



**YEAR ENDED
JUNE 30, 2021**



**ANNUAL FINANCIAL
REPORT**

TOWN OF LELAND, NORTH CAROLINA
FINANCIAL STATEMENTS
June 30, 2021

Town Council Members

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

Administrative and Financial Staff

David Hollis, Town Manager
Carly Hagg, Finance Director

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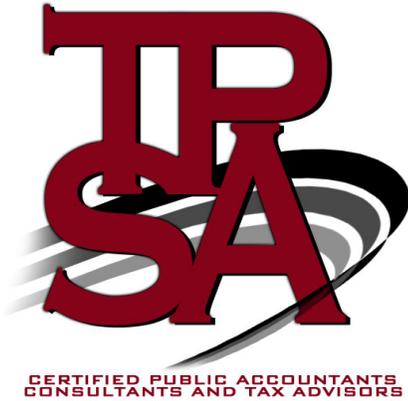
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Thompson, Price, Scott, Adams & Co, P.A.

**P.O Box 398
1626 S. Madison Street
Whiteville, NC 28472
Telephone (910) 642-2109
Fax (910) 642-5958**

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

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Leland, North Carolina, as of and for the year ended June 30, 2021, and the related notes to the financial statements which collectively comprise the Town of Leland's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

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

Opinions

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Leland, North Carolina as of June 30, 2021, and the respective changes in financial position and cash flows, where appropriate, thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 9, the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Asset and Contributions on pages 44 through 45, respectively, the Firefighters' and Rescue Squad Workers' Pension Fund's Schedule of the Proportionate Share of Net Pension Liability on page 46 and the Law Enforcement Officers' Special Separation Allowance schedules of the Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll on pages 47 and 48 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of the Town of Leland, North Carolina. The combining and individual fund statements, budgetary schedules, other schedules, and Schedule of Expenditures of Federal and State Awards, as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and the State Single Audit Implementation Act, are presented for purpose of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 28, 2021, on our consideration of Town of Leland's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of the report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Leland's internal control over financial reporting and compliance.

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

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

Whiteville, NC

October 28, 2021

**Town of Leland
Management's Discussion and Analysis
June 30, 2021**

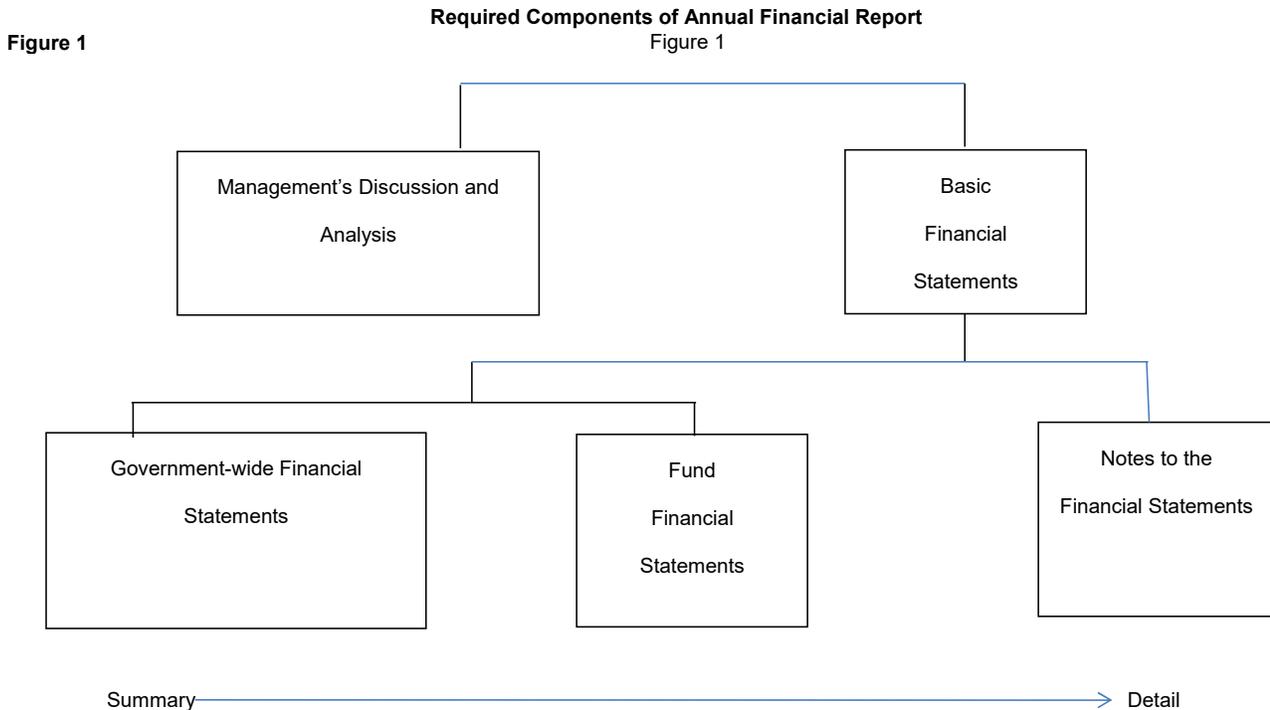
As management of the Town of Leland, we offer readers of the Town of Leland's financial statements this narrative overview and analysis of the financial activities of the Town of Leland for the fiscal year ended June 30, 2021. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the Town's financial statements, which follow this narrative.

Financial Highlights

- The assets and deferred outflows of resources of Town of Leland exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$110,703,039 (net position).
- The government's total net position decreased by \$8,223,926. The Town reported an increase in the governmental activities of \$44,193,118, offset by a decrease in the enterprise activities of \$52,417,044, mainly as a result of the interlocal agreement with H2GO.
- As of the close of the current fiscal year, the Town of Leland's governmental funds reported combined ending fund balances of \$19,937,748 with an increase of \$1,253,755 in fund balance.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$11,613,262, or 51.74 percent of total general fund expenditures for the fiscal year.

Overview of the Financial Statements

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



Town of Leland
Management's Discussion and Analysis
June 30, 2021

Basic Financial Statements

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

The next statements (Exhibits 3 through 8) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the Town's government. These statements provide more detail than the government-wide statements. There are four parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements; 3) the proprietary fund statements; and 4) the fiduciary fund statements.

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

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

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

**Town of Leland
Management's Discussion and Analysis
June 30, 2021**

Proprietary Funds – Town of Leland has one kind of proprietary funds. The Town's Enterprise Fund is used to report the same functions presented as business-type activities in the government-wide financial statements. Historically, the Town used an Enterprise Fund to account for the Town's water and sewer activity. This activity (water and sewer) ceased operations prior to the end of the fiscal year pursuant to the terms of the Interlocal Agreement the Town entered into with H2GO in March 2021. The Cultural Arts Center was previously reported as an Enterprise Fund, but has since been consolidated with the General Fund for fiscal year 2021. These funds are the same as those separate activities shown in the business-type activities in the Statement of Net Position and the Statement of Activities.

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

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

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

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

Government-Wide Financial Analysis

The Town of Leland's Net Position
Figure 2

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 21,879,659	\$ 20,788,813	\$ -	\$ 21,048,740	\$ 21,879,659	\$ 41,837,553
Capital Assets	106,470,477	63,536,509	-	42,789,863	106,470,477	106,326,372
Deferred Outflows of Resources	2,987,129	2,186,380	-	222,194	2,987,129	2,408,574
Total Assets and Deferred Outflows of Resources	131,337,265	86,511,702	-	64,060,797	131,337,265	150,572,499
Long-term Liabilities Outstanding	16,673,793	16,127,714	-	24,189,982	16,673,793	40,317,696
Other Liabilities	3,695,311	3,115,749	-	2,524,075	3,695,311	5,639,824
Deferred Inflows of Resources	265,122	40,476	-	918	265,122	41,394
Total Liabilities and Deferred Inflows of Resources	20,634,226	19,283,939	-	26,714,975	20,634,226	45,998,914
Net Position:						
Net Investment in capital assets	93,876,292	53,254,791	-	18,473,405	93,876,292	71,728,196
Restricted	3,477,401	6,190,564	-	-	3,477,401	6,190,564
Unrestricted	13,349,346	7,555,788	-	33,452,417	13,349,346	41,008,205
Total Net Position	\$ 110,703,039	\$ 67,001,143	\$ -	\$ 51,925,822	\$ 110,703,039	\$ 118,926,965

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets and deferred outflows of the Town of Leland exceeded liabilities and deferred inflows by \$110,703,039 as of June 30, 2021. The Town's net position decreased by \$8,223,926 for the fiscal year ended June 30, 2021. However, the largest portion (84.80%) 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, \$3,477,401, represents sources that are subject to external restrictions on how they may be used. The remaining balance of \$13,349,346 is unrestricted.

The following aspect of the Town's financial operations positively influenced the total unrestricted governmental net position, such as:

- Continued diligence in the collection of property taxes by maintaining a collection percentage of 99.53%.

Town of Leland
Management's Discussion and Analysis
June 30, 2021

The Town of Leland Changes in Net Position
Figure 3

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues:						
Charges for services	\$ 5,517,518	\$ 4,787,096	\$ 7,410,119	\$ 8,057,378	\$ 12,927,637	\$ 12,844,474
Operating grants and contributions	700,388	351,197	-	-	700,388	351,197
Capital grants and contributions	1,063,403	548,480	314,154	160,959	1,377,557	709,439
General revenues:						
Property taxes	7,610,209	7,072,038	-	-	7,610,209	7,072,038
Other taxes	8,835,165	7,008,866	-	-	8,835,165	7,008,866
Other	69,595	450,829	3,360	213,075	72,955	663,904
Total revenues	<u>23,796,278</u>	<u>20,218,506</u>	<u>7,727,633</u>	<u>8,431,412</u>	<u>31,523,911</u>	<u>28,649,918</u>
Expenses:						
Governing body	269,307	447,810	-	-	269,307	447,810
Administrative	1,599,456	1,589,215	-	-	1,599,456	1,589,215
Information Technology	1,008,644	1,062,845	-	-	1,008,644	1,062,845
Human Resources	275,042	253,249	-	-	275,042	253,249
Finance	487,575	415,318	-	-	487,575	415,318
Grounds and Maintenance	2,127,566	176,890	-	-	2,127,566	176,890
Inspections	1,035,515	897,244	-	-	1,035,515	897,244
Police	4,289,546	3,985,887	-	-	4,289,546	3,985,887
Emergency Management	253,625	-	-	-	253,625	-
Fire	3,651,048	3,470,422	-	-	3,651,048	3,470,422
Planning / ECD	749,278	690,711	-	-	749,278	690,711
Streets/Powell Bill	3,513,040	4,009,080	-	-	3,513,040	4,009,080
Transportation	-	941,842	-	-	-	941,842
Parks and Recreation	672,599	415,939	-	-	672,599	415,939
Interest on long-term debt	321,318	270,488	-	-	321,318	270,488
Utilities	-	-	5,338,601	4,975,452	5,338,601	4,975,452
Cultural Arts Center	-	-	-	562,157	-	562,157
Total expenses	<u>20,253,559</u>	<u>18,626,940</u>	<u>5,338,601</u>	<u>5,537,609</u>	<u>25,592,160</u>	<u>24,164,549</u>
Increase (decrease) in net position before transfers and special items	3,542,719	1,591,566	2,389,032	2,893,803	5,931,751	4,485,369
Capital Contribution - Interlocal Agreement with H2GO	39,436,392	-	-	-	39,436,392	-
Extraordinary Loss - Interlocal Agreement with H2GO	-	-	(53,592,069)	-	(53,592,069)	-
Transfers	1,214,007	(169,492)	(1,214,007)	169,492	-	-
Change in net position	44,193,118	1,422,074	(52,417,044)	3,063,295	(8,223,926)	4,485,369
Net position, beginning	67,001,143	65,579,069	51,925,822	48,862,527	118,926,965	114,441,596
Net position, beginning, restated	<u>66,509,921</u>	<u>65,579,069</u>	<u>52,417,044</u>	<u>48,862,527</u>	<u>118,926,965</u>	<u>114,441,596</u>
Net position, ending	<u>\$ 110,703,039</u>	<u>\$ 67,001,143</u>	<u>\$ -</u>	<u>\$ 51,925,822</u>	<u>\$ 110,703,039</u>	<u>\$ 118,926,965</u>

Governmental activities. Governmental activities increased the Town's net position by \$44,193,118.

Business-type activities: Business-type activities decreased the Town's net position by \$52,417,044, thereby accounting for 100% of the total decline in the net position of the Town of Leland.

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.

**Town of Leland
Management's Discussion and Analysis
June 30, 2021**

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 \$11,667,559, while total fund balance reached \$15,144,960. The Town currently has an available fund balance of 51.98% of general fund expenditures, while total fund balance represents 67.48% of the same amount.

At June 30, 2021, the governmental funds of Town of Leland reported a combined fund balance of \$19,937,748, with a net increase in fund balance of \$1,253,755.

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 \$0 as a result of the interlocal agreement with H2GO, and for the Cultural Arts Center a balance of \$0 as a result of consolidating this fund with the General Fund. The total change in net position for the Utility Fund was a decrease of \$52,417,044. There was no activity in the Cultural Arts fund for 2021.

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, 2021, totals \$106,470,477 (net of accumulated depreciation). These assets include buildings, land, vehicles, infrastructure, and equipment.

Major capital asset transactions during the year include:

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

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

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land	\$ 5,652,069	\$ 5,309,547	\$ -	\$ 75,739	\$ 5,652,069	\$ 5,385,286
Construction in Progress	4,202,475	2,621,338	-	7,295,457	4,202,475	9,916,795
Buildings	17,802,599	15,804,280	-	381,989	17,802,599	16,186,269
Infrastructure	36,605,957	37,508,045	-	-	36,605,957	37,508,045
Vehicles	2,185,937	1,852,341	-	459,153	2,185,937	2,311,494
Plant and Distribution	39,436,392	-	-	34,496,020	39,436,392	34,496,020
Equipment	585,048	440,958	-	81,505	585,048	522,463
Total	\$ 106,470,477	\$ 63,536,509	\$ -	\$ 42,789,863	\$ 106,470,477	\$ 106,326,372

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

Long-term Debt. As of June 30, 2021, Town of Leland had total debt outstanding of \$12,594,185. 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	
	2021	2020	2021	2020	2021	2020
Installment purchases	\$ 12,594,185	\$ 13,496,988	\$ -	\$ 9,054,995	\$ 12,594,185	\$ 22,551,983
Interlocal agreements	-	-	-	16,665,895	-	16,665,895
Total	\$ 12,594,185	\$ 13,496,988	\$ -	\$ 25,720,890	\$ 12,594,185	\$ 39,217,878

**Town of Leland
Management's Discussion and Analysis
June 30, 2021**

Town of Leland's total debt decreased by \$26,623,693 (67.89%) during the past fiscal year, primarily due to paying off all Business-type debt and transferring the Interlocal agreement debt to H2GO.

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 \$274,420,800. The Town of Leland does not have any authorized but un-issued debt at June 30, 2021.

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.

- Large volume of residential construction is occurring to keep up with the rapid population growth.
- Annexations of land into the Town taking place that is increasing our tax base and extending our primary boundary.
- The Town is attracting and retaining companies offering job opportunities and a variety of conveniently located retail, dining, and commercial businesses for our residents.
- The Town has significantly increased its staff to provide improved level of services to its growing population.

Budget Highlights for the General Fund Budget Fiscal Year Ending June 30, 2022

Ad Valorem Tax Rate - The ad valorem tax rate is set at the recommended 25.0 cents per \$100 of valuation, which is an increase from the previous 21.0 cents per \$100 of valuation.

New Employee Positions - The budget includes the addition of a total of eleven (11) new full-time employees. The positions include four (4) Police patrol officers, three (3) firefighters, three (3) maintenance workers, and one (1) Planner 1 position.

Police Department - The FY21-22 Police budget includes a 25% (\$996,000) increase over the FY20-21 budget, and includes four (4) additional patrol officers, one (1) added to each of the four (4) shifts, as well as the respective vehicles and equipment needed for the additional personnel.

Fire/Rescue Department - The Fire/Rescue budget increased 27% (\$1,299,000) over the FY20-21 budget. This includes three (3) additional firefighters, the final purchase of a second set of turnout gear for all full-time staff, and the purchase of a replacement ladder truck in the amount of \$1,400,000.

Street/Road Projects - There is \$1,655,000 in funding allocated for the completion of five (5) street projects and the design preparations for three (3) more.

Park Capital Projects - The FY21-22 budget includes \$989,000 for Park Capital Projects, including \$500,000 for a new 32-acre park along Kay Todd Road and \$489,000 for improvements to Founders Park.

Debt Service - The FY20-21 General Fund debt service totaled \$1,935,000. The FY21-22 debt service budget is \$2,046,000. While several of the payments decrease year-over-year, the increase in debt service is due to issuing debt for the first payment of the new Fire/Rescue apparatus.

Public Services Budget - Currently, the Town pays a third-party for the cost of recycling services for Leland residents. The cost budgeted for FY20-21 is \$580,000, which includes once a month pick-up; in the FY21-22 budget, this service has been eliminated to reduce duplication of services offered by the County. Residents have the opportunity to work directly with the provider to continue recycling services beginning July 1, 2021.

Public Utilities - The Utility Enterprise Fund and Public Utilities budget are not included as a result of the interlocal agreement with the Brunswick Regional Water and Sewer H2GO Sanitary District.

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, 2021

	Primary Government			Leland Tourism Development Authority
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 17,244,043	\$ -	\$ 17,244,043	\$ 352,148
Receivables (net):				
Ad Valorem Taxes	37,298	-	37,298	-
Occupancy Tax	-	-	-	22,558
Accounts	577,097	-	577,097	-
Prepaid Expenses	406	-	406	-
Due from Other Governments	1,932,047	-	1,932,047	-
Internal balances	-	-	-	-
Restricted Cash and Cash Equivalents	2,088,768	-	2,088,768	-
Total Current Assets	21,879,659	-	21,879,659	374,706
Noncurrent Assets				
Capital Assets				
Land, Nondepreciable Improvements, and Construction in Progress	9,854,544	-	9,854,544	-
Other Capital Assets, Net of Depreciation	96,615,933	-	96,615,933	-
Total Noncurrent Assets	106,470,477	-	106,470,477	-
Total Assets	\$ 128,350,136	\$ -	\$ 128,350,136	\$ 374,706
DEFERRED OUTFLOWS OF RESOURCES				
Pension Deferrals	\$ 2,987,129	\$ -	\$ 2,987,129	\$ -
Total deferred outflows of resources	2,987,129	-	2,987,129	-
LIABILITIES				
Current Liabilities:				
Accounts Payable and Accrued Liabilities	519,143	-	519,143	-
Customer Deposits	1,385,470	-	1,385,470	-
Accrued Interest	43,891	-	43,891	-
Current Portion of Long-term Debt	1,746,807	-	1,746,807	-
Total Current Liabilities	3,695,311	-	3,695,311	-
Long-term liabilities:				
Net pension liability (LGRS)	4,233,438	-	4,233,438	-
Total pension liability (LEOSSA)	1,118,457	-	1,118,457	-
Compensated absences	474,520	-	474,520	-
Due in more than one year	10,847,378	-	10,847,378	-
Total Long-Term Liabilities	16,673,793	-	16,673,793	-
Total Liabilities	20,369,104	-	20,369,104	-
DEFERRED INFLOWS OF RESOURCES				
Pension Deferrals	265,122	-	265,122	-
Total deferred inflows of resources	265,122	-	265,122	-
NET POSITION				
Net investment in capital assets	93,876,292	-	93,876,292	-
Restricted for:				
Transportation	698,073	-	698,073	-
Stabilization by State Statute	2,771,654	-	2,771,654	22,558
Drug Forfeiture	7,674	-	7,674	-
Unrestricted	13,349,346	-	13,349,346	352,148
Total Net Position	\$ 110,703,039	\$ -	\$ 110,703,039	\$ 374,706

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, 2021

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Leland Tourism Development Authority
					Governmental Activities	Business-type Activities	Total	
Primary government:								
Governmental activities:								
Governing Body	\$ 269,307	\$ -	\$ -	\$ -	\$ (269,307)	\$ -	\$ (269,307)	\$ -
Administration	1,599,456	-	-	-	(1,599,456)	-	(1,599,456)	-
Information Technology	1,008,644	-	-	-	(1,008,644)	-	(1,008,644)	-
Human Resources	275,042	-	-	-	(275,042)	-	(275,042)	-
Finance	487,575	-	-	-	(487,575)	-	(487,575)	-
Grounds and Maintenance	2,127,566	-	16,240	-	(2,111,326)	-	(2,111,326)	-
Inspections	1,035,515	1,406,471	563,927	14,197	949,080	-	949,080	-
Police	4,289,546	914	120,221	-	(4,168,411)	-	(4,168,411)	-
Emergency Management	253,625	-	-	-	(253,625)	-	(253,625)	-
Fire	3,651,048	4,086,654	-	-	435,606	-	435,606	-
Planning / ECD	749,278	-	-	-	(749,278)	-	(749,278)	-
Streets / Powell Bill	3,513,040	-	-	556,785	(2,956,255)	-	(2,956,255)	-
Transportation	-	-	-	492,421	492,421	-	492,421	-
Parks and Recreation	672,599	23,479	-	-	(649,120)	-	(649,120)	-
Interest on long-term debt	321,318	-	-	-	(321,318)	-	(321,318)	-
Total governmental activities	20,253,559	5,517,518	700,388	1,063,403	(12,972,250)	-	(12,972,250)	-
Business-type activities:								
Utility	5,338,601	7,410,119	-	314,154	-	2,385,672	2,385,672	-
Cultural Arts Center	-	-	-	-	-	-	-	-
Total business-type activities	5,338,601	7,410,119	-	314,154	-	2,385,672	2,385,672	-
Total primary government	\$ 25,592,160	\$ 12,927,637	\$ 700,388	\$ 1,377,557	(12,972,250)	2,385,672	(10,586,578)	-
Component unit:								
Leland Tourism Development Authority	\$ 152,760	\$ -	\$ -	\$ -	-	-	-	(152,760)
General revenues:								
Property taxes, levied for general purpose					7,610,209	-	7,610,209	-
Other taxes and licenses					8,835,165	-	8,835,165	169,295
Investment Earnings					7,715	3,360	11,075	-
Gain (Loss) on Disposal					46,345	-	46,345	-
Miscellaneous					15,535	-	15,535	-
Transfers					1,214,007	(1,214,007)	-	-
Capital Contribution - Interlocal Agreement with H2GO					39,436,392	-	39,436,392	-
Extraordinary Loss - Interlocal Agreement with H2GO					-	(53,592,069)	(53,592,069)	-
Total general revenues, special items, and transfers					57,165,368	(54,802,716)	2,362,652	169,295
Change in Net Position					44,193,118	(52,417,044)	(8,223,926)	16,535
Net position, beginning					67,001,143	51,925,822	118,926,965	358,171
Restatement (See Note V in the Notes to the Financial Statements)					(491,222)	491,222	-	-
Net position, beginning, restated					66,509,921	52,417,044	118,926,965	358,171
Net position, ending					\$ 110,703,039	\$ -	\$ 110,703,039	\$ 374,706

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

TOWN OF LELAND, NORTH CAROLINA
Balance Sheet
Governmental Funds
For the Year Ended June 30, 2021

	Major Funds				Total Non-Major Funds	Total Governmental Funds
	General	Old Fayetteville MUP Capital Project Fund	Property Acquisition Capital Project Fund			
ASSETS						
Cash and cash equivalents	\$ 12,188,702	\$ -	\$ 4,486,336	\$ 569,005	\$ 17,244,043	
Restricted Cash	2,088,768	-	-	-	2,088,768	
Receivables (net):		-	-	-		
Ad Valorem Taxes	34,958	-	-	-	34,958	
Accounts Receivable	577,097	-	-	-	577,097	
Prepaid Expenses	406	-	-	-	406	
Due from Other Governments	1,932,047	-	-	-	1,932,047	
Due from other funds	262,510	-	-	-	262,510	
Total assets	\$ 17,084,488	\$ -	\$ 4,486,336	\$ 569,005	\$ 22,139,829	
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable and accrued liabilities	\$ 519,100	\$ -	\$ -	\$ 43	\$ 519,143	
Due to other funds	-	261,503	-	1,007	262,510	
Unearned revenue	-	-	-	-	-	
Deposits	1,385,470	-	-	-	1,385,470	
Total liabilities	1,904,570	261,503	-	1,050	2,167,123	
DEFERRED INFLOWS OF RESOURCES	34,958	-	-	-	34,958	
Fund balances:						
Nonspendable:						
Prepaid expenses	406	-	-	-	406	
Restricted:						
Stabilization by State statute	2,771,654	-	-	-	2,771,654	
Streets	698,073	-	-	-	698,073	
Drug Forfeiture	7,674	-	-	-	7,674	
Committed:						
Public Safety (LEO Separation)	53,891	-	-	-	53,891	
Assigned:						
Subsequent Year's Expenditures	-	-	-	-	-	
Capital Projects	-	-	4,486,336	-	4,486,336	
Planning	-	-	-	173,087	173,087	
Parks and Recreation	-	-	-	395,875	395,875	
Unassigned:	11,613,262	(261,503)	-	(1,007)	11,350,752	
Total fund balances	15,144,960	(261,503)	4,486,336	567,955	19,937,748	
Total liabilities, deferred inflows of resources, and fund balances	\$ 17,084,488	\$ -	\$ 4,486,336	\$ 569,005	\$ 22,139,829	

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

TOWN OF LELAND, NORTH CAROLINA

Balance Sheet
Governmental Funds
For the Year Ended June 30, 2021

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

Total Governmental Fund Balance		\$ 19,937,748
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Gross capital assets at historical costs	156,173,343	
Accumulated depreciation	<u>(49,702,866)</u>	106,470,477
Deferred outflows of resources:		
Contributions to the pension plan in the current fiscal year		
LGERS	837,436	
LEOSSA	<u>6,090</u>	843,526
Pension related deferrals		
LGERS		1,661,511
LEOSSA		482,092
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		2,340
Deferred inflows of resources:		
Liabilities for earned revenues considered deferred inflows of resources in fund statements.		
Ad valorem Taxes		34,958
Pension related deferrals		
LGERS	(235,197)	
LEOSSA	<u>(29,925)</u>	(265,122)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Installment purchase obligations	(12,594,185)	
Accrued interest payable	(43,891)	
Compensated absences	(474,520)	
Net pension liability (LGERS)	(4,233,438)	
Total pension liability (LEOSSA)	<u>(1,118,457)</u>	(18,464,491)
Net position of governmental activities		<u><u>\$ 110,703,039</u></u>

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

TOWN OF LELAND, NORTH CAROLINA
 General Fund
 Statement of Revenues, Expenditures, and Changes in Fund Balances
 Budget and Actual
 For the Year Ended June 30, 2021

	Major Fund			Total Non-Major Funds	Total Governmental Funds
	General Fund	Old Fayetteville MUP Capital Project Fund	Property Acquisition Capital Project Fund		
REVENUES					
Ad valorem taxes	\$ 7,646,026	\$ -	\$ -	\$ -	\$ 7,646,026
Other taxes and licenses	750	-	-	-	750
Unrestricted intergovernmental	8,584,017	-	-	-	8,584,017
Restricted intergovernmental	1,258,087	410,279	-	82,142	1,750,508
Permits and fees	5,729,799	-	-	-	5,729,799
Investment earnings	7,669	-	45	-	7,714
Miscellaneous	99,083	-	-	14,197	113,280
Total revenues	<u>23,325,431</u>	<u>410,279</u>	<u>45</u>	<u>96,339</u>	<u>23,832,094</u>
EXPENDITURES					
Governing Body	269,306	-	-	-	269,306
Administration	1,154,533	-	-	-	1,154,533
Information Technology	1,009,458	-	-	-	1,009,458
Human Resources	270,473	-	-	-	270,473
Finance	475,514	-	-	-	475,514
Grounds and Maintenance	1,320,990	-	3,396,447	-	4,717,437
Police	3,711,184	-	-	-	3,711,184
Emergency Management	253,625	-	-	-	253,625
Fire	3,943,000	-	65,093	-	4,008,093
Inspections	986,253	-	-	-	986,253
Transportation	-	1,247,811	-	-	1,247,811
Planning / ECD	717,522	-	-	280,823	998,345
Streets / Powell Bill	2,773,672	-	104	-	2,773,776
Parks and Recreation	632,005	-	-	52,503	684,508
Debt Service:					
Principal	1,602,803	-	-	-	1,602,803
Interest and Other Charges	329,227	-	-	-	329,227
Total expenditures	<u>19,449,565</u>	<u>1,247,811</u>	<u>3,461,644</u>	<u>333,326</u>	<u>24,492,346</u>
Excess (deficiency) of revenues over expenditures	<u>3,875,866</u>	<u>(837,532)</u>	<u>(3,461,599)</u>	<u>(236,987)</u>	<u>(660,252)</u>
OTHER FINANCING SOURCES (USES)					
Transfers from other funds	1,814,007	150,000	2,430,000	515,000	4,909,007
Transfers to other funds	(3,695,000)	-	-	-	(3,695,000)
Installment Purchase Obligations Issued	700,000	-	-	-	700,000
Total other financing sources and uses	<u>(1,180,993)</u>	<u>150,000</u>	<u>2,430,000</u>	<u>515,000</u>	<u>1,914,007</u>
Net change in fund balance	2,694,873	(687,532)	(1,031,599)	278,013	1,253,755
Fund balance, beginning	12,793,920	426,029	5,517,935	289,942	19,027,826
Restatement (See Note VII)	(343,833)	-	-	-	(343,833)
Total Fund balance, beginning restated	<u>12,450,087</u>	<u>426,029</u>	<u>5,517,935</u>	<u>289,942</u>	<u>18,683,993</u>
Fund balances-ending	<u>\$ 15,144,960</u>	<u>\$ (261,503)</u>	<u>\$ 4,486,336</u>	<u>\$ 567,955</u>	<u>\$ 19,937,748</u>

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

TOWN OF LELAND, NORTH CAROLINA
 General Fund
 Statement of Revenues, Expenditures, and Changes in Fund Balances
 Budget and Actual
 For the Year Ended June 30, 2021

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

Net changes in fund balances - total governmental funds	\$	1,253,755
<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	7,443,630	
Contributed Capital that is not recorded on the fund statements	-	
Depreciation Expense	(3,921,973)	
Gain (Loss) on Disposal of Assets	<u>(24,081)</u>	3,497,576
<p>The Town entered into an interlocal agreement ("ILA") with Brunswick Regional Water and Sewer H2GO ("H2GO"). Pursuant to the terms of the ILA, the Town and H2GO cross conveyed a one-half undivided interest in certain water and sewer infrastructure assets located within the Joint Undertaking Area.</p>		
		39,436,392
<p>Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities</p>		
LGERS		837,436
<p>Benefit payments and pension administration costs for LEOSSA</p>		
		6,090
<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	(32,332)	
Interest earned on ad valorem taxes	<u>(3,485)</u>	(35,817)
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.</p>		
New long-term debt issued	(700,000)	
Debt retirement	1,602,803	
Increase in accrued interest payable	<u>7,909</u>	910,712
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:</p>		
Pension expense -LGERS	(1,453,647)	
Pension expense -LEOSSA	(148,554)	
Compensated absences	<u>(110,825)</u>	<u>(1,713,026)</u>
Total Change in net position of governmental activities	\$	<u><u>44,193,118</u></u>

TOWN OF LELAND, NORTH CAROLINA
 General Fund
 Statement of Revenues, Expenditures, and Changes in Fund Balances
 Budget and Actual
 For the Year Ended June 30, 2021

	General Fund			Variance With Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual Amounts	
Revenues:				
Ad valorem taxes	\$ 7,797,248	\$ 7,872,248	\$ 7,646,026	\$ (226,222)
Other taxes and licenses	1,000	1,000	750	(250)
Unrestricted intergovernmental	6,989,474	7,489,474	8,584,017	1,094,543
Restricted intergovernmental	92,600	1,209,600	1,257,173	47,573
Permits and fees	5,763,520	5,763,520	5,729,799	(33,721)
Investment earnings	75,000	105,000	7,669	(97,331)
Miscellaneous	2,005	2,005	99,083	97,078
Total revenues	<u>20,720,847</u>	<u>22,442,847</u>	<u>23,324,517</u>	<u>881,670</u>
Expenditures				
Governing Body	411,000	411,000	269,306	141,694
Administration	1,187,000	1,187,000	1,154,533	32,467
Information Technology	1,133,000	1,133,000	1,009,458	123,542
Human Resources	314,000	314,000	270,473	43,527
Finance	515,000	515,000	475,514	39,486
Grounds and Maintenance	1,371,000	1,393,200	1,320,990	72,210
Police	3,924,000	3,993,910	3,706,184	287,726
Emergency Management	183,000	303,000	253,625	49,375
Fire	4,698,000	4,726,000	3,943,000	783,000
Inspections	1,115,043	1,115,043	986,253	128,790
Planning / ECD	940,000	940,000	717,522	222,478
Streets / Powell Bill	3,833,370	4,708,370	2,773,672	1,934,698
Parks and Recreation	1,220,000	1,220,000	632,005	587,995
Debt Service	1,935,000	1,935,000	1,932,030	2,970
Total expenditures	<u>22,779,413</u>	<u>23,894,523</u>	<u>19,444,565</u>	<u>4,449,958</u>
Revenues over (under) expenditures	<u>(2,058,566)</u>	<u>(1,451,676)</u>	<u>3,879,952</u>	<u>5,331,628</u>
Other financing sources (uses):				
Debt issuance	-	700,000	700,000	-
Transfers from Other Funds	879,196	1,800,020	1,814,007	13,987
Transfers to Other Funds	(20,000)	(3,715,000)	(3,695,000)	20,000
Total other financing sources (uses)	<u>859,196</u>	<u>(1,214,980)</u>	<u>(1,180,993)</u>	<u>33,987</u>
Revenues and other financing sources over expenditures and other financing uses	<u>(1,199,370)</u>	<u>(2,666,656)</u>	<u>2,698,959</u>	<u>5,365,615</u>
Appropriated Fund Balance	<u>1,199,370</u>	<u>2,666,656</u>	<u>-</u>	<u>(2,666,656)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>2,698,959</u>	<u>\$ 2,698,959</u>
Fund balance, beginning			12,782,942	
Restatement - See Note VII			(343,833)	
Total Fund balance, beginning restated			<u>12,439,109</u>	
Fund balance, ending			<u>\$ 15,138,068</u>	

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

TOWN OF LELAND, NORTH CAROLINA
 General Fund
 Statement of Revenues, Expenditures, and Changes in Fund Balances
 Budget and Actual
 For the Year Ended June 30, 2021

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

Restricted Intergovernmental Revenue	\$ 914
Fund Balance, beginning of year	<u>6,760</u>
	<u>7,674</u>

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

Other Expenditures	(5,000)
Transfer from General Fund	-
Fund Balance, beginning of year	<u>4,218</u>
	<u>(782)</u>

Fund Balance - End of Year (Consolidated)	\$ <u>15,144,960</u>
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TOWN OF LELAND, NORTH CAROLINA
Statement of Net Position
Proprietary Funds
June 30, 2021

	Major		
	Utility Fund	Cultural Arts Center	Total
ASSETS			
Current assets:			
Cash and Investments	\$ -	\$ -	\$ -
Accounts Receivable, net	-	-	-
Due from other governments	-	-	-
Due from other funds	-	-	-
Restricted cash	-	-	-
Total current assets	-	-	-
Noncurrent assets:			
Capital Assets:			
Other Capital Assets, net of Depreciation	-	-	-
Total noncurrent assets	-	-	-
Total Assets	\$ -	\$ -	\$ -
DEFERRED OUTFLOWS OF RESOURCES			
Pension deferrals	\$ -	\$ -	\$ -
Purchase of sewer capacity deferrals	-	-	-
Total Deferred Outflows of Resources	-	-	-
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	-	-	-
Due to other funds	-	-	-
Customer deposits	-	-	-
Accrued interest payable	-	-	-
Interlocal Agreements - current	-	-	-
Installment Purchases - current	-	-	-
Total current liabilities	-	-	-
Noncurrent liabilities:			
Interlocal Agreements - non-current	-	-	-
Installment Purchases - non-current	-	-	-
Compensated Absences Payable	-	-	-
Net pension liability	-	-	-
Total noncurrent liabilities	-	-	-
Total liabilities	-	-	-
DEFERRED INFLOWS OF RESOURCES			
Pension deferrals	-	-	-
Total Deferred Inflows of Resources	-	-	-
NET POSITION			
Net investment in capital assets	-	-	-
Unrestricted	-	-	-
Total net position	\$ -	\$ -	\$ -

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

Town of Leland, North Carolina
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Fund
For the Year Ended June 30, 2021

	Major		Total
	Utility Fund	Cultural Arts Center	
OPERATING REVENUES			
Water Charges	\$ 1,486,108	\$ -	\$ 1,486,108
Sewer Charges	5,895,362	-	5,895,362
Penalties and Interest	24,500	-	24,500
Miscellaneous Income	4,149	-	4,149
Total Operating Revenues	7,410,119	-	7,410,119
OPERATING EXPENSES			
Water and Sewer Operations	3,197,234	-	3,197,234
Depreciation	1,346,610	-	1,346,610
Total Operating Expenses	4,543,844	-	4,543,844
OPERATING INCOME (LOSS)	2,866,275	-	2,866,275
NONOPERATING REVENUES (EXPENSES)			
Investment Earnings	3,360	-	3,360
Interest Expense	(794,757)	-	(794,757)
Total Nonoperating Revenues (Expenses)	(791,397)	-	(791,397)
Income (loss) before contributions and transfers	2,074,878	-	2,074,878
Capital Contributions	314,154		314,154
Transfers from other funds	21,187,205	-	21,187,205
Transfers to other funds	(22,401,212)	-	(22,401,212)
Extraordinary Loss - ILA Agreement with H2GO	(53,592,069)		(53,592,069)
Change in Net Position	(52,417,044)	-	(52,417,044)
Total net position, previously reported	52,313,736	(387,914)	51,925,822
Restatement (See Note VII)	103,308	387,914	491,222
Total net position, restated	52,417,044	-	52,417,044
Net Position -- End of Year	\$ -	\$ -	\$ -

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

TOWN OF LELAND, NORTH CAROLINA
Statement of Cash Flows
Proprietary Funds
For The Year Ended June 30, 2021

	Major Utility Fund	Major Cultural Arts Center	Total
Cash flows from operating activities:			
Cash Received from Customers and Users	\$ 8,199,588	\$ -	\$ 8,199,588
Cash Paid for Goods and Services	(2,602,814)	-	(2,602,814)
Cash Paid to or on Behalf of Employees for Services	(637,879)	-	(637,879)
Net cash provided (used) by operating activities	4,958,895	-	4,958,895
Cash flows from noncapital financing activities			
Due from other governments	244	-	244
Due to / from other funds	-	(22,660)	(22,660)
Transfers from other funds	21,187,205	-	21,187,205
Transfers to other funds	(22,401,212)	-	(22,401,212)
Total Cash flows from noncapital financing activities	(1,213,763)	(22,660)	(1,236,423)
Cash flows from Capital financing activities			
Acquisition of Capital Assets	(7,232,440)	-	(7,232,440)
Interest Paid on Debt Obligations and Equipment Contracts	(1,013,700)	-	(1,013,700)
Principal Paid on Debt Obligations and Equipment Contracts	(9,343,363)	-	(9,343,363)
Returned Escrow Debt to Lender	(1,377,868)	-	(1,377,868)
Payment to H2GO - Disburse Cash	(5,835,279)	-	(5,835,279)
Capital Contributions	314,154	-	314,154
Net cash provided (used) by capital and related financing activities	(24,488,496)	-	(24,488,496)
Cash flows from investing activities:			
Interest on investments	3,360	-	3,360
Net increase (decrease) in cash and cash equivalents	(20,740,004)	(22,660)	(20,762,664)
Cash and cash equivalents, July 1	20,740,004	22,660	20,762,664
Cash and cash equivalents, June 30	\$ -	\$ -	\$ -
Reconciliation of operating income to net cash provided by operating activities:			
Operating income (loss)	\$ 2,866,275	\$ -	\$ 2,866,275
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	1,346,610	-	1,346,610
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	789,469	-	789,469
Increase (decrease) in accounts payable and accrued liabilities	(43,459)	-	(43,459)
Increase (decrease) in customer deposits	-	-	-
Total adjustments	2,092,620	-	2,092,620
Net cash provided (used) by operating activities	\$ 4,958,895	\$ -	\$ 4,958,895

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

Town of Leland
Notes to the Financial Statements
June 30, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

Leland Tourism Development Authority

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

B. Basis of Presentation – Basis of Accounting

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

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

Fund Financial Statements. The fund financial statements provide information about the Town's funds. Separate statements for each fund category – *governmental and proprietary* – are presented. The town has no fiduciary funds to report. 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, and Vehicle Capital Reserve 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.

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

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

Town of Leland
Notes to the Financial Statements
June 30, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The Town reports the following non-major governmental funds:

Parks Capital Project Fund. This fund is used to account for the park construction.

Westgate Senior Apartment Housing Capital Project Fund. This fund is used to account for the repayment of a CDBG loan from the construction of the Westgate Senior Apartment Housing Complex.

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

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

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

The Town reports the following major enterprise fund:

Utility Fund – This fund is used to account for the Town's water and sewer operations. The fund ceased operations in FY 2021.

The Town reports the following nonmajor enterprise fund:

Cultural Arts Center - This fund was used to account for the activities of the Cultural Arts Center. It has been closed effective July 2020, and is now consolidated with the General Fund.

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 and proprietary fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary 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.

Town of Leland
Notes to the Financial Statements
June 30, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting (continued)

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

The Town considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem property taxes are not accrued as a revenue because the amount is not susceptible to accrual. At June 30, taxes receivable are materially past due and are not considered to be an available resource to finance the operations of the current year. As of September 1, 2013, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, Town of Leland is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts. Property taxes are due when vehicles are registered. The billed taxes are applicable to the fiscal year in which they are received. Uncollected taxes that were billed in periods prior to September 1, 2013 and for limited registration plates are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

Sales taxes and certain intergovernmental revenues, such as utilities franchise tax, collected and held by the State at year-end on behalf of the Town are recognized as revenue. Intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been satisfied. Under the terms of grant agreements, the Town funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the Town's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

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, Powell Bill Paving Capital Project Fund, State Drug Forfeitures Capital Reserve Fund, Vehicle Capital Reserve Fund, Old Fayetteville MUP Capital Project Fund, Westgate Senior Apartment Housing Capital Project Fund, Leland MS Sidewalk Capital Project Fund, Old Fayetteville/Village Rd Ped Loop Capital Project Fund, Village Road MUP Ext Capital Project Fund, Utility Fund, the Utility Capital Reserve Fund, and the Lift Station Upgrade Fund.

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

E. Assets, Liabilities and Fund Equity

1. Deposits and Investments

All deposits of the Town and the Leland Tourism Development Authority are made in board-designated official depositories and are secured as required by State law [G.S.159-31]. The Town may designate, as an official depository, any bank or savings association whose principal office is located in North Carolina. Also, the Town and the Leland Tourism Development Authority may establish time deposit accounts such as NOW and Super-NOW accounts, money market accounts, and certificates of deposit.

Town of Leland
Notes to the Financial Statements
June 30, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Fund Equity (continued)

1. Deposits and Investments (continued)

State law [G.S.159-30(c)] authorizes the Town and the Leland Tourism Development Authority to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; high quality issues of commercial paper and bankers' acceptances and the North Carolina Capital Management Trust (NCCMT). The Town and the Authority's investments are reported at fair value. The NCCMT Government Portfolio, a SEC-registered (2a-7) money market mutual fund, is measured at fair value. Because the NCCMT Government Portfolio has a weighted average maturity of less than 90 days, it is presented as an investment with a maturity of less than 6 months.

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

2. Cash and Cash Equivalents

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

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. Deposits held by the Town as performance guarantees are restricted until the terms are satisfied.

Town of Leland Restricted Cash

Governmental Activities

General Fund:

Streets / Powell Bill	\$ 698,073
Drug Forfeiture	7,675
Contract Deposits	<u>1,383,020</u>
Total Governmental Activities	<u>2,088,768</u>

Total Restricted Cash	<u><u>\$ 2,088,768</u></u>
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4. Ad Valorem Taxes Receivable

In accordance with State law [G.S.105-347 and G.S.159-13(a)], the Town levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, penalties and interest do not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2020.

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.

Town of Leland
Notes to the Financial Statements
June 30, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Fund Equity (Continued)

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.

7. Capital Assets

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

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

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

8. Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, Deferred Outflows of Resources, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Town has one item that meets this criterion, contributions made to the pension plan in the 2021 fiscal year. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Town has several items that meet the criterion for this category – prepaid taxes, property taxes receivable, prepaid utilities, and pension deferrals.

9. Long-Term Obligations

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

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

Town of Leland
Notes to the Financial Statements
June 30, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Fund Equity (Continued)

10. Compensated Absences

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

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

11. Net Position/Fund Balances

Net Position

Net position in government-wide and proprietary fund financial statements are classified as net investment in capital assets, restricted, and unrestricted. Restricted net position represents constraints on resources that are either a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or b) imposed by law through State statute.

Fund Balances

In the governmental fund financial statements, fund balance is composed of five classifications designed to disclose the hierarchy of constraints placed on how fund balance can be spent.

The governmental fund types classify fund balance as follows:

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

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

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

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

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

Town of Leland
Notes to the Financial Statements
June 30, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Fund Equity (Continued)

11. Net Position/Fund Balances (Continued)

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

Committed for Public Safety - portion of fund balance that has been committed for use for LEO Separation.

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

Assigned for Capital Projects – portion of fund balance that has been assigned for various capital projects.

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

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

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

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

12. Pensions

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

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

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

None Reported.

Town of Leland
Notes to the Financial Statements
June 30, 2021

III. DETAIL NOTES ON ALL FUNDS

A. Assets

1. Deposits

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

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

At June 30, 2021, the Town's deposits had a carrying amount of \$6,075,300 and a bank balance of \$6,187,073. Of the bank balance, \$250,000 was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method. At June 30, 2021, the Town's petty cash fund totaled \$410. The carrying amount of deposits for Leland Tourism Development Authority was \$352,148 and the bank balance was \$352,148. Of the bank balance, \$250,000 was covered by federal depository insurance.

2. Investments

At June 30, 2021, the Town of Leland had \$13,257,101 invested with the North Carolina Capital Management Trust. Because the NCCMT Government Portfolio has a weighted average maturity of less than 90 days, they are presented as an investment with a maturity of less than 6 months. The NCCMT Government Portfolio has an AAAM rating from S&P and AAA-mf by Moody's Investor Services. 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, 2021 are net of the following allowances for doubtful accounts:

Fund	June 30, 2021
General Fund	
Taxes Receivable	\$ 47,706
Total	\$ 47,706

Town of Leland
Notes to the Financial Statements
June 30, 2021

III. DETAIL NOTES ON ALL FUNDS (Continued)

A. Assets (Continued)

4. Capital Assets

Primary Government

Capital asset activity for the year ended June 30, 2021, was as follows:

	Beginning Balances		Retirements	Transfers	Ending Balances	
	June 30, 2020	Additions			June 30, 2021	
Governmental Activities						
Capital assets not being depreciated:						
Land	\$ 5,309,547	\$ 367,520	\$ (24,998)	\$ -	\$ 5,652,069	
Construction in Progress	2,621,338	1,581,137	-	-	4,202,475	
Total capital assets not being depreciated	<u>7,930,885</u>	<u>1,948,657</u>	<u>(24,998)</u>	<u>-</u>	<u>9,854,544</u>	
Other capital assets:						
Buildings & Improvements	23,771,422	2,801,344	-	-	26,572,766	
Equipment	875,688	342,753	(7,500)	-	1,210,941	
Vehicles	4,713,459	1,067,535	(64,654)	-	5,716,340	
Infrastructure	55,805,768	1,283,341	-	-	57,089,109	
Collection / Distribution System (ILA)	-	-	-	55,729,643	55,729,643	
Total capital assets being depreciated	<u>85,166,337</u>	<u>5,494,973</u>	<u>(72,154)</u>	<u>55,729,643</u>	<u>146,318,799</u>	
Less accumulated depreciation for:						
Buildings & Improvements	7,967,142	803,942	(917)	-	8,770,167	
Equipment	434,730	198,663	(7,500)	-	625,893	
Vehicles	2,861,118	733,939	(64,654)	-	3,530,403	
Infrastructure	18,297,723	2,185,429	-	-	20,483,152	
Collection / Distribution System (ILA)	-	-	-	16,293,251	16,293,251	
Total accumulated depreciation	<u>29,560,713</u>	<u>3,921,973</u>	<u>(73,071)</u>	<u>16,293,251</u>	<u>49,702,866</u>	
Total capital assets being depreciated, net	<u>55,605,624</u>	<u>\$ 1,573,000</u>	<u>\$ 917</u>	<u>\$ 39,436,392</u>	<u>96,615,933</u>	
Governmental activities capital assets, net	<u>\$ 63,536,509</u>				<u>\$ 106,470,477</u>	

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

Governmental activities	Depreciation
Administration	\$ 321,740
Fire	562,224
Grounds & Maintenance	12,635
Inspections	36,996
Parks & Recreation	19,362
Police	228,023
Public Safety	29,443
Public Works	30,897
Operations	162,744
Stormwater	708,691
Streets / Powell Bill	1,809,218
Total depreciation expense	<u>\$ 3,921,973</u>

Town of Leland
Notes to the Financial Statements
June 30, 2021

III, DETAIL NOTES ON ALL FUNDS (Continued)

A. Assets (Continued)

4. Capital Assets (Continued)

Business-Type Activities

UTILITY FUND

	Beginning Balances	Increases	Decreases	Transfers	Ending Balances
Capital assets not being depreciated:					
Land	\$ 75,739	\$ -	\$ (75,739)	\$ -	\$ -
Construction in Progress	7,295,457	6,904,636	(10,072,624)	(4,127,469)	-
Total capital assets not being depreciated	<u>7,371,196</u>	<u>6,904,636</u>	<u>(10,148,363)</u>	<u>(4,127,469)</u>	<u>-</u>
Capital assets being depreciated:					
Buildings	385,199	-	(385,199)	-	-
Equipment	3,754,907	-	(3,754,907)	-	-
Vehicles	540,967	-	(540,967)	-	-
Water and Sewer System	47,675,856	327,804	(52,131,129)	4,127,469	-
Total capital assets being depreciated	<u>52,356,929</u>	<u>327,804</u>	<u>(56,812,202)</u>	<u>4,127,469</u>	<u>-</u>
Less accumulated depreciation for:					
Buildings	3,210	9,630	(12,840)	-	-
Equipment	3,673,402	47,822	(3,721,224)	-	-
Vehicles	81,814	97,619	(179,433)	-	-
Water and Sewer System	13,179,836	1,191,539	(14,371,375)	-	-
Total accumulated depreciation	<u>16,938,262</u>	<u>1,346,610</u>	<u>(18,284,872)</u>	<u>-</u>	<u>-</u>
Sewer capital assets, net	<u>\$ 42,789,863</u>			<u>\$ -</u>	<u>-</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 Annual Comprehensive Financial Report for the State of North Carolina. The State's Annual Comprehensive Financial Report 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, 2021

III. DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (continued)

1 Pension Plan Obligations (continued)

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

LGERS plan members who are LEOs are eligible to retire with full retirement benefits at age 55 with five years of creditable service as an officer, or at any age with 30 years of creditable service. LEO plan members are eligible to retire with partial retirement benefits at age 50 with 15 years of creditable service as an officer. Survivor benefits are available to eligible beneficiaries of LEO members who die while in active service of within 180 days of their last day of service and who also have either completed 20 years of creditable service regardless of age, or have completed 15 years of service as a LEO and have reached age 50, or have completed five years of creditable service as a LEO and have reached age 55, of 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, 2021, was 10.84% of compensation for law enforcement officers and 10.15% 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 \$837,435 for the year ended June 30, 2021.

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, 2021, the Town reported a liability of \$4,233,438 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019. The total pension liability was then rolled forward to the measurement date of June 30, 2020 utilizing update procedures incorporating the actuarial assumptions. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2020, the Town's proportion was 0.11847%, which was a decrease of 0.0109% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the Town recognized pension expense of \$ 1,453,647. At June 30, 2021, 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	\$ 534,609	\$ -
Changes of assumptions	315,051	-
Net difference between projected and actual earnings on pension plan investments	595,743	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	216,108	235,197
Town contributions subsequent to the measurement date	837,436	-
Total	<u>\$ 2,498,947</u>	<u>\$ 235,197</u>

Town of Leland
Notes to the Financial Statements
June 30, 2021

III. DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (continued)

1 Pension Plan Obligations (continued)

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

\$837,436 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, 2022. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2022	\$ 419,112
2023	544,800
2024	286,093
2025	176,309
2026	-
Thereafter	-
	\$ 1,426,314

Actuarial Assumptions. The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods in the measurement:

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

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

The actuarial assumptions used in the December 31, 2019 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income expectations of forward yields projected and interpolated for multiple tenor and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates for each major asset class as of June 30, 2020 are summarized in the following table:

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

Town of Leland
Notes to the Financial Statements
June 30, 2021

III. DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (continued)

1 Pension Plan Obligations (continued)

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

The information above is based on 30 year expectations developed with the consulting actuary for the 2019 asset liability and investment policy study for the North Carolina retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

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

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

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
Town's proportionate share of the net pension liability (asset)	\$ 8,589,184	\$ 4,233,438	\$ 613,506

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

b. Law Enforcement Officers' Special Separation Allowance

1. Plan Description

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

All full-time Town law enforcement officers are covered by the Separation Allowance. At December 31, 2019, the Separation Allowance's membership consisted of:

Retirees receiving benefits	0
Terminated plan members entitled to but not yet receiving benefits	0
Active plan members	35
Total	35

Town of Leland
Notes to the Financial Statements
June 30, 2021

III. DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

1 Pension Plan Obligations (Continued)

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

2. Summary of Significant Accounting Policies:

Basis of Accounting. The Town has chosen to fund the Separation Allowance on a pay as you go basis. Pension expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting. Benefits are recognized when due and payable in accordance with the terms of the plan.

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

3. Actuarial Assumptions

The entry age actuarial cost method was used in the December 31, 2019 valuation. The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Salary increases	3.25 to 7.75 percent, including inflation and productivity factor
Discount rate	1.93 percent

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

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

4. Contributions.

The Town is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned on a pay as you go basis through appropriations made in the General Fund operating budget. There were no contributions made by employees. The Town's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings. The Town paid \$14,006 as benefits came due for the reporting period.

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

At June 30, 2021, the Town reported a total pension liability of \$1,118,457. The total pension liability was measured as of December 31, 2020 based on a December 31, 2019 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2020 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2021, the Town recognized pension expense of \$156,955.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 135,348	\$ 11,151
Changes of assumptions	346,744	18,774
Town benefit payments and plan administrative expense made subsequent to the measurement date	6,090	-
Total	\$ 488,182	\$ 29,925

Town of Leland
Notes to the Financial Statements
June 30, 2021

III. DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

1 Pension Plan Obligations (Continued)

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

\$6,090 reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ended June 30, 2022. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2022	\$ 80,289
2022	80,289
2023	81,077
2024	75,507
2025	77,148
Thereafter	57,857

Sensitivity of the Town's total pension liability to changes in the discount rate. The following presents the Town's total pension liability calculated using the discount rate of 1.93 percent, as well as what the Town's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (0.93 percent) or 1-percentage-point higher (2.93 percent) than the current rate:

	<u>1% Decrease</u> <u>(0.93%)</u>	<u>Discount Rate</u> <u>(1.93%)</u>	<u>1% Increase</u> <u>(2.93%)</u>
Total pension liability	\$ 1,248,336	\$ 1,118,457	\$ 1,001,194

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

	<u>2021</u>
Beginning balance	\$ 704,853
Service Cost	52,823
Interest on the total pension liability	22,750
Changes of benefit terms	-
Differences between expected and actual experience in the measurement of the total pension liability	(5,523)
Changes of assumptions or other inputs	357,560
Benefit payments	(14,006)
Other changes	-
Ending balance of the total pension liability	<u>\$ 1,118,457</u>

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

The actuarial assumptions used in the December 31, 2019 valuation were based on the results of an actuarial experience study completed by the Actuary for the Local Governmental Employees' Retirement System for the five year period ending December 31, 2019.

Town of Leland
Notes to the Financial Statements
June 30, 2021

III. DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

1 Pension Plan Obligations (Continued)

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

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

	<u>LGERS</u>	<u>LEOSSA</u>	<u>Total</u>
Pension Expense	\$ 1,453,647	\$ 148,554	\$ 1,602,201
Pension Liability	4,233,438	1,118,457	5,351,895
Proportionate share of the net pension liability	0.11847%	n/a	
 Deferred of Outflows of Resources			
Differences between expected and actual experience	534,609	135,348	669,957
Changes of assumptions	315,051	346,744	661,795
Net difference between projected and actual earnings on plan investments	595,743	-	595,743
Changes in proportion and differences between contributions and proportionate share of contributions	216,108	-	216,108
Benefit payments and administrative costs paid subsequent to the measurement	837,436	6,090	843,526
 Deferred of Inflows of Resources			
Differences between expected and actual experience	-	11,151	11,151
Changes of assumptions	-	18,774	18,774
Net difference between projected and actual earnings on plan investments	-	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	235,197	-	235,197

c. Supplemental Retirement Income Plan for Law Enforcement Officers

Plan Description - The Town contributes to the Supplemental Retirement Income Plan (Plan), a defined contribution pension plan administered by the Department of the State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcement officers employed by the Town. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Supplemental Retirement Income Plan for Law Enforcement Officers is included in the Annual Comprehensive Financial Report (ACFR) for the State of North Carolina. The State's ACFR 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, 2021 were \$146,735, which consisted of \$111,672 from the Town and \$35,063 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, 2021 equaled \$280,880, which consisted of \$165,645 from the Town and \$115,235 from the employees.

Town of Leland
Notes to the Financial Statements
June 30, 2021

III. DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

2 Fire Fighters' and Rescue Squad Workers' Pension Fund

Plan Description. The State of North Carolina contributes, on behalf of the Town of Hope Mills, to the Firefighter's and Rescue Squad Workers' Pension Fund (Fund), a cost-sharing multiple-employer defined benefit pension plan with a special funding situation administered by the State of North Carolina. The Fund provides pension benefits for eligible fire and rescue squad workers who have elected to become members of the fund. Article 86 of G.S. Chapter 58 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members - nine appointed by the Governor, one appointed by the state Senate, one appointed by the state House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Firefighter's and Rescue Squad Workers' Pension Fund is included in the Annual Comprehensive Financial Report (ACFR) for the State of North Carolina. The State's ACFR includes financial statements and required supplementary information for the Firefighter's and Rescue Squad Workers' Pension Fund. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454, or at www.osc.nc.gov.

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

Contributions. Plan members are required to contribute \$10 per month to the plan. The State, a non-employer contributor, funds the plan through appropriations. The Town actually makes the \$10 per month members contribution to the Fund. Contribution provisions are established by General Statute 58-86 and may be amended only by the North Carolina General Assembly. For the fiscal year ending June 30, 2021, the State contributed \$18,302,000 to the plan. The Town's proportionate share of the State's contribution is \$6,843.

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

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

At June 30, 2021, the Town reported no liability for its proportionate share of the net pension liability, as the State provides 100% pension support to the Town through its appropriations to the FRSWPF. The total portion of the net pension liability that was associated with the Town and supported by the State was \$17,094. The net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019. The total pension liability was then rolled forward to the measurement date of June 30, 2020 utilizing update procedures incorporating the actuarial assumptions. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative the projected contributions of all participating employers. As the Town is not projected to make any future contributions to the plan, its proportionate share at June 30, 2021 and at June 30, 2020 was 0%.

For the year ended June 30, 2021, the Town recognized pension expense of \$8,811 and revenue of \$9,735 for support provided by the State. At June 30, 2021, the Town reported no deferred outflows of resources and no deferred inflows of resources related to pensions.

Actuarial Assumptions. The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

Town of Leland
Notes to the Financial Statements
June 30, 2021

III. DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

2 Fire Fighters' and Rescue Squad Workers' Pension Fund

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

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

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

3 Other Employment Benefits

The Town has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest months' salary in a row during the 24 months prior to the employee's death, but the benefit may not exceed \$50,000 or be less than \$25,000. Because all death benefit payments are made from the Death Benefit Plan and not by the Town, the Town does not determine the number of eligible participants. The Town has no liability beyond the payment of monthly contributions. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount. Contributions are determined as a percentage of monthly payroll based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. The Town considers these contributions to be immaterial.

4 Deferred Outflows and Inflows of Resources

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

Contributions to pension plan in current fiscal year - LGERS	\$ 837,436
Benefit payments made and administrative expenses for LEOSSA	6,090
Differences between expected and actual experience	
LGERS	534,609
LEOSSA	135,348
Changes of assumptions	
LGERS	315,051
LEOSSA	346,744
Net difference between projected and actual	
LGERS	595,743
Changes in proportion and differences between employer contributions and proportionate share of contributions	
LGERS	216,108
Total Deferred outflows	<u>\$ 2,987,129</u>

Town of Leland
Notes to the Financial Statements
June 30, 2021

III. DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

Deferred inflows of resources is comprised of the following:

Taxes receivable, less penalties	\$	34,958
Pension deferrals:		
Changes in assumptions		
LEOSSA		18,774
Differences between expected and actual experience		
LEOSSA		11,151
Changes in proportion and differences between employer contributions and proportionate share of contributions		
LGERS		235,197
Total Deferred inflows	\$	<u>300,080</u>

5 Risk Management

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

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

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

6 Claims, Judgments and Contingent Liabilities

At June 30, 2021, 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.

Town of Leland
Notes to the Financial Statements
June 30, 2021

III. DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

7 Long-Term Obligations

a. Installment Purchases

On June 21, 2012 the Town entered into a direct placement installment purchase loan in the amount of \$9,900,000 to finance the construction of the new Town Hall and Police Station. The financing contract requires 15 annual payments of \$660,000, at an annual interest rate of 2.14%. The Town Hall is pledged as collateral for the debt.	\$ 4,620,000
On October 15, 2015, the Town entered into a direct placement installment purchase loan in the amount of \$1,043,000 to refinance a fire station. The financing contract requires 7 annual payments beginning June 2016 of \$165,465 including interest at 2.91%. The fire station is pledged as collateral for the debt.	160,786
On April 3, 2015 the Town entered into a direct placement installment purchase loan in the amount of \$2,000,000 to finance the construction of a new Cultural Arts Center. The financing contract requires 15 annual payments beginning April 2015 of \$133,333 at an annual interest rate of 3.09%. The Cultural Arts Center building is pledged as collateral for the debt.	883,793
On October 27, 2017, the Town entered into a direct placement installment purchase loan with BB&T in the amount of \$529,246 as part of the agreement to take on the assets and debt of the Leland Volunteer Fire Department. The financing contract requires 5 annual principal payments beginning October 2018 of \$105,849 plus interest at an annual interest rate of 2.37%. The building is pledged as collateral for the debt.	211,699
On January 26, 2018, the Town entered into a direct placement installment purchase loan with BB&T in the amount of \$7,000,000 for road and sewer improvements. The financing contract requires 15 annual payments beginning January 2019 of \$571,837 at an annual interest rate of 2.72%. The road and sewer lines are pledged as collateral for the debt. The sewer portion of the loan was paid in full as of June 30, 2021, leaving only the Street portion outstanding.	2,400,000
On September 26, 2019, the Town entered into a direct placement installment purchase loan with BB&T in the amount of \$665,289 for fire truck financing. The financing contract requires 5 annual payments beginning September 2020 of \$141,885 including interest at an annual rate of 2.2%.	537,907
On December 10, 2019, the Town entered into a direct placement installment purchase loan with BB&T in the amount of \$5,500,000 for sewer improvements. The financing contract requires 15 annual principal payments beginning January 2021 of \$366,667 plus interest at an annual rate of 2.4%. This loan was paid in full as of June 30, 2021.	-
On June 25, 2020, the Town entered into a direct placement installment purchase loan with BB&T in the amount of \$3,300,000 to purchase a municipal operations campus. The financing contract requires 15 annual principal payments beginning June 2021 of \$220,000 plus interest at an annual rate of 2.5%.	3,080,000
On August 11, 2020, the Town entered into a direct placement installment purchase loan with BB&T in the amount of \$700,000 to finance the purchase of a fire truck. The financing contract requires 5 annual principal payments beginning August 2021 of \$145,080, including interest at an annual rate of 1.20%.	700,000
Total	\$ 12,594,185

For Town of Leland, the future minimum payments as of June 30, 2021, including \$1,541,183 of interest are as follows:

Year Ending June 30	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2022	\$ 1,746,807	\$ 268,588
2023	1,590,499	257,417
2024	1,489,209	221,443
2025	1,493,851	187,594
2026	1,356,693	153,661
2027-2031	3,637,126	380,940
2032-2036	1,280,000	71,540
Total	\$ 12,594,185	\$ 1,541,183

Town of Leland
Notes to the Financial Statements
June 30, 2021

III. DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

7 Long Term Obligations (Continued)

b. Interlocal Agreement

The Town has incurred the following liability through joint service agreements with Brunswick County. In these \$ - agreements, the Town of Leland shares in the costs and debt of certain sewer capacity in their infrastructure financed by the County. These agreements require principal payments due annually with semiannual interest payments, at an annual interest rate of 1.84% to 2.55%. This loan was assumed by H2GO as part of their interlocal agreement, so the balance was removed from the Town's Books as of June 30, 2021.

The Town has incurred the following liability through joint service agreement with Brunswick County. In this - agreement, the Town of Leland shares in the costs and debt of certain sewer capacity in their infrastructure financed by the County. This agreement requires principal payments due annually with semiannual interest payments, at an annual interest rate of 2.2%. This loan was assumed by H2GO as part of their interlocal agreement, so the balance was removed from the Town's Books as of June 30, 2021.

Total \$ -

c. Long-Term Obligation Activity

Governmental Activities:

	Beginning Balance	Additions	Retirements	Ending Balance	Current Portion of Balance
Direct Placement Installment Purchases	\$ 13,496,988	\$ 700,000	\$ 1,602,803	\$ 12,594,185	\$ 1,746,807
Compensated Absences	363,695	110,825	-	474,520	-
Net Pension Liability (LGERS)	3,174,886	1,058,552	-	4,233,438	-
Total Pension Liability (LEOSSA)	704,853	413,604	-	1,118,457	-
Total	\$ 17,740,422	\$ 2,282,981	\$ 1,602,803	\$ 18,420,600	\$ 1,746,807

Business-type Activities:

Interlocal Agreements	\$ 16,665,895	\$ -	\$ 16,665,895	\$ -	\$ -
Direct Placement Installment Purchases	9,054,995	-	9,054,995	-	-
Net Pension Liability (LGERS)	358,654	-	358,654	-	-
Compensated Absences	10,829	-	10,829	-	-
Total	\$ 26,090,373	\$ -	\$ 26,090,373	\$ -	\$ -

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.

Town of Leland
Notes to the Financial Statements
June 30, 2021

III. DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

C. Interfund Balances and Activity

Transfers to/from other funds at June 30, 2021, consists of the following:

<u>From</u>	<u>To</u>	<u>Amount</u>
General Fund	Powell Bill Paving CPF to fund project expenditures	\$ 600,000
General Fund	Property Acquisition CPF to fund project expenditures	2,430,000
General Fund	Old Fayetteville MUP CPF to cover expenditures	150,000
General Fund	Parks CPF to cover expenditures	305,000
General Fund	Leland MS Sidewalk CPF to cover expenditures	30,000
General Fund	Old Fayetteville / Village Road Loop CPF to cover expenditures	150,000
General Fund	Village Road MUP Extension CPF to cover expenditures	30,000
Public Utility Enterprise Fund	General Fund for allocation of administrative costs	1,128,814
		<u>\$ 4,823,814</u>

Transfers are used to move unrestricted revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including amounts providing matching funds for various grant programs.

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

Due from the Old Fayetteville MUP Capital Project Fund to the General Fund for an advance to cover cash balance overdrafts in the amount of \$261,503.

Due from the Village Road MUP Capital Project Fund to the General Fund for an advance to cover cash balance overdrafts in the amount of \$1,007.

D. Net Investment in Capital Assets

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Capital assets	<u>\$106,470,477</u>	<u>\$ -</u>
Total debt, gross	12,594,185	-
Less:		
Capital related unspent debt issuances	-	-
Total capital debt	<u>12,594,185</u>	<u>-</u>
Net investment in capital assets	<u>\$ 93,876,292</u>	<u>\$ -</u>

Town of Leland
Notes to the Financial Statements
June 30, 2021

III. DETAIL NOTES ON ALL FUNDS (Continued)

E. Fund Balance

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

<i>Total Fund Balance - General Fund</i>		\$ 15,144,960
Less:		
Nonspendable		
Prepaid		406
Restricted		
Stabilization by State Statute		2,771,654
Streets - Powell Bill		698,073
Drug Forfeiture		7,674
Committed		
Transportation		-
LEO Separation Allowance		53,891
Remaining Fund Balance		11,613,262

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

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

IV. SUMMARY DISCLOSURE OF SIGNIFICANT COMMITMENTS AND CONTINGENCIES

A. Federal and State Assisted Programs

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

V. INTERLOCAL AGREEMENT WITH BRUNSWICK REGIONAL WATER & SEWER H2GO SANITARY DISTRICT (H2GO)

On March 19, 2021, the Town entered into an interlocal agreement with Brunswick Regional Water and Sewer H2GO. The ILA created a joint undertaking between the Town and H2GO for the operation and joint ownership of water distribution and wastewater collection systems pursuant to N.C. Gen. Stat. §§ 160A-460 through 160A-466, N.C. Gen. Stat. § 160A-11, N.C. Gen. Stat. §160A-322 and N.C. Gen. Stat. § 130A-55. The ILA established a Joint Undertaking Area for the provision of water and sewer services through assets jointly owned by the Town and H2GO. Pursuant to the terms of the ILA, the Town and H2GO cross conveyed a one-half undivided interest in certain water and sewer infrastructure assets located within the Joint Undertaking Area. The purpose of the ILA was to consolidate, through a joint undertaking, the water and wastewater systems and utility funds of the Town and H2GO to gain efficiencies in operations, to enhance financial sustainability, to reduce redundancies and overlaps, and to improve customer service.

As a result of the ILA, the Town reports an extraordinary loss in the utilities fund in the amount of \$53,592,069. Pursuant to the terms of the ILA, the Town and H2GO cross conveyed a one-half undivided interest in certain water and sewer infrastructure assets located within the Joint Undertaking Area, which resulted in the Town then reporting a capital contribution in the Governmental activities of \$39,436,392.

VI. SIGNIFICANT EFFECTS OF SUBSEQUENT EVENTS

Subsequent events have been evaluated through October 28, 2021, which is the date the financial statements were available to be issued. There are a few lawsuits pending. Although there could ultimately be some liability, the Town maintains that there should be no liability to the Town.

VII. RESTATEMENT OF FUND BALANCE

A restatement of fund balance was reflected to show the consolidation of the Cultural Arts Fund with the General Fund. In addition, the Utility Fund was dissolved, and amounts were recorded to properly reflect beginning balances as a result of the consolidation of the funds.

REQUIRED
SUPPLEMENTAL FINANCIAL DATA

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

Local Government Employees' Retirement System				
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Leland proportion of the net pension liability (asset) (%)	0.11847%	0.12939%	0.09441%	0.06886%
Leland proportion of the net pension liability (asset) (\$)	\$ 4,233,438	\$ 3,533,540	\$ 2,239,728	\$ 1,051,990
Leland covered payroll	\$ 6,739,323	\$ 6,502,799	\$ 5,308,752	\$ 3,429,102
Leland proportionate share of the net pension liability (asset) as a percentage of its covered payroll	62.82%	54.34%	42.19%	30.68%
Plan fiduciary net position as a percentage of the total pension liability**	88.61%	90.86%	91.63%	94.18%
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Leland proportion of the net pension liability (asset) (%)	0.05636%	0.05893%	0.05978%	0.05460%
Leland proportion of the net pension liability (asset) (\$)	\$ 1,196,148	\$ 264,474	\$ (352,550)	\$ 658,140
Leland covered payroll	\$ 2,910,994	\$ 2,759,619	\$ 2,607,220	\$ 2,493,749
Leland proportionate share of the net pension liability (asset) as a percentage of its covered payroll	41.09%	9.58%	-13.52%	26.39%
Plan fiduciary net position as a percentage of the total pension liability**	91.47%	98.09%	102.64%	94.35%

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

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

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

Local Government Employees' Retirement System				
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 837,435	\$ 616,135	\$ 516,543	\$ 410,297
Contributions in relation to the contractually required contribution	837,435	616,135	516,543	410,297
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Leland's covered payroll	\$ 8,107,157	\$ 6,739,323	\$ 6,502,799	\$ 5,308,752
Contributions as a percentage of covered payroll	10.33%	9.14%	7.94%	7.73%
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 259,734	\$ 194,441	\$ 212,037	\$ 186,801
Contributions in relation to the contractually required contribution	259,734	194,441	212,037	186,801
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Leland's covered payroll	\$ 3,429,102	\$ 2,910,994	\$ 2,759,619	\$ 2,607,220
Contributions as a percentage of covered payroll	7.57%	6.68%	7.68%	7.16%

Town of Leland, North Carolina
Town of Leland's Proportionate Share of Net Pension Liability
Required Supplementary Information
June 30, 2021

Firefighters' and Rescue Squad Workers' Pension

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Leland's proportionate share of the net pension liability (%)	0.0000%	0.0000%	0.0000%	0.0000%
Leland's proportionate share of the net pension liability (\$)	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the Leland	16,200	18,491	34,519	10,286
Total	<u><u>\$ 16,200</u></u>	<u><u>\$ 18,491</u></u>	<u><u>\$ 34,519</u></u>	<u><u>\$ 10,286</u></u>
Leland's covered payroll	\$ 1,937,126	\$ 1,633,662	\$ 2,054,826	\$ -
Leland's proportionate share of the net pension liability as a percentage of its covered payroll	0.84%	1.13%	1.68%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	92.58%	92.43%	89.69%	89.35%

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

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

TOWN OF LELAND, NORTH CAROLINA
Schedule of Changes in Total Pension Liability
Law Enforcement Officers' Special Separation Allowance
Last Five Fiscal Years

Law Enforcement Officers' Special Separation Allowance					
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Beginning Balance	\$ 704,853	\$ 426,692	\$ 408,259	\$ 308,324	\$ 279,024
Service Cost	52,823	47,035	43,967	38,021	30,768
Interest on the total pension liability	22,750	15,532	12,901	11,901	9,961
Changes of benefit terms	-	-	-	-	-
Differences between expected and actual experience in the measurement	(5,523)	186,035	(11,383)	7,629	-
Changes of assumptions or other inputs	357,560	29,559	(27,052)	42,384	(11,429)
Benefit payments	(14,006)	-	-	-	-
Other changes	-	-	-	-	-
Ending balance of the total pension liability	<u>\$ 1,118,457</u>	<u>\$ 704,853</u>	<u>\$ 426,692</u>	<u>\$ 408,259</u>	<u>\$ 308,324</u>

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

TOWN OF LELAND, NORTH CAROLINA
Schedule of Pension Liability as a Percentage of Covered Payroll
Law Enforcement Officers' Special Separation Allowance
Last Five Fiscal Years

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total pension liability	\$ 1,118,457	\$ 704,853	\$ 426,692	\$ 408,259	\$ 308,324
Covered payroll	\$ 1,889,613	\$ 1,895,467	\$ 1,707,437	\$ 1,611,350	\$ 1,255,830
Total pension liability as a percentage of covered payroll	59.19%	37.19%	24.99%	25.34%	24.55%

Note to the schedules:

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

Major Governmental Funds

General Fund

TOWN OF LELAND, NORTH CAROLINA

Exhibit B-1

General Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Fiscal Year Ended June 30, 2021

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Ad valorem Taxes			
Taxes	\$ 7,860,248	\$ 7,633,521	\$ (226,727)
Penalties and Interest	12,000	12,505	505
Total Ad Valorem Taxes	<u>7,872,248</u>	<u>7,646,026</u>	<u>(226,222)</u>
Other Taxes and Licenses			
Privilege Licenses	1,000	750	(250)
Total Other Taxes and Licenses	<u>1,000</u>	<u>750</u>	<u>(250)</u>
Unrestricted Intergovernmental Revenues			
Local Option Sales Tax	6,454,474	7,607,848	1,153,374
Utility Franchise Tax	950,000	881,737	(68,263)
Beer and Wine Tax	85,000	94,432	9,432
Total Unrestricted Intergovernmental	<u>7,489,474</u>	<u>8,584,017</u>	<u>1,094,543</u>
Restricted Intergovernmental Revenues			
Powell Bill Allocation	570,000	556,785	(13,215)
FEMA Grant	520,000	563,927	43,927
Police Grant Reimbursement	104,600	120,221	15,621
Solid Waste Disposal Tax	15,000	16,240	1,240
Total Restricted Intergovernmental	<u>1,209,600</u>	<u>1,257,173</u>	<u>47,573</u>
Permits and Fees			
Building Permits	1,240,000	1,406,471	166,471
Inspection Fees	60,000	-	(60,000)
Recreation Fees	308,000	23,479	(284,521)
Fire Fees	3,997,520	4,086,654	89,134
Other Fees and Permits	158,000	213,195	55,195
Total Permits and Fees	<u>5,763,520</u>	<u>5,729,799</u>	<u>(33,721)</u>
Investment Earnings			
General	75,000	5,513	(69,487)
Powell Bill	30,000	2,156	(27,844)
Total Investment Earnings	<u>105,000</u>	<u>7,669</u>	<u>(97,331)</u>
Miscellaneous			
Sale of Fixed Assets	-	46,345	46,345
Other	2,005	52,738	50,733
Total Miscellaneous	<u>2,005</u>	<u>99,083</u>	<u>97,078</u>
Total Revenues	<u>22,442,847</u>	<u>23,324,517</u>	<u>881,670</u>
Expenditures			
Governing Body			
Salaries and Wages	67,600	67,227	373
Employee Benefits	6,331	6,170	161
Other Expenditures	337,069	195,909	141,160
Total Governing Body	<u>411,000</u>	<u>269,306</u>	<u>141,694</u>

TOWN OF LELAND, NORTH CAROLINA

Exhibit B-1

General Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Fiscal Year Ended June 30, 2021

	Final Budget	Actual	Variance Positive (Negative)
Administration			
Salaries and Wages	\$ 669,271	\$ 622,653	\$ 46,618
Employee Benefits	260,230	220,781	39,449
Other Expenditures	257,499	311,099	(53,600)
Total Administration	1,187,000	1,154,533	32,467
Information Technology			
Salaries and Wages	46,850	43,921	2,929
Employee Benefits	19,943	20,463	(520)
Other Expenditures	1,066,207	945,074	121,133
Total Information Technology	1,133,000	1,009,458	123,542
Human Resources			
Salaries and Wages	172,450	170,375	2,075
Employee Benefits	69,898	62,326	7,572
Other Expenditures	71,652	37,772	33,880
Total Human Resources	314,000	270,473	43,527
Finance			
Salaries and Wages	289,460	281,501	7,959
Employee Benefits	111,557	113,173	(1,616)
Other Expenditures	113,983	80,840	33,143
Total Finance	515,000	475,514	39,486
Grounds and Maintenance			
Salaries and Wages	441,646	416,419	25,227
Employee Benefits	231,854	207,148	24,706
Other Expenditures	667,500	650,148	17,352
Capital Outlay	52,200	47,275	4,925
Total Grounds and Maintenance	1,393,200	1,320,990	72,210
Police			
Salaries and Wages	2,347,122	2,202,009	145,113
Employee Benefits	1,029,911	939,096	90,815
Other Expenditures	389,377	353,594	35,783
Capital Outlay	227,500	211,485	16,015
Total Police	3,993,910	3,706,184	287,726
Emergency Management			
Salaries and Wages	93,970	92,421	1,549
Employee Benefits	45,887	40,889	4,998
Other Expenditures	163,143	120,315	42,828
Total Emergency Management	303,000	253,625	49,375
Fire			
Salaries and Wages	2,356,200	1,946,094	410,106
Employee Benefits	1,122,428	831,544	290,884
Other Expenditures	454,572	376,470	78,102
Capital Outlay	792,800	788,892	3,908
Total Fire Department	4,726,000	3,943,000	783,000
Inspections			
Salaries and Wages	625,195	591,160	34,035
Employee Benefits	265,386	236,925	28,461
Other Expenditures	211,274	130,570	80,704
Capital Outlay	13,188	27,598	(14,410)
Total Inspections	1,115,043	986,253	128,790

TOWN OF LELAND, NORTH CAROLINA

Exhibit B-1

General Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Fiscal Year Ended June 30, 2021

	Final Budget	Actual	Variance Positive (Negative)
Planning / ECD			
Salaries and Wages	\$ 472,813	\$ 418,996	\$ 53,817
Employee Benefits	204,205	159,932	44,273
Other Expenditures	262,982	138,594	124,388
Total Planning / ECD	<u>940,000</u>	<u>717,522</u>	<u>222,478</u>
Streets / Powell Bill			
Salaries and Wages	544,322	469,050	75,272
Employee Benefits	240,590	197,088	43,502
Other Expenditures	2,287,101	1,628,540	658,561
Powell Bill Capital Project Cost	1,636,357	478,994	1,157,363
Total Streets / Powell Bill	<u>4,708,370</u>	<u>2,773,672</u>	<u>1,934,698</u>
Parks and Recreation			
Salaries and Wages	541,940	344,043	197,897
Employee Benefits	232,412	147,855	84,557
Other Expenditures	445,648	140,107	305,541
Total Parks and Recreation	<u>1,220,000</u>	<u>632,005</u>	<u>587,995</u>
Debt Service			
Principal		1,602,803	
Interest		329,227	
Total Debt Service	<u>1,935,000</u>	<u>1,932,030</u>	<u>2,970</u>
Total Expenditures	<u>23,894,523</u>	<u>19,444,565</u>	<u>4,449,958</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,451,676)</u>	<u>3,879,952</u>	<u>5,331,628</u>
Other Financing Sources (Uses):			
Installment loan proceeds	700,000	700,000	-
Transfers In:			
NCDOT Grant CPF	-	-	-
From Public Utility Fund	1,180,020	1,214,007	33,987
Powell Bill Paving Capital Project	600,000	600,000	-
General Fund to Law Enforcement Separation Allowance	20,000	-	(20,000)
Transfers Out:			
Property Acquisition CPF	(2,430,000)	(2,430,000)	-
Old Fayetteville MUP CPF	(150,000)	(150,000)	-
General Fund to Powell Bill CPF	(600,000)	(600,000)	-
General Fund to Parks CPF	(305,000)	(305,000)	-
General Fund to Leland MS Sidewalk CPF	(30,000)	(30,000)	-
General Fund to Fayetteville / Village Rd CPF	(150,000)	(150,000)	-
General Fund to Village Road MUP CPF	(30,000)	(30,000)	-
General Fund to Law Enforcement Separation Allowance	(20,000)	-	20,000
Total Other Financing Sources (Uses)	<u>(1,214,980)</u>	<u>(1,180,993)</u>	<u>33,987</u>
Fund Balance Appropriated	<u>2,666,656</u>	<u>-</u>	<u>(2,666,656)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>2,698,959</u>	<u>\$ 2,698,959</u>
Fund balance, beginning		12,782,942	
Restatement - See Note VII		<u>(343,833)</u>	
Total beginning fund balance, restated		<u>12,439,109</u>	
Fund balance, ending		<u>\$ 15,138,068</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, 2021

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Restricted Intergovernmental			
Federal Forfeitures	\$ -	\$ -	\$ -
State Forfeitures	-	914	914
Total Restricted Intergovernmental	-	914	914
Investment Earnings			
	-	-	-
Total Revenues	-	914	914
Expenditures			
Police			
Other Expenditures	-	-	-
Total Police	-	-	-
Excess Revenue Over (Under) Expenditures	-	914	914
Fund Balance Appropriated		-	-
Net Change in Fund Balance	\$ -	914	\$ 914
Fund balance, beginning		6,760	
Fund balance, ending		\$ 7,674	

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, 2021

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Investment Earnings	\$ -	\$ -	\$ -
Expenditures			
Police			
Capital Outlay	5,000	5,000	-
Total Public Works	5,000	5,000	-
Excess Revenue Over (Under) Expenditures	(5,000)	(5,000)	-
Other financing sources (uses)			
Transfers In:			
General Fund	-	-	-
Total other financing sources (uses)	-	-	-
Fund Balance Appropriated	5,000	-	(5,000)
Net Change in Fund Balance	<u>\$ -</u>	(5,000)	<u>\$ (5,000)</u>
Fund balance, beginning		4,218	
Fund balance, ending		<u>\$ (782)</u>	

Major Governmental Funds

Capital Project Funds

TOWN OF LELAND, NORTH CAROLINA
Property Acquisition (General) Capital Project Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Fiscal Year Ended June 30, 2021

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
Revenues					
Grant Revenue	\$ 390,000	\$ -	\$ -	\$ -	\$ (390,000)
Investment Earnings	-	-	45	45	45
Total Revenues	<u>390,000</u>	<u>-</u>	<u>45</u>	<u>45</u>	<u>(389,955)</u>
Expenditures					
Grounds & Maintenance	3,689,250	84,730	3,396,447	3,481,177	208,073
Fire	3,381,401	-	65,093	65,093	3,316,308
Streets / Transportation	1,273,179	-	104	104	1,273,075
Total Parks and Recreation	<u>8,343,830</u>	<u>84,730</u>	<u>3,461,644</u>	<u>3,546,374</u>	<u>4,797,456</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(7,953,830)</u>	<u>(84,730)</u>	<u>(3,461,599)</u>	<u>(3,546,329)</u>	<u>4,407,501</u>
Other financing sources (uses):					
Transfers In:					
General Fund	2,430,000	1,600,000	2,430,000	4,030,000	1,600,000
Debt Issuance	-	3,300,000	-	3,300,000	3,300,000
Total financing sources (uses)	<u>2,430,000</u>	<u>4,900,000</u>	<u>2,430,000</u>	<u>7,330,000</u>	<u>4,900,000</u>
Appropriated Fund Balance	<u>5,523,830</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,523,830)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ 4,815,270</u>	<u>(1,031,599)</u>	<u>\$ 3,783,671</u>	<u>\$ 3,783,671</u>
Fund Balance - Beginning of Year			<u>5,517,935</u>		
Fund Balance - End of Year			<u>\$ 4,486,336</u>		

TOWN OF LELAND, NORTH CAROLINA
 Old Fayetteville MUP Capital Project Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balance
 Budget and Actual
 From Inception and For the Fiscal Year Ended June 30, 2021

	Project Authorization	Actual		Total to Date	Variance Positive (Negative)
		Prior Years	Current Year		
Revenues					
Grants	\$ 1,964,375	\$ 165,669	\$ 410,279	\$ 575,948	\$ (1,388,427)
Total Revenues	<u>1,964,375</u>	<u>165,669</u>	<u>410,279</u>	<u>575,948</u>	<u>(1,388,427)</u>
Expenditures					
Transportation					
Other Expenditures	2,470,670	499,331	1,247,811	1,747,142	723,528
Total Transportation	<u>2,470,670</u>	<u>499,331</u>	<u>1,247,811</u>	<u>1,747,142</u>	<u>723,528</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(506,295)</u>	<u>(333,662)</u>	<u>(837,532)</u>	<u>(1,171,194)</u>	<u>(664,899)</u>
Other financing sources (uses):					
Transfers Out:					
General Fund	150,000	514,691	150,000	514,691	364,691
Total financing sources (uses)	<u>150,000</u>	<u>514,691</u>	<u>150,000</u>	<u>514,691</u>	<u>364,691</u>
Appropriated Fund Balance	<u>356,295</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(356,295)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ 181,029</u>	<u>(687,532)</u>	<u>\$ (656,503)</u>	<u>\$ (656,503)</u>
Fund Balance - Beginning of Year			<u>426,029</u>		
Fund Balance - End of Year			<u>\$ (261,503)</u>		

Non-Major Governmental Funds

Capital Project Funds

TOWN OF LELAND, NORTH CAROLINA
 Combining Balance Sheet
 Nonmajor Capital Project Funds
 June 30, 2021

	Westgate Senior Apt. Housing Capital Project Fund	Parks Capital Project Fund	Leland MS Sidewalk Capital Project Fund	Old Fayetteville/Vill age Road Ped Loop Capital Project Fund	Village Road MUP Extension Capital Project Fund	June 30, 2021
ASSETS						
Cash and cash equivalents	\$ 111,213	\$ 395,918	\$ 4,059	\$ 57,815	\$ -	\$ 569,005
Restricted Cash	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-
Total assets	\$ 111,213	\$ 395,918	\$ 4,059	\$ 57,815	\$ -	\$ 569,005
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts Payable and Accrued Liabilities	\$ -	43	\$ -	\$ -	\$ -	\$ 43
Due to Other Funds	-	-	-	-	1,007	1,007
Total liabilities	-	43	-	-	1,007	1,050
Assigned:						
Planning	111,213	-	4,059	57,815	-	173,087
Parks and Recreation	-	395,875	-	-	-	395,875
Unassigned	-	-	-	-	(1,007)	(1,007)
Total fund balances	111,213	395,875	4,059	57,815	(1,007)	567,955
Total liabilities, deferred inflows of resources, and fund balances	\$ 111,213	\$ 395,918	\$ 4,059	\$ 57,815	\$ -	\$ 569,005

TOWN OF LELAND, NORTH CAROLINA
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Capital Project Funds
June 30, 2021

	Westgate Senior Apt. Housing Capital Project Fund	Parks Capital Project Fund	Leland MS Sidewalk Capital Project Fund	Old Fayetteville/Vill age Road Ped Loop Capital Project Fund	Village Road MUP Extension Capital Project Fund	June 30, 2021
Revenues						
Restricted Intergovernmental	\$ -	\$ -	\$ 33,723	\$ 42,844	\$ 5,575	\$ 82,142
Investment Earnings	-	-	-	-	-	-
Other Income	14,197	-	-	-	-	14,197
Total Revenue	\$ 14,197	\$ -	\$ 33,723	\$ 42,844	\$ 5,575	\$ 96,339
Expenditures						
Planning	\$ -	\$ -	\$ 92,816	\$ 123,126	\$ 64,881	\$ 280,823
Parks and Recreation	-	52,503	-	-	-	52,503
Transportation	-	-	-	-	-	-
Total Expenditures	-	52,503	92,816	123,126	64,881	333,326
Excess (Deficiency) of Revenues Over Expenditures	14,197	(52,503)	(59,093)	(80,282)	(59,306)	(1,074,519)
Other Financing Sources (Uses)						
Transfers from Other Funds	-	305,000	30,000	150,000	30,000	515,000
Transfers to Other Funds	-	-	-	-	-	-
Installment Purchase Obligations Issu	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	305,000	30,000	150,000	30,000	515,000
Net Change in Fund Balance	14,197	252,497	(29,093)	69,718	(29,306)	278,013
Fund balance - Beginning	97,016	143,378	33,152	(11,903)	28,299	289,942
Fund Balance - End of Year	\$ 111,213	\$ 395,875	\$ 4,059	\$ 57,815	\$ (1,007)	\$ 567,955

TOWN OF LELAND, NORTH CAROLINA
 Old Fayetteville/Village Rd Ped Loop
 Schedule of Revenues, Expenditures, and Changes in Fund Balance
 Budget and Actual
 From Inception and For the Fiscal Year Ended June 30, 2021

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues					
 Restricted Intergovernmental					
STP-DA Grant	\$ 398,596	\$ 21,025	\$ 42,844	\$ 63,869	\$ (334,727)
Total Restricted Intergovernmental	<u>398,596</u>	<u>21,025</u>	<u>42,844</u>	<u>63,869</u>	<u>(334,727)</u>
Expenditures					
 Planning					
Capital Outlay	560,499	115,825	123,126	238,951	321,548
Total Planning	<u>560,499</u>	<u>115,825</u>	<u>123,126</u>	<u>238,951</u>	<u>321,548</u>
Revenues over (under) Expenditures	<u>(161,903)</u>	<u>(94,800)</u>	<u>(80,282)</u>	<u>(175,082)</u>	<u>(13,179)</u>
Other Financing Sources:					
Transfers In:					
Transfer from General Fund	150,000	82,897	150,000	232,897	-
Appropriated Fund Balance	11,903	-	-	-	(11,903)
Total Other Sources	<u>161,903</u>	<u>82,897</u>	<u>150,000</u>	<u>232,897</u>	<u>(11,903)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ (11,903)</u>	69,718	<u>\$ 57,815</u>	<u>\$ (25,082)</u>
Fund Balance - Beginning of Year			<u>(11,903)</u>		
Fund Balance - End of Year			<u>\$ 57,815</u>		

TOWN OF LELAND, NORTH CAROLINA
 Westgate Senior Apt. Housing Capital Project Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balance
 Budget and Actual
 From Inception and For the Fiscal Year Ended June 30, 2021

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues					
Federal Grant	\$ -	\$ -	\$ -	\$ -	\$ -
Miscellaneous Income	15,000	97,016	14,197	111,213	96,213
Total Revenues	<u>15,000</u>	<u>97,016</u>	<u>14,197</u>	<u>111,213</u>	<u>96,213</u>
Expenditures					
Planning					
Other Expenditures	112,000	-	-	-	112,000
Total Planning	<u>112,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>112,000</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(97,000)</u>	<u>97,016</u>	<u>14,197</u>	<u>111,213</u>	<u>208,213</u>
Appropriated Fund Balance	<u>97,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(97,000)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ 97,016</u>	<u>14,197</u>	<u>\$ 111,213</u>	<u>\$ 111,213</u>
Fund Balance - Beginning of Year			<u>97,016</u>		
Fund Balance - End of Year			<u>\$ 111,213</u>		

TOWN OF LELAND, NORTH CAROLINA
Parks Capital Project Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
From Inception and For the Fiscal Year Ended June 30, 2021

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues					
Miscellaneous Revenue	\$ -	\$ -	\$ -	\$ -	\$ -
Investment Earnings	-	-	-	-	-
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures					
Parks and Recreation					
Cypress Cove Park	-	-	-	-	-
Greenway Planning Project	-	7,500	-	7,500	(7,500)
Sturgeon Creek Park	105,949	648,771	20,048	668,819	(562,870)
Founders Park (Municipal Park)	341,453	16,800	32,455	49,255	292,198
Total Parks and Recreation	<u>447,402</u>	<u>673,071</u>	<u>52,503</u>	<u>725,574</u>	<u>(278,172)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(447,402)</u>	<u>(673,071)</u>	<u>(52,503)</u>	<u>(725,574)</u>	<u>(278,172)</u>
Other financing sources (uses):					
Transfers In:					
Cypress Cove Park	305,000	8,096	305,000	313,096	8,096
Greenway Planning Project	-	30,001	-	30,001	30,001
Founders Park (Municipal Park)	-	52,655	-	52,655	52,655
Other Funds	-	633,419	-	633,419	633,419
Total financing sources (uses)	<u>305,000</u>	<u>724,171</u>	<u>305,000</u>	<u>1,029,171</u>	<u>724,171</u>
Appropriated Fund Balance	<u>142,402</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(142,402)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ 51,100</u>	<u>252,497</u>	<u>\$ 303,597</u>	<u>\$ 303,597</u>
Fund Balance - Beginning of Year			<u>143,378</u>		
Fund Balance - End of Year			<u>\$ 395,875</u>		

TOWN OF LELAND, NORTH CAROLINA
Leland MS Sidewalk Capital Project Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
From Inception and For the Fiscal Year Ended June 30, 2021

	Project Authorization	Actual		Total to Date	Variance Positive (Negative)
		Prior Years	Current Year		
Revenues					
Restricted Intergovernmental					
STP-DA Grant	\$ 273,027	\$ 19,905	\$ 33,723	\$ 53,628	\$ (219,399)
Total Restricted Intergovernmental	<u>273,027</u>	<u>19,905</u>	<u>33,723</u>	<u>53,628</u>	<u>(219,399)</u>
Expenditures					
Planning					
Capital Outlay	336,179	42,486	92,816	135,302	200,877
Total Planning	<u>336,179</u>	<u>42,486</u>	<u>92,816</u>	<u>135,302</u>	<u>200,877</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(63,152)</u>	<u>(22,581)</u>	<u>(59,093)</u>	<u>(81,674)</u>	<u>(18,522)</u>
Other financing sources (uses):					
Transfers In:					
Transfer from General Fund	30,000	55,733	30,000	85,733	55,733
Appropriated Fund Balance	33,152	-	-	-	(33,152)
Total Other Sources	<u>63,152</u>	<u>55,733</u>	<u>30,000</u>	<u>85,733</u>	<u>22,581</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ 33,152</u>	<u>(29,093)</u>	<u>\$ 4,059</u>	<u>\$ 4,059</u>
Fund Balance - Beginning of Year			<u>33,152</u>		
Fund Balance - End of Year			<u>\$ 4,059</u>		

TOWN OF LELAND, NORTH CAROLINA
 Village Rd MUP Extension
 Schedule of Revenues, Expenditures, and Changes in Fund Balance
 Budget and Actual
 From Inception and For the Fiscal Year Ended June 30, 2021

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues					
Restricted Intergovernmental					
STP-DA Grant	\$ 167,914	\$ 20,014	\$ 5,575	\$ 25,589	\$ (142,325)
Total Restricted Intergovernmental	<u>167,914</u>	<u>20,014</u>	<u>5,575</u>	<u>25,589</u>	<u>(142,325)</u>
Expenditures					
Planning					
Capital Outlay	234,790	33,678	64,881	98,559	136,231
Total Planning	<u>234,790</u>	<u>33,678</u>	<u>64,881</u>	<u>98,559</u>	<u>136,231</u>
Revenues over (under) Expenditures	<u>(66,876)</u>	<u>(13,664)</u>	<u>(59,306)</u>	<u>(72,970)</u>	<u>(6,094)</u>
Other financing sources (uses):					
Transfers In:					
Transfer from General Fund	30,000	41,963	30,000	71,963	-
Appropriated Fund Balance	36,876	-	-	-	(36,876)
Total Other Sources	<u>66,876</u>	<u>41,963</u>	<u>30,000</u>	<u>71,963</u>	<u>(36,876)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ 28,299</u>	<u>(29,306)</u>	<u>\$ (1,007)</u>	<u>\$ (42,970)</u>
Fund Balance - Beginning of Year			<u>28,299</u>		
Fund Balance - End of Year			<u>\$ (1,007)</u>		

Enterprise Funds

TOWN OF LELAND, NORTH CAROLINA
 Utility Fund
 Schedule of Revenues and Expenditures
 Budget and Actual (Non-GAAP)
 For the Fiscal Year Ended June 30, 2021

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Operating Revenues			
Water Charges	\$ 2,228,172	\$ 1,486,108	\$ (742,064)
Sewer Charges	6,510,303	5,895,362	(614,941)
Penalties and Interest	7,000	24,500	17,500
Miscellaneous Income	-	4,149	4,149
Total Operating Revenues	<u>8,745,475</u>	<u>7,410,119</u>	<u>(1,335,356)</u>
Nonoperating Revenues			
Grant Revenue	-	-	-
Investment Earnings	100,000	3,228	(96,772)
Total Nonoperating Revenues	<u>100,000</u>	<u>3,228</u>	<u>(96,772)</u>
Total Revenues	<u>8,845,475</u>	<u>7,413,347</u>	<u>(1,432,128)</u>
Expenditures			
Water/Sewer Operations			
Salaries and Wages	589,802	453,092	136,710
Employee Benefits	254,617	184,787	69,830
Repairs and Maintenance	618,900	281,981	336,919
Capital Outlay	224,423	524,861	(300,438)
Other Expenditures	2,910,027	2,080,317	829,710
Total Water Operations	<u>4,597,769</u>	<u>3,525,038</u>	<u>1,072,731</u>
Debt Service			
Principal Retirement	9,930,108	9,343,363	586,745
Interest Paid	419,892	1,013,700	(593,808)
Total Debt Service	<u>10,350,000</u>	<u>10,357,063</u>	<u>(7,063)</u>
Total Expenditures	<u>14,947,769</u>	<u>13,882,101</u>	<u>1,065,668</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(6,102,294)</u>	<u>(6,468,754)</u>	<u>(366,460)</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, 2021

	Final Budget	Actual	Variance Positive (Negative)
Other financing sources (uses):			
Contributed Capital - Builders	-	314,154	314,154
Transfers In:			
Utility Capital Reserve Fund	11,846,024	11,846,024	-
Transfers Out:			
General Fund	(1,180,019)	(1,214,007)	(33,988)
Utility Capital Reserve Fund	(4,593,134)	(4,345,475)	247,659
Lift Station Upgrade Capital Reserve Fund	-	-	-
Extraordinary Loss - H2GO Agreement	(5,825,380)	(53,592,069)	(47,766,689)
Total financing sources (uses)	<u>247,491</u>	<u>(46,991,373)</u>	<u>(47,238,864)</u>
Appropriated Fund Balance	<u>5,854,803</u>	<u>-</u>	<u>(5,854,803)</u>
Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	<u>\$ -</u>	<u>\$ (53,460,127)</u>	<u>\$ (53,460,127)</u>
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:			
Revenues Over (Under) Expenditures and Other Financing Sources (Uses)		<u>\$ (53,460,127)</u>	
Reconciling Items:			
Capital Outlay		\$ 13,650	
Capital Outlay from Capital Contributions		314,154	
Depreciation Expense		(1,346,610)	
Principal Retirement		9,343,363	
(Increase) decrease in accrued interest		218,943	
Investment Earnings from Utility Capital Reserve Fund		132	
Loan Proceeds (returned from Escrow)		1,377,869	
Reclass Loan Payment (from Project Fund)		(1,126,967)	
Transfers (consolidating funds)		(7,500,549)	
Total Reconciling Items		<u>1,293,985</u>	
Change in Net Position		<u>\$ (52,166,142)</u>	

TOWN OF LELAND, NORTH CAROLINA
Combining Schedule of Revenues and Expenditures
Utility Capital Project Funds
June 30, 2021

	Utility Capital Reserve Fund	Lift Station Upgrade Capital Reserve Fund	Total
Revenues			
Investment Earnings	\$ -	\$ 132	\$ 132
Expenditures			
Sewer Operations			
Other Expenditures	-	-	-
Capital Outlay	-	6,904,636	6,904,636
Total Expenditures	-	6,904,636	6,904,636
Excess (Deficiency) of Revenues Over Expenditures	-	(6,904,504)	(6,904,504)
Other Financing Sources (Uses)			
Transfers from Other Funds	5,833,648	3,507,533	9,341,181
Loan Proceeds	-	(1,377,869)	(1,377,869)
Transfers to Other Funds	(15,353,557)	(1,488,173)	(16,841,730)
Total Other Financing Sources (Uses)	(9,519,909)	641,491	(8,878,418)
Revenues Over Other Financing	\$ (9,519,909)	\$ (6,263,013)	\$ (15,782,922)

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, 2021

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Water System Development Fees	\$ -	\$ -	\$ -
Sewer System Development Fees	-	-	-
Investment Earnings	-	-	-
Total Water and Sewer Revenues	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures			
Sewer Operations			
Other Expenditures	-	-	-
Total Sewer Operations	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Transfers In:			
Utility Fund	7,106,251	5,833,648	(1,272,603)
Transfers Out:			
Utility Fund	(15,353,557)	(15,353,557)	-
Total financing sources (uses)	<u>(8,247,306)</u>	<u>(9,519,909)</u>	<u>(1,272,603)</u>
Appropriated Fund Balance	<u>8,247,306</u>	<u>-</u>	<u>(8,247,306)</u>
Revenues Over Other Financing Sources (Uses)	<u>\$ -</u>	<u>\$ (9,519,909)</u>	<u>\$ (9,519,909)</u>

TOWN OF LELAND, NORTH CAROLINA
Lift Station Upgrade Capital Reserve Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2021

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues					
Investment Earnings	\$ -	\$ 544	\$ 132	\$ 676	\$ 676
Expenditures					
Sewer Operations					
Other Expenditures	-	-	-	-	-
Capital Outlay	9,804,602	7,295,457	6,904,636	14,200,093	(4,395,491)
Total Sewer Operations	9,804,602	7,295,457	6,904,636	14,200,093	(4,395,491)
Excess (Deficiency) of Revenues Over Expenditures	(9,804,602)	(7,294,913)	(6,904,504)	(14,199,417)	(4,394,815)
Other financing sources (uses):					
Transfers In:					
Utility Fund	3,507,533	7,157,867	3,507,533	10,665,400	7,157,867
Debt issuance	-	7,500,000	(1,377,869)	6,122,131	6,122,131
Transfers Out:					
Utility Fund	(1,488,173)	(55,814)	(1,488,173)	(1,543,987)	55,814
Total financing sources (uses)	2,019,360	14,602,053	641,491	15,243,544	13,335,812
Appropriated Fund Balance	7,797,287	-	-	-	(7,797,287)
Revenues Over Other Financing Sources (Uses)	\$ 12,045	\$ 7,307,140	\$ (6,263,013)	\$ 1,044,127	\$ 1,143,710

Other Schedules

TOWN OF LELAND, NORTH CAROLINA
 General Fund
 Schedule of Ad Valorem Taxes Receivable
 For the Fiscal Year Ended June 30, 2021

<u>Fiscal Year</u>	<u>Uncollected Balance July 1, 2020</u>	<u>Additions and Adjustments</u>	<u>Collections and Credits</u>	<u>Uncollected Balance June 30, 2021</u>
2020-21	\$ -	\$ 7,203,546	\$ 7,169,930	\$ 33,616
2019-20	34,948	-	24,475	10,473
2018-19	13,767	-	7,032	6,735
2017-18	8,984	-	3,810	5,174
2016-17	5,201	-	2,381	2,820
2015-16	6,707	-	662	6,045
2014-15	3,081	-	792	2,289
2013-14	3,282	2,168	-	5,450
2012-13	5,592	704	-	6,296
2011-12	5,089	-	1,316	3,773
2010-11	3,625	-	3,625	-
	<u>\$ 90,276</u>	<u>\$ 7,206,418</u>	<u>\$ 7,214,023</u>	<u>82,671</u>
Less: Allowance for Uncollectible Accounts: General Fund				47,706
Ad Valorem Taxes Receivable, net				<u>\$ 34,965</u>
<u>Reconciliation with Revenues</u>				
Ad Valorem Taxes - General Fund				\$ 7,646,026
Reconciling Items:				
Interest and Penalties Collected				(12,505)
Releases and adjustments				<u>(419,498)</u>
Total Collections and Credits				<u>\$ 7,214,023</u>

TOWN OF LELAND, NORTH CAROLINA
 General Fund
 Schedule of Ad Valorem Taxes Receivable
 For the Fiscal Year Ended June 30, 2021

	<u>Town-Wide</u>			<u>Total Levy</u>	
	<u>Property Valuation</u>	<u>Rate per \$100</u>	<u>Amount of Levy</u>	<u>Property Excluding Registered Motor Vehicles</u>	<u>Registered Motor Vehicles</u>
Original Levy:					
Property Taxed at					
Current Year's Rate	\$ 3,430,260,000	0.21	\$ 7,203,546	\$ 6,527,966	\$ 675,580
	-				
	<u>3,430,260,000</u>		<u>7,203,546</u>	<u>6,527,966</u>	<u>675,580</u>
Total Property Valuations	<u>\$ 3,430,260,000</u>				
Net Levy			\$ 7,203,546	\$ 6,527,966	\$ 675,580
Uncollected Taxes at June 30, 2021			<u>33,616</u>	<u>33,616</u>	<u>-</u>
Current Year's Taxes Collected			<u>\$ 7,169,930</u>	<u>\$ 6,494,350</u>	<u>\$ 675,580</u>
Current Levy Collection Percentage			<u>99.53%</u>	<u>99.49%</u>	<u>100.00%</u>

COMPLIANCE SECTION





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

**P.O Box 398
1626 S. Madison Street
Whiteville, NC 28472
Telephone (910) 642-2109
Fax (910) 642-5958**

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

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

Independent Auditors' Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Leland, North Carolina, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprises the Town of Leland's basic financial statements, and have issued our report thereon dated October 28, 2021.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

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

Thompson, Price, Scott, Adams & Co., P.A.
Whiteville, NC
October 28, 2021



102 Town Hall Drive - Leland, North Carolina 28451
(910) 371-0148 - Fax (910) 371-1073

Corrective Action Plan
For the Year Ended June 30, 2020

Section II - Financial Statement Findings

None Reported.

TOWN OF LELAND, NORTH CAROLINA
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
For the Year Ended June 30, 2021

None reported.