Administration	\$ 240,214
Cultural Arts	1,800
Economic Development	-
Fire	83,249
Inspections	3,381
Parks & Recreation	35,456
Police	156,461
Public Works	22,803
Transportation	2,497,406
Total depreciation expense	<u>\$ 3,040,769</u>

Town of Leland
Notes to the Financial Statements
June 30, 2018

III, DETAIL NOTES ON ALL FUNDS (Continued)

A. Assets (Continued)

4. Capital Assets (Continued)

Business-Type Activities

UTILITY FUND

	Beginning Balances	Increases	Decreases	Transfers	Ending Balances
Capital assets not being depreciated:					
Construction in Progress	\$ 260,327	\$ 1,019,542	\$ -	\$ -	\$ 1,279,869
Total capital assets not being depreciated	<u>260,327</u>	<u>1,019,542</u>	<u>-</u>	<u>-</u>	<u>1,279,869</u>
Capital assets being depreciated:					
Equipment	2,221,118	-	-	1,490,789	3,711,907
Vehicles	64,328	-	-	2,545	66,873
Water and Sewer System	49,008,231	-	-	(1,493,334)	47,514,897
Total capital assets being depreciated	<u>51,293,677</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>51,293,677</u>
Less accumulated depreciation for:					
Equipment	2,029,652	370,800	-	782,836	3,183,288
Vehicles	44,132	4,967	-	4,511	53,610
Water and Sewer System	10,261,091	1,233,087	-	(787,347)	10,706,831
Total accumulated depreciation	<u>12,334,875</u>	<u>\$ 1,608,854</u>	<u>\$ -</u>	<u>\$ -</u>	<u>13,943,729</u>
Sewer capital assets, net	<u>\$ 39,219,129</u>				<u>\$ 38,629,817</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, 2018

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, 2018, was 8.25% of compensation for law enforcement officers and 7.50% 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 \$410,297 for the year ended June 30, 2018.

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, 2018, the Town reported a liability of \$1,051,990 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016. The total pension liability was then rolled forward to the measurement date of June 30, 2017 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, 2017, the Town's proportion was 0.06886%, which was an increase of 0.0125% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the Town recognized pension expense of \$ 348,092. At June 30, 2018, 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	\$ 60,604	\$ 29,780
Changes of assumptions	150,239	-
Net difference between projected and actual earnings on pension plan investments	255,424	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	39,390	48,600
Town contributions subsequent to the measurement date	410,297	-
Total	<u>\$ 915,954</u>	<u>\$ 78,380</u>

Town of Leland
Notes to the Financial Statements
June 30, 2018

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)

\$410,297 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, 2019. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2019	\$ 47,090
2020	295,503
2021	153,893
2022	(69,206)
2023	-
Thereafter	-
	\$ 427,280

Actuarial Assumptions. The total pension liability in the December 31, 2016 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	7.20 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, 2016 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, 2017 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, 2018

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 7.20%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Town's proportionate share of the net pension asset to changes in the discount rate. The following presents the Town's proportionate share of the net pension asset calculated using the discount rate of 7.20 percent, as well as what the Town's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.20 percent) or one percentage point higher (8.20 percent) than the current rate:

	1% Decrease (6.20%)	Discount Rate (7.20%)	1% Increase (8.20%)
Town's proportionate share of the net pension liability (asset)	\$ 3,158,098	\$ 1,051,990	\$ (705,945)

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, 2017, 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	34
Total	34

Town of Leland
Notes to the Financial Statements
June 30, 2018

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, 2016 valuation. The total pension liability in the December 31, 2016 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	3.16 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, 2018, the Town reported a total pension liability of \$408,259. The total pension liability was measured as of December 31, 2017 based on a December 31, 2016 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2017 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2018, the Town recognized pension expense of \$65,403.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 6,531	\$ -
Changes of assumptions	36,286	8,285
Town benefit payments and plan administrative expense made subsequent to the measurement date	-	-
Total	\$ 42,817	\$ 8,285

Town of Leland
Notes to the Financial Statements
June 30, 2018

III. DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

1 Pension Plan Obligations (Continued)

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

\$0 reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ended June 30, 2019. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2019	\$ 1,572
2020	1,572
2021	1,572
2022	1,572
2023	1,572
Thereafter	425

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 3.16 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 (2.16 percent) or 1-percentage-point higher (4.16 percent) than the current rate:

	1% Decrease (2.16%)	Discount Rate (3.16%)	1% Increase (4.16%)
Total pension liability	\$ 465,257	\$ 408,259	\$ 357,615

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

	2018
Beginning balance	\$ 308,324
Service Cost	38,021
Interest on the total pension liability	11,901
Changes of benefit terms	-
Differences between expected and actual experience in the measurement of the total pension liability	7,629
Changes of assumptions or other inputs	42,384
Benefit payments	-
Other changes	-
Ending balance of the total pension liability	<u>\$ 408,259</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, 2016 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, 2018

III. DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

1 Pension Plan Obligations (Continued)

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

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

	<u>LGERS</u>	<u>LEOSSA</u>	<u>Total</u>
Pension Expense	\$ 348,092	\$ 55,546	\$ 403,638
Pension Liability	1,051,990	408,259	1,460,249
Proportionate share of the net pension liability	0.06886%	n/a	
 Deferred of Outflows of Resources			
Differences between expected and actual experience	60,604	6,531	67,135
Changes of assumptions	150,239	36,286	186,525
Net difference between projected and actual earnings on plan investments	255,424	-	255,424
Changes in proportion and differences between contributions and proportionate share of contributions	39,390	-	39,390
Benefit payments and administrative costs paid subsequent to the measurement	410,297	-	410,297
 Deferred of Inflows of Resources			
Differences between expected and actual experience	29,780	-	29,780
Changes of assumptions	-	8,285	8,285
Net difference between projected and actual earnings on plan investments	-	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	48,600	-	48,600

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, 2018 were \$123,134, which consisted of \$84,343 from the Town and \$38,791 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, 2018 equaled \$272,299, which consisted of \$196,631 from the Town and \$75,668 from the employees.

Town of Leland
Notes to the Financial Statements
June 30, 2018

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, 2017, the State contributed \$17,602,000 to the plan. The Town's proportionate share of the State's contribution is \$3,732.

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, 2018, 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 \$10,286. The net pension liability was measured as of June 30, 2017. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016. The total pension liability was then rolled forward to the measurement date of June 30, 2017 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 to 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, 2017 and at June 30, 2016 was 0%.

