

**TOWN OF LELAND, NORTH CAROLINA**  
**FINANCIAL STATEMENTS**  
June 30, 2017

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City Council Members

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

Administrative and Financial Staff

David Hollis, Town Manager  
Missy Rhodes, Finance Officer

**Town of Leland**  
**TABLE OF CONTENTS**  
**June 30, 2017**

<b>FINANCIAL SECTION</b>	<b>EXHIBIT</b>	<b>PAGES</b>
Independent Auditors' Report		1-3
Management's Discussion and Analysis		4-9
<b>Basic Financial Statements:</b>		
Government-wide Financial Statements:		
Statement of Net Position	1	10
Statement of Activities	2	11
Fund Financial Statements:		
Balance Sheet – Governmental Funds	3	12
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	3	13
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	4	14
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	4a	15
Statement of Revenues, Expenses and Changes in Fund Balance - Budget and Actual - General Fund	5	16-17
Statement of Fund Net Position - Proprietary Funds	6	18
Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds	7	19
Statement of Cash Flows - Proprietary Funds	8	20
Notes to the Financial Statements		21-41
<b>Required Supplemental Financial Data</b>		
Schedule of Proportionate Share of Net Pension Liability (Asset) - Local Government Employees' Retirement System	A-1	42
Schedule of Contributions - Local Government Employees' Retirement System	A-2	43
Schedule of Changes in Total Pension Liability - Law enforcement Officers' Special Separation Allowance	A-3	44
Schedule of Total Pension Liability as a Percentage of Covered Payroll	A-4	45

**Town of Leland**  
**TABLE OF CONTENTS**  
**June 30, 2017**

	<u>EXHIBIT</u>	<u>PAGES</u>
<b><i>Major Governmental Funds - General Fund</i></b>		
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General Fund	B-1	46-48
<b><i>Special Revenue Funds Consolidated with General Fund</i></b>		
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Drug Forfeitures Capital Reserve Fund	B-1a	49
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Sign Amortization Payment Fund	B-1b	50
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Vehicle Capital Reserve Fund	B-1c	51
<b><i>Non-Major Governmental Funds - Capital Project Funds</i></b>		
Combining Balance Sheet - Nonmajor Capital Project Fund	C-1	52-54
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Capital Project Funds	C-2	55-57
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Westgate Nature Park Capital Project Fund	C-3	58
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Sturgeon Environmental Educational Park Project	C-4	59
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Cultural Arts Center Capital Project Fund	C-5	60
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Old Fayetteville MUP Capital Project Fund	C-6	61
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Planning Revitalization Capital Project Fund	C-7	62
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Westgate Senior Ap. Housing Capital Project Fund	C-8	63
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Greenway Capital Project Fund	C-9	64
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Bike Plan Capital Project Fund	C-10	65
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Westgate Multi-Use Path Capital Project Fund	C-11	66

**Town of Leland**  
**TABLE OF CONTENTS**  
**June 30, 2017**

	<u>EXHIBIT</u>	<u>PAGES</u>
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Stoney Burton Farm Neighborhood Park Capital Project Fund	C-12	67
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Sturgeon Creek Community Restoration Capital Project Fund	C-13	68
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Property Acquisition (General) Capital Project Fund	C-14	69
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Municipal Park Improvements Capital Project Fund	C-15	70
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Police Grant Capital Project Fund	C-16	71
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Leland MS Sidewalk Capital Project Fund	C-17	72
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Old Fayetteville / Village Rd Ped Loop Capital Project Fund	C-18	73
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Village Rd MUP Extension Capital Project Fund	C-19	74
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - NC Department of Transportation Capital Project Fund	C-20	75
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Mallory Creek Capital Project Fund	C-21	76
<b><i>Enterprise Funds</i></b>		
Statement of Revenues and Expenditures - Budget and Actual (Non-GAAP) - Utility Fund	D-1	77-78
Combining Schedule of Revenues and Expenditures - Utility Capital Project Funds	D-2	79

**Town of Leland**  
**TABLE OF CONTENTS**  
**June 30, 2017**

	<u>EXHIBIT</u>	<u>PAGES</u>
Statement of Revenues and Expenditures - Budget and Actual (Non-GAAP) - Utility Capital Reserve Fund	D-2a	80
Statement of Revenues and Expenditures - Budget and Actual (Non-GAAP) - Collection System Replacement Capital Reserve Fund	D-2b	81
Statement of Revenues and Expenditures - Budget and Actual (Non-GAAP) - Lift Station Upgrade Capital Reserve Fund	D-2c	82
Statement of Revenues and Expenditures - Budget and Actual (Non-GAAP) - US 17 Corridor Force Main Upgrade Capital Project Fund	D-2d	83
Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP) - Public Utilities Vector Truck Capital Project Fund	D-2e	84
Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP) - Half Million Water Tower Capital Project Fund	D-2f	85
Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP) - Utility Vehicles Capital Project Fund	D-2g	86
Statement of Revenues and Expenditures - Budget and Actual (Non-GAAP) - Cultural Arts Center Fund	D-3	87
<b><i>Other Schedules</i></b>		
Schedule of Ad Valorem Taxes Receivable - General Fund	E-1	88
Analysis of Current Tax Levy	E-2	89
<b>COMPLIANCE SECTION</b>		
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		90-91
Report on Compliance with Requirements Applicable to Each Major State Program and Internal Control Over Compliance in Accordance With the Uniform Guidance and the State Single Audit Implementation Act		92-93
Schedule of Findings and Questioned Costs		94-95
Corrective Action Plan		96
Summary Schedule of Prior Audit Findings		97
Schedule of Federal and State Awards		98

## FINANCIAL SECTION



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**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 units, each major fund, and the aggregate remaining fund information of the Town of Leland, North Carolina, as of and for the year ended June 30, 2017, 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 bases on our audit. We did not audit the financial statements of Leland Tourism Development Authority, which represents 100 percent of the assets, net position, and revenues of the discretely presented component units. Those statements were audited by another auditor whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Leland Tourism Development Authority, is based solely on the report of the another auditor. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of Leland Tourism Development Authority were not audited in accordance with *Governmental Auditing Standards*.

**Members**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### ***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, 2017, 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 42 through 43, respectively, 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 44 and 45 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 introductory information, combining and individual fund financial statements, budgetary schedules, other schedules as well as the federal and state awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirement for Federal Awards* and the State Single Audit Implementation Act are presented for purpose of additional analysis and are not a required part of the basic financial statements.



The combining and individual fund financial statements, budgetary schedules, other schedules, and the Schedule of Expenditures of Federal and State Awards are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us 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 October 19, 2017 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

October 19, 2017

**Town of Leland  
Management's Discussion and Analysis  
June 30, 2017**

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As management of the Town of Leland, we offer readers of the Town of Leland's financial statements this narrative overview and analysis of the financial activities of the Town of Leland for the fiscal year ended June 30, 2017. 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 \$110,826,699 (net position).
- The government's total net position decreased by \$980,777.
- As of the close of the current fiscal year, the Town of Leland's governmental funds reported combined ending fund balances of \$10,978,184 with a decrease of \$325,628 in fund balance.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$7,287,615, or 70.67 percent of total general fund expenditures for the fiscal year.

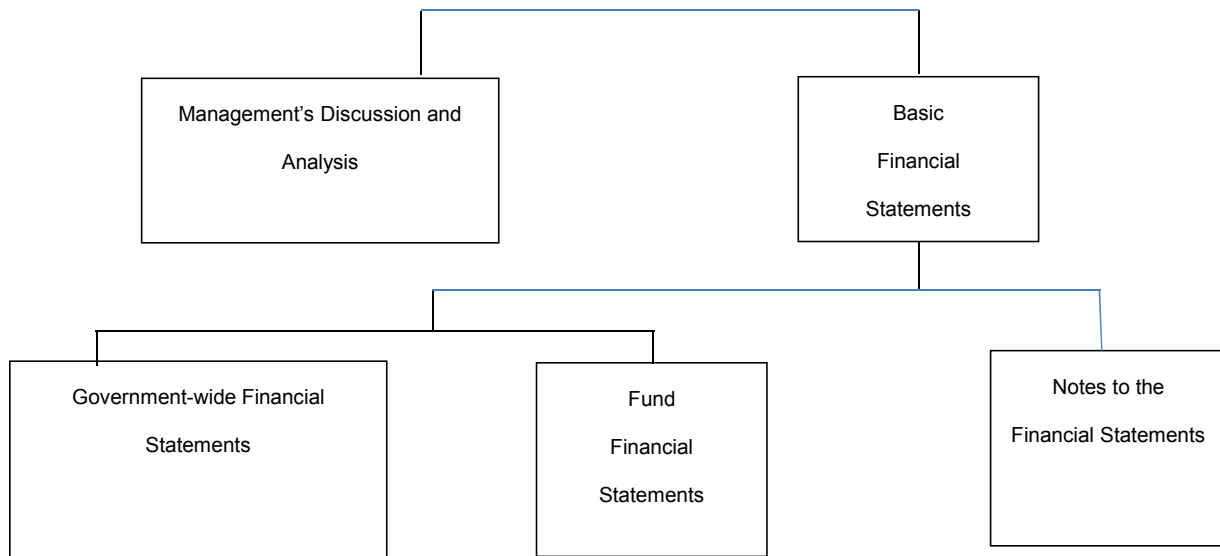
**Overview of the Financial Statements**

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, 2017**

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### **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, 2017**

**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 10.

**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 beginning on page 45, 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	
	2017	2016	2017	2016	2017	2016
Current and other assets	\$ 11,955,500	\$ 12,076,948	\$ 11,539,910	\$ 10,783,967	\$ 23,495,410	\$ 22,860,915
Capital Assets	64,180,129	61,290,656	39,219,129	40,301,007	103,399,258	101,591,663
Deferred Outflows of Resources	926,119	181,850	104,620	20,537	1,030,739	202,387
Total Assets and Deferred Outflows of Resources	77,061,748	73,549,454	50,863,659	51,105,511	127,925,407	124,654,965
Long-term Liabilities Outstanding	9,063,401	9,882,865	3,905,348	4,630,195	12,968,749	14,513,060
Other Liabilities	1,827,860	1,755,229	1,116,151	991,684	2,944,011	2,746,913
Deferred Inflows of Resources	99,922	158,466	11,287	17,896	111,209	176,362
Total Liabilities and Deferred Inflows of Resources	10,991,183	11,796,560	5,032,786	5,639,775	16,023,969	17,436,335
Net Position:						
Net Investment in capital assets	54,743,273	50,777,200	34,632,290	34,907,680	89,375,563	85,684,880
Restricted	2,165,888	2,596,044	-	-	2,165,888	2,596,044
Unrestricted	8,086,665	8,142,013	11,198,583	10,558,056	19,285,248	18,700,069
Total Net Position	\$ 64,995,826	\$ 61,515,257	\$ 45,830,873	\$ 45,465,736	\$ 110,826,699	\$ 106,980,993

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 \$110,826,699 as of June 30, 2017. The Town's net position decreased by \$980,777 for the fiscal year ended June 30, 2017. However, the largest portion (80.64%) 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, \$2,165,888, represents sources that are subject to external restrictions on how they may be used. The remaining balance of \$19,285,248 is unrestricted.

**Town of Leland  
Management's Discussion and Analysis  
June 30, 2017**

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

- Continued diligence in the collection of property taxes by maintaining a collection percentage of 98.93%.
- Significant contributions from developers for capital assets owned by the Town.

**The Town of Leland Changes in Net Position  
Figure 3**

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
<b>Revenues:</b>						
<b>Program revenues:</b>						
Charges for services	\$ 970,998	\$ 866,897	\$ 4,518,388	\$ 3,994,236	\$ 5,489,386	\$ 4,861,133
Operating grants and contributions	32,534	456,104	-	-	32,534	456,104
Capital grants and contributions	1,162,534	9,088,791	313,300	5,637,520	1,475,834	14,726,311
<b>General revenues:</b>						
Property taxes	4,391,659	3,371,420	-	-	4,391,659	3,371,420
Other taxes	5,296,432	4,873,590	-	-	5,296,432	4,873,590
Other	(82,557)	149,667	3,901	2,573	(78,656)	152,240
<b>Total revenues</b>	<b>11,771,600</b>	<b>18,806,469</b>	<b>4,835,589</b>	<b>9,634,329</b>	<b>16,607,189</b>	<b>28,440,798</b>
<b>Expenses:</b>						
Governing body	429,971	266,253	-	-	429,971	266,253
Administration	1,759,911	506,383	-	-	1,759,911	506,383
Information Technology	703,047	492,503	-	-	703,047	492,503
Human Resources	194,891	170,303	-	-	194,891	170,303
Finance	224,475	191,500	-	-	224,475	191,500
Public Works	1,195,673	1,867,416	-	-	1,195,673	1,867,416
Planning	460,915	66,219	-	-	460,915	66,219
Police	2,811,104	2,383,463	-	-	2,811,104	2,383,463
Development services	572,321	825,300	-	-	572,321	825,300
Powell Bill	1,849,877	477,162	-	-	1,849,877	477,162
Transportation	2,151,405	1,529,125	-	-	2,151,405	1,529,125
Parks and recreation	718,957	917,106	-	-	718,957	917,106
Interest on long-term debt	243,150	255,117	-	-	243,150	255,117
Utilities	-	-	3,857,846	2,885,289	3,857,846	2,885,289
Cultural Arts Center	-	-	414,423	285,784	414,423	285,784
<b>Total expenses</b>	<b>13,315,697</b>	<b>9,947,850</b>	<b>4,272,269</b>	<b>3,171,073</b>	<b>17,587,966</b>	<b>13,118,923</b>
Increase (decrease) in net position before transfers	(1,544,097)	8,858,619	563,320	6,463,256	(980,777)	15,321,875
Transfers	198,183	(212,400)	(198,183)	212,400	-	-
<b>Change in net position</b>	<b>(1,345,914)</b>	<b>8,646,219</b>	<b>365,137</b>	<b>6,675,656</b>	<b>(980,777)</b>	<b>15,321,875</b>
Net position, beginning	61,515,257	52,817,896	45,465,736	38,790,080	106,980,993	91,607,976
Net position, beginning, restated	66,341,740	52,869,038	45,465,736	38,790,080	111,807,476	91,659,118
<b>Net position, ending</b>	<b>\$ 64,995,826</b>	<b>\$ 61,515,257</b>	<b>\$ 45,830,873</b>	<b>\$ 45,465,736</b>	<b>\$ 110,826,699</b>	<b>\$ 106,980,993</b>

**Governmental activities.** Governmental activities decreased the Town's net position by \$3,480,569 thereby accounting for 100% 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 \$365,137, thereby accounting for 100% of the total growth in the net position of the Town of Leland.

