



Annual Comprehensive Financial Report

**Town of Leland
North Carolina**

For the Fiscal Year Ended
June 30, 2022

Prepared by: Finance Department

Carly Hagg
Finance Director



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Town of Leland
TABLE OF CONTENTS
June 30, 2022

	<u>EXHIBIT</u>	<u>PAGES</u>
INTRODUCTORY SECTION		
Letter of Transmittal		i-v
List of Principal Officials		vi
Organizational Chart		vii
FINANCIAL SECTION		
Independent Auditors' Report		1-3
Management's Discussion and Analysis		4-9
Basic Financial Statements		
Government-wide Financial Statements:		
Statement of Net Position	1	10
Statement of Activities	2	11
Fund Financial Statements:		
Balance Sheet – Governmental Funds	3	12
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	3	13
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	4	14
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	4a	15
Statement of Revenues, Expenses and Changes in Fund Balance - Budget and Actual - General Fund	5	16-17
Notes to the Financial Statements		18-37
Required Supplemental Financial Data		
Schedule of Proportionate Share of Net Pension Liability (Asset) - Local Government Employees' Retirement System	A-1	38
Schedule of Contributions - Local Government Employees' Retirement System	A-2	39
Schedule of Proportionate Share of Net Pension Liability (Asset) - Firefighters' and Rescue Workers' Pension	A-3	40
Schedule of Changes in Total Pension Liability - Law enforcement Officers' Special Separation Allowance	A-4	41
Schedule of Total Pension Liability as a Percentage of Covered Payroll	A-5	42
Major Governmental Funds		
General Fund		
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General Fund	B-1	43-45
Other Funds Consolidated with General Fund		
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Drug Forfeitures Capital Reserve Fund	B-1a	46

Town of Leland
TABLE OF CONTENTS
June 30, 2022

	<u>EXHIBIT</u>	<u>PAGES</u>
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Vehicle Capital Reserve Fund	B-1b	47
<i>Other Major Funds</i>		
Property & Facility Capital Project Fund		
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Property & Facilities Capital Project Fund	B-2	48
ARPA Fund		
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - ARPA Fund	B-3	49
<i>Non-Major Governmental Funds - Capital Project Funds</i>		
Combining Balance Sheet - Nonmajor Capital Project Fund	C-1	50
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Capital Project Funds	C-2	51
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Old Fayetteville/Village Rd Capital Project Fund	C-3	52
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Westgate Senior Ap. Housing Capital Project Fund	C-4	53
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Parks Capital Project Fund	C-5	54
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Leland MS Sidewalk Capital Project Fund	C-6	55
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Village Rd MUP Extension Capital Project Fund	C-7	56
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Old Fayetteville MUP Capital Project Fund	C-8	57
<i>Other Schedules</i>		
Schedule of Ad Valorem Taxes Receivable - General Fund	D-1	58
Analysis of Current Tax Levy	D-2	59
STATISTICAL SECTION (UNAUDITED)		
Net Position by Component	Schedule 1	60
Change in Net Position	Schedule 2	61-62
Fund Balances, Governmental Funds	Schedule 3	63
Changes in Fund Balance, Governmental Funds	Schedule 4	64
Tax Revenues by Source, Governmental Funds	Schedule 5	65
Assessed Value and Actual Value of Taxable Property	Schedule 6	66
Principal Property Taxpayers	Schedule 7	67
Direct and Overlapping Property Tax Rates	Schedule 8	68
Property Tax Levies and Collections	Schedule 9	69
Ratio of Outstanding Debt by Type	Schedule 10	70
Direct and Overlapping Governmental Activities Debt	Schedule 11	71

Town of Leland
TABLE OF CONTENTS
June 30, 2022

	EXHIBIT	PAGES
Legal Debt Margin Information	Schedule 12	72
Demographic and Economic Statistics	Schedule 13	73
Principal Employers	Schedule 14	74
Full-time Equivalent Government Employees by Function	Schedule 15	75
Operating Indicators by Function	Schedule 16	76
COMPLIANCE SECTION		
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>		77-78
Report On Compliance With Requirements Applicable To Each Major Federal Program And Internal Control Over Compliance In Accordance With OMB Uniform Guidance and the State Single Audit Implementation Act		79-81
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		82-84
Schedule of Findings and Questioned Costs		85-86
Corrective Action Plan		87
Summary Schedule of Prior Audit Findings		88
Schedule of Expenditure of Federal and State Awards		89



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INTRODUCTORY SECTION



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

November 28, 2022

The Honorable Mayor Brenda Bozeman,
Leland Town Council, and Citizens of the
Town of Leland, North Carolina

The Annual Comprehensive Financial Report (ACFR) of the Town of Leland (Town) for the fiscal year ending June 30, 2022, is hereby submitted as mandated by North Carolina General Statutes. State law requires that all general-purpose governments publish a complete set of financial statements annually. These statements must be presented in conformity with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with auditing standards generally accepted in the United States of America (GAAS) by a firm of licensed certified public accountants.

This report consists of management's representations concerning the finances of the Town. Consequently, management assumes full responsibility for the completeness and reliability of all information presented in this report. To provide a reasonable basis for making these representations, management of the Town has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the Town's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the Town's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

INDEPENDENT AUDIT

The General Statutes of North Carolina (Section 159-34) require an independent financial audit of all local government units. The Town's financial statements have been audited by Thompson, Price, Scott, Adams & Co., P.A., an independent firm of licensed certified public accountants. The goal of the independent audit is to provide reasonable assurance that the Town's financial statements for the fiscal year ending June 30, 2022, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the Town's financial statements for the fiscal year ended June 30, 2022, were fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The Town's MD&A can be found immediately following the report of the independent auditors.

Brenda Bozeman
Mayor

Bob Campbell
Mayor Pro-Tem

Veronica Carter
Councilmember

Richard Holloman
Councilmember

Bill McHugh
Councilmember

David A. Hollis
Town Manager

THE TOWN AND ITS GOVERNMENTAL STRUCTURE

History:

What is today known as Leland was, in the mid-1890s, a small settlement at the crossroads where the current Village Road met the Wilmington, Columbia, and Augusta Railroad. The name of this settlement formally became Leland when, in late 1897, Joseph W. Gay and other area citizens petitioned the U.S. Post Office Department in Washington, D.C. for a local post office and submitted three possible names for the post office. Leland, the name of Gay's nephew, Leland Adams, was selected. The new post office opened on February 10, 1898, with Mr. Gay as Postmaster. The post office was located in a corner of Gay's General Store. The Town was officially incorporated in 1989 with the former McFarland Home (1916) becoming the first Town Hall.

Town Leadership:

The Town of Leland is led by a five-member Council including a Mayor and four Councilmembers. Under the Council-Manager form of government, the Town Council acts as a legislative body in establishing policy and law. Beginning with the 2019 election, the Mayor is elected to a four-year term. The Mayor serves as the presiding officer at the Town Council meetings and is the official head of the Town for ceremonial purposes. The Town Council members are elected for staggered four-year terms. They appoint a professional Town Manager, who serves as the Council's chief advisor. The Town Manager hires the employees of the Town.

Town Administration:

The Town Manager is responsible for the day-to-day operations of all departments within the Town. The Manager is the Town's Chief Administrator and is appointed by the Council. They are responsible for developing and executing the Town budget, overseeing the preparation of Town Council meeting agendas, and implementing the Council's vision for the Town of Leland. The Town Manager is assisted by two Assistant Town Managers. The Assistant Town Managers are hired by the Town Manager and undertake special projects that cross departmental lines, as well as assist the Town Manager, as necessary, in implementing the goals of Council. One of the Assistant Town Managers oversees the day-to-day operations of the Public Safety, Human Resources, Finance, Legal, and Information Technology departments. The second Assistant Town Manager oversees the day-to-day operations of the Public Services, Community Enrichment, Planning & Inspections, and Economic and Community Development departments.

Town Services:

The Town provides a full range of services including police and fire protection, animal control, planning and inspections, construction and maintenance of streets and infrastructure, stormwater management, and parks and recreation. The Town also provides administrative and technical services.

Growth:

Since its incorporation in 1989, the Town of Leland has had continuous growth. As the population continues to expand, the need for additional services and employees to support those services also require growth. In 2015, a new 40,000+ sq. ft. Town Hall building, to include the Police Headquarters, was dedicated, as well as an 18,000 sq. ft. Cultural Arts Center. In 2017, the nonprofit Leland Fire and Rescue Department was merged into the Town government. Leland has more than doubled its population in the last 10 years alone and is considered one of North Carolina's fastest growing towns to date.

ECONOMIC CONDITIONS AND OUTLOOK

Despite the ongoing global pandemic and financial crisis which continues to impact world economies, Leland continues to attract people to the area. Large volumes of residential construction are occurring to keep up with the rapid population growth. The Town is attracting and retaining businesses offering job opportunities and a variety of conveniently located retail, dining, and commercial businesses for our residents. The Town continues to prioritize mission critical services while maintaining its high level of commitment to the community. The overall economy and surrounding region have many economic trends which indicate Leland is well positioned to weather the rapid growth.

The Town finished the fiscal year in good financial condition. Overall, revenues exceeded projections due in part to increases in sales tax that were higher than anticipated. The Town began the fiscal year with a fund balance of \$15.144 million and ended the year with a fund balance of \$14.487 million in the General Fund.

BUDGET HIGHLIGHTS

Police Department:

The FY22-23 Police budget include a 17% (\$825,000) increase over the FY21-22 budget which includes the addition of one (1) additional full-time officer and related vehicle and equipment, as well as the replacement of four (4) vehicles.

Fire/Rescue Department:

The Fire/Rescue budget includes a 9% (\$570,000) increase over the current year budget which includes four (4) additional firefighters and the purchase of a replacement fire apparatus.

Street/Road Projects:

The FY22-23 budget includes \$1,630,000 in funding allocated for Public Services street projects.

Park Capital Projects:

The FY22-23 budget includes \$640,000 in grant proceeds being allocated for the Founders Park project.

New Employee Positions:

The budget includes the addition of nineteen (19) full-time employees. These positions include one (1) staff attorney, one (1) police officer, four (4) firefighters, four (4) maintenance technicians, one (1) engineering technician, two (2) GIS positions, one (1) transportation planner, and five (5) building inspection positions.

Debt Service:

The FY21-22 General Fund debt service totaled \$2,046,000. The FY22-23 debt service budget is \$2,370,000. While several of the payments decrease year over year, the changes in debt service include the addition of fire apparatus financing, the addition of the new Fire Station #51 financing, the refinance of the Municipal Operations Campus, and the payoffs of the Westport Fire Station and existing Fire Station #51 on Village Road.

Ad Valorem Tax Rate:

The ad valorem tax rate is set at the recommended 25.0 cents per \$100.00 of valuation.

General Fund Reserves:

There is an appropriation of \$250,000 to the general fund reserves to increase fund balance.

FINANCIAL POLICIES

These fiscal policies are a statement of the guidelines and goals that will influence and guide the financial management practices of the Town. A financial policy that is adopted, adhered to, and regularly reviewed, is recognized as the cornerstone of sound financial management. The following financial policy statements are presented:

Investment Policies:

- **Safety:** Safety of principal is the foremost objective of the investment program. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio.
- **Liquidity:** The investment portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated.
- **Return:** The investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints of safety and liquidity needs.
- **Stability:** The investment decisions will be made in a way that will maintain the Town's stable financial position.
- **Protection:** The Finance Director will ensure the Town has available funds to protect the Town from an emergency fiscal crisis by guaranteeing the continuance of service even in the event of an unforeseen occurrence.

Balanced Budget:

- Pursuant to North Carolina General Statutes 159-11, the Town will adopt a balanced budget.
- The North Carolina Local Government Budget and Fiscal Control Act defines a balanced budget as the sum of estimated net revenues and appropriated fund balance in each fund to be equal to appropriations in that fund.

Purchasing Policy:

- All Town employees will obtain a Purchase Order before making a financial obligation for the Town.
- The Town will follow the established guidelines for all formal and informal bids for qualifying apparatus, supplies, materials, equipment, and construction contracts.
- Purchases must be necessary to perform the scope of work and must avoid acquisition of unnecessary or duplicative items.
- Strategic sourcing is considered with other departments and/or agencies who have similar needs to consolidate procurements and services to obtain better pricing.
- Documentation will be maintained detailing the history of all procurements.

GFOA CERTIFICATE OF ACHIEVEMENT PROGRAM

The Government Finance Officers Association of the United States and Canada (GFOA) awards the Certificate of Achievement for Excellence in Financial Reporting to Municipalities for their Annual Comprehensive Financial Reports (ACFR). The requirement is for the government to publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both GAAP and applicable legal requirements. This is the Town of Leland's first time submitting for this prestigious award.

A Certificate of Achievement is valid for a period of one year only. Town staff believes the current annual comprehensive financial report will meet the Certificate of Achievement Program's requirements; therefore, the ACFR is being submitted to the GFOA to determine its eligibility for the Town's first certificate.

ACKNOWLEDGEMENTS

A special note of appreciation goes to the Town's auditor, Alan Thompson and his staff at Thompson, Price, Scott, Adams & Co., P.A.. Without their dedicated support and assistance, the production of this document would not have been possible.

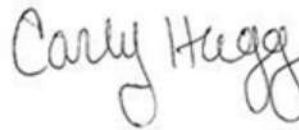
As required by North Carolina General Statute §159-34, a copy of this report will be filed with the Secretary of the North Carolina Local Government Commission. A copy will also be placed on file in the Clerk's office for public inspection.

Respectfully submitted,



David Hollis, Town Manager

Respectfully submitted,



Carly Hagg, Finance Director



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Town of Leland, North Carolina

List of Principal Officials

June 30, 2022

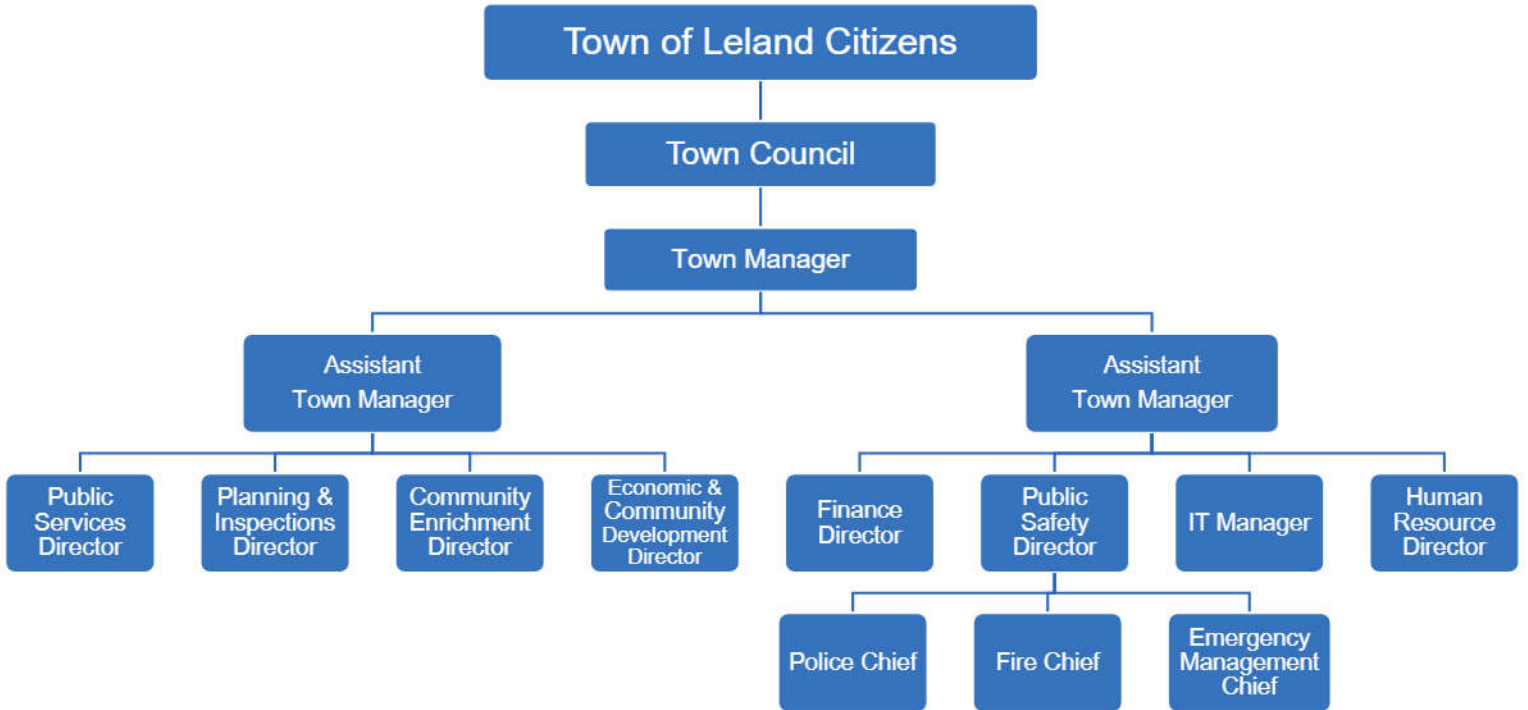
Town Council

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

Town Officials

David A. Hollis	Town Manager
Niel Brooks	Assistant Town Manager
Missy Rhodes	Assistant Town Manager
Carly Hagg	Finance Director
Wyatt Richardson	Community Enrichment Director
Sara Meyer	Human Resources Director
Gary Vidmar	Economic & Community Development Director
Brannon Richards	Public Services Director
Jeremy Humphries	Police Chief
John Grimes	Emergency Management Director
Sabrena Reinhardt	Administrative Manager/Town Clerk
Chris Langlois	Public Safety Director
Bruce Sandy	IT Manager
Ronnie Hayes	Fire Chief
Benjamin Andrea	Planning and Inspection Director

Town of Leland, North Carolina
Organizational Chart



FINANCIAL SECTION



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

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

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

INDEPENDENT AUDITORS' REPORT

To the 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, 2022, 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, 2022, 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.

