



Town of Leland



Annual Financial Report
Year End-June 2025



TOWN OF LELAND, NORTH CAROLINA
FINANCIAL STATEMENTS
June 30, 2025

Town Council Members

Brenda Bozeman, Mayor
Bob Campbell, Mayor Pro Tem
Veronica Carter
Richard Holloman
Bill McHugh

Administrative and Financial Staff

David Hollis, Town Manager
Carly Hagg, Finance Director

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FINANCIAL SECTION



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

INDEPENDENT AUDITORS' REPORT

To the Town Council
Town of Leland
Leland, North Carolina

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, the aggregate discretely presented component units, and the aggregate remaining fund information of Town of Leland, North Carolina, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Town of Leland's basic financial statements as listed in the table of contents.

In our opinion, based upon our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, the aggregate discretely presented component units, and the aggregate remaining fund information of Town of Leland, North Carolina as of June 30, 2025, and the respective changes in financial position 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under these standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Town of Leland and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions. The financial statements of Leland Tourism Development Authority were not audited in accordance with *Government Auditing Standards*.

Responsibilities of Management 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raises substantial doubt about Town of Leland's ability to continue as a going concern for the twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect material statement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercised professional judgement and maintained professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsible to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Town of Leland's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Town of Leland's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 38 through 39, respectively, the Firefighters' and Rescue Squad Workers' Pension Fund's Schedule of the Proportionate Share of Net Pension Liability on page 40 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 41 and 42 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 Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of Town of Leland, North Carolina. The combining and individual fund statements, budgetary schedules, and other schedules, as well as the accompanying 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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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, other schedules, and the Schedule of Expenditures of Federal and State Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory information and the statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance on thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statement, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 24, 2025 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 the report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Leland's internal control over financial reporting and compliance.

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

Thompson, Price, Scott, Adams & Co., P.A.
Whiteville, NC
November 24, 2025

Town of Leland
Management's Discussion and Analysis
June 30, 2025

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, 2025. 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.

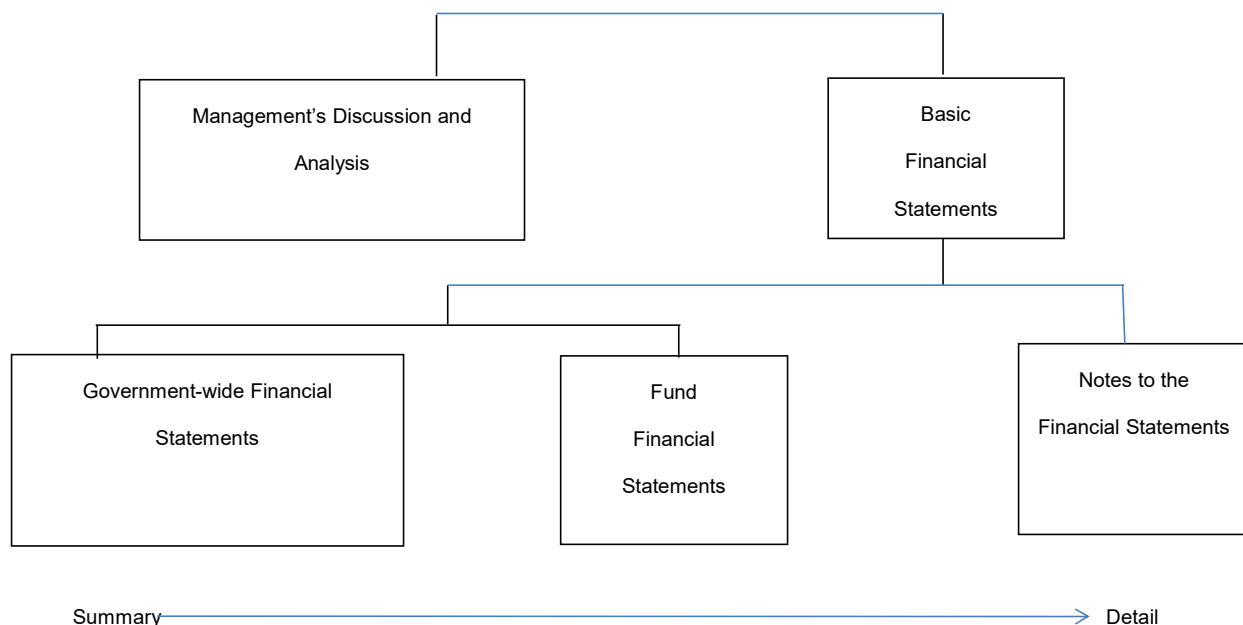
Financial Highlights

- 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 \$160,428,657 (net position).
- The government's total net position increased by \$19,329,059. A prior period restatement also decreased the governmental total net position by \$1,455,786 as a result of the implementation of GASB 101.
- As of the close of the current fiscal year, the Town of Leland's governmental funds reported combined ending fund balances of \$40,569,166 with an increase of \$9,694,630 in fund balance over the previous year.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$17,484,282, or 36.11 percent of total general fund expenditures for the fiscal year.

Overview of the Financial Statements

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

Required Components of Annual Financial Report
Figure 1



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.

Town of Leland
Management's Discussion and Analysis
June 30, 2025

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 Town no longer has business-type activities to present.

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.

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 5.

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.

Town of Leland
Management's Discussion and Analysis
June 30, 2025

Government-Wide Financial Analysis

The Town of Leland's Net Position

Figure 2

	Governmental Activities	
	2025	2024
Current and other assets	\$ 44,853,651	\$ 36,063,912
Capital Assets	157,621,863	136,750,387
Total Assets	<u>202,475,514</u>	<u>172,814,299</u>
Deferred Outflows of Resources	6,482,285	7,186,056
Total Assets and Deferred Outflows of Resources	<u>208,957,799</u>	<u>180,000,355</u>
Long-term Liabilities Outstanding	43,875,727	31,818,480
Other Liabilities	3,664,105	4,838,363
Total Liabilities	<u>47,539,832</u>	<u>36,656,843</u>
Deferred Inflows of Resources	684,310	538,128
Total Liabilities and Deferred Inflows of Resources	<u>48,224,142</u>	<u>37,194,971</u>
Net Position:		
Net Investment in capital assets	131,575,373	122,831,152
Restricted	4,104,202	3,687,101
Unrestricted	24,749,082	16,037,131
Total Net Position	<u>\$ 160,428,657</u>	<u>\$ 142,555,384</u>

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 \$160,428,657 as of June 30, 2025. The Town's net position increased by \$19,329,059 for the fiscal year ended June 30, 2025. A prior period restatement also decreased the governmental total net position by \$1,455,786 as a result of the implementation of GASB 101. However, the largest portion (82.01%) 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, \$4,104,202, represents sources that are subject to external restrictions on how they may be used. The remaining balance of \$24,749,082 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 99.67%.

Town of Leland
Management's Discussion and Analysis
June 30, 2025

The Town of Leland Changes in Net Position
Figure 3

	Governmental Activities	
	2025	2024
Revenues:		
Program revenues:		
Charges for services	\$ 9,105,572	\$ 8,239,243
Operating grants and contributions	220,622	4,502,156
Capital grants and contributions	18,268,635	10,375,238
General revenues:		
Property taxes	19,391,021	15,343,729
Other taxes	14,888,456	13,646,676
Other	1,903,244	1,640,198
Total revenues	<u>63,777,550</u>	<u>53,747,240</u>
Expenses:		
Governing body	248,030	261,617
Administrative	2,936,343	2,958,516
Information Technology	2,488,923	2,719,939
Human Resources	591,012	351,804
Finance	1,214,150	818,443
Grounds and Maintenance	1,742,851	1,539,628
Engineering	1,043,377	595,218
Inspections	3,142,925	2,772,390
Police	9,397,948	6,951,925
Emergency Management	209,782	217,235
Fire	5,711,054	6,613,361
Planning	2,266,881	1,017,511
Streets/Powell Bill	10,538,788	9,157,934
Parks and Recreation	1,977,546	1,033,259
Interest on long-term debt	938,881	352,829
Total expenses	<u>44,448,491</u>	<u>37,361,609</u>
Change in net position	19,329,059	16,385,631
Net position, beginning	142,555,384	126,169,753
Prior Period Restatement (See Note VI)	(1,455,786)	-
Net position, beginning, restated	<u>141,099,598</u>	<u>126,169,753</u>
Net position, ending	<u>\$ 160,428,657</u>	<u>\$ 142,555,384</u>

Governmental activities. Governmental activities increased the Town's net position by \$19,329,059. A prior period restatement also decreased the governmental total net position by \$1,455,786 as a result of the implementation of GASB 101. Of this increase, \$17,189,857 is for assets that were contributed by developers.

Financial Analysis of the Town's Funds

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

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

The General Fund is the chief operating fund of the Town of Leland. At the end of the current fiscal year, Town of Leland's fund balance available in the General Fund was \$18,392,724, while total fund balance reached \$21,674,075. The Town currently has an available fund balance of 37.99% of general fund expenditures, while total fund balance represents 44.77% of the same amount.

At June 30, 2025, the governmental funds of Town of Leland reported a combined fund balance of \$40,569,166, with a net increase in fund balance of \$9,694,630.

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.

Town of Leland
Management's Discussion and Analysis
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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.

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, 2025, totals \$157,993,871 (net of accumulated depreciation and amortization) an increase of 15.36% over the prior year. These assets include buildings, land, vehicles, infrastructure, equipment, and right to use assets for leases and IT subscriptions.

Major capital asset transactions during the year include:

- Equipment
- Vehicles and equipment
- Infrastructure

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

	Governmental Activities	
	2025	2024
Land	\$ 16,040,909	\$ 7,905,549
Construction in Progress	17,032,176	19,431,167
Buildings	19,321,411	17,808,334
Infrastructure	46,903,074	46,954,407
Vehicles	1,873,004	2,462,180
Plant and Distribution	53,282,520	41,644,069
Equipment	3,168,769	544,681
Right to use assets:		
Leases	2,554	4,256
IT Subscriptions	369,454	198,687
Total	<u>\$ 157,993,871</u>	<u>\$ 136,953,330</u>

Additional information on the Town's capital assets can be found in Note III.A.4 to the Financial Statements.

Long-term Debt. As of June 30, 2025, Town of Leland had total debt outstanding of \$43,875,727. 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	
	2025	2024
Installment purchases	\$ 28,254,335	\$ 18,506,427
Lease Liabilities	2,469	4,155
IT Subscription Liabilities	348,828	261,492
Compensated Absences *	2,239,150	2,199,246
Net Pension Liability (LGRS)	11,644,678	11,148,113
Total Pension Liability (LEOSSA)	1,386,267	1,154,833
Total	<u>\$ 43,875,727</u>	<u>\$ 33,274,266</u>

Town of Leland's Outstanding Debt. Town of Leland's total debt increased by \$10,601,461 (31.86% over the prior year) during the current fiscal year. The key factor in this increase was the new installment purchases issued of \$15,221,059 relates to governmental activities.