A significant portion of the increase for both governmental activities and business-type activities was contributed capital from developers for various projects.

**Town of Leland**  
**Management's Discussion and Analysis**  
**June 30, 2017**

**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 \$7,673,895, while total fund balance reached \$9,891,222. The Town currently has an available fund balance of 74.41% of general fund expenditures, while total fund balance represents 95.91% of the same amount.

At June 30, 2017, the governmental funds of Town of Leland reported a combined fund balance of \$10,978,184, with a net decrease in fund balance of \$325,628. Included in this change in fund balance is a decrease in fund balance in the non-major funds.

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

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

**Proprietary Funds.** The Town of Leland's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Utility Fund at the end of the fiscal year amounted to \$11,549,483, and for the Cultural Arts Center a deficit balance of \$350,900. The total change in net position for the Utility Fund was an increase of \$727,056 and a decrease in the Cultural Arts Center of \$361,919.

**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, 2017, totals \$103,399,258 (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	
	2017	2016	2017	2016	2017	2016
Land	\$ 5,845,260	\$ 5,556,838	\$ -	\$ -	\$ 5,845,260	\$ 5,556,838
Construction in Progress	1,864,152	-	260,327	2,174,533	2,124,479	2,174,533
Buildings	17,582,391	18,836,565	-	-	17,582,391	18,836,565
Infrastructure	38,861,600	36,911,792	-	-	38,861,600	36,911,792
Vehicles	162,220	26,088	20,196	20,196	182,416	46,284
Plant and Distribution	-	-	38,747,140	37,250,275	38,747,140	37,250,275
Equipment	(135,494)	(40,627)	191,466	856,003	55,972	815,376
<b>Total</b>	<b>\$ 64,180,129</b>	<b>\$ 61,290,656</b>	<b>\$ 39,219,129</b>	<b>\$ 40,301,007</b>	<b>\$ 103,399,258</b>	<b>\$ 101,591,663</b>

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, 2017**

**Long-term Debt.** As of June 30, 2017, 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	
	2017	2016	2017	2016	2017	2016
Installment purchases	\$ 9,436,856	\$ 10,513,456	\$ -	\$ -	\$ 9,436,856	\$ 10,513,456
Interlocal agreements	-	-	4,586,839	5,393,328	4,586,839	5,393,328
Total	<u>\$ 9,436,856</u>	<u>\$ 10,513,456</u>	<u>\$ 4,586,839</u>	<u>\$ 5,393,328</u>	<u>\$ 14,023,695</u>	<u>\$ 15,906,784</u>

Town of Leland's total debt decreased by \$1,883,089 (11.84%) during the past fiscal year, primarily due to debt service payments exceeding loan proceeds in the fiscal year.

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 \$177,267,696. The Town of Leland does not have any authorized but un-issued debt at June 30, 2017.

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, 2018**

**Governmental Activities.** Property tax rate will remain at 18.33 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](mailto:dhollis@townofleland.com)

## BASIC FINANCIAL STATEMENTS



**TOWN OF LELAND, NORTH CAROLINA**  
Statement of Net Position  
For the Year Ended June 30, 2017

	Primary Government			Leland Tourism Development Authority
	Governmental Activities	Business-type Activities	Total	
<b>ASSETS</b>				
<b>Current Assets:</b>				
Cash and Cash Equivalents	\$ 8,446,385	\$ 10,798,591	\$ 19,244,976	\$ 137,490
Receivables (net):				
Ad Valorem Taxes	93,444	-	93,444	-
Occupancy Tax	-	-	-	17,168
Accounts	-	506,084	506,084	-
Internal Balances	2,791	(2,791)	-	-
Due from Other Governments	1,045,340	8,936	1,054,276	-
Prepaid Expenses	208	-	208	-
Restricted Cash and Cash Equivalents	2,367,332	229,090	2,596,422	-
<b>Total Current Assets</b>	<b>11,955,500</b>	<b>11,539,910</b>	<b>23,495,410</b>	<b>154,658</b>
<b>Noncurrent Assets</b>				
Capital Assets				
Land, Nondepreciable Improvements, and Construction in Progress	7,709,412	260,327	7,969,739	-
Other Capital Assets, Net of Deprec.	56,470,717	38,958,802	95,429,519	-
<b>Total Noncurrent Assets</b>	<b>64,180,129</b>	<b>39,219,129</b>	<b>103,399,258</b>	<b>-</b>
<b>Total Assets</b>	<b>76,135,629</b>	<b>50,759,039</b>	<b>126,894,668</b>	<b>154,658</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension Deferrals	926,119	104,620	1,030,739	-
<b>LIABILITIES</b>				
<b>Current Liabilities:</b>				
Accounts Payable and Accrued Liabilities	666,494	41,343	707,837	-
Customer Deposits	217,378	229,090	446,468	-
Accrued Interest	7,298	26,190	33,488	-
Current Portion of Long-term Debt	936,690	819,528	1,756,218	-
<b>Total Current Liabilities</b>	<b>1,827,860</b>	<b>1,116,151</b>	<b>2,944,011</b>	<b>-</b>
<b>Long-term liabilities:</b>				
Net pension liability	1,074,739	121,409	1,196,148	-
Due in more than one year	9,063,401	3,783,939	12,847,340	-
<b>Total Long-Term Liabilities</b>	<b>10,138,140</b>	<b>3,905,348</b>	<b>14,043,488</b>	<b>-</b>
<b>Total Liabilities</b>	<b>11,966,000</b>	<b>5,021,499</b>	<b>16,987,499</b>	<b>-</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Pension Deferrals	99,922	11,287	111,209	-
<b>Total deferred inflows of resources</b>	<b>99,922</b>	<b>11,287</b>	<b>111,209</b>	<b>-</b>
<b>NET POSITION</b>				
<b>Net investment in capital assets</b>	<b>54,743,273</b>	<b>34,632,290</b>	<b>89,375,563</b>	<b>-</b>
Restricted for:				
Transportation	1,116,403	-	1,116,403	-
Stabilization by State Statute	1,048,339	-	1,048,339	17,168
Drug Forfeiture	1,146	-	1,146	-
Unrestricted	8,086,665	11,198,583	19,285,248	137,490
<b>Total Net Position</b>	<b>\$ 64,995,826</b>	<b>\$ 45,830,873</b>	<b>\$ 110,826,699</b>	<b>\$ 154,658</b>

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, 2017

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Primary government:</b>							
<b>Governmental activities:</b>							
Governing Body	\$ 429,971	\$ -	\$ -	\$ -	\$ (429,971)	\$ -	\$ (429,971)
Administration	1,759,911	68,083	24,259	-	(1,667,569)	-	(1,667,569)
Information Technology	703,047	-	-	-	(703,047)	-	(703,047)
Human Resources	194,891	-	-	-	(194,891)	-	(194,891)
Finance	224,475	-	-	-	(224,475)	-	(224,475)
Public Works	1,195,673	-	-	-	(1,195,673)	-	(1,195,673)
Planning and Inspections	460,915	895,635	-	-	434,720	-	434,720
Police	2,811,104	-	8,275	-	(2,802,829)	-	(2,802,829)
Developmental Services	572,321	-	-	674,452	102,131	-	102,131
Powell Bill	1,849,877	-	-	488,082	(1,361,795)	-	(1,361,795)
Transportation	2,151,405	-	-	-	(2,151,405)	-	(2,151,405)
Parks and Recreation	718,957	7,280	-	-	(711,677)	-	(711,677)
Interest on long-term debt	243,150	-	-	-	(243,150)	-	(243,150)
<b>Total governmental activities</b>	<b>13,315,697</b>	<b>970,998</b>	<b>32,534</b>	<b>1,162,534</b>	<b>(11,149,631)</b>	<b>-</b>	<b>(11,149,631)</b>
<b>Business-type activities:</b>							
Utility	3,857,846	4,390,681	-	313,300	-	846,135	846,135
Cultural Arts Center	414,423	127,707	-	-	(286,716)	-	(286,716)
<b>Total business-type activities</b>	<b>4,272,269</b>	<b>4,518,388</b>	<b>-</b>	<b>313,300</b>	<b>-</b>	<b>559,419</b>	<b>559,419</b>
<b>Total primary government</b>	<b>17,587,966</b>	<b>5,489,386</b>	<b>32,534</b>	<b>1,475,834</b>	<b>(11,149,631)</b>	<b>559,419</b>	<b>(10,590,212)</b>
Component unit:							
Leland Tourism Development Authority	\$ 170,334	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (170,334)
<b>General revenues:</b>							
Property taxes, levied for general purpose					4,391,659	-	4,391,659
Other taxes and licenses					5,296,432	-	5,296,432
Investment Earnings					41,844	3,901	45,745
Gain (Loss) on Disposal					(242,290)	-	(242,290)
Miscellaneous					117,889	-	117,889
<b>Transfers</b>					198,183	(198,183)	-
Total general revenues, special items, and transfers					9,803,717	(194,282)	9,609,435
<b>Change in Net Position</b>					(1,345,914)	365,137	(980,777)
<b>Net position, beginning</b>					61,515,257	45,465,736	106,980,993
<b>Restatement</b>					(62,334)	-	(62,334)
<b>Prior Period Adjustment</b>					4,888,817	-	4,888,817
<b>Net position, beginning, restated</b>					66,341,740	45,465,736	111,807,476
<b>Net position, ending</b>					\$ 64,995,826	\$ 45,830,873	\$ 110,826,699

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

**TOWN OF LELAND, NORTH CAROLINA**  
Balance Sheet  
Governmental Funds  
For the Fiscal Year Ended June 30, 2016

	<b>Major Funds</b>		
	<b>General</b>	<b>Total Non-Major Funds</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 6,983,774	\$ 1,462,611	\$ 8,446,385
Restricted Cash	2,367,332	-	2,367,332
Receivables (net):			
Ad Valorem Taxes	83,345	-	83,345
Due from Other Funds	2,791	-	2,791
Due from Other Governments	1,045,340	-	1,045,340
Prepaid Expenses	208	-	208
<b>Total assets</b>	<b>\$ 10,482,790</b>	<b>\$ 1,462,611</b>	<b>\$ 11,945,401</b>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable and accrued liabilities	290,845	\$ 375,649	\$ 666,494
Deposits	217,378	-	217,378
<b>Total liabilities</b>	<b>508,223</b>	<b>375,649</b>	<b>883,872</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<b>83,345</b>	<b>-</b>	<b>83,345</b>
<b>Fund balances:</b>			
Restricted:			
Stabilization by State statute	1,048,339	-	1,048,339
Streets	1,116,403	-	1,116,403
Drug Forfeiture	1,146	-	1,146
Committed:			
Administration	-	-	-
Planning	-	-	-
Transportation	-	-	-
Parks and Recreation	-	-	-
Vehicles	141,280	-	141,280
Water and Sewer Plant	-	-	-
Pender Commerce Park	-	-	-
Wastewater Treatment Facility	-	-	-
LEO Special Separation Allowance	51,439	-	51,439
Assigned:			
Subsequent Year's Expenditures	-	-	-
Planning	245,000	119,985	364,985
Police	-	15,905	15,905
Parks and Recreation	-	652,941	652,941
Transportation	-	298,131	298,131
Unassigned:	7,287,615	-	7,287,615
<b>Total fund balances</b>	<b>9,891,222</b>	<b>1,086,962</b>	<b>10,978,184</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 10,482,790</b>	<b>\$ 1,462,611</b>	<b>\$ 11,945,401</b>

**TOWN OF LELAND, NORTH CAROLINA**  
 Balance Sheet  
 Governmental Funds  
 For the Fiscal Year Ended June 30, 2016

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

Total Governmental Fund Balance	\$	10,978,184
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Gross capital assets at historical costs	85,300,057	
Accumulated depreciation	<u>(21,119,928)</u>	64,180,129
Deferred outflows of resources related to pensions are not reported in the funds		692,743
Contributions to the pension plan in the current fiscal year are deferred outflows of resources on the Statement of Net Position		233,376
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		10,099
Liabilities for earned revenues considered deferred inflows of resources in fund statements.		
Ad valorem Taxes		83,345
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Installment purchase obligations	(9,436,856)	
Accrued interest payable	(7,298)	
Net pension obligation	(308,324)	
Net pension liability	(1,074,739)	
Compensated Absences	<u>(254,911)</u>	(11,082,128)
Pension related deferrals		(99,922)
<b>Net position of governmental activities</b>	<b>\$</b>	<b><u>64,995,826</u></b>

**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

	<u>Major Fund</u>		<u>Total Governmental Funds</u>
	<u>General Fund</u>	<u>Total Non- Major Funds</u>	
<b>REVENUES</b>			
Ad valorem taxes	\$ 4,422,208	\$ -	\$ 4,422,208
Other taxes and licenses	765	-	765
Unrestricted intergovernmental	5,284,145	-	5,284,145
Restricted intergovernmental	532,690	95,944	628,634
Permits and fees	970,998	-	970,998
Investment earnings	41,844	-	41,844
Miscellaneous	101,849	15,488	117,337
<b>Total revenues</b>	<u>11,354,499</u>	<u>111,432</u>	<u>11,465,931</u>
<b>EXPENDITURES</b>			
Governing Body	429,971	-	429,971
Administration	550,791	-	550,791
Information Technology	703,047	-	703,047
Human Resources	195,530	-	195,530
Finance	217,226	-	217,226
Public Works	525,612	-	525,612
Police	2,832,269	-	2,832,269
Inspections	436,249	-	436,249
Planning	-	24,192	24,192
Transportation	-	1,713,978	1,713,978
Development Services	608,171	-	608,171
Powell Bill	1,849,123	-	1,849,123
Parks and Recreation	270,565	291,083	561,648
Debt Service:			
Principal	1,076,600	-	1,076,600
Interest and Other Charges	265,335	-	265,335
Capital Outlay:			
Administration	-	-	-
Total expenditures	<u>9,960,489</u>	<u>2,029,253</u>	<u>11,989,742</u>
Excess (deficiency) of revenues over expenditures	<u>1,394,010</u>	<u>(1,917,821)</u>	<u>(523,811)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers from other funds	702,975	708,419	1,411,394
Transfers to other funds	(352,262)	(860,949)	(1,213,211)
<b>Total other financing sources and uses</b>	<u>350,713</u>	<u>(152,530)</u>	<u>198,183</u>
<b>Net change in fund balance</b>	1,744,723	(2,070,351)	(325,628)
Fund balances-beginning	8,146,499	3,157,313	11,303,812
Restatement of Fund Balance	-	-	-
Fund balances-ending	<u>\$ 9,891,222</u>	<u>\$ 1,086,962</u>	<u>\$ 10,978,184</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	\$	(325,628)
<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	2,335,308	
Contributed Capital that is not recorded on the fund statements	578,508	
Depreciation Expense	(4,670,870)	
Gain (Loss) on Disposal of Assets	<u>(242,290)</u>	(1,999,344)
<p>Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities</p>		
	233,376	233,376
<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	(22,161)	
Interest earned on ad valorem taxes	<u>(8,388)</u>	(30,549)
<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>		
Debt retirement	1,076,600	
Decrease in accrued interest payable	<u>22,185</u>	1,098,785
<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>		
Net pension obligation	(29,300)	
Pension expense	(267,664)	
Compensated absences	<u>(25,590)</u>	<u>(322,554)</u>
Total Change in net position of governmental activities	\$	<u><u>(1,345,914)</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, 2017