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

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 responsive 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 28, 2022 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 28, 2022



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**Town of Leland
Management's Discussion and Analysis
June 30, 2022**

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, 2022. 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

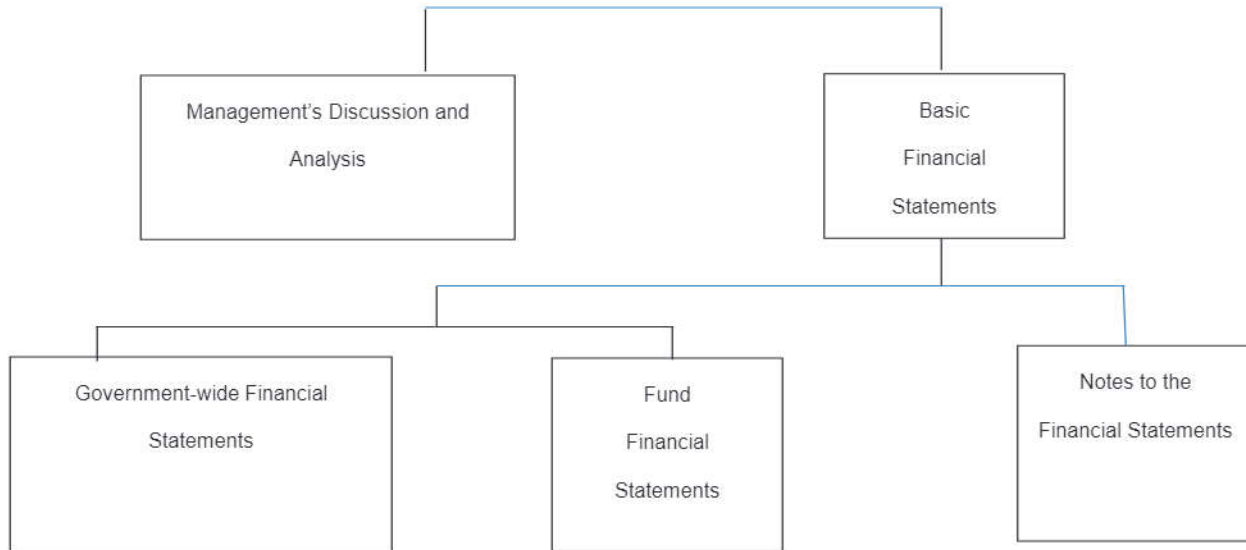
- The assets and deferred outflows of resources of Town of Leland exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$120,269,512 (net position).
- The government's total net position increased by \$9,566,473.
- As of the close of the current fiscal year, the Town of Leland's governmental funds reported combined ending fund balances of \$25,788,530 with an increase of \$5,850,782 in fund balance over the previous year.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$9,737,804, or 32.82 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



Summary ➔ Detail

Town of Leland
Management's Discussion and Analysis
June 30, 2022

Basic Financial Statements

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

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

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

Government-wide Financial Statements

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

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

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

Town of Leland
Management's Discussion and Analysis
June 30, 2022

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

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

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

Government-Wide Financial Analysis

The Town of Leland's Net Position
 Figure 2

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Current and other assets	\$ 34,362,902	\$ 21,879,659	\$ -	\$ -	\$ 34,362,902	\$ 21,879,659
Capital Assets	112,931,775	106,470,477	-	-	112,931,775	106,470,477
Deferred Outflows of Resources	3,635,125	2,987,129	-	-	3,635,125	2,987,129
Total Assets and Deferred Outflows of Resources	150,929,802	131,337,265	-	-	150,929,802	131,337,265
Long-term Liabilities Outstanding	16,930,489	16,673,793	-	-	16,930,489	16,673,793
Other Liabilities	6,670,080	3,695,311	-	-	6,670,080	3,695,311
Deferred Inflows of Resources	3,058,015	265,122	-	-	3,058,015	265,122
Total Liabilities and Deferred Inflows of Resources	26,658,584	20,634,226	-	-	26,658,584	20,634,226
Net Position:						
Net Investment in capital assets	97,843,275	93,876,292	-	-	97,843,275	93,876,292
Restricted	5,055,933	3,477,401	-	-	5,055,933	3,477,401
Unrestricted	17,370,304	13,349,346	-	-	17,370,304	13,349,346
Total Net Position	\$ 120,269,512	\$ 110,703,039	\$ -	\$ -	\$ 120,269,512	\$ 110,703,039

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 \$120,269,512 as of June 30, 2022. The Town's net position increased by \$9,566,473 for the fiscal year ended June 30, 2022. However, the largest portion (81.35%) 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, \$5,055,933, represents sources that are subject to external restrictions on how they may be used. The remaining balance of \$17,370,304 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 99.57%.

Town of Leland
Management's Discussion and Analysis
June 30, 2022

The Town of Leland Changes in Net Position
Figure 3

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Revenues:						
Program revenues:						
Charges for services	\$ 6,118,303	\$ 5,517,518	\$ -	\$ 7,410,119	\$ 6,118,303	\$ 12,927,637
Operating grants and contributions	423,300	700,388	-	-	423,300	700,388
Capital grants and contributions	9,008,644	1,063,403	-	314,154	9,008,644	1,377,557
General revenues:						
Property taxes	9,954,998	7,610,209	-	-	9,954,998	7,610,209
Other taxes	10,504,493	8,835,165	-	-	10,504,493	8,835,165
Other	223,286	69,595	-	3,360	223,286	72,955
Total revenues	<u>36,233,024</u>	<u>23,796,278</u>	<u>-</u>	<u>7,727,633</u>	<u>36,233,024</u>	<u>31,523,911</u>
Expenses:						
Governing body	303,412	269,307	-	-	303,412	269,307
Administrative	1,638,286	1,599,456	-	-	1,638,286	1,599,456
Information Technology	1,218,299	1,008,644	-	-	1,218,299	1,008,644
Human Resources	313,766	275,042	-	-	313,766	275,042
Finance	610,517	487,575	-	-	610,517	487,575
Grounds and Maintenance	2,305,186	2,127,566	-	-	2,305,186	2,127,566
Inspections	1,243,998	1,035,515	-	-	1,243,998	1,035,515
Police	4,686,847	4,289,546	-	-	4,686,847	4,289,546
Emergency Management	175,399	253,625	-	-	175,399	253,625
Fire	6,376,925	3,651,048	-	-	6,376,925	3,651,048
Planning / ECD	899,394	749,278	-	-	899,394	749,278
Streets/Powell Bill	2,829,431	3,513,040	-	-	2,829,431	3,513,040
Transportation	2,735,024	-	-	-	2,735,024	-
Parks and Recreation	1,016,261	672,599	-	-	1,016,261	672,599
Interest on long-term debt	313,806	321,318	-	-	313,806	321,318
Utilities	-	-	-	5,338,601	-	5,338,601
Cultural Arts Center	-	-	-	-	-	-
Total expenses	<u>26,666,551</u>	<u>20,253,559</u>	<u>-</u>	<u>5,338,601</u>	<u>26,666,551</u>	<u>25,592,160</u>
Increase (decrease) in net position before transfers and special items	9,566,473	3,542,719	-	2,389,032	9,566,473	5,931,751
Capital Contribution - Interlocal Agreement with H2GO	-	39,436,392	-	-	-	39,436,392
Extraordinary Loss - Interlocal Agreement with H2GO	-	-	-	(53,592,069)	-	(53,592,069)
Transfers	-	1,214,007	-	(1,214,007)	-	-
Change in net position	9,566,473	44,193,118	-	(52,417,044)	9,566,473	(8,223,926)
Net position, beginning	110,703,039	67,001,143	-	51,925,822	110,703,039	118,926,965
Net position, beginning, restated	<u>110,703,039</u>	<u>66,509,921</u>	<u>-</u>	<u>52,417,044</u>	<u>110,703,039</u>	<u>118,926,965</u>
Net position, ending	<u>\$ 120,269,512</u>	<u>\$ 110,703,039</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 120,269,512</u>	<u>\$ 110,703,039</u>

Governmental activities. Governmental activities increased the Town's net position by \$9,566,473. Of this increase, \$6,346,088 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.

**Town of Leland
Management's Discussion and Analysis
June 30, 2022**

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

The General Fund is the chief operating fund of the Town of Leland. At the end of the current fiscal year, Town of Leland's fund balance available in the General Fund was \$11,029,078, while total fund balance reached \$14,487,482. The Town currently has an available fund balance of 37.17% of general fund expenditures, while total fund balance represents 48.82% of the same amount.

At June 30, 2022, the governmental funds of Town of Leland reported a combined fund balance of \$25,788,530, with a net increase in fund balance of \$5,850,782.

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

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

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, 2022, totals \$112,931,775 (net of accumulated depreciation). These assets include buildings, land, vehicles, infrastructure, and equipment.

Major capital asset transactions during the year include:

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

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

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Land	\$ 6,280,210	\$ 5,652,069	\$ -	\$ -	\$ 6,280,210	\$ 5,652,069
Construction in Progress	7,776,267	4,202,475	-	-	7,776,267	4,202,475
Buildings	16,998,709	17,802,599	-	-	16,998,709	17,802,599
Infrastructure	37,270,067	36,605,957	-	-	37,270,067	36,605,957
Vehicles	1,784,752	2,185,937	-	-	1,784,752	2,185,937
Plant and Distribution	42,294,447	39,436,392	-	-	42,294,447	39,436,392
Equipment	527,323	585,048	-	-	527,323	585,048
Total	\$ 112,931,775	\$ 106,470,477	\$ -	\$ -	\$ 112,931,775	\$ 106,470,477

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

Long-term Debt. As of June 30, 2022, Town of Leland had total debt outstanding of \$15,192,080. Of this, \$0 is debt backed by the full faith and credit of the Town of Leland.

**Town of Leland's Outstanding Debt
Figure 5**

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Installment purchases	\$ 15,081,529	\$ 12,594,185	\$ -	\$ -	\$ 15,081,529	\$ 12,594,185
Lease liabilities	110,551	-	-	-	110,551	-
Total	\$ 15,192,080	\$ 12,594,185	\$ -	\$ -	\$ 15,192,080	\$ 12,594,185

**Town of Leland
Management's Discussion and Analysis
June 30, 2022**

Town of Leland's total debt increased by \$2,597,895 (20.63) during the past fiscal year, primarily due to the issuance of new debt to fund the construction at the fire department.

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 \$281,085,168. The Town of Leland does not have any authorized but un-issued debt at June 30, 2022.

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

Economic Factors and Next Year's Budgets and Rates

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

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

Budget Highlights for the General Fund Budget Fiscal Year Ending June 30, 2023

Ad Valorem Tax Rate - The ad valorem tax rate is set at the recommended 25.0 cents per \$100 of valuation.

New Employee Positions - The budget includes the addition of nineteen (19) full-time employees. These positions include one (1) staff attorney, one (1) police officer, four (4) firefighters, four (4) maintenance technicians, one (1) engineering technician, two (2) GIS positions, one (1) transportation planner, and five (5) building inspection positions.

Police Department - The FY22-23 Police budget includes a 17% (\$825,000) increase over the FY21-22 budget which includes the addition of one (1) additional full-time officer and the related vehicle and equipment, as well as the replacement of four (4) vehicles.

Fire/Rescue Department - The FY22-23 Police budget includes a 17% (\$825,000) increase over the FY21-22 budget which includes the addition of one (1) additional full-time officer and the related vehicle and equipment, as well as the replacement of four (4) vehicles.

Street/Road Projects - The FY22-23 budget includes \$1,630,000 in funding allocated for Public Services street projects.

Park Capital Projects - The FY22-23 budget includes \$640,000 in grant proceeds being allocated for the Founders Park project.

Debt Service - The FY21-22 General Fund debt service totaled \$2,046,000. The FY22-23 debt service budget is \$2,370,000. While several of the payments decrease year over year, the changes in debt service include the addition of fire apparatus financing, the addition of the new Fire Station #51 financing, the refinance of the Municipal Operations Campus, and the payoffs of the Westport Fire Station and existing Fire Station #51 on Village Road.

General Fund Reserves - There is an appropriation of \$250,000 to the general fund reserves to increase 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:

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

BASIC FINANCIAL STATEMENTS



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TOWN OF LELAND, NORTH CAROLINA
Statement of Net Position
June 30, 2022

Exhibit 1

	Primary Government		Leland Tourism Development Authority
	Governmental Activities	Total	
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 22,758,525	\$ 22,758,525	\$ 391,139
Receivables (net):			
Ad Valorem Taxes	33,890	33,890	-
Occupancy Tax	-	-	12,202
Accounts	502,225	502,225	-
Prepaid Expenses	898	898	-
Due from Other Governments	2,219,197	2,219,197	-
Internal balances	-	-	-
Restricted Cash and Cash Equivalents	8,744,587	8,744,587	-
Total Current Assets	34,259,322	34,259,322	403,341
Noncurrent Assets			
Capital Assets			
Land, Nondepreciable Improvements, and Construction in Progress	14,056,477	14,056,477	-
Other Capital Assets, Net of Depreciation	98,875,298	98,875,298	-
Right to use assets, net of amortization	103,580	103,580	-
Total Noncurrent Assets	113,035,355	113,035,355	-
Total Assets	\$ 147,294,677	\$ 147,294,677	\$ 403,341
DEFERRED OUTFLOWS OF RESOURCES			
Pension Deferrals	\$ 3,635,125	\$ 3,635,125	\$ -
Total deferred outflows of resources	3,635,125	3,635,125	-
LIABILITIES			
Current Liabilities:			
Accounts Payable and Accrued Liabilities	425,316	425,316	-
Customer Deposits	4,009,880	4,009,880	-
Accrued Interest	90,119	90,119	-
Unearned revenue	4,001,706	4,001,706	-
Current Portion of Long-term Debt	2,144,765	2,144,765	-
Total Current Liabilities	10,671,786	10,671,786	-
Long-term liabilities:			
Net pension liability (LGERS)	1,989,381	1,989,381	-
Total pension liability (LEOSSA)	1,238,639	1,238,639	-
Compensated absences	655,154	655,154	-
Due in more than one year	13,047,315	13,047,315	-
Total Long-Term Liabilities	16,930,489	16,930,489	-
Total Liabilities	27,602,275	27,602,275	-
DEFERRED INFLOWS OF RESOURCES			
Pension Deferrals	3,058,015	3,058,015	-
Total deferred inflows of resources	3,058,015	3,058,015	-
NET POSITION			
Net investment in capital assets	97,843,275	97,843,275	-
Restricted for:			
Transportation	974,014	974,014	-
Stabilization by State Statute	2,856,529	2,856,529	12,202
Inspection	1,216,404	1,216,404	-
Drug Forfeiture	8,986	8,986	-
Unrestricted	17,370,304	17,370,304	391,139
Total Net Position	\$ 120,269,512	\$ 120,269,512	\$ 403,341

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, 2022

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	Leland Tourism Development Authority
Primary government:						
Governmental activities:						
Governing Body	\$ 303,412	-	-	\$ -	(303,412)	\$ -
Administration	1,638,286	-	-	-	(1,638,286)	-
Information Technology	1,218,299	-	-	-	(1,218,299)	-
Human Resources	313,766	-	-	-	(313,766)	-
Finance	610,517	-	-	-	(610,517)	-
Grounds and Maintenance	2,305,186	-	302,855	-	(2,002,331)	-
Inspections	1,243,998	1,567,254	-	-	323,256	-
Police	4,686,847	-	120,445	-	(4,566,402)	-
Emergency Management	175,399	-	-	-	(175,399)	-
Fire	6,376,925	4,319,693	-	-	(2,057,232)	-
Planning / ECD	899,394	-	-	281,407	(617,987)	-
Streets / Powell Bill	2,829,431	-	-	665,711	(2,163,720)	-
Transportation	2,735,024	-	-	8,061,526	5,326,502	-
Parks and Recreation	1,016,261	231,356	-	-	(784,905)	-
Interest on long-term debt	313,806	-	-	-	(313,806)	-
Total governmental activities	<u>26,666,551</u>	<u>6,118,303</u>	<u>423,300</u>	<u>9,008,644</u>	<u>(11,116,304)</u>	<u>-</u>
Total primary government	<u>\$ 26,666,551</u>	<u>\$ 6,118,303</u>	<u>\$ 423,300</u>	<u>\$ 9,008,644</u>	<u>(11,116,304)</u>	<u>-</u>
Component unit:						
Leland Tourism Development Authority	\$ 171,716	-	-	\$ -	-	(171,716)
General revenues:						
Property taxes, levied for general purpose					9,954,998	-
Other taxes and licenses					10,504,493	200,351
Investment Earnings					37,127	-
Gain (Loss) on Disposal					26,350	-
Miscellaneous					159,809	-
Transfers					-	-
Total general revenues, special items, and transfers					<u>20,682,777</u>	<u>200,351</u>
Change in Net Position					<u>9,566,473</u>	<u>28,635</u>
Net position, beginning					<u>110,703,039</u>	<u>374,706</u>
Net position, ending					<u>\$ 120,269,512</u>	<u>\$ 403,341</u>

