

TOWN OF LELAND, NORTH CAROLINA
FINANCIAL STATEMENTS
June 30, 2016

Town of Leland
TABLE OF CONTENTS
June 30, 2016

FINANCIAL SECTION	EXHIBIT	PAGES
Independent Auditors' Report		1-3
Management's Discussion and Analysis		4-9
Basic Financial Statements:		
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		21-40
Required Supplemental Financial Data		
Law Enforcement Officers' Special Separation Allowance Required Supplementary Information - Schedule of Funding Progress	A-1	41
Law Enforcement Officers' Special Separation Allowance Required Supplementary Information – Schedule of Employer Contributions	A-2	42
Schedule of Proportionate Share of Net Pension Liability (Asset) - Local Government Employees' Retirement System	A-3	43
Schedule of Contributions - Local Government Employees' Retirement System	A-4	44

Town of Leland
TABLE OF CONTENTS
June 30, 2016

	<u>EXHIBIT</u>	<u>PAGES</u>
<i>Major Governmental Funds - General Fund</i>		
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General Fund	B-1	45-47
<i>Special Revenue Funds Consolidated with General Fund</i>		
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Drug Forfeitures Capital Reserve Fund	B-1a	48
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Sign Amortization Payment Fund	B-1b	49
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Vehicle Capital Reserve Fund	B-1c	50
<i>Major Governmental Funds - Capital Project Funds</i>		
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Town Center Capital Project Fund	C-1	51
<i>Non-Major Governmental Funds - Capital Project Funds</i>		
Combining Balance Sheet - Nonmajor Capital Project Fund	D-1	52-54
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Capital Project Funds	D-2	55-57
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Westgate Nature Park Capital Project Fund	D-3	58
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Sturgeon Environmental Educational Park Project	D-4	59
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Lanvale Trace Storm water Improvement Project	D-5	60
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Cultural Arts Center Capital Project Fund	D-6	61
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Old Fayetteville MUP Capital Project Fund	D-7	62
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Planning Revitalization Capital Project Fund	D-8	63
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Westgate Senior Ap. Housing Capital Project Fund	D-9	64

Town of Leland
TABLE OF CONTENTS
June 30, 2016

	<u>EXHIBIT</u>	<u>PAGES</u>
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Greenway Capital Project Fund	D-10	65
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Bike Plan Capital Project Fund	D-11	66
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Westgate Multi-Use Path Capital Project Fund	D-12	67
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Hwy 17 Park/Amphitheater Capital Project Fund	D-13	68
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Property Acquisition (Water Access) Capital Project Fund	D-14	69
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Property Acquisition (General) Capital Project Fund	D-15	70
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Westport Berm Capital Project Fund	D-16	71
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Municipal Park Improvements Capital Project Fund	D-17	72
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Police Grant Capital Project Fund	D-18	73
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Leland MS Sidewalk Capital Project Fund	D-19	74
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Old Fayetteville / Village Rd Ped Loop Capital Project Fund	D-20	75
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Village Rd MUP Extension Capital Project Fund	D-21	76
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - NC Department of Transportation Capital Project Fund	D-22	77
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Mallory Creek Capital Project Fund	D-23	78

Town of Leland
TABLE OF CONTENTS
June 30, 2016

	<u>EXHIBIT</u>	<u>PAGES</u>
<i>Enterprise Funds</i>		
Statement of Revenues and Expenditures - Budget and Actual (Non-GAAP) - Utility Fund	E-1	79-80
Combining Schedule of Revenues and Expenditures - Utility Capital Project Funds	E-2	81
Statement of Revenues and Expenditures - Budget and Actual (Non-GAAP) - Utility Capital Reserve Fund	E-2a	82
Statement of Revenues and Expenditures - Budget and Actual (Non-GAAP) - Collection System Replacement Capital Reserve Fund	E-2b	83
Statement of Revenues and Expenditures - Budget and Actual (Non-GAAP) - Lift Station Upgrade Capital Reserve Fund	E-2c	84
Statement of Revenues and Expenditures - Budget and Actual (Non-GAAP) - US 17 Corridor Force Main Upgrade Capital Project Fund	E-2d	85
Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP) - Public Utilities Vector Truck Capital Project Fund	E-2e	86
Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP) - Half Million Water Tower Capital Project Fund	E-2f	87
Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP) - Utility Vehicles Capital Project Fund	E-2g	88
Statement of Revenues and Expenditures - Budget and Actual (Non-GAAP) - Cultural Arts Center Fund	E-3	89
<i>Other Schedules</i>		
Schedule of Ad Valorem Taxes Receivable - General Fund	F-1	90
Analysis of Current Tax Levy	F-2	91
COMPLIANCE SECTION		
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		92-93
Schedule of Findings and Questioned Costs		94-95
Summary Schedule of Prior Audit Findings		96

FINANCIAL SECTION



**Alan W. Thompson, CPA
R. Bryon Scott, CPA
Gregory S. Adams, CPA**

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component 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, 2016, and the related notes to the financial statements which collectively comprise the Town of Leland's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We 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*.

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, 2016, 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 Law Enforcement Officers' Special Separation Allowance on pages 41 through 42, and the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Asset and Contributions on pages 43 through 44, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of the Town of Leland, North Carolina. The combining and individual fund statements, budgetary schedules, and other schedules are presented for purpose of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 4, 2016 on our consideration of Town of Leland's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of the report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Leland's internal control over financial reporting and compliance.

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

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

Whiteville, NC

November 4, 2016

**Town of Leland
Management's Discussion and Analysis
June 30, 2016**

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, 2016. 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 \$106,980,993 (net position).
- The government's total net position increased by \$15,321,875.
- As of the close of the current fiscal year, the Town of Leland's governmental funds reported combined ending fund balances of \$11,303,812 with an increase of \$581,553 in fund balance.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$5,152,743, or 50.86 percent of total general fund expenditures for the fiscal year.

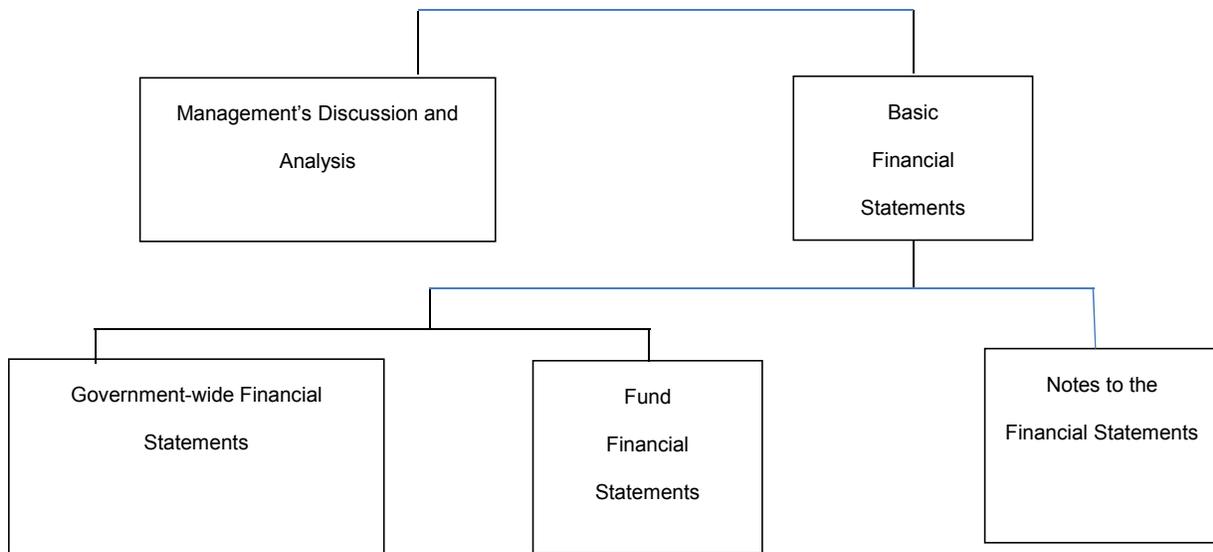
Overview of the Financial Statements

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, 2016

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 ABC Board 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, 2016

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	
	2016	2015	2016	2015	2016	2015
Current and other assets	\$ 12,076,948	\$ 11,744,539	\$ 10,783,967	\$ 11,206,696	\$ 22,860,915	\$ 22,951,235
Capital Assets	61,290,656	54,113,811	40,301,007	33,985,705	101,591,663	88,099,516
Deferred Outflows of Resources	181,850	193,122	20,537	18,915	202,387	212,037
Total Assets and Deferred Outflows of Resources	73,549,454	66,051,472	51,105,511	45,211,316	124,654,965	111,262,788
Long-term Liabilities Outstanding	9,882,865	10,743,852	4,630,195	5,405,751	14,513,060	16,149,603
Other Liabilities	1,755,229	1,707,122	991,684	938,836	2,746,913	2,645,958
Deferred Inflows of Resources	158,466	782,602	17,896	76,649	176,362	859,251
Total Liabilities and Deferred Inflows of Resources	11,796,560	13,233,576	5,639,775	6,421,236	17,436,335	19,654,812
Net Position:						
Net Investment in capital assets	50,777,200	42,991,011	34,907,680	27,798,879	85,684,880	70,789,890
Restricted	2,596,044	2,059,716	-	-	2,596,044	2,059,716
Unrestricted	8,142,013	7,767,169	10,558,056	10,991,201	18,700,069	18,758,370
Total Net Position	\$ 61,515,257	\$ 52,817,896	\$ 45,465,736	\$ 38,790,080	\$ 106,980,993	\$ 91,607,976

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 \$106,980,993 as of June 30, 2016. The Town's net position increased by \$15,321,875 for the fiscal year ended June 30, 2016. However, the largest portion (80.09%) 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, \$2,596,044, represents sources that are subject to external restrictions on how they may be used. The remaining balance of \$18,700,069 is unrestricted.

**Town of Leland
Management's Discussion and Analysis
June 30, 2016**

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 98.69%.
- 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	
	2016	2015	2016	2015	2016	2015
Revenues:						
Program revenues:						
Charges for services	\$ 866,897	\$ 897,954	\$ 3,994,236	\$ 3,777,566	\$ 4,861,133	\$ 4,675,520
Operating grants and contributions	456,104	639,370	-	-	456,104	639,370
Capital grants and contributions	9,088,791	1,838,339	5,637,520	2,242,763	14,726,311	4,081,102
General revenues:						
Property taxes	3,371,420	3,189,545	-	-	3,371,420	3,189,545
Other taxes	4,873,590	4,521,148	-	-	4,873,590	4,521,148
Other	149,667	93,327	2,573	1,269	152,240	94,596
Total revenues	18,806,469	11,179,683	9,634,329	6,021,598	28,440,798	17,201,281
Expenses:						
Governing body	266,253	191,143	-	-	266,253	191,143
Administration	506,383	528,458	-	-	506,383	528,458
Information Technology	492,503	377,236	-	-	492,503	377,236
Human Resources	170,303	174,315	-	-	170,303	174,315
Finance	191,500	240,461	-	-	191,500	240,461
Public Works	1,867,416	1,232,550	-	-	1,867,416	1,232,550
Planning	66,219	18,350	-	-	66,219	18,350
Police	2,383,463	2,927,932	-	-	2,383,463	2,927,932
Development services	825,300	630,545	-	-	825,300	630,545
Powell Bill	477,162	274,575	-	-	477,162	274,575
Transportation	1,529,125	1,324,399	-	-	1,529,125	1,324,399
Parks and recreation	917,106	1,239,708	-	-	917,106	1,239,708
Interest on long-term debt	255,117	338,890	-	-	255,117	338,890
Utilities	-	-	2,885,289	2,916,977	2,885,289	2,916,977
Cultural Arts Center	-	-	285,784	125,617	285,784	125,617
Total expenses	9,947,850	9,498,562	3,171,073	3,042,594	13,118,923	12,541,156
Increase (decrease) in net position before transfers	8,858,619	1,681,121	6,463,256	2,979,004	15,321,875	4,660,125
Transfers	(212,400)	503,644	212,400	(503,644)	-	-
Change in net position	8,646,219	2,184,765	6,675,656	2,475,360	15,321,875	4,660,125
Net position, beginning	52,817,896	51,190,546	38,790,080	38,478,869	91,607,976	89,669,415
Net position, beginning, restated	52,869,038	50,633,131	38,790,080	36,314,720	91,659,118	86,947,851
Net position, ending	\$ 61,515,257	\$ 52,817,896	\$ 45,465,736	\$ 38,790,080	\$ 106,980,993	\$ 91,607,976

Governmental activities. Governmental activities increased the Town's net position by \$8,646,219, thereby accounting for 56.58% of the total growth in the net position of the Town of Leland.