	General Fund			Variance With Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual Amounts	
<b>Revenues:</b>				
Ad valorem taxes	\$ 4,245,801	\$ 4,245,801	\$ 4,422,208	\$ 176,407
Other taxes and licenses	800	800	765	(35)
Unrestricted intergovernmental	4,922,690	4,922,690	5,284,145	361,455
Restricted intergovernmental	461,000	461,000	532,138	71,138
Permits and fees	911,681	911,681	970,998	59,317
Investment earnings	16,500	16,500	41,844	25,344
Miscellaneous	4,867	58,596	101,849	43,253
<b>Total revenues</b>	<u>10,563,339</u>	<u>10,617,068</u>	<u>11,353,947</u>	<u>736,879</u>
<b>Expenditures</b>				
Governing Body	272,324	460,773	429,971	30,802
Administration	535,910	536,997	550,791	(13,794)
Information Technology	800,165	805,765	703,047	102,718
Human Resources	225,150	225,150	195,530	29,620
Finance	226,051	237,957	217,226	20,731
Public Works	619,572	631,162	525,612	105,550
Police	3,243,467	3,288,840	2,810,081	478,759
Inspections	713,638	713,840	436,249	277,591
Development Services	510,422	649,747	608,171	41,576
Powell Bill	3,609,809	3,849,209	1,849,123	2,000,086
Parks and Recreation	299,818	288,368	270,565	17,803
Debt Service	1,176,195	1,341,660	1,341,935	(275)
<b>Total expenditures</b>	<u>12,232,521</u>	<u>13,029,468</u>	<u>9,938,301</u>	<u>3,091,167</u>
<b>Revenues over (under) expenditures</b>	<u>(1,669,182)</u>	<u>(2,412,400)</u>	<u>1,415,646</u>	<u>3,828,046</u>
<b>Other financing sources (uses):</b>				
Transfers from Other Funds	506,994	929,608	640,975	(288,633)
Transfers to Other Funds	(746,875)	(796,972)	(352,262)	444,710
<b>Total other financing sources (uses)</b>	<u>(239,881)</u>	<u>132,636</u>	<u>288,713</u>	<u>156,077</u>
<b>Revenues and other financing sources over expenditures and other financing uses</b>	<u>(1,909,063)</u>	<u>(2,279,764)</u>	<u>1,704,359</u>	<u>3,984,123</u>
<b>Appropriated Fund Balance</b>	<u>1,909,063</u>	<u>2,279,764</u>	<u>-</u>	<u>(2,279,764)</u>
<b>Net Change in Fund Balance</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,704,359</u>	<u>\$ 1,704,359</u>
<b>Fund balance, beginning</b>			7,799,437	
<b>Restatement of Fund Balance</b>			-	
<b>Fund balance, ending</b>			<u>\$ 9,503,796</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

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

Restricted Intergovernmental Revenue	552
Investment Earnings	-
Transfer to General Fund	-
Transfer to Town Center Project	-
Transfer to Police Grant Capital Project Fund	-
Fund Balance, beginning of year	594
	<u>1,146</u>

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

Investment Earnings	-
Other Expenditures	-
Transfer to General Fund	-
Fund Balance, beginning of year	245,000
	<u>245,000</u>

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

Investment Earnings	-
Other Expenditures	(22,188)
Transfer from General Fund	62,000
Transfer to General Fund	-
Fund Balance, beginning of year	101,468
	<u>141,280</u>

**Fund Balance - End of Year (Consolidated)** \$ 9,891,222



**TOWN OF LELAND, NORTH CAROLINA**  
Statement of Net Position  
Proprietary Funds  
June 30, 2017

	<u>Major</u>	<u>Non-Major</u>	
	<u>Utility Fund</u>	<u>Cultural Arts Center</u>	<u>Total</u>
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash and Investments	\$ 11,134,946	\$ -	\$ 11,134,946
Accounts Receivable, net	501,597	4,487	506,084
Due from other governments	8,543	393	8,936
Due from other funds	-	-	-
Restricted cash	229,090	-	229,090
<b>Total current assets</b>	<b>11,874,176</b>	<b>4,880</b>	<b>11,879,056</b>
<b>Noncurrent assets:</b>			
Capital Assets:			
Other Capital Assets, net of Depreciation	39,219,129	-	39,219,129
<b>Total noncurrent assets</b>	<b>39,219,129</b>	<b>-</b>	<b>39,219,129</b>
<b>Total Assets</b>	<b>\$ 51,093,305</b>	<b>\$ 4,880</b>	<b>\$ 51,098,185</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension deferrals	78,674	25,946	104,620
<b>Total Deferred Outflows of Resources</b>	<b>78,674</b>	<b>25,946</b>	<b>104,620</b>
<b>LIABILITIES</b>			
<b>Current liabilities:</b>			
Temporary Bank Overdraft		336,355	336,355
Accounts payable and accrued liabilities	31,671	9,672	41,343
Due to other funds	-	2,791	2,791
Customer deposits	229,090	-	229,090
Accrued interest payable	26,190	-	26,190
Interlocal Agreements	819,528	-	819,528
<b>Total current liabilities</b>	<b>1,106,479</b>	<b>348,818</b>	<b>1,455,297</b>
<b>Noncurrent liabilities:</b>			
Interlocal Agreements	3,767,311	-	3,767,311
Compensated Absences Payable	16,628	-	16,628
Net pension liability	91,300	30,109	121,409
<b>Total noncurrent liabilities</b>	<b>3,875,239</b>	<b>30,109</b>	<b>3,905,348</b>
<b>Total liabilities</b>	<b>4,981,718</b>	<b>378,927</b>	<b>5,360,645</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension deferrals	8,488	2,799	11,287
<b>Total Deferred Inflows of Resources</b>	<b>8,488</b>	<b>2,799</b>	<b>11,287</b>
<b>NET POSITION</b>			
Net investment in capital assets	34,632,290	-	34,632,290
Unrestricted	11,549,483	(350,900)	11,198,583
<b>Total net position</b>	<b>\$ 46,181,773</b>	<b>\$ (350,900)</b>	<b>\$ 45,830,873</b>

**Town of Leland, North Carolina**  
Statement of Revenues, Expenses, and Changes in Fund Net Position  
Proprietary Fund  
For the Year Ended June 30, 2017

	Major	Non-Major	Total
	Utility Fund	Cultural Arts Center	
<b>OPERATING REVENUES</b>			
Water Charges	\$ 1,148,930	\$ -	\$ 1,148,930
Sewer Charges	3,204,120	-	3,204,120
Cultural Arts Center	-	127,707	127,707
Impact Fees	-	-	-
Penalties and Interest	36,878	-	36,878
Miscellaneous Income	753	-	753
Total Operating Revenues	<u>4,390,681</u>	<u>127,707</u>	<u>4,518,388</u>
<b>OPERATING EXPENSES</b>			
Water and Operations	1,666,332	-	1,666,332
Cultural Arts Center Operations	-	414,423	414,423
Depreciation	2,079,881	-	2,079,881
Total Operating Expenses	<u>3,746,213</u>	<u>414,423</u>	<u>4,160,636</u>
<b>OPERATING INCOME (LOSS)</b>	<u>644,468</u>	<u>(286,716)</u>	<u>357,752</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Investment Earnings	3,901	-	3,901
Interest Expense	(111,633)	-	(111,633)
Total Nonoperating Revenues (Expenses)	<u>(107,732)</u>	<u>-</u>	<u>(107,732)</u>
<b>Income (loss) before contributions and transfers</b>	536,736	(286,716)	250,020
Capital Contributions	313,300	-	313,300
Transfers from other funds	957,956	-	957,956
Transfers to other funds	(1,080,936)	(75,203)	(1,156,139)
<b>Change in Net Position</b>	727,056	(361,919)	365,137
<b>Total net position, previously reported</b>	45,454,717	11,019	45,465,736
<b>Net Position -- End of Year</b>	<u>\$ 46,181,773</u>	<u>\$ (350,900)</u>	<u>\$ 45,830,873</u>

**TOWN OF LELAND, NORTH CAROLINA**  
Statement of Cash Flows  
Proprietary Funds  
For The Fiscal Year Ended June 30, 2017

	<b>Major</b>	<b>Non-Major</b>	
	<b>Utility Fund</b>	<b>Cultural Arts Center</b>	<b>Total</b>
<b>Cash flows from operating activities:</b>			
Cash Received from Customers and Users	\$ 4,185,245	\$ 127,468	\$ 4,312,713
Cash Paid for Goods and Services	(1,268,298)	(189,998)	(1,458,296)
Cash Paid to or on Behalf of Employees for Services	(363,335)	(213,903)	(577,238)
Customer Deposits (net)	74,765	-	74,765
<b>Net cash provided (used) by operating activities</b>	<b>2,628,377</b>	<b>(276,433)</b>	<b>2,351,944</b>
<b>Cash flows from noncapital financing activities</b>			
Increase (decrease) in due to other funds	(286,349)	(75,830)	(362,179)
Temporary Bank Overdraft	-	336,355	336,355
Transfers from other funds	957,956	(75,203)	882,753
Transfers to other funds	(1,080,936)	-	(1,080,936)
<b>Total Cash flows from noncapital financing activities</b>	<b>(409,329)</b>	<b>185,322</b>	<b>(224,007)</b>
<b>Cash flows from Capital financing activities</b>			
Acquisition of Capital Assets	(997,985)	-	(997,985)
Interest Paid on Debt Obligations and Equipment Contracts	(116,203)	-	(116,203)
Principal Paid on Debt Obligations and Equipment Contracts	(806,489)	-	(806,489)
Capital contributions	313,300	-	313,300
<b>Net cash provided (used) by capital and related financing activities</b>	<b>(1,607,377)</b>	<b>-</b>	<b>(1,607,377)</b>
<b>Cash flows from investing activities:</b>			
Interest on investments	3,901	-	3,901
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>615,572</b>	<b>(91,111)</b>	<b>524,461</b>
<b>Cash and cash equivalents, July 1</b>	<b>10,748,464</b>	<b>91,111</b>	<b>10,839,575</b>
<b>Cash and cash equivalents, June 30</b>	<b>\$ 11,364,036</b>	<b>\$ -</b>	<b>\$ 11,364,036</b>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>			
<b>Operating income (loss)</b>	<b>\$ 644,468</b>	<b>\$ (286,716)</b>	<b>\$ 357,752</b>
<b>Adjustments to reconcile operating income to net cash provided by operating activities:</b>			
Depreciation	2,079,881	-	2,079,881
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	(205,436)	(239)	(205,675)
(Increase) decrease in deferred outflows of resources for pensions	(63,231)	(20,852)	(84,083)
Increase (decrease) in accounts payable and accrued liabilities	31,671	9,561	41,232
Increase (Decrease) in customer deposits	74,765	-	74,765
Decrease of deferred inflows of resources - pensions	(4,969)	(1,640)	(6,609)
(Increase) Decrease in net pension liability	71,120	23,453	94,573
Increase (decrease) in compensated absences payable	108	-	108
<b>Total adjustments</b>	<b>1,983,909</b>	<b>10,283</b>	<b>1,994,192</b>
<b>Net cash provided (used) by operating activities</b>	<b>\$ 2,628,377</b>	<b>\$ (276,433)</b>	<b>\$ 2,351,944</b>

**Town of Leland**  
**Notes to the Financial Statements**  
**June 30, 2017**

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**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, PO Box 1186, Shallotte, NC 28459.

**B. Basis of Presentation – Basis of Accounting**

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

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

*Fund Financial Statements.* The fund financial statements provide information about the Town's funds, 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, 2017**

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

**Town Center Capital Project Fund.** This fund is used to account for the acquisition of building and equipment for use in the development of town property.

*The Town reports the following non-major governmental funds:*

**Westgate Nature Park Capital Project Fund.** This fund is used to account for the construction of the Westgate Nature Park.

**Sturgeon Environmental Educational Park Project Fund.** The fund is used to account for the construction of the Sturgeon Environmental Educational Park.

**Cultural Arts Center Capital Project Fund.** This fund is used to account for funding construction of a Cultural Arts Center.

**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.

**Bike Plan Capital Project Fund.** This fund is used to account for the planning and construction of bike paths.

**Westgate Multi-Use Path Fund.** This fund is used to account for planning and construction.

**Stoney Burton Farm Neighborhood Capital Project Fund.** This fund is used to account for the associated expenditures of the Hwy 17 / Amphitheater Project.

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

**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.

**Town of Leland**  
**Notes to the Financial Statements**  
**June 30, 2017**

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

*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.

**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.

**Town of Leland**  
**Notes to the Financial Statements**  
**June 30, 2017**

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Measurement Focus, Basis of Accounting (Continued)**

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.

**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, Town Center Capital Project Fund, State Drug Forfeitures Capital Reserve Fund, Sign Amortization Payment Fund, Vehicle Capital Reserve Fund, Westgate Nature Park Capital Project Fund, Sturgeon Environmental Educational Park Project Fund, Cultural Arts Center 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, Bike Plan Capital Project Fund, Westgate Multi-Use Path Capital Project Fund, Stoney Burton Farm Neighborhood Park 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 Rd 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.

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Budgetary Data (Continued)**

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.

**Town of Leland**  
**Notes to the Financial Statements**  
**June 30, 2017**

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Assets, Liabilities and Fund Equity (Continued)**

**2. Cash and Cash Equivalents**

The Town pools money from several funds, except the Pension Trust Fund, to facilitate disbursement and investment and to

**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

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Governmental Activities

General Fund:

Streets	\$ 2,366,186
Drug Forfeiture	1,146
Total Governmental Activities	<u>\$ 2,367,332</u>

Business-type Activities

Utility Fund:

Customer Deposits	\$ 229,090
Total Business-Type Activities	<u>\$ 229,090</u>

Total Restricted Cash \$ 2,596,422

**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, 2015.

**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, 2017**

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Assets, Liabilities and Fund Equity (Continued)**

**7. Capital Assets**

Capital assets are defined by the government as assets with an initial, individual cost of more than a certain cost and an estimated useful life in excess of two years. Minimum capitalization costs are as follows: land, buildings, and infrastructure, \$100,000; furniture, equipment, and vehicles, \$5,000. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are received prior to June 15, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 15, 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, 2017**

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**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, 2017**

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**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 asset, 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.