TOWN OF LELAND, NORTH CAROLINA
Balance Sheet
Governmental Funds
June 30, 2022

	Major Funds			Total Non-Major Funds	Total Governmental Funds
	General	ARPA Fund	Property Acquisition Capital Project Fund		
ASSETS					
Cash and cash equivalents	\$ 11,703,495	\$ -	8,963,156	\$ 2,091,874	\$ 22,758,525
Restricted Cash	4,992,881	3,751,706	-	-	8,744,587
Receivables (net):					
Ad Valorem Taxes	32,046	-	-	-	32,046
Accounts Receivable	121,100	-	-	381,125	502,225
Prepaid Expenses	898	-	-	-	898
Due from Other Governments	2,219,197	-	-	-	2,219,197
Due from other funds	135,107	-	-	-	135,107
Total assets	\$ 19,204,724	\$ 3,751,706	\$ 8,963,156	\$ 2,472,999	\$ 34,392,585
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable and accrued liabilities	\$ 425,316	\$ -	\$ -	\$ -	\$ 425,316
Due to other funds	-	-	-	135,107	135,107
Unearned revenue	250,000	3,751,706	-	-	4,001,706
Deposits	4,009,880	-	-	-	4,009,880
Total liabilities	4,685,196	3,751,706	-	135,107	8,572,009
DEFERRED INFLOWS OF RESOURCES	32,046	-	-	-	32,046
Fund balances:					
Nonspendable:					
Prepaid expenses	898	-	-	-	898
Restricted:					
Stabilization by State statute	2,475,404	-	-	381,125	2,856,529
Inspection	1,216,404	-	-	-	1,216,404
Streets	974,014	-	-	-	974,014
Drug Forfeiture	8,986	-	-	-	8,986
Committed:					
Public Safety (LEO Separation)	73,972	-	-	-	73,972
Assigned:					
Capital Projects	-	-	8,963,156	-	8,963,156
Planning	-	-	-	794,438	794,438
Parks and Recreation	-	-	-	1,297,436	1,297,436
Unassigned:	9,737,804	-	-	(135,107)	9,602,697
Total fund balances	14,487,482	-	8,963,156	2,337,892	25,788,530
Total liabilities, deferred inflows of resources, and fund balances	\$ 19,204,724	\$ 3,751,706	\$ 8,963,156	\$ 2,472,999	\$ 34,392,585

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

TOWN OF LELAND, NORTH CAROLINA
Balance Sheet
Governmental Funds
June 30, 2022

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

Total Governmental Fund Balance		\$ 25,788,530
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Gross capital assets at historical costs	166,624,151	
Accumulated depreciation	<u>(53,692,376)</u>	112,931,775
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	165,011	
Accumulated amortization	<u>(61,431)</u>	103,580
Deferred outflows of resources:		
Contributions to the pension plan in the current fiscal year		
LGERS	1,083,382	
LEOSSA	<u>-</u>	1,083,382
Pension related deferrals		
LGERS		2,111,103
LEOSSA		440,640
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		1,844
Deferred inflows of resources:		
Liabilities for earned revenues considered deferred inflows of resources in fund statements.		
Ad valorem Taxes		32,046
Pension related deferrals		
LGERS	(2,999,025)	
LEOSSA	<u>(58,990)</u>	(3,058,015)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Installment purchase obligations	(15,081,529)	
Lease liabilities	(110,551)	
Accrued interest payable	(90,119)	
Compensated absences	(655,154)	
Net pension liability (LGERS)	(1,989,381)	
Total pension liability (LEOSSA)	<u>(1,238,639)</u>	(19,165,373)
Net position of governmental activities		<u><u>\$ 120,269,512</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, 2022

	Major Funds			Total Non-Major Funds	Total Governmental Funds
	General Fund	ARPA Fund	Property Acquisition Capital Project Fund		
REVENUES					
Ad valorem taxes	\$ 9,958,406	\$ -	\$ -	\$ -	\$ 9,958,406
Other taxes and licenses	1,055	-	-	-	1,055
Unrestricted intergovernmental	10,226,185	-	-	-	10,226,185
Restricted intergovernmental	803,709	-	285,302	1,996,845	3,085,856
Permits and fees	6,395,556	-	-	-	6,395,556
Investment earnings	36,532	-	594	-	37,126
Miscellaneous	168,091	-	-	18,069	186,160
Total revenues	<u>27,589,534</u>	<u>-</u>	<u>285,896</u>	<u>2,014,914</u>	<u>29,890,344</u>
EXPENDITURES					
Governing Body	303,412	-	-	-	303,412
Administration	1,332,429	-	-	-	1,332,429
Information Technology	1,374,708	-	-	-	1,374,708
Human Resources	315,702	-	-	-	315,702
Finance	611,911	-	-	-	611,911
Grounds and Maintenance	1,453,570	-	857,157	-	2,310,727
Police	4,459,767	-	-	-	4,459,767
Emergency Management	177,468	-	-	-	177,468
Fire	5,799,108	-	1,971,991	-	7,771,099
Inspections	1,299,800	-	-	-	1,299,800
Transportation	-	-	-	1,174,231	1,174,231
Planning / ECD	896,839	-	-	360,804	1,257,643
Streets / Powell Bill	2,672,029	-	279,928	-	2,951,957
Parks and Recreation	996,046	-	-	87,439	1,083,485
Debt Service:					
Principal	1,712,656	-	-	-	1,712,656
Interest and Other Charges	267,578	-	-	-	267,578
Total expenditures	<u>23,673,023</u>	<u>-</u>	<u>3,109,076</u>	<u>1,622,474</u>	<u>28,404,573</u>
Excess (deficiency) of revenues over expenditures	3,916,511	-	(2,823,180)	392,440	1,485,771
OTHER FINANCING SOURCES (USES)					
Installment Purchase Obligations Issued	1,400,000	-	2,800,000	-	4,200,000
Lease liabilities issued	165,011	-	-	-	165,011
Transfers from other funds	1,425,782	-	4,500,000	1,639,000	7,564,782
Transfers to other funds	(7,564,782)	-	-	-	(7,564,782)
Total other financing sources and uses	<u>(4,573,989)</u>	<u>-</u>	<u>7,300,000</u>	<u>1,639,000</u>	<u>4,365,011</u>
Net change in fund balance	(657,478)	-	4,476,820	2,031,440	5,850,782
Fund balance, beginning	15,144,960	-	4,486,336	306,452	19,937,748
Fund balances-ending	<u>\$ 14,487,482</u>	<u>\$ -</u>	<u>\$ 8,963,156</u>	<u>\$ 2,337,892</u>	<u>\$ 25,788,530</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, 2022

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

Net changes in fund balances - total governmental funds	\$	5,850,782
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	4,176,438	
Contributed Capital that is not recorded on the fund statements	6,346,088	
Depreciation Expense	(4,061,228)	
Gain (Loss) on Disposal of Assets	<u>-</u>	6,461,298
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 - Leased Assets	165,011	
Amortization Expense - Leased Assets	<u>(61,431)</u>	103,580
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities		
LGERS		1,083,382
Benefit payments and pension administration costs for LEOSSA		
		-
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	(2,912)	
Interest earned on ad valorem taxes	<u>(496)</u>	(3,408)
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	(4,200,000)	
Debt retirement	1,712,656	
Lease liabilities issued	(165,011)	
Lease principal payments	54,460	
Increase in accrued interest payable	<u>(46,228)</u>	(2,644,123)
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	(907,615)	
Pension expense -LEOSSA	(196,789)	
Compensated absences	<u>(180,634)</u>	<u>(1,285,038)</u>
Total Change in net position of governmental activities	\$	<u><u>9,566,473</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, 2022

	General Fund			Variance With Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual Amounts	
Revenues:				
Ad valorem taxes	\$ 9,835,000	\$ 9,675,000	\$ 9,958,406	\$ 283,406
Other taxes and licenses	1,000	1,000	1,055	55
Unrestricted intergovernmental	8,790,000	8,790,000	10,226,185	1,436,185
Restricted intergovernmental	670,000	920,000	802,397	(117,603)
Permits and fees	6,002,000	6,162,000	6,395,556	233,556
Investment earnings	3,000	3,000	36,532	33,532
Miscellaneous	30,209	124,762	168,091	43,329
Total revenues	<u>25,331,209</u>	<u>25,675,762</u>	<u>27,588,222</u>	<u>1,912,460</u>
Expenditures				
Governing Body	230,000	340,000	303,412	36,588
Administration	1,430,000	1,430,000	1,332,429	97,571
Information Technology	1,235,000	1,247,000	1,374,708	(127,708)
Human Resources	350,000	350,000	315,702	34,298
Finance	600,000	650,000	611,911	38,089
Grounds and Maintenance	1,685,000	1,685,000	1,453,570	231,430
Police	4,991,513	4,871,513	4,459,767	411,746
Emergency Management	215,000	215,000	177,468	37,532
Fire	6,025,000	5,970,000	5,799,108	170,892
Inspections	1,171,209	1,331,209	1,299,800	31,409
Planning / ECD	765,000	1,001,000	896,839	104,161
Streets / Powell Bill	4,407,956	5,671,945	2,672,029	2,999,916
Parks and Recreation	1,170,000	1,170,000	996,046	173,954
Debt Service	2,046,000	1,981,000	1,980,234	766
Total expenditures	<u>26,321,678</u>	<u>27,913,667</u>	<u>23,673,023</u>	<u>4,240,644</u>
Revenues over (under) expenditures	<u>(990,469)</u>	<u>(2,237,905)</u>	<u>3,915,199</u>	<u>6,153,104</u>
Other financing sources (uses):				
Debt issuance	-	1,400,000	1,400,000	-
Lease liabilities issued	-	-	165,011	165,011
Transfers from Other Funds	913,791	1,425,000	1,425,000	-
Transfers to Other Funds	(2,892,792)	(7,564,000)	(7,564,782)	(782)
Total other financing sources (uses)	<u>(1,979,001)</u>	<u>(4,739,000)</u>	<u>(4,574,771)</u>	<u>164,229</u>
Revenues and other financing sources over expenditures and other financing uses	<u>(2,969,470)</u>	<u>(6,976,905)</u>	<u>(659,572)</u>	<u>6,317,333</u>
Appropriated Fund Balance	<u>1,244,470</u>	<u>6,976,905</u>	<u>-</u>	<u>(6,976,905)</u>
Net Change in Fund Balance	<u>\$ (1,725,000)</u>	<u>\$ -</u>	<u>(659,572)</u>	<u>\$ (659,572)</u>
Fund balance, beginning			<u>15,138,068</u>	
Fund balance, ending			<u>\$ 14,478,496</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, 2022

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

Restricted Intergovernmental Revenue	\$	1,312
Fund Balance, beginning of year		7,674
		8,986

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

Other Expenditures		-
Transfer from General Fund		782
Fund Balance, beginning of year		(782)
		-

Fund Balance - End of Year (Consolidated)	\$	14,487,482
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Town of Leland
Notes to the Financial Statements
June 30, 2022

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

Leland Tourism Development Authority

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

B. Basis of Presentation – Basis of Accounting

Government-wide Statements: The statement of net position and the statement of activities display information about the primary government and its component unit. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double counting of internal activities. 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, and Vehicle Capital Reserve Fund. Under GASB 54 guidance these funds are consolidated in the General Fund. The budgetary comparison for these funds has been included in the supplemental information.

ARPA Fund - This fund is used to account for the revenues and expenditures for the American Rescue Plan Act.

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:

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

Town of Leland
Notes to the Financial Statements
June 30, 2022

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

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.

Town of Leland
Notes to the Financial Statements
June 30, 2022

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgetary Data

The Town's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund, Powell Bill Fund, Powell Bill Paving Capital Project Fund, State Drug Forfeitures Capital Reserve Fund, Vehicle Capital Reserve Fund, Old Fayetteville MUP Capital Project Fund, Westgate Senior Apartment Housing Capital Project Fund, Leland MS Sidewalk Capital Project Fund, Old Fayetteville/Village Rd Ped Loop Capital Project Fund and the Village Road MUP Ext 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.

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.

Town of Leland Restricted Cash

Governmental Activities	
General Fund:	
Streets / Powell Bill	\$ 974,014
Drug Forfeiture	8,987
Contract Deposits	4,009,880
ARPA	3,751,706
Total Governmental Activities	<u>8,744,587</u>
Total Restricted Cash	<u>\$ 8,744,587</u>

Town of Leland
Notes to the Financial Statements
June 30, 2022

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Fund Equity (Continued)

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, 2021.

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.

7. Capital Assets

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

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

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

8. Right to Use Assets

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

The Town has recorded right to use lease assets as a result of implementing GASB 87. The right to use assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right to use assets are amortized on a straight-line basis over the life of the related lease.

9. Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, Deferred Outflows of Resources, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Town has one item that meets this criterion, contributions made to the pension plan in the 2022 fiscal year. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Town has several items that meet the criterion for this category – prepaid taxes, property taxes receivable, and pension deferrals.

Town of Leland
Notes to the Financial Statements
June 30, 2022

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Fund Equity (Continued)

10. 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.

11. Compensated Absences

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

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

12. 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.

Town of Leland
Notes to the Financial Statements
June 30, 2022

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Fund Equity (Continued)

12. Net Position/Fund Balances (Continued)

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.

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

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

13. Pensions

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

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

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budget Violations

As a result of the implementation of GASB 87, the Information technology department is overspent by \$127,708. The Town was required to record entries to record the net present value of the remaining lease liabilities as of July 1, 2021. Once the amount of the entries were identified, it was too late to propose budget amendments.

Town of Leland
Notes to the Financial Statements
June 30, 2022

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, 2022, the Town's deposits had a carrying amount of \$3,840,966 and a bank balance of \$3,910,372. 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, 2022, the Town's petty cash fund totaled \$410. The carrying amount of deposits for Leland Tourism Development Authority was \$391,139 and the bank balance was \$391,139. Of the bank balance, \$250,000 was covered by federal depository insurance.

2. Investments

At June 30, 2022, the Town of Leland had \$24,916,624 invested with the North Carolina Capital Management Trust. Because the NCCMT Government Portfolio has a weighted average maturity of less than 90 days, they are presented as an investment with a maturity of less than 6 months. The NCCMT Government Portfolio has an AAAM rating from S&P and AAA-mf by Moody's Investor Services. The Town has no policy regarding credit risk.

3. Receivables - Allowances for Doubtful Accounts

The amounts presented in the Balance Sheet and the Statement of Net Position for the year ended June 30, 2022 are net of the following allowances for doubtful accounts:

Fund	June 30, 2022
General Fund	
Taxes Receivable	\$ 36,480
Total	\$ 36,480

Town of Leland
Notes to the Financial Statements
June 30, 2022

III. DETAIL NOTES ON ALL FUNDS (Continued)

A. Assets (Continued)

4. Capital Assets

Primary Government

Capital asset activity for the year ended June 30, 2022, was as follows:

	Beginning Balances June 30, 2021	Additions	Retirements	Transfers	Ending Balances June 30, 2022
Governmental Activities					
Capital assets not being depreciated:					
Land	\$ 5,652,069	\$ 628,141		\$ -	\$ 6,280,210
Construction in Progress	4,202,475	3,573,792	-	-	7,776,267
Total capital assets not being depreciated	<u>9,854,544</u>	<u>4,201,933</u>	<u>-</u>	<u>-</u>	<u>14,056,477</u>
Other capital assets:					
Buildings & Improvements	26,572,766	-	-	-	26,572,766
Equipment	1,210,941	153,864	-	-	1,364,805
Vehicles	5,716,340	358,769	(71,718)	-	6,003,391
Infrastructure	57,089,109	2,482,446	-	-	59,571,555
Collection / Distribution System (ILA)	55,729,643	3,325,514	-	-	59,055,157
Total capital assets being depreciated	<u>146,318,799</u>	<u>6,320,593</u>	<u>(71,718)</u>	<u>-</u>	<u>152,567,674</u>
Less accumulated depreciation for:					
Buildings & Improvements	8,770,167	803,890	-	-	9,574,057
Equipment	625,893	211,589	-	-	837,482
Vehicles	3,530,403	759,954	(71,718)	-	4,218,639
Infrastructure	20,483,152	1,818,336	-	-	22,301,488
Collection / Distribution System (ILA)	16,293,251	467,459	-	-	16,760,710
Total accumulated depreciation	<u>49,702,866</u>	<u>\$ 4,061,228</u>	<u>\$ (71,718)</u>	<u>\$ -</u>	<u>53,692,376</u>
Total capital assets being depreciated, net	<u>96,615,933</u>				<u>98,875,298</u>
Governmental activities capital assets, net	<u>\$ 106,470,477</u>				<u>\$ 112,931,775</u>

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

Governmental activities	Depreciation
General Government	\$ 542,819
Public Safety	881,360
Cultural & Recreational	22,546
Environmental Protection	763,564
Transportation	1,850,939
Total depreciation expense	<u>\$ 4,061,228</u>

5. Right to Use Leased Assets

The Town has recorded two right to use leased assets. The assets are right to use assets for leased equipment. The related leases are discussed in the Leases subsection of the Long-term obligations section of this note. The right to use lease assets are amortized on a straight-line basis over the terms of the related leases.