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 \$552,213,748. The Town of Leland does not have any authorized but un-issued debt at June 30, 2025.

Additional information regarding the Town of Leland's long-term debt can be found in Note III.B.7 to the Financial Statements.

**Town of Leland
Management's Discussion and Analysis
June 30, 2025**

Economic Factors and Next Year's Budgets and Rates

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

- The Town has increased staff to provide improved level of services to the growing population.
- The Town is attracting and retaining companies offering job opportunities and a variety of conveniently located retail, dining, and commercial businesses for our residents.
- Commencement of capital projects that will increase our appeal and bring more tourism to the area.

Budget Highlights for the General Fund Budget Fiscal Year Ending June 30, 2026

- The FY25-26 recommended budget totals \$48,000,000 for all Town operations. Following Town Council's direction, the budget is balanced with a tax rate of 27.0 cents per \$100 valuation. The budget includes no appropriated fund balance.

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:

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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

June 30, 2025

	Primary Government		Leland Tourism Development Authority
	Governmental Activities	Total	
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 36,080,861	\$ 36,080,861	\$ 475,198
Receivables (net):			
Ad Valorem Taxes	80,680	80,680	-
Occupancy Tax	-	-	35,694
Accounts	1,600	1,600	-
Prepaid Items	1,136	1,136	-
Due from Other Governments	3,268,008	3,268,008	-
Restricted Cash and Cash Equivalents	5,049,358	5,049,358	-
Total Current Assets	44,481,643	44,481,643	510,892
Noncurrent Assets			
Capital Assets			
Land, Nondepreciable Improvements, and Construction in Progress	33,073,085	33,073,085	-
Other Capital Assets, Net of Depreciation	124,548,778	124,548,778	-
Right to use assets, net of amortization	372,008	372,008	-
Total Noncurrent Assets	157,993,871	157,993,871	-
Total Assets	202,475,514	202,475,514	510,892
DEFERRED OUTFLOWS OF RESOURCES			
Pension Deferrals	6,482,285	6,482,285	-
Total deferred outflows of resources	6,482,285	6,482,285	-
LIABILITIES			
Current Liabilities:			
Accounts Payable and Accrued Liabilities	677,590	677,590	-
Customer Deposits	2,849,207	2,849,207	-
Accrued Interest	137,308	137,308	-
Unearned revenue	305,000	305,000	-
Current Portion of Long-term Debt	6,377,692	6,377,692	-
Total Current Liabilities	10,346,797	10,346,797	-
Long-term liabilities:			
Net pension liability (LGERS)	11,644,678	11,644,678	-
Total pension liability (LEOSSA)	1,386,267	1,386,267	-
Compensated absences	1,596,340	1,596,340	-
Due in more than one year	22,870,750	22,870,750	-
Total Long-Term Liabilities	37,498,035	37,498,035	-
Total Liabilities	47,844,832	47,844,832	-
DEFERRED INFLOWS OF RESOURCES			
Pension Deferrals	684,310	684,310	-
Total deferred inflows of resources	684,310	684,310	-
NET POSITION			
Net investment in capital assets	131,575,373	131,575,373	-
Restricted for:			
Stabilization by State Statute	3,280,215	3,280,215	35,694
Inspection	810,770	810,770	-
Drug Forfeiture	13,217	13,217	-
Unrestricted	24,749,082	24,749,082	475,198
Total Net Position	\$ 160,428,657	\$ 160,428,657	\$ 510,892

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, 2025

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	Total	
Primary government:							
Governmental activities:							
Governing Body	\$ 248,030	\$ -	\$ -	\$ -	\$ (248,030)	\$ (248,030)	\$ -
Administration	2,936,343	-	-	-	(2,936,343)	(2,936,343)	-
Information Technology	2,488,923	-	-	-	(2,488,923)	(2,488,923)	-
Human Resources	591,012	-	-	-	(591,012)	(591,012)	-
Finance	1,214,150	-	-	-	(1,214,150)	(1,214,150)	-
Fleet and Facilities	1,742,851	-	165,732	-	(1,577,119)	(1,577,119)	-
Inspections	3,142,925	2,545,122	-	-	(597,803)	(597,803)	-
Engineering	1,043,377	-	-	-	(1,043,377)	(1,043,377)	-
Police	9,397,948	-	54,890	-	(9,343,058)	(9,343,058)	-
Emergency Management	209,782	-	-	-	(209,782)	(209,782)	-
Fire	5,711,054	6,301,564	-	-	590,510	590,510	-
Planning	2,266,881	-	-	33,035	(2,233,846)	(2,233,846)	-
Streets & Grounds / Powell Bill	10,538,788	-	-	18,235,600	7,696,812	7,696,812	-
Parks and Recreation	1,977,546	258,886	-	-	(1,718,660)	(1,718,660)	-
Interest on long-term debt	938,881	-	-	-	(938,881)	(938,881)	-
Total governmental activities	44,448,491	9,105,572	220,622	18,268,635	(16,853,662)	(16,853,662)	-
Total primary government	\$ 44,448,491	\$ 9,105,572	\$ 220,622	\$ 18,268,635	(16,853,662)	(16,853,662)	-
Component unit:							
Leland Tourism Development Authority	\$ 205,170	\$ -	\$ -	\$ -	-	-	(205,170)
General revenues:							
Property taxes, levied for general purpose					19,391,021	19,391,021	-
Other taxes and licenses					14,888,456	14,888,456	276,893
Investment Earnings					1,690,706	1,690,706	-
Gain (Loss) on Disposal					3,985	3,985	-
Miscellaneous					208,553	208,553	-
Transfers					-	-	-
Total general revenues, special items, and transfers					36,182,721	36,182,721	276,893
Change in Net Position					19,329,059	19,329,059	71,723
Net position, beginning					142,555,384	142,555,384	439,169
Prior Period Restatement (See Note VI)					(1,455,786)	(1,455,786)	-
Net position, beginning, restated					141,099,598	141,099,598	439,169
Net position, ending					\$ 160,428,657	\$ 160,428,657	\$ 510,892

TOWN OF LELAND, NORTH CAROLINA
Balance Sheet
Governmental Funds
June 30, 2025

	Major Funds			
		Property		
	General	Acquisition Capital Project Fund	Total Non-Major Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 19,255,941	\$ 15,818,362	\$ 1,006,558	\$ 36,080,861
Restricted Cash	2,862,224	-	2,187,134	5,049,358
Receivables (net):				
Ad Valorem Taxes	75,228	-	-	75,228
Accounts Receivable	1,600	-	-	1,600
Prepaid Items	1,136	-	-	1,136
Due from Other Governments	3,268,008	-	-	3,268,008
Due from other funds	10,607	-	-	10,607
Total assets	\$ 25,474,744	\$ 15,818,362	\$ 3,193,692	\$ 44,486,798
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	\$ 571,234	\$ 106,356	\$ -	\$ 677,590
Due to other funds	-	-	10,607	10,607
Unearned revenue	305,000	-	-	305,000
Deposits	2,849,207	-	-	2,849,207
Total liabilities	3,725,441	106,356	10,607	3,842,404
DEFERRED INFLOWS OF RESOURCES	75,228	-	-	75,228
Fund balances:				
Nonspendable:				
Prepaid	1,136	-	-	1,136
Restricted:				
Stabilization by State statute	3,280,215	-	-	3,280,215
Inspection	810,770	-	-	810,770
Drug Forfeiture	13,217	-	-	13,217
Committed:				
Public Safety (LEO Separation)	84,455	-	-	84,455
Assigned:				
Capital Projects	-	15,712,006	-	15,712,006
Planning	-	-	1,006,358	1,006,358
Parks and Recreation	-	-	2,187,134	2,187,134
Unassigned:	17,484,282	-	(10,407)	17,473,875
Total fund balances	21,674,075	15,712,006	3,183,085	40,569,166
Total liabilities, deferred inflows of resources, and fund balances	\$ 25,474,744	\$ 15,818,362	\$ 3,193,692	\$ 44,486,798

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

TOWN OF LELAND, NORTH CAROLINA
Balance Sheet
Governmental Funds
June 30, 2025

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

Total Governmental Fund Balance		\$ 40,569,166
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Gross capital assets at historical costs	227,928,985	
Accumulated depreciation	<u>(70,307,122)</u>	157,621,863
Right to use assets used in governmental activities are not financial resources and are therefore not reported in the funds (net of accumulated amortization).		
Right to Use Assets	476,027	
Accumulated amortization	<u>(104,019)</u>	372,008
Deferred outflows of resources:		
Contributions to the pension plan in the current fiscal year		
LGERS		2,186,814
Pension related deferrals		
LGERS		3,956,605
LEOSSA		338,866
Other long-term assets (accrued interest receivable from taxes) are not available to pay for current-period expenditures and therefore are deferred		
Accrued interest - taxes		5,452
Deferred inflows of resources:		
Liabilities for earned revenues considered deferred inflows of resources in fund statements.		
Ad valorem Taxes		75,228
Pension related deferrals		
LGERS	(348,392)	
LEOSSA	<u>(335,918)</u>	(684,310)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Installment purchase obligations	(28,254,335)	
Lease liabilities	(2,469)	
IT subscription liabilities	(348,828)	
Accrued interest payable	(137,308)	
Compensated absences	(2,239,150)	
Net pension liability (LGERS)	(11,644,678)	
Total pension liability (LEOSSA)	<u>(1,386,267)</u>	(44,013,035)
Net position of governmental activities		<u><u>\$ 160,428,657</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, 2025

	Major Funds			
	General Fund	Property Acquisition Capital Project Fund	Total Non-Major Funds	Total Governmental Funds
REVENUES				
Ad valorem taxes	\$ 19,370,727	\$ -	\$ -	\$ 19,370,727
Other taxes and licenses	1,395	-	-	1,395
Unrestricted intergovernmental	14,633,342	-	-	14,633,342
Restricted intergovernmental	1,123,931	142,434	33,035	1,299,400
Permits and fees	9,359,290	-	-	9,359,290
Investment earnings	1,257,595	433,111	-	1,690,706
Miscellaneous	197,051	-	15,488	212,539
Total revenues	45,943,331	575,545	48,523	46,567,399
EXPENDITURES				
Governing Body	248,030	-	-	248,030
Administration	2,119,583	-	-	2,119,583
Information Technology	2,843,809	-	-	2,843,809
Human Resources	434,563	-	-	434,563
Finance	1,054,841	-	-	1,054,841
Fleet and Facilities	1,616,771	7,024,184	-	8,640,955
Police	6,793,786	-	-	6,793,786
Emergency Management	208,341	-	-	208,341
Fire	8,423,160	-	-	8,423,160
Inspections	2,987,130	-	-	2,987,130
Engineering	886,288	-	-	886,288
Planning	1,051,155	-	81,242	1,132,397
Streets & Grounds / Powell Bill	4,706,866	1,151,794	-	5,858,660
Parks and Recreation	991,893	-	3,462,762	4,454,655
Debt Service:				
Principal	5,473,151	-	-	5,473,151
Interest and Other Charges	963,889	-	-	963,889
Total expenditures	40,803,256	8,175,978	3,544,004	52,523,238
Excess (deficiency) of revenues over expenditures	5,140,075	(7,600,433)	(3,495,481)	(5,955,839)
OTHER FINANCING SOURCES (USES)				
Installment Purchase Obligations Issued	2,000,000	13,221,059	-	15,221,059
Lease liabilities issued	429,410	-	-	429,410
Transfers from other funds	4,300,000	4,700,000	1,040,000	10,040,000
Transfers to other funds	(10,040,000)	-	-	(10,040,000)
Total other financing sources and uses	(3,310,590)	17,921,059	1,040,000	15,650,469
Net change in fund balance	1,829,485	10,320,626	(2,455,481)	9,694,630
Fund balance, beginning	19,844,590	5,391,380	5,638,566	30,874,536
Fund balances-ending	\$ 21,674,075	\$ 15,712,006	\$ 3,183,085	\$ 40,569,166

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, 2025

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

Net changes in fund balances - total governmental funds	\$	9,694,630
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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.