**Town of Leland**  
**Notes to the Financial Statements**  
**June 30, 2017**

**II. DETAIL NOTES ON ALL FUNDS**

**A. Assets**

**1. Deposits**

All of the deposits of the Town and the Leland Tourism Development Authority are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits exceeding the federal depository insurance coverage level are collateralized with securities held by the Town's or the Leland Tourism Development Authority's agents in these units' names. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Town and the Authority, these deposits are considered to be held by the Town's agents in their names. The amount of the pledged collateral is based on an approved averaging method for 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, 2017, the Town's deposits had a carrying amount of \$12,717,156 and a bank balance of \$12,852,514. 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 \$137,490 and the bank balance was \$137,675. All of the bank balance was covered by federal depository insurance. At June 30, 2017, the Town's petty cash fund totaled \$350.

**2. Investments**

At June 30, 2017, the Town of Leland had \$9,124,242 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, 2017 are net of the following allowances for doubtful accounts:

Fund	June 30, 2017
General Fund	
Taxes Receivable	\$ 48,410
Total	\$ 48,410
Enterprise Funds	
Utility Billing	\$ 42,066
Total	\$ 42,066

**Town of Leland**  
**Notes to the Financial Statements**  
**June 30, 2017**

**II. DETAIL NOTES ON ALL FUNDS (Continued)**

**A. Assets (Continued)**

**4. Capital Assets**

**Primary Government**

Capital asset activity for the year ended June 30, 2017, was as follows:

	Beginning Balances				Ending Balances	
	June 30, 2016	Additions	Retirements	Transfers	June 30, 2017	
<b>Governmental Activities</b>						
<b>Capital assets not being depreciated:</b>						
Land	\$ 5,556,838	\$ 288,422	\$ -	\$ -	\$ 5,845,260	
Construction in Progress	-	2,028,878	164,726	-	1,864,152	
Total capital assets not being depreciated	5,556,838	2,317,300	164,726	-	7,709,412	
<b>Other capital assets:</b>						
Buildings & Improvements	24,255,144	-	-	-	24,255,144	
Equipment	292,185	9,000	34,352	-	266,833	
Vehicles	2,883,478	281,432	64,295	-	3,100,615	
Infrastructure	49,667,782	470,810	170,539	-	49,968,053	
Total capital assets being depreciated	77,098,589	761,242	269,186	-	77,590,645	
<b>Less accumulated depreciation for:</b>						
Buildings & Improvements	5,418,579	1,254,174	-	-	6,672,753	
Equipment	332,812	69,515	-	-	402,327	
Vehicles	2,857,390	107,901	26,896	-	2,938,395	
Infrastructure	7,867,173	3,239,280	-	-	11,106,453	
Total accumulated depreciation	16,475,954	4,670,870	26,896	-	21,119,928	
Total capital assets being depreciated, net	60,622,635	(3,909,628)	242,290	-	56,470,717	
<b>Governmental activities capital assets, net</b>	<b>\$ 66,179,473</b>				<b>\$ 64,180,129</b>	

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

Governmental activities	Depreciation
Administration	\$ 1,204,396
Cultural Arts	14,276
Economic Development	16,016
Fire	65,338
Inspections	-
Parks & Recreation	424,788
Police	133,390
Public Works	661,261
Transportation	2,151,405
Total depreciation expense	<u>\$ 4,670,870</u>

**Town of Leland**  
**Notes to the Financial Statements**  
**June 30, 2017**

**II. DETAIL NOTES ON ALL FUNDS (Continued)**

**A. Assets (Continued)**

**4. Capital Assets (Continued)**

*Business-Type Activities*

**UTILITY FUND**

	Beginning Balances	Increases	Decreases	Ending Balances
<b>Capital assets not being depreciated:</b>				
Construction in Progress	\$ 2,174,533	\$ 684,685	\$ 2,598,891	\$ 260,327
Total capital assets not being depreciated	<u>2,174,533</u>	<u>684,685</u>	<u>2,598,891</u>	<u>260,327</u>
 Capital assets being depreciated:				
Equipment	2,221,118	-	-	2,221,118
Vehicles	64,328	-	-	64,328
Water and Sewer System	46,096,040	2,912,191	-	49,008,231
Total capital assets being depreciated	<u>48,381,486</u>	<u>2,912,191</u>	<u>-</u>	<u>51,293,677</u>
 Less accumulated depreciation for:				
Equipment	1,365,115	664,537	-	2,029,652
Vehicles	44,132	-	-	44,132
Water and Sewer System	8,845,765	1,415,326	-	10,261,091
Total accumulated depreciation	<u>10,255,012</u>	<u>\$ 2,079,863</u>	<u>\$ -</u>	<u>12,334,875</u>
<b>Sewer capital assets, net</b>	<u>\$ 40,301,007</u>			<u>\$ 39,219,129</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](http://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, 2017**

**II. 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, 2017, was 8.0% of compensation for law enforcement officers and 7.25% 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 \$259,734 for the year ended June 30, 2017.

*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, 2017, the Town reported a liability of \$1,196,148 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015. The total pension liability was then rolled forward to the measurement date of June 30, 2016 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, 2016, the Town's proportion was 0.05636%, which was a decrease of 0.0026% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the Town recognized pension expense of \$ 297,901. At June 30, 2017, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 22,474	\$ 41,914
Changes of assumptions	81,925	-
Net difference between projected and actual earnings on pension plan investments	661,319	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	5,287	69,296
Town contributions subsequent to the measurement date	259,734	-
Total	\$ 1,030,739	\$ 111,210

**Town of Leland**  
**Notes to the Financial Statements**  
**June 30, 2017**

**II. DETAIL NOTES ON ALL FUNDS (Continued)**

**B. Liabilities (continued)**

**1 Pension Plan Obligations (continued)**

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

\$259,734 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, 2017. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year ended June 30:</b>	
2018	\$ 91,844
2019	91,908
2020	295,085
2021	180,961
2022	-
Thereafter	-
	<b>\$ 659,798</b>

Actuarial Assumptions. The total pension liability in the December 31, 2015 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 7.75 percent, including inflation and productivity factor
Investment rate of return	7.25 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, 2015 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, 2015 are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
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, 2017**

**II. 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 7.25%. 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 7.25 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 (6.25 percent) or one percentage point higher (8.25 percent) than the current rate:

	1% Decrease (6.25%)	Discount Rate (7.25%)	1% Increase (8- 25%)
Town's proportionate share of the net pension liability (asset)	\$ 2,839,017	\$ 1,196,148	\$ (176,099)

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, 2016, 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	27
Total	27

**Town of Leland**  
**Notes to the Financial Statements**  
**June 30, 2017**

**II. 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, 2015 valuation. The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.50 to 7.35 percent, including inflation and productivity factor
Discount rate	3.86 percent

The discount rate is the weekly average of the Bond Buyer General Obligation 20-year Municipal Bond Index determined at the end of each month.

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, 2017, the Town reported a total pension liability of \$308,324. The total pension liability was measured as of December 31, 2016 based on a December 31, 2015 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2016 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2017, the Town recognized pension expense of \$39,354.

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions	-	9,857
Town benefit payments and plan administrative expense made subsequent to the measurement date	-	-
Total	\$ -	\$ 9,857

**Town of Leland**  
**Notes to the Financial Statements**  
**June 30, 2017**

\$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 2018. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**Year ended June 30:**

2018	\$	1,572
2019		1,572
2020		1,572
2021		1,572
2022		1,572
Thereafter		1,997

*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 3.86 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 (2.86 percent) or 1-percentage-point higher (4.86 percent) than the current rate:

	<b>1% Decrease</b> <b>(2.86%)</b>	<b>Discount Rate</b> <b>(3.86%)</b>	<b>1% Increase</b> <b>(4.86%)</b>
<b>Total pension liability</b>	\$ 349,393	\$ 308,324	\$ 271,786

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

	<u><b>2017</b></u>
Beginning balance	\$ 279,024
Service Cost	30,768
Interest on the total pension liability	9,961
Changes of benefit terms	-
Differences between expected and actual experience in the measurement of the total pension liability	-
Changes of assumptions or other inputs	(11,429)
Benefit payments	-
Other changes	-
Ending balance of the total pension liability	<u>\$ 308,324</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, 2015 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, 2017**

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**II. DETAIL NOTES ON ALL FUNDS (Continued)**

**B. Liabilities (Continued)**

**1 Pension Plan Obligations (Continued)**

**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, 2017 were \$99,961, which consisted of \$76,863 from the Town and \$23,098 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, 2017 equaled \$126,615, which consisted of \$94,591 from the Town and \$32,024 from the employees.

**2 Other Employment Benefits**

The Town has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest months' salary in a row during the 24 months prior to the employee's death, but the benefit may not exceed \$50,000 or be less than \$25,000. 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, 2017**

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**II. DETAIL NOTES ON ALL FUNDS (Continued)**

**B. Liabilities (Continued)**

**3 Deferred Outflows and Inflows of Resources**

The City 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	\$ 259,732
Pension deferrals	771,007
Benefit payments made and administrative expenses for LEOSSA	-
Total Deferred outflows	\$ 1,030,739

Deferred inflows of resources is comprised of the following:

Taxes receivable, less penalties	\$ 83,345
Pension deferrals	111,209
Total deferred inflows	\$ 194,554

**4 Risk Management**

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

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

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

**5 Claims, Judgments and Contingent Liabilities**

At June 30, 2017, the Town was a defendant to various lawsuits. In the opinion of the Town's management and the Town's attorney, the ultimate effect of these legal matters will not have a material adverse effect on the Town's financial position.

**6 Long-Term Obligations**

**a. Installment Purchases**

On 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% 7,260,000

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% 759,731

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% 1,417,125

Total	\$ 9,436,856
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**Town of Leland**  
**Notes to the Financial Statements**  
**June 30, 2017**

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**II. DETAIL NOTES ON ALL FUNDS (Continued)**

**B. Liabilities (Continued)**

For Town of Leland, the future minimum payments as of June 30, 2017, including \$1,254,857 of interest are as follows:

Year Ending June 30	Governmental Activities	
	Principal	Interest
2018	\$ 936,690	\$ 221,261
2019	940,862	198,846
2020	945,155	176,309
2021	949,573	153,647
2022	954,119	130,856
2023-2027	3,966,667	357,226
2028-2032	743,790	16,712
Total	\$ 9,436,856	\$ 1,254,857

**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
2018	\$ 819,528	\$ 98,539
2019	833,628	80,600
2020	847,788	62,363
2021	862,008	43,827
2022	876,278	24,992
2023-2027	347,609	5,856
Total	\$ 4,586,839	\$ 316,177

**Town of Leland**  
**Notes to the Financial Statements**  
**June 30, 2017**

**II. DETAIL NOTES ON ALL FUNDS (Continued)**

**B. Liabilities (Continued)**

**6 Long-Term Obligations (Continued)**

**c. Long-Term Obligation Activity**

<b>Governmental Activities:</b>	Beginning Balance	Additions	Retirements	Ending Balance	Current Portion of Balance
Installment Purchases	\$ 10,513,456	\$ -	\$ 1,076,600	\$ 9,436,856	\$ 936,690
Compensated Absences	229,321	25,590	-	254,911	-
Net Pension Liability (LGERS)	237,637	837,102	-	1,074,739	-
Net Pension Obligation (LEO)	279,024	29,300	-	308,324	-
Total	<u>\$ 11,259,438</u>	<u>\$ 891,992</u>	<u>\$ 1,076,600</u>	<u>\$ 11,074,830</u>	<u>\$ 936,690</u>
<b>Business-type Activities:</b>					
Interlocal Agreements	\$ 5,393,328	\$ -	\$ 806,489	\$ 4,586,839	\$ 819,528
Net Pension Liability (LGERS)	26,836	94,573	-	121,409	-
Compensated Absences	16,520	108	-	16,628	-
Total	<u>\$ 5,436,684</u>	<u>\$ 94,681</u>	<u>\$ 806,489</u>	<u>\$ 4,724,876</u>	<u>\$ 819,528</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**

Balances due to/from other funds at June 30, 2017, consists of the following:

Due to the General Fund for the allocation of costs from the:

Sewer Enterprise Fund	2,791
Total	<u>\$ 2,791</u>

All interfund receivables and payables resulted from transfers used to supplement other funding sources.

Transfers to/from other funds at June 30, 2017, consists of the following:

From the Cultural Arts Center Fund to the General Fund for administrative costs	\$ 75,203
From the Water Fund to the General Fund for administrative costs	122,980
From the General Fund to the Mallory Creek Capital Project Fund to fund construction projects	50,000
From the General Fund to the Westgate Multi-Use Path Capital Project Fund to fund construction projects	24,043
From the General Fund to the Planning Revitalization Fund to fund construction projects	418,636
From the Cultural Arts Center Capital Project Fund to the General Fund to close out the fund	113
From the Property Acquisition Fund to the Westgate Nature Park Capital Project Fund to fund construction projects	393,157
From the Greenway Capital Project Fund to the Westgate Nature Park Capital Project Fund to fund construction projects	75,000
	<u>\$ 1,159,132</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, 2017**

**II. DETAIL NOTES ON ALL FUNDS (Continued)**

**D. Fund Balance**

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

<u>Total Fund Balance - General Fund</u>	\$ 9,891,222
Less:	
Restricted	
Stabilization by State Statute	1,048,339
Streets - Powell Bill	1,116,403
Drug Forfeiture	1,146
Committed	
Transportation	141,280
LEO Separation Allowance	51,439
Assigned	
Planning	245,000
Remaining Fund Balance	7,287,615

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

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

**III. SUMMARY DISCLOSURE OF SIGNIFICANT COMMITMENTS AND CONTINGENCIES**

**A. Federal and State Assisted Programs**

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

**IV. SIGNIFICANT EFFECTS OF SUBSEQUENT EVENTS**

Subsequent events have been evaluated through October 19, 2017, which is the date the financial statements were available to be issued.

**V. PRIOR PERIOD ADJUSTMENT**

A prior period adjustment was recorded to adjust the balances for fixed assets (both costs and accumulated depreciation) to equal the Town's schedules. The adjustment resulted in a \$4,888,817 increase in beginning net position on the government-wide statements. This change was primarily a result of infrastructure assets being donated to the Town by developers, not being recorded on the financial statements.

**VI. CHANGE IN ACCOUNTING PRINCIPLES/RESTATEMENT**

The Town implemented Governmental Accounting Standards Board (GASB) No. Statement 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68, in the fiscal year ending June 30, 2017. The implementation of the statement required the Town to record beginning total pension liability and the effects on net position of benefit payments and administrative expenses paid by the City to the Law Enforcement Officers' Special Separation Allowance during the measurement period (fiscal year ending December 31, 2016). As a result, net position for the governmental activities decreased \$62,334.