For the year ended June 30, 2018, the Town recognized pension expense of \$2,251 and revenue of \$2,251 for support provided by the State. At June 30, 2018, 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, 2016 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	7.2 percent, net of pension plan investment expenses, including inflation

Town of Leland
Notes to the Financial Statements
June 30, 2018

III. DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

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 7.20%. 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, 2018

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	\$ 410,297
Benefit payments made and administrative expenses for LEOSSA	-
Differences between expected and actual experience	
LGERS	60,604
LEOSSA	6,531
Changes of assumptions	
LGERS	150,239
LEOSSA	36,286
Net difference between projected and actual	
LGERS	255,424
LEOSSA	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	
LGERS	39,390
LEOSSA	-
Total Deferred outflows	<u>\$ 958,771</u>

Deferred inflows of resources is comprised of the following:

Taxes receivable, less penalties	\$ 56,567
Pension deferrals:	
Changes in assumptions	
LGERS	-
LEOSSA	8,285
Differences between expected and actual experience	
LGERS	29,780
LEOSSA	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	
LGERS	48,600
LEOSSA	-
Total deferred inflows	<u>\$ 143,232</u>

Town of Leland
Notes to the Financial Statements
June 30, 2018

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, 2018, 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 an installment loan in the amount of \$9,900,000 to finance the construction of the new Town Hall and Police Station. The financing contract requires 15 annual payments of \$660,000, at an annual interest rate of 2.14%.	6,600,000
On October 15, 2015, the Town entered into an installment 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%.	616,375
On April 3, 2015 the Town entered into an installment 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%.	1,283,792
On October 27, 2017, the Town entered into an installment 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%.	529,246
On November 2, 2017, the Town entered into an installment 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%.	234,248
On January 26, 2018, the Town entered into an installment loan with BB&T in the amount of \$7,000,000 for road and sewer improvements. The financing contract requires 15 annual payments beginning January 2019 of \$328,317 at an annual interest rate of 2.72%.	7,000,000

Total	\$ 16,263,661
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Town of Leland
Notes to the Financial Statements
June 30, 2018

III. DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

For Town of Leland, the future minimum payments as of June 30, 2018, including \$2,659,105 of interest are as follows:

Year Ending June 30	Governmental Activities	
	Principal	Interest
2019	\$ 1,542,581	\$ 407,059
2020	1,554,563	368,885
2021	1,566,866	330,389
2022	1,497,890	291,549
2023	1,343,575	253,906
2024-2028	6,242,492	799,824
2029-2033	2,515,694	207,493
Total	<u>\$ 16,263,661</u>	<u>\$ 2,659,105</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 infrastructure financed by the County. These agreements require principal payments due annually with semiannual interest payments, at an annual interest rate of 1.84% to 2.55%.

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

Year Ending June 30	Business Type Activities	
	Principal	Interest
2019	833,628	80,600
2020	847,788	62,363
2021	862,008	43,827
2022	876,278	24,992
2023	347,609	5,855
2024-2028	-	-
2029-2033	-	-
Total	<u>\$ 3,767,311</u>	<u>\$ 217,637</u>

Town of Leland
Notes to the Financial Statements
June 30, 2018

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
Installment Purchases	\$ 9,436,856	\$ 3,763,494	\$ 936,689	\$ 12,263,661	\$ 1,323,064
Compensated Absences	254,911	32,014	-	286,925	-
Net Pension Liability (LGERS)	1,074,739	-	129,526	945,213	-
Total Pension Liability (LEOSSA)	308,324	99,935	-	408,259	-
Total	<u>\$ 11,074,830</u>	<u>\$ 3,895,443</u>	<u>\$ 1,066,215</u>	<u>\$ 13,904,058</u>	<u>\$ 1,323,064</u>
Business-type Activities:					
Interlocal Agreements	\$ 4,586,839	-	\$ 819,528	\$ 3,767,311	\$ 833,628
Installment Purchases	-	4,000,000	-	4,000,000	219,517
Net Pension Liability (LGERS)	121,409	-	14,632	106,777	-
Compensated Absences	16,628	-	10,633	5,995	-
Total	<u>\$ 4,724,876</u>	<u>\$ 4,000,000</u>	<u>\$ 844,793</u>	<u>\$ 7,880,083</u>	<u>\$ 1,053,145</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, 2018, consists of the following:

From	To	Amount
General Fund	Property Acquisition (General) CPF to fund project expenditures	1,110,000
General Fund	Powell Bill Paving CPF to fund project expenditures	250,000
General Fund	Powell Bill Paving CPF to fund project expenditures	126,880
General Fund	Old Fayetteville MUP CPF to fund project expenditures	292,315
Powell Bill	Powell Bill Paving CPF to fund project expenditures	308,120
Powell Bill Paving CPF	General Fund for administrative costs	259,303
General Fund	Vehicle Capital Reserve Fund to fund project expenditures	38,000
Planning Revitalization CPF	General Fund for administrative costs	75,000
Police Grant Capital Project Fund	General Fund for administrative costs	15,905
NCDOT Grant Capital Project Fund	General Fund for administrative costs	35,000
Mallory Creek Capital Project Fund	General Fund for administrative costs	360,004
Utility Capital Reserve Fund	Public Utility Enterprise Fund for administrative costs	296,940
Public Utility Enterprise Fund	Lift Station Upgrade Capital Reserve Fund to fund project costs	822,637
Public Utilities Vector Truck Capital Project Fund	Public Utility Enterprise Fund for administrative costs	23,265
		<u>\$ 4,013,369</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.

Town of Leland
Notes to the Financial Statements
June 30, 2018

III. DETAIL NOTES ON ALL FUNDS (Continued)

D. Net Investment in Capital Assets

	Governmental Activities	Business-Type Activities
Capital assets	\$ 65,807,312	\$ 38,629,817
Total debt, gross	12,263,661	7,767,311
Less:		
Capital related unspent debt issuances	2,142,005	2,980,458
Total capital debt	10,121,656	4,786,853
Net investment in capital assets	\$ 55,685,656	\$ 33,842,964

E. Fund Balance

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

<i>Total Fund Balance - General Fund</i>		\$ 13,784,759
Less:		
Restricted		
Stabilization by State Statute		1,155,744
Streets - Powell Bill		4,856,142
Drug Forfeiture		1,885
Committed		
Transportation		143,687
LEO Separation Allowance		52,108
Assigned		
Planning		245,000
Remaining Fund Balance		7,330,193

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

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

IV. SUMMARY DISCLOSURE OF SIGNIFICANT COMMITMENTS AND CONTINGENCIES

A. Federal and State Assisted Programs

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

V. SIGNIFICANT EFFECTS OF SUBSEQUENT EVENTS

Subsequent events have been evaluated through November 30, 2018, which is the date the financial statements were available to be issued. The Town will be sharing along with Brunswick County, a currently undetermined amount of the fees for a sewer expansion project.

VI. SPECIAL ITEM

During the year ended June 30, 2018, the town purchased the assets and refinanced the debt of the Leland Volunteer Fire Department. The new debt is shown on the above debt schedules with description of the assets acquired. The remaining assets that were received as a donation are shown as a special item with a value of \$927,921. This item is reflected on the government-wide statements as a special item because it is unusual in nature but under the control of management.

REQUIRED
SUPPLEMENTAL FINANCIAL DATA

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

Local Government Employees' Retirement System					
	2018	2017	2016	2015	2014
Leland proportion of the net pension liability (asset) (%)	0.06886%	0.05636%	0.05893%	0.05978%	0.05460%
Leland proportion of the net pension liability (asset) (\$)	\$ 1,051,990	\$ 1,196,148	\$ 264,474	\$ (352,550)	\$ 658,140
Leland covered payroll	\$ 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-employee payroll	31%	41%	10%	-14%	26%
Plan fiduciary net position as a percentage of the total pension liability**	94.18%	91.47%	98.09%	102.64%	94.35%

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

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

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

Local Government Employees' Retirement System					
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 410,297	\$ 259,734	\$ 194,441	\$ 212,037	\$ 186,801
Contributions in relation to the contractually required contribution	410,297	259,734	194,441	212,037	186,801
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Leland; covered payroll	\$ 5,308,752	\$ 3,429,102	\$ 2,910,994	\$ 2,759,619	\$ 2,607,220
Contributions as a percentage of covered-employee payroll	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, 2018 is the First Year with a Fire Department*