Right to use asset activity for the Primary Government for the year ended June 30, 2022, was as follows:

	Balance	Increases	Decreases	Balance
Right to use assets				
Leased equipment	\$ -	\$ 165,011	\$ -	\$ 165,011
Total right to use assets	<u>-</u>	<u>165,011</u>	<u>-</u>	<u>165,011</u>
Less accumulated amortization for:				
Leased equipment	-	61,431	-	61,431
Total accumulated amortization	<u>-</u>	<u>61,431</u>	<u>-</u>	<u>61,431</u>
Right to use assets, net	<u>\$ -</u>	<u>\$ 103,580</u>	<u>\$ -</u>	<u>\$ 103,580</u>

Town of Leland
Notes to the Financial Statements
June 30, 2022

III. DETAIL NOTES ON ALL FUNDS (Continued)

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.

Contributions. Contribution provisions are established by General Stature 128-30 and may be amended only by the North Carolina General Assembly. Town of Leland employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The Town of Leland contractually required contribution rate for the year ended June 30, 2021, was 10.84% of compensation for law enforcement officers and 10.15% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Town of Leland were \$1,083,382 for the year ended June 30, 2022.

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, 2022, the Town reported a liability of \$1,998,381 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020. The total pension liability was then rolled forward to the measurement date of June 30, 2021 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, 2021, the Town's proportion was 0.05567%, which was a decrease of 0.0628% from its proportion measured as of June 30, 2020.

Town of Leland
Notes to the Financial Statements
June 30, 2022

III. DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (continued)

1 Pension Plan Obligations (continued)

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

For the year ended June 30, 2022, the Town recognized pension expense of \$ 907,615. At June 30, 2022, 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	\$ 632,894	\$ -
Changes of assumptions	1,249,839	-
Net difference between projected and actual earnings on pension plan investments	-	2,842,227
Changes in proportion and differences between Town contributions and proportionate share of contributions	228,370	156,798
Town contributions subsequent to the measurement date	1,083,382	
Total	\$ 3,194,485	\$ 2,999,025

\$1,083,382 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2022. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2023	\$ 221,693
2024	(58,286)
2025	(181,592)
2026	(869,739)
2027	-
Thereafter	-
	\$ (887,924)

Actuarial Assumptions. The total pension liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods in the measurement:

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

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

The actuarial assumptions used in the December 31, 2020 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income expectations of forward yields projected and interpolated for multiple tenor and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates for each major asset class as of June 30, 2021 are summarized in the following table:

Town of Leland
Notes to the Financial Statements
June 30, 2022

III. DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (continued)

1 Pension Plan Obligations (continued)

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

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

The information above is based on 30 year expectations developed with the consulting actuary for the 2020 asset liability and investment policy study for the North Carolina retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

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

Sensitivity of the Town's proportionate share of the net pension asset to changes in the discount rate. The following presents the Town's proportionate share of the net pension asset calculated using the discount rate of 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)	\$ 7,722,610	\$ 1,989,381	\$ (2,728,734)

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

b. Law Enforcement Officers' Special Separation Allowance

1. Plan Description

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

All full-time Town law enforcement officers are covered by the Separation Allowance. At December 31, 2020, the Separation Allowance's membership consisted of:

Retirees receiving benefits	1
Terminated plan members entitled to but not yet receiving benefits	0
Active plan members	38
Total	39

Town of Leland
Notes to the Financial Statements
June 30, 2022

III. DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

1 Pension Plan Obligations (Continued)

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

2. Summary of Significant Accounting Policies:

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

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

3. Actuarial Assumptions

The entry age actuarial cost method was used in the December 31, 2020 valuation. The total pension liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Salary increases	3.25 to 7.75 percent, including inflation and productivity factor
Discount rate	2.25 percent

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

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

4. Contributions.

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

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

At June 30, 2022, the Town reported a total pension liability of \$1,238,639. The total pension liability was measured as of December 31, 2021 based on a December 31, 2020 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2021 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2022, the Town recognized pension expense of \$196,789.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 154,077	\$ 8,720
Changes of assumptions	286,563	50,270
Town benefit payments and plan administrative expense made subsequent to the measurement date	-	-
Total	<u>\$ 440,640</u>	<u>\$ 58,990</u>

Town of Leland
Notes to the Financial Statements
June 30, 2022

III. DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

1 Pension Plan Obligations (Continued)

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

\$0 reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2023	\$	81,873
2024		82,661
2025		77,091
2026		78,732
2027		50,614
Thereafter		10,679

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 2.25 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 (1.25 percent) or 1-percentage-point higher (3.25 percent) than the current rate:

	1% Decrease (1.25%)	Discount Rate (2.25%)	1% Increase (3.25%)
Total pension liability	\$ 1,377,873	\$ 1,238,639	\$ 1,113,151

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

	<u>2022</u>
Beginning balance	\$ 1,118,457
Service Cost	93,389
Interest on the total pension liability	21,527
Changes of benefit terms	-
Differences between expected and actual experience in the measurement of the total pension liability	54,372
Changes of assumptions or other inputs	(43,016)
Benefit payments	(6,090)
Other changes	-
Ending balance of the total pension liability	<u>\$ 1,238,639</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, 2020 valuation were based on the results of an actuarial experience study completed by the Actuary for the Local Governmental Employees' Retirement System for the five year period ending December 31, 2019.

Town of Leland
Notes to the Financial Statements
June 30, 2022

III. DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

1 Pension Plan Obligations (Continued)

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

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

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

	<u>LGERS</u>	<u>LEOSSA</u>	<u>Total</u>
Pension Expense	\$ 907,615	\$ 196,789	\$ 1,104,404
Pension Liability	1,989,381	1,238,639	3,228,020
Proportionate share of the net pension liability	0.05567%	n/a	
 Deferred of Outflows of Resources			
Differences between expected and actual experience	632,894	154,077	786,971
Changes of assumptions	1,249,839	286,563	1,536,402
Net difference between projected and actual earnings on plan investments	-	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	228,370	-	228,370
Benefit payments and administrative costs paid subsequent to the measurement date	1,083,382	-	1,083,382
 Deferred of Inflows of Resources			
Differences between expected and actual experience	-	8,720	8,720
Changes of assumptions	-	50,270	50,270
Net difference between projected and actual earnings on plan investments	2,842,227	-	2,842,227
Changes in proportion and differences between contributions and proportionate share of contributions	156,798	-	156,798

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, 2022 were \$165,968, which consisted of \$126,344 from the Town and \$39,624 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, 2022 equaled \$342,219, which consisted of \$215,875 from the Town and \$126,344 from the employees.

Town of Leland
Notes to the Financial Statements
June 30, 2022

III. DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

2 Fire Fighters' and Rescue Squad Workers' Pension Fund

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

Contributions. Plan members are required to contribute \$10 per month to the plan. The State, a non-employer contributor, funds the plan through appropriations. The Town actually makes the \$10 per month members contribution to the Fund. Contribution provisions are established by General Statute 58-86 and may be amended only by the North Carolina General Assembly. For the fiscal year ending June 30, 2022, the State contributed \$18,302,000 to the plan. The Town's proportionate share of the State's contribution is \$1,197.

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

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

At June 30, 2022, 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 \$10,868. The net pension liability was measured as of June 30, 2021. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020. The total pension liability was then rolled forward to the measurement date of June 30, 2021, utilizing update procedures incorporating the actuarial assumptions. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative the projected contributions of all participating employers. As the Town is not projected to make any future contributions to the plan, its proportionate share at June 30, 2022 and at June 30, 2021 was 0%.

For the year ended June 30, 2022, the Town recognized pension expense of \$7,394 and revenue of \$7,394 for support provided by the State. At June 30, 2021, the Town reported no deferred outflows of resources and no deferred inflows of resources related to pensions.

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

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

Town of Leland
Notes to the Financial Statements
June 30, 2022

III. DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

2 Fire Fighters' and Rescue Squad Workers' Pension Fund (Continued)

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

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

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

3 Other Employment Benefits

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

4 Deferred Outflows and Inflows of Resources

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

Contributions to pension plan in current fiscal year - LGERS	\$ 1,083,382
Benefit payments made and administrative expenses for LEOSSA	-
Differences between expected and actual experience	
LGERS	632,894
LEOSSA	154,077
Changes of assumptions	
LGERS	1,249,839
LEOSSA	286,563
Net difference between projected and actual	
LGERS	
Changes in proportion and differences between employer contributions and proportionate share of contributions	
LGERS	228,370
Total Deferred outflows	\$ 3,635,125

Town of Leland
Notes to the Financial Statements
June 30, 2022

III. DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

4 Deferred Outflows and Inflows of Resources (Continued)

Deferred inflows of resources is comprised of the following:

Taxes receivable, less penalties	\$	32,046
Pension deferrals:		
Changes in assumptions		
LEOSSA		50,270
Differences between expected and actual experience		
LGERS		2,842,227
LEOSSA		8,720
Changes in proportion and differences between employer contributions and proportionate share of contributions		
LGERS		156,798
Total Deferred inflows	\$	3,090,061

5 Risk Management

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

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

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

6 Claims, Judgments and Contingent Liabilities

At June 30, 2022, the Town was a defendant to various lawsuits. In the opinion of the Town's management and the Town's attorney, the ultimate effect of these legal matters will not have a material adverse effect on the Town's financial position.

7 Long-Term Obligations

a. 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.

The first agreement was recorded on July 1, 2021 to lease equipment. The lease requires 31 remaining monthly payments ranging from \$4,215 to \$5,551. There are no variable payment components of the lease. The lease liability is measured at an imputed interest rate of 2.05%. There was no stated rate in the lease agreement. As a result of the lease, the Town has recorded a lease liability of \$156,499. The remaining liability at June 30, 2022 is \$102,927.

The second agreement was executed on February 21, 2022, to lease a postage machine. The lease requires 20 quarterly payments of \$445. There are no variable payment components of the lease. The lease liability is measured at an imputed interest rate of 1.91%. There was no stated rate in the lease agreement. As a result of the lease, the Town has recorded a lease liability of \$8,512. The remaining liability at June 30, 2022 is \$7,624.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2022, were as follows:

Town of Leland
Notes to the Financial Statements
June 30, 2022

III. DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

7 Long-Term Obligations (Continued)

	Principal Payments	Interest Payments	Total
2023	\$ 66,085	\$ 1,650	\$ 67,735
2024	40,312	367	40,679
2025	1,686	71	1,757
2026	1,654	38	1,692
2027	815	6	821
	<u>\$ 110,552</u>	<u>\$ 2,132</u>	<u>\$ 112,684</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.	\$ 3,960,000
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.	750,459
On January 26, 2018, the Town entered into a direct placement installment purchase loan with BB&T in the amount of \$7,000,000 for road and sewer improvements. The financing contract requires 15 annual payments beginning January 2019 of \$571,837 at an annual interest rate of 2.72%. The road and sewer lines are pledged as collateral for the debt. The sewer portion of the loan was paid in full as of June 30, 2021, leaving only the Street portion outstanding.	2,200,000
On September 26, 2019, the Town entered into a direct placement installment purchase loan with BB&T in the amount of \$665,289 for fire truck financing. The financing contract requires 5 annual payments beginning September 2020 of \$141,885 including interest at an annual rate of 2.2%.	407,750
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%.	563,320
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 \$287,129.32, including interest at an annual rate of 1.0632%.	1,400,000
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%.	5,800,000
Total	\$ 15,081,529

For Town of Leland, the future minimum payments as of June 30, 2022, including \$1,336,107 of interest are as follows:

Year Ending June 30	Governmental Activities	
	Principal	Interest
2023	\$ 2,078,680	\$ 289,778
2024	2,094,345	250,430
2025	2,110,255	210,836
2026	1,984,529	170,993
2027	1,852,770	133,988
2028-2032	4,760,950	274,642
2033-2037	200,000	5,440
Total	<u>\$ 15,081,529</u>	<u>\$ 1,336,107</u>

Town of Leland
Notes to the Financial Statements
June 30, 2022

III. DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

7 Long-Term Obligations (Continued)

c. Long-Term Obligation Activity

Governmental Activities:	Beginning Balance	Additions	Retirements	Ending Balance	Current Portion of Balance
Direct Placement Installment Purchases	\$ 12,594,185	\$ 4,200,000	\$ 1,712,656	\$ 15,081,529	\$ 2,078,680
Lease liabilities	-	165,011	54,460	110,551	66,085
Compensated Absences	474,520	180,634	-	655,154	-
Net Pension Liability (LGRS)	4,233,438	-	2,244,057	1,989,381	-
Total Pension Liability (LEOSSA)	1,118,457	120,182	-	1,238,639	-
Total	<u>\$ 18,420,600</u>	<u>\$ 4,665,827</u>	<u>\$ 4,011,173</u>	<u>\$ 19,075,254</u>	<u>\$ 2,144,765</u>

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

C. Interfund Balances and Activity

Transfers to/from other funds at June 30, 2022, consists of the following:

From	To	Amount
General Fund	Property & Facility CPF to fund project expenditures	\$ 4,500,000
General Fund	Sturgeon Creek Community Restoration CPF to cover expenditures.	989,000
General Fund	Westgate Senior MUP CPF Apt Housing to cover expenditures	650,000
		<u>\$ 6,139,000</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.

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

Due from the Old Fayetteville MUP Capital Project Fund to the General Fund for an advance to cover cash balance overdrafts in the amount of \$43,878.

Due from the Village Road MUP Capital Project Fund to the General Fund for an advance to cover cash balance overdrafts in the amount of \$14,693.

Due from the Old Fayetteville / Village Road Ped Loop Fund to the General Fund for an advance to cover cash balance overdrafts in the amount of \$76,536.

D. Net Investment in Capital Assets

	<u>Governmental Activities</u>
Capital assets and right to use assets	\$113,035,355
Total debt, gross	15,192,080
Less:	
Capital related unspent debt issuances	-
Total capital debt	<u>15,192,080</u>
Net investment in capital assets	<u>\$ 97,843,275</u>

Town of Leland
Notes to the Financial Statements
June 30, 2022

III. DETAIL NOTES ON ALL FUNDS (Continued)

E. Fund Balance

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

<i>Total Fund Balance - General Fund</i>		\$ 14,487,482
Less:		
Nonspendable		
Restricted	Prepaid	898
	Stabilization by State Statute	2,475,404
	Streets - Powell Bill	974,014
	Drug Forfeiture	8,986
Committed	Transportation	-
	LEO Separation Allowance	73,972
Remaining Fund Balance		10,954,208

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

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

IV. SUMMARY DISCLOSURE OF SIGNIFICANT COMMITMENTS AND CONTINGENCIES

A. Federal and State Assisted Programs

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

V. SIGNIFICANT EFFECTS OF SUBSEQUENT EVENTS

Subsequent events have been evaluated through November 28, 2022, 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.