REQUIRED  
SUPPLEMENTAL FINANCIAL DATA

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

<b>Local Government Employees' Retirement System</b>				
	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Leland proportion of the net pension liability (asset) (%)	0.05636%	0.05893%	0.05978%	0.05460%
Leland proportion of the net pension liability (asset) (\$)	\$ 1,196,148	\$ 264,474	\$ (352,550)	\$ 658,140
Leland covered-employee payroll	\$ 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	41%	10%	-14%	26%
Plan fiduciary net position as a percentage of the total pension liability**	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 Four Fiscal Years**

<b>Local Government Employees' Retirement System</b>				
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 259,734	\$ 194,441	\$ 212,037	\$ 186,801
Contributions in relation to the contractually required contribution	259,734	194,441	212,037	186,801
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Leland; covered-employee payroll	\$ 3,429,102	\$2,910,994	\$ 2,759,619	\$2,607,220
Contributions as a percentage of covered-employee payroll	7.57%	6.68%	7.68%	7.16%

**TOWN OF LELAND, NORTH CAROLINA**  
 Schedule of Changes in Total Pension Liability  
 Law Enforcement Officers' Special Separation Allowance  
 June 30, 2017

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

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  
 Law Enforcement Officers' Special Separation Allowance  
 June 30, 2017

	<b>2017</b>
Total pension liability	\$ 308,324
Covered payroll	1,255,830
Total pension liability as a percentage of covered payroll	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***

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**TOWN OF LELAND, NORTH CAROLINA**  
 General Fund  
 Statement of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual  
 For the Fiscal Year Ended June 30, 2017

<b>Revenues</b>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Ad valorem Taxes</b>			
Taxes	\$ 4,235,301	\$ 4,408,411	\$ 173,110
Penalties and Interest	10,500	13,797	3,297
Total Ad Valorem Taxes	<u>4,245,801</u>	<u>4,422,208</u>	<u>176,407</u>
<b>Other Taxes and Licenses</b>			
Privilege Licenses	800	765	(35)
Total Other Taxes and Licenses	<u>800</u>	<u>765</u>	<u>(35)</u>
<b>Unrestricted Intergovernmental Revenues</b>			
Local Option Sales Tax	4,033,007	4,422,515	389,508
Utility Franchise Tax	809,683	783,989	(25,694)
Occupancy Tax	-	-	-
Beer and Wine Tax	80,000	77,641	(2,359)
Total Unrestricted Intergovernmental	<u>4,922,690</u>	<u>5,284,145</u>	<u>361,455</u>
<b>Restricted Intergovernmental Revenues</b>			
Powell Bill Allocation	450,000	488,082	38,082
State Grants	-	24,259	24,259
Controlled Substance Tax	-	-	-
Police Grant Reimbursement	-	8,275	-
Solid Waste Disposal Tax	11,000	11,522	522
Total Restricted Intergovernmental	<u>461,000</u>	<u>532,138</u>	<u>71,138</u>
<b>Permits and Fees</b>			
Building Permits	786,606	835,685	49,079
Inspection Fees	68,750	59,950	(8,800)
Zoning Permits	-	-	-
Recreation Fees	4,500	7,280	2,780
Other Fees and Permits	51,825	68,083	16,258
Total Permits and Fees	<u>911,681</u>	<u>970,998</u>	<u>59,317</u>
<b>Investment Earnings</b>			
General	15,000	29,723	14,723
Powell Bill	1,500	12,121	10,621
Total Investment Earnings	<u>16,500</u>	<u>41,844</u>	<u>25,344</u>
<b>Miscellaneous</b>			
Sale of Fixed Assets	-	7,600	7,600
Other	58,596	94,249	35,653
Total Miscellaneous	<u>58,596</u>	<u>101,849</u>	<u>43,253</u>
<b>Total Revenues</b>	<u>\$ 10,617,068</u>	<u>\$ 11,353,947</u>	<u>\$ 736,879</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, 2017

<b>Expenditures</b>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Governing Body</b>			
Salaries and Wages	42,925	40,105	
Employee Benefits	37,294	35,036	
Other Expenditures	380,554	354,830	
Total Governing Body	<u>\$ 460,773</u>	<u>429,971</u>	<u>\$ 30,802</u>
<b>Administration</b>			
Salaries and Wages	253,761	278,652	
Employee Benefits	101,123	112,814	
Other Expenditures	182,113	159,325	
Total Administration	<u>536,997</u>	<u>550,791</u>	<u>(13,794)</u>
<b>Information Technology</b>			
Salaries and Wages	-	-	
Employee Benefits	-	-	
Other Expenditures	805,765	703,047	
Total Information Technology	<u>805,765</u>	<u>703,047</u>	<u>102,718</u>
<b>Human Resources</b>			
Salaries and Wages	105,579	104,679	
Employee Benefits	45,597	39,275	
Other Expenditures	73,974	51,576	
Total Human Resources	<u>225,150</u>	<u>195,530</u>	<u>29,620</u>
<b>Finance</b>			
Salaries and Wages	124,318	115,161	
Employee Benefits	41,850	38,813	
Other Expenditures	71,789	63,252	
Total Finance	<u>237,957</u>	<u>217,226</u>	<u>20,731</u>
<b>Public Works</b>			
Salaries and Wages	241,967	187,982	
Employee Benefits	108,480	79,975	
Other Expenditures	280,715	257,655	
Total Public Works	<u>631,162</u>	<u>525,612</u>	<u>105,550</u>
<b>Police</b>			
Salaries and Wages	1,760,528	1,554,613	
Employee Benefits	854,330	677,268	
Other Expenditures	418,978	327,032	
Capital Outlay	255,004	251,168	
Total Police	<u>3,288,840</u>	<u>2,810,081</u>	<u>478,759</u>
<b>Inspections</b>			
Salaries and Wages	275,337	275,177	
Employee Benefits	120,003	114,077	
Other Expenditures	61,887	46,995	
Capital Outlay	256,613	-	
Total Inspections	<u>713,840</u>	<u>436,249</u>	<u>277,591</u>
<b>Economic and Community Development</b>			
Salaries and Wages	295,536	285,043	
Employee Benefits	117,583	113,486	
Other Expenditures	236,628	209,642	
Total Developmental Services	<u>649,747</u>	<u>608,171</u>	<u>41,576</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, 2017

	Final Budget	Actual	Variance Positive (Negative)
<b>Powell Bill</b>			
Salaries and Wages	185,072	181,534	
Employee Benefits	82,312	74,877	
Other Expenditures	1,267,135	1,054,836	
Powell Bill Capital Project Cost	2,314,690	537,876	
<b>Total Powell Bill</b>	<u>3,849,209</u>	<u>1,849,123</u>	<u>2,000,086</u>
<b>Parks and Recreation</b>			
Salaries and Wages	143,826	139,673	
Employee Benefits	54,968	51,879	
Other Expenditures	89,574	79,013	
Capital Outlay	-	-	
<b>Total Parks and Recreation</b>	<u>288,368</u>	<u>270,565</u>	<u>17,803</u>
<b>Debt Service</b>			
Principal		1,076,600	
Interest		265,335	
<b>Total Debt Service</b>	<u>1,341,660</u>	<u>1,341,935</u>	<u>(275)</u>
<b>Total Expenditures</b>	<u>13,029,468</u>	<u>9,938,301</u>	<u>3,091,167</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(2,412,400)</u>	<u>1,415,646</u>	<u>3,828,046</u>
<b>Other Financing Sources (Uses):</b>			
Loan Proceeds - Refinancing			-
Loan Payoff - Refinancing			-
<b>Transfers In:</b>			
Cultural Arts Center	119,197	75,203	(43,994)
Cultural Arts Center Capital Project Fund	0	113	113
Public Utility Enterprise Fund	142,797	122,980	(19,817)
Planning Revitalization CPF	8,636	8,636	-
GHSP Fund	204,935	-	(204,935)
Westgate MUP CPF	24,043	24,043	-
Planning Revitalization CPF	430,000	410,000	(20,000)
			-
<b>Transfers Out:</b>			
Cultural Arts Center	(444,620)	-	444,620
Mallory Creek Capital Project Fund	(50,000)	(50,000)	-
Public Utility Enterprise Fund	(90)	-	90
Sturgeon Creek Community Restoration CPF	(240,262)	(240,262)	-
Vehicle Capital Reserve Fund	(62,000)	(62,000)	-
<b>Total Other Financing Sources (Uses)</b>	<u>\$ 132,636</u>	<u>\$ 288,713</u>	<u>\$ 156,077</u>
<b>Fund Balance Appropriated</b>	<u>2,279,764</u>	<u>-</u>	<u>(2,279,764)</u>
<b>Net Change in Fund Balance</b>	<u>\$ -</u>	<u>1,704,359</u>	<u>\$ 1,704,359</u>
<b>Fund balance, beginning</b>		7,799,437	
<b>Restatement</b>		<u>-</u>	
<b>Fund balance, ending</b>		<u>\$ 9,503,796</u>	

*Special Revenue Funds*  
*Consolidated with General Fund*

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**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, 2017

	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>			
<b>Restricted Intergovernmental</b>			
Federal Forfeitures	\$ -	\$ -	\$ -
State Forfeitures	-	552	552
Total Restricted Intergovernmental	-	552	552
<b>Investment Earnings</b>	-	-	-
<b>Total Revenues</b>	-	552	552
<b>Expenditures</b>			
<b>Police</b>			
Other Expenditures	-	-	-
Total Police	-	-	-
Excess Revenue Over (Under) Expenditures	-	552	552
<b>Other financing sources (uses)</b>			
Transfers out:			
General Fund	-	-	-
Total other financing sources (uses)	-	-	-
Fund Balance Appropriated	-	-	-
Net Change in Fund Balance	\$ -	552	\$ 552
Fund balance, beginning		594	
Fund balance, ending		\$ 1,146	

**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, 2017

	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>			
Investment earnings	\$ -	\$ -	\$ -
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>
<b>Expenditures</b>			
<b>Planning</b>			
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>
<b>Other financing sources (uses)</b>			
Transfers Out:			
General Fund	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</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, 2017

	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>			
Investment Earnings	\$ -	\$ -	\$ -
<b>Expenditures</b>			
<b>Police</b>			
Capital Outlay	163,469	22,188	141,281
Total Public Works	163,469	22,188	141,281
Excess Revenue Over (Under) Expenditures	(163,469)	(22,188)	141,281
<b>Other financing sources (uses)</b>			
Transfers In:			
General Fund	62,000	62,000	-
Transfers Out:			
General Fund	-	-	-
Total other financing sources (uses)	62,000	62,000	-
Fund Balance Appropriated	101,469	-	(101,469)
Net Change in Fund Balance	\$ -	39,812	\$ 39,812
Fund balance, beginning		101,468	
Fund balance, ending		\$ 141,280	

***Non-Major Governmental Funds***

***Capital Project Funds***

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**TOWN OF LELAND, NORTH CAROLINA**  
 Combining Balance Sheet  
 Nonmajor Capital Project Funds  
 June 30, 2017

	Westgate Nature Park Capital Project Fund	Sturgeon Environmental Educational Park Project Fund	Cultural Arts Center 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	Bike Plan Capital Project Fund
<b>ASSETS</b>								
Cash and cash equivalents	\$ -	\$ 9,247	\$ -	\$ 60,751	\$ 219,108	\$ 51,840	\$ 100,000	\$ -
Restricted Cash	-	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-	-
<b>Total assets</b>	-	9,247	-	60,751	219,108	51,840	100,000	-
<b>LIABILITIES AND FUND BALANCES</b>								
<b>Liabilities:</b>								
Accounts Payable and Accrued Liabilities	-	-	-	16,728	-	-	-	-
Due to Other Funds	-	-	-	-	-	-	-	-
<b>Total liabilities</b>	-	-	-	16,728	-	-	-	-
Restricted:								
Drug Forfeitures	-	-	-	-	-	-	-	-
Assigned:								
Planning	-	-	-	-	-	51,840	-	-
Police	-	-	-	-	-	-	-	-
Parks and Recreation	-	9,247	-	-	-	-	100,000	-
Sewer	-	-	-	-	-	-	-	-
Transportation	-	-	-	44,023	219,108	-	-	-
<b>Total fund balances</b>	-	9,247	-	44,023	219,108	51,840	100,000	-
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	\$ -	\$ 9,247	\$ -	\$ 60,751	\$ 219,108	\$ 51,840	\$ 100,000	\$ -

**TOWN OF LELAND, NORTH CAROLINA**  
 Combining Balance Sheet  
 Nonmajor Capital Project Funds  
 June 30, 2017

	Westgate Multi-Use Path Capital Project Fund	Stoney Burton Farm Neighborhood Park Project	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 Fund	Fayetteville/ Village Road Ped Loop
<b>ASSETS</b>								
Cash and cash equivalents	\$ -	\$ -	\$ 440,986	\$ 20,000	\$ 82,708	\$ 15,905	\$ 36,327	\$ 65,813
Restricted Cash	-	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-	-
<b>Total assets</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 440,986</b>	<b>\$ 20,000</b>	<b>\$ 82,708</b>	<b>\$ 15,905</b>	<b>\$ 36,327</b>	<b>\$ 65,813</b>
<b>LIABILITIES AND FUND BALANCES</b>								
<b>Liabilities:</b>								
Accounts Payable and Accrued Liabilities	-	-	-	-	-	-	-	-
Due to Other Funds	-	-	-	-	-	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Restricted:								
Drug Forfeitures	-	-	-	-	-	-	-	-
Assigned:								
Planning	-	-	-	-	-	-	36,327	65,813
Police	-	-	-	-	-	15,905	-	-
Parks and Recreation	-	-	440,986	20,000	82,708	-	-	-
Sewer	-	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-	-
<b>Total fund balances</b>	<b>-</b>	<b>-</b>	<b>\$ 440,986</b>	<b>\$ 20,000</b>	<b>\$ 82,708</b>	<b>\$ 15,905</b>	<b>\$ 36,327</b>	<b>\$ 65,813</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 440,986</b>	<b>\$ 20,000</b>	<b>\$ 82,708</b>	<b>\$ 15,905</b>	<b>\$ 36,327</b>	<b>\$ 65,813</b>