	2018
Leland's proportionate share of the net pension liability (%)	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	10,286
Total	<u>\$ 10,286</u>
Leland's covered payroll	\$ -
Leland's proportionate share of the net pension liability as a percentage of its covered-employee payroll	0.00% **
Plan fiduciary net position as a percentage of the total pension liability	89.35%

** Note that June 30, 2018 is the first year with a fire department. Therefore, there was 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, 2018

Law Enforcement Officers' Special Separation Allowance

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

Law Enforcement Officers' Special Separation Allowance	2018	2017
Total pension liability	\$ 408,259	\$ 308,324
Covered payroll	1,611,350	1,255,830
Total pension liability as a percentage of covered payroll	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, 2018

Revenues	Final Budget	Actual	Variance Positive (Negative)
Ad valorem Taxes			
Taxes	\$ 5,085,438	\$ 5,294,136	\$ 208,698
Penalties and Interest	10,000	13,243	3,243
Total Ad Valorem Taxes	<u>5,095,438</u>	<u>5,307,379</u>	<u>211,941</u>
Other Taxes and Licenses			
Privilege Licenses	800	800	-
Total Other Taxes and Licenses	<u>800</u>	<u>800</u>	<u>-</u>
Unrestricted Intergovernmental Revenues			
Local Option Sales Tax	4,362,491	4,802,451	439,960
Utility Franchise Tax	801,336	820,699	19,363
Occupancy Tax	-	-	-
Beer and Wine Tax	80,000	77,772	(2,228)
Total Unrestricted Intergovernmental	<u>5,243,827</u>	<u>5,700,922</u>	<u>457,095</u>
Restricted Intergovernmental Revenues			
Powell Bill Allocation	490,000	502,333	12,333
Police Grant Reimbursement	2,500	10,436	7,936
Solid Waste Disposal Tax	13,000	11,929	(1,071)
Total Restricted Intergovernmental	<u>505,500</u>	<u>524,698</u>	<u>19,198</u>
Permits and Fees			
Building Permits	745,783	814,542	68,759
Inspection Fees	72,320	64,428	(7,892)
Zoning Permits	-	-	-
Recreation Fees	2,000	5,168	3,168
Fire Fees	2,945,091	2,923,496	(21,595)
Other Fees and Permits	55,565	139,601	84,036
Total Permits and Fees	<u>3,820,759</u>	<u>3,947,235</u>	<u>126,476</u>
Investment Earnings			
General	15,000	100,335	85,335
Powell Bill	3,000	47,451	44,451
Total Investment Earnings	<u>18,000</u>	<u>147,786</u>	<u>129,786</u>
Miscellaneous			
Sale of Fixed Assets	-	18,874	18,874
Other	36,104	146,562	110,458
Total Miscellaneous	<u>36,104</u>	<u>165,436</u>	<u>129,332</u>
Total Revenues	<u>\$ 14,720,428</u>	<u>\$ 15,794,256</u>	<u>\$ 1,073,828</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, 2018

Expenditures	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Governing Body			
Salaries and Wages	\$ 46,860	\$ 41,070	\$ 5,790
Employee Benefits	37,143	26,568	10,575
Other Expenditures	<u>247,855</u>	<u>528,214</u>	<u>(280,359)</u>
Total Governing Body	<u>331,858</u>	<u>595,852</u>	<u>(263,994)</u>
Administration			
Salaries and Wages	496,442	464,071	32,371
Employee Benefits	200,453	172,176	28,277
Other Expenditures	<u>263,560</u>	<u>158,885</u>	<u>104,675</u>
Total Administration	<u>960,455</u>	<u>795,132</u>	<u>165,323</u>
Information Technology			
Other Expenditures	<u>1,153,940</u>	<u>833,121</u>	<u>320,819</u>
Total Information Technology	<u>1,153,940</u>	<u>833,121</u>	<u>320,819</u>
Human Resources			
Salaries and Wages	147,736	124,047	23,689
Employee Benefits	61,235	47,465	13,770
Other Expenditures	<u>60,186</u>	<u>57,840</u>	<u>2,346</u>
Total Human Resources	<u>269,157</u>	<u>229,352</u>	<u>39,805</u>
Finance			
Salaries and Wages	171,525	137,396	34,129
Employee Benefits	64,989	53,738	11,251
Other Expenditures	<u>101,905</u>	<u>83,796</u>	<u>18,109</u>
Total Finance	<u>338,419</u>	<u>274,930</u>	<u>63,489</u>
Public Works			
Salaries and Wages	252,458	230,252	22,206
Employee Benefits	120,504	115,627	4,877
Other Expenditures	<u>560,273</u>	<u>376,924</u>	<u>183,349</u>
Total Public Works	<u>933,235</u>	<u>722,803</u>	<u>210,432</u>
Police			
Salaries and Wages	1,646,319	1,696,068	(49,749)
Employee Benefits	871,097	805,815	65,282
Other Expenditures	280,450	228,578	51,872
Capital Outlay	<u>205,821</u>	<u>160,632</u>	<u>45,189</u>
Total Police	<u>3,003,687</u>	<u>2,891,093</u>	<u>112,594</u>
Fire Department			
Salaries and Wages	1,805,884	1,765,330	40,554
Employee Benefits	758,671	730,619	28,052
Other Expenditures	342,274	322,701	19,573
Capital Outlay	<u>45,000</u>	<u>-</u>	<u>45,000</u>
Total Fire Department	<u>2,951,829</u>	<u>2,818,650</u>	<u>133,179</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, 2018

	Final Budget	Actual	Variance Positive (Negative)
Inspections			
Salaries and Wages	324,232	294,630	29,602
Employee Benefits	150,907	133,799	17,108
Other Expenditures	77,194	49,660	27,534
Capital Outlay	151,376	53,249	98,127
Total Inspections	703,709	531,338	172,371
Economic and Community Development			
Salaries and Wages	307,161	228,760	78,401
Employee Benefits	128,200	99,389	28,811
Other Expenditures	100,630	89,045	11,585
Total Developmental Services	535,991	417,194	118,797
Powell Bill			
Salaries and Wages	188,944	179,888	9,056
Employee Benefits	88,756	86,614	2,142
Other Expenditures	1,298,977	1,118,401	180,576
Powell Bill Capital Project Cost	5,220,982	1,024,901	4,196,081
Total Powell Bill	6,797,659	2,409,804	4,387,855
Parks and Recreation			
Salaries and Wages	138,924	127,006	11,918
Employee Benefits	58,746	54,970	3,776
Other Expenditures	107,900	90,106	17,794
Capital Outlay	-	-	-
Total Parks and Recreation	305,570	272,082	33,488
Debt Service			
Principal		936,689	
Interest		221,419	
Total Debt Service	1,242,159	1,158,108	84,051
Total Expenditures	19,527,668	13,949,459	5,578,209
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,807,240)	1,844,797	6,652,037
Other Financing Sources (Uses):			
Debt issuance	3,000,000	3,000,000	-
Loan Payoff - Refinancing			-
Transfers In:			
NCDOT Grant CPF	35,000	35,000	-
Cultural Arts Center Fund	84,446	-	(84,446)
Public Utility Fund	109,518	-	(109,518)
Powell Bill Paving CPF	259,303	259,303	-
Mallory Creek CPF	360,004	360,004	-
Planning Revitalization CPF	75,000	75,000	-
Police Grant CPF	15,905	15,905	-
General Fund	491,274	376,880	(114,394)
Powell Bill Paving CPF	308,120	308,120	-