Capital outlay expenditures which are capitalized	13,694,201	
Contributed Capital that is not recorded on the fund statements	17,189,857	
Depreciation Expense	(8,143,047)	
Gain (Loss) on Disposal of Assets	(1,869,535)	20,871,476

Right to use assets used in governmental activities are not financial resources and are therefore not reported in the funds (net of accumulated amortization).

Right to Use Assets - IT subscription	429,410	
Amortization Expense - IT subscription	(258,643)	
Amortization Expense - Leased assets	(1,702)	169,065

Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities

LGERS		2,186,814
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.

Change in unavailable revenue for tax revenues	18,692	
Interest earned on ad valorem taxes	1,602	20,294

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.

New long-term debt issued	(15,221,059)	
Debt retirement	5,473,151	
Lease principal payments	1,686	
IT subscription liabilities issued	(429,410)	
IT subscription principal payments	342,074	
Change in accrued interest payable	25,008	(9,808,550)

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:

Pension expense -LGERS	(3,582,398)	
Pension expense -LEOSSA	(182,368)	
Compensated absences	(39,904)	(3,804,670)

Total Change in net position of governmental activities	\$	19,329,059
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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, 2025

	General Fund			Variance With Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual Amounts	
Revenues:				
Ad valorem taxes	\$ 19,130,000	\$ 19,130,000	\$ 19,370,727	\$ 240,727
Other taxes and licenses	-	-	1,395	1,395
Unrestricted intergovernmental	14,600,000	14,600,000	14,633,342	33,342
Restricted intergovernmental	930,000	930,000	1,121,846	191,846
Permits and fees	9,770,000	9,770,000	9,359,290	(410,710)
Investment earnings	1,170,000	1,170,000	1,257,595	87,595
Miscellaneous	-	-	197,051	197,051
Total revenues	<u>45,600,000</u>	<u>45,600,000</u>	<u>45,941,246</u>	<u>341,246</u>
Expenditures				
Governing Body	300,000	300,000	248,030	51,970
Administration	3,110,000	3,110,000	2,119,583	990,417
Information Technology	4,600,000	4,600,000	2,843,809	1,756,191
Human Resources	600,000	600,000	434,563	165,437
Finance	1,250,000	1,250,000	1,054,841	195,159
Fleet and Facilities	1,710,000	1,710,000	1,616,771	93,229
Police	7,821,513	7,821,513	6,793,786	1,027,727
Emergency Management	230,000	230,000	208,341	21,659
Fire	9,000,000	9,000,000	8,423,160	576,840
Inspections	3,000,000	3,000,000	2,987,130	12,870
Engineering	980,000	980,000	886,288	93,712
Planning	1,220,000	1,220,000	1,051,155	168,845
Streets & Grounds / Powell Bill	15,347,065	15,347,065	4,706,866	10,640,199
Parks and Recreation	1,272,000	1,142,960	991,893	151,067
Debt Service	6,308,000	6,437,040	6,437,040	-
Total expenditures	<u>56,748,578</u>	<u>56,748,578</u>	<u>40,803,256</u>	<u>15,945,322</u>
Revenues over (under) expenditures	<u>(11,148,578)</u>	<u>(11,148,578)</u>	<u>5,137,990</u>	<u>16,286,568</u>
Other financing sources (uses):				
Debt issuance	2,000,000	2,000,000	2,000,000	-
Lease liabilities issued	1,820,000	1,820,000	429,410	(1,390,590)
Fund Balance Appropriated	7,238,579	12,738,578	-	(12,738,578)
Transfers from Other Funds	4,630,000	4,630,000	4,300,000	(330,000)
Transfers to Other Funds	(4,540,001)	(10,040,000)	(10,040,000)	-
Total other financing sources (uses)	<u>11,148,578</u>	<u>11,148,578</u>	<u>(3,310,590)</u>	<u>(14,459,168)</u>
Revenues and other financing sources over expenditures and other financing uses	<u>-</u>	<u>-</u>	<u>1,827,400</u>	<u>1,827,400</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>1,827,400</u>	<u>\$ 1,827,400</u>
Fund balance, beginning			<u>19,833,458</u>	
Fund balance, ending			<u>\$ 21,660,858</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, 2025

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

Restricted Intergovernmental Revenue	\$ 2,085
Fund Balance, beginning of year	<u>11,132</u>
	<u>13,217</u>
Fund Balance - End of Year (Consolidated)	\$ <u>21,674,075</u>

Town of Leland
Notes to the Financial Statements
For the Year Ended June 30, 2025

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 of Leland, the primary government that has the ability to impose its will. 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. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues 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. Under GASB 54 guidance these funds are consolidated in the General Fund. The budgetary comparison for these funds has been included in the supplemental information.

Property & Facility Capital Project Fund - This fund is used to account for general property acquisitions and facility work for the Town.

The Town reports the following non-major governmental funds:

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.

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

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

CDBG Capital Project Fund. This fund is used to account for planning and construction of the CDBG grant.

Town of Leland
Notes to the Financial Statements
For the Year Ended June 30, 2025

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 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.

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, the Powell Bill Fund, the State Drug Forfeitures Capital Reserve Fund. Multi-year project fund budget is adopted for the Property & Facility Capital Project Fund, the Westgate Senior Apartment Housing Capital Project Fund, the Old Fayetteville/Village Rd Ped Loop Capital Project Fund, the Parks Capital Project Fund, and the CDBG Capital Project 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.

Town of Leland
Notes to the Financial Statements
For the Year Ended June 30, 2025

E. Assets, Liabilities and Fund Equity

1. Deposits and Investments

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

State law [G.S.159-30(c)] authorizes the Town and the Leland Tourism Development Authority to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; high quality issues of commercial paper and bankers' acceptances and the North Carolina Capital Management Trust (NCCMT). The Town and the Authority's investments are reported at fair value. The NCCMT Government Portfolio, a SEC-registered (2a-7) money market mutual fund, is measured at fair value. 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. Unspent portion of loan proceeds is restricted as well.

Town of Leland Restricted Cash

Governmental Activities

General Fund:

Drug Forfeiture	\$ 13,217
Contract Deposits	2,849,007
Parks Capital Project Fund	
Unspent Loan Proceeds	<u>2,187,134</u>
Total Governmental Activities	<u>5,049,358</u>

Total Restricted Cash	<u><u>\$ 5,049,358</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, 2024.

5. Allowance for Doubtful Accounts

All receivables that historically experience uncollectible accounts are shown net of an allowance for doubtful accounts. This amount is estimated by analyzing the percentage of receivables that were written off in prior years.

6. Inventories and Prepaid Items

The inventories of the Town, and Leland Tourism Development Authority are valued at cost (first-in, first-out), which approximates market. The Town's General Fund inventory consists of expendable supplies that are recorded as expenditures when purchased.

Town of Leland
Notes to the Financial Statements
For the Year Ended June 30, 2025

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.

The Town's capital assets also include certain right to use assets. These right to use assets arise in association with agreements where the Town reports a lease or agreements where the Town reports an Information Technology (IT) Subscription in accordance with the requirements of GASB 87 and GASB 96, respectively.

The right to use lease assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made at or prior to the start of the lease term, less lease incentives received from the lessor at or prior to the start of the lease term, and plus ancillary charges necessary to place the lease asset into service. The right to use lease assets are amortized on a straight-line basis over the life of the related lease.

The right to use IT subscription assets are initially measured at an amount equal to the initial measurement of the subscription liability plus any subscription payments made at the start of the subscription term, if applicable, plus capitalizable initial implementation costs at the start of the subscription term, less any incentives received from the IT subscription vendor at the start of the subscription term. Subscription payments, as well as payments for capitalizable implementation costs made before the start of the subscription term should be reported as a prepayment (asset). Such prepayments should be reduced by any incentives received from the same vendor before the start of the subscription term if a right of offset exists. The net amount of the prepayments and incentives should be reported as an asset or liability, as appropriate, before the start of the subscription term at which time the amount should be included in the initial measurement of the subscription asset. The right to use subscription assets should be amortized on a straight-line basis over the subscription term.

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 assets 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 current 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 assets 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, 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
For the Year Ended June 30, 2025

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. With the implementation of GASB No. 101, the Town had estimated what sick leave is "more likely than not to be paid or used" and recognize that portion as a liability for compensated absence and salary-related payments.

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 Inspection – portion of fund balance that is restricted by G.S. § 160D-402(d).

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

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

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

Town of Leland
Notes to the Financial Statements
For the Year Ended June 30, 2025

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

12. Defined Benefit Cost-Sharing Plans

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 noted.

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, 2025, the Town's deposits had a carrying amount of \$2,651,274 and a bank balance of \$2,827,327. 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, 2025, the Town's petty cash fund totaled \$350. The carrying amount of deposits for Leland Tourism Development Authority was \$475,198 and the bank balance was \$475,198. Of the bank balance, \$250,000 was covered by federal depository insurance.

2. Investments

At June 30, 2025, the Town's investment balances were as follows:

Investment by Type	Valuation Measurement Method	Book Value at 6/30/2025	Maturity	Rating
NC Capital Management Trust	Fair Value			
Government Portfolio	Level 1	\$ 24,829,706	N/A	AAAm
	Fair Value			
First Citizens Wealth	Level 1	9,452,533	N/A	AAAm
	Fair Value			
NC Class	Level 1	4,196,356	N/A	AAAm
Total:		<u>\$ 38,478,595</u>		

Town of Leland
Notes to the Financial Statements
For the Year Ended June 30, 2025

All investments are measured using the market approach: using prices and other relevant information generated by market transactions involving identical or comparable assets or a group of assets.

Level of fair value hierarchy: Level 1 debt securities are valued using directly observable, quoted prices (unadjusted) in active markets for identical assets. Level 2 debt securities are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' benchmark quoted prices.

Interest Rate Risk. The Town has no formal investment policy regarding interest rate risk. As a means of limiting its exposure to fair value losses arising from rising interest rates, the Town's internal investment policy limits at least half of the Town's investment portfolio to maturities of less than 12 months. Also, the Town's internal management policy requires purchases of securities to be laddered with staggered maturity dates and limits all securities to a final maturity of no more than two years.