**TOWN OF LELAND, NORTH CAROLINA**  
 Combining Balance Sheet  
 Nonmajor Capital Project Funds  
 June 30, 2017

	Village Road MUP Extension	NC DOT Grant Capital Project Fund	Mallory Creek Project Fund	June 30, 2017
<b>ASSETS</b>				
Cash and cash equivalents	\$ 30,636	\$ 35,000	\$ 294,290	\$ 1,462,611
Restricted Cash	-	-	-	-
Due from other funds	-	-	-	-
<b>Total assets</b>	<b>30,636</b>	<b>35,000</b>	<b>294,290</b>	<b>1,462,611</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts Payable and Accrued Liabilities	-	-	358,921	375,649
Due to Other Funds	-	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>358,921</b>	<b>375,649</b>
Restricted:				
Drug Forfeitures	-	-	-	-
Assigned:				
Planning	30,636	-	(64,631)	119,985
Police	-	-	-	15,905
Parks and Recreation	-	-	-	652,941
Sewer	-	-	-	-
Transportation	-	35,000	-	298,131
<b>Total fund balances</b>	<b>30,636</b>	<b>35,000</b>	<b>(64,631)</b>	<b>1,086,962</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 30,636</b>	<b>\$ 35,000</b>	<b>\$ 294,290</b>	<b>\$ 1,462,611</b>

**TOWN OF LELAND, NORTH CAROLINA**

Combining Statement of Revenues,  
Expenditures and Changes in Fund  
Nonmajor Capital Project Funds  
June 30, 2015

	Westgate Nature Park Capital Project Fund	Sturgeon Environmental Educational Park Project Fund	Cultural Arts Center Capital Project Fund	Fayetteville MUP Capital Project Fund	Old Fayetteville Capital Project Fund	Planning Revitalization Capital Project Fund	Westgate Senior Apt. Housing Capital Project Fund	Greenway Capital Project Fund	Bike Plan Capital Project Fund	Westgate Multi-Use Path Capital Project Fund
<b>Revenues</b>										
Restricted Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investment Earnings	-	-	-	-	-	-	-	-	-	-
Other Income	-	-	-	-	15,488	-	-	-	-	-
<b>Total Revenue</b>	-	-	-	-	15,488	-	-	-	-	-
<b>Expenditures</b>										
Planning	-	-	-	-	-	-	-	-	-	-
Public Works	-	-	-	-	-	-	-	-	-	-
Parks and Recreation	-	375	-	-	-	-	-	-	-	-
Transportation	-	-	-	30,090	72,772	-	-	-	-	-
<b>Total Expenditures</b>	-	375	-	30,090	72,772	-	-	-	-	-
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	-	(375)	-	(30,090)	(72,772)	15,488	-	-	-	-
<b>Other Financing Sources (Uses)</b>										
Transfers from Other Funds	-	-	-	-	-	-	-	75,000	-	-
Transfers to Other Funds	(468,157)	-	(113)	-	(418,636)	-	-	-	-	(24,043)
<b>Total Other Financing Sources (Uses)</b>	(468,157)	-	(113)	-	(418,636)	-	-	75,000	-	(24,043)
<b>Net Change in Fund Balance</b>	(468,157)	(375)	(113)	(30,090)	(491,408)	15,488	15,488	75,000	-	(24,043)
<b>Fund Balance - Beginning of Year</b>	468,157	9,622	113	74,113	710,516	36,352	36,352	25,000	-	24,043
<b>Fund Balance - End of Year</b>	\$ -	\$ 9,247	\$ -	\$ 44,023	\$ 219,108	\$ 51,840	\$ 100,000	\$ -	\$ -	\$ -

**TOWN OF LELAND, NORTH CAROLINA**  
 Combining Statement of Revenues,  
 Expenditures and Changes in Fund  
 Nonmajor Capital Project Funds  
 June 30, 2015

	HWY 17 Park/Amphi- theater Capital Project Fund	Sturgeon Creek Community Restoration Project	Property Acquisition (General) Capital Project Fund	Municipal Park Improvements Capital Project Fund	Police Grant Capital Project Fund	Leland MS Sidewalk Fund	Fayetteville/ Village Road Ped Loop	Village Road MUP Extension	NC DOT Grant Capital Project Fund
<b>Revenues</b>									
Restricted Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19,905	\$ 21,025	\$ 20,014	\$ 35,000
Investment Earnings	-	-	-	-	-	-	-	-	-
Other Income	-	-	-	-	-	-	-	-	-
<b>Total Revenue</b>	-	-	-	-	-	19,905	21,025	20,014	35,000
<b>Expenditures</b>									
Planning	-	-	-	-	-	15,872	1,447	6,873	-
Public Works	-	-	-	-	-	-	-	-	-
Parks and Recreation	-	273,416	-	17,292	-	-	-	-	-
Transportation	-	-	-	-	-	-	-	-	900
<b>Total Expenditures</b>	-	273,416	-	17,292	-	15,872	1,447	6,873	900
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	-	(273,416)	-	(17,292)	-	4,033	19,578	13,141	34,100
<b>Other Financing Sources (Uses)</b>									
Transfers from Other Funds	-	633,419	-	-	-	-	-	-	-
Transfers to Other Funds	-	-	-	-	-	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	-	633,419	-	-	-	-	-	-	-
<b>Net Change in Fund Balance</b>	-	360,003	-	(17,292)	-	4,033	19,578	13,141	34,100
<b>Fund Balance - Beginning of Year</b>	-	80,983	20,000	100,000	15,905	32,294	46,235	17,495	900
<b>Fund Balance - End of Year</b>	\$ -	\$ 440,986	\$ 20,000	\$ 82,708	\$ 15,905	\$ 36,327	\$ 65,813	\$ 30,636	\$ 35,000

**TOWN OF LELAND, NORTH CAROLINA**

Combining Statement of Revenues,  
Expenditures and Changes in Fund  
Nonmajor Capital Project Funds  
June 30, 2015

	Mallory Creek Project Fund	June 30, 2017
<b>Revenues</b>		
Restricted Intergovernmental	-	\$ 95,944
Investment Earnings	-	-
Other Income	-	15,488
<b>Total Revenue</b>	<u>-</u>	<u>111,432</u>
<b>Expenditures</b>		
Planning	-	24,192
Public Works	-	-
Parks and Recreation	-	291,083
Transportation	1,610,216	1,713,978
<b>Total Expenditures</b>	<u>1,610,216</u>	<u>2,029,253</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>(1,610,216)</u>	<u>(1,917,821)</u>
<b>Other Financing Sources (Uses)</b>		
Transfers from Other Funds	-	708,419
Transfers to Other Funds	50,000	(860,949)
<b>Total Other Financing Sources (Uses)</b>	<u>50,000</u>	<u>(152,530)</u>
<b>Net Change in Fund Balance</b>	<u>(1,560,216)</u>	<u>(2,070,351)</u>
<b>Fund Balance - Beginning of Year</b>	<u>1,495,585</u>	<u>3,157,313</u>
<b>Fund Balance - End of Year</b>	<u>\$ (64,631)</u>	<u>\$ 1,086,962</u>

**TOWN OF LELAND, NORTH CAROLINA**  
 Westgate Nature Park Capital Project Fund  
 Statement of Revenues, Expenditures, and Changes in Fund Balance  
 Budget and Actual  
 For the Fiscal Year Ended June 30, 2017

	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>			
<b>Restricted Intergovernmental</b>			
PARTF Grant	\$ -	\$ -	\$ -
<b>Total Restricted Intergovernmental</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Expenditures</b>			
<b>Parks and Recreation</b>			
Capital Outlay		-	-
<b>Total Parks and Recreation</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Other financing sources (uses):</b>			
Transfers Out:			
Greenway Capital Project Fund	(75,000)	(75,000)	-
Sturgeon Creek Community Fund	(393,157)	(393,157)	-
<b>Total financing sources (uses)</b>	<u>(468,157)</u>	<u>(468,157)</u>	<u>-</u>
<b>Appropriated Fund Balance</b>	<u>468,157</u>	<u>-</u>	<u>(468,157)</u>
<b>Net Change in Fund Balance</b>	<u>\$ -</u>	<u>(468,157)</u>	<u>\$ (468,157)</u>
<b>Fund Balance - Beginning of Year</b>		<u>468,157</u>	
<b>Fund Balance - End of Year</b>		<u>\$ -</u>	

**TOWN OF LELAND, NORTH CAROLINA**  
 Sturgeon Environmental Educational Park Capital Project Fund  
 Statement of Revenues, Expenditures, and Changes in Fund Balance  
 Budget and Actual  
 For the Fiscal Year Ended June 30, 2017

	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>			
Restricted Intergovernmental	\$ -	\$ -	\$ -
Investment Earnings	-	-	-
<b>Total Revenues</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Expenditures</b>			
<b>Parks and Recreation</b>			
Capital Outlay	4,000	375	3,625
<b>Total Parks and Recreation</b>	<u>4,000</u>	<u>375</u>	<u>3,625</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>(4,000)</u>	<u>(375)</u>	<u>3,625</u>
<b>Other financing sources (uses):</b>			
Transfers Out:			
General Fund	-	-	-
Total financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
<b>Appropriated Fund Balance</b>	<u>4,000</u>	<u>-</u>	<u>(4,000)</u>
<b>Net Change in Fund Balance</b>	<u>\$ -</u>	<u>(375)</u>	<u>\$ (375)</u>
<b>Fund Balance - Beginning of Year</b>		<u>9,622</u>	
<b>Fund Balance - End of Year</b>		<u>\$ 9,247</u>	

**TOWN OF LELAND, NORTH CAROLINA**  
 Cultural Arts Center Capital Project Fund  
 Statement of Revenues, Expenditures, and Changes in Fund Balance  
 Budget and Actual  
 For the Fiscal Year Ended June 30, 2017

	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>			
Investment Earnings	\$ -	\$ -	\$ -
<b>Expenditures</b>			
<b>Parks and Recreation</b>			
Other Expenditures	-	-	-
Principal Retirement	-	-	-
<b>Total Parks and Recreation</b>	-	-	-
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	-	-	-
<b>Other financing sources (uses):</b>			
Transfers Out:			
General Fund	-	(113)	(113)
<b>Total financing sources (uses)</b>	-	(113)	(113)
<b>Appropriated Fund Balance</b>	-	-	-
<b>Net Change in Fund Balance</b>	<u>\$ -</u>	(113)	<u>\$ (113)</u>
<b>Fund Balance - Beginning of Year</b>		113	
<b>Fund Balance - End of Year</b>		<u>\$ -</u>	

**TOWN OF LELAND, NORTH CAROLINA**  
 Old Fayetteville MUP Capital Project Fund  
 Statement of Revenues, Expenditures, and Changes in Fund Balance  
 Budget and Actual  
 For the Fiscal Year Ended June 30, 2017

	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>			
Grants	353,000	\$ -	\$ (353,000)
Miscellaneous Income	-		-
<b>Total Revenues</b>	<u>353,000</u>	<u>-</u>	<u>(353,000)</u>
<b>Expenditures</b>			
Transportation			
Other Expenditures	427,113	30,090	397,023
<b>Total Transportation</b>	<u>427,113</u>	<u>30,090</u>	<u>397,023</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>(74,113)</u>	<u>(30,090)</u>	<u>(750,023)</u>
<b>Other financing sources (uses):</b>			
Transfers Out:			
General Fund	-	-	-
<b>Total financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Appropriated Fund Balance</b>	<u>74,113</u>	<u>-</u>	<u>(74,113)</u>
<b>Net Change in Fund Balance</b>	<u>\$ -</u>	<u>(30,090)</u>	<u>\$ (824,136)</u>
<b>Fund Balance - Beginning of Year</b>		<u>74,113</u>	
<b>Fund Balance - End of Year</b>		<u>\$ 44,023</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, 2017

	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>			
Investment Earnings	\$ -	\$ -	\$ -
<b>Expenditures</b>			
Transportation			
Other Expenditures	271,880	72,772	(199,108)
<b>Total Transportation</b>	<u>271,880</u>	<u>72,772</u>	<u>(199,108)</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>(271,880)</u>	<u>(72,772)</u>	<u>199,108</u>
<b>Other financing sources (uses):</b>			
Transfers In:			
General Fund			-
Transportation Capital Project Fund			-
Transportation Capital Improvement Reserve Fund	-		-
Transfers Out:			
Powell Bill Paving	(430,000)	(410,000)	
General Fund	(8,636)	(8,636)	-
<b>Total financing sources (uses)</b>	<u>(438,636)</u>	<u>(418,636)</u>	<u>-</u>
<b>Appropriated Fund Balance</b>	710,516	-	(710,516)
<b>Net Change in Fund Balance</b>	<u>\$ -</u>	(491,408)	<u>\$ (511,408)</u>
<b>Fund Balance - Beginning of Year</b>		<u>710,516</u>	
<b>Fund Balance - End of Year</b>		<u>\$ 219,108</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, 2017

	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>			
Federal Grant	\$ -	\$ -	\$ -
Miscellaneous Income	-	15,488	15,488
<b>Total Revenues</b>	<u>-</u>	<u>15,488</u>	<u>15,488</u>
<b>Expenditures</b>			
<b>Planning</b>			
Other Expenditures	-	-	-
<b>Total Planning</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>-</u>	<u>15,488</u>	<u>15,488</u>
<b>Other financing sources (uses):</b>			
Transfers In:			
Westgate Nature Park Capital Project Fund	-	-	-
<b>Total financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Appropriated Fund Balance</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Change in Fund Balance</b>	<u>\$ -</u>	<u>15,488</u>	<u>\$ 15,488</u>
<b>Fund Balance - Beginning of Year</b>		<u>36,352</u>	
<b>Fund Balance - End of Year</b>		<u>\$ 51,840</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, 2017

	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>			
Investment Earnings	\$ -	\$ -	\$ -
<b>Expenditures</b>			
<b>Parks and Recreation</b>			
Other Expenditures	100,000	-	100,000
<b>Total Parks and Recreation</b>	100,000	-	100,000
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	(100,000)	-	100,000
<b>Other financing sources (uses):</b>			
Transfers In/Out:			
Westgate Nature Park Capital Project Fund	75,000	75,000	-
<b>Total financing sources (uses)</b>	75,000	75,000	-
<b>Appropriated Fund Balance</b>	25,000	-	(25,000)
<b>Net Change in Fund Balance</b>	\$ -	75,000	\$ 75,000
<b>Fund Balance - Beginning of Year</b>		25,000	
<b>Fund Balance - End of Year</b>		\$ 100,000	

**TOWN OF LELAND, NORTH CAROLINA**  
 Bike Plan Capital Project Fund  
 Statement of Revenues, Expenditures, and Changes in Fund Balance  
 Budget and Actual  
 For the Fiscal Year Ended June 30, 2017

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

**TOWN OF LELAND, NORTH CAROLINA**  
 Westgate Multi-Use Path Capital Project Fund  
 Statement of Revenues, Expenditures, and Changes in Fund Balance  
 Budget and Actual  
 For the Fiscal Year Ended June 30, 2017