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, 2018

	Final Budget	Actual	Variance Positive (Negative)
Transfers Out:			
Property Acquisition CPF	(1,110,000)	(1,110,000)	-
Powell Bill Paving CPF	(685,000)	(685,000)	-
Old Fayetteville MUP CPF	(292,315)	(292,315)	-
General Fund	(373,697)	(259,303)	114,394
Cultural Arts Center Fund	(513,678)	-	513,678
Vehicle Capital Reserve Fund	(38,000)	(38,000)	-
Total Other Financing Sources (Uses)	<u>1,725,880</u>	<u>2,045,594</u>	<u>319,714</u>
Fund Balance Appropriated	<u>3,081,360</u>	<u>-</u>	<u>(3,081,360)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>3,890,391</u>	<u>\$ 3,890,391</u>
Fund balance, beginning		<u>9,503,796</u>	
Fund balance, ending		<u>\$ 13,394,187</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, 2018

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Restricted Intergovernmental			
Federal Forfeitures	\$ -	\$ -	\$ -
State Forfeitures	-	739	739
Total Restricted Intergovernmental	-	739	739
Investment Earnings			
	-	-	-
Total Revenues	-	739	739
Expenditures			
Police			
Other Expenditures	-	-	-
Total Police	-	-	-
Excess Revenue Over (Under) Expenditures	-	739	739
Fund Balance Appropriated		-	-
Net Change in Fund Balance	\$ -	739	\$ 739
Fund balance, beginning		1,146	
Fund balance, ending		\$ 1,885	

TOWN OF LELAND, NORTH CAROLINA
 Sign Amortization Payment Fund
 Statement of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual
 For the Year Ended June 30, 2018

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

TOWN OF LELAND, NORTH CAROLINA
 Vehicle Capital Reserve Fund
 Statement of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual
 For the Year Ended June 30, 2018

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Investment Earnings	\$ -	\$ -	\$ -
Expenditures			
Police			
Capital Outlay	180,062	35,593	144,469
Total Public Works	180,062	35,593	144,469
Excess Revenue Over (Under) Expenditures	(180,062)	(35,593)	144,469
Other financing sources (uses)			
Transfers In:			
General Fund	38,000	38,000	-
Total other financing sources (uses)	38,000	38,000	-
Fund Balance Appropriated	142,062	-	(142,062)
Net Change in Fund Balance	<u>\$ -</u>	2,407	<u>\$ 2,407</u>
Fund balance, beginning		141,280	
Fund balance, ending		<u>\$ 143,687</u>	

Non-Major Governmental Funds

Capital Project Funds

TOWN OF LELAND, NORTH CAROLINA
 Combining Balance Sheet
 Nonmajor Capital Project Funds
 June 30, 2018

	Cypress Cove Park Capital Project Fund	Old Fayetteville MUP Capital Project Fund	Planning Revitalization Capital Project Fund	Westgate Senior Apt. Housing Capital Project Fund	Greenway Capital Project Fund	Sturgeon Creek Community Restoration Capital Project Fund	Property Acquisition (Water Access) Capital Project Fund	Municipal Park Improvements Capital Project Fund	Police Grant Capital Project Fund
ASSETS									
Cash and cash equivalents	\$ 8,096	\$ 309,335	\$ 50,582	\$ 67,329	\$ 44,909	\$ 240,694	\$ 1,017,152	\$ 52,655	\$ -
Restricted Cash	-	-	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-	-	-
Total assets	\$ 8,096	\$ 309,335	\$ 50,582	\$ 67,329	\$ 44,909	\$ 240,694	\$ 1,017,152	\$ 52,655	\$ -
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts Payable and Accrued Liabilities	\$ -	\$ 1,050	\$ -	\$ -	\$ -	\$ -	\$ 335	\$ -	\$ -
Due to Other Funds	-	-	-	-	-	-	-	-	-
Total liabilities	-	1,050	-	-	-	-	335	-	-
Restricted:									
Drug Forfeitures	-	-	-	-	-	-	-	-	-
Assigned:									
Planning	-	-	-	67,329	-	-	-	-	-
Police	-	-	-	-	-	-	-	-	-
Parks and Recreation	8,096	-	-	-	44,909	240,694	1,016,817	52,655	-
Sewer	-	-	-	-	-	-	-	-	-
Transportation	-	308,285	50,582	-	-	-	-	-	-
Total fund balances	8,096	308,285	50,582	67,329	44,909	240,694	1,016,817	52,655	-
Total liabilities, deferred inflows of resources, and fund balances	\$ 8,096	\$ 309,335	\$ 50,582	\$ 67,329	\$ 44,909	\$ 240,694	\$ 1,017,152	\$ 52,655	\$ -

TOWN OF LELAND, NORTH CAROLINA
 Combining Balance Sheet
 Nonmajor Capital Project Funds
 June 30, 2018

	Leland MS Sidewalk Capital Project Fund	Old Fayetteville/V illage Road Ped Loop Capital Project Fund	Village Road MUP Extension Capital Project Fund	NC DOT Grant Capital Project Fund	Mallory Creek Capital Project Fund	June 30, 2018
ASSETS						
Cash and cash equivalents	\$ 36,327	\$ 51,203	\$ 30,636	\$ -	\$ -	\$ 1,908,918
Restricted Cash	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-
Total assets	\$ 36,327	\$ 51,203	\$ 30,636	\$ -	\$ -	\$ 1,908,918
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts Payable and Accrued Liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,385
Due to Other Funds	-	-	-	-	-	-
Total liabilities	-	-	-	-	-	1,385
Restricted:						
Drug Forfeitures	-	-	-	-	-	-
Assigned:						
Planning	36,327	51,203	30,636	-	-	185,495
Police	-	-	-	-	-	-
Parks and Recreation	-	-	-	-	-	1,363,171
Sewer	-	-	-	-	-	-
Transportation	-	-	-	-	-	358,867
Total fund balances	36,327	51,203	30,636	-	-	1,907,533
Total liabilities, deferred inflows of resources, and fund balances	\$ 36,327	\$ 51,203	\$ 30,636	\$ -	\$ -	\$ 1,908,918

TOWN OF LELAND, NORTH CAROLINA

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

TOWN OF LELAND, NORTH CAROLINA

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Capital Project Funds
June 30, 2018

	Cypress Cove Park Capital Project Fund	Old Fayetteville MUP Capital Project Fund	Planning Revitalization Capital Project Fund	Westgate Senior Apt. Housing Capital Project Fund	Greenway Capital Project Fund	Sturgeon Creek Community Restoration Capital Project Fund	Property Acquisition (Water Access) Capital Project Fund	Municipal Park Improvements Capital Project Fund	Police Grant Capital Project Fund
Revenues									
Restricted Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investment Earnings	-	-	-	-	-	-	-	-	-
Other Income	-	94,885	-	15,489	-	977	-	-	-
Total Revenue	\$ -	\$ 94,885	\$ -	\$ 15,489	\$ -	\$ 977	\$ -	\$ -	\$ -
Expenditures									
Planning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 113,183	\$ -	\$ -
Parks and Recreation	1,151	-	-	-	55,091	201,269	-	30,053	-
Transportation	-	122,938	93,526	-	-	-	-	-	-
Total Expenditures	1,151	122,938	93,526	-	55,091	201,269	113,183	30,053	-
Excess (Deficiency) of Revenues Over Expenditures	(1,151)	(28,053)	(93,526)	15,489	(55,091)	(200,292)	(113,183)	(30,053)	-
Other Financing Sources (Uses)									
Transfers from Other Funds	-	-	-	-	-	-	1,110,000	-	(15,905)
Transfers to Other Funds	-	292,315	(75,000)	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	292,315	(75,000)	-	-	-	1,110,000	-	(15,905)
Net Change in Fund Balance	(1,151)	264,262	(168,526)	15,489	(55,091)	(200,292)	996,817	(30,053)	(15,905)
Fund balance - Beginning	9,247	44,023	219,108	51,840	100,000	440,986	20,000	82,708	15,905
Fund Balance - End of Year	\$ 8,096	\$ 308,285	\$ 50,582	\$ 67,329	\$ 44,909	\$ 240,694	\$ 1,016,817	\$ 52,655	\$ -