Business-type activities: Business-type activities increased the Town's net position by \$6,675,656, thereby accounting for 43.42% 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, 2016**

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 \$5,499,211, while total fund balance reached \$8,146,499. The Town currently has an available fund balance of 54.28% of general fund expenditures, while total fund balance represents 80.41% of the same amount.

At June 30, 2016, the governmental funds of Town of Leland reported a combined fund balance of \$11,303,812, with a net increase in fund balance of \$581,553. 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 \$10,547,037, and for the Cultural Arts Center a balance of \$11,019. The total change in net position for the Utility Fund was an increase of \$6,649,307 and an increase in the Cultural Arts Center of \$26,349.

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, 2016, totals \$101,591,663 (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
- Utility distribution and treatment expansion

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

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Land	\$ 5,556,838	\$ 5,127,043	\$ -	\$ -	\$ 5,556,838	\$ 5,127,043
Construction in Progress	-	-	2,174,533	208,559	2,174,533	208,559
Buildings	18,836,565	12,014,964	-	-	18,836,565	12,014,964
Infrastructure	36,911,792	36,911,792	-	-	36,911,792	36,911,792
Vehicles	26,088	58,511	20,196	-	46,284	58,511
Plant and Distribution	-	-	37,250,275	32,762,235	37,250,275	32,762,235
Equipment	(40,627)	1,501	856,003	1,014,911	815,376	1,016,412
Total	\$ 61,290,656	\$ 54,113,811	\$ 40,301,007	\$ 33,985,705	\$ 101,591,663	\$ 88,099,516

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, 2016**

Long-term Debt. As of June 30, 2016, Town of Leland had total debt outstanding of \$15,906,784. 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	
	2016	2015	2016	2015	2016	2015
Installment purchases	\$ 10,513,456	\$ 11,455,977	\$ -	\$ -	\$ 10,513,456	\$ 11,455,977
Interlocal agreements	-	-	5,393,328	6,186,826	5,393,328	6,186,826
Total	\$ 10,513,456	\$ 11,455,977	\$ 5,393,328	\$ 6,186,826	\$ 15,906,784	\$ 17,642,803

Town of Leland's total debt decreased by \$1,736,019 (9.84%) 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 \$179,393,215. The Town of Leland does not have any authorized but un-issued debt at June 30, 2016.

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, 2017

Governmental Activities. Property tax rate will increase to 18.33 cents per \$100 valuation of taxable property. This is an increase from the previous rate of 15.15 cents per \$100 valuation.

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

Requests for Information

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

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

BASIC FINANCIAL STATEMENTS

TOWN OF LELAND, NORTH CAROLINA
Statement of Net Position
For the Year Ended June 30, 2016

	Primary Government			Leland Tourism Development Authority
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 9,356,910	\$ 10,685,250	\$ 20,042,160	\$ 150,312
Receivables (net):				
Ad Valorem Taxes	123,993	-	123,993	-
Occupancy Tax	-	-	-	16,209
Accounts	-	307,967	307,967	-
Internal Balances	364,970	(364,970)	-	-
Due from Other Governments	962,074	1,395	963,469	-
Prepaid Expenses	57	-	57	-
Restricted Cash and Cash Equivalents	1,268,944	154,325	1,423,269	-
Total Current Assets	12,076,948	10,783,967	22,860,915	166,521
Noncurrent Assets				
Capital Assets				
Land, Nondepreciable Improvements, and Construction in Progress	5,556,838	2,174,533	7,731,371	-
Other Capital Assets, Net of Deprec.	55,733,818	38,126,474	93,860,292	-
Total Noncurrent Assets	61,290,656	40,301,007	101,591,663	-
Total Assets	73,367,604	51,084,974	124,452,578	166,521
DEFERRED OUTFLOWS OF RESOURCES				
Pension Deferrals	181,850	20,537	202,387	-
LIABILITIES				
Current Liabilities:				
Accounts Payable and Accrued Liabilities	483,866	111	483,977	-
Customer Deposits	165,277	154,325	319,602	-
Accrued Interest	29,484	30,760	60,244	-
Current Portion of Long-term Debt	1,076,602	806,488	1,883,090	-
Total Current Liabilities	1,755,229	991,684	2,746,913	-
Long-term liabilities:				
Net pension liability	237,637	26,836	264,473	-
Due in more than one year	9,882,865	4,603,359	14,486,224	-
Total Long-Term Liabilities	10,120,502	4,630,195	14,750,697	-
Total Liabilities	11,875,731	5,621,879	17,497,610	-
DEFERRED INFLOWS OF RESOURCES				
Pension Deferrals	158,466	17,896	176,362	-
Total deferred inflows of resources	158,466	17,896	176,362	-
NET POSITION				
Net investment in capital assets	50,777,200	34,907,680	85,684,880	-
Restricted for:				
Transportation	1,268,350	-	1,268,350	-
Stabilization by State Statute	1,327,100	-	1,327,100	16,209
Drug Forfeiture	594	-	594	-
Unrestricted	8,142,013	10,558,056	18,700,069	150,312
Total Net Position	\$ 61,515,257	\$ 45,465,736	\$ 106,980,993	\$ 166,521

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, 2016

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Leland Tourism Development Authority
					Governmental Activities	Business-type Activities	
Primary government:							
Governmental activities:							
Governing Body	\$ 266,253	\$ -	\$ -	\$ -	(266,253)	\$ -	\$ -
Administration	506,383	-	-	-	(506,383)	-	(506,383)
Information Technology	492,503	-	-	-	(492,503)	-	(492,503)
Human Resources	170,303	-	-	-	(170,303)	-	(170,303)
Finance	191,500	-	-	-	(191,500)	-	(191,500)
Public Works	1,867,416	-	-	2,970,491	1,103,075	-	1,103,075
Planning	66,219	-	-	-	(66,219)	-	(66,219)
Police	2,383,463	19,103	-	72,700	(2,291,660)	-	(2,291,660)
Developmental Services	825,300	837,862	-	-	12,562	-	12,562
Powell Bill	477,162	-	-	-	(477,162)	-	(477,162)
Transportation	1,529,125	-	456,104	-	4,972,579	-	4,972,579
Parks and Recreation	917,106	9,932	-	-	(907,174)	-	(907,174)
Interest on long-term debt	255,117	-	-	-	(255,117)	-	(255,117)
Total governmental activities	9,947,850	866,897	456,104	9,088,791	463,942	-	463,942
Business-type activities:							
Utility	2,885,289	3,896,703	-	5,637,520	-	6,648,934	6,648,934
Cultural Arts Center	285,784	97,533	-	-	-	(188,251)	(188,251)
Total business-type activities	3,171,073	3,994,236	-	5,637,520	-	6,460,683	6,460,683
Total primary government	13,118,923	4,861,133	456,104	14,726,311	463,942	6,924,625	6,924,625
Component unit:							
Leland Tourism Development Authority	\$ 180,217	\$ -	\$ -	\$ -	\$ -	\$ -	(180,217)
General revenues:							
Property taxes, levied for general purpose					3,371,420	3,371,420	-
Other taxes and licenses					4,873,590	4,873,590	159,027
Investment Earnings					21,687	2,573	-
Miscellaneous					127,980	127,980	-
Transfers					(212,400)	212,400	-
Total general revenues, special items, and transfers					8,182,277	214,973	159,027
Change in Net Position					8,646,219	6,675,656	(21,190)
Net position, beginning					52,817,896	38,790,080	91,607,976
Restatement					51,142	-	51,142
Net position, beginning, restated					52,869,038	38,790,080	91,659,118
Net position, ending					\$ 61,515,257	\$ 45,465,736	\$ 106,980,993

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

	Major Funds			Total Governmental Funds
	General	Town Center Capital Project Fund	Total Non-Major Funds	
ASSETS				
Cash and cash equivalents	\$ 6,199,710	\$ -	\$ 3,157,200	\$ 9,356,910
Restricted Cash	1,268,944	-	-	1,268,944
Receivables (net):				
Ad Valorem Taxes	105,506	-	-	105,506
Due from Other Funds	364,857	-	113	364,970
Due from Other Governments	962,074	-	-	962,074
Prepaid Expenses	57	-	-	57
Total assets	\$ 8,901,148	\$ -	\$ 3,157,313	\$ 12,058,461
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	\$ 483,866	\$ -	\$ -	\$ 483,866
Deposits	165,277	-	-	165,277
Total liabilities	649,143	-	-	649,143
DEFERRED INFLOWS OF RESOURCES	105,506	-	-	105,506
Fund balances:				
Restricted:				
Stabilization by State statute	1,327,100	-	-	1,327,100
Streets	1,268,350	-	-	1,268,350
Drug Forfeiture	594	-	-	594
Committed:				
Vehicles	101,468	-	-	101,468
LEO Special Separation Allowance	51,244	-	-	51,244
Assigned:				
Subsequent Year's Expenditures	-	-	-	-
Planning	245,000	-	1,627,961	1,872,961
Police	-	-	15,905	15,905
Parks and Recreation	-	-	727,918	727,918
Transportation	-	-	785,529	785,529
Unassigned:	5,152,743	-	-	5,152,743
Total fund balances	8,146,499	-	3,157,313	11,303,812
Total liabilities, deferred inflows of resources, and fund balances	\$ 8,901,148	\$ -	\$ 3,157,313	\$ 12,058,461

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	\$	11,303,812
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Gross capital assets at historical costs	77,157,948	
Accumulated depreciation	<u>(15,867,292)</u>	61,290,656
Deferred outflows of resources related to pensions are not reported in the funds		7,139
Contributions to the pension plan in the current fiscal year are deferred outflows of resources on the Statement of Net Position		174,711
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		18,487
Liabilities for earned revenues considered deferred inflows of resources in fund statements.		
Ad valorem Taxes		105,506
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Installment purchase obligations	(10,513,456)	
Accrued interest payable	(29,484)	
Net pension obligation	(216,690)	
Net pension liability	(237,637)	
Compensated Absences	<u>(229,321)</u>	(11,226,588)
Pension related deferrals		(158,466)
Net position of governmental activities	\$	<u>61,515,257</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, 2016

	Major Fund			Total Governmental Funds
	General Fund	Town Center Capital Project Fund	Total Non- Major Funds	
REVENUES				
Ad valorem taxes	\$ 3,404,483	\$ -	\$ -	\$ 3,404,483
Other taxes and licenses	739	-	-	739
Unrestricted intergovernmental	4,862,440	-	-	4,862,440
Restricted intergovernmental	526,682	-	12,943	539,625
Permits and fees	866,487	-	-	866,487
Investment earnings	21,651	-	36	21,687
Miscellaneous	108,390	-	19,590	127,980
Total revenues	<u>9,790,872</u>	<u>-</u>	<u>32,569</u>	<u>9,823,441</u>
EXPENDITURES				
Governing Body	275,052	-	-	275,052
Administration	484,607	-	-	484,607
Information Technology	492,503	-	-	492,503
Human Resources	169,635	-	-	169,635
Finance	193,135	-	-	193,135
Public Works	1,424,468	-	4,942	1,429,410
Police	2,281,004	-	-	2,281,004
Planning	-	-	66,219	66,219
Transportation	-	-	179,396	179,396
Development Services	822,430	-	-	822,430
Powell Bill	478,724	-	-	478,724
Parks and Recreation	241,704	-	566,817	808,521
Debt Service:				
Principal	958,854	-	-	958,854
Interest and Other Charges	244,047	-	-	244,047
Capital Outlay:				
Administration	-	162,284	-	162,284
Total expenditures	<u>8,066,163</u>	<u>162,284</u>	<u>817,374</u>	<u>9,045,821</u>
Excess (deficiency) of revenues over expenditures	<u>1,724,709</u>	<u>(162,284)</u>	<u>(784,805)</u>	<u>777,620</u>
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	114,350	90,421	725,643	930,414
Transfers to other funds	(1,037,863)	-	(104,951)	(1,142,814)
Loan Proceeds - Refinancing	1,043,000	-	-	1,043,000
Loan Payoff - Refinancing	(1,026,667)	-	-	(1,026,667)
Appropriated Fund Balance	-	-	-	-
Installment Purchase Obligations Issued	-	-	-	-
Total other financing sources and uses	<u>(907,180)</u>	<u>90,421</u>	<u>620,692</u>	<u>(196,067)</u>
Net change in fund balance	817,529	(71,863)	(164,113)	581,553
Fund balances-beginning	7,277,828	71,863	3,321,426	10,671,117
Restatement of Fund Balance	51,142	-	-	51,142
Fund balances-ending	<u>\$ 8,146,499</u>	<u>\$ -</u>	<u>\$ 3,157,313</u>	<u>\$ 11,303,812</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, 2016