	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>			
<b>Restricted Intergovernmental</b>			
STP-DA Grant	96,171	\$ -	\$ (96,171)
<b>Total Restricted Intergovernmental</b>	<u>96,171</u>	<u>-</u>	<u>(96,171)</u>
<b>Expenditures</b>			
<b>Planning</b>			
Capital Outlay	96,171	-	96,171
<b>Total Planning</b>	<u>96,171</u>	<u>-</u>	<u>96,171</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>-</u>	<u>-</u>	<u>(192,342)</u>
<b>Other financing sources (uses):</b>			
Transfers In/(Out):			
General Fund	(24,043)	(24,043)	-
<b>Total financing sources (uses)</b>	<u>(24,043)</u>	<u>(24,043)</u>	<u>-</u>
<b>Appropriated Fund Balance</b>	<u>24,043</u>	<u>-</u>	<u>(24,043)</u>
<b>Net Change in Fund Balance</b>	<u>\$ -</u>	<u>(24,043)</u>	<u>\$ (216,385)</u>
<b>Fund Balance - Beginning of Year</b>		<u>24,043</u>	
<b>Fund Balance - End of Year</b>		<u>\$ -</u>	

**TOWN OF LELAND, NORTH CAROLINA**  
 Stoney Burton Farm Neighborhood Park  
 Statement of Revenues, Expenditures, and Changes in Fund Balance  
 Budget and Actual  
 For the Fiscal Year Ended June 30, 2017

	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>			
Investment Earnings	\$ -	\$ -	\$ -
<b>Expenditures</b>			
<b>Parks and Recreation</b>			
Capital Outlay	-	-	-
<b>Total Parks and Recreation</b>	-	-	-
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	-	-	-
<b>Other financing sources (uses):</b>			
Transfers Out:			
Westgate Nature Park Capital Project Fund	-	-	-
<b>Total financing sources (uses)</b>	-	-	-
<b>Appropriated Fund Balance</b>	-	-	-
<b>Net Change in Fund Balance</b>	-	-	-
<b>Fund Balance - Beginning of Year</b>		-	
<b>Fund Balance - End of Year</b>		<u><u>\$ -</u></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, 2017

	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>			
Investment Earnings	\$ -	\$ -	\$ -
<b>Expenditures</b>			
<b>Parks and Recreation</b>			
Other Expenditures	714,402	273,416	440,986
<b>Total Parks and Recreation</b>	<u>714,402</u>	<u>273,416</u>	<u>440,986</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>(714,402)</u>	<u>(273,416)</u>	<u>(440,986)</u>
<b>Other financing sources (uses):</b>			
Transfers In:			
General Fund	240,262	240,262	
Westgate Nature Park Project Fund	393,157	393,157	-
<b>Total financing sources (uses)</b>	<u>633,419</u>	<u>633,419</u>	<u>-</u>
<b>Appropriated Fund Balance</b>	<u>80,983</u>	<u>-</u>	<u>80,983</u>
<b>Net Change in Fund Balance</b>	<u>\$ -</u>	<u>360,003</u>	<u>\$ (360,003)</u>
<b>Fund Balance - Beginning of Year</b>		<u>80,983</u>	
<b>Fund Balance - End of Year</b>		<u><u>\$ 440,986</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, 2017

	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>			
Investment Earnings	\$ -	\$ -	\$ -
<b>Expenditures</b>			
<b>Public Buildings</b>			
Capital Outlay	20,000	-	20,000
<b>Total Parks and Recreation</b>	20,000	-	20,000
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	(20,000)	-	20,000
<b>Other financing sources (uses):</b>			
Transfers In:			
General Fund	-	-	-
<b>Total financing sources (uses)</b>	-	-	-
<b>Appropriated Fund Balance</b>	20,000	-	(20,000)
<b>Net Change in Fund Balance</b>	\$ -	-	\$ -
<b>Fund Balance - Beginning of Year</b>		20,000	
<b>Fund Balance - End of Year</b>		\$ 20,000	



**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, 2017

	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>			
Investment Earnings	\$ -	\$ -	\$ -
<b>Expenditures</b>			
<b>Parks and Recreation</b>			
Capital Outlay	100,000	17,292	82,708
<b>Total Parks and Recreation</b>	<u>100,000</u>	<u>17,292</u>	<u>82,708</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>(100,000)</u>	<u>(17,292)</u>	<u>82,708</u>
<b>Other financing sources (uses):</b>			
Transfers In:			
Dog Park Capital Project Fund	-	-	-
Splash Park Capital Project Fund	-	-	-
<b>Total financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Appropriated Fund Balance</b>	<u>100,000</u>	<u>-</u>	<u>(100,000)</u>
<b>Net Change in Fund Balance</b>	<u>\$ -</u>	<u>(17,292)</u>	<u>\$ (17,292)</u>
<b>Fund Balance - Beginning of Year</b>		<u>100,000</u>	
<b>Fund Balance - End of Year</b>		<u>\$ 82,708</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, 2017

	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>			
<b>Restricted Intergovernmental</b>			
Grant	\$ -		\$ -
<b>Total Restricted Intergovernmental</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Expenditures</b>			
<b>Police</b>			
Capital Outlay	2,962	-	
<b>Total Police</b>	<u>2,962</u>	<u>-</u>	<u>2,962</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>(2,962)</u>	<u>-</u>	<u>2,962</u>
<b>Other financing sources (uses):</b>			
Transfers In:			
General Fund	-	-	-
Drug Forfeiture Capital Project Fund	-	-	-
Drug Forfeiture Capital Reverse Fund	-	-	-
<b>Total financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Appropriated Fund Balance</b>	<u>2,962</u>	<u>-</u>	<u>(2,962)</u>
<b>Net Change in Fund Balance</b>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
<b>Fund Balance - Beginning of Year</b>		<u>15,905</u>	
<b>Fund Balance - End of Year</b>		<u>\$ 15,905</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, 2017

	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>			
<b>Restricted Intergovernmental</b>			
STP-DA Grant	222,932	19,905	\$ (203,027)
<b>Total Restricted Intergovernmental</b>	<u>222,932</u>	<u>19,905</u>	<u>(203,027)</u>
<b>Expenditures</b>			
<b>Planning</b>			
Capital Outlay	255,226	15,872	239,354
<b>Total Planning</b>	<u>255,226</u>	<u>15,872</u>	<u>239,354</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>(32,294)</u>	<u>4,033</u>	<u>36,327</u>
<b>Other financing sources (uses):</b>			
Transfers In:			
General Fund	-	-	-
Total financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
<b>Appropriated Fund Balance</b>	<u>32,294</u>	<u>-</u>	<u>(32,294)</u>
<b>Net Change in Fund Balance</b>	<u>\$ -</u>	<u>4,033</u>	<u>\$ 4,033</u>
<b>Fund Balance - Beginning of Year</b>		<u>32,294</u>	
<b>Fund Balance - End of Year</b>		<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, 2017

	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>			
<b>Restricted Intergovernmental</b>			
STP-DA Grant	193,427	21,025	\$ (172,402)
<b>Total Restricted Intergovernmental</b>	<u>193,427</u>	<u>21,025</u>	<u>(172,402)</u>
<b>Expenditures</b>			
<b>Planning</b>			
Capital Outlay	239,662	1,447	
<b>Total Planning</b>	<u>239,662</u>	<u>1,447</u>	<u>238,215</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>(46,235)</u>	<u>19,578</u>	<u>65,813</u>
<b>Other financing sources (uses):</b>			
Transfers In:			
General Fund	-	-	-
Total financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
<b>Appropriated Fund Balance</b>	<u>46,235</u>	<u>-</u>	<u>(46,235)</u>
<b>Net Change in Fund Balance</b>	<u>\$ -</u>	<u>19,578</u>	<u>\$ 19,578</u>
<b>Fund Balance - Beginning of Year</b>		<u>46,235</u>	
<b>Fund Balance - End of Year</b>		<u>\$ 65,813</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, 2017

	<u>Final Budget</u>	<u>Actual</u>	Variance Positive (Negative)
<b>Revenues</b>			
<b>Restricted Intergovernmental</b>			
STP-DA Grant	97,914	20,014	\$ (77,900)
<b>Total Restricted Intergovernmental</b>	<u>97,914</u>	<u>20,014</u>	<u>(77,900)</u>
<b>Expenditures</b>			
<b>Planning</b>			
Capital Outlay	115,409	6,873	
<b>Total Planning</b>	<u>115,409</u>	<u>6,873</u>	<u>108,536</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>(17,495)</u>	<u>13,141</u>	<u>30,636</u>
<b>Other financing sources (uses):</b>			
Transfers In:			
General Fund	-	-	-
<b>Total financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Appropriated Fund Balance</b>	<u>17,495</u>	<u>-</u>	<u>(17,495)</u>
<b>Net Change in Fund Balance</b>	<u>\$ -</u>	<u>13,141</u>	<u>\$ 13,141</u>
<b>Fund Balance - Beginning of Year</b>		<u>17,495</u>	
<b>Fund Balance - End of Year</b>		<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, 2017

	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>			
<b>Restricted Intergovernmental</b>			
Grants	35,000	35,000	\$ -
<b>Total Restricted Intergovernmental</b>	<u>35,000</u>	<u>35,000</u>	<u>-</u>
<b>Expenditures</b>			
Transportation			
Other Expenditures	900	900	-
<b>Total Transportation</b>	<u>900</u>	<u>900</u>	<u>-</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>34,100</u>	<u>34,100</u>	<u>-</u>
<b>Other financing sources (uses):</b>			
Transfers Out:			
General Fund		-	-
Planning Revitalization Capital Project Fund		-	-
Total financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
<b>Appropriated Fund Balance</b>	<u>(34,100)</u>	<u>-</u>	<u>34,100</u>
<b>Net Change in Fund Balance</b>	<u>\$ -</u>	<u>34,100</u>	<u>\$ 34,100</u>
<b>Fund Balance - Beginning of Year</b>		900	
<b>Fund Balance - End of Year</b>		<u>\$ 35,000</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, 2017

	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>			
Investment Earnings	\$ -	\$ -	\$ -
<b>Expenditures</b>			
<b>Transportation</b>			
Capital Outlay			
General Fund	510,327	582,445	(72,118)
Sewer Fund	564,654	573,312	(8,658)
Powell Bill Paving Project	470,604	454,459	16,145
<b>Total Transportation</b>	<u>1,545,585</u>	<u>1,610,216</u>	<u>(64,631)</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>(1,545,585)</u>	<u>(1,610,216)</u>	<u>(64,631)</u>
<b>Other financing sources (uses):</b>			
Transfers In/(Out):			
General Fund In	50,000	50,000	-
<b>Total financing sources (uses)</b>	<u>50,000</u>	<u>50,000</u>	<u>-</u>
<b>Appropriated Fund Balance</b>	<u>1,495,585</u>	<u>-</u>	<u>(1,495,585)</u>
<b>Net Change in Fund Balance</b>	<u>\$ -</u>	<u>(1,560,216)</u>	<u>\$ (1,560,216)</u>
<b>Fund Balance - Beginning of Year</b>		<u>1,495,585</u>	
<b>Fund Balance - End of Year</b>		<u>\$ (64,631)</u>	

***Enterprise Funds***

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**TOWN OF LELAND, NORTH CAROLINA**  
 Utility Fund  
 Schedule of Revenues and Expenditures  
 Budget and Actual (Non-GAAP)  
 For the Fiscal Year Ended June 30, 2017

	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>			
<b>Operating Revenues</b>			
Water Charges	\$ 1,157,494	\$ 1,148,930	\$ (8,564)
Sewer Charges	2,644,326	3,204,120	559,794
Penalties and Interest	11,709	36,878	25,169
<b>Total Operating Revenues</b>	<u>3,813,529</u>	<u>4,389,928</u>	<u>576,399</u>
<b>Nonoperating Revenues</b>			
Miscellaneous Income	-	753	753
Investment Earnings	2,202	3,324	1,122
<b>Total Nonoperating Revenues</b>	<u>2,202</u>	<u>4,077</u>	<u>1,875</u>
<b>Total Revenues</b>	<u>3,815,731</u>	<u>4,394,005</u>	<u>578,274</u>
<b>Expenditures</b>			
<b>Water/Sewer Operations</b>			
Salaries and Wages	272,086	259,505	12,581
Employee Benefits	119,243	108,375	10,868
Repairs and Maintenance	393,892	269,531	124,361
Capital Outlay	117,954	409,454	(291,500)
Other Expenditures	1,034,260	934,284	99,976
<b>Total Water Operations</b>	<u>1,937,435</u>	<u>1,981,149</u>	<u>(43,714)</u>
<b>Debt Service</b>			
Principal Retirement	927,092	806,489	120,603
Interest Paid	-	111,633	(111,633)
<b>Total Debt Service</b>	<u>927,092</u>	<u>918,122</u>	<u>8,970</u>
<b>Total Expenditures</b>	<u>2,864,527</u>	<u>2,899,271</u>	<u>(34,744)</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>951,204</u>	<u>1,494,734</u>	<u>543,530</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, 2017

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Other financing sources (uses):</b>			
Transfers In:			
Contributed Capital - Builders	-	313,300	313,300
Utility Capital Reserve Fund	70,000	70,000	-
Transfers Out:			
General Fund	(142,797)	(122,980)	
Utility Capital Reserve Fund	(367,897)	(367,897)	-
Lift Station Upgrade Capital Reserve Fund	(490,000)	(490,000)	-
Vehicle Capital Project Fund	(25,000)	(25,000)	-
<b>Total financing sources (uses)</b>	<u>(955,694)</u>	<u>(622,577)</u>	<u>313,300</u>
<b>Appropriated Fund Balance</b>		-	-
<b>Revenues Over (Under) Expenditures and Other Financing Sources (Uses)</b>	<u>\$ (4,490)</u>	<u>\$ 872,157</u>	<u>\$ 856,830</u>
 <b>Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:</b>			
Revenues Over (Under) Expenditures and Other Financing Sources (Uses)		<u>\$ 872,157</u>	
Reconciling Items:			
Depreciation Expense		(2,079,881)	
Principal Retirement		806,489	
Capital Outlay		313,300	
Increase in Compensated Absences Payable		(108)	
Contributions to the Pension Plan in the Current Fiscal Year		19,820	
Pension Expense		(18,195)	
Investment Earnings from Utility Capital Reserve Fund		577	
Transfers (consolidating funds)		812,897	
<b>Total Reconciling Items</b>		<u>(145,101)</u>	
<b>Change in Net Position</b>		<u>\$ 727,056</u>	

**TOWN OF LELAND, NORTH CAROLINA**  
 Combining Schedule of Revenues and Expenditures  
 Utility Capital Project Funds  
 June 30, 2017