TOWN OF LELAND, NORTH CAROLINA
 Combining Statement of Revenues,
 Expenditures and Changes in Fund
 Nonmajor Capital Project Funds
TOWN OF LELAND, NORTH CAROLINA
 Combining Statement of Revenues, Expendit
 Nonmajor Capital Project Funds
 June 30, 2018

	Old					June 30, 2018
	Leland MS Sidewalk Capital Project Fund	Fayetteville/ Village Road Ped Loop Capital Project Fund	Village Road MUP Extension Capital Project Fund	NC DOT Grant Capital Project Fund	Mallory Creek Capital Project Fund	
Revenues						
Restricted Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investment Earnings	-	-	-	-	-	-
Other Income	-	-	-	-	550,000	661,351
Total Revenue	\$ -	\$ -	\$ -	\$ -	\$ 550,000	\$ 661,351
Expenditures						
Planning	\$ -	\$ 14,610	\$ -	\$ -	\$ -	\$ 127,793
Parks and Recreation	-	-	-	-	-	287,564
Transportation	-	-	-	-	125,365	341,829
Total Expenditures	-	14,610	-	-	125,365	757,186
Excess (Deficiency) of Revenues Over Expenditures	-	(14,610)	-	-	424,635	(95,835)
Other Financing Sources (Uses)						
Transfers from Other Funds	-	-	-	-	-	1,094,095
Transfers to Other Funds	-	-	-	(35,000)	(360,004)	(177,689)
Total Other Financing Sources (Uses)	-	-	-	(35,000)	(360,004)	916,406
Net Change in Fund Balance	-	(14,610)	-	(35,000)	64,631	820,571
Fund balance - Beginning	36,327	65,813	30,636	35,000	(64,631)	1,086,962
Fund Balance - End of Year	\$ 36,327	\$ 51,203	\$ 30,636	\$ -	\$ -	\$ 1,907,533

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, 2018

	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	3,625	1,151	2,474
Total Parks and Recreation	<u>3,625</u>	<u>1,151</u>	<u>2,474</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(3,625)</u>	<u>(1,151)</u>	<u>2,474</u>
Appropriated Fund Balance	<u>3,625</u>	<u>-</u>	<u>(3,625)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>(1,151)</u>	<u>\$ (1,151)</u>
Fund Balance - Beginning of Year		<u>9,247</u>	
Fund Balance - End of Year		<u>\$ 8,096</u>	

TOWN OF LELAND, NORTH CAROLINA
 Old Fayetteville MUP Capital Project Fund
 Statement of Revenues, Expenditures, and Changes in Fund Balance
 Budget and Actual
 For the Fiscal Year Ended June 30, 2018

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Grants	\$ 1,809,260	\$ 94,885	\$ (1,714,375)
Total Revenues	<u>1,809,260</u>	<u>94,885</u>	<u>(1,714,375)</u>
Expenditures			
Transportation			
Other Expenditures	2,145,599	122,938	2,022,661
Total Transportation	<u>2,145,599</u>	<u>122,938</u>	<u>2,022,661</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(336,339)</u>	<u>(28,053)</u>	<u>308,286</u>
Other financing sources (uses):			
Transfers Out:			
General Fund	292,315	292,315	-
Total financing sources (uses)	<u>292,315</u>	<u>292,315</u>	<u>-</u>
Appropriated Fund Balance	<u>44,024</u>	<u>-</u>	<u>(44,024)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>264,262</u>	<u>\$ 264,262</u>
Fund Balance - Beginning of Year		<u>44,023</u>	
Fund Balance - End of Year		<u>\$ 308,285</u>	

TOWN OF LELAND, NORTH CAROLINA
 Planning Revitalization Capital Project Fund
 Statement of Revenues, Expenditures, and Changes in Fund Balance
 Budget and Actual
 For the Fiscal Year Ended June 30, 2018

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Investment Earnings	\$ -	\$ -	\$ -
Expenditures			
Transportation			
Other Expenditures	124,108	93,526	30,582
Total Transportation	<u>124,108</u>	<u>93,526</u>	<u>30,582</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(124,108)</u>	<u>(93,526)</u>	<u>30,582</u>
Other financing sources (uses):			
Transfers Out:			
General Fund	(75,000)	(75,000)	-
Total financing sources (uses)	<u>(75,000)</u>	<u>(75,000)</u>	<u>-</u>
Appropriated Fund Balance	199,108	-	(199,108)
Net Change in Fund Balance	<u>\$ -</u>	(168,526)	<u>\$ (168,526)</u>
Fund Balance - Beginning of Year		219,108	
Fund Balance - End of Year		<u>\$ 50,582</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, 2018

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Federal Grant	\$ -	\$ -	\$ -
Miscellaneous Income	-	15,489	15,489
Total Revenues	<u>-</u>	<u>15,489</u>	<u>15,489</u>
Expenditures			
Planning			
Other Expenditures	-	-	-
Total Planning	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>15,489</u>	<u>15,489</u>
Appropriated Fund Balance	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>15,489</u>	<u>\$ 15,489</u>
Fund Balance - Beginning of Year		<u>51,840</u>	
Fund Balance - End of Year		<u>\$ 67,329</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, 2018

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Investment Earnings	\$ -	\$ -	\$ -
Expenditures			
Parks and Recreation			
Other Expenditures	100,000	55,091	44,909
Total Parks and Recreation	<u>100,000</u>	<u>55,091</u>	<u>44,909</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(100,000)</u>	<u>(55,091)</u>	<u>44,909</u>
Appropriated Fund Balance	<u>100,000</u>	<u>-</u>	<u>(100,000)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>(55,091)</u>	<u>\$ (55,091)</u>
Fund Balance - Beginning of Year		<u>100,000</u>	
Fund Balance - End of Year		<u>\$ 44,909</u>	

TOWN OF LELAND, NORTH CAROLINA
 Sturgeon Creek Community Restoration Project
 Statement of Revenues, Expenditures, and Changes in Fund Balance
 Budget and Actual
 For the Fiscal Year Ended June 30, 2018

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Miscellaneous Revenue	\$ -	\$ 977	\$ 977
Investment Earnings	-	-	-
Total Revenues	<u>-</u>	<u>977</u>	<u>977</u>
Expenditures			
Parks and Recreation			
Other Expenditures	440,986	201,269	239,717
Total Parks and Recreation	<u>440,986</u>	<u>201,269</u>	<u>239,717</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(440,986)</u>	<u>(200,292)</u>	<u>240,694</u>
Appropriated Fund Balance	<u>440,986</u>	<u>-</u>	<u>(440,986)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>(200,292)</u>	<u>\$ (200,292)</u>
Fund Balance - Beginning of Year		<u>440,986</u>	
Fund Balance - End of Year		<u><u>\$ 240,694</u></u>	