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

Net changes in fund balances - total governmental funds	\$	581,553
<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	415,069	
Contributed Capital that is not recorded on the fund statements	9,016,091	
Depreciation Expense	(2,254,315)	
Gain (Loss) on Disposal of Assets	<u>-</u>	7,176,845
<p>Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities</p>		
	175,776	175,776
<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	(27,816)	
Interest earned on ad valorem taxes	<u>(5,247)</u>	(33,063)
<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 issuance - Refinancing	(1,043,000)	
Debt retirement	958,854	
Debt retirement - Refinancing	1,026,667	
Increase in accrued interest payable	<u>(11,070)</u>	931,451
<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	(25,731)	
Pension expense	(133,728)	
Compensated absences	<u>(26,884)</u>	<u>(186,343)</u>
Total Change in net position of governmental activities	\$	<u><u>8,646,219</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, 2016

	General Fund			Variance With Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual Amounts	
Revenues:				
Ad valorem taxes	\$ 3,049,803	\$ 3,423,319	\$ 3,404,483	\$ (18,836)
Other taxes and licenses	-	-	739	739
Unrestricted intergovernmental	4,151,301	4,211,259	4,862,440	651,181
Restricted intergovernmental	400,075	474,737	526,272	51,535
Permits and fees	618,000	715,795	866,487	150,692
Investment earnings	-	75	21,651	21,576
Miscellaneous	-	20,246	108,390	88,144
Total revenues	<u>8,219,179</u>	<u>8,845,431</u>	<u>9,790,462</u>	<u>945,031</u>
Expenditures				
Governing Body	274,897	321,961	275,052	46,909
Administration	481,097	481,097	484,607	(3,510)
Information Technology	357,702	522,862	492,503	30,359
Human Resources	174,591	184,690	169,635	15,055
Finance	198,617	198,617	193,135	5,482
Public Works	1,573,244	1,620,744	1,424,468	196,276
Police	2,525,153	2,607,333	2,281,004	326,329
Development Services	825,188	830,315	822,430	7,885
Powell Bill	400,075	1,364,586	478,724	885,862
Parks and Recreation	278,014	280,830	241,704	39,126
Debt Service	-	1,385,524	1,202,901	182,623
Total expenditures	<u>7,088,578</u>	<u>9,798,559</u>	<u>8,066,163</u>	<u>1,732,396</u>
Revenues over (under) expenditures	<u>1,130,601</u>	<u>(953,128)</u>	<u>1,724,299</u>	<u>2,677,427</u>
Other financing sources (uses):				
Loan Proceeds - Refinancing	-	-	1,043,000	1,043,000
Loan Payoff - Refinancing	-	-	(1,026,667)	(1,026,667)
Transfers from Other Funds	-	123,472	115,775	(7,697)
Transfers to Other Funds	(1,130,601)	(1,119,351)	(1,045,039)	74,312
Total other financing sources (uses)	<u>(1,130,601)</u>	<u>(995,879)</u>	<u>(912,931)</u>	<u>82,948</u>
Revenues and other financing sources over expenditures and other financing uses	-	(1,949,007)	811,368	2,760,375
Appropriated Fund Balance	<u>-</u>	<u>1,949,007</u>	<u>-</u>	<u>(1,949,007)</u>
Net Change in Fund Balance	\$ <u>-</u>	\$ <u>-</u>	\$ 811,368	\$ <u>811,368</u>
Fund balance, beginning			6,936,927	
Restatement of Fund Balance			51,142	
Fund balance, ending			<u>\$ 7,799,437</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, 2016

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

Restricted Intergovernmental Revenue	410
Investment Earnings	-
Transfer to General Fund	(10,824)
Transfer to Town Center Project	-
Transfer to Police Grant Capital Project Fund	-
Fund Balance, beginning of year	11,008
	<u>594</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	-
Transfer from General Fund	18,000
Transfer to General Fund	(1,425)
Fund Balance, beginning of year	84,893
	<u>101,468</u>

Fund Balance - End of Year (Consolidated) \$ 8,146,499

TOWN OF LELAND, NORTH CAROLINA
Statement of Net Position
Proprietary Funds
June 30, 2016

	Major	Non-Major	
	Utility Fund	Cultural Arts Center	Total
ASSETS			
Current assets:			
Cash and Investments	\$ 10,594,139	\$ 91,111	\$ 10,685,250
Accounts Receivable, net	303,396	4,571	307,967
Due from other governments	1,325	70	1,395
Restricted cash	154,325	-	154,325
Total current assets	11,053,185	95,752	11,148,937
Noncurrent assets:			
Net Pension Asset	-	-	-
Capital Assets:			
Other Capital Assets, net of Depreciation	40,301,007	-	40,301,007
Total noncurrent assets	40,301,007	-	40,301,007
Total Assets	\$ 51,354,192	\$ 95,752	\$ 51,449,944
DEFERRED OUTFLOWS OF RESOURCES			
Contributions to Pension Plan	15,443	5,094	20,537
Total Deferred Outflows of Resources	15,443	5,094	20,537
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	-	111	111
Due to other funds	286,349	78,621	364,970
Customer deposits	154,325	-	154,325
Accrued interest payable	30,760	-	30,760
Interlocal Agreements	806,488	-	806,488
Total current liabilities	1,277,922	78,732	1,356,654
Noncurrent liabilities:			
Interlocal Agreements	4,586,839	-	4,586,839
Compensated Absences Payable	16,520	-	16,520
Net pension liability	20,180	6,656	26,836
Total noncurrent liabilities	4,623,539	6,656	4,630,195
Total liabilities	5,901,461	85,388	5,986,849
DEFERRED INFLOWS OF RESOURCES			
Pension deferrals	13,457	4,439	17,896
Total Deferred Inflows of Resources	13,457	4,439	17,896
NET POSITION			
Net investment in capital assets	34,907,680	-	34,907,680
Unrestricted	10,547,037	11,019	10,558,056
Total net position	\$ 45,454,717	\$ 11,019	\$ 45,465,736

Town of Leland, North Carolina
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Fund
For the Year Ended June 30, 2016

	Major		Non-Major	Total
	Utility Fund	Cultural Arts Center		
OPERATING REVENUES				
Water Charges	\$ 781,448	\$ -	\$ -	\$ 781,448
Sewer Charges	1,814,840	-	-	1,814,840
Cultural Arts Center	-	97,533	-	97,533
Impact Fees	1,275,380	-	-	1,275,380
Penalties and Interest	25,036	-	-	25,036
Total Operating Revenues	3,896,703	97,533	-	3,994,236
OPERATING EXPENSES				
Water Operations	422,800	-	-	422,800
Sewer Operations	1,022,561	-	-	1,022,561
Cultural Arts Center Operations	-	285,784	-	285,784
Depreciation	1,310,827	-	-	1,310,827
Total Operating Expenses	2,756,188	285,784	-	3,041,972
OPERATING INCOME (LOSS)	1,140,515	(188,251)	-	952,264
NONOPERATING REVENUES (EXPENSES)				
Investment Earnings	2,573	-	-	2,573
Interest Expense	(129,101)	-	-	(129,101)
Total Nonoperating Revenues (Expenses)	(126,528)	-	-	(126,528)
Income (loss) before contributions and transfers	1,013,987	(188,251)	-	825,736
Capital Contributions	5,635,320	2,200	-	5,637,520
Transfers from other funds	960,475	212,400	-	1,172,875
Transfers to other funds	(960,475)	-	-	(960,475)
Change in Net Position	6,649,307	26,349	-	6,675,656
Total net position, previously reported	38,805,410	(15,330)	-	38,790,080
Net Position -- End of Year	\$ 45,454,717	\$ 11,019	\$ -	\$ 45,465,736

TOWN OF LELAND, NORTH CAROLINA
Statement of Cash Flows
Proprietary Funds
For The Fiscal Year Ended June 30, 2016

	Major	Non-Major	
	Utility Fund	Cultural Arts Center	Total
Cash flows from operating activities:			
Cash Received from Customers and Users	\$ 3,958,272	\$ 95,241	\$ 4,053,513
Cash Paid for Goods and Services	(1,146,485)	(130,013)	(1,276,498)
Cash Paid to or on Behalf of Employees for Services	(320,951)	(155,196)	(476,147)
Customer Deposits (net)	69,041	-	69,041
Net cash provided (used) by operating activities	2,559,877	(189,968)	2,369,909
Cash flows from noncapital financing activities			
Increase (decrease) in due to other funds	(210,385)	43,893	(166,492)
Transfers from other funds	960,475	212,400	1,172,875
Transfers to other funds	(960,475)	-	(960,475)
Total Cash flows from noncapital financing activities	(210,385)	256,293	45,908
Cash flows from Capital financing activities			
Acquisition of Capital Assets	(7,626,129)	-	(7,626,129)
Interest Paid on Debt Obligations and Equipment Contracts	(133,594)	-	(133,594)
Principal Paid on Debt Obligations and Equipment Contracts	(793,499)	-	(793,499)
Capital contributions	5,635,320	2,200	5,637,520
Net cash provided (used) by capital and related financing activities	(2,917,902)	2,200	(2,915,702)
Cash flows from investing activities:			
Interest on investments	2,573	-	2,573
Net increase (decrease) in cash and cash equivalents	(565,837)	68,525	(497,312)
Cash and cash equivalents, July 1	11,314,301	22,586	11,336,887
Cash and cash equivalents, June 30	\$ 10,748,464	\$ 91,111	\$ 10,839,575
Reconciliation of operating income to net cash provided by operating activities:			
Operating income (loss)	\$ 1,140,515	\$ (188,251)	\$ 952,264
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	1,310,827	-	1,310,827
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	61,569	(2,292)	59,277
Decrease in net pension asset	25,483	7,149	32,632
Increase (decrease) in accounts payable and accrued liabilities	(24,763)	73	(24,690)
Increase (Decrease) in customer deposits	69,041	-	69,041
Increase in Net Pension Liability	20,180	6,656	26,836
Decrease of deferred inflows of resources - pensions	(46,400)	(12,353)	(58,753)
(Increase) decrease in deferred outflows of resources for pensions	(672)	(950)	(1,622)
Increase (decrease) in compensated absences payable	4,097	-	4,097
Total adjustments	1,419,362	(1,717)	1,417,645
Net cash provided (used) by operating activities	\$ 2,559,877	\$ (189,968)	\$ 2,369,909

Town of Leland
Notes to the Financial Statements
June 30, 2016

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, 2016**

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.

Lanvale Trace Storm water Improvement Project Fund. This fund is used to account for the repair and maintenance of the Lanvale Trace Storm water Project.

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.

Hwy 17 Park / Amphitheater Capital Project Fund. This fund is used to account for the associated expenditures of the Hwy 17 / Amphitheater Project.

Property Acquisition (Water Access) Capital Project Fund. This fund is used for the acquisition of property by the Town.

Property Acquisition (General) Capital Project Fund. This fund is used for the acquisition of property by the Town.

Westport Berm Capital Project Fund. This fund is used to account for the development of the Westport Berm.

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, 2016

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, 2016

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, Lanvale Trace Storm water Improvement 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, Hwy 17 Park/Amphitheater Capital Project Fund, Property Acquisition (Water Access) Capital Project Fund, Westport Berm Capital Project Fund, Municipal Park Improvements Capital Project Fund, Property Acquisition (General) 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, Westgate Multi-Use Path 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 Cash 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, 2016

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

Governmental Activities	
General Fund:	
Streets	\$ 1,268,350
Drug Forfeiture	594
Total Governmental Activities	<u>\$ 1,268,944</u>
Business-type Activities	
Utility Fund:	
Customer Deposits	<u>\$ 154,325</u>
Total Business-Type Activities	<u>\$ 154,325</u>
 Total Restricted Cash	 <u><u>\$ 1,423,269</u></u>

4. Ad Valorem Taxes Receivable

In accordance with State law [G.S.105-347 and G.S.159-13(a)], the Town levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, penalties and interest do not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 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, 2016

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 2016 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 deferrals of pension expense that result from the implementation of GASB Statement 68.

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, 2016

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, 2016

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, 2016

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, 2016, the Town's deposits had a carrying amount of \$10,613,167 and a bank balance of \$10,820,041. 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 \$150,312 and the bank balance was \$150,573. All of the bank balance was covered by federal depository insurance. At June 30, 2016, the Town's petty cash fund totaled \$350.