	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	Half Million Water Tower Capital Project Fund	Utility Vehicle Capital Project Fund	Total
<b>Revenues</b>								
Investment Earnings	\$ 577	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 577
<b>Expenditures</b>								
<b>Sewer Operations</b>								
Capital Outlay	-	-	19,560	11,621	-	653,504	-	684,685
<b>Total Expenditures</b>	-	-	19,560	11,621	-	653,504	-	684,685
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	577	-	(19,560)	(11,621)	-	(653,504)	-	(684,108)
<b>Other Financing Sources (Uses)</b>								
Transfers from Other Funds	367,897	-	490,000	-	-	5,059	25,000	887,956
Transfers to Other Funds	(75,059)	-	-	-	-	-	-	(75,059)
<b>Total Other Financing Sources (Uses)</b>	292,838	-	490,000	-	-	5,059	25,000	812,897
<b>Revenues Over Other Financing</b>	\$ 293,415	\$ -	\$ 470,440	\$ (11,621)	\$ -	\$ (648,445)	\$ 25,000	\$ 128,789

**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, 2017

	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>			
Investment Earnings	-	577	\$ 577
<b>Expenditures</b>			
<b>Sewer Operations</b>			
Other Expenditures	411,266	-	411,266
<b>Total Sewer Operations</b>	411,266	-	411,266
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	(411,266)	577	(410,689)
Transfers In:			
Utility Fund	367,897	367,897	-
Transfers Out:			
750,000 Water Tower Fund	(5,059)	(5,059)	-
Utility Fund	(70,000)	(70,000)	-
<b>Total financing sources (uses)</b>	292,838	292,838	-
<b>Appropriated Fund Balance</b>	118,428	-	(118,428)
<b>Revenues Over Other Financing Sources (Uses)</b>	\$ -	\$ 293,415	\$ (529,117)

**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, 2017

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

**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, 2017

	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>			
Investment Earnings	\$ -	\$ -	\$ -
<b>Expenditures</b>			
<b>Sewer Operations</b>			
Capital Outlay	989,563	19,560	970,003
<b>Total Sewer Operations</b>	989,563	19,560	970,003
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	(989,563)	(19,560)	970,003
<b>Other financing sources (uses):</b>			
Transfers In:			
Utility Fund	490,000	490,000	-
<b>Total financing sources (uses)</b>	490,000	490,000	-
<b>Appropriated Fund Balance</b>	499,563	-	(499,563)
<b>Revenues Over Other Financing Sources (Uses)</b>	\$ -	\$ 470,440	\$ 470,440

**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, 2017

	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>			
Investment Earnings	\$ -	\$ -	\$ -
<b>Expenditures</b>			
<b>Sewer Operations</b>			
Capital Outlay	1,360,385	11,621	1,348,764
<b>Total Sewer Operations</b>	1,360,385	11,621	1,348,764
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	(1,360,385)	(11,621)	1,348,764
<b>Appropriated Fund Balance</b>	1,360,385	-	(1,360,385)
<b>Revenues Over Other Financing Sources (Uses)</b>	\$ -	\$ (11,621)	\$ (11,621)

**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, 2017

	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>			
Investment Earnings	\$ -	\$ -	\$ -
<b>Expenditures</b>			
<b>Sewer Operations</b>			
Capital Outlay	300,000	-	300,000
<b>Total Sewer Operations</b>	300,000	-	300,000
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	(300,000)	-	300,000
<b>Other financing sources (uses):</b>			
Transfers In:			
Utility Capital Reserve Fund	-	-	-
<b>Total financing sources (uses)</b>	-	-	-
<b>Appropriated Fund Balance</b>	300,000	-	(300,000)
<b>Revenues Over Other Financing Sources (Uses)</b>	\$ -	\$ -	\$ -



**TOWN OF LELAND, NORTH CAROLINA**  
 Half Million Water Tower Capital Project Fund  
 Schedule of Revenues and Expenditures  
 Budget and Actual (Non-GAAP)  
 For the Fiscal Year Ended June 30, 2017

	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>			
Investment Earnings	\$ -	\$ -	\$ -
<b>Expenditures</b>			
<b>Sewer Operations</b>			
Capital Outlay	653,504	653,504	-
<b>Total Sewer Operations</b>	653,504	653,504	-
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	(653,504)	(653,504)	-
<b>Other financing sources (uses):</b>			
Transfers In:			
Utility Capital Reserve Fund	5,059	5,059	-
<b>Total financing sources (uses)</b>	5,059	5,059	-
<b>Appropriated Fund Balance</b>	648,445	-	(648,445)
<b>Revenues Over Other Financing Sources (Uses)</b>	\$ -	\$ (648,445)	\$ (648,445)

**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, 2017

	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>			
Investment Earnings	\$ -	\$ -	\$ -
<b>Expenditures</b>			
<b>Sewer Operations</b>			
Capital Outlay	76,316	-	76,316
<b>Total Sewer Operations</b>	76,316	-	76,316
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	(76,316)	-	76,316
Transfers In:			
Utility Fund	25,000	25,000	-
<b>Total financing sources (uses)</b>	25,000	25,000	-
<b>Appropriated Fund Balance</b>	51,316	-	(51,316)
<b>Revenues Over Other Financing Sources (Uses)</b>	\$ -	\$ 25,000	\$ 25,000

**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, 2016

	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>			
<b>Operating Revenues</b>			
Registration Revenue	\$ 66,000	\$ 84,666	\$ 18,666
Facility Rental Revenue	9,600	17,810	8,210
Application Fee Revenue	480	590	110
Facility Deposit Revenue	-	-	-
Sales Revenue	9,600	21,465	11,865
Studio Pass Revenue	3,000	2,853	(147)
Caterer Application Fees	600	200	(400)
Miscellaneous Revenue	100	123	23
<b>Total Operating Revenues</b>	<u>89,380</u>	<u>127,707</u>	<u>38,327</u>
<b>Nonoperating Revenues</b>			
Grassroots Grant	2,500	-	(2,500)
Investment Earnings	-	-	-
<b>Total Nonoperating Revenues</b>	<u>2,500</u>	<u>-</u>	<u>(2,500)</u>
<b>Total Revenues</b>	<u>91,880</u>	<u>127,707</u>	<u>35,827</u>
<b>Expenditures</b>			
Salaries and Wages	160,924	164,078	(3,154)
Employee Benefits	50,035	49,823	212
Professional / Contract Fees	35,446	29,763	5,683
Capital Outlay	-	-	-
Other Expenditures	170,898	169,796	1,102
<b>Total Expenditures</b>	<u>417,303</u>	<u>413,460</u>	<u>3,843</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>(325,423)</u>	<u>(285,753)</u>	<u>39,670</u>
<b>Other financing sources (uses):</b>			
Transfers In/(to):			
General Fund	325,423	(75,203)	(400,626)
<b>Total financing sources (uses)</b>	<u>325,423</u>	<u>(75,203)</u>	<u>(400,626)</u>
<b>Appropriated Fund Balance</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Revenues Over (Under) Expenditures and Other Financing Sources (Uses)</b>	<u>\$ -</u>	<u>\$ (360,956)</u>	<u>\$ (360,956)</u>
<b>Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:</b>			
Revenues Over (Under) Expenditures and Other Financing Sources (Uses)		<u>\$ (360,956)</u>	
Reconciling Items:			
Contributions to the Pension Plan in the Current Fiscal Year		6,536	
Pension Expense		<u>(7,499)</u>	
Total Reconciling Items		<u>(963)</u>	
<b>Change in Net Position</b>		<u>\$ (361,919)</u>	

***Other Schedules***

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**TOWN OF LELAND, NORTH CAROLINA**  
 General Fund  
 Schedule of Ad Valorem Taxes Receivable  
 For the Fiscal Year Ended June 30, 2017

<u>Fiscal Year</u>	<u>Uncollected Balance July 1, 2016</u>	<u>Additions and Adjustments</u>	<u>Collections and Credits</u>	<u>Uncollected Balance June 30, 2017</u>
2016-17	\$ -	\$ 4,382,964	\$ 4,335,995	\$ 46,969
2015-16	44,531	-	22,059	22,472
2014-15	21,214	-	8,688	12,526
2013-14	20,867	-	8,367	12,500
2012-13	16,669	-	3,586	13,083
2011-12	10,298	-	2,391	7,907
2010-11	7,027	-	1,886	5,141
2009-10	3,657	-	554	3,103
2008-09	4,936	-	51	4,885
2007-08	3,239	-	70	3,169
2006-07	3,268	-	3,268	-
	<u>\$ 135,706</u>	<u>\$ 4,382,964</u>	<u>\$ 4,386,915</u>	<u>\$ 131,755</u>
Less: Allowance for Uncollectible Accounts: General Fund				48,410
Ad Valorem Taxes Receivable, net				<u>\$ 83,345</u>
<u>Reconciliation with Revenues</u>				
Ad Valorem Taxes - General Fund				\$ 4,422,208
Reconciling Items:				
Interest and Penalties Collected				(13,797)
Releases and adjustments				<u>(21,496)</u>
Total Collections and Credits				<u>\$ 4,386,915</u>

**TOWN OF LELAND, NORTH CAROLINA**  
 General Fund  
 Schedule of Ad Valorem Taxes Receivable  
 For the Fiscal Year Ended June 30, 2017

	Town-Wide		Total Levy		
	Property Valuation	Rate per \$100	Amount of Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
<b>Original Levy:</b>					
Property Taxed at					
Current Year's Rate	\$ 2,391,142,390	0.1833	\$ 4,382,964	\$ 4,005,226	\$ 377,738
Penalties	-				
	2,391,142,390		4,382,964	4,005,226	377,738
 <b>Total Property Valuations</b>	<b>\$ 2,391,142,390</b>				
 <b>Net Levy</b>			\$ 4,382,964	\$ 4,005,226	\$ 377,738
 <b>Uncollected Taxes at June 30, 2017</b>			46,969	46,936	33
 <b>Current Year's Taxes Collected</b>			\$ 4,335,995	\$ 3,958,290	\$ 377,705
 <b>Current Levy Collection Percentage</b>			98.93%	98.83%	99.99%

## *Compliance Section*

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

Independent 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, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Town of Leland, North Carolina, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprises Town of Leland's basic financial statements, and have issued our report thereon dated October 19, 2017. Our report includes a reference to other auditors who audited the financial statements of the Leland Tourism Development Authority, as described in our report on Town of Leland's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported separately by those auditors. The financial statements of the Leland Tourism Development Authority were not audited in accordance with Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered 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 Town of Leland's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and responses to be material weaknesses. (2017-1) 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.



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*.

Town of Leland's Response to Findings

The Town of Leland's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. The Town's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

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Thompson, Price, Scott, Adams & Co., P.A.  
Whiteville, NC  
October 19, 2017



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 Town of Leland major state programs for the year ended June 30, 2017. 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 Town of Leland's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by Comptroller General of the United States; and the audit requirements of Title 2 U.S Code of Federal Regulations Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and the State Single Audit Implementation Act. Those standards, the Uniform Guidance, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Town of Leland's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major 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, Town of Leland complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2017.

## Report on Internal Control Over Compliance

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

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

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

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

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

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Thompson, Price, Scott, Adams & Co., P.A.  
Whiteville, NC  
October 19, 2017

**TOWN OF LELAND, NORTH CAROLINA**  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2017

Section I. SUMMARY OF AUDITOR'S RESULTS

**Financial Statements**

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted

yes  no

State Awards

Internal control over major State programs:

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

Noncompliance material to State awards

yes  no

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

Any audit findings disclosed that are required to be reported in accordance with the State Single Audit Implementation Act

yes  no

Identification of major State programs:

Program Name

Powell Bill Allocation

**TOWN OF LELAND, NORTH CAROLINA**  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2017

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Section II. Financial Statement Findings

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**2017-1**

**Reconciliation of Records  
Prior Period Adjustment**

Material Weakness

Criteria: Records should be reconciled timely.

Condition: The Town recorded a prior period adjustment to adjust accumulated depreciation for governmental activities.

Effect: This is an indicator of a control deficiency that is regarded as a material weakness.

Cause: This is an indicator of a control deficiency that is regarded as a material weakness.

Recommendation: The Town and auditors should review capital asset records periodically and ensure that asset listings are complete, accurate and match the audit report each year.

Views of Responsible Officials: The Town agrees with this finding.

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Section III. State Award Findings and Questioned Costs

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None Reported.

**TOWN OF LELAND, NORTH CAROLINA**  
Corrective Action Plan  
For the Year Ended June 30, 2017

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Section II - Financial Statement Findings

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**2017-1**

**Reconciliation of Records**

Name of contact person: Missy Rhodes, Interim Finance Officer

Corrective Action: Finance and auditors will monitor the depreciation reports more closely in the future to ensure that the list of assets is complete, accurate, and match the audit report each year.

Proposed Completion Date: Beginning immediately.

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Section III. State Award Findings and Questioned Costs

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None Reported.

**TOWN OF LELAND, NORTH CAROLINA**  
**SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS**  
For the Year Ended June 30, 2017

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None Reported.

**Town of Leland**  
**Schedule of Expenditures of Federal and State Awards**  
**Federal and State Awards**  
**For The Fiscal Year Ended June 30, 2017**

<u>Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>State/ Pass-through Grantor's Number</u>	<u>Fed (Direct &amp; Pass-through Expenditures</u>	<u>State Expenditures</u>	<u>Local Expenditures</u>
<b><u>Federal Grants:</u></b>					
<b>Cash Programs:</b>					
<u>U.S. Department of Justice</u>					
Direct Program					
Bulletproof Vest Partnership Program	16-607		\$ 6,275	\$ -	\$ -
Total U.S. Dept of Justice			<u>6,275</u>	<u>-</u>	<u>-</u>
<u>U.S. Department of Transportation</u>					
Passed-through NC Department of Transportation:					
State and Community Highway Safety	20.600		24,259	-	-
Highway Planning and Construction	20.205		60,944	-	-
Total U.S. Dept of Transportation			<u>85,203</u>	<u>-</u>	<u>-</u>
Total assistance - Federal programs			<u>91,478</u>	<u>-</u>	<u>-</u>
<b><u>State Grants:</u></b>					
<b>Cash Assistance:</b>					
<u>N.C. Dept of Transportation</u>					
Powell Bill		32570	-	660,737	-
NCDOT Bicycle and Pedestrian Planning Grant		55056	-	35,000	-
Total N.C. Dept of Transportation			<u>-</u>	<u>695,737</u>	<u>-</u>
Total State Awards			<u>-</u>	<u>695,737</u>	<u>-</u>
Total Federal and State Awards			<u>\$ 91,478</u>	<u>\$ 695,737</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, 2017. The information in this SFSA is presented in accordance with the requirements of title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements Cost Principles and Audit Requirements for Federal Awards and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of the Town of Leland, it is not intended to and does not present the financial position, changes in net position or cash flows of the Town of Leland.

Note 2: Summary of Significant Accounting Policies

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