REQUIRED
SUPPLEMENTAL FINANCIAL DATA



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

Local Government Employees' Retirement System					
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Leland proportion of the net pension liability (asset) (%)	0.05567%	0.11847%	0.12939%	0.09441%	0.06886%
Leland proportion of the net pension liability (asset) (\$)	\$ 1,989,381	\$ 4,233,438	\$ 3,533,540	\$ 2,239,728	\$ 1,051,990
Leland covered payroll	\$ 8,107,157	\$ 6,739,323	\$ 6,502,799	\$ 5,308,752	\$ 3,429,102
Leland proportionate share of the net pension liability (asset) as a percentage of its covered payroll	24.54%	62.82%	54.34%	42.19%	30.68%
Plan fiduciary net position as a percentage of the total pension liability**	88.61%	90.86%	91.63%	94.18%	98.09%
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	
Leland proportion of the net pension liability (asset) (%)	0.05636%	0.05893%	0.05978%	0.05460%	
Leland proportion of the net pension liability (asset) (\$)	\$ 1,196,148	\$ 264,474	\$ (352,550)	\$ 658,140	
Leland covered payroll	\$ 2,910,994	\$ 2,759,619	\$ 2,607,220	\$ 2,493,749	
Leland proportionate share of the net pension liability (asset) as a percentage of its covered payroll	41.09%	9.58%	-13.52%	26.39%	
Plan fiduciary net position as a percentage of the total pension liability**	98.79%	102.64%	94.35%	94.35%	

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

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

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

Local Government Employees' Retirement System					
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 1,083,382	\$ 837,435	\$ 616,135	\$ 516,543	\$ 410,297
Contributions in relation to the contractually required contribution	1,083,382	837,435	616,135	516,543	410,297
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Leland's covered payroll	\$ 9,403,542	\$ 8,107,157	\$ 6,739,323	\$ 6,502,799	\$ 5,308,752
Contributions as a percentage of covered payroll			9.14%	7.94%	6.68%
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	
Contractually required contribution	\$ 259,734	\$ 194,441	\$ 212,037	\$ 186,801	
Contributions in relation to the contractually required contribution	259,734	194,441	212,037	186,801	
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
Leland's covered payroll	\$ 3,429,102	\$ 2,910,994	\$ 2,759,619	\$ 2,607,220	
Contributions as a percentage of covered payroll	7.68%	6.68%	7.68%	7.16%	

Town of Leland, North Carolina
Town of Leland's Proportionate Share of Net Pension Liability
Required Supplementary Information
June 30, 2022

Firefighters' and Rescue Squad Workers' Pension					
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Leland's proportionate share of the net pension liability (%)	0.0000%	0.0000%	0.0000%	0.0000%	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	10,864	16,200	18,491	34,519	10,286
Total	<u>\$ 10,864</u>	<u>\$ 16,200</u>	<u>\$ 18,491</u>	<u>\$ 34,519</u>	<u>\$ 10,286</u>
Leland's covered payroll	\$ 1,946,094	\$ 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	0.56%	0.84%	1.13%	1.68%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	89.69%	92.58%	92.43%	89.69%	89.35%

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

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

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

Law Enforcement Officers' Special Separation Allowance						
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Beginning Balance	\$ 1,118,457	\$ 704,853	\$ 426,692	\$ 408,259	\$ 308,324	\$ 279,024
Service Cost	93,389	52,823	47,035	43,967	38,021	30,768
Interest on the total pension liability	21,527	22,750	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	54,372	(5,523)	186,035	(11,383)	7,629	-
Changes of assumptions or other inputs	(43,016)	357,560	29,559	(27,052)	42,384	(11,429)
Benefit payments	(6,090)	(14,006)	-	-	-	-
Other changes	-	-	-	-	-	-
Ending balance of the total pension liability	<u>\$ 1,238,639</u>	<u>\$ 1,118,457</u>	<u>\$ 704,853</u>	<u>\$ 426,692</u>	<u>\$ 408,259</u>	<u>\$ 308,324</u>

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

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total pension liability	\$ 1,238,639	\$ 1,118,457	\$ 704,853	\$ 426,692	\$ 408,259	\$ 308,324
Covered payroll	\$ 2,056,176	\$ 1,889,613	\$ 1,895,467	\$ 1,707,437	\$ 1,611,350	\$ 1,255,830
Total pension liability as a percentage of covered payroll	60.24%	59.19%	37.19%	24.99%	25.34%	24.55%

Note to the schedules:

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



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Major Governmental Funds

General Fund



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TOWN OF LELAND, NORTH CAROLINA
 General Fund
 Statement of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual
 For the Year Ended June 30, 2022

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Ad valorem Taxes			
Taxes	\$ 9,670,000	\$ 9,945,020	\$ 275,020
Penalties and Interest	5,000	13,386	8,386
Total Ad Valorem Taxes	<u>9,675,000</u>	<u>9,958,406</u>	<u>283,406</u>
Other Taxes and Licenses			
Privilege Licenses	1,000	1,055	55
Total Other Taxes and Licenses	<u>1,000</u>	<u>1,055</u>	<u>55</u>
Unrestricted Intergovernmental Revenues			
Local Option Sales Tax	7,750,000	9,231,743	1,481,743
Utility Franchise Tax	950,000	902,965	(47,035)
Beer and Wine Tax	90,000	91,477	1,477
Total Unrestricted Intergovernmental	<u>8,790,000</u>	<u>10,226,185</u>	<u>1,436,185</u>
Restricted Intergovernmental Revenues			
Powell Bill Allocation	560,000	665,711	105,711
FEMA Grant	250,000	-	(250,000)
Police Grant Reimbursement	95,000	119,133	24,133
Solid Waste Disposal Tax	15,000	17,553	2,553
Total Restricted Intergovernmental	<u>920,000</u>	<u>802,397</u>	<u>(117,603)</u>
Permits and Fees			
Building Permits	1,560,000	1,567,254	7,254
Inspection Fees	-	-	-
Recreation Fees	160,000	231,356	71,356
Fire Fees	4,254,500	4,319,693	65,193
Other Fees and Permits	187,500	277,253	89,753
Total Permits and Fees	<u>6,162,000</u>	<u>6,395,556</u>	<u>233,556</u>
Investment Earnings			
General	3,000	28,670	25,670
Powell Bill	-	7,862	7,862
Total Investment Earnings	<u>3,000</u>	<u>36,532</u>	<u>33,532</u>
Miscellaneous			
Sale of Fixed Assets	-	26,350	26,350
Other	124,762	141,741	16,979
Total Miscellaneous	<u>124,762</u>	<u>168,091</u>	<u>43,329</u>
Total Revenues	<u>25,675,762</u>	<u>27,588,222</u>	<u>1,912,460</u>
Expenditures			
Governing Body			
Salaries and Wages	64,800	70,243	(5,443)
Employee Benefits	6,629	5,982	647
Other Expenditures	268,571	227,187	41,384
Total Governing Body	<u>340,000</u>	<u>303,412</u>	<u>36,588</u>
Administration			
Salaries and Wages	695,782	684,660	11,122
Employee Benefits	279,033	228,740	50,293
Other Expenditures	455,185	419,029	36,156
Total Administration	<u>1,430,000</u>	<u>1,332,429</u>	<u>97,571</u>

TOWN OF LELAND, NORTH CAROLINA

Exhibit B-1
(continued)

General Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2022

	Final Budget	Actual	Variance Positive (Negative)
Information Technology			
Salaries and Wages	69,168	83,244	(14,076)
Employee Benefits	25,767	29,263	(3,496)
Other Expenditures	1,152,065	1,097,190	54,875
Capital Outlay	-	165,011	(165,011)
Total Information Technology	<u>1,247,000</u>	<u>1,374,708</u>	<u>(127,708)</u>
Human Resources			
Salaries and Wages	195,958	198,068	(2,110)
Employee Benefits	78,922	69,226	9,696
Other Expenditures	75,120	48,408	26,712
Total Human Resources	<u>350,000</u>	<u>315,702</u>	<u>34,298</u>
Finance			
Salaries and Wages	386,868	375,052	11,816
Employee Benefits	148,682	145,597	3,085
Other Expenditures	114,450	91,262	23,188
Total Finance	<u>650,000</u>	<u>611,911</u>	<u>38,089</u>
Grounds and Maintenance			
Salaries and Wages	590,746	579,448	11,298
Employee Benefits	347,324	271,221	76,103
Other Expenditures	746,930	602,901	144,029
Total Grounds and Maintenance	<u>1,685,000</u>	<u>1,453,570</u>	<u>231,430</u>
Police			
Salaries and Wages	2,667,340	2,593,665	73,675
Employee Benefits	1,305,869	1,156,546	149,323
Other Expenditures	503,304	468,235	35,069
Capital Outlay	395,000	241,321	153,679
Total Police	<u>4,871,513</u>	<u>4,459,767</u>	<u>411,746</u>
Emergency Management			
Salaries and Wages	97,960	101,573	(3,613)
Employee Benefits	47,840	38,171	9,669
Other Expenditures	69,200	37,724	31,476
Total Emergency Management	<u>215,000</u>	<u>177,468</u>	<u>37,532</u>
Fire			
Salaries and Wages	2,679,798	2,661,023	18,775
Employee Benefits	1,298,632	1,140,692	157,940
Other Expenditures	591,570	597,393	(5,823)
Capital Outlay	1,400,000	1,400,000	-
Total Fire Department	<u>5,970,000</u>	<u>5,799,108</u>	<u>170,892</u>
Inspections			
Salaries and Wages	806,428	750,035	56,393
Employee Benefits	321,074	302,498	18,576
Other Expenditures	121,001	164,891	(43,890)
Capital Outlay	82,706	82,376	330
Total Inspections	<u>1,331,209</u>	<u>1,299,800</u>	<u>31,409</u>
Planning / ECD			
Salaries and Wages	584,846	535,447	49,399
Employee Benefits	296,344	211,374	84,970
Other Expenditures	119,810	150,018	(30,208)
Total Planning / ECD	<u>1,001,000</u>	<u>896,839</u>	<u>104,161</u>

TOWN OF LELAND, NORTH CAROLINA

Exhibit B-1
(continued)

General Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2022

	Final Budget	Actual	Variance Positive (Negative)
Streets / Powell Bill			
Salaries and Wages	798,126	811,278	(13,152)
Employee Benefits	401,789	335,337	66,452
Other Expenditures	2,685,139	1,118,440	1,566,699
Powell Bill Capital Project Cost	1,786,891	406,974	1,379,917
Total Streets / Powell Bill	<u>5,671,945</u>	<u>2,672,029</u>	<u>2,999,916</u>
Parks and Recreation			
Salaries and Wages	513,623	461,706	51,917
Employee Benefits	252,099	206,933	45,166
Other Expenditures	404,278	327,407	76,871
Total Parks and Recreation	<u>1,170,000</u>	<u>996,046</u>	<u>173,954</u>
Debt Service			
Principal		1,712,656	
Interest		267,578	
Total Debt Service	<u>1,981,000</u>	<u>1,980,234</u>	<u>766</u>
Total Expenditures	<u>27,913,667</u>	<u>23,673,023</u>	<u>4,240,644</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(2,237,905)</u>	<u>3,915,199</u>	<u>6,153,104</u>
Other Financing Sources (Uses):			
Installment loan proceeds	1,400,000	1,400,000	-
Lease liabilities issued	-	165,011	165,011
Transfers In:			
Powell Bill Paving Capital Project	1,405,000	1,405,000	-
General Fund to Law Enforcement Separation Allowance	20,000	20,000	-
Transfers Out:			
Property Acquisition CPF	(4,500,000)	(4,500,000)	-
Vehicle Capital Reserve Fund	-	(782)	(782)
General Fund to Powell Bill CPF	(405,000)	(405,000)	-
General Fund to Parks CPF	(989,000)	(989,000)	-
Powell Bill Fund to Powell Bill Paving CPF	(1,000,000)	(1,000,000)	-
Westgate Senior Apt Housing Capital Project Fund	(650,000)	(650,000)	-
General Fund to Law Enforcement Separation Allowance	(20,000)	(20,000)	-
Total Other Financing Sources (Uses)	<u>(4,739,000)</u>	<u>(4,574,771)</u>	<u>164,229</u>
Fund Balance Appropriated	<u>6,976,905</u>	<u>-</u>	<u>(6,976,905)</u>
	<u>\$ -</u>		
Net Change in Fund Balance		(659,572)	<u>\$ (659,572)</u>
Fund balance, beginning		<u>15,138,068</u>	
Fund balance, ending		<u>\$ 14,478,496</u>	



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Special Revenue Funds
Consolidated with General Fund



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TOWN OF LELAND, NORTH CAROLINA
Drug Forfeitures Capital Reserve Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2022

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Restricted Intergovernmental			
Federal Forfeitures	\$ -	\$ -	\$ -
State Forfeitures	-	1,312	1,312
Total Restricted Intergovernmental	-	1,312	1,312
Investment Earnings			
	-	-	-
Total Revenues	-	1,312	1,312
Expenditures			
Police			
Other Expenditures	-	-	-
Total Police	-	-	-
Excess Revenue Over (Under) Expenditures	-	1,312	1,312
Fund Balance Appropriated		-	-
Net Change in Fund Balance	\$ -	1,312	\$ 1,312
Fund balance, beginning		7,674	
Fund balance, ending		\$ 8,986	

TOWN OF LELAND, NORTH CAROLINA
 Vehicle Capital Reserve Fund
 Statement of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual
 For the Year Ended June 30, 2022

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

Major Governmental Funds

Capital Project Funds



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TOWN OF LELAND, NORTH CAROLINA
Property & Facility (General) Capital Project Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Fiscal Year Ended June 30, 2022

	Project Authorization	Prior Years	Actual		Variance Positive (Negative)
			Current Year	Total to Date	
Revenues					
Grant Revenue	\$ 389,896	\$ -	285,302	\$ 285,302	\$ (104,594)
Investment Earnings	-	45	594	639	639
Total Revenues	<u>389,896</u>	<u>45</u>	<u>285,896</u>	<u>285,941</u>	<u>(103,955)</u>
Expenditures					
Grounds & Maintenance	6,875,981	3,481,177	857,157	4,338,334	2,537,647
Fire	4,916,309	65,093	1,971,991	2,037,084	2,879,225
Streets / Transportation	389,896	104	279,928	280,032	109,864
Total Parks and Recreation	<u>12,182,186</u>	<u>3,546,374</u>	<u>3,109,076</u>	<u>6,655,450</u>	<u>5,526,736</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(11,792,290)</u>	<u>(3,546,329)</u>	<u>(2,823,180)</u>	<u>(6,369,509)</u>	<u>5,422,781</u>
Other financing sources (uses):					
Transfers In:					
General Fund	4,500,000	4,030,000	4,500,000	8,530,000	4,030,000
Debt Issuance	2,800,000	3,300,000	2,800,000	6,100,000	3,300,000
Total financing sources (uses)	<u>7,300,000</u>	<u>7,330,000</u>	<u>7,300,000</u>	<u>14,630,000</u>	<u>7,330,000</u>
Appropriated Fund Balance	<u>4,492,290</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,492,290)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ 3,783,671</u>	<u>4,476,820</u>	<u>\$ 8,260,491</u>	<u>\$ 8,260,491</u>
Fund Balance - Beginning of Year			<u>4,486,336</u>		
Fund Balance - End of Year			<u>\$ 8,963,156</u>		

TOWN OF LELAND, NORTH CAROLINA
 ARPA Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balance
 Budget and Actual
 From Inception and For the Fiscal Year Ended June 30, 2022

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues					
Grants	7,500,000	\$ -	\$ -	\$ -	\$ (7,500,000)
Total Revenues	<u>7,500,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(7,500,000)</u>
Expenditures					
Covid Related Items	1,000,000	-	-	-	1,000,000
Stormwater / Utilities	6,500,000	-	-	-	6,500,000
Total Expenditures	<u>7,500,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,500,000</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources (uses):					
Transfers Out:					
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>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balance - Beginning of Year			<u>-</u>		
Fund Balance - End of Year			<u>\$ -</u>		

Non-Major Governmental Funds

Capital Project Funds



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TOWN OF LELAND, NORTH CAROLINA
Combining Balance Sheet
Nonmajor Capital Project Funds
June 30, 2022

	Old Fayetteville MUP Capital Project Fund	Westgate Senior Apt. Housing Capital Project Fund	Parks Capital Project Fund	Leland MS Sidewalk Capital Project Fund	Old Fayetteville/Village Road Ped Loop Capital Project Fund	Village Road MUP Extension Capital Project Fund	June 30, 2022
ASSETS							
Cash and cash equivalents	\$ -	\$ 778,196	\$ 1,297,436	\$ 16,242	\$ -	\$ -	\$ 2,091,874
Accounts Receivable	323,582	-	-	845	11,210	45,488	381,125
Total assets	\$ 323,582	\$ 778,196	\$ 1,297,436	\$ 17,087	\$ 11,210	\$ 45,488	\$ 2,472,999
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts Payable and Accrued Liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to Other Funds	43,878	-	-	-	76,536	14,693	135,107
Total liabilities	43,878	-	-	-	76,536	14,693	135,107
Fund Balance							
Restricted:							
Reserved by State Statute	323,582	-	-	845	11,210	45,488	381,125
Assigned:							
Planning	-	778,196	-	16,242	-	-	794,438
Parks and Recreation	-	-	1,297,436	-	-	-	1,297,436
Unassigned	(43,878)	-	-	-	(76,536)	(14,693)	(135,107)
Total fund balances	279,704	778,196	1,297,436	17,087	(65,326)	30,795	2,337,892
Total liabilities, deferred inflows of resources, and fund balances	\$ 323,582	\$ 778,196	\$ 1,297,436	\$ 17,087	\$ 11,210	\$ 45,488	\$ 2,472,999

TOWN OF LELAND, NORTH CAROLINA
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Capital Project Funds
June 30, 2022