Credit risk. The Town has no formal policy regarding credit risk but has internal management procedures that limits the Town's investments to the provisions of G.S. 159-30 and restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated. The Town's investment in the NC Capital Management Trust Government Portfolio carried a credit rating of AAAm by Standard & Poor's and AAA-mf by Moody's Investors Service as of June 30, 2025.

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, 2025 are net of the following allowances for doubtful accounts:

Fund	June 30, 2025
General Fund	
Taxes Receivable	\$ 9,000
Total	<u>\$ 9,000</u>

4. Capital Assets

Primary Government

Capital asset activity for the year ended June 30, 2025, was as follows:

	Beginning Balances June 30, 2024	Additions	Retirements	Ending Balances June 30, 2025
Governmental Activities				
Capital assets not being depreciated:				
Land	\$ 7,905,549	\$ 8,135,360	\$ -	\$ 16,040,909
Construction in Progress	19,431,167	10,353,831	(12,752,822)	17,032,176
Total capital assets not being depreciated	<u>27,336,716</u>	<u>18,489,191</u>	<u>(12,752,822)</u>	<u>33,073,085</u>
Capital assets being depreciated:				
Buildings & Improvements	28,675,640	3,501,402	(1,051,169)	31,125,873
Equipment	1,938,599	3,272,682	(123,806)	5,087,475
Vehicles	8,461,296	588,016	(530,972)	8,518,340
Infrastructure	73,583,235	3,164,649	(780,414)	75,967,470
Collection / Distribution System (ILA)	59,535,802	14,620,940	-	74,156,742
Total Capital assets being depreciated	<u>172,194,572</u>	<u>25,147,689</u>	<u>(2,486,361)</u>	<u>194,855,900</u>
Less accumulated depreciation for:				
Buildings & Improvements	10,867,306	937,156	-	11,804,462
Equipment	1,393,918	648,594	(123,806)	1,918,706
Vehicles	5,999,116	1,139,240	(493,020)	6,645,336
Infrastructure	26,628,828	2,435,568	-	29,064,396
Collection / Distribution System (ILA)	17,891,733	2,982,489	-	20,874,222
Total accumulated depreciation	<u>62,780,901</u>	<u>8,143,047</u>	<u>(616,826)</u>	<u>70,307,122</u>
Total capital assets being depreciated, net	<u>109,413,671</u>	<u>17,004,642</u>	<u>(1,869,535)</u>	<u>124,548,778</u>

Town of Leland
Notes to the Financial Statements
For the Year Ended June 30, 2025

	Beginning Balances June 30, 2024	Additions	Retirements	Ending Balances June 30, 2025
Capital assets being amortized:				
Right to use assets:				
Leased Equipment	8,512	-	-	8,512
IT Subscriptions	1,711,780	429,410	(1,673,675)	467,515
Total Capital assets being amortized	1,720,292	429,410	(1,673,675)	476,027
Less accumulated amortization for:				
Right to use assets:				
Leased Equipment	4,256	1,702	-	5,958
IT Subscriptions	1,513,093	258,643	(1,673,675)	98,061
Total accumulated amortization	1,517,349	260,345	(1,673,675)	104,019
Total capital assets being amortized, net	202,943	169,065	-	372,008
Governmental activities capital assets, net	\$ 136,953,330	\$ 35,662,898	\$ (14,622,357)	\$ 157,993,871

Depreciation / amortization expenses were charged to functions of the primary government as follows:

	Depreciation / Amortization
Governmental activities	
General Government	\$ 771,827
Public Safety	1,700,503
Cultural & Recreational	17,060
Environmental Protection	925,426
Streets & Grounds / Powell Bill	4,988,576
Total depreciation / amortization expense	<u>\$ 8,403,392</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.

LGERS plan members who are LEOs are eligible to retire with full retirement benefits at age 55 with five years of creditable service as an officer, or at any age with 30 years of creditable service. LEO plan members are eligible to retire with partial retirement benefits at age 50 with 15 years of creditable service as an officer. Survivor benefits are available to eligible beneficiaries of LEO members who die while in active service of within 180 days of their last day of service and who also have either completed 20 years of creditable service regardless of age, or have completed 15 years of service as a LEO and have reached age 50, or have completed five years of creditable service as a LEO and have reached age 55, or have completed 15 years of creditable service as a LEO if killed in the line of duty. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions.

Town of Leland
Notes to the Financial Statements
For the Year Ended June 30, 2025

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, 2025, was 15.04% of compensation for law enforcement officers and 13.60% 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 \$2,186,814 for the year ended June 30, 2025.

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, 2025, the Town reported a liability of \$11,644,678 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2023. The total pension liability was then rolled forward to the measurement date of June 30, 2024 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, 2024 (measurement date), the Town's proportion was 0.17273%, which was an increase of 0.00441% from its proportion measured as of June 30, 2023.

For the year ended June 30, 2025, the Town recognized pension expense of \$3,582,398. At June 30, 2025, 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	\$ 2,040,588	\$ 13,720
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	1,583,087	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	332,930	334,672
Town contributions subsequent to the measurement date	2,186,814	-
Total	\$ 6,143,419	\$ 348,392

\$2,186,814 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, 2026. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2026	\$ 1,177,811
2027	2,271,766
2028	337,638
2029	(179,002)
2030	-
Thereafter	-
	\$ 3,608,213

Actuarial Assumptions. The total pension liability in the December 31, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods in the measurement:

Inflation	2.50 percent
Salary Increases	3.25 to 8.25 percent, including inflation and productivity factor
Investment rate of return	6.50 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.

Town of Leland
Notes to the Financial Statements
For the Year Ended June 30, 2025

The actuarial assumptions used in the December 31, 2023 valuation were based on the results of an actuarial experience study for the period January 1, 2015 through December 31, 2019.

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, 2024 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income	33.0%	2.4%
Global Equity	38.0%	6.9%
Real Estate	8.0%	6.0%
Alternatives	8.0%	8.6%
Credit	7.0%	5.3%
Inflation Protection	6.0%	4.3%
Total	100.0%	

The information above is based on 30 year expectations developed with the consulting actuary for the 2024 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 2.38%. All rates of return and inflation are annualized.

Discount rate. The discount rate used to measure the total pension liability was 6.50%. 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

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 6.50 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 (5.50 percent) or one percentage point higher (7.50 percent) than the current rate:

	1% Decrease (5.50%)	Discount Rate (6.50%)	1% Increase (7.50%)
Town's proportionate share of the net pension liability (asset)	\$ 20,634,710	\$ 11,644,678	\$ 4,249,140

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.

Town of Leland
Notes to the Financial Statements
For the Year Ended June 30, 2025

All full-time Town law enforcement officers are covered by the Separation Allowance. At December 31, 2023 (valuation date), 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	47
Total	<u>47</u>

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, 2023 valuation. The total pension liability in the December 31, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increases	3.25 to 7.75 percent, including inflation and productivity factor
Discount rate	4.28 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 Pub-2010 Mortality tables with adjustments for mortality improvements based on Scale MP-2019.

4. Contributions.

The Town is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned on a pay as you go basis through appropriations made in the General Fund operating budget. There were no contributions made by employees. The Town's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings. The Town paid \$0 as benefits came due for the reporting period.

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

At June 30, 2025, the Town reported a total pension liability of \$1,386,267. The total pension liability was measured as of December 31, 2024 based on a December 31, 2023 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2024 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2025, the Town recognized pension expense of \$182,368.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 198,308	\$ 108,376
Changes of assumptions	140,558	227,542
Town benefit payments and plan administrative expense made subsequent to the measurement date	-	-
Total	<u>\$ 338,866</u>	<u>\$ 335,918</u>

\$0 reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ended June 30, 2026. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Town of Leland
Notes to the Financial Statements
For the Year Ended June 30, 2025

Year ended June 30:

2026	\$ 45,343
2027	17,225
2028	(22,978)
2029	(33,121)
2030	(14,740)
Thereafter	11,219

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 4.28 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 (3.28 percent) or 1-percentage-point higher (5.28 percent) than the current rate:

	1% Decrease (3.28%)	Discount Rate (4.28%)	1% Increase (5.28%)
Total pension liability	\$ 1,546,135	\$ 1,386,267	\$ 1,242,664

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

	2025
Beginning balance	\$ 1,154,833
Service Cost	92,473
Interest on the total pension liability	46,193
Changes of benefit terms	-
Differences between expected and actual experience in the measurement of the total pension liability	135,838
Changes of assumptions or other inputs	(43,070)
Benefit payments	-
Other changes	-
Ending balance of the total pension liability	<u>\$ 1,386,267</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, 2023 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.

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:

	LGERS	LEOSSA	Total
Pension Expense	\$ 3,582,398	\$ 182,368	\$ 3,764,766
Pension Liability	11,644,678	1,386,267	13,030,945
Proportionate share of the net pension liability	0.17273%	n/a	
Deferred of Outflows of Resources			
Differences between expected and actual experience	2,040,588	198,308	2,238,896
Changes of assumptions	-	140,558	140,558
Net difference between projected and actual earnings on plan investments	1,583,087	-	1,583,087
Changes in proportion and differences between contributions and proportionate share of contributions	332,930	-	332,930
Benefit payments and administrative costs paid subsequent to the measurement date	2,186,814	-	2,186,814
Deferred of Inflows of Resources			
Differences between expected and actual experience	13,720	108,376	122,096
Changes of assumptions	-	227,542	227,542
Changes in proportion and differences between contributions and proportionate share of contributions	334,672	-	334,672

Town of Leland
Notes to the Financial Statements
For the Year Ended June 30, 2025

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, 2025 were \$269,828, which consisted of \$189,953 from the Town and \$79,875 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, 2025 equaled \$810,691, which consisted of \$566,248 from the Town and \$244,443 from the employees.

2 Fire Fighters' and Rescue Squad Workers' Pension Fund

Plan Description . The State of North Carolina contributes, on behalf of the Town of Leland, 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 \$175 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, 2025, the State contributed \$19,789,708 to the plan. The Town's proportionate share of the State's contribution is \$14,710.

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.

Town of Leland
Notes to the Financial Statements
For the Year Ended June 30, 2025

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

At June 30, 2025, the Town reported no liability for its proportionate share of the net pension liability, as the State provides 100% pension support to the Town through its appropriations to the FRSWPF. The total portion of the net pension liability that was associated with the Town and supported by the State was \$10,511. The net pension liability was measured as of June 30, 2024. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2023. The total pension liability was then rolled forward to the measurement date of June 30, 2024, utilizing update procedures incorporating the actuarial assumptions. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers. As the Town is not projected to make any future contributions to the plan, its proportionate share at June 30, 2025 and at June 30, 2024 was 0%.

For the year ended June 30, 2025, the Town recognized pension expense of \$5,775 and revenue of \$5,775 for support provided by the State. At June 30, 2025, 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, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increases	Not applicable
Investment rate of return	6.50 percent, net of pension plan investment expenses, including inflation

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 6.50%. 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

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.