2. Investments

At June 30, 2016, the Town of Leland had \$10,852,211 invested with the North Carolina Capital Management Trust's Cash Portfolio which carried a credit rating of AAAM by Standard and Poor's. The Town has no policy regarding credit risk

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, 2016 are net of the following allowances for doubtful accounts:

Fund	June 30, 2016
General Fund	
Taxes Receivable	\$ 30,200
Total	<u>\$ 30,200</u>
Enterprise Funds	
Utility Billing	\$ 9,960
Total	<u>\$ 9,960</u>

Town of Leland
Notes to the Financial Statements
June 30, 2016

II. DETAIL NOTES ON ALL FUNDS (Continued)

A. Assets (Continued)

4. Capital Assets

Primary Government

Capital asset activity for the year ended June 30, 2016, was as follows:

Governmental Activities	Beginning Balances				Ending Balances
	June 30, 2015	Additions	Retirements	Transfers	June 30, 2016
Capital assets not being depreciated:					
Land	\$ 5,127,043	\$ 429,795	\$ -	\$ -	\$ 5,556,838
Construction in Progress	-	162,284	162,284	-	-
Total capital assets not being depreciated	5,127,043	592,079	162,284	-	5,556,838
Other capital assets:					
Buildings & Improvements	15,344,280	8,910,864	-	-	24,255,144
Equipment	292,185	-	-	-	292,185
Vehicles	2,886,969	90,501	93,992	-	2,883,478
Infrastructure	44,170,303	-	-	-	44,170,303
Total capital assets being depreciated	62,693,737	9,001,365	93,992	-	71,601,110
Less accumulated depreciation for:					
Buildings & Improvements	3,329,316	2,089,263	-	-	5,418,579
Equipment	290,684	42,128	-	-	332,812
Vehicles	2,828,458	122,924	93,992	-	2,857,390
Infrastructure	7,258,511	-	-	-	7,258,511
Total accumulated depreciation	13,706,969	2,254,315	93,992	-	15,867,292
Total capital assets being depreciated, net	48,986,768	6,747,050	-	-	55,733,818
Governmental activities capital assets, net	\$ 54,113,811				\$ 61,290,656

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

Governmental activities	Depreciation
Administration	\$ 10,396
Cultural Arts	13,978
Fire	63,232
Inspections	-
Parks & Recreation	95,752
Police	117,928
Public Works	603,300
Transportation	1,349,729
Total depreciation expense	\$ 2,254,315

Town of Leland
Notes to the Financial Statements
June 30, 2016

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
Capital assets not being depreciated:				
Construction in Progress	\$ 208,559	\$ 1,965,974	\$ -	\$ 2,174,533
Total capital assets not being depreciated	<u>208,559</u>	<u>1,965,974</u>	<u>-</u>	<u>2,174,533</u>
Capital assets being depreciated:				
Equipment	1,941,118	280,000	-	2,221,118
Vehicles	65,482	24,835	25,989	64,328
Sewer System	40,740,720	5,355,320	-	46,096,040
Total capital assets being depreciated	<u>42,747,320</u>	<u>5,660,155</u>	<u>25,989</u>	<u>48,381,486</u>
Less accumulated depreciation for:				
Equipment	926,207	438,908	-	1,365,115
Vehicles	65,482	4,639	25,989	44,132
Sewer System	7,978,485	867,280	-	8,845,765
Total accumulated depreciation	<u>8,970,174</u>	<u>\$ 1,310,827</u>	<u>\$ 25,989</u>	<u>10,255,012</u>
Sewer capital assets, net	<u>\$ 33,985,705</u>			<u>\$ 40,301,007</u>

B. Liabilities

1 Pension Plan Obligations

a. Local Governmental Employees' Retirement System of North Carolina

Plan Description. The Town of Leland is a participating employer in the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS membership is comprised of general employees and local law enforcement officers (LEOs) of participating local governmental entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members - nine appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Local Governmental Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454, or at www.osc.nc.gov.

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

**Town of Leland
Notes to the Financial Statements
June 30, 2016**

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, 2016, was 7.15% of compensation for law enforcement officers and 6.67% 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 \$200,293 for the year ended June 30, 2016.

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, 2016, the Town reported a liability of \$264,474 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2015. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2014. The total pension liability was then rolled forward to the measurement date of June 30, 2015 utilizing update procedures incorporating the actuarial assumptions. The Town's proportion of the net pension asset 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, 2015, the Town's proportion was 0.05978%, which was a decrease of 1.422% from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the Town recognized pension expense of \$ 148,830. At June 30, 2016, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 62,166
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	75,295
Changes in proportion and differences between Town contributions and proportionate share of contributions	7,945	38,901
Town contributions subsequent to the measurement date	194,441	-
Total	<u>\$ 202,386</u>	<u>\$ 176,362</u>

**Town of Leland
Notes to the Financial Statements
June 30, 2016**

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)

\$202,386 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, 2016. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2017	\$ (95,258)
2018	(95,258)
2019	(95,189)
2020	117,288
2021	-
Thereafter	-
	<u>\$ (168,417)</u>

Actuarial Assumptions. The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods in the measurement:

Inflation	3.0 percent	
Salary Increases	4.25 to 8.55 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, 2014 valuation were based on the results of an actuarial experience study for the period January 1, 2005 through December 31, 2009.

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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	29.0%	2.2%
Global Equity	42.0%	5.8%
Real Estate	8.0%	5.2%
Alternatives	8.0%	9.8%
Credit	7.0%	6.8%
Inflation Protection	6.0%	3.4%
Total	<u>100.0%</u>	

**Town of Leland
Notes to the Financial Statements
June 30, 2016**

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)	\$ 1,844,214	\$ 264,474	\$ (1,066,422)

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

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. The Separation allowance is equal to .85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

All full-time Town law enforcement officers are covered by the Separation Allowance. At December 31, 2015, 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

A separate report was not issued for the plan.

Town of Leland
Notes to the Financial Statements
June 30, 2016

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 - Financial statements for the Separation Allowance are prepared using the accrual basis of accounting. Employer contributions to the plan are recognized when due and when the Town has made a formal commitment to provide the contributions. Benefits are recognized when due and payable in accordance with the terms of the plan.

Method Used to Value Investments - Investments are reported at fair value. Short-term debt money market debt instruments, deposits, repurchase agreements, and the North Carolina Capital Management Trust investments are reported at cost or amortized cost, which approximates fair value. Certain longer term United States Government and United States Agency securities are valued at the last reported sales price.

3. Contributions

The Town is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned by making contributions based on actuarial valuations. For the current year, the Town contributed \$- or 00.00% of annual pension cost. 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 annual required contributions for the fiscal year ended June 30, 2016 was determined as part of the December 31, 2015 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 3.57% investment rate of return (net of administrative expenses) and (b) projected salary increases of 3.50 – 7.35% per year. Both (a) and (b) included an inflation component of 3.00%. The assumptions did not include post-retirement benefit increases. The actuarial value of assets was determined using the market value of investments. The unfunded actuarial accrued liability is being amortized as a level percentage of projected pay on a closed basis. The remaining amortization period at December 31, 2013 was 15 years.

Annual Pension Cost and Net Pension Obligation - The Town's annual pension cost and net pension obligation to the Separation Allowance for the current year was as follows:

Employer Annual Required Contribution	\$	32,964
Interest on Net Pension Obligation		9,548
Less: Adjustments to Annual Required Contributions		<u>(16,781)</u>
Annual Pension Cost		25,731
Less: Contributions Made		<u>-</u>
Increase (Decrease) in Net Pension Obligation		25,731
Net Pension Obligation Beginning of Year		<u>190,959</u>
Net Pension Obligation End of Year	\$	<u><u>216,690</u></u>

3 Year Trend Information

Year Ended June 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2014	\$ 19,325	25.87%	\$ 167,144
2015	\$ 23,815	0.00%	\$ 190,959
2016	\$ 25,731	0.00%	\$ 216,690

Town of Leland
Notes to the Financial Statements
June 30, 2016

II. DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

1 Pension Plan Obligations (Continued)

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

4. Funded Status of Funding Progress

As of December 31, 2015, the most recent actuarial valuation date, the plan was 0.00% funded. The actuarial accrued liability for benefits was \$279,024, resulting in an unfunded actuarial accrued liability (UAAL) of \$279,024. The covered payroll (annual payroll of active employees covered by the plan) was \$1,255,830, and the ratio of the UAAL to the covered payroll was 22.22 percent.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

c. Supplemental Retirement Income Plan for Law Enforcement Officers

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, 2016 were \$81,182, which consisted of \$63,571 from the Town and \$17,611 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, 2016 equaled \$107,794, which consisted of \$81,966 from the Town and \$25,828 from the employees.

Town of Leland
Notes to the Financial Statements
June 30, 2016

II. DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

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.

3 Deferred Outflows and Inflows of Resources

Deferred outflows of resources is comprised of the following:

Contributions to pension plan in current fiscal year	\$ 202,387
Total Deferred outflows	<u>\$ 202,387</u>

Deferred inflows of resources is comprised of the following:

Taxes receivable, less penalties	\$ 105,506
Pension deferrals	<u>176,362</u>
Total deferred inflows	<u>\$ 281,868</u>

4 Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town participates in 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.

Town of Leland
Notes to the Financial Statements
June 30, 2016

II. DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

5 Claims, Judgments and Contingent Liabilities

At June 30, 2016, 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%. \$ 7,920,000

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%. 1,043,000

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%. 1,550,458

Total \$ 10,513,458

For Town of Leland, the future minimum payments as of June 30, 2015, including \$1,519,916 of interest are as follows:

Year Ending June 30	Governmental Activities	
	Principal	Interest
2017	\$ 1,076,602	\$ 265,058
2018	936,690	221,261
2019	940,862	198,846
2020	945,155	176,309
2021	949,573	153,647
2022-2026	4,127,452	453,125
2027-2031	1,537,124	51,670
Total	<u>\$ 10,513,458</u>	<u>\$ 1,519,916</u>

b. Interlocal Agreement

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

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

Year Ending June 30	Business Type Activities	
	Principal	Interest
2017	\$ 806,488	\$ 116,204
2018	819,528	98,539
2019	833,628	80,600
2020	847,788	62,363
2021	862,008	43,827
2022-2026	1,223,887	30,847
Total	<u>\$ 5,393,327</u>	<u>\$ 432,380</u>

Town of Leland
Notes to the Financial Statements
June 30, 2016

II. DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

6 Long-Term Obligations (Continued)

c. Long-Term Obligation Activity

Governmental Activities:	Beginning Balance	Additions	Retirements	Ending Balance	Current Portion of Balance
Installment Purchases	\$ 11,455,977	\$ 1,043,000	\$ 1,985,521	\$ 10,513,456	\$ 1,076,602
Compensated Absences	202,437	26,884	-	229,321	-
Net Pension Liability (LGERS)	-	237,637	-	237,637	-
Net Pension Obligation (LEO)	190,959	25,731	-	216,690	-
Total	<u>\$ 11,849,373</u>	<u>\$ 1,333,252</u>	<u>\$ 1,985,521</u>	<u>\$ 11,197,104</u>	<u>\$ 1,076,602</u>
Business-type Activities:					
Interlocal Agreements	\$ 6,186,826	-	\$ 793,498	\$ 5,393,328	\$ 808,488
Net Pension Liability (LGERS)	-	26,836	-	26,836	-
Compensated Absences	12,423	4,097	-	16,520	-
Total	<u>\$ 6,199,249</u>	<u>\$ 30,933</u>	<u>\$ 793,498</u>	<u>\$ 5,436,684</u>	<u>\$ 808,488</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, 2016, consists of the following:

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

Half Million Tower Capital Project Fund	\$ 140,249
Lift Station Upgrade Capital Reserve Fund	5,060
Sewer Enterprise Fund	141,040
Cultural Arts Center Fund	78,621
Total	<u>\$ 364,970</u>

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

Transfers to/from other funds at June 30, 2016, consists of the following:

From the General Fund to the Town Center Capital Project Fund	\$ 90,421
From the General Fund to the Property Acquisition (Water Access) Fund	621,600
From the General Fund to the Planning Revitalization Fund	80,000
From the General Fund to the Cultural Arts Center Fund	212,400
From the General Fund to the Westgate Multi-Use Path Capital Project Fund	24,043
From the General Fund to the Vehicle Replacement Capital Project Fund	18,000
From the Drug Seizure Fund to the General Fund	10,824
From the Powell Bill Fund to the Powell Bill Paving Capital Project Fund	112,039
From the Lanvale Trace Improvement Capital Project Fund to the General Fund	609

Town of Leland
Notes to the Financial Statements
June 30, 2016

II. DETAIL NOTES ON ALL FUNDS (Continued)

C. Interfund Balances and Activity (continued)

From the Transportation Capital Project Fund to the General Fund	229,236
From the Utility Fund to the Collection System Replacement Capital Project Fund	300,000
From the Utility Fund to the Lift Station Upgrade Capital Project Fund	140,000
From the Utility Fund to the Public Utility Vector Truck Capital Project Fund	30,000
From the Utility Fund to the Utility Vehicle Capital Project Fund	261,239
From the Utility Capital Reserve Fund to the Half Million Water Tower Capital Project Fund	261,239
	\$ 2,130,411

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.