	Old Fayetteville MUP Capital Project Fund	Westgate Senior Apt. Housing Capital Project Fund	Parks Capital Project Fund	Leland MS Sidewalk Capital Project Fund	Old Fayetteville/Vill age Road Ped Loop Capital Project Fund	Village Road MUP Extension Capital Project Fund	June 30, 2022
Revenues							
Restricted Intergovernmental	\$ 1,715,438	\$ -	\$ -	\$ 65,987	\$ 107,681	\$ 107,739	\$ 1,996,845
Investment Earnings	-	-	-	-	-	-	-
Other Income	-	18,069	-	-	-	-	18,069
Total Revenue	\$ 1,715,438	\$ 18,069	\$ -	\$ 65,987	\$ 107,681	\$ 107,739	\$ 2,014,914
Expenditures							
Planning	\$ -	\$ 1,086	\$ -	\$ 52,959	\$ 230,822	\$ 75,937	\$ 360,804
Parks and Recreation	-	-	87,439	-	-	-	87,439
Transportation	1,174,231	-	-	-	-	-	1,174,231
Total Expenditures	1,174,231	1,086	87,439	52,959	230,822	75,937	1,622,474
Excess (Deficiency) of Revenues Over Expenditures	541,207	16,983	(87,439)	13,028	(123,141)	31,802	392,440
Other Financing Sources (Uses)							
Transfers from Other Funds	-	650,000	989,000	-	-	-	1,639,000
Total Other Financing Sources (Uses)	-	650,000	989,000	-	-	-	1,639,000
Net Change in Fund Balance	541,207	666,983	901,561	13,028	(123,141)	31,802	2,031,440
Fund balance - Beginning	(261,503)	111,213	395,875	4,059	57,815	(1,007)	306,452
Fund Balance - End of Year	\$ 279,704	\$ 778,196	\$ 1,297,436	\$ 17,087	\$ (65,326)	\$ 30,795	\$ 2,337,892

TOWN OF LELAND, NORTH CAROLINA
 Old Fayetteville/Village Rd Ped Loop
 Schedule of Revenues, Expenditures, and Changes in Fund Balance
 Budget and Actual
 From Inception and For the Fiscal Year Ended June 30, 2022

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues					
Restricted Intergovernmental					
STP-DA Grant	\$ -	\$ 63,869	\$ 107,681	\$ 171,550	\$ 171,550
Total Restricted Intergovernmental	-	63,869	107,681	171,550	171,550
Expenditures					
Planning					
Capital Outlay	437,373	238,951	230,822	469,773	(32,400)
Total Planning	437,373	238,951	230,822	469,773	(32,400)
Revenues over (under) Expenditures	(437,373)	(175,082)	(123,141)	(298,223)	139,150
Other Financing Sources:					
Transfers In:					
Transfer from General Fund	-	232,897	-	232,897	232,897
Appropriated Fund Balance	437,373	-	-	-	(437,373)
Total Other Sources	437,373	232,897	-	232,897	(204,476)
Net Change in Fund Balance	\$ -	\$ 57,815	(123,141)	\$ (65,326)	\$ (65,326)
Fund Balance - Beginning of Year			57,815		
Fund Balance - End of Year			\$ (65,326)		

TOWN OF LELAND, NORTH CAROLINA
 Westgate Senior Apt. Housing Capital Project Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balance
 Budget and Actual
 From Inception and For the Fiscal Year Ended June 30, 2022

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues					
Federal Grant	\$ -	\$ -	\$ -	\$ -	\$ -
Miscellaneous Income	-	109,966	18,069	128,035	128,035
Total Revenues	<u>-</u>	<u>109,966</u>	<u>18,069</u>	<u>128,035</u>	<u>128,035</u>
Expenditures					
Planning					
Other Expenditures	762,000	-	1,086	1,086	760,914
Total Planning	<u>762,000</u>	<u>-</u>	<u>1,086</u>	<u>1,086</u>	<u>760,914</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(762,000)</u>	<u>109,966</u>	<u>16,983</u>	<u>126,949</u>	<u>888,949</u>
Other financing sources (uses):					
Transfers In:					
Transfer from General Fund	650,000	-	650,000	650,000	-
Total financing sources (uses):	<u>650,000</u>	<u>-</u>	<u>650,000</u>	<u>650,000</u>	<u>-</u>
Appropriated Fund Balance	<u>112,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(112,000)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ 109,966</u>	<u>666,983</u>	<u>\$ 776,949</u>	<u>\$ 776,949</u>
Fund Balance - Beginning of Year			<u>111,213</u>		
Fund Balance - End of Year			<u>\$ 778,196</u>		

TOWN OF LELAND, NORTH CAROLINA
Parks Capital Project Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
From Inception and For the Fiscal Year Ended June 30, 2022

	Project Authorization	Prior Years	Actual		Variance Positive (Negative)
			Current Year	Total to Date	
Revenues					
Miscellaneous Revenue	\$ -	\$ 977	\$ -	\$ 977	\$ 977
Investment Earnings	-	40	-	40	40
Total Revenues	<u>-</u>	<u>1,017</u>	<u>-</u>	<u>1,017</u>	<u>1,017</u>
Expenditures					
Parks and Recreation					
Loblolly Park	340,000	-	-	-	340,000
Sweet Bay Park	160,000	-	5,450	5,450	154,550
Greenway Planning Project	-	7,500	-	7,500	(7,500)
Sturgeon Creek Park	85,901	668,819	34,950	703,769	(617,868)
Founders Park (Municipal Park)	798,041	49,255	47,039	96,294	701,747
Total Parks and Recreation	<u>1,383,942</u>	<u>725,574</u>	<u>87,439</u>	<u>813,013</u>	<u>570,929</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(1,383,942)</u>	<u>(724,557)</u>	<u>(87,439)</u>	<u>(811,996)</u>	<u>571,946</u>
Other financing sources (uses):					
Transfers In:					
General Fund	989,000	-	989,000	989,000	-
Cypress Cove Park	-	313,096	-	313,096	313,096
Greenway Planning Project	-	30,001	-	30,001	30,001
Founders Park (Municipal Park)	-	52,655	-	52,655	52,655
Other Funds	-	633,419	-	633,419	633,419
Total financing sources (uses)	<u>989,000</u>	<u>1,029,171</u>	<u>989,000</u>	<u>2,018,171</u>	<u>1,029,171</u>
Appropriated Fund Balance	<u>394,942</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(394,942)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ 304,614</u>	<u>901,561</u>	<u>\$ 1,206,175</u>	<u>\$ 1,206,175</u>
Fund Balance - Beginning of Year			<u>395,875</u>		
Fund Balance - End of Year			<u>\$ 1,297,436</u>		

TOWN OF LELAND, NORTH CAROLINA
Leland MS Sidewalk Capital Project Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
From Inception and For the Fiscal Year Ended June 30, 2022

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues					
Restricted Intergovernmental					
STP-DA Grant	\$ -	\$ 53,628	\$ 65,987	\$ 119,615	\$ 119,615
Total Restricted Intergovernmental	-	53,628	65,987	119,615	119,615
Expenditures					
Planning					
Capital Outlay	243,363	135,302	52,959	188,261	55,102
Total Planning	243,363	135,302	52,959	188,261	55,102
Excess (Deficiency) of Revenues Over Expenditures	(243,363)	(81,674)	13,028	(68,646)	174,717
Other financing sources (uses):					
Transfers In:					
Transfer from General Fund	-	85,733	-	85,733	85,733
Appropriated Fund Balance	243,363	-	-	-	(243,363)
Total Other Sources	243,363	85,733	-	85,733	(157,630)
Net Change in Fund Balance	\$ -	\$ 4,059	13,028	\$ 17,087	\$ 17,087
Fund Balance - Beginning of Year			4,059		
Fund Balance - End of Year			\$ 17,087		

TOWN OF LELAND, NORTH CAROLINA
 Village Rd MUP Extension
 Schedule of Revenues, Expenditures, and Changes in Fund Balance
 Budget and Actual
 From Inception and For the Fiscal Year Ended June 30, 2022

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues					
Restricted Intergovernmental					
STP-DA Grant	\$ -	\$ 25,589	\$ 107,739	\$ 133,328	\$ 133,328
Total Restricted Intergovernmental	<u>-</u>	<u>25,589</u>	<u>107,739</u>	<u>133,328</u>	<u>133,328</u>
Expenditures					
Planning					
Capital Outlay	169,910	98,559	75,937	174,496	(4,586)
Total Planning	<u>169,910</u>	<u>98,559</u>	<u>75,937</u>	<u>174,496</u>	<u>(4,586)</u>
Revenues over (under) Expenditures	<u>(169,910)</u>	<u>(72,970)</u>	<u>31,802</u>	<u>(41,168)</u>	<u>128,742</u>
Other financing sources (uses):					
Transfers In:					
Transfer from General Fund	-	71,963	-	71,963	71,963
Appropriated Fund Balance	169,910	-	-	-	(169,910)
Total Other Sources	<u>169,910</u>	<u>71,963</u>	<u>-</u>	<u>71,963</u>	<u>(97,947)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ (1,007)</u>	<u>31,802</u>	<u>\$ 30,795</u>	<u>\$ 30,795</u>
Fund Balance - Beginning of Year			<u>(1,007)</u>		
Fund Balance - End of Year			<u>\$ 30,795</u>		

TOWN OF LELAND, NORTH CAROLINA
 Old Fayetteville MUP Capital Project Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balance
 Budget and Actual
 From Inception and For the Fiscal Year Ended June 30, 2022

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues					
Grants	\$ -	\$ 575,948	\$ 1,715,438	\$ 2,291,386	\$ 2,291,386
Total Revenues	<u>-</u>	<u>575,948</u>	<u>1,715,438</u>	<u>2,291,386</u>	<u>2,291,386</u>
Expenditures					
Transportation					
Other Expenditures	1,222,860	3,494,284	1,174,231	4,668,515	(3,445,655)
Total Transportation	<u>1,222,860</u>	<u>3,494,284</u>	<u>1,174,231</u>	<u>4,668,515</u>	<u>(3,445,655)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(1,222,860)</u>	<u>(2,918,336)</u>	<u>541,207</u>	<u>(2,377,129)</u>	<u>(1,154,269)</u>
Other financing sources (uses):					
Transfers Out:					
General Fund	-	664,691	-	664,691	664,691
Total financing sources (uses)	<u>-</u>	<u>664,691</u>	<u>-</u>	<u>664,691</u>	<u>664,691</u>
Appropriated Fund Balance	<u>1,222,860</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,222,860)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ (2,253,645)</u>	<u>541,207</u>	<u>\$ (1,712,438)</u>	<u>\$ (1,712,438)</u>
Fund Balance - Beginning of Year			<u>(261,503)</u>		
Fund Balance - End of Year			<u>\$ 279,704</u>		

Other Schedules



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TOWN OF LELAND, NORTH CAROLINA
 Schedule of Ad Valorem Taxes Receivable
 June 30, 2022

<u>Fiscal Year</u>	<u>Uncollected Balance July 1, 2021</u>	<u>Additions and Adjustments</u>	<u>Collections and Credits</u>	<u>Uncollected Balance June 30, 2022</u>
2021-22	\$ -	\$ 9,258,664	\$ 9,219,188	\$ 39,476
2020-21	33,616	-	26,146	7,470
2019-20	10,473	-	7,652	2,821
2018-19	6,735	-	3,702	3,033
2017-18	5,174	-	2,523	2,651
2016-17	2,820	-	1,388	1,432
2015-16	6,045	-	627	5,418
2014-15	2,289	-	610	1,679
2013-14	5,450	-	3,103	2,347
2012-13	6,296	-	4,097	2,199
2011-12	3,773	-	3,773	-
	<u>\$ 82,671</u>	<u>\$ 9,258,664</u>	<u>\$ 9,272,809</u>	68,526
Less: Allowance for Uncollectible Accounts:				
General Fund				36,480
Ad Valorem Taxes Receivable, net				<u>\$ 32,046</u>
<u>Reconciliation with Revenues</u>				
Ad Valorem Taxes - General Fund				\$ 9,958,406
Reconciling Items:				
Interest and Penalties Collected				(13,386)
Releases and adjustments				<u>(672,211)</u>
Total Collections and Credits				<u>\$ 9,272,809</u>

TOWN OF LELAND, NORTH CAROLINA

Analysis of Current Tax Levy
June 30, 2022

	Town-Wide			Total Levy	
	Property Valuation	Rate per \$100	Amount of Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original Levy:					
Property Taxed at Current Year's Rate	\$ 3,703,465,600	0.25	\$ 9,258,664	\$ 8,410,356	\$ 848,308
	<u>3,703,465,600</u>		<u>9,258,664</u>	<u>8,410,356</u>	<u>848,308</u>
Total Property Valuations	<u>\$ 3,703,465,600</u>				
Net Levy			\$ 9,258,664	\$ 8,410,356	\$ 848,308
Uncollected Taxes at June 30, 2022			<u>39,477</u>	<u>39,477</u>	<u>-</u>
Current Year's Taxes Collected			<u>\$ 9,219,187</u>	<u>\$ 8,370,879</u>	<u>\$ 848,308</u>
Current Levy Collection Percentage			<u>99.57%</u>	<u>99.53%</u>	<u>100.000%</u>

STATISTICAL SECTION

(UNAUDITED)

This part of the Town of Leland's annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Town's overall financial health.

Financial Trends – These schedules contain trend information to help the reader understand how the Town's financial performance and well-being have changed over time. The following schedules fall in this category:

- Net Position by Component
- Change in Net Position
- Fund Balances, Governmental Funds
- Changes in Fund Balance, Governmental Funds

Revenue Capacity – These schedules present information to help the reader assess the factors affecting the Town's ability to generate its property taxes. The following schedules fall in this category:

- Tax Revenues by Source, Governmental Funds
- Assessed Value and Actual Value of Taxable Property
- Principal Property Taxpayers
- Direct and Overlapping Property Tax Rates
- Property Tax Levies and Collections

Debt Capacity – These schedules present information to help the reader assess the affordability of the Town's current levels of outstanding debt and the Town's ability to issue additional debt in the future. The following schedules fall in this category:

- Ratio of Outstanding Debt by Type
- Direct and Overlapping Governmental Activities Debt
- Legal Debt Margin Information

Demographic and Economic Information – These schedules offer demographic and economic indicators to help the reader understand the environment within which the Town's financial activities take place and to help make comparisons over time and with other governments. The following schedules fall in this category:

- Demographic and Economic Statistics
- Principal Employers

Operating Information – These schedules contain information about the Town's operations and resources to help the reader understand how the Town's financial information relates to the services the Town provides and the activities it performs. The following schedules fall in this category:

- Full-time Equivalent Government Employees by Function
- Operating Indicators by Function



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TOWN OF LELAND, NORTH CAROLINA
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year Ended June 30									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Governmental activities										
Net investment in capital assets	\$ 38,960,879	\$ 41,332,970	\$ 42,991,011	\$ 50,777,200	\$ 54,743,273	\$ 55,685,656	\$ 53,034,658	\$ 53,254,791	\$ 93,876,292	\$ 97,843,275
Restricted	6,479,408	2,897,788	2,059,716	2,596,044	2,165,888	6,013,771	4,771,345	6,190,564	3,477,401	5,055,933
Unrestricted	7,349,231	6,959,786	7,767,169	8,142,013	8,086,665	6,895,132	7,773,066	7,555,788	13,349,346	17,370,304
Total governmental activities net position	\$ 52,789,518	\$ 51,190,544	\$ 52,817,896	\$ 61,515,257	\$ 64,995,826	\$ 68,394,559	\$ 65,579,069	\$ 67,001,143	\$ 110,703,039	\$ 120,269,512
Business-type activities										
Net investment in capital assets	\$ 27,064,748	\$ 26,254,568	\$ 27,798,879	\$ 34,907,680	\$ 34,632,290	\$ 33,842,964	\$ 33,729,937	\$ 18,473,405	\$ -	\$ -
Unrestricted	8,938,759	10,102,198	10,991,201	10,558,056	11,198,583	12,602,002	15,132,590	33,452,417	-	-
Total business-type activities	\$ 36,003,507	\$ 36,356,766	\$ 38,790,080	\$ 45,465,736	\$ 45,830,873	\$ 46,444,966	\$ 48,862,527	\$ 51,925,822	\$ -	\$ -
Primary government										
Net investment in capital assets	\$ 66,025,627	\$ 67,587,538	\$ 70,789,890	\$ 85,684,880	\$ 89,375,563	\$ 89,528,620	\$ 86,764,595	\$ 71,728,196	\$ 93,876,292	\$ 97,843,275
Restricted	6,479,408	2,897,788	2,059,716	2,596,044	2,165,888	6,013,771	4,771,345	6,190,564	3,477,401	5,055,933
Unrestricted	16,287,990	17,061,984	18,758,370	18,700,099	19,285,248	19,297,134	22,905,656	41,008,205	13,349,346	17,370,304
Total primary government net position	\$ 88,793,025	\$ 87,547,310	\$ 91,607,976	\$ 106,980,993	\$ 110,826,699	\$ 114,839,525	\$ 114,441,596	\$ 118,926,965	\$ 110,703,039	\$ 120,269,512