TOWN OF LELAND, NORTH CAROLINA
Property Acquisition (General) Capital Project Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Fiscal Year Ended June 30, 2018

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Investment Earnings	\$ -	\$ -	\$ -
Expenditures			
Public Buildings			
Other Expenditures	1,130,000	113,183	1,016,817
Total Parks and Recreation	1,130,000	113,183	1,016,817
Excess (Deficiency) of Revenues Over Expenditures	<u>(1,130,000)</u>	<u>(113,183)</u>	<u>1,016,817</u>
Other financing sources (uses):			
Transfers In:			
General Fund	1,110,000	1,110,000	-
Total financing sources (uses)	<u>1,110,000</u>	<u>1,110,000</u>	<u>-</u>
Appropriated Fund Balance	20,000	-	(20,000)
Net Change in Fund Balance	<u>\$ -</u>	996,817	<u>\$ 996,817</u>
Fund Balance - Beginning of Year		<u>20,000</u>	
Fund Balance - End of Year		<u>\$ 1,016,817</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, 2018

	<u>Final Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues			
Investment Earnings	\$ -	\$ -	\$ -
Expenditures			
Parks and Recreation			
Capital Outlay	82,708	30,053	52,655
Total Parks and Recreation	<u>82,708</u>	<u>30,053</u>	<u>52,655</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(82,708)</u>	<u>(30,053)</u>	<u>52,655</u>
Appropriated Fund Balance	<u>82,708</u>	<u>-</u>	<u>(82,708)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>(30,053)</u>	<u>\$ (30,053)</u>
Fund Balance - Beginning of Year		<u>82,708</u>	
Fund Balance - End of Year		<u>\$ 52,655</u>	

TOWN OF LELAND, NORTH CAROLINA
 Police Grant Capital Project Fund
 Statement of Revenues, Expenditures, and Changes in Fund Balance
 Budget and Actual
 For the Fiscal Year Ended June 30, 2018

	<u>Final Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues			
Restricted Intergovernmental			
Grant	\$ -	\$ -	\$ -
Total Restricted Intergovernmental	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures			
Police			
Capital Outlay	-	-	-
Total Police	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources (uses):			
Transfers (to):			
General Fund	(15,905)	(15,905)	-
Total financing sources (uses)	<u>(15,905)</u>	<u>(15,905)</u>	<u>-</u>
Appropriated Fund Balance	<u>15,905</u>	<u>-</u>	<u>(15,905)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>(15,905)</u>	<u>\$ (15,905)</u>
Fund Balance - Beginning of Year		<u>15,905</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, 2018

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues			
Restricted Intergovernmental			
STP-DA Grant	\$ 203,027	\$ -	\$ (203,027)
Total Restricted Intergovernmental	<u>203,027</u>	<u>-</u>	<u>(203,027)</u>
Expenditures			
Planning			
Capital Outlay	239,354	-	239,354
Total Planning	<u>239,354</u>	<u>-</u>	<u>239,354</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(36,327)</u>	<u>-</u>	<u>36,327</u>
Appropriated Fund Balance	<u>36,327</u>	<u>-</u>	<u>(36,327)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund Balance - Beginning of Year		<u>36,327</u>	
Fund Balance - End of Year		<u>\$ 36,327</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, 2018

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues			
Restricted Intergovernmental			
STP-DA Grant	\$ 172,402	\$ -	\$ (172,402)
Total Restricted Intergovernmental	<u>172,402</u>	<u>-</u>	<u>(172,402)</u>
Expenditures			
Planning			
Capital Outlay	238,215	14,610	223,605
Total Planning	<u>238,215</u>	<u>14,610</u>	<u>223,605</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(65,813)</u>	<u>(14,610)</u>	<u>51,203</u>
Appropriated Fund Balance	<u>65,813</u>	<u>-</u>	<u>(65,813)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>(14,610)</u>	<u>\$ (14,610)</u>
Fund Balance - Beginning of Year		<u>65,813</u>	
Fund Balance - End of Year		<u>\$ 51,203</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, 2018

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

TOWN OF LELAND, NORTH CAROLINA
 NC Department of Transportation Grant Capital Project Fund
 Statement of Revenues, Expenditures, and Changes in Fund Balance
 Budget and Actual
 For the Fiscal Year Ended June 30, 2018

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Restricted Intergovernmental			
Grants	\$ -	\$ -	\$ -
Total Restricted Intergovernmental	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures			
Transportation			
Other Expenditures	-	-	-
Total Transportation	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources (uses):			
Transfers Out:			
General Fund	(35,000)	(35,000)	-
Planning Revitalization Capital Project Fund	-	-	-
Total financing sources (uses)	<u>(35,000)</u>	<u>(35,000)</u>	<u>-</u>
Appropriated Fund Balance	<u>35,000</u>	<u>-</u>	<u>(35,000)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>(35,000)</u>	<u>\$ (35,000)</u>
Fund Balance - Beginning of Year		<u>35,000</u>	
Fund Balance - End of Year		<u>\$ -</u>	

TOWN OF LELAND, NORTH CAROLINA
Mallory Creek Capital Project Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Fiscal Year Ended June 30, 2018

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Developer Reimbursements	\$ 550,000	\$ 550,000	\$ -
Expenditures			
Transportation			
Capital Outlay			
General Fund	1,953	1,953	-
Sewer Fund	2,344	2,344	-
Powell Bill Paving Project	121,068	121,068	-
Total Transportation	<u>125,365</u>	<u>125,365</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>424,635</u>	<u>424,635</u>	<u>-</u>
Other financing sources (uses):			
Transfers In/(Out):			
General Fund In	(360,004)	(360,004)	-
Total financing sources (uses)	<u>(360,004)</u>	<u>(360,004)</u>	<u>-</u>
Appropriated Fund Balance	<u>(64,631)</u>	<u>-</u>	<u>64,631</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>64,631</u>	<u>\$ 64,631</u>
Fund Balance - Beginning of Year		<u>(64,631)</u>	
Fund Balance - End of Year		<u>\$ -</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, 2018

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Operating Revenues			
Water Charges	\$ 444,211	\$ 1,059,473	\$ 615,262
Sewer Charges	3,263,028	3,523,927	260,899
Penalties and Interest	20,000	85,932	65,932
Total Operating Revenues	<u>3,727,239</u>	<u>4,669,332</u>	<u>942,093</u>
Nonoperating Revenues			
Miscellaneous Income	-	8,502	8,502
Investment Earnings	1,500	51,731	50,231
Total Nonoperating Revenues	<u>1,500</u>	<u>60,233</u>	<u>58,733</u>
Total Revenues	<u>3,728,739</u>	<u>4,729,565</u>	<u>1,000,826</u>
Expenditures			
Water/Sewer Operations			
Salaries and Wages	328,743	223,934	104,809
Employee Benefits	147,304	116,124	31,180
Repairs and Maintenance	513,421	399,428	113,993
Capital Outlay	220,000	47,352	172,648
Other Expenditures	1,489,424	1,255,866	233,558
Total Water Operations	<u>2,698,892</u>	<u>2,042,704</u>	<u>656,188</u>
Debt Service			
Principal Retirement	918,067	819,528	98,538.79
Interest Paid	-	98,539	(98,539)
Total Debt Service	<u>918,067</u>	<u>918,067</u>	<u>(0)</u>
Total Expenditures	<u>3,616,959</u>	<u>2,960,771</u>	<u>656,188</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>111,780</u>	<u>1,768,794</u>	<u>1,657,014</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, 2018