Town of Leland
Notes to the Financial Statements
For the Year Ended June 30, 2025

4 Deferred Outflows and Inflows of Resources

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

	Government-wide Statement of Net Position	General Fund Balance Sheet
Contributions to pension plan in current fiscal year - LGERS	\$ 2,186,814	\$ -
Differences between expected and actual experience		
LGERS	2,040,588	-
LEOSSA	198,308	-
Changes of assumptions		
LGERS	-	-
LEOSSA	140,558	-
Net difference between projected and actual		
LGERS	1,583,087	-
Changes in proportion and differences between employer contributions and proportionate share of contributions		
LGERS	332,930	-
Total Deferred outflows	<u>\$ 6,482,285</u>	<u>\$ -</u>

Deferred inflows of resources is comprised of the following:

	Government-wide Statement of Net Position	General Fund Balance Sheet
Taxes receivable, less penalties	\$ 75,228	\$ 75,228
Pension deferrals:		
Changes in assumptions		
LEOSSA	227,542	-
Differences between expected and actual experience		
LGERS	13,720	-
LEOSSA	108,376	-
Changes in proportion and differences between employer contributions and proportionate share of contributions		
LGERS	334,672	-
Total Deferred Inflows	<u>\$ 759,538</u>	<u>\$ 75,228</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 \$1,000,000 and \$50,000 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, 2025, 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
For the Year Ended June 30, 2025

7 Long-Term Obligations

a. Leases

The Town has entered into agreements to lease certain equipment. The lease agreements qualify as other than short-term leases under GASB 87 and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception.

On 02/21/2022, the Town entered into a 31 quarter lease as Lessee for the use of a Postage Machine. An initial lease liability was recorded in the amount of \$8,512. As of 06/30/2025, the value of the lease liability is \$2,469. The Town is required to make quarterly fixed payments of \$445. The lease has an interest rate of 1.91%. The value of the right to use asset as of 06/30/2025 of \$8,512 with accumulated amortization of \$5,958 is included with Equipment on the Lease Class activities table found below.

Amount of Lease Assets by Major Classes of Underlying Asset

Asset Class	As of Fiscal Year-End	
	Lease Asset Value	Accumulated Amortization
Equipment	\$ 8,512	\$ 5,958
Total Leases	<u>\$ 8,512</u>	<u>\$ 5,958</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2025, were as follows:

Fiscal Year	Governmental Activities		
	Principal	Interest	Total
2026	\$ 1,654	\$ 38	\$ 1,692
2027	815	6	821
	<u>\$ 2,469</u>	<u>\$ 44</u>	<u>\$ 2,513</u>

b. 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. \$ 1,980,000

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. 350,458

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. 1,600,000

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%. 143,360

On July 9, 2021, the Town entered into a direct placement installment purchase loan with Bank of America, National Association in the amount of \$1,400,000 to finance the purchase of a fire truck and a tractor drawn aerial apparatus. The financing contract requires 5 annual principal payments beginning July 2022 of \$287,129, including interest at an annual rate of 1.0632%. 567,069

On January 7, 2022, the Town entered into a direct placement installment purchase loan with South State Bank, National Association in the amount of \$5,800,000 to build a new fire station and refinance an existing Town owned property. This loan paid off a direct placement installment purchase loan with BB&T in the amount of \$3,000,000 for the Municipal Operations Campus. The remaining \$2,800,000 will be used to finance a new fire station. The financing contract requires 10 annual principal payments beginning January 2023 of \$633,258, including interest at an annual rate of 1.63%. 4,157,361

On July 12, 2023, the Town entered into a direct placement installment purchase loan with First Citizen Bank in the amount of \$950,000 to finance the purchase of a fire truck. The financing contract requires 5 annual principal payments beginning July 2024 of \$213,576, including interest at an annual rate of 4.03%. 774,709

Town of Leland
Notes to the Financial Statements
For the Year Ended June 30, 2025

On September 10, 2023, the Town entered into a direct placement installment purchase loan with Truist Bank in the amount of \$6,000,000 to finance the park construction. The financing contract requires 8 annual principal payments beginning October 2024 of \$750,000, with interest at an annual rate of 4.665%.	5,250,000
On July 19, 2024, the Town entered into a direct placement installment purchase loan with Bank of America in the amount of \$2,000,000 to finance the purchase of a fire truck. The financing contract requires 5 annual principal payments beginning July 2025 of \$450,880 including interest at an annual rate of 4.1287%.	2,000,000
On August 1, 2024, the Town entered into a direct placement installment purchase loan with Truist Bank in the amount of \$13,221,059 to finance the park construction. The financing contract requires 8 annual principal payments beginning April 2025 of \$2,095,000, with premium and interest at an annual rate of 3.18%.	10,939,392
On July 20, 2022, the Town entered into a direct placement installment purchase loan with Truist Bank in the amount of \$800,000 to finance the purchase of a fire truck. The financing contract requires 5 annual principal payments beginning July 2023 of \$172,396, including interest at an annual rate of 2.54%.	491,986
Total	<u>\$ 28,254,335</u>

For Town of Leland, the annual debt service principal and interest payments for the installment purchase as of June 30, 2025, are as follows:

Year Ending June 30	Direct Placement	
	Governmental Activities	
	Principal	Interest
2026	\$ 5,643,296	\$ 1,068,349
2027	5,540,162	864,504
2028	5,244,761	661,432
2029	4,368,651	461,462
2030	4,121,258	280,541
2031-2035	3,336,207	169,367
Total	<u>\$ 28,254,335</u>	<u>\$ 3,505,655</u>

c. Subscriptions

For the year ended June 30, 2025, the Town implemented the requirements of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* (Subscriptions). The Statement provides a definition of Subscriptions and provides uniform guidance for accounting and financial reporting for such transactions. The guidance will decrease diversity in the accounting and financial reporting for these transactions, thereby, increasing comparability in financial reporting among governments. Further, the reporting of a subscription asset (a right-to-use intangible capital asset) and a subscription liability will enhance the relevance and reliability of the financial statements.

As of 06/30/2025, Town of Leland, NC had 5 active subscriptions. The subscriptions have payments that range from \$2,004 to \$243,182 and interest rates that range from 2.1940% to 3.3780%. As of 06/30/2025, the total combined value of the subscription liability is \$348,828. The combined value of the right to use asset, as of 06/30/2025 of \$467,515 with accumulated amortization of \$98,061 is included within the Subscription Class activities table found below.

Amount of Subscription Assets by Major Classes of Underlying Asset

Asset Class	As of Fiscal Year-End	
	Subscription Asset Value	Accumulated Amortization
Software	\$ 467,515	\$ 98,061
Total Leases	<u>\$ 467,515</u>	<u>\$ 98,061</u>

The future minimum IT subscription obligations and the net present value of these minimum lease payments as of June 30, 2025, were as follows:

Fiscal Year	Governmental Activities		
	Principal	Interest	Total
2026	\$ 89,932	\$ 9,283	\$ 99,215
2027	84,352	8,200	92,552
2028	85,907	5,549	91,456
2029	88,637	2,818	91,455
	<u>\$ 348,828</u>	<u>\$ 25,850</u>	<u>\$ 374,678</u>

Town of Leland
Notes to the Financial Statements
For the Year Ended June 30, 2025

d. Long-Term Obligation Activity

Governmental Activities:

	Beginning Balance	Additions	Retirements	Ending Balance	Current Portion of Balance
Direct Placement Installment Purchases	\$ 18,506,427	\$ 15,221,059	\$ 5,473,151	\$ 28,254,335	\$ 5,643,296
Lease Liabilities	4,155	-	1,686	2,469	1,654
IT Subscription Liabilities	261,492	429,410	342,074	348,828	89,932
Compensated Absences *	2,199,246	39,904	-	2,239,150	642,810
Net Pension Liability (LGERS)	11,148,113	496,565	-	11,644,678	-
Total Pension Liability (LEOSSA)	1,154,833	231,434	-	1,386,267	-
Total	<u>\$ 33,274,266</u>	<u>\$ 16,418,372</u>	<u>\$ 5,816,911</u>	<u>\$ 43,875,727</u>	<u>\$ 6,377,692</u>

* Compensated absences beginning balance was restated for the implementation of GASB 101.

Compensated absences for governmental activities typically have been liquidated in the General Fund and are accounted for on a LIFO basis, assuming that employees are taking leave as it is earned.

C. Interfund Balances and Activity

Balances due to/from other funds at June 30, 2025, consist of the following:

Due from the CDBG Capital Project Fund to the General Fund for an advance to cover cash balance overdrafts in the amount of \$10,607.

The interfund balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Transfers to/from other funds at June 30, 2025, consist of the following:

From	To	Amount
General Fund	Property & Facility CPF to fund project expenditures	\$ 4,700,000
General Fund	Powell Bill Paving Capital Project to fund project expenditures	3,340,000
General Fund	Parks CPF to fund project expenditures	1,000,000
General Fund	Parks Capital Project Fund to fund project expenditures	1,000,000
Total		<u>\$ 10,040,000</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.

D. Net Investment in Capital Assets

	Governmental Activities
Capital assets and right to use assets	<u>\$ 157,993,871</u>
Total debt, gross	28,605,632
Less:	
Capital related unspent debt issuances	<u>2,187,134</u>
Total capital debt	<u>26,418,498</u>
Net investment in capital assets	<u>\$ 131,575,373</u>

Town of Leland
Notes to the Financial Statements
For the Year Ended June 30, 2025

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>		<u>\$ 21,674,075</u>
Less:		
Nonspendable		
	Prepaid	1,136
Restricted		
	Stabilization by State Statute	3,280,215
	Inspection	810,770
	Drug Forfeiture	13,217
Committed	LEO Separation Allowance	<u>84,455</u>
Remaining Fund Balance		<u><u>17,484,282</u></u>

The Town had no outstanding encumbrances at the year-end.

IV. SUMMARY DISCLOSURE OF SIGNIFICANT COMMITMENTS AND CONTINGENCIES

A. Federal and State Assisted Programs

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

V. SIGNIFICANT EFFECTS OF SUBSEQUENT EVENTS

Subsequent events have been evaluated through November 24, 2025, 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.

VI. ACCOUNTING CHANGES AND ERROR CORRECTIONS

Change In Accounting Principle

During the current fiscal year, the Town implemented GASB Statement No. 101, *Compensated Absences*. In addition to the value of unused vacation time owed to employees upon separation of employment, the Town now recognizes an estimated amount of sick leave earned as of year-end that will be used by employees as time off in future years as part of the liability for compensated absences. The effects of the change in accounting principle are summarized below in the "Restatement - GASB 101 implementation" column in the table below.