D. Fund Balance

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

<i>Total Fund Balance - General Fund</i>		\$ 8,146,499
Less:		
Restricted		
	Stabilization by State Statute	1,327,100
	Streets - Powell Bill	1,268,350
	Drug Forfeiture	594
Committed	Transportation	101,468
	LEO Separation Allowance	51,244
Assigned	Planning	245,000
	Remaining Fund Balance	5,152,743

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

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

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 November 4, 2016, which is the date the financial statements were available to be issued.

V. CHANGE IN ACCOUNTING PRINCIPLES/RESTATEMENT

In accordance with Governmental Accounting Standards Board (GASB) Statement 73, the Town reclassified the Law Enforcement Officers' Special Separation Allowance trust fund to the General Fund. As a result, net position for the governmental activities increased by \$51,142.

REQUIRED
SUPPLEMENTAL FINANCIAL DATA

TOWN OF LELAND, NORTH CAROLINA
 Law Enforcement Officers' Special Separation Allowance
 Required Supplementary Information
 Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) -Projected Unit Credit (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b - a)/c)
12/31/2006	\$ -	\$ 62,139	\$ 62,139	0.00%	\$ 730,659	8.50%
12/31/2007	\$ -	\$ 81,230	\$ 81,230	0.00%	\$ 982,494	8.27%
12/31/2008	\$ -	\$ 157,107	\$ 157,107	0.00%	\$ 1,204,352	13.04%
12/31/2009	\$ 26,000	\$ 229,838	\$ 203,838	11.31%	\$ 1,240,546	16.43%
12/31/2010	\$ 31,000	\$ 222,238	\$ 191,238	13.95%	\$ 1,332,449	14.35%
12/31/2011	\$ 36,000	\$ 222,960	\$ 186,960	16.15%	\$ 1,286,773	14.53%
12/31/2012	\$ 41,000	\$ 132,366	\$ 91,366	30.97%	\$ 1,223,149	7.47%
12/31/2013	\$ 41,000	\$ 159,228	\$ 118,228	25.75%	\$ 1,242,213	9.52%
12/31/2014	\$ 51,000	\$ 179,269	\$ 128,269	28.45%	\$ 1,380,039	9.29%
12/31/2015	\$ -	\$ 279,024	\$ 279,024	0.00%	\$ 1,255,830	22.22%

TOWN OF LELAND, NORTH CAROLINA
 Law Enforcement Officers' Special Separation Allowance
 Required Supplementary Information
 Schedule of Funding Progress

Year Ended June 30	Annual Required Contribution	Percentage of APC Contributed
2007	\$ 4,305	0.00%
2008	\$ 13,048	0.00%
2009	\$ 17,061	152.39%
2010	\$ 25,707	19.45%
2011	\$ 34,486	14.50%
2012	\$ 33,199	15.06%
2013	\$ 33,363	14.99%
2014	\$ 24,135	20.72%
2015	\$ 29,578	0.00%
2016	\$ 32,964	0.00%

Notes to the Required Schedules:

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows.

Valuation date	12/31/2015
Actuarial cost method	Entry Age Normal
Amortization method	Level dollar closed
Remaining amortization period	15 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return*	3.57%
Projected salary increases*	3.50 - 7.35%
*Includes inflation at	3.00%
Cost-of living adjustments	N/A

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

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

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

Major Governmental Funds

General Fund

TOWN OF LELAND, NORTH CAROLINA
 General Fund
 Statement of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual
 For the Fiscal Year Ended June 30, 2016

Revenues	Final Budget	Actual	Variance Positive (Negative)
Ad valorem Taxes			
Taxes		\$ 3,387,354	
Penalties and Interest		17,129	
Total Ad Valorem Taxes	<u>\$ 3,423,319</u>	<u>3,404,483</u>	<u>\$ (18,836)</u>
Other Taxes and Licenses			
Privilege Licenses		739	
Total Other Taxes and Licenses	<u>-</u>	<u>739</u>	<u>739</u>
Unrestricted Intergovernmental Revenues			
Local Option Sales Tax		4,002,285	
Utility Franchise Tax		789,494	
Beer and Wine Tax		70,661	
Total Unrestricted Intergovernmental	<u>4,211,259</u>	<u>4,862,440</u>	<u>651,181</u>
Restricted Intergovernmental Revenues			
Powell Bill Allocation	400,000	456,104	56,104
State Grants	69,737	55,026	(14,711)
Controlled Substance Tax	-	-	-
Police Grant Reimbursement	-	4,731	
Solid Waste Disposal Tax	5,000	10,411	5,411
Total Restricted Intergovernmental	<u>474,737</u>	<u>526,272</u>	<u>51,535</u>
Permits and Fees			
Building Permits	554,475	716,712	162,237
Inspection Fess	63,820	69,097	5,277
Zoning Permits	90,000	52,053	(37,947)
Recreation Fees	3,000	9,932	6,932
Other Fees and Permits	4,500	18,693	14,193
Total Permits and Fees	<u>715,795</u>	<u>866,487</u>	<u>150,692</u>
Investment Earnings			
General	-	16,292	16,292
Powell Bill	75	5,359	5,284
Total Investment Earnings	<u>75</u>	<u>21,651</u>	<u>21,576</u>
Miscellaneous			
Sale of Fixed Assets	-	12,800	12,800
Other	20,246	95,590	75,344
Total Miscellaneous	<u>20,246</u>	<u>108,390</u>	<u>88,144</u>
Total Revenues	<u>\$ 8,845,431</u>	<u>\$ 9,790,462</u>	<u>\$ 945,031</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, 2016

Expenditures	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Governing Body			
Salaries and Wages		\$ 39,018	
Employee Benefits		33,326	
Other Expenditures		202,708	
Total Governing Body	<u>\$ 321,961</u>	<u>275,052</u>	<u>\$ 46,909</u>
Administration			
Salaries and Wages		237,034	
Employee Benefits		82,634	
Other Expenditures		164,939	
Total Administration	<u>481,097</u>	<u>484,607</u>	<u>(3,510)</u>
Information Technology			
Salaries and Wages		-	
Employee Benefits		-	
Other Expenditures		492,503	
Total Information Technology	<u>522,862</u>	<u>492,503</u>	<u>30,359</u>
Human Resources			
Salaries and Wages		97,964	
Employee Benefits		42,078	
Other Expenditures		29,593	
Total Human Resources	<u>184,690</u>	<u>169,635</u>	<u>15,055</u>
Finance			
Salaries and Wages		100,251	
Employee Benefits		35,689	
Other Expenditures		57,195	
Total Finance	<u>198,617</u>	<u>193,135</u>	<u>5,482</u>
Public Works			
Salaries and Wages		118,644	
Employee Benefits		60,286	
Other Expenditures		1,245,538	
Total Public Works	<u>1,620,744</u>	<u>1,424,468</u>	<u>196,276</u>
Police			
Salaries and Wages		1,303,235	
Employee Benefits		565,571	
Other Expenditures		412,198	
Total Police	<u>2,607,333</u>	<u>2,281,004</u>	<u>326,329</u>
Economic and Community Development			
Salaries and Wages		508,591	
Employee Benefits		202,585	
Other Expenditures		111,254	
Total Developmental Services	<u>830,315</u>	<u>822,430</u>	<u>7,885</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, 2016

	Final Budget	Actual	Variance Positive (Negative)
Powell Bill			
Salaries and Wages		97,605	
Employee Benefits		47,828	
Other Expenditures		228,786	
Powell Bill Capital Project Cost		104,505	
Total Powell Bill	<u>1,364,586</u>	<u>478,724</u>	<u>885,862</u>
Parks and Recreation			
Salaries and Wages		113,919	
Employee Benefits		47,665	
Other Expenditures		80,120	
Total Parks and Recreation	<u>280,830</u>	<u>241,704</u>	<u>39,126</u>
Debt Service			
Principal		958,854	
Interest		244,047	
Total Debt Service	<u>1,385,524</u>	<u>1,202,901</u>	<u>182,623</u>
Total Expenditures	<u>9,798,559</u>	<u>8,066,163</u>	<u>1,732,396</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(953,128)</u>	<u>1,724,299</u>	<u>2,677,427</u>
Other Financing Sources (Uses):			
Loan Proceeds - Refinancing	0	1,043,000	1,043,000
Loan Payoff - Refinancing	0	(1,026,667)	(1,026,667)
Transfer from other funds:			
Emergency Telephone	-	-	-
Capital Improvements	-	-	-
Transfers In:			
Drug Forfeiture Capital Project Fund	10,824	10,824	-
Lanvale Trace Storm water Improvement Fund	609	609	-
Powell Bill Fund	112,039	104,342	(7,697)
Transfers Out:			
Cultural Arts Center Enterprise Fund	(285,288)	(212,400)	72,888
Town Center Capital Project Center	(90,420)	(90,421)	(1)
Vehicle Capital Reserve Fund	(18,000)	(16,575)	1,425
Property Acquisition Capital Project Fund	(621,600)	(621,600)	-
Planning Revitalization Capital Project Fund	(80,000)	(80,000)	-
Westgate Multi-Use Path Capital Project Fund	(24,043)	(24,043)	-
Total Other Financing Sources (Uses)	<u>\$ (995,879)</u>	<u>\$ (912,931)</u>	<u>\$ 82,948</u>
Fund Balance Appropriated	<u>\$ 1,949,007</u>	<u>\$ -</u>	<u>\$ (1,949,007)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>811,368</u>	<u>\$ 811,368</u>
Fund balance, beginning		6,936,927	
Restatement		<u>51,142</u>	
Fund balance, ending		<u>\$ 7,799,437</u>	

Special Revenue Funds
Consolidated with General Fund

TOWN OF LELAND, NORTH CAROLINA
Drug Forfeitures Capital Reserve Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2016

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Restricted Intergovernmental			
Federal Forfeitures	\$ -	\$ -	\$ -
State Forfeitures	-	410	410
Total Restricted Intergovernmental	-	410	410
Investment Earnings	-	-	-
Total Revenues	-	410	410
Expenditures			
Police			
Other Expenditures	-	-	-
Total Police	-	-	-
Excess Revenue Over (Under) Expenditures	-	410	410
Other financing sources (uses)			
Transfers out:			
General Fund	(10,824)	(10,824)	-
Total other financing sources (uses)	(10,824)	(10,824)	-
Fund Balance Appropriated	10,824	-	(10,824)
Net Change in Fund Balance	<u>\$ -</u>	<u>(10,414)</u>	<u>\$ (10,414)</u>
Fund balance, beginning		11,008	
Fund balance, ending		<u>\$ 594</u>	

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, 2016

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Investment earnings	\$ -	\$ -	\$ -
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures			
Planning			
Other Expenditures	245,000	-	245,000
Total Planning	<u>245,000</u>	<u>-</u>	<u>245,000</u>
Excess Revenue Over (Under) Expenditures	<u>(245,000)</u>	<u>-</u>	<u>245,000</u>
Other financing sources (uses)			
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, 2016

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Investment Earnings	\$ -	\$ -	\$ -
Expenditures			
Police			
Capital Outlay	101,469	-	101,469
Total Public Works	101,469	-	101,469
Excess Revenue Over (Under) Expenditures	(101,469)	-	101,469
Other financing sources (uses)			
Transfers In:			
General Fund	18,000	18,000	-
Transfers Out:			
General Fund	-	(1,425)	(1,425)
Total other financing sources (uses)	18,000	16,575	(1,425)
Fund Balance Appropriated	83,469	-	(83,469)
Net Change in Fund Balance	\$ -	16,575	\$ 16,575
Fund balance, beginning		84,893	
Fund balance, ending		\$ 101,468	

Major Governmental Funds

Capital Project Funds

TOWN OF LELAND, NORTH CAROLINA
Town Center Capital Project Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2016

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Investment Earnings	\$ -	\$ -	\$ -
Expenditures			
Administration			
Capital Outlay	162,284	162,284	-
Total Administration	<u>162,284</u>	<u>162,284</u>	<u>-</u>
Excess Revenue Over (Under) Expenditures	<u>(162,284)</u>	<u>(162,284)</u>	<u>-</u>
Other financing sources (uses)			
Transfers In:			
General Fund	90,421	90,421	-
Powell Bill	-	-	-
Drug Seizure	-	-	-
Town Center Capital Reserve Fund	-	-	-
Total other financing sources (uses)	<u>90,421</u>	<u>90,421</u>	<u>-</u>
Fund Balance Appropriated	<u>71,863</u>	<u>-</u>	<u>(71,863)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>(71,863)</u>	<u>\$ (71,863)</u>
Fund balance, beginning		<u>71,863</u>	
Fund balance, ending		<u>\$ -</u>	

Non-Major Governmental Funds

Capital Project Funds

TOWN OF LELAND, NORTH CAROLINA
 Combining Balance Sheet
 Nonmajor Capital Project Funds
 June 30, 2016

