

**TOWN OF WHITE LAKE
WHITE LAKE, NORTH CAROLINA
FINANCIAL STATEMENTS
June 30, 2022**

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June 30, 2022

MAYOR

H. Goldston Womble, Jr.

TOWN COUNCIL

Timothy G. Blount, Mayor, Pro-Tem
John H. Womble, Jr
Timothy L. Clifton
Michael J. Suggs
Dean C. Hilton
Paul A. Evans
Terri Hawley

TOWN ADMINISTRATOR

Sean D. Martin

TOWN OF WHITE LAKE, NORTH CAROLINA
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FINANCIAL SECTION



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Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of White Lake, North Carolina, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, based upon our audit, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Town of White Lake as of June 30, 2022, and the respective changes in financial position, and cash flows [where applicable] thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of White Lake 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.

Responsibilities of Management for the Audit of 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; and for 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 the Town of White Lake's ability to continue as a going concern for the twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Governmental Auditing Standards* will always detect material misstatement 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 *Governmental 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 the Town of White Lake'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 the Town of White Lake'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 11 and the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Liability and Contributions, on pages 41 and 42, respectively and the Law Enforcement Officers' Special Separation Allowance Schedules of Funding Progress and Employer Contributions on pages 43 through 44, respectively 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 Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of White Lake's basic financial statements. The combining and individual fund financial statements, budgetary schedules, other schedules and the accompanying Schedule of Expenditures of 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 purposes 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 accompanying schedule of expenditures of state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 29, 2024 on our consideration of the Town of White Lake's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that 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 the effectiveness of Town of White Lake's 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 White Lake's internal control over financial reporting and compliance.

Thompson, Price, Scott, Adams & Co., PA

Elizabethtown, North Carolina

February 29, 2024

TOWN OF WHITE LAKE

WHITE LAKE, NORTH CAROLINA

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Town of White Lake

Management's Discussion and Analysis

As the management of the Town of White Lake, we offer readers of the Town of White Lake's financial statements this narrative overview and analysis of the financial activities of the Town of White Lake 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 of White Lake's financial statements, which follow this narrative.

Financial Highlights

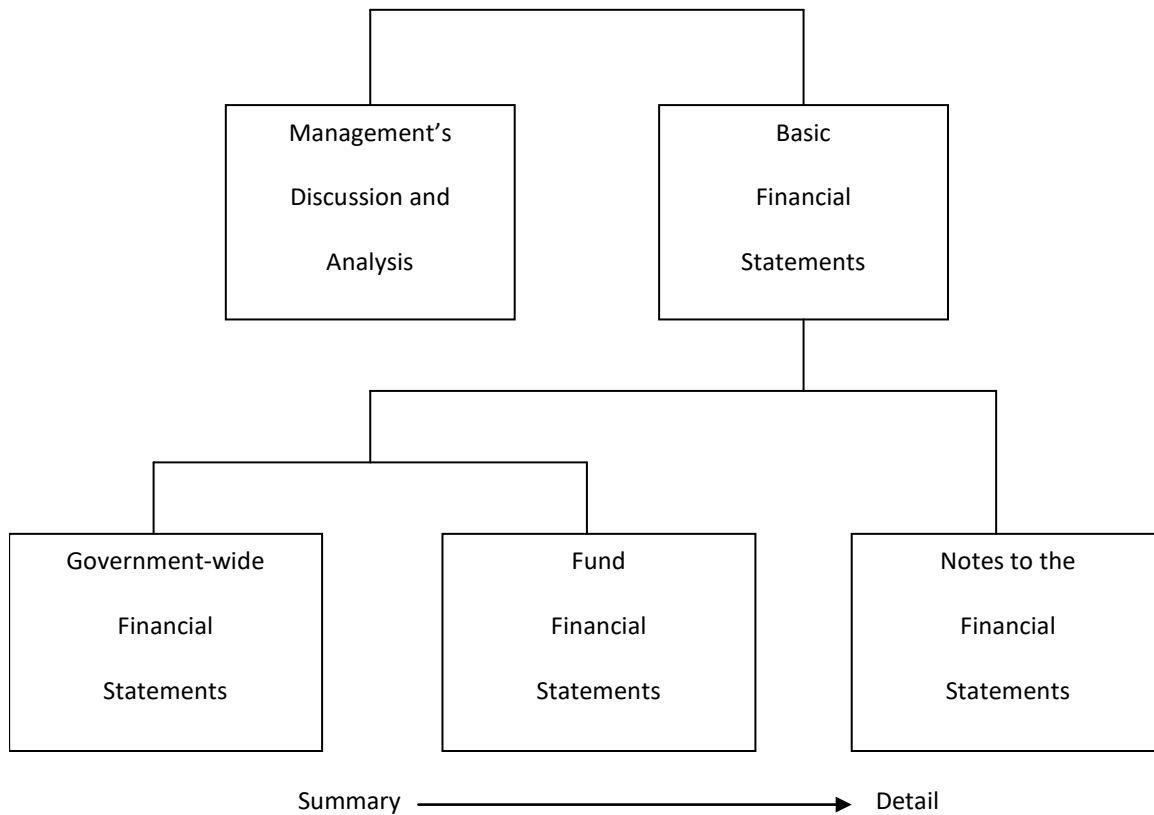
- The assets and deferred outflows of resources of the Town of White Lake exceeded its liabilities and deferred inflows or resources at the close of the fiscal year by \$11,269,487, *net position*.
- The government's total net position increased by \$888,657 due to an increase in the government-type activities along with an increase in the business – type activities' net position.
- As of the close of the current fiscal year, the Town of White Lake's governmental funds reported combined ending fund balances of \$2,024,607 an increase of \$353,923. Approximately 50 percent of this total amount, or \$1,020,586 is available for spending at the government's discretion.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$1,009,146 or 53% of total general fund expenditures for the fiscal year.
- The Town of White Lake's total debt increased \$999,585 during the current fiscal year due to normal debt payments made during the year net of a new loan.
- The Town of White Lake's bond rating is a 79.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to Town of White Lake'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 White Lake.