	Net Position 6/30/2024 As Previously Reported	Restatement - GASB 101 Implementation	Net Position 6/30/2024 As Restated
Governmental Activities	<u>\$ 142,555,384</u>	<u>\$ (1,455,786)</u>	<u>\$ 141,099,598</u>
Total	<u>\$ 142,555,384</u>	<u>\$ (1,455,786)</u>	<u>\$ 141,099,598</u>

Change To or Within The Financial Reporting Entity

The following chart details the changes in major and non-major fund classifications that are reflected in the current year financial statements:

	Fund Balance 6/30/2024 As Previously Reported	Transfer to Major Funds	Transfer to Non-major Funds	Fund Balance 6/30/2024 As Restated
Governmental Activities				
Parks Capital Project Fund	\$ 4,649,896	\$ -	\$ (4,649,896)	\$ -
Non-major Governmental Funds	988,670	-	4,649,896	5,638,566
Total	<u>\$ 5,638,566</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,638,566</u>

REQUIRED
SUPPLEMENTAL FINANCIAL DATA

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

Local Government Employees' Retirement System					
	2025	2024	2023	2022	2021
Leland proportion of the net pension liability (asset) (%)	0.17273%	0.16832%	0.15610%	0.12972%	0.11847%
Leland proportion of the net pension liability (asset) (\$)	\$ 11,644,678	\$ 11,148,113	\$ 8,806,269	\$ 1,989,381	\$ 4,233,438
Leland covered payroll	\$ 13,568,382	\$ 11,887,284	\$ 9,403,542	\$ 8,107,157	\$ 6,739,323
Leland proportionate share of the net pension liability (asset) as a percentage of its covered payroll	85.82%	93.78%	93.65%	24.54%	62.82%
Plan fiduciary net position as a percentage of the total pension liability**	83.30%	82.49%	84.14%	95.51%	88.61%
	2020	2019	2018	2017	2016
Leland proportion of the net pension liability (asset) (%)	0.12939%	0.09441%	0.06886%	0.05636%	0.05893%
Leland proportion of the net pension liability (asset) (\$)	\$ 3,533,540	\$ 2,239,728	\$ 1,051,990	\$ 1,196,148	\$ 264,474
Leland covered payroll	\$ 6,502,799	\$ 5,308,752	\$ 3,429,102	\$ 2,910,994	\$ 2,759,619
Leland proportionate share of the net pension liability (asset) as a percentage of its covered payroll	54.34%	42.19%	30.68%	41.09%	9.58%
Plan fiduciary net position as a percentage of the total pension liability**	90.86%	91.63%	94.18%	91.47%	98.09%

* 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 Ten Fiscal Years**

Local Government Employees' Retirement System					
	2025	2024	2023	2022	2021
Contractually required contribution	\$ 2,186,814	\$ 1,779,059	\$ 1,463,840	\$ 1,083,382	\$ 837,435
Contributions in relation to the contractually required contribution	2,186,814	1,779,059	1,463,840	1,083,382	837,435
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Leland's covered payroll	\$ 15,702,145	\$ 13,568,382	\$ 11,887,284	\$ 9,403,542	\$ 8,107,157
Contributions as a percentage of covered payroll	13.93%	13.11%	12.31%	11.52%	10.33%
	2020	2019	2018	2017	2016
Contractually required contribution	\$ 616,135	\$ 516,543	\$ 410,297	\$ 259,734	\$ 194,441
Contributions in relation to the contractually required contribution	616,135	516,543	410,297	259,734	194,441
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Leland's covered payroll	\$ 6,739,323	\$ 6,502,799	\$ 5,308,752	\$ 3,429,102	\$ 2,910,994
Contributions as a percentage of covered payroll	9.14%	7.94%	7.73%	7.57%	6.68%

Town of Leland, North Carolina
Town of Leland's Proportionate Share of Net Pension Liability
Required Supplementary Information
Last Eight Fiscal Years *

Firefighters' and Rescue Squad Workers' Pension				
	2025	2024	2023	2022
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/(asset) associated with the Leland	10,511	15,015	14,384	10,864
Total	<u>\$ 10,511</u>	<u>\$ 15,015</u>	<u>\$ 14,384</u>	<u>\$ 10,864</u>
Leland's covered payroll	\$ 3,396,881	\$ 3,110,375	\$ 2,661,023	\$ 1,946,094
Leland's proportionate share of the net pension liability/(asset) as a percentage of its covered payroll	0.31%	0.48%	0.54%	0.56%
Plan fiduciary net position as a percentage of the total pension liability	103.50%	98.16%	96.07%	105.58%
	2021	2020	2019	2018
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/(asset) associated with the Leland	16,200	18,491	34,519	10,286
Total	<u>\$ 16,200</u>	<u>\$ 18,491</u>	<u>\$ 34,519</u>	\$ 10,286
Leland's covered payroll	\$ 1,937,126	\$ 1,633,662	\$ 2,054,826	\$ -
Leland's proportionate share of the net pension liability/(asset) 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%

* The amounts presented are for the prior fiscal year.

** 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 Nine Fiscal Years

Law Enforcement Officers' Special Separation Allowance					
	2025	2024	2023	2022	2021
Beginning Balance	\$ 1,154,833	\$ 1,134,268	\$ 1,238,639	\$ 1,118,457	\$ 704,853
Service Cost	92,473	77,660	101,927	93,389	52,823
Interest on the total pension liability	46,193	48,887	27,869	21,527	22,750
Changes of benefit terms	-	-	-	-	-
Differences between expected and actual experience in the measurement of the total pension liability	135,838	(143,940)	53,140	54,372	(5,523)
Changes of assumptions or other inputs	(43,070)	37,958	(287,307)	(43,016)	357,560
Benefit payments	-	-	-	(6,090)	(14,006)
Other changes	-	-	-	-	-
Ending balance of the total pension liability	<u>\$ 1,386,267</u>	<u>\$ 1,154,833</u>	<u>\$ 1,134,268</u>	<u>\$ 1,238,639</u>	<u>\$ 1,118,457</u>
	2020	2019	2018	2017	
Beginning Balance	\$ 426,692	\$ 408,259	\$ 308,324	\$ 279,024	
Service Cost	47,035	43,967	38,021	30,768	
Interest on the total pension liability	15,532	12,901	11,901	9,961	
Changes of benefit terms	-	-	-	-	
Differences between expected and actual experience in the measurement of the total pension liability	186,035	(11,383)	7,629	-	
Changes of assumptions or other inputs	29,559	(27,052)	42,384	(11,429)	
Benefit payments	-	-	-	-	
Other changes	-	-	-	-	
Ending balance of the total pension liability	<u>\$ 704,853</u>	<u>\$ 426,692</u>	<u>\$ 408,259</u>	<u>\$ 308,324</u>	

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

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

Law Enforcement Officers' Special Separation Allowance					
	2025	2024	2023	2022	2021
Total pension liability	\$ 1,386,267	\$ 1,154,833	\$ 1,134,268	\$ 1,238,639	\$ 1,118,457
Covered-employee payroll	\$ 3,055,840	\$ 2,735,426	\$ 2,429,180	\$ 2,056,176	\$ 1,889,613
Total pension liability as a percentage of covered payroll	45.36%	42.22%	46.69%	60.24%	59.19%
	2020	2019	2018	2017	
Total pension liability	\$ 704,853	\$ 426,692	\$ 408,259	\$ 308,324	
Covered-employee payroll	\$ 1,895,467	\$ 1,707,437	\$ 1,611,350	\$ 1,255,830	
Total pension liability as a percentage of covered payroll	37.19%	24.99%	25.34%	24.55%	

Note to the schedules:

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

Major Governmental Funds

General Fund

TOWN OF LELAND, NORTH CAROLINA
General Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2025

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Ad valorem Taxes			
Taxes	\$ 19,110,000	\$ 19,345,740	\$ 235,740
Penalties and Interest	20,000	24,987	4,987
Total Ad Valorem Taxes	19,130,000	19,370,727	240,727
Other Taxes and Licenses			
Privilege Licenses	-	1,395	1,395
Total Other Taxes and Licenses	-	1,395	1,395
Unrestricted Intergovernmental Revenues			
Local Option Sales Tax	13,400,000	13,016,501	(383,499)
Utility Franchise Tax	1,100,000	1,421,018	321,018
Beer and Wine Tax	100,000	120,703	20,703
Total Unrestricted Intergovernmental	14,600,000	14,633,342	33,342
Restricted Intergovernmental Revenues			
Powell Bill Allocation	850,000	982,144	132,144
Grant Reimbursement	60,000	116,404	56,404
Solid Waste Disposal Tax	20,000	23,298	3,298
Total Restricted Intergovernmental	930,000	1,121,846	191,846
Permits and Fees			
Building Permits	3,000,000	2,543,471	(456,529)
Recreation Fees	250,000	258,886	8,886
Fire Fees	6,180,000	6,301,564	121,564
Other Fees and Permits	340,000	255,369	(84,631)
Total Permits and Fees	9,770,000	9,359,290	(410,710)
Investment Earnings			
General	1,020,000	1,160,403	140,403
Powell Bill	150,000	97,192	(52,808)
Total Investment Earnings	1,170,000	1,257,595	87,595
Miscellaneous			
Sale of Fixed Assets	-	3,985	3,985
Other	-	193,066	193,066
Total Miscellaneous	-	197,051	197,051
Total Revenues	45,600,000	45,941,246	341,246
Expenditures			
Governing Body			
Salaries and Wages	64,800	64,800	-
Employee Benefits	5,875	5,483	392
Other Expenditures	229,325	177,747	51,578
Total Governing Body	300,000	248,030	51,970
Administration			
Salaries and Wages	1,331,547	1,138,657	192,890
Employee Benefits	502,293	418,182	84,111
Other Expenditures	1,276,160	562,744	713,416
Total Administration	3,110,000	2,119,583	990,417

TOWN OF LELAND, NORTH CAROLINA
General Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2025

	Final Budget	Actual	Variance Positive (Negative)
Information Technology			
Salaries and Wages	673,983	566,472	107,511
Employee Benefits	279,917	257,087	22,830
Other Expenditures	3,646,100	2,020,250	1,625,850
Total Information Technology	4,600,000	2,843,809	1,756,191
Human Resources			
Salaries and Wages	359,929	257,489	102,440
Employee Benefits	146,559	115,123	31,436
Other Expenditures	93,512	61,951	31,561
Total Human Resources	600,000	434,563	165,437
Finance			
Salaries and Wages	722,008	600,457	121,551
Employee Benefits	307,357	276,540	30,817
Other Expenditures	220,635	177,844	42,791
Total Finance	1,250,000	1,054,841	195,159
Fleet and Facilities			
Salaries and Wages	656,550	641,485	15,065
Employee Benefits	316,935	293,849	23,086
Other Expenditures	736,515	644,935	91,580
Total Fleet and Facilities	1,710,000	1,616,771	93,229
Police			
Salaries and Wages	4,155,624	3,822,413	333,211
Employee Benefits	2,052,149	1,714,927	337,222
Other Expenditures	905,240	578,023	327,217
Capital Outlay	708,500	678,423	30,077
Total Police	7,821,513	6,793,786	1,027,727
Emergency Management			
Salaries and Wages	152,529	147,804	4,725
Employee Benefits	59,471	54,609	4,862
Other Expenditures	18,000	5,928	12,072
Total Emergency Management	230,000	208,341	21,659
Fire			
Salaries and Wages	4,189,394	4,002,902	186,492
Employee Benefits	1,906,039	1,746,893	159,146
Other Expenditures	810,567	561,898	248,669
Capital Outlay	2,094,000	2,111,467	(17,467)
Total Fire Department	9,000,000	8,423,160	576,840
Inspections			
Salaries and Wages	1,662,218	1,765,296	(103,078)
Employee Benefits	728,706	718,294	10,412
Other Expenditures	609,076	503,540	105,536
Total Inspections	3,000,000	2,987,130	12,870
Engineering			
Salaries and Wages	980,000	886,288	93,712
Total Engineering	980,000	886,288	93,712
Planning			
Salaries and Wages	784,386	642,733	141,653
Employee Benefits	344,538	263,018	81,520
Other Expenditures	91,076	145,404	(54,328)
Total Planning	1,220,000	1,051,155	168,845