	Westgate Nature Park Capital Project Fund	Sturgeon Environmental Educational Park Project Fund	Lanvale Trace Storm Water Improvement 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
ASSETS								
Cash and cash equivalents	\$ 468,157	\$ 9,622	\$ -	\$ -	\$ 74,113	\$ 710,516	\$ 36,352	\$ 25,000
Restricted Cash	-	-	-	-	-	-	-	-
Due from other funds	-	-	-	113	-	-	-	-
Total assets	468,157	9,622	-	113	74,113	710,516	36,352	25,000
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts Payable and Accrued Liabilities	-	-	-	-	-	-	-	-
Due to Other Funds	-	-	-	-	-	-	-	-
Total liabilities	-	-	-	-	-	-	-	-
Restricted:								
Drug Forfeitures	-	-	-	-	-	-	-	-
Assigned								
Planning	-	-	-	-	-	-	36,352	-
Police	-	-	-	-	-	-	-	-
Public Works	-	-	-	-	-	-	-	-
Parks and Recreation	468,157	9,622	-	113	-	-	-	25,000
Sewer	-	-	-	-	-	-	-	-
Transportation	-	-	-	-	74,113	710,516	-	-
Total fund balances	468,157	9,622	-	113	74,113	710,516	36,352	25,000
Total liabilities, deferred inflows of resources, and fund balances	\$ 468,157	\$ 9,622	\$ -	\$ 113	\$ 74,113	\$ 710,516	\$ 36,352	\$ 25,000

TOWN OF LELAND, NORTH CAROLINA
 Combining Balance Sheet
 Nonmajor Capital Project Funds
 June 30, 2016

	Bike Plan Capital Project Fund	Westgate Multi-Use Path Capital Project Fund	HWY 17 Park/Amphi- theater Capital Project Fund	Property Acquisition (Water Access) Capital Project Fund	Property Acquisition (Water Access) Capital Project Fund	Westport Berm Capital Project Fund	Municipal Park Improvements Capital Project Fund	Police Grant Capital Project Fund
ASSETS								
Cash and cash equivalents	\$ -	\$ 24,043	\$ -	\$ 80,983	\$ 20,000	\$ -	\$ 100,000	\$ 15,905
Restricted Cash	-	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-	-
Total assets	-	24,043	-	80,983	20,000	-	100,000	15,905
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts Payable and Accrued Liabilities	-	-	-	-	-	-	-	-
Due to Other Funds	-	-	-	-	-	-	-	-
Total liabilities	-	-	-	-	-	-	-	-
Restricted:								
Drug Forfeitures	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-
Planning	-	-	-	-	-	-	-	-
Police	-	-	-	-	-	-	-	15,905
Public Works	-	-	-	-	-	-	-	-
Parks and Recreation	-	24,043	-	80,983	20,000	-	100,000	-
Sewer	-	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-	-
Total fund balances	-	24,043	-	80,983	20,000	-	100,000	15,905
Total liabilities, deferred inflows of resources, and fund balances	\$ -	\$ 24,043	\$ -	\$ 80,983	\$ 20,000	\$ -	\$ 100,000	\$ 15,905

TOWN OF LELAND, NORTH CAROLINA
 Combining Balance Sheet
 Nonmajor Capital Project Funds
 June 30, 2016

	Leland MS Sidewalk Fund	Old Fayetteville/ Village Road Ped Loop	Village Road MUP Extension	NC DOT Grant Capital Project Fund	Mallory Creek Project Fund	June 30, 2016
ASSETS						
Cash and cash equivalents	\$ 32,294	\$ 46,235	\$ 17,495	\$ 900	\$ 1,495,585	\$ 3,157,200
Restricted Cash	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	113
Total assets	32,294	46,235	17,495	900	1,495,585	3,157,313
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts Payable and Accrued Liabilities	-	-	-	-	-	-
Due to Other Funds	-	-	-	-	-	-
Total liabilities	-	-	-	-	-	-
Restricted:						
Drug Forfeitures	-	-	-	-	-	-
Assigned						
Planning	32,294	46,235	17,495	-	1,495,585	1,627,961
Police	-	-	-	-	-	15,905
Public Works	-	-	-	-	-	-
Parks and Recreation	-	-	-	-	-	727,918
Sewer	-	-	-	-	-	-
Transportation	-	-	-	900	-	785,529
Total fund balances	32,294	46,235	17,495	900	1,495,585	3,157,313
Total liabilities, deferred inflows of resources, and fund balances	\$ 32,294	\$ 46,235	\$ 17,495	\$ 900	\$ 1,495,585	\$ 3,157,313

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

	Sturgeon									
	Westgate Nature Park Capital Project Fund	Environmental Educational Park Project Fund	Lanvale Trace Storm Water Improvement 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	
Revenues										
Restricted Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investment Earnings	-	36	-	-	-	-	-	-	-	-
Other Income	-	-	-	-	-	19,590	-	-	-	-
Total Revenue	-	36	-	-	-	19,590	-	-	-	-
Expenditures										
Planning	-	-	-	-	-	-	-	-	-	-
Police	-	-	-	-	-	-	-	-	-	-
Public Works	-	-	202	-	-	-	-	-	-	-
Parks and Recreation	-	-	-	-	-	-	-	-	-	-
Transportation	-	-	-	-	37,176	93,120	-	-	-	-
Total Expenditures	-	-	202	-	37,176	93,120	-	-	-	-
Excess (Deficiency) of Revenues Over Expenditures	-	36	(202)	-	(37,176)	(93,120)	19,590	-	-	-
Other Financing Sources (Uses)										
Transfers from Other Funds	-	-	-	-	-	80,000	-	-	-	-
Transfers to Other Funds	-	-	(609)	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	(609)	-	-	80,000	-	-	-	-
Net Change in Fund Balance	-	36	(811)	-	(37,176)	(13,120)	19,590	-	-	-
Fund Balance - Beginning of Year	468,157	9,586	811	113	111,289	723,636	16,762	25,000	-	-
Fund Balance - End of Year	\$ 468,157	\$ 9,622	\$ -	\$ 113	\$ 74,113	\$ 710,516	\$ 36,352	\$ 25,000	\$ -	\$ -

TOWN OF LELAND, NORTH CAROLINA

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

	Westgate Multi-Use Path Capital Project Fund	HWY 17 Park/Amphi- theater Capital Project Fund	Property Acquisition (Water Access) Capital Project Fund	Property Acquisition (General) Capital Project Fund	Westport Berm Capital Project Fund	Municipal Park Improvements Capital Project Fund	Leland MS Sidewalk Fund	Fayetteville/ Village Road Ped Loop
Revenues								
Restricted Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,943	\$ -
Investment Earnings	-	-	-	-	-	-	-	-
Other Income	-	-	-	-	-	-	-	-
Total Revenue	-	-	-	-	-	-	12,943	-
Expenditures								
Planning	-	-	-	-	-	-	-	27,452
Police	-	-	-	-	-	-	23,439	-
Public Works	-	-	-	-	4,740	-	-	-
Parks and Recreation	-	-	566,817	-	-	-	-	-
Transportation	-	-	-	-	-	-	-	-
Total Expenditures	-	-	566,817	-	4,740	-	23,439	27,452
Excess (Deficiency) of Revenues Over Expenditures	-	-	(566,817)	-	(4,740)	-	12,943	(27,452)
Other Financing Sources (Uses)								
Transfers from Other Funds	24,043	-	621,600	-	-	-	-	-
Transfers to Other Funds	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	24,043	-	621,600	-	-	-	-	-
Net Change in Fund Balance	24,043	-	54,783	-	(4,740)	-	12,943	(27,452)
Fund Balance - Beginning of Year	-	-	26,200	20,000	4,740	100,000	2,962	55,733
Fund Balance - End of Year	\$ 24,043	\$ -	\$ 80,983	\$ 20,000	\$ -	\$ 100,000	\$ 15,905	\$ 32,294

TOWN OF LELAND, NORTH CAROLINA

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

	Village Road MUP Extension	NC DOT Grant Capital Project Fund	Mallory Creek Project Fund	June 30, 2015
Revenues				
Restricted Intergovernmental	\$ -	\$ -	\$ -	\$ 12,943
Investment Earnings	-	-	-	36
Other Income	-	-	-	19,590
Total Revenue	-	-	-	<u>32,569</u>
Expenditures				
Planning	15,328	-	-	66,219
Police	-	-	-	-
Public Works	-	-	-	4,942
Parks and Recreation	-	-	-	566,817
Transportation	-	49,100	-	179,396
Total Expenditures	<u>15,328</u>	<u>49,100</u>	-	<u>817,374</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(15,328)</u>	<u>(49,100)</u>	-	<u>(784,805)</u>
Other Financing Sources (Uses)				
Transfers from Other Funds	-	-	-	725,643
Transfers to Other Funds	-	-	(104,342)	(104,951)
Total Other Financing Sources (Uses)	-	-	<u>(104,342)</u>	<u>620,692</u>
Net Change in Fund Balance	<u>(15,328)</u>	<u>(49,100)</u>	<u>(104,342)</u>	<u>(164,113)</u>
Fund Balance - Beginning of Year	<u>32,823</u>	<u>50,000</u>	<u>1,599,927</u>	<u>3,321,426</u>
Fund Balance - End of Year	<u>\$ 17,495</u>	<u>\$ 900</u>	<u>\$ 1,495,585</u>	<u>\$ 3,157,313</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, 2016

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Restricted Intergovernmental			
PARTF Grant	\$ -	\$ -	\$ -
Total Restricted Intergovernmental	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures			
Parks and Recreation			
Capital Outlay	468,157	-	468,157
Total Parks and Recreation	<u>468,157</u>	<u>-</u>	<u>468,157</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(468,157)</u>	<u>-</u>	<u>468,157</u>
Other financing sources (uses):			
Transfers In:			
General Fund	-	-	-
Greenway Capital Project Fund	-	-	-
Hwy 17 Park/Amphitheater Capital Project Fund	-	-	-
Bike Plan Capital Project Fund	-	-	-
Total financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Appropriated Fund Balance	<u>468,157</u>	<u>-</u>	<u>(468,157)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund Balance - Beginning of Year		<u>468,157</u>	
Fund Balance - End of Year		<u>\$ 468,157</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, 2016

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Restricted Intergovernmental	\$ -	\$ -	\$ -
Investment Earnings	-	36	36
Total Revenues	<u>-</u>	<u>36</u>	<u>36</u>
Expenditures			
Parks and Recreation			
Capital Outlay	9,586	-	9,586
Total Parks and Recreation	<u>9,586</u>	<u>-</u>	<u>9,586</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(9,586)</u>	<u>36</u>	<u>9,622</u>
Other financing sources (uses):			
Transfers Out:			
General Fund	-	-	-
Total financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Appropriated Fund Balance	<u>9,586</u>	<u>-</u>	<u>(9,586)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>36</u>	<u>\$ 36</u>
Fund Balance - Beginning of Year		<u>9,586</u>	
Fund Balance - End of Year		<u>\$ 9,622</u>	

TOWN OF LELAND, NORTH CAROLINA
Lanvale Trace Storm Water Improvement Project Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Fiscal Year Ended June 30, 2016

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Investment Earnings	\$ -	\$ -	\$ -
Expenditures			
Public Works			
Other Expenditures	202	202	-
Total Public Works	202	202	-
Excess (Deficiency) of Revenues Over Expenditures	(202)	(202)	-
Other financing sources (uses):			
Transfers In/(Out):			
General Fund	(609)	(609)	-
Total financing sources (uses)	(609)	(609)	-
Appropriated Fund Balance	811	-	(811)
Net Change in Fund Balance	\$ -	(811)	\$ (811)
Fund Balance - Beginning of Year		811	
Fund Balance - End of Year		\$ -	

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, 2016

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Investment Earnings	\$ -	\$ -	\$ -
Expenditures			
Parks and Recreation			
Other Expenditures	-	-	-
Principal Retirement	-	-	-
Total Parks and Recreation	-	-	-
Excess (Deficiency) of Revenues Over Expenditures	-	-	-
Other financing sources (uses):			
Transfers Out:			
General Fund	-	-	-
Total financing sources (uses)	-	-	-
Appropriated Fund Balance	-	-	-
Net Change in Fund Balance	<u>\$ -</u>	-	<u>\$ -</u>
Fund Balance - Beginning of Year		113	
Fund Balance - End of Year		<u>\$ 113</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, 2016

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Investment Earnings	\$ -	\$ -	\$ -
Expenditures			
Transportation			
Other Expenditures	111,289	37,176	74,113
Total Transportation	<u>111,289</u>	<u>37,176</u>	<u>74,113</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(111,289)</u>	<u>(37,176)</u>	<u>74,113</u>
Other financing sources (uses):			
Transfers Out:			
General Fund	-	-	-
Total financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Appropriated Fund Balance	<u>111,289</u>	<u>-</u>	<u>(111,289)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>(37,176)</u>	<u>\$ (37,176)</u>
Fund Balance - Beginning of Year		<u>111,289</u>	
Fund Balance - End of Year		<u>\$ 74,113</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, 2016

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Investment Earnings	\$ -	\$ -	\$ -
Expenditures			
Transportation			
Other Expenditures	803,636	93,120	(710,516)
Total Transportation	<u>803,636</u>	<u>93,120</u>	<u>(710,516)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(803,636)</u>	<u>(93,120)</u>	<u>710,516</u>
Other financing sources (uses):			
Transfers In:			
General Fund	80,000	80,000	-
Transportation Capital Project Fund			-
Transportation Capital Improvement Reserve Fund	-		-
Transfers Out:			
NCDOT Grant Capital Project Fund			-
General Fund	-		-
Total financing sources (uses)	<u>80,000</u>	<u>80,000</u>	<u>-</u>
Appropriated Fund Balance	723,636	-	(723,636)
Net Change in Fund Balance	<u>\$ -</u>	(13,120)	<u>\$ (13,120)</u>
Fund Balance - Beginning of Year		<u>723,636</u>	
Fund Balance - End of Year		<u>\$ 710,516</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, 2016

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Federal Grant	\$ -	\$ -	\$ -
Miscellaneous Income	-	19,590	19,590
Total Revenues	<u>-</u>	<u>19,590</u>	<u>19,590</u>
Expenditures			
Planning			
Other Expenditures	-	-	-
Total Planning	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>19,590</u>	<u>19,590</u>
Other financing sources (uses):			
Transfers In:			
Westgate Nature Park Capital Project Fund	-	-	-
Total financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Appropriated Fund Balance	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>19,590</u>	<u>\$ 19,590</u>
Fund Balance - Beginning of Year		<u>16,762</u>	
Fund Balance - End of Year		<u>\$ 36,352</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, 2016

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

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, 2016

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Investment Earnings	\$ -	\$ -	\$ -
Expenditures			
Parks and Recreation			
Capital Outlay	-	-	-
Total Parks and Recreation	-	-	-
Excess (Deficiency) of Revenues Over Expenditures	-	-	-
Other financing sources (uses):			
Transfers Out:			
Westgate Nature Park Capital Project Fund	-	-	-
Total financing sources (uses)	-	-	-
Appropriated Fund Balance	-	-	-
Net Change in Fund Balance	\$ -	-	\$ -
Fund Balance - Beginning of Year		-	
Fund Balance - End of Year		<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, 2016

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Restricted Intergovernmental			
STP-DA Grant	\$ 96,171	\$ -	\$ (96,171)
Total Restricted Intergovernmental	<u>96,171</u>	<u>-</u>	<u>(96,171)</u>
Expenditures			
Planning			
Capital Outlay	120,214	-	120,214
Total Planning	<u>120,214</u>	<u>-</u>	<u>120,214</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(24,043)</u>	<u>-</u>	<u>(216,385)</u>
Other financing sources (uses):			
Transfers In/(Out):			
General Fund	24,043	24,043	-
Total financing sources (uses)	<u>24,043</u>	<u>24,043</u>	<u>-</u>
Appropriated Fund Balance	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ -</u>	24,043	<u>\$ (216,385)</u>
Fund Balance - Beginning of Year		<u>-</u>	
Fund Balance - End of Year		<u>\$ 24,043</u>	

TOWN OF LELAND, NORTH CAROLINA
 HWY 17 Park/Amphitheater Capital Project Fund
 Statement of Revenues, Expenditures, and Changes in Fund Balance
 Budget and Actual
 For the Fiscal Year Ended June 30, 2016

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

TOWN OF LELAND, NORTH CAROLINA
Property Acquisition (Water Access) Capital Project Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Fiscal Year Ended June 30, 2016

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Investment Earnings	\$ -	\$ -	\$ -
Expenditures			
Parks and Recreation			
Other Expenditures	647,800	566,817	80,983
Total Parks and Recreation	647,800	566,817	80,983
Excess (Deficiency) of Revenues Over Expenditures	(647,800)	(566,817)	(80,983)
Other financing sources (uses):			
Transfers In:			
General Fund	621,600	621,600	-
Total financing sources (uses)	621,600	621,600	-
Appropriated Fund Balance	26,200	-	26,200
Net Change in Fund Balance	\$ -	54,783	\$ (54,783)
Fund Balance - Beginning of Year		26,200	
Fund Balance - End of Year		\$ 80,983	

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, 2016

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

TOWN OF LELAND, NORTH CAROLINA
 Westport Berm Capital Project Fund
 Statement of Revenues, Expenditures, and Changes in Fund Balance
 Budget and Actual
 For the Fiscal Year Ended June 30, 2016

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Investment Earnings	\$ -	\$ -	\$ -
Expenditures			
Public Works			
Other Expenditures	4,740	4,740	-
Total Public Works	4,740	4,740	-
Excess (Deficiency) of Revenues Over Expenditures	(4,740)	(4,740)	-
Other financing sources (uses):			
Transfers In:			
General Fund	-	-	-
Total financing sources (uses)	-	-	-
Appropriated Fund Balance	4,740	-	4,740
Net Change in Fund Balance	\$ -	(4,740)	\$ 4,740
Fund Balance - Beginning of Year		4,740	
Fund Balance - End of Year		\$ -	

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, 2016

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Investment Earnings	\$ -	\$ -	\$ -
Expenditures			
Parks and Recreation			
Capital Outlay	100,000	-	100,000
Total Parks and Recreation	<u>100,000</u>	<u>-</u>	<u>100,000</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(100,000)</u>	<u>-</u>	<u>100,000</u>
Other financing sources (uses):			
Transfers In:			
Dog Park Capital Project Fund	-	-	-
Splash Park Capital Project Fund	<u>-</u>	<u>-</u>	<u>-</u>
Total financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Appropriated Fund Balance	<u>100,000</u>	<u>-</u>	<u>(100,000)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund Balance - Beginning of Year		<u>100,000</u>	
Fund Balance - End of Year		<u>\$ 100,000</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, 2016

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Restricted Intergovernmental			
Grant	\$ -	\$ 12,943	\$ 12,943
Total Restricted Intergovernmental	<u>-</u>	<u>12,943</u>	<u>12,943</u>
Expenditures			
Police			
Capital Outlay	2,962	-	
Total Police	<u>2,962</u>	<u>-</u>	<u>2,962</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(2,962)</u>	<u>12,943</u>	<u>15,905</u>
Other financing sources (uses):			
Transfers In:			
General Fund	-	-	-
Drug Forfeiture Capital Project Fund	-	-	-
Drug Forfeiture Capital Reverse Fund	2,962	-	(2,962)
Total financing sources (uses)	<u>2,962</u>	<u>-</u>	<u>(2,962)</u>
Appropriated Fund Balance	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>12,943</u>	<u>\$ 12,943</u>
Fund Balance - Beginning of Year		<u>2,962</u>	
Fund Balance - End of Year		<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, 2016

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Restricted Intergovernmental			
STP-DA Grant	\$ 222,932	\$ -	\$ (222,932)
Total Restricted Intergovernmental	<u>222,932</u>	<u>-</u>	<u>(222,932)</u>
Expenditures			
Planning			
Capital Outlay	278,665	23,439	255,226
Total Planning	<u>278,665</u>	<u>23,439</u>	<u>255,226</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(55,733)</u>	<u>(23,439)</u>	<u>32,294</u>
Other financing sources (uses):			
Transfers In:			
General Fund	-	-	-
Total financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Appropriated Fund Balance	<u>55,733</u>	<u>-</u>	<u>(55,733)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>(23,439)</u>	<u>\$ (23,439)</u>
Fund Balance - Beginning of Year		<u>55,733</u>	
Fund Balance - End of Year		<u>\$ 32,294</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, 2016

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Restricted Intergovernmental			
STP-DA Grant	\$ 193,427	\$ -	\$ (193,427)
Total Restricted Intergovernmental	<u>193,427</u>	<u>-</u>	<u>(193,427)</u>
Expenditures			
Planning			
Capital Outlay	267,114	27,452	
Total Planning	<u>267,114</u>	<u>27,452</u>	<u>239,662</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(73,687)</u>	<u>(27,452)</u>	<u>46,235</u>
Other financing sources (uses):			
Transfers In:			
General Fund	-	-	-
Total financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Appropriated Fund Balance	<u>73,687</u>	<u>-</u>	<u>(73,687)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>(27,452)</u>	<u>\$ (27,452)</u>
Fund Balance - Beginning of Year		<u>73,687</u>	
Fund Balance - End of Year		<u>\$ 46,235</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, 2016

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues			
Restricted Intergovernmental			
STP-DA Grant	\$ 97,914	\$ -	\$ (97,914)
Total Restricted Intergovernmental	<u>97,914</u>	<u>-</u>	<u>(97,914)</u>
Expenditures			
Planning			
Capital Outlay	130,737	15,328	
Total Planning	<u>130,737</u>	<u>15,328</u>	<u>115,409</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(32,823)</u>	<u>(15,328)</u>	<u>17,495</u>
Other financing sources (uses):			
Transfers In:			
General Fund	-	-	-
Total financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Appropriated Fund Balance	<u>32,823</u>	<u>-</u>	<u>(32,823)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>(15,328)</u>	<u>\$ (15,328)</u>
Fund Balance - Beginning of Year		<u>32,823</u>	
Fund Balance - End of Year		<u>\$ 17,495</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, 2016

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Investment Earnings	\$ -	\$ -	\$ -
Expenditures			
Transportation			
Other Expenditures	50,000	49,100	900
Total Transportation	<u>50,000</u>	<u>49,100</u>	<u>900</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(50,000)</u>	<u>(49,100)</u>	<u>900</u>
Other financing sources (uses):			
Transfers Out:			
General Fund		-	-
Planning Revitalization Capital Project Fund		-	-
Total financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Appropriated Fund Balance	<u>50,000</u>	<u>-</u>	<u>(50,000)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>(49,100)</u>	<u>\$ (49,100)</u>
Fund Balance - Beginning of Year		50,000	
Fund Balance - End of Year		<u>\$ 900</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, 2016

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Investment Earnings	\$ -	\$ -	\$ -
Expenditures			
Transportation			
Capital Outlay	-	-	
Total Transportation	-	-	-
Excess (Deficiency) of Revenues Over Expenditures	-	-	-
Other financing sources (uses):			
Transfers In/(Out):			
General Fund	(500,000)	(39,674)	460,326
Sewer Enterprise Fund	(600,000)	(35,346)	564,654
Powell Bill Paving Capital Project Fund	(499,927)	(29,322)	470,605
Total financing sources (uses)	(1,599,927)	(104,342)	1,495,585
Appropriated Fund Balance	1,599,927	-	(1,599,927)
Net Change in Fund Balance	\$ -	(104,342)	\$ (104,342)
Fund Balance - Beginning of Year		1,599,927	
Fund Balance - End of Year		\$ 1,495,585	

Enterprise Funds

TOWN OF LELAND, NORTH CAROLINA
 Utility Fund
 Schedule of Revenues and Expenditures
 Budget and Actual (Non-GAAP)
 For the Fiscal Year Ended June 30, 2016

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Operating Revenues			
Water Charges	\$ 712,464	\$ 781,448	\$ 68,984
Sewer Charges	1,556,831	1,814,840	258,009
Impact Fees	914,240	1,275,380	361,140
Penalties and Interest	11,709	25,036	13,327
Total Operating Revenues	<u>3,195,244</u>	<u>3,896,703</u>	<u>701,459</u>
Nonoperating Revenues			
Investment Earnings	600	1,995	1,395
Total Nonoperating Revenues	<u>600</u>	<u>1,995</u>	<u>1,395</u>
Total Revenues	<u>3,195,844</u>	<u>3,898,698</u>	<u>702,854</u>
Expenditures			
Water Operations			
Salaries and Wages	-	-	-
Employee Benefits	-	-	-
Repairs and Maintenance	-	-	-
Capital Outlay	-	1,948,400	(1,948,400)
Other Expenditures	403,719	422,800	(19,081)
Total Water Operations	<u>403,719</u>	<u>2,371,200</u>	<u>(1,967,481)</u>
Sewer Operations			
Salaries and Wages	238,498	222,360	16,138
Employee Benefits	115,187	101,279	13,908
Repairs and Maintenance	191,014	133,866	57,148
Other Expenditures	598,098	562,368	35,730
Capital Outlay	23,000	3,711,755	(3,688,755)
Total Sewer Operations	<u>1,165,797</u>	<u>4,731,628</u>	<u>(3,565,831)</u>
Debt Service			
Principal Retirement	927,092	793,498	133,594
Interest Paid	-	129,101	(129,101)
Total Debt Service	<u>927,092</u>	<u>922,599</u>	<u>4,493</u>
Total Expenditures	<u>2,496,608</u>	<u>8,025,427</u>	<u>(5,528,819)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>699,236</u>	<u>(4,126,729)</u>	<u>(4,825,965)</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, 2016

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Other financing sources (uses):			
Contributed Capital - Interlocal Agreements	-		-
Contributed Capital - Builders	-	3,686,920	3,686,920
Contributed Capital - Builders	-	1,948,400	1,948,400
Transfers Out:			
Collection System Capital Reserve Fund	(229,236)	(229,236)	-
Lift Station Upgrade Capital Reserve Fund	(300,000)	(300,000)	-
Vactor Truck Capital Project Fund	(140,000)	(140,000)	-
Vehicle Capital Project Fund	(30,000)	(30,000)	-
Total financing sources (uses)	<u>(699,236)</u>	<u>4,936,084</u>	<u>5,635,320</u>
Appropriated Fund Balance		-	-
Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	<u>\$ -</u>	<u>\$ 809,355</u>	<u>\$ 809,355</u>
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:			
Revenues Over (Under) Expenditures and Other Financing Sources (Uses)		<u>\$ 809,355</u>	
Reconciling Items:			
Depreciation Expense		(1,310,827)	
Principal Retirement		793,498	
Capital Outlay		5,660,155	
Increase in Compensated Absences Payable		(4,097)	
Contributions to the Pension Plan in the Current Fiscal Year		12,765	
Pension Expense		(11,356)	
Investment Earnings from Utility Capital Reserve Fund		578	
Transfers (consolidating funds)		699,236	
Total Reconciling Items		<u>5,839,952</u>	
Change in Net Position		<u>\$ 6,649,307</u>	

TOWN OF LELAND, NORTH CAROLINA
 Combining Schedule of Revenues and Expenditures
 Utility Capital Project Funds
 June 30, 2016

	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 Vector Truck Capital Project Fund	Half Million Water Tower Capital Project Fund	Utility Vehicle Capital Project Fund	Total
Revenues								
Investment Earnings	\$ 578	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 578
Expenditures								
Sewer Operations								
Capital Outlay	-	-	10,437	54,677	-	1,872,176	28,684	1,965,974
Total Expenditures	-	-	10,437	54,677	-	1,872,176	28,684	1,965,974
Excess (Deficiency) of Revenues Over Expenditures	578	-	(10,437)	(54,677)	-	(1,872,176)	(28,684)	(1,965,396)
Other Financing Sources (Uses)								
Transfers from Other Funds	-	229,236	300,000	-	140,000	261,239	30,000	960,475
Transfers to Other Funds	(261,239)	-	-	-	-	-	-	(261,239)
Total Other Financing Sources (Uses)	(261,239)	229,236	300,000	-	140,000	261,239	30,000	699,236
Revenues Over Other Financing	\$ (260,661)	\$ 229,236	\$ 289,563	\$ (54,677)	\$ 140,000	\$ (1,610,937)	\$ 1,316	\$ (1,266,160)

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, 2016

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Investment Earnings	\$ -	\$ 578	\$ 578
Expenditures			
Sewer Operations			
Other Expenditures	261,239	261,239	-
Total Sewer Operations	261,239	261,239	-
Excess (Deficiency) of Revenues Over Expenditures	(261,239)	(260,661)	578
Appropriated Fund Balance	261,239	-	(261,239)
Revenues Over Other Financing Sources (Uses)	\$ -	\$ (260,661)	\$ (260,661)

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, 2016

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Investment Earnings	\$ -	\$ -	\$ -
Expenditures			
Sewer Operations			
Capital Outlay	339,236	-	339,236
Total Sewer Operations	339,236	-	339,236
Excess (Deficiency) of Revenues Over Expenditures	(339,236)	-	339,236
Other financing sources (uses):			
Transfers In:			
Utility Capital Reserve	229,236	229,236	-
Total financing sources (uses)	229,236	229,236	-
Appropriated Fund Balance	110,000	-	(110,000)
Revenues Over Other Financing Sources (Uses)	\$ -	\$ 229,236	\$ 229,236

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, 2016

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Investment Earnings	\$ -	\$ -	\$ -
Expenditures			
Sewer Operations			
Capital Outlay	510,000	10,437	499,563
Total Sewer Operations	510,000	10,437	499,563
Excess (Deficiency) of Revenues Over Expenditures	(510,000)	(10,437)	499,563
Other financing sources (uses):			
Transfers In:			
Utility Capital Reserve Fund	300,000	300,000	-
Total financing sources (uses)	300,000	300,000	-
Appropriated Fund Balance	210,000	-	(210,000)
Revenues Over Other Financing Sources (Uses)	\$ -	\$ 289,563	\$ 289,563

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, 2016

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Investment Earnings	\$ -	\$ -	\$ -
Expenditures			
Sewer Operations			
Capital Outlay	1,415,062	54,677	1,360,385
Total Sewer Operations	<u>1,415,062</u>	<u>54,677</u>	<u>1,360,385</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(1,415,062)</u>	<u>(54,677)</u>	<u>1,360,385</u>
Appropriated Fund Balance	<u>1,415,062</u>	<u>-</u>	<u>(1,415,062)</u>
Revenues Over Other Financing Sources (Uses)	<u>\$ -</u>	<u>\$ (54,677)</u>	<u>\$ (54,677)</u>

TOWN OF LELAND, NORTH CAROLINA
Public Utilities Vactor Truck Capital Project Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2016

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Investment Earnings	\$ -	\$ -	\$ -
Expenditures			
Sewer Operations			
Capital Outlay	300,000	-	300,000
Total Sewer Operations	300,000	-	300,000
Excess (Deficiency) of Revenues Over Expenditures	(300,000)	-	300,000
Other financing sources (uses):			
Transfers In:			
Utility Capital Reserve Fund	140,000	140,000	-
Total financing sources (uses)	140,000	140,000	-
Appropriated Fund Balance	160,000	-	(160,000)
Revenues Over Other Financing Sources (Uses)	\$ -	\$ 140,000	\$ 140,000

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, 2016

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Investment Earnings	\$ -	\$ -	\$ -
Expenditures			
Sewer Operations			
Capital Outlay	2,520,620	1,872,176	-
Total Sewer Operations	<u>2,520,620</u>	<u>1,872,176</u>	<u>648,444</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(2,520,620)</u>	<u>(1,872,176)</u>	<u>648,444</u>
Other financing sources (uses):			
Transfers In:			
Utility Capital Reserve Fund	261,239	261,239	-
Total financing sources (uses)	<u>261,239</u>	<u>261,239</u>	<u>-</u>
Appropriated Fund Balance	<u>2,259,381</u>	<u>-</u>	<u>(2,259,381)</u>
Revenues Over Other Financing Sources (Uses)	<u>\$ -</u>	<u>\$ (1,610,937)</u>	<u>\$ (1,610,937)</u>

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, 2016

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Investment Earnings	\$ -	\$ -	\$ -
Expenditures			
Sewer Operations			
Capital Outlay	80,000	28,684	51,316
Total Sewer Operations	80,000	28,684	51,316
Excess (Deficiency) of Revenues Over Expenditures	(80,000)	(28,684)	51,316
Transfers In:			
Utility Fund	30,000	30,000	-
Total financing sources (uses)	30,000	30,000	-
Appropriated Fund Balance	50,000	-	(50,000)
Revenues Over Other Financing Sources (Uses)	\$ -	\$ 1,316	\$ 1,316

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)
Revenues			
Operating Revenues			
Registration Revenue	\$ 25,000	\$ 68,079	\$ 43,079
Facility Rental Revenue	17,500	13,405	(4,095)
Application Fee Revenue	-	360	360
Facility Deposit Revenue	3,000	600	(2,400)
Sales Revenue	4,000	9,754	5,754
Studio Pass Revenue	3,000	2,635	(365)
Caterer Application Fees	500	200	(300)
Miscellaneous Revenue	2,500	2,500	-
Total Operating Revenues	<u>55,500</u>	<u>97,533</u>	<u>42,033</u>
Nonoperating Revenues			
Grassroots Grant	2,200	2,200	-
Investment Earnings	-	-	-
Total Nonoperating Revenues	<u>2,200</u>	<u>2,200</u>	<u>-</u>
Total Revenues	<u>57,700</u>	<u>99,733</u>	<u>42,033</u>
Expenditures			
Salaries and Wages	134,259	118,925	15,334
Employee Benefits	47,671	36,691	10,980
Professional / Contract Fees	36,411	35,057	1,354
Capital Outlay	-	-	-
Other Expenditures	124,647	95,029	29,618
Total Expenditures	<u>342,988</u>	<u>285,702</u>	<u>57,286</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(285,288)</u>	<u>(185,969)</u>	<u>99,319</u>
Other financing sources (uses):			
Transfers In:			
General Fund	285,288	212,400	(72,888)
Total financing sources (uses)	<u>285,288</u>	<u>212,400</u>	<u>(72,888)</u>
Appropriated Fund Balance	<u>-</u>	<u>-</u>	<u>-</u>
Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	<u>\$ -</u>	<u>\$ 26,431</u>	<u>\$ 26,431</u>
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:			
Revenues Over (Under) Expenditures and Other Financing Sources (Uses)		<u>\$ 26,431</u>	
Reconciling Items:			
Contributions to the Pension Plan in the Current Fiscal Year		3,664	
Pension Expense		<u>(3,746)</u>	
Total Reconciling Items		<u>(82)</u>	
Change in Net Position		<u>\$ 26,349</u>	

Other Schedules

TOWN OF LELAND, NORTH CAROLINA
 General Fund
 Schedule of Ad Valorem Taxes Receivable
 For the Fiscal Year Ended June 30, 2016

<u>Fiscal Year</u>	<u>Uncollected Balance July 1, 2015</u>	<u>Additions and Adjustments</u>	<u>Collections and Credits</u>	<u>Uncollected Balance June 30, 2016</u>
2015-16	\$ -	\$ 3,397,259	\$ 3,352,728	\$ 44,531
2014-15	47,578	-	26,364	21,214
2013-14	34,303	-	13,436	20,867
2012-13	28,079	-	11,410	16,669
2011-12	17,449	-	7,151	10,298
2010-11	11,948	-	4,921	7,027
2009-10	7,522	-	3,865	3,657
2008-09	5,219	-	283	4,936
2007-08	3,306	-	67	3,239
2006-07	3,343	-	75	3,268
2005-06	1,687	-	1,687	-
	<u>\$ 160,434</u>	<u>\$ 3,397,259</u>	<u>\$ 3,421,987</u>	<u>\$ 135,706</u>
Less: Allowance for Uncollectible Accounts: General Fund				30,200
Ad Valorem Taxes Receivable, net				<u>\$ 105,506</u>
<u>Reconciliation with Revenues</u>				
Ad Valorem Taxes - General Fund				\$ 3,404,483
Reconciling Items:				
Interest and Penalties Collected				(17,129)
Releases and adjustments				<u>34,633</u>
Total Collections and Credits				<u>\$ 3,421,987</u>

TOWN OF LELAND, NORTH CAROLINA
 General Fund
 Schedule of Ad Valorem Taxes Receivable
 For the Fiscal Year Ended June 30, 2016

	Town-Wide			Total Levy	
	Property Valuation	Rate per \$100	Amount of Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original Levy:					
Property Taxed at					
Current Year's Rate	\$ 2,242,415,182	0.1515	\$ 3,397,259	\$ 3,097,458	\$ 299,801
Penalties	-				
	2,242,415,182		3,397,259	3,097,458	299,801
Total Property Valuations	\$ 2,242,415,182				
Net Levy			\$ 3,397,259	\$ 3,097,458	\$ 299,801
Uncollected Taxes at June 30, 2016			44,531	44,460	71
Current Year's Taxes Collected			\$ 3,352,728	\$ 3,052,998	\$ 299,730
Current Levy Collection Percentage			98.69%	98.56%	99.98%

Compliance Section



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, 2016, 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 November 4, 2016. 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 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 rate

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. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

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
Page 2

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

Thompson, Price, Scott, Adams & Co., P.A.
Whiteville, NC
November 4, 2016

TOWN OF LELAND, NORTH CAROLINA
Corrective Action Plan
For the Year Ended June 30, 2016

Section II - Financial Statement Findings

None

TOWN OF LELAND, NORTH CAROLINA
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
For the Year Ended June 30, 2016

2015-01 The Finance Officer and responsible officials have properly prepared and reviewed the financial statements prior to finalizing the report.