

Annual Financial Report

LELAND TDA



**For Year Ended
June 30, 2021**

LELAND TOURISM DEVELOPMENT AUTHORITY

(A COMPONENT UNIT OF THE TOWN OF LELAND)

FINANCIAL STATEMENTS

June 30, 2021

**LELAND TOURISM
DEVELOPMENT AUTHORITY
(A COMPONENT UNIT OF THE TOWN OF LELAND)
FINANCIAL STATEMENTS
June 30, 2021**

BOARD OF DIRECTORS

Brenda Bozeman, Chairman
Michael Braddock II, Vice Chairman
Christopher LaCoe, Secretary
Don Harty, Treasurer
Leah Raja

FINANCE DIRECTOR

Carly Hagg

**LELAND TOURISM DEVELOPMENT AUTHORITY
(A COMPONENT UNIT OF THE TOWN OF LELAND)**

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Financial Section



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Independent Auditors' Report

To the Board of Directors
Leland Tourism Development Authority
Leland, North Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of the Leland Tourism Development Authority (a component unit of Town of Leland, North Carolina), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinions

In our opinion, based upon our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of the Leland Tourism Development Authority as of June 30, 2021, and the respective changes in financial position and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

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

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

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

Thompson, Price, Scott, Adams & Co, P.A.
November 2, 2021

Management's Discussion and Analysis

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

Financial Highlights

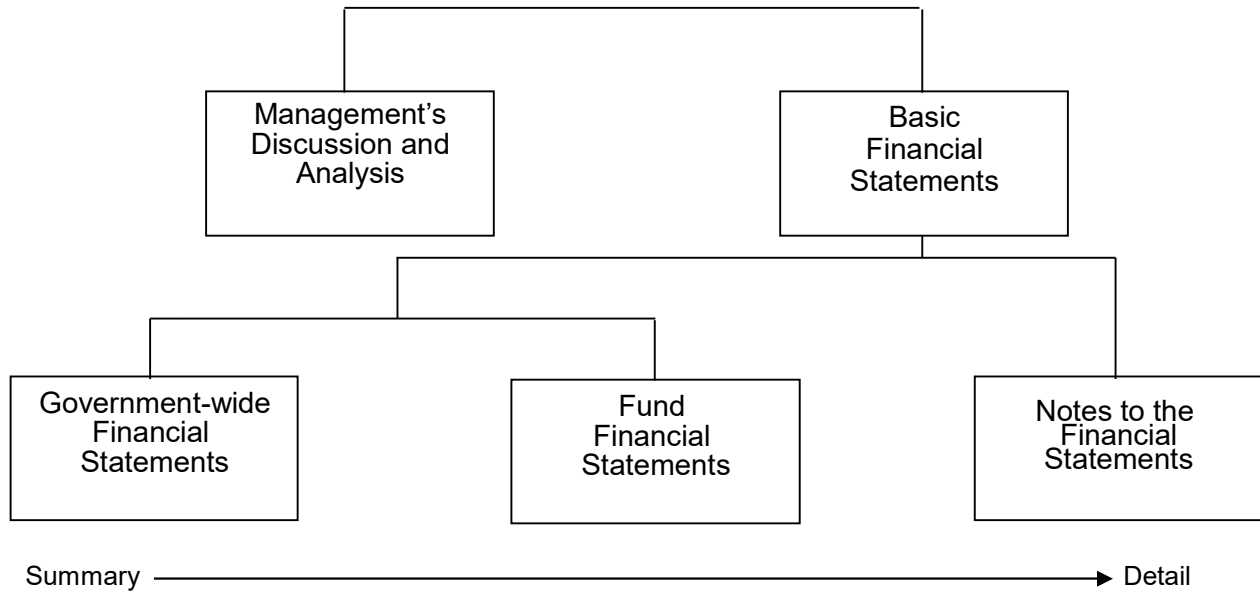
- The assets of the Leland Tourism Development Authority exceed its liabilities at the close of the fiscal year by \$374,706.
- The government's total net position increased by \$16,535. There was an increase in revenue. There were also increases in administration and tourism expenses, while marketing expenses decreased.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was, \$302,148, or 197.79% of the 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 the Leland Tourism Development Authority's basic financial statements. The Authority'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 Authority 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 Leland Tourism Development Authority.

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

The first two statements (pages 8 through 9) in the basic financial statements are the **Government-wide Financial Statements**. They provide both short and long-term information about the Authority's financial status.

The next statements (pages 10 through 12) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the Authority's government. These statements provide more detail than the government-wide statements. There are two parts to the Fund Financial Statements: 1) the governmental funds statements; and 2) the budgetary comparison statements.

The next section of the basic financial statements is the **notes**. The notes to the financial statements explain in the detail some of the data contained in those statements. After the notes, **supplemental information** is provided to show details about the Authority's individual funds. Budgetary information required by the North Carolina 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 Authority'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 Authority's financial status as a whole.

The two government-wide statements report the Authority's net position and how they have changed. Net position is the difference between the Authority's total assets and total liabilities. Measuring net position is one way to gauge the Authority's financial condition.

The governmental activities include the Authority's basic services such as administration, marketing, and tourism. Occupancy taxes finance most of these activities.

The government-wide statements are on pages 8 and 9 of this report.

Fund Financial Statements

The fund financial statements (see Figure 1) provide a more detailed look at the Authority'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. The Leland Tourism Development Authority, 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 Authority's budget ordinance. All of the funds of Leland Tourism Development Authority can be divided into one category: governmental funds.

Governmental Funds – Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. The Authority's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted in to 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 to determine if there are more or less financial resources available to finance the Authority's programs. The relationship between governmental activities and governmental funds is described in a reconciliation that is a part of the fund financial statements.

The Leland Tourism Development Authority adopts an annual budget for its General Fund, as required by General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the Authority, the management of the Authority, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the Authority to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the Authority complied with the budget ordinance and whether or not the Authority 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 of variance between the final budget and the actual resources and charges. To account for the difference between the budgetary basis of accounting and the modified accrual basis, a reconciliation showing the differences in the reported activities is shown at the end of the budgetary statement.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are on pages 13 through 18 of this report.

Government-Wide Financial Analysis

**Leland Tourism Development Authority's Net Position
Figure 2**

	Governmental Activities	
	2021	2020
Assets:		
Current and other assets	\$ 374,706	\$ 358,171
Total Assets:	<u>374,706</u>	<u>358,171</u>
Net Position		
Restricted	22,558	15,152
Unrestricted	352,148	343,019
Total net position	<u>\$ 374,706</u>	<u>\$ 358,171</u>

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets of the Leland Tourism Development Authority exceeded liabilities by \$374,706 as of June 30, 2021. The Authority's net position increased by \$16,535 for the fiscal year ending June 30, 2021. A portion of the Authority's net position, \$22,558, represents resources that are subject to external restrictions on how they may be used.

**Leland Tourism Development Authority's Changes in Net Position
Figure 3**

	Governmental Activities	
	2021	2020
Revenues:		
General revenues:		
Other Taxes and Licenses	\$ 169,295	\$ 159,937
Total Revenues:	<u>169,295</u>	<u>159,937</u>
Expenses:		
Administration	39,634	30,282
Marketing	24,376	42,730
Tourism	88,750	64,654
Total expenses	<u>152,760</u>	<u>137,666</u>
Increase (Decrease) in net position	16,535	22,271
Net position, July 1	358,171	335,900
Net position, June 30	<u>\$ 374,706</u>	<u>\$ 358,171</u>

Governmental activities. Governmental activities increase the Authority's net position by \$16,535 thereby accounting for 100% of the total increase in the net position of the Leland Tourism Development Authority. Key elements of this increase are as follows:

- Although net position increased, it was a smaller amount of increase than prior year. This is due to a increase in occupancy tax revenues of approximately \$9,300 (due to economic conditions during the year), along with increased expenses of approximately \$15,000.

Financial Analysis of the Authority's Funds

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

Governmental Funds. The focus of the Leland Tourism Development Authority's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the Leland Tourism Development Authority's financing requirements. Specifically, unassigned fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

The general fund is the chief operating fund of the Leland Tourism Development Authority. At the end of the current fiscal year, Leland Tourism Development Authority's fund balance available in the General Fund was \$352,148, while total fund balance reached \$374,706.

Economic Factors and Next Year's Budgets and Rates

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

- The Town's population is continuing to grow with more industry moving to the area.

Requests for Information

This report is designed to provide an overview of the Authority'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:

Carly Hagg
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Leland Tourism Development Authority
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Leland , NC 28451
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chagg@townofleland.com

Basic Financial Statements

LELAND TOURISM DEVELOPMENT AUTHORITY
Statement of Net Position
June 30, 2021

	Governmental Activities
Assets:	
Current Assets:	
Cash and Cash Equivalents	\$ 352,148
Receivables (net):	
Occupancy Tax	22,558
Total Assets:	\$ 374,706
Net Position:	
Restricted:	
Stabalization by State Statute	\$ 22,558
Unrestricted	352,148
Total Net Position:	\$ 374,706

LELAND TOURISM DEVELOPMENT AUTHORITY
Statement of Activities
For the Year Ended June 30, 2021

Functions/Programs	Expenses	Program Revenues			Total Governmental Activities
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government:					
Governmental Activities:					
Administration	\$ 39,634	\$ -	\$ -	\$ -	\$ 39,634
Marketing	24,376	-	-	-	24,376
Tourism	88,750	-	-	-	88,750
Total Governmental Activities:	\$ 152,760	\$ -	\$ -	\$ -	152,760
General Revenues:					
Taxes:					
					169,295
					169,295
					16,535
					358,171
					\$ 374,706

LELAND TOURISM DEVELOPMENT AUTHORITY
Balance Sheet
Governmental Funds
June 30, 2021

	General Fund	Total Governmental Funds
Assets:		
Cash and Cash Equivalents	\$ 352,148	\$ 352,148
Receivables (net):		
Occupancy Tax	22,558	22,558
Total Assets:	374,706	374,706
Liabilities:		
Total Liabilities:	-	-
Fund Balances:		
Restricted		
Stabilization by State Statute	22,558	22,558
Assigned		
Subsequent Year's Expenditures	50,000	50,000
Unassigned	302,148	302,148
Total Fund Balances:	374,706	374,706
Total Liabilities and Fund Balances	\$ 374,706	\$ 374,706

Amounts reported for governmental activities in the statement of net position are not different and therefore, are not reported in the funds.

Total Governmental Fund Balance	\$ 374,706
Net Position of Governmental Activities	\$ 374,706

LELAND TOURISM DEVELOPMENT AUTHORITY
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2021

	General Fund	Total Governmental Funds
Revenues:		
Other Taxes and Licenses	\$ 169,295	\$ 169,295
Total Revenues:	169,295	169,295
Expenditures:		
Administration	39,634	39,634
Marketing	24,376	24,376
Tourism	88,750	88,750
Total Expenditures:	152,760	152,760
Revenues over (under) Expenditures:	16,535	16,535
Net Change in Fund Balance:	16,535	16,535
Fund Balance - Beginning of the Year	358,171	358,171
Fund Balance - End of the Year	\$ 374,706	374,706
Amounts reported for governmental activities in the statement of activities are not different and therefore, are not reported in the funds.		
Net changes in fund balances - Total Governmental Funds		16,535
Total changes in net position of governmental activities:		\$ 16,535

LELAND TOURISM DEVELOPMENT AUTHORITY
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - General Fund
For the Year Ended June 30, 2021

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive or (Negative)
Revenues:				
Other Taxes and Licenses	\$ 180,000	\$ 180,000	\$ 169,295	\$ (10,705)
Total Revenues:	<u>180,000</u>	<u>180,000</u>	<u>169,295</u>	<u>(10,705)</u>
Expenditures:				
Administration	47,500	47,500	39,634	(7,866)
Marketing	42,500	42,500	24,376	(18,124)
Tourism	100,000	100,000	88,750	(11,250)
Capital Project Reserves	36,000	36,000	-	(36,000)
Total Expenditures:	<u>226,000</u>	<u>226,000</u>	<u>152,760</u>	<u>(73,240)</u>
Revenues over (under) Expenditures	<u>(46,000)</u>	<u>(46,000)</u>	<u>16,535</u>	<u>62,535</u>
Other Financing Sources (Uses):				
Fund Balance Appropriated	46,000	46,000	-	(46,000)
Total Other Financing Sources	<u>46,000</u>	<u>46,000</u>	<u>-</u>	<u>(46,000)</u>
Net Change in Fund Balance:	<u>\$ -</u>	<u>\$ -</u>	<u>16,535</u>	<u>\$ 16,535</u>
Fund Balance - Beginning of the Year			<u>358,171</u>	
Fund Balance - End of the Year			<u>\$ 374,706</u>	

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

LELAND TOURISM DEVELOPMENT AUTHORITY
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2021

I. Summary of Significant Accounting Policies

The accounting policies of the Leland Tourism Development Authority 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 Leland Tourism Development Authority is a public authority, created by resolution of the Town of Leland, North Carolina. The Authority is responsible for promoting travel and tourism in the Leland area.

The Authority is governed by a nine-member Board of Directors. In addition, the Town levies and collects the occupancy taxes that are rendered to the Authority. Therefore, the Authority is included in the reporting entity of the Town of Leland under GASB Statement 14. As required by generally accepted accounting principles, these financial statements present the Authority.

B. Basis of Presentation

Government-Wide Statements: The statement of net position and the statement of activities display information about the primary government. These statements include the financial activities of the overall government.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the Authority'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 recipient 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 Authority's funds. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as non-major funds.

The Authority reports the following major governmental fund:

General Fund. The General Fund is the general operating fund of the Authority. The General Fund accounts for all financial resources except those required to be accounted for in another fund. The primary revenue source is occupancy tax. The primary expenditures are for administration and marketing.

LELAND TOURISM DEVELOPMENT AUTHORITY
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2021

C. Measurement Focus and Basis of Accounting

In accordance with North Carolina General Statutes, all funds of the Authority are maintained during the year using the modified accrual basis of accounting.

Government-wide Financial Statements: The government-wide 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 Agency gives (or receives) value without directly receiving (or giving) equal value in exchange, include grants, and donations. On an accrual basis, revenue from occupancy taxes is recognized in the fiscal year for which the taxes are earned. 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. Issuance of general long-term debt and acquisitions under capital leases are reported as other financing sources.

D. Budgetary Data

The Authority's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund. All annual appropriations lapse at fiscal year-end. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the departmental level of all annually budgeted funds and at the object level for the multi-year funds. Amendments are required for any revisions that alter total expenditures of any fund or that change functional appropriations exceeding 10% for the appropriated monies for the department whose allocation is reduced. All amendments approved by 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 Authority are made in board-designated official depositories and are secured as required by State law (G.S. 159-31). The Authority may designate, as an official depository, any bank or savings association whose principal office is located in North Carolina. Also, the Authority may establish time deposit accounts such as NOW and Super-NOW accounts, money market accounts, and certificates of deposit.

LELAND TOURISM DEVELOPMENT AUTHORITY
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2021

State law [G.S. 159-30(c)] authorizes the 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; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances; and The North Carolina Capital Management Trust (NCCMT). The Authority's investments are reported at fair value. Non-participating interest earning investment contracts are accounted for at cost. The NCCMT Government Portfolio, a SEC-registered (2a-7) external investment pool, 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 maturity of less than 6 months.

In accordance with State law, the Authority has 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 value as determined by quoted market prices.

2. Cash and Cash Equivalents

The Authority considers all cash and investments to be cash and cash equivalents.

3. Net Position/Fund Balances

Net Position

Net position in the government-wide financial statements is classified as restricted and unrestricted. Restricted net position represents constraints on resources that are either a) externally imposed by creditors, grantors, contributors, or laws and 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 balances as follows:

Non-Spendable 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.

LELAND TOURISM DEVELOPMENT AUTHORITY
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2021

Restricted Fund Balance

This classification includes amounts that are restricted to specific purposes externally imposed by creditors or imposed by law.

Restricted for Stabilization by 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.

Committed Fund Balance

This portion of fund balance can only be used for specific purpose imposed by majority vote by quorum of Leland Tourism Development Authority's governing body (highest level of decision-making authority). The governing body can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Assigned Fund Balance

This is the portion of fund balance that Leland Tourism Development Authority intends to use for specific purposes.

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. The governing body approves the appropriation; however, the budget ordinance authorizes the manager to modify the appropriations by resources or appropriations with funds up to \$100,000.

Unassigned Fund Balance

This portion of fund balance has not been not restricted, committed, or assigned to specific purposes or other funds.

LELAND TOURISM DEVELOPMENT AUTHORITY
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2021

II. Stewardship, Compliance and Accountability

A. Significant Violations of Finance-Related Legal and Contractual Provisions

1. Noncompliance with North Carolina General Statutes

None.

2. Contractual Violations

None.

B. Deficit in Fund Balance of Individual Funds Not Appropriated in Subsequent Year's Budget Ordinance

None.

C. Excess of Expenditures over Appropriations

None.

III. Detail Notes on All Funds

A. Assets

Deposits

All the deposits of the Authority are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the Authority's agents in the unit's name. 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 Authority, these deposits are considered to be held by the Authority's agents in its name. The amount of the pledged collateral is based on an approved averaging method for non-interest 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 Authority or the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the Authority under the Pooling Method, the potential exists for undercollateralization. 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 Authority 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 Authority complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2021, the Authority's deposits had a carrying amount of \$352,148 and a bank balance of \$352,148. Of the bank balance, \$250,000 was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method.

LELAND TOURISM DEVELOPMENT AUTHORITY
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2021

B. Risk Management

The Authority carries no commercial coverage for risks of loss. There have been no claims in the past. In accordance with G.S. 159-29, the Authority's employees that have access to \$100 or more at any given time of the Authority's funds are performance bonded through a commercial surety bond. The finance officer is bonded for \$50,000.

C. Fund Balance

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

Total fund balance - General Fund	\$ 374,706
<i>Less:</i>	
Stabilization by State Statute	22,558
Appropriated Fund Balance in 2021-2022 Budget	50,000
Remaining Fund Balance	<u>\$ 302,148</u>

D. Subsequent Events

In preparing these financial statements, the Authority has evaluated events and transactions for potential recognition or disclosure through November 2, 2021, the date the financial statements were available to be issued. No important events were noted.

LELAND TOURISM DEVELOPMENT AUTHORITY
(A Component Unit of Leland, North Carolina)
Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - General Fund
For the Fiscal Year Ended June 30, 2021

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Other Taxes and Licenses			
Occupancy Taxes	\$ 180,000	\$ 169,295	\$ (10,705)
Total Other Taxes and Licenses	<u>180,000</u>	<u>169,295</u>	<u>(10,705)</u>
Total Revenues:	<u>180,000</u>	<u>169,295</u>	<u>(10,705)</u>
Expenditures:			
Administration			
Other Expenditures	47,500	39,634	(7,866)
Total Administration	<u>47,500</u>	<u>39,634</u>	<u>(7,866)</u>
Marketing			
Other Expenditures	42,500	24,376	(18,124)
Total Other Expenditures	<u>42,500</u>	<u>24,376</u>	<u>(18,124)</u>
Tourism			
Tourism Related Expenses	100,000	88,750	(11,250)
Capital Project Reserves	36,000	-	(36,000)
Total Tourism	<u>136,000</u>	<u>88,750</u>	<u>(47,250)</u>
Total Expenditures:	<u>226,000</u>	<u>152,760</u>	<u>(73,240)</u>
Revenues over (under) Expenditures	<u>(46,000)</u>	<u>16,535</u>	<u>62,535</u>
Other Financing Sources (Uses):			
Fund Balance Appropriated	46,000	-	(46,000)
Total Other Financing Sources (Uses):	<u>46,000</u>	<u>-</u>	<u>(46,000)</u>
Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	<u>\$ -</u>	<u>16,535</u>	<u>\$ 16,535</u>
Fund Balance Beginning of the Year:		<u>358,171</u>	
Fund Balance End of the Year:		<u>\$ 374,706</u>	