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

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

The next statements (Exhibits 3 through 8) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the Town's government. These statements provide more detail than the government-wide statements. There are three parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements; and 3) the proprietary 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 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 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 Town's total assets and deferred outflows of resources and 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 two categories: 1) governmental activities; and 2) business-type activities. The governmental activities include most of the Town's basic services such as public safety, parks and recreation, and general administration. Property taxes, State and federal grant funds finance most of these activities. The business-type activities are those that the Town charges customers to provide. These include the water and wastewater services offered by the Town of White Lake. The Town has no component units.

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

Fund Financial Statements

The fund financial statements (see Figure 1) provide a more detailed look at the Town of White Lake'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 Town of White Lake, 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 the Town of White Lake can be divided into two categories: governmental funds and proprietary 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 White Lake 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.

Proprietary Fund: The Town uses the *Enterprise Funds* to report the same functions presented as business-type activities in the government-wide financial statements. The Town of White Lake uses enterprise funds to account for its water and sewer activity. This fund is the same as those functions shown in the business-type activities in the Statement of Net Position and the Statement of Activities.

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 22-40 of this report.

Other Information – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the Town of White Lake's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 41 of this report.

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.

Government-Wide Financial Analysis

Town of White Lake's Net Position
Figure 2

	Governmental Activities		Business-Type Activities		Totals	
	2022	2021	2022	2021	2022	2021
Assets						
Current and other assets:	\$ 2,267,254	\$ 1,815,098	\$ 4,114,664	\$ 3,349,840	\$ 6,381,918	\$ 5,164,938
Capital Assets	2,441,707	2,549,580	6,564,890	5,544,755	9,006,597	8,094,335
Total assets	<u>4,708,961</u>	<u>4,364,678</u>	<u>10,679,554</u>	<u>8,894,595</u>	<u>15,388,515</u>	<u>13,259,273</u>
Deferred outflows of resources	<u>316,008</u>	<u>269,944</u>	<u>85,018</u>	<u>64,922</u>	<u>401,026</u>	<u>334,866</u>
Liabilities						
Long-term liabilities outstanding	299,090	408,839	2,660,561	1,729,002	2,959,651	2,137,841
Other liabilities	531,213	402,708	730,491	620,297	1,261,704	1,023,005
Total liabilities	<u>830,303</u>	<u>811,547</u>	<u>3,391,052</u>	<u>2,349,299</u>	<u>4,221,355</u>	<u>3,160,846</u>
Deferred inflows of resources	<u>224,422</u>	<u>48,560</u>	<u>74,277</u>	<u>3,903</u>	<u>298,699</u>	<u>52,463</u>
Net Position						
Net Investment in Capital Assets	2,273,510	2,392,102	3,833,202	3,801,933	6,106,712	6,194,035
Restricted for:						
Stabilization by State Statute	205,386	168,204	-	-	205,386	168,204
Transportation	165,124	139,689	-	-	165,124	139,689
Administration	8,003	118,208	-	-	8,003	118,208
Unrestricted(Deficit)	<u>1,318,221</u>	<u>956,312</u>	<u>3,466,041</u>	<u>2,804,382</u>	<u>4,784,262</u>	<u>3,760,694</u>
Total Net Position	<u>\$ 3,970,244</u>	<u>\$ 3,774,515</u>	<u>\$ 7,299,243</u>	<u>\$ 6,606,315</u>	<u>\$ 11,269,487</u>	<u>\$ 10,380,830</u>