TOWN OF LELAND, NORTH CAROLINA
General Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2025

	Final Budget	Actual	Variance Positive (Negative)
Streets & Grounds / Powell Bill			
Salaries and Wages	1,308,943	1,023,153	285,790
Employee Benefits	673,867	480,860	193,007
Other Expenditures	6,287,935	2,731,302	3,556,633
Powell Bill Capital Project Cost	7,076,320	471,551	6,604,769
Total Streets / Powell Bill	15,347,065	4,706,866	10,640,199
Parks and Recreation			
Salaries and Wages	527,668	514,939	12,729
Employee Benefits	255,287	242,216	13,071
Other Expenditures	360,005	234,738	125,267
Total Parks and Recreation	1,142,960	991,893	151,067
Debt Service			
Principal	5,473,151	5,473,151	-
Interest	963,889	963,889	-
Total Debt Service	6,437,040	6,437,040	-
Total Expenditures	56,748,578	40,803,256	15,945,322
Excess (Deficiency) of Revenues Over (Under) Expenditures	(11,148,578)	5,137,990	16,286,568
Other Financing Sources (Uses):			
Installment loan proceeds	2,000,000	2,000,000	-
Lease/IT subscription liabilities issued	1,820,000	429,410	(1,390,590)
Fund Balance Appropriated	12,738,578	-	(12,738,578)
Transfers In:			
Building Inspection	330,000	-	(330,000)
Powell Bill Paving Capital Project	4,300,000	4,300,000	-
Transfers Out:			
Property Acquisition CPF	(4,700,000)	(4,700,000)	-
General Fund to Powell Bill CPF	(3,340,000)	(3,340,000)	-
Powell Bill CPF to Parks CPF	(1,000,000)	(1,000,000)	-
General Fund to Parks Capital Project Fund	(1,000,000)	(1,000,000)	-
Total Other Financing Sources (Uses)	11,148,578	(3,310,590)	(14,459,168)
Net Change in Fund Balance	\$ -	1,827,400	\$ 1,827,400
Fund balance, beginning		19,833,458	
Fund balance, ending		\$ 21,660,858	

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, 2025

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Restricted Intergovernmental			
Federal Forfeitures	\$ -	\$ 901	\$ 901
State Forfeitures	-	1,184	1,184
Total Restricted Intergovernmental	-	2,085	2,085
Investment Earnings	-	-	-
Total Revenues	-	2,085	2,085
Expenditures			
Police			
Other Expenditures	-	-	-
Total Police	-	-	-
Excess Revenue Over (Under) Expenditures	-	2,085	2,085
Fund Balance Appropriated		-	-
Net Change in Fund Balance	\$ -	2,085	\$ 2,085
Fund balance, beginning		11,132	
Fund balance, ending		\$ 13,217	

Major Governmental Funds

Capital Project Funds

TOWN OF LELAND, NORTH CAROLINA
Property & Facility (General) Capital Project Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
From Inception and For the Year Ended June 30, 2025

	Project Authorization	Prior Years	Actual Current Year	Closed-Out Projects	Total to Date	Variance Positive (Negative)
Revenues						
Grant Revenue	\$ 2,094,000	\$ 1,377,448	\$ 142,434	\$ -	\$ 1,519,882	\$ (574,118)
Investment Earnings	-	28,894	433,111	-	462,005	462,005
Total Revenues	<u>2,094,000</u>	<u>1,406,342</u>	<u>575,545</u>	<u>-</u>	<u>1,981,887</u>	<u>(112,113)</u>
Expenditures						
Grounds & Maintenance	20,660,421	15,194,140	7,024,184	(12,402,275)	9,816,049	(1,557,903)
Fire	-	3,501,402	-	(3,501,402)	-	(3,501,402)
Streets / Transportation	4,800,000	1,292,085	1,151,794	(1,149,847)	1,294,032	2,356,121
Total Parks and Recreation	<u>25,460,421</u>	<u>19,987,627</u>	<u>8,175,978</u>	<u>(17,053,524)</u>	<u>11,110,081</u>	<u>(2,703,184)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(23,366,421)</u>	<u>(18,581,285)</u>	<u>(7,600,433)</u>	<u>17,053,524</u>	<u>(9,128,194)</u>	<u>(2,815,297)</u>
Other financing sources (uses):						
Transfers In:						
General Fund	4,700,000	17,872,665	4,700,000	(17,053,524)	5,519,141	17,872,665
Debt Issuance	13,000,000	6,100,000	13,221,059	-	19,321,059	6,321,059
Total financing sources (uses)	<u>17,700,000</u>	<u>23,972,665</u>	<u>17,921,059</u>	<u>(17,053,524)</u>	<u>24,840,200</u>	<u>24,193,724</u>
Appropriated Fund Balance	<u>5,666,421</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,666,421)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ 5,391,380</u>	<u>10,320,626</u>	<u>\$ -</u>	<u>\$ 15,712,006</u>	<u>\$ 15,712,006</u>
Fund Balance - Beginning of Year			<u>5,391,380</u>		-	
Fund Balance - End of Year			<u>\$ 15,712,006</u>			

Non-Major Governmental Funds

Capital Project Funds

TOWN OF LELAND, NORTH CAROLINA
Combining Balance Sheet
Nonmajor Capital Project Funds
June 30, 2025

	Westgate Senior Apt. Housing Capital Project Fund	Old Fayetteville/Village Road Ped Loop Capital Project Fund	Parks Capital Project Fund	CDBG Capital Project Fund	June 30, 2025
ASSETS					
Cash and cash equivalents	\$ 1,006,358	\$ -	\$ -	\$ 200	\$ 1,006,558
Restricted Cash	-	-	2,187,134	-	2,187,134
Total assets	1,006,358	-	2,187,134	200	3,193,692
LIABILITIES AND FUND BALANCES					
Liabilities:					
Due to Other Funds	-	-	-	10,607	10,607
Total liabilities	-	-	-	10,607	10,607
Fund Balance					
Assigned:					
Planning	1,006,358	-	-	-	1,006,358
Parks and Recreation	-	-	2,187,134	-	2,187,134
Unassigned	-	-	-	(10,407)	(10,407)
Total fund balances	1,006,358	-	2,187,134	(10,407)	3,183,085
Total liabilities, deferred inflows of resources, and fund balances	\$ 1,006,358	\$ -	\$ 2,187,134	\$ 200	\$ 3,193,692

TOWN OF LELAND, NORTH CAROLINA
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Capital Project Funds
For the Year Ended June 30, 2025

	Westgate Senior Apt. Housing Capital Project Fund	Old Fayetteville/Vill age Road Ped Loop Capital Project Fund	Parks Capital Project Fund	CDBG Capital Project Fund	June 30, 2025
Revenues					
Restricted Intergovernmental	\$ -	\$ -	\$ -	\$ 33,035	\$ 33,035
Other Income	15,488	-	-	-	15,488
Total Revenue	15,488	-	-	33,035	48,523
Expenditures					
Planning	66,275	-	-	14,967	81,242
Parks and Recreation	-	-	3,462,762	-	3,462,762
Total Expenditures	66,275	-	3,462,762	14,967	3,544,004
Excess (Deficiency) of Revenues Over Expenditures	(50,787)	-	(3,462,762)	18,068	(50,787)
Other Financing Sources (Uses)					
Transfers from Other Funds	40,000	-	1,000,000	-	1,040,000
Total Other Financing Sources (Uses)	40,000	-	1,000,000	-	1,040,000
Net Change in Fund Balance	(10,787)	-	(2,462,762)	18,068	(2,455,481)
Fund balance - Beginning	1,017,145	-	4,649,896	(28,475)	5,638,566
Fund Balance - End of Year	\$ 1,006,358	\$ -	\$ 2,187,134	\$ (10,407)	\$ 3,183,085

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 Year Ended June 30, 2025

	Project Authorization	Prior Years	Actual Current Year	Closed-Out Projects	Total to Date	Variance Positive (Negative)
Revenues						
Restricted Intergovernmental						
STP-DA Grant	\$ -	\$ 196,109	\$ -	\$ (196,109)	\$ -	\$ 196,109
Total Restricted Intergovernmental	-	196,109	-	(196,109)	-	196,109
Expenditures						
Planning						
Capital Outlay	275,416	590,417	-	(590,417)	-	(315,001)
Total Planning	275,416	590,417	-	(590,417)	-	(315,001)
Revenues over (under) Expenditures	(275,416)	(394,308)	-	394,308	-	(118,892)
Other Financing Sources:						
Transfers In:						
Transfer from General Fund	100,000	394,308	-	(394,308)	-	294,308
Appropriated Fund Balance	175,416	-	-	-	-	(175,416)
Total Other Sources	275,416	394,308	-	(394,308)	-	118,892
Net Change in Fund Balance	\$ -	\$ -	-	\$ -	\$ -	\$ -
Fund Balance - Beginning of Year			-			
Fund Balance - End of Year			\$ -			

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 Year Ended June 30, 2025

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues					
Federal Grant	\$ -	\$ -	\$ -	\$ -	\$ -
Miscellaneous Income	20,000	160,259	15,488	175,747	155,747
Total Revenues	<u>20,000</u>	<u>160,259</u>	<u>15,488</u>	<u>175,747</u>	<u>155,747</u>
Expenditures					
Planning					
Other Expenditures	1,064,886	93,114	66,275	159,389	905,497
Total Planning	<u>1,064,886</u>	<u>93,114</u>	<u>66,275</u>	<u>159,389</u>	<u>905,497</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(1,044,886)</u>	<u>67,145</u>	<u>(50,787)</u>	<u>16,358</u>	<u>1,061,244</u>
Other financing sources (uses):					
Transfers In:					
Transfer from General Fund	40,000	950,000	40,000	990,000	950,000
Total financing sources (uses)	<u>40,000</u>	<u>950,000</u>	<u>40,000</u>	<u>990,000</u>	<u>950,000</u>
Appropriated Fund Balance	<u>1,004,886</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,004,886)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ 1,017,145</u>	<u>(10,787)</u>	<u>\$ 1,006,358</u>	<u>\$ 1,006,358</u>
Fund Balance - Beginning of Year			<u>1,017,145</u>		
Fund Balance - End of Year			<u>\$ 1,006,358</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 Year Ended June 30, 2025

		Actual				Variance
	Project Authorization	Prior Years	Current Year	Closed-Out Projects	Total to Date	Positive (Negative)
Revenues						
Miscellaneous Revenue	\$ -	\$ 977	\$ -	\$ -	\$ 977	\$ 977
Grant Revenue	490,000	100,000	-	-	100,000	(390,000)
Investment Earnings	-	40	-	-	40	40
Total Revenues	<u>490,000</u>	<u>101,017</u>	<u>-</u>	<u>-</u>	<u>101,017</u>	<u>(388,983)</u>
Expenditures						
Parks and Recreation						
Loblolly Park	502,319	46,490	-	(46,490)	-	455,829
Sweet Bay Park	-	16,375	-	(16,375)	-	(16,375)
Greenway Planning Project	-	7,500	-	(7,500)	-	(7,500)
Sturgeon Creek Park	544,671	710,049	-	(710,049)	-	(165,378)
Founders Park (Municipal Park)	5,991,972	2,230,139	3,462,762	-	5,692,901	299,071
Total Parks and Recreation	<u>7,038,962</u>	<u>3,010,553</u>	<u>3,462,762</u>	<u>(780,414)</u>	<u>5,692,901</u>	<u>565,647</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(7,038,962)</u>	<u>(2,909,536)</u>	<u>(3,462,762)</u>	<u>780,414</u>	<u>(5,591,884)</u>	<u>176,664</u>
Other financing sources (uses):						
Loan Proceeds	-	5,300,000	-	-	5,300,000	5,300,000
Transfers In:						
General Fund	2,000,000	1,139,000	1,000,000	-	2,139,000	139,000
Cypress Cove Park	-	313,096	-	(313,096)	-	313,096
Greenway Planning Project	-	30,001	-	(7,500)	22,501	30,001
Founders Park (Municipal Park)	-	143,916	-	-	143,916	143,916
Other Funds	-	633,419	-	(459,818)	173,601	633,419
Total financing sources (uses)	<u>2,000,000</u>	<u>7,559,432</u>	<u>1,000,000</u>	<u>(780,414)</u>	<u>7,779,018</u>	<u>6,559,432</u>
Appropriated Fund Balance	<u>4,548,962</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,548,962)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ 4,649,896</u>	<u>(2,462,762)</u>	<u>\$ -</u>	<u>\$ 2,187,134</u>	<u>\$ 2,187,134</u>
Fund Balance - Beginning of Year			<u>4,649,896</u>			
Fund Balance - End of Year			<u>\$ 2,187,134</u>			

TOWN OF LELAND, NORTH CAROLINA
CDBG Capital Project Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
From Inception and For the Year Ended June 30, 2025

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues					
Grants	\$ 387,663	\$ 26,363	\$ 33,035	\$ 59,398	\$ (328,265)
Total Revenues	<u>387,663</u>	<u>26,363</u>	<u>33,035</u>	<u>59,398</u>	<u>(328,265)</u>
Expenditures					
Planning					
Project Expenditures	387,663	54,838	14,967	69,805	317,858
Total Planning	<u>387,663</u>	<u>54,838</u>	<u>14,967</u>	<u>69,805</u>	<u>317,858</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>(28,475)</u>	<u>18,068</u>	<u>(10,407)</u>	<u>(10,407)</u>
Other financing sources (uses):					
Transfer from General Fund	-	-	-	-	-
Total financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Appropriated Fund Balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ (28,475)</u>	<u>18,068</u>	<u>\$ (10,407)</u>	<u>\$ (10,407)</u>
Fund Balance - Beginning of Year			<u>(28,475)</u>		
Fund Balance - End of Year			<u>\$ (10,407)</u>		

Other Schedules

TOWN OF LELAND, NORTH CAROLINA
Schedule of Ad Valorem Taxes Receivable
June 30, 2025

<u>Fiscal Year</u>	<u>Uncollected Balance July 1, 2024</u>	<u>Additions and Adjustments</u>	<u>Collections and Credits</u>	<u>Uncollected Balance June 30, 2025</u>
2024-25	\$ -	\$ 18,637,214	\$ 18,575,966	\$ 61,248
2023-24	49,050	-	37,989	11,061
2022-23	5,824	-	3,935	1,889
2021-22	2,491	-	1,743	748
2020-21	1,030	-	424	606
2019-20	1,280	-	402	878
2018-19	1,444	-	246	1,198
2017-18	1,344	-	285	1,059
2016-17	1,192	-	257	935
2015-16	4,616	-	10	4,606
2014-15	1,265	-	1,265	-
	<u>\$ 69,536</u>	<u>\$ 18,637,214</u>	<u>\$ 18,622,522</u>	<u>84,228</u>
Less: Allowance for Uncollectible Accounts:				
General Fund				<u>9,000</u>
Ad Valorem Taxes Receivable, net				<u>\$ 75,228</u>
<u>Reconciliation with Revenues</u>				
Ad Valorem Taxes - General Fund				\$ 19,370,727
Reconciling Items:				
Interest and Penalties Collected				(24,987)
Releases and adjustments				<u>(723,218)</u>
Total Collections and Credits				<u>\$ 18,622,522</u>

TOWN OF LELAND, NORTH CAROLINA
 Analysis of Current Tax Levy
 June 30, 2025

	Town-Wide			Total Levy	
				Property	Registered
	Property Valuation	Rate per \$100	Amount of Levy	Excluding Registered Motor Vehicles	Motor Vehicles
Original Levy:					
Property Taxed at					
Current Year's Rate	\$ 6,902,671,852	0.27	\$ 18,637,214	\$ 17,282,588	\$ 1,354,626
	6,902,671,852		18,637,214	17,282,588	1,354,626
Total Property Valuations	<u>\$ 6,902,671,852</u>				
Net Levy			\$ 18,637,214	\$ 17,282,588	\$ 1,354,626
Uncollected Taxes at June 30, 2025			61,248	61,248	-
Current Year's Taxes Collected			<u>\$ 18,575,966</u>	<u>\$ 17,221,340</u>	<u>\$ 1,354,626</u>
Current Levy Collection Percentage			<u>99.67%</u>	<u>99.65%</u>	<u>100.00%</u>

Compliance Section



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

Independent Auditors' Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, the aggregate discretely presented component units, and the aggregate remaining fund information of the Town of Leland, North Carolina, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprises Town of Leland's basic financial statements, and have issued our report thereon dated November 24, 2025.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of the internal control 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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 or significant deficiencies may exist that were not identified.

Members

American Institute of CPAs - N.C. Association of CPAs - AICPA's Private Companies Practice Section

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Town of Leland's financial statements are free from 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 result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Thompson, Price, Scott, Adams & Co., P.A.
Whiteville, NC
November 24, 2025



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**Report On Compliance With Requirements Applicable To Each Major State
Program And Internal Control Over Compliance In Accordance With
OMB Uniform Guidance and the State Single Audit Implementation Act**

Independent Auditors' Report

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

Report on Compliance for Each Major State Program

Opinion on Each Major State Program

We have audited the Town of Leland, North Carolina, compliance with the types of compliance requirements described in the OMB Compliance Supplement and the Audit Manual for Governmental Auditors in North Carolina, issued by the Local Government Commission, that could have a direct and material effect on each of Town of Leland's major State programs for the year ended June 30, 2025. Town of Leland's major State programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Town of Leland complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major State programs for the year ended June 30, 2025.

Basis for Opinion on Each Major State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and the State Single Audit Implementation Act. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Town of Leland and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provides a reasonable basis for our opinion on compliance for each major State program. Our audit does not provide a legal determination of Town of Leland's compliance with the compliance requirements referred to above.

Members

American Institute of CPAs - N.C. Association of CPAs - AICPA's Private Companies Practice Section

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Town of Leland State programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Town of Leland's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Town of Leland's compliance with the requirements of each major State program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Town of Leland's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of Town of Leland's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Town of Leland's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in Auditor's Responsibilities for the Audit of Compliance section and above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies or material weaknesses in internal control over compliance. Given these limitations, during our audit, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

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

Thompson, Price, Scott, Adams & Co., P.A.
Whiteville, NC
November 24, 2025

TOWN OF LELAND, NORTH CAROLINA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2025

Section I. Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance to GAAP: Unmodified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted ___ yes X no

State Awards

Internal control over major State programs:

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

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

Any audit findings disclosed that are required to be reported in accordance with the State Single Audit Implementation Act? ___ yes X no

Identification of major State programs:

Program Name
Powell Bill

Dollar threshold used to determine a State major program \$ 500,000

Auditee qualified as low-risk auditee? X yes ___ no

Section II. Financial Statement Findings

None reported.

Section III. State Award Findings and Questioned Costs

None Reported.

TOWN OF LELAND, NORTH CAROLINA
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
For the Year Ended June 30, 2025

None reported

Town of Leland
Schedule of Expenditures of Federal and State Awards
Federal and State Awards
For The Year Ended June 30, 2025

<u>Grantor/Pass-through Grantor/Program Title</u>	<u>Federal AL CFDA Number</u>	<u>State/ Pass-through Grantor's Number</u>	<u>Fed (Direct & Pass-through Expenditures</u>	<u>State Expenditures</u>
<u>Federal Grants:</u>				
Cash Programs:				
<u>United States Department of Housing and Urban Development</u>				
Passed-through NC Department of Commerce				
Community Development Block Grants/Entitlement Grants	14.218		\$ 14,966	\$ -
<u>U.S. Department of Justice</u>				
Passed-through NC Department of Public Safety				
Bulletproof Vest Partnership Program	16.607		66,300	-
Edward Byrne Memorial Justice Assistance Grant	16.738		19,912	-
<u>U.S. Department of Transportation</u>				
Passed-through NC Department of Transportation				
Highway Planning and Construction	20.205	50707.1.1	63,599	-
Total Highway Planning and Construction			<u>63,599</u>	<u>-</u>
Safe Streets and Roadways for All (SS4A)	20.939		90,832	-
Total assistance - Federal programs			<u>255,609</u>	<u>-</u>
<u>State Grants:</u>				
Cash Assistance:				
<u>N.C. Department of Public Safety</u>				
Transportation Infrastructure Resiliency Fund (TIRF)			-	142,434
<u>N.C. Department of Transportation</u>				
Powell Bill		32570	-	1,288,413
Total assistance - State programs			<u>-</u>	<u>1,430,847</u>
Total Federal and State assistance			<u>\$ 255,609</u>	<u>\$ 1,430,847</u>

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

Note 1: Basis of Presentation

The accompanying schedule of expenditures of federal and state awards (SEFSA) includes the federal and state grant activity of the Town of Leland under the programs of the federal government and the State of North Carolina for the year ended June 30, 2025. The information in this SEFSA is presented in accordance with the requirements of title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements Cost Principles and Audit Requirements for Federal Awards and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of the Town of Leland, it is not intended to and does not present the financial position, changes in net position or cash flows of the Town of Leland.

Note 2: Summary of Significant Accounting Policies

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

Note 3: Indirect Cost Rate

The Town of Leland has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.