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Other financing sources (uses):			
Transfers In:			
Public Utilities Vector Truck	23,265	23,265	-
Utility Capital Reserve Fund	296,940	296,940	-
Transfers Out:			
General Fund	(109,518)	-	109,518
Lift Station Upgrade Capital Reserve Fund	(822,637)	(822,637)	-
Vehicle Capital Project Fund	-	-	-
Total financing sources (uses)	<u>(611,950)</u>	<u>(502,432)</u>	<u>109,518</u>
Appropriated Fund Balance	<u>500,170</u>	<u>-</u>	<u>(500,170)</u>
Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	<u>\$ -</u>	<u>\$ 1,266,362</u>	<u>\$ 1,266,362</u>
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:			
Revenues Over (Under) Expenditures and Other Financing Sources (Uses)		<u>\$ 1,266,362</u>	
Reconciling Items:			
Capital Outlay		\$ -	
Depreciation Expense		(1,608,854)	
Principal Retirement		819,528	
(Increase) decrease in accrued interest		(40,686)	
Increase (decrease) in deferred outflows of resources - pensions		(8,761)	
(Increase) Decrease in deferred inflows of resources - pensions		2,505	
(Increase) decrease in net pension liability		11,004	
(Increase) decrease in accrued compensated absences		10,633	
Investment Earnings from Utility Capital Reserve Fund		736	
Transfers (consolidating funds)		502,432	
Total Reconciling Items		<u>(311,463)</u>	
Change in Net Position		<u>\$ 954,899</u>	

TOWN OF LELAND, NORTH CAROLINA
 Combining Schedule of Revenues and Expenditures
 Utility Capital Project Funds
 June 30, 2018

	Utility Capital Reserve Fund	Collection System Replacement Capital Reserve Fund	Lift Station Upgrade Capital Reserve Fund	US 17 Corridor Force Main Upgrade Capital Project Fund	Public Utility Vactor Truck Capital Project Fund	Utility Vehicle Capital Project Fund	Total
Revenues							
Investment Earnings	\$ 578	\$ -	\$ 94	\$ 64	\$ -	\$ -	\$ 736
Expenditures							
Sewer Operations							
Bank Fees	-	-	8	-	-	-	8
Capital Outlay	-	-	40,482	979,052	-	-	1,019,534
Total Expenditures	-	-	40,490	979,052	-	-	1,019,542
Excess (Deficiency) of Revenues Over Expenditures	578	-	(40,396)	(978,988)	-	-	(1,018,806)
Other Financing Sources (Uses)							
Transfers from Other Funds	-	-	822,637	-	-	-	822,637
Debt issuance	-	-	2,000,000	2,000,000	-	-	4,000,000
Transfers to Other Funds	(296,940)	-	-	-	(23,265)	-	(320,205)
Total Other Financing Sources (Uses)	(296,940)	-	2,822,637	2,000,000	(23,265)	-	4,502,432
Revenues Over Other Financing	\$ (296,362)	\$ -	\$ 2,782,241	\$ 1,021,012	\$ (23,265)	\$ -	\$ 3,483,626

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, 2018

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Investment Earnings	\$ -	\$ 578	\$ 578
Expenditures			
Sewer Operations			
Other Expenditures	336,783	-	336,783
Total Sewer Operations	<u>336,783</u>	<u>-</u>	<u>336,783</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(336,783)</u>	<u>578</u>	<u>337,361</u>
Transfers In:			
Utility Fund	-	-	-
Transfers Out:			
750,000 Water Tower Fund	-	-	-
Utility Fund	<u>(296,940)</u>	<u>(296,940)</u>	<u>-</u>
Total financing sources (uses)	<u>(296,940)</u>	<u>(296,940)</u>	<u>-</u>
Appropriated Fund Balance	<u>633,723</u>	<u>-</u>	<u>(633,723)</u>
Revenues Over Other Financing Sources (Uses)	<u>\$ -</u>	<u>\$ (296,362)</u>	<u>\$ (296,362)</u>

TOWN OF LELAND, NORTH CAROLINA
Collection System Replacement Capital Reserve Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2018

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Investment Earnings	\$ -	\$ -	\$ -
Expenditures			
Sewer Operations			
Capital Outlay	339,236	-	339,236
Total Sewer Operations	339,236	-	339,236
Excess (Deficiency) of Revenues Over Expenditures	(339,236)	-	339,236
Appropriated Fund Balance	339,236	-	(339,236)
Revenues Over Other Financing Sources (Uses)	\$ -	\$ -	\$ -

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, 2018

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Investment Earnings	\$ -	94	\$ 94
Expenditures			
Sewer Operations			
Bank Fees	-	8	(8)
Capital Outlay	3,792,640	40,482	3,752,158
Total Sewer Operations	<u>3,792,640</u>	<u>40,490</u>	<u>3,752,150</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(3,792,640)</u>	<u>(40,396)</u>	<u>3,752,244</u>
Other financing sources (uses):			
Transfers In:			
Utility Fund	822,637	822,637	-
Debt issuance	2,000,000	2,000,000	-
Transfers Out:			
Utility Fund	-	-	-
Total financing sources (uses)	<u>2,822,637</u>	<u>2,822,637</u>	<u>-</u>
Appropriated Fund Balance	<u>970,003</u>	<u>-</u>	<u>(970,003)</u>
Revenues Over Other Financing Sources (Uses)	<u>\$ -</u>	<u>\$ 2,782,241</u>	<u>\$ 2,782,241</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, 2018

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Investment Earnings	\$ -	\$ 64	\$ 64
Expenditures			
Sewer Operations			
Bank Fees	-	4	(4)
Capital Outlay	3,348,764	979,048	2,369,716
Total Sewer Operations	<u>3,348,764</u>	<u>979,052</u>	<u>2,369,712</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(3,348,764)</u>	<u>(978,988)</u>	<u>2,369,776</u>
Other financing sources (uses):			
Transfers In:			
Utility Capital Reserve Fund	-	-	-
Debt issuance	2,000,000	2,000,000	-
Transfers Out:			
Utility Fund	-	-	-
Total financing sources (uses)	<u>2,000,000</u>	<u>2,000,000</u>	<u>-</u>
Appropriated Fund Balance	<u>1,348,764</u>	<u>-</u>	<u>(1,348,764)</u>
Revenues Over Other Financing Sources (Uses)	<u>\$ -</u>	<u>\$ 1,021,012</u>	<u>\$ 1,021,012</u>

TOWN OF LELAND, NORTH CAROLINA
Public Utilities Vactor Truck Capital Project Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2018

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Investment Earnings	\$ -	\$ -	\$ -
Expenditures			
Sewer Operations			
Capital Outlay	276,735	-	276,735
Total Sewer Operations	276,735	-	276,735
Excess (Deficiency) of Revenues Over Expenditures	(276,735)	-	276,735
Other financing sources (uses):			
Transfers To:			
Public Utility Enterprise Fund	(23,265)	(23,265)	-
Total financing sources (uses)	(23,265)	(23,265)	-
Appropriated Fund Balance	300,000	-	(300,000)
Revenues Over Other Financing Sources (Uses)	\$ -	\$ (23,265)	\$ (23,265)

TOWN OF LELAND, NORTH CAROLINA
 Utility Vehicles Capital Project Fund
 Schedule of Revenues and Expenditures
 Budget and Actual (Non-GAAP)
 For the Fiscal Year Ended June 30, 2018

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Investment Earnings	\$ -	\$ -	\$ -
Expenditures			
Sewer Operations			
Capital Outlay	76,316	-	76,316
Total Sewer Operations	76,316	-	76,316
Excess (Deficiency) of Revenues Over Expenditures	(76,316)	-	76,316
Transfers In:			
Utility Fund	-	-	-
Total financing sources (uses)	-	-	-
Appropriated Fund Balance	76,316	-	(76,316)
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, 2018

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Operating Revenues			
Registration Revenue	\$ 96,977	\$ 115,560	\$ 18,583
Facility Rental Revenue	14,950	15,671	721
Application Fee Revenue	500	698	198
Facility Deposit Revenue	-	1,110	1,110
Sales Revenue	12,000	24,650	12,650
Studio Pass Revenue	2,750	3,027	277
Caterer Application Fees	200	100	(100)
Grant revenue	-	1,200	1,200
Miscellaneous Revenue	(84,446)	7,214	91,660
Total Revenues	<u>42,931</u>	<u>169,230</u>	<u>126,299</u>
Expenditures			
Salaries and Wages	198,120	199,269	(1,149)
Employee Benefits	67,457	75,804	(8,347)
Professional / Contract Fees	32,240	26,894	5,346
Capital Outlay	-	-	-
Other Expenditures	258,792	209,633	49,159
Total Expenditures	<u>556,609</u>	<u>511,600</u>	<u>45,009</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(513,678)</u>	<u>(342,370)</u>	<u>171,308</u>
Other financing sources (uses):			
Transfers In/(to):			
General Fund	513,678	-	(513,678)
Total financing sources (uses)	<u>513,678</u>	<u>-</u>	<u>(513,678)</u>
Appropriated Fund Balance	<u>-</u>	<u>-</u>	<u>-</u>
Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	<u>\$ -</u>	<u>\$ (342,370)</u>	<u>\$ (342,370)</u>
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:			
Revenues Over (Under) Expenditures and Other Financing Sources (Uses)		<u>\$ (342,370)</u>	
Reconciling Items:			
Increase (decrease) in deferred outflows of resources - pensions		(2,890)	
(Increase) Decrease in deferred inflows of resources - pensions		826	
(Increase) decrease in net pension liability		3,628	
Total Reconciling Items		<u>1,564</u>	
Change in Net Position		<u>\$ (340,806)</u>	

Other Schedules

TOWN OF LELAND, NORTH CAROLINA
 General Fund
 Schedule of Ad Valorem Taxes Receivable
 For the Fiscal Year Ended June 30, 2018

Fiscal Year	Uncollected Balance July 1, 2017	Additions and Adjustments	Collections and Credits	Uncollected Balance June 30, 2018
2017-18	\$ -	\$ 5,280,932	\$ 5,246,193	\$ 34,739
2016-17	46,969	-	27,770	19,199
2015-16	22,472	-	7,840	14,632
2014-15	12,526	-	4,921	7,605
2013-14	12,500	-	3,047	9,453
2012-13	13,083	-	2,491	10,592
2011-12	7,907	-	1,836	6,071
2010-11	5,141	-	488	4,653
2009-10	3,103	-	237	2,866
2008-09	4,885	-	6	4,879
2007-08	3,169	-	3,169	-
	<u>\$ 131,755</u>	<u>\$ 5,280,932</u>	<u>\$ 5,297,998</u>	114,689
Less: Allowance for Uncollectible Accounts: General Fund				58,122
Ad Valorem Taxes Receivable, net				<u>\$ 56,567</u>
<u>Reconciliation with Revenues</u>				
Ad Valorem Taxes - General Fund				\$ 5,307,379
Reconciling Items:				
Interest and Penalties Collected				(13,243)
Releases and adjustments				3,862
Total Collections and Credits				<u>\$ 5,297,998</u>

TOWN OF LELAND, NORTH CAROLINA
 General Fund
 Schedule of Ad Valorem Taxes Receivable
 For the Fiscal Year Ended June 30, 2018

	Town-Wide			Total Levy	
	Property Valuation	Rate per \$100	Amount of Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original Levy:					
Property Taxed at					
Current Year's Rate	\$ 2,514,729,524	0.21	\$ 5,280,932	\$ 4,864,952	\$ 415,980
	-				
	2,514,729,524		5,280,932	4,864,952	415,980
Total Property Valuations	\$ 2,514,729,524				
Net Levy			\$ 5,280,932	\$ 4,864,952	\$ 415,980
Uncollected Taxes at June 30, 2017			34,739	34,734	5
Current Year's Taxes Collected			\$ 5,246,193	\$ 4,830,218	\$ 415,975
Current Levy Collection Percentage			99.34%	99.29%	99.999%



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, 2018, and the related notes to the financial statements, which collectively comprises the Town of Leland's basic financial statements, and have issued our report thereon dated November 30, 2018.

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 significant deficiencies or material weaknesses. However, significant deficiencies and material weaknesses may exist that have not been identified. We did not identify certain deficiencies in internal control.

Compliance and Other Matters

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

Purpose of this Report

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

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

Thompson, Price, Scott, Adams & Co., P.A.
Whiteville, NC
November 30, 2018



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, 2018. 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 the requirements of laws, regulations, contracts, and grants 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, 2018.

Report on Internal Control Over Compliance

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

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

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

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

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

Thompson, Price, Scott, Adams & Co., P.A.
Whiteville, NC
November 30, 2018

TOWN OF LELAND, NORTH CAROLINA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2018

Section II. Financial Statement Findings

None reported.

Section III. State Award Findings and Questioned Costs

None Reported.

TOWN OF LELAND, NORTH CAROLINA
Corrective Action Plan
For the Year Ended June 30, 2018

Section II - Financial Statement Findings

None Reported.

Section III. State Award Findings and Questioned Costs

None Reported.

TOWN OF LELAND, NORTH CAROLINA
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
For the Year Ended June 30, 2018

Finding: 2017-1

Status: The Town and auditors have reviewed and reconciled the capital asset records appropriately.

Town of Leland
Schedule of Expenditures of Federal and State Awards
Federal and State Awards
For The Fiscal Year Ended June 30, 2018

<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>
<u>Federal Grants:</u>					
Cash Programs:					
<u>U.S. Department of Justice</u>					
Direct Program					
Bulletproof Vest Partnership Program	16-607		\$ 7,935	\$ -	\$ -
Total U.S. Dept of Justice			<u>7,935</u>	<u>-</u>	<u>-</u>
<u>State Grants:</u>					
Cash Assistance:					
<u>N.C. Dept of Transportation</u>					
Powell Bill		32570	-	1,107,101	-
Total N.C. Dept of Transportation			<u>-</u>	<u>1,107,101</u>	<u>-</u>
Total State Awards			<u>-</u>	<u>1,107,101</u>	<u>-</u>
Total Federal and State Awards			<u>\$ 7,935</u>	<u>\$ 1,107,101</u>	<u>\$ -</u>

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

Note 1: Basis of Presentation

The accompanying schedule of expenditures of federal and state awards (SFSA) includes the federal and state grant activity of the Town of Leland under the programs of the federal government and the State of North Carolina for the year ended June 30, 2018. The information in this SEFSA 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 SEFSA 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.