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets and deferred outflows of resources of the Town White Lake exceeded liabilities and deferred inflows by \$11,269,487 of June 30, 2022. The Town's net position increased by \$888,657 for the fiscal year ended June 30, 2022. However, the largest portion \$6,106,712 (54%) reflects the Town's net investment in capital assets (e.g. land, buildings, machinery, and equipment). The Town of White Lake uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of White Lake's net investment in 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 White Lake's net position, \$378,513 (3%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$4,784,262, (43%) is unrestricted.

One particular aspect of the Town's financial operations influenced the total unrestricted governmental net position:

- Continued diligence in the collection of property taxes by maintaining a tax collection percentage of 97.89%, which is above the statewide average of 97.22%.

Town of White Lake's Changes in Net Position
Figure 3

	Governmental Activities		Business-Type Activities		Totals	
	2022	2021	2022	2021	2022	2021
Revenues						
Program Revenues						
Charges for Services	\$ 766,421	\$ 647,933	\$ 1,886,792	\$ 1,667,472	\$ 2,653,213	\$ 2,315,405
Grants and Entitlements	128,728	269,070	7,750	149,490	136,478	418,560
General Revenue						
Property Taxes	778,812	804,489	-	-	778,812	804,489
Grants and contributions not restricted to specific programs	487,913	475,688	-	-	487,913	475,688
Other Taxes	9,678	6,427	-	-	9,678	6,427
Investment Earnings	3,463	339	5,039	677	8,502	1,016
Other	24,743	2,556	-	-	24,743	2,556
Total Revenues	<u>2,199,758</u>	<u>2,206,502</u>	<u>1,899,581</u>	<u>1,817,639</u>	<u>4,099,339</u>	<u>4,024,141</u>
Expenses						
General Government	646,288	576,210	-	-	646,288	576,210
Public Safety	981,531	985,208	-	-	981,531	985,208
Transportation	96,803	196,764	-	-	96,803	196,764
Environmental Protection	260,450	269,942	-	-	260,450	269,942
Cultural and Recreation	15,000	10,300	-	-	15,000	10,300
Interest on Long-Term Debt	3,957	3,754	-	-	3,957	3,754
Water and Sewer Fund	-	-	1,206,653	1,182,337	1,206,653	1,182,337
Total Expenses	<u>2,004,029</u>	<u>2,042,178</u>	<u>1,206,653</u>	<u>1,182,337</u>	<u>3,210,682</u>	<u>3,224,515</u>
Increase in Net Position Before						
Transfers	195,729	164,324	692,928	635,302	888,657	799,626
Transfers	-	-	-	-	-	-
Increase(Decrease) in Net Position	<u>195,729</u>	<u>164,324</u>	<u>692,928</u>	<u>635,302</u>	<u>888,657</u>	<u>799,626</u>
Net Position, beginning	<u>3,774,515</u>	<u>3,610,191</u>	<u>6,606,315</u>	<u>5,971,013</u>	<u>10,380,830</u>	<u>9,581,204</u>
Net Position, ending	<u>\$ 3,970,244</u>	<u>\$ 3,774,515</u>	<u>\$ 7,299,243</u>	<u>\$ 6,606,315</u>	<u>\$ 11,269,487</u>	<u>\$ 10,380,830</u>

Governmental activities. Governmental activities increased the Town of White Lake's net position by \$195,729.

Business-type activities: Business-type activities increased the Town of White Lake's net position by \$692,928. Key elements of the current year operating increases were:

- Increase in revenues.
- Grant proceeds

Financial Analysis of the Town's Funds

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

Governmental Funds. The focus of the Town of White Lake's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the Town of White Lake'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 Town of White Lake. At the end of the current fiscal year, the Town of White Lake's unassigned fund balance in the General Fund was \$1,009,146, while total fund balance reached \$1,870,237. The Governing Body of the Town of White Lake follows the North Carolina Local Government

Commission recommendation that the Town maintains an available fund balance of 8% of general fund expenditures in case of unforeseen needs or opportunities, in addition to meeting the cash flow needs of the Town. The Town currently has an available fund balance of 53%.

At June 30, 2022, the governmental funds of the Town of White Lake reported a combined fund balance of \$2,024,607, a \$353,923 increase.

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 due to no significant reason and expenditures were held in check.