TOWN OF LELAND, NORTH CAROLINA
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year Ended June 30									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Expenses										
Governmental activities:										
Governing Body	\$ 122,758	\$ 187,490	\$ 191,143	\$ 266,253	\$ 429,971	\$ 595,852	\$ 855,528	\$ 447,810	\$ 269,307	\$ 303,412
Administration	453,479	657,160	528,458	506,383	1,759,911	1,035,759	3,561,125	1,589,215	1,599,456	1,638,286
Outside Agencies	20,000	-	-	-	-	-	-	-	-	-
Information Technology	450,821	373,990	377,236	492,503	703,047	833,121	900,229	1,062,845	1,008,644	1,218,299
Human Resources	94,844	128,272	174,315	170,303	194,891	230,676	232,455	253,249	275,042	313,766
Finance	234,243	229,935	240,461	191,500	224,475	272,750	325,784	415,318	487,575	610,517
Public Works / Grounds and Maintenance	1,592,635	1,303,813	1,232,550	1,867,416	1,195,673	720,634	1,063,671	176,890	2,127,566	2,305,186
Planning / ECD	138,820	129,198	18,350	66,219	460,915	598,947	906,536	897,244	749,278	899,394
Police	2,264,327	2,608,332	2,927,932	2,383,463	2,811,104	2,878,743	3,330,483	3,985,887	4,289,546	4,686,847
Emergency Management	-	-	-	-	-	-	-	-	253,625	175,399
Fire	352,354	361,168	-	-	-	2,934,954	3,796,752	3,470,422	3,651,048	6,376,925
Inspections	284,476	375,230	630,545	825,300	572,321	180,673	471,573	690,711	1,035,515	1,243,998
Development Services	193,470	1,752,801	274,575	477,162	1,849,877	2,408,983	3,615,845	4,009,080	3,513,040	2,829,431
Powell Bill / Streets	80,000	-	1,324,399	1,529,125	2,151,405	771,714	2,631,866	941,842	-	-
Transportation	1,612,484	1,400,408	1,239,708	917,106	718,957	272,082	166,954	415,939	672,599	1,016,261
Parks and Recreation	80,047	289,773	338,890	255,117	243,150	266,609	292,645	270,488	321,318	313,806
Interest on long-term debt	7,974,758	9,797,570	9,498,562	9,947,850	13,315,697	14,001,497	22,171,446	18,626,940	20,253,559	26,666,551
Total governmental activities expenses	\$ 9,425,106	\$ 12,952,976	\$ 12,541,156	\$ 13,118,923	\$ 17,587,966	\$ 18,286,935	\$ 27,012,396	\$ 24,164,549	\$ 25,592,160	\$ 26,666,551
Business-type activities:										
Cultural Arts Center	-	-	125,617	285,784	414,423	510,036	582,882	562,157	\$ -	\$ -
Water and sewer	1,450,348	3,155,406	2,916,977	2,895,289	3,857,846	3,775,402	4,258,068	4,975,452	5,338,601	-
Total business-type activities expenses	1,450,348	3,155,406	3,042,594	3,171,073	4,272,269	4,285,438	4,840,950	5,537,609	5,338,601	-
Total primary government expenses	\$ 9,425,106	\$ 12,952,976	\$ 12,541,156	\$ 13,118,923	\$ 17,587,966	\$ 18,286,935	\$ 27,012,396	\$ 24,164,549	\$ 25,592,160	\$ 26,666,551
Revenues										
Program Revenues:										
Charges for services	\$ 1,584,392	\$ 420,863	\$ 897,954	\$ 866,897	\$ 970,998	\$ 3,947,235	\$ 4,133,148	\$ 4,787,096	\$ 5,517,518	\$ 6,118,303
Operating grants and contributions	403,189	423,846	639,370	456,104	32,534	11,175	2,397,258	351,197	700,388	423,300
Capital grants and contributions	1,570,621	132,424	1,838,339	9,088,791	1,162,534	502,333	603,361	548,480	1,063,403	9,008,644
General Revenues:										
Property Taxes	2,869,633	3,071,881	3,189,545	3,371,420	4,391,659	5,276,343	5,776,251	7,072,038	7,610,209	9,954,998
Other Taxes	3,656,984	4,030,277	4,521,148	4,873,590	5,296,432	5,713,651	6,480,124	7,008,866	8,835,165	10,504,493
Other	258,494	119,505	93,327	149,667	(62,557)	1,947,493	412,646	450,829	69,595	223,286
Total governmental activities revenues	10,343,313	8,198,596	11,179,683	18,806,469	11,771,600	17,400,230	19,802,788	20,218,506	23,796,278	36,233,024
Business-type activities:										
Charges for services:										
Water and sewer	3,067,728	3,507,196	3,777,566	3,994,236	4,518,388	4,847,064	6,600,728	8,057,378	7,410,119	-
Capital grants and contributions	-	-	2,242,763	5,637,520	313,300	-	-	160,959	314,154	-
Other	4,315	1,469	1,269	2,573	3,901	52,467	210,951	213,075	3,360	-
Total business-type activities program revenues	3,072,043	3,508,665	6,021,598	9,634,329	4,835,589	4,899,531	6,811,679	8,431,412	7,727,633	-
Total primary government revenues	\$ 13,415,356	\$ 11,707,261	\$ 17,201,281	\$ 28,440,798	\$ 16,607,189	\$ 22,299,761	\$ 26,614,467	\$ 28,649,918	\$ 31,523,911	\$ 36,233,024

TOWN OF LELAND, NORTH CAROLINA
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year Ended June 30									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Net (Expense)/Revenue										
Governmental activities	\$ 2,368,555	\$ (1,598,974)	\$ 1,681,121	\$ 8,858,619	\$ (1,544,097)	\$ 3,396,733	\$ (2,368,658)	\$ 1,591,566	\$ 3,542,719	\$ 9,566,473
Business-type activities	1,621,695	353,259	2,979,004	6,463,256	563,320	614,093	1,970,729	2,893,803	2,389,032	-
Total net expense	\$ 3,990,250	\$ (1,245,715)	\$ 4,660,125	\$ 15,321,875	\$ (980,777)	\$ 4,012,826	\$ (397,929)	\$ 4,485,369	\$ 5,931,751	\$ 9,566,473
Change in Net Position										
Governmental activities	\$ 2,368,555	\$ (1,598,974)	\$ 1,681,121	\$ 8,858,619	\$ (1,544,097)	\$ 3,396,733	\$ (2,368,658)	\$ 1,591,566	\$ 3,542,719	\$ 9,566,473
Business-type activities	1,621,695	353,259	2,979,004	6,463,256	563,320	614,093	1,970,729	2,893,803	2,389,032	-
Total change in net position	\$ 3,990,250	\$ (1,245,715)	\$ 4,660,125	\$ 15,321,875	\$ (980,777)	\$ 4,012,826	\$ (397,929)	\$ 4,485,369	\$ 5,931,751	\$ 9,566,473

TOWN OF LELAND, NORTH CAROLINA
Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year Ended June 30									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Fund										
Non-spendable prepaid items	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 406	\$ 898
Restricted for Stabilization by State Statute	723,534	1,470,501	902,617	1,327,100	1,048,339	1,155,744	4,281,501	5,652,564	2,771,654	2,475,404
Restricted	1,386,855	1,208,119	1,157,099	1,268,944	1,117,549	4,858,027	489,844	538,000	705,747	983,000
Committed	1,203,936	557,970	84,893	152,712	192,719	195,795	84,178	51,477	53,891	73,972
Assigned	-	-	245,000	245,000	245,000	245,000	-	-	-	-
Unassigned	3,806,679	3,842,590	4,888,219	5,152,743	7,287,615	7,330,193	7,874,595	6,551,879	11,613,262	10,954,208
Total General Fund	\$ 7,121,004	\$ 7,079,180	\$ 7,277,828	\$ 8,146,499	\$ 9,891,222	\$ 13,784,759	\$ 12,730,118	\$ 12,793,920	\$ 15,144,960	\$ 14,487,482
All Other Governmental Funds										
Restricted for Stabilization by State Statute	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 381,125
Restricted	4,369,019	219,168	-	-	-	-	-	-	-	-
Assigned	2,453,705	3,180,096	3,393,289	3,157,313	1,086,962	1,907,533	1,621,383	6,233,906	5,055,298	11,055,030
Unassigned	-	(449,505)	-	-	-	-	-	-	(262,510)	(135,107)
Total all other governmental funds	\$ 6,822,724	\$ 2,949,759	\$ 3,393,289	\$ 3,157,313	\$ 1,086,962	\$ 1,907,533	\$ 1,621,383	\$ 6,233,906	\$ 4,792,788	\$ 11,301,048

Note: Tables show pre GASB 54 and post GASB 54 implementation. Difference will correct themselves through attrition.

TOWN OF LELAND, NORTH CAROLINA
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year Ended June 30									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Revenues										
Taxes	\$ 2,850,977	\$ 3,073,985	\$ 3,214,684	\$ 3,404,483	\$ 4,422,208	\$ 5,307,379	\$ 5,763,297	\$ 7,076,180	\$ 7,646,026	\$ 9,958,406
Other Taxes & License	123,768	92,235	91,530	739	765	800	1,125	555	750	1,055
Intergovernmental revenue	4,111,773	4,534,164	5,160,518	5,389,122	5,816,835	6,226,359	9,221,216	7,730,481	9,841,190	11,029,894
Permits and Fees	1,152,396	174,227	806,424	866,487	970,998	3,947,235	4,268,914	4,923,600	5,729,799	6,395,556
Investment earnings	2,588	935	1,591	21,651	41,844	147,786	239,099	178,582	7,669	36,532
Miscellaneous	250,916	116,687	128,643	108,390	101,849	165,436	209,959	299,052	99,083	168,091
Total revenues	8,492,418	7,992,233	9,403,390	9,790,872	11,354,499	15,794,995	19,703,610	20,208,450	23,324,517	27,589,534
Expenditures										
Governing Body	122,758	187,490	191,143	275,052	429,971	595,852	855,528	447,810	269,306	303,412
Administration	444,372	460,209	531,949	484,607	550,791	795,132	3,226,889	1,195,799	1,154,533	1,332,429
Outside Services	20,000	-	-	-	-	-	-	-	-	-
Information Technology	446,283	369,784	381,819	492,503	703,047	833,121	899,529	1,061,881	1,009,458	1,374,708
Human Resources	94,844	127,968	180,488	169,635	195,530	229,352	233,782	254,997	270,473	315,702
Finance	234,243	246,155	248,705	193,135	217,226	274,930	320,994	414,189	475,514	611,911
Public Works	1,013,040	1,137,088	1,222,327	1,424,468	525,612	722,803	1,104,103	1,117,034	1,320,990	1,453,570
Police	2,133,963	2,522,359	2,235,728	2,281,004	2,832,269	2,926,686	3,077,332	3,242,334	3,706,184	4,459,767
Emergency Management	-	-	-	-	-	-	-	-	253,625	177,468
Fire	-	-	-	-	-	2,818,650	3,567,716	3,913,331	3,943,000	5,799,108
Developmental Services (incl. Inspections)	632,484	732,466	651,989	822,430	1,044,420	-	-	-	-	-
Inspections	-	-	-	-	-	531,338	676,423	741,282	986,253	1,299,800
Planning	-	-	-	-	-	417,194	463,611	640,668	717,522	896,839
Parks & Rec	257,856	351,202	261,625	241,704	270,565	272,082	323,630	338,721	632,005	996,046
Powell Bill (incl. Streets 2018)	130,411	558,114	301,007	478,724	1,849,123	2,409,804	3,713,608	3,998,097	2,773,672	2,672,029
Debt service	387,307	1,263,525	1,483,858	1,202,901	1,341,935	1,158,108	1,621,480	1,674,302	1,932,030	1,980,234
Total expenditures	5,917,561	7,956,360	7,690,638	8,066,163	9,960,489	13,985,052	20,084,625	19,040,445	19,444,565	23,673,023
Revenues over (under) expenditures	2,574,857	35,873	1,712,752	1,724,709	1,394,010	1,809,943	(381,015)	1,168,005	3,879,952	3,916,511
Other Financing Sources (Uses)										
Installment purchase proceeds	-	-	-	16,333	-	3,000,000	-	665,289	700,000	1,400,000
Lease liabilities issued	-	-	-	-	-	-	-	-	-	165,011
Transfers in	363,700	1,565,250	894,780	114,350	702,975	1,430,212	925,911	1,250,225	1,814,007	1,425,782
Transfers out	(3,592,365)	(1,462,121)	(2,280,764)	(1,037,863)	(352,262)	(2,346,618)	(1,358,271)	(3,019,717)	(3,695,000)	(7,564,782)
Total other financing sources (uses)	(3,228,665)	103,129	(1,385,984)	(907,180)	350,713	2,083,594	(432,360)	(1,104,203)	(1,180,993)	(4,573,989)
Net change in fund balances	\$ (653,808)	\$ 139,002	\$ 326,768	\$ 817,529	\$ 1,744,723	\$ 3,893,537	\$ (813,375)	\$ 63,802	\$ 2,698,959	\$ (657,478)

TOWN OF LELAND, NORTH CAROLINA
Tax Revenues by Source, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

Fiscal Year Ended June 30	Ad valorem Taxes ¹	Sales Taxes	Beer & Wine Tax	Franchise Tax	Total Taxes
2013	2,850,977	2,990,566	56,416	610,002	6,507,961
2014	3,073,985	3,219,240	64,442	654,360	7,012,027
2015	3,214,684	3,666,370	73,682	771,127	7,725,863
2016	3,404,483	4,002,285	70,661	789,494	8,266,923
2017	4,422,208	4,422,515	77,641	783,989	9,706,353
2018	5,307,379	4,802,451	77,772	820,699	11,008,301
2019	5,763,297	5,347,860	81,633	874,406	12,067,196
2020	7,076,180	5,881,020	87,299	874,779	13,919,278
2021	7,646,026	7,607,848	94,432	881,737	16,230,043
2022	9,958,406	9,231,743	91,477	902,965	20,184,591
% Change 2013-2022	<u>249.30%</u>	<u>208.70%</u>	<u>62.15%</u>	<u>48.03%</u>	<u>210.15%</u>

¹ Property tax rates have grown substantially over the past ten years. The most recent property re-evaluation was in 2019.

Source: Town records.

TOWN OF LELAND, NORTH CAROLINA
Assessed Value and Actual Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year Ended June 30	Real Property	Personal Property	Total Taxable Assessed Value	Total Direct Tax Rate
2013	1,711,189,654	31,603,813	1,742,793,467	0.1515
2014	1,772,559,258	31,006,640	1,803,565,898	0.1515
2015	1,880,061,786	31,073,033	1,911,134,819	0.1515
2016	1,979,128,914	44,370,306	2,023,499,220	0.1515
2017	2,120,115,956	39,299,278	2,159,415,234	0.1833
2018	2,248,350,455	44,890,038	2,293,240,493	0.2100
2019	2,398,290,180	44,483,503	2,442,773,683	0.2100
2020	2,798,911,487	44,754,151	2,843,665,638	0.2100
2021	3,031,595,981	43,722,783	3,075,318,764	0.2100
2022	3,280,611,729	46,902,775	3,327,514,504	0.2500

Notes: The State mandates that property must be reassessed at least once every eight years. The last re-evaluation was in 2019, and will be completed in 2023. Property is assessed at actual value; therefore, the assessed values are equal to actual values. Tax rates are per \$100 of assessed value.

Source: Brunswick County Tax Department.

TOWN OF LELAND, NORTH CAROLINA
Principal Property Taxpayers
Current Year and Nine Years Ago
Fiscal Year Ended June 30

	2022				2013			
	Taxable Assessed Value	Rank	Percentage of Total Town Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Town Taxable Assessed Value	Taxable Assessed Value	
Funston Land & Timber LLC	\$ 58,088,610	1	1.55%	\$ 76,473,241	1	4.02%		
Latitude Harrington Apartments LLC	34,591,710	2	0.92%	-	-	-		
Comet Westgate Property Holdings LLC	27,318,620	3	0.73%	-	-	-		
D R Horton Inc	24,466,500	4	0.65%	-	-	-		
Hawthorne at Waterside LLC	23,579,403	5	0.63%	-	-	-		
WAL Apts DE LLC	19,768,530	6	0.53%	-	-	-		
Brunswick Point North Carolina LLC	16,931,360	7	0.45%	-	-	-		
Wal-Mart Real Estate Business Trust	15,754,500	8	0.42%	16,500,000	3	0.87%		
Branch Waterford Associates L P	13,327,630	9	0.36%	-	-	-		
Leland Station LLC	13,041,220	10	0.35%	-	-	-		
Hunter Ridge Apartments	-	-	-	17,945,069	2	0.94%		
Weingarten Nostat Inc	-	-	-	15,576,535	4	0.82%		
Park at Village Oaks	-	-	-	9,117,993	5	0.48%		
Sankey Properties LLC	-	-	-	8,016,218	6	0.42%		
Oceangate LLC	-	-	-	7,965,017	7	0.42%		
CRM Mid Atlantic Properties	-	-	-	7,834,799	8	0.41%		
Brunswick Electric Memb. Corp.	-	-	-	6,994,079	9	0.37%		
Leland Holdings LLC	-	-	-	6,593,406	10	0.35%		
Total	\$ 246,868,083		6.91%	\$ 173,016,357		9.59%		
Total taxable assessed value	\$ 3,573,813,397			\$ 1,803,565,898				

Source: Brunswick County Tax Office.

TOWN OF LELAND, NORTH CAROLINA
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
(rate per \$100 of assessed value)

Fiscal Year Ended June 30	Town of Leland		Brunswick County		Total Direct and Overlapping Rate
	Operating Rate	Total Direct Rate	Operating Rate	Total Direct Rate	
2013	0.1515	0.1515	0.4425	0.4425	0.5940
2014	0.1515	0.1515	0.4425	0.4425	0.5940
2015	0.1515	0.1515	0.4850	0.4850	0.6365
2016	0.1515	0.1515	0.4850	0.4850	0.6365
2017	0.1833	0.1833	0.4850	0.4850	0.6683
2018	0.2100	0.2100	0.4850	0.4850	0.6950
2019	0.2100	0.2100	0.4850	0.4850	0.6950
2020	0.2100	0.2100	0.4850	0.4850	0.6950
2021	0.2100	0.2100	0.4850	0.4850	0.6950
2022	0.2500	0.2500	0.4850	0.4850	0.7350

Note: Overlapping rates are rates of local governments that apply to the property owners within the Town of Leland.

Source: Brunswick County Tax Department.

TOWN OF LELAND, NORTH CAROLINA
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year Ended June 30	Property Taxes Levied for the Fiscal Year	Property Taxes Collected within the Fiscal Year of the Levy		Property Tax Collections Subsequent Years	Property Tax Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2013	\$ 2,671,887	\$ 2,608,569	97.63%	\$ 61,164	\$ 2,669,733	99.92%
2014	2,756,341	2,700,498	97.97%	53,540	2,754,038	99.92%
2015	2,929,902	2,882,408	98.38%	46,128	2,928,536	99.95%
2016	3,097,458	3,052,998	98.56%	39,090	3,092,088	99.83%
2017	4,005,226	3,958,290	98.83%	45,568	4,003,858	99.97%
2018	4,864,952	4,830,218	99.29%	33,179	4,863,397	99.97%
2019	5,186,100	5,151,501	99.33%	32,033	5,183,534	99.95%
2020	6,047,381	6,012,433	99.42%	32,550	6,044,983	99.96%
2021	6,527,966	6,494,350	99.49%	28,284	6,522,634	99.92%
2022	8,410,356	8,370,879	99.53%	16,179	8,387,058	99.72%

Source: Brunswick County Tax Department.

TOWN OF LELAND, NORTH CAROLINA
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year Ended June 30	Governmental Activities Installment Debt	Total Primary Government	Percentage of Personal Income ¹	Per Capita ¹
2013	\$ 11,726,444	\$ 19,428,476	0.470%	\$ 1,275.25
2014	12,619,359	19,586,743	0.443%	1,226.70
2015	11,455,977	17,642,803	0.366%	1,057.47
2016	10,513,456	15,906,784	0.301%	913.97
2017	9,436,856	14,023,695	0.248%	771.93
2018	12,263,661	20,030,972	0.328%	1,031.04
2019	10,940,597	17,654,763	0.274%	823.22
2020	13,496,988	39,217,878	0.562%	1,660.86
2021	12,594,185	12,594,185	N/A	497.54
2022	15,192,080	15,192,080	N/A	584.90

¹ See Schedule 13 for personal income and population data.

Note: Details regarding the Town's outstanding debt can be found in the Notes to the Financial Statements.

Personal income statistics are not available for the Town of Leland. Percentages are calculated using data for Brunswick County.

Source: Town of Leland and Brunswick County.

TOWN OF LELAND, NORTH CAROLINA
Direct and Overlapping Governmental Activities Debt
As of June 30, 2022

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable¹	Estimated Share of Overlapping Debt
Debt repaid with property taxes:			
Brunswick County	\$ 110,162,785	100.00%	\$ 110,162,785
Town of Leland debt	\$ 15,192,080	100.00%	15,192,080
Total direct and overlapping debt			<u>\$ 125,354,865</u>

Notes: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the Town. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the Town of Leland. This process recognizes that, when considering the Town's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident and, therefore, responsible for repaying the debt, of each overlapping government.

¹The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages are estimated by determining the portion of the County's taxable assessed value that is within the Town's boundaries and dividing it by the County's total assessed value.

Source: Town of Leland and Brunswick County.

TOWN OF LELAND, NORTH CAROLINA
 Legal Debt Margin Information
 Last Ten Fiscal Years

	Fiscal Year Ended June 30									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Assessed Value of Property	\$ 1,900,633,663	\$ 2,007,189,439	\$ 2,110,337,294	\$ 2,242,415,182	\$ 2,391,142,390	\$ 2,514,729,524	\$ 2,724,626,190	\$ 3,143,714,286	\$ 3,430,260,000	\$ 3,703,465,600
Debt limit, 8% of Assessed Value Statutory Limitation	152,050,693	160,575,155	168,826,984	179,393,215	191,291,391	201,178,362	217,970,095	251,497,143	274,420,800	296,277,248
Total net debt applicable to limit	19,428,476	19,586,743	17,642,803	15,906,784	14,023,695	20,030,972	17,654,763	39,217,878	12,594,185	15,192,080
Legal debt margin	\$ 132,622,217	\$ 140,988,412	\$ 151,184,181	\$ 163,486,431	\$ 177,267,696	\$ 181,147,390	\$ 200,315,332	\$ 212,279,265	\$ 261,826,615	\$ 281,085,168
Total net debt applicable to the limit as a percentage of debt limit	12.78%	12.20%	10.45%	8.87%	7.33%	9.96%	8.10%	15.59%	4.59%	5.13%

Note: NC General Statute 159 states that the net debt of the unit should not exceed eight percent (8%) of the assessed value of property subject to taxation.

TOWN OF LELAND, NORTH CAROLINA
Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year Ended June 30	Town of Leland	Brunswick County		
	Population ¹	Personal Income (000's) ²	Per Capita Personal Income ²	Unemployment Rate ³
2013	15,235	4,133,337	36,680	9.1%
2014	15,967	4,422,547	38,297	6.9%
2015	16,684	4,825,859	40,769	7.1%
2016	17,404	5,279,266	43,458	5.8%
2017	18,167	5,649,899	45,228	4.8%
2018	19,428	6,099,266	47,208	5.0%
2019	21,446	6,452,646	48,295	5.3%
2020	23,613	6,979,323	50,748	8.3%
2021	25,313	n/a	n/a	6.1%
2022	25,974	n/a	n/a	5.1%

Note: Personal income and unemployment statistics are not available for the Town of Leland.

¹ Source: North Carolina State Demographer and Town.

² Source: Bureau of Economic Analysis.

³ Source: Bureau of Labor Statistics

TOWN OF LELAND, NORTH CAROLINA
Principal Employers in Brunswick County
Current Fiscal Year and Nine Years Ago

Employer (Top Ten)	2022					2013					
	Percentage		Percentage		Rank	Employees	Percentage		Rank	Employees	Percentage of Total County
	of Total County	Employment	of Total County	Employment			of Total County	Employment			
Brunswick County Board of Education	1,939	1	24.87%	1,933	1	4.90%					
County of Brunswick	1,210	2	15.52%	1,019	2	3.79%					
Wal-Mart Associates Inc.	943	3	12.09%	883	3	2.68%					
Duke Energy (formerly Progress Energy)	780	4	10.00%	865	4	2.17%					
Food Lion LLC	720	5	9.23%	455	7	1.96%					
Brunswick Novant Medical	700	6	8.98%	500	6	1.63%					
Lowe's Food	460	7	5.90%	-	-	1.55%					
Victaulic	380	8	4.87%	-	-	1.11%					
Brunswick Community College	365	9	4.68%	517	5	-					
Lowe's Home Centers	300	10	3.85%	-	-	1.03%					
D A K Americas	-	-	-	365	8	1.39%					
Dosher Memorial	-	-	-	364	9	-					
Liberty Healthcare Group	-	-	-	285	10	-					
Totals	<u>7,797</u>		14.13%	<u>7,186</u>		14.03%					

Note: Employment data for the Town of Leland is not available.

Source: Brunswick County

TOWN OF LELAND, NORTH CAROLINA
Full-Time Equivalent Government Employees by Function
Last Ten Fiscal Years

Function/Program	Fiscal Year Ended June 30									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Public Safety	24	32	33	37	39	96	82	82	88	101
Public Services	5	10	10	10	10	10	10	17	14	15
Planning & Inspections	9	9	11	11	11	11	13	14	17	20
Town Administration	8	11	7	8	8	13	14	17	15	19
Operational Services	3	6	14	16	18	20	22	21	20	23
Total	<u>49</u>	<u>68</u>	<u>75</u>	<u>82</u>	<u>86</u>	<u>150</u>	<u>141</u>	<u>151</u>	<u>154</u>	<u>178</u>

Source: Town records

TOWN OF LELAND, NORTH CAROLINA
 Operating Indicators by Function
 Last Ten Fiscal Years
 (Calendar Years Where Indicated)

Function	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Public Safety:										
Police Department:										
Criminal Arrest	234	335	365	455	324	315	261	95	256	304
Incident Reports	906	995	1,024	1,261	1,224	1,314	1,431	1,748	1,836	2,169
Traffic Crashes*								178	499	510
Calls for Service	13,494	12,991	14,220	14,409	13,416	14,008	13,082	13,575	13,743	16,203
* Represents a change in Police Department reporting as of 02/2019										
Fire Department:										
Calls for service	-	-	-	-	2113	2262	2,555	2,160	2,271	2,836
Staff Training hours	-	-	-	-	17021	22285	11,494	8,099	7,976	12,784
Smoke detector and battery installs	-	-	-	-	66	63	75	80	108	121
Child Passenger Seat Checks	-	-	-	-	46	55	52	63	71	76
Community Outreach Events	-	-	-	-	24	20	26	18	18	36
Planning and Inspections:										
Building permits issued *				1,189	1,936	1,438	1,542	1,734	2,443	2,578
Value (\$000) *				\$ 119,662,189	\$ 316,262,265	\$ 127,883,174	\$ 149,539,376	\$ 250,915,638	\$ 197,271,904	\$ 279,772,489
* Represents a new change in Inspections reporting as of 07/2015										
Parks, Recreation, and Cultural Resources										
Programs	11	11	36	131	164	187	220	200	220	354
Program Participants	101	124	311	1,017	1,451	1,581	1,871	1,759	1,169	2,710

Note: Fire became part of the Town in FY2017

Source: Town records

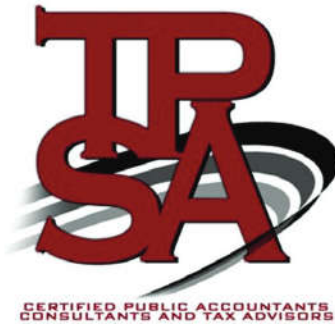


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Compliance Section



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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, and the aggregate remaining fund information of the Town of Leland, North Carolina, as of and for the year ended June 30, 2022, 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 28, 2022.

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. We did identify certain deficiencies in internal control, described in the schedule of findings and questioned costs as item [2022-001] that we consider to be significant deficiencies.

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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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items [2022-001].

Town of Leland's Response to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the 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 28, 2022



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Report On Compliance With Requirements Applicable To Each Major Federal 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 Federal Program

Opinion on Each Major Federal Program

We have audited 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 the Town of Leland's major federal programs for the year ended June 30, 2022. Town of Leland's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the 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 federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal 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 federal program. Our audit does not provide a legal determination of the Town of Leland's compliance with the compliance requirements referred to above.

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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 federal 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 federal 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 federal program on a timely basis. A *material weakness* in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal 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.

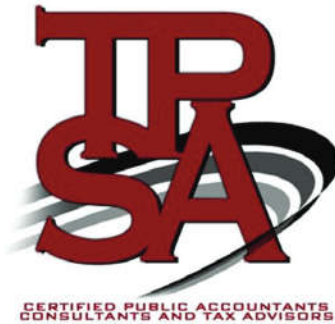
Our consideration of internal control over compliance was for the limited purpose described in Auditor's Responsibilities for the Audit of Compliance section and above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant 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.

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November 28, 2022



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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, 2022. 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, 2022.

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

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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 28, 2022

TOWN OF LELAND, NORTH CAROLINA
 Schedule of Findings and Questioned Costs
 For the Year Ended June 30, 2022

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 no
- Significant Deficiency(s) identified that are not considered to be material weaknesses ___X___ yes none reported
- Noncompliance material to financial statements noted ___yes ___X___ no

Federal Awards

Internal control over major federal programs:

- 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 federal awards ___yes ___X___ no

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? ___yes ___X___ no

Identification of major federal programs:

<u>CFDA #</u>	<u>Program Name</u>
20.205	Highway Planning and Construction

Dollar threshold used to distinguish between Type A and Type B Programs \$ 750,000

Auditee qualified as low-risk auditee? ___X___ yes ___no

State Awards

Internal control over major State programs:

- Material Weakness(es) identified? ___yes ___X___ no

TOWN OF LELAND, NORTH CAROLINA
 Schedule of Findings and Questioned Costs
 For the Year Ended June 30, 2022

Section I. Summary of Auditor's Results (continued)

• 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
 Stream Debris Removal
 Highway Construction

Section II. Financial Statement Findings

Finding: 2022-001

NONCOMPLIANCE/SIGNIFICANT DEFICIENCY

Criteria: In accordance with North Carolina General Statutes § 143C, Budget revisions must be requested and approved prior to any commitment and/or expenditure that would exceed the amount budgeted. Entities should not overspend the authorized budget.

Condition: As a result of the implementation of GASB 87, the Information technology department is overspent by \$127,708. The Town was required to record entries to record the net present value of the remaining lease liabilities as of July 1, 2021. Once the amount of the entries were identified, it was too late to propose budget amendments.

Effect: Moneys were spent that had not been obligated and appropriated.

Cause: Town oversight of the requirements of the new accounting standard.

Recommendation: The finance office should review the General Statutes and GASB Statement more carefully to ensure that new pronouncements are presented correctly in the financials and appropriately budgeted.

Views of responsible officials and planned corrective actions: The town agrees with this finding.

Section III. Federal Award Findings and Questioned Costs

None reported

Section IV – State Award Findings and Questioned Costs

None reported



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Corrective Action Plan
For the Year Ended June 30, 2022

Section II - Financial Statement Findings

Finding 2022-001

Name of Contact Person: Carly Hagg, Finance Director

Corrective Action: Our plan is to be more aware of the effectiveness of GASB 87 on our financials. We will prepare entries in the 4th quarter and do budget amendments as needed prior to year-end.

Proposed Completion Date: May 1, 2023

TOWN OF LELAND, NORTH CAROLINA
Summary Schedule of Prior Year Audit Findings
For the Year Ended June 30, 2022

None reported.

TOWN OF LELAND, NORTH CAROLINA
Schedule of Expenditures of Federal and State Awards
For The Year Ended June 30, 2022

<u>Grantor/Pass-through Grantor/Program Title</u>	<u>Federal Assistance Listing No.</u>	<u>State/ Pass-through Grantor's Number</u>	<u>Fed (Direct & Pass-through Expenditures</u>	<u>State Expenditures</u>	<u>Local Expenditures</u>
<u>Federal Grants:</u>					
<u>U.S. Department of Justice</u>					
Passed-through NC Department of Public Safety Byrne Justice Assistance Grant	16.738		\$ 11,700	\$ -	\$ -
<u>U.S. Department of Transportation</u>					
Passed-through NC Department of Transportation					
Highway Planning and Construction	20.205	44096.3.5	785,887	-	-
Highway Planning and Construction	20.205	44096.1.F10	75,937	-	-
Highway Planning and Construction	20.205	44096.3.11	230,822	-	-
Highway Planning and Construction	20.205	44096.3.12	52,959	-	-
Total Highway Planning and Construction			<u>1,145,605</u>	<u>-</u>	<u>-</u>
Total assistance - Federal programs			<u>\$ 1,157,305</u>	<u>\$ -</u>	<u>\$ -</u>
<u>State Grants:</u>					
<u>N.C. Department of Agriculture and Consumer Services</u>					
Stream Debris Removal			-	279,928	-
<u>N.C. Department of Transportation</u>					
Powell Bill		32570	-	400,211	-
Highway Construction				388,344	-
Total assistance - State programs			<u>\$ -</u>	<u>\$ 1,068,483</u>	<u>\$ -</u>
Total assistance			<u>\$ 1,157,305</u>	<u>\$ 1,068,483</u>	<u>\$ -</u>

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

Note 1: Basis of Presentation

The accompanying schedule of expenditures of federal and state awards (SFSA) includes the federal and state grant activity of the Town of Leland under the programs of the federal government and the State of North Carolina for the year ended June 30, 2022. 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.