Proprietary Fund. The Town’s proprietary fund provides the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Water and Sewer Fund at the end of the fiscal year amounted to \$3,466,041. The increase in net position for this fund was \$692,928. Other factors concerning the finances of this fund have already been addressed in the discussion of the Town’s business-type activities.

Capital Asset and Debt Administration

Capital assets. The Town of White Lake’s investment in capital assets for its governmental and business-type activities as of June 30, 2022, totals \$9,006,597 net of accumulated depreciation). These assets include buildings, roads and bridges, land, machinery and equipment, and vehicles.

Major capital asset transactions during the year include the following additions and disposals:

- Various equipment was purchased.
- Water and Sewer improvements

**Town of White Lake’s Capital Assets
Figure 4 (net of depreciation)**

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Land	\$ 245,821	\$ 245,821	\$ 43,898	\$ 43,898	\$ 289,719	\$ 289,719
Construction in Progress	-	-	856,477	1,663,019	856,477	1,663,019
Buildings and Improvements	2,053,756	2,140,255	5,459,142	3,654,553	7,512,898	5,794,808
Equipment	60,252	80,479	196,075	160,568	256,327	241,047
Vehicles and Motor Equipment	81,878	83,025	9,298	22,717	91,176	105,742
	<u>\$ 2,441,707</u>	<u>\$ 2,549,580</u>	<u>\$ 6,564,890</u>	<u>\$ 5,544,755</u>	<u>\$ 9,006,597</u>	<u>\$ 8,094,335</u>

Additional information on the Town’s capital assets can be found in the notes of the Basic Financial Statements.

Long-term Debt. As of June 30, 2022, the Town of White Lake had total bonded debt outstanding of \$0.

Town of White Lake’s Outstanding Debt

The Town of White Lake’s total debt increased by \$999,585 during this past fiscal year, primarily due to newly issued debt to finance the sewer improvement capital project.

The Town of White Lake’s bond rating remains at 79. This bond rating is a clear indication of the sound financial condition of The Town of White Lake. The Town of White Lake is one of the few towns in the country that maintains

the highest financial rating from this major rating agency. This achievement is a primary factor in keeping interest costs low on the Town’s outstanding debt.

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 White Lake is \$22,379,574. The Town has \$0 in authorized bonds as of June 30, 2022.

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Direct Placement						
Installment Contract	\$ 168,197	\$ 157,478	\$ 2,731,688	\$ 1,742,822	\$ 2,899,885	\$ 1,900,300
	\$ 168,197	\$ 157,478	\$ 2,731,688	\$ 1,742,822	\$ 2,899,885	\$ 1,900,300

Additional information regarding the Town of White Lake’s long-term debt can be found in the notes of this report.

Economic Factors and Next Year’s Budgets and Rates

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

The Town of White Lake is a small community located in Bladen County, (a Tier I County) with a year-round population of 879 residents as of July 1, 2019 according to the Office of State Planning. There being no industrial tax base, the Town relies on tourism as its only true industry. The commercial and tourist attractions located around the Lake itself rely entirely on seasonal dollars for their livelihoods.

Without an industrial tax base, the Town must rely solely on tax revenue collections to fund all of the required services such as police/fire protection and sanitation. The General Fund receives its operating revenues from various sources, including property (ad valorem) taxes, intergovernmental or state-shared revenues, user fees, interest income, and miscellaneous revenues.

Budget Highlights for the Fiscal Year Ending June 30, 2023

Governmental Activities:

COVID-19 Pandemic

The COVID-19 pandemic had a physical impact on tourism, the Town’s only industry. Businesses related to tourism were not allowed to open during the onset of COVID-19 and at a 50% capacity later on during the pandemic. While sales tax revenues for Fiscal Year 20/21 and 21/22 did not appear to decrease as much as originally forecasted, it is anticipated the impact will continue to be felt during Fiscal Year 22/23. The North Carolina League of Municipalities recently provided a report that analyzes revenues from the months most severely impacted by the global pandemic. Even with a strong month of local sales tax revenue for sales in the month of June, sales tax revenues decreased from the 4th quarter of FY18/19, and overall growth for the fiscal year was about half what it had been through three quarters of the current fiscal year. Utility tax revenue also declined across the board to varying degrees, during a time when many utilities and private companies – either voluntarily or under executive order – eliminated penalties for late payment and promised not to disconnect service in the event of nonpayment. All of these factors will continue to have an impact on Fiscal Year 22/23. Supply chain issues have also created a complex purchasing environment, where the price of goods and services has increased dramatically and the availability of product has declined across the board.

Multi-Use Trail – Phase II

The Town has applied for grants from PARTF, EDA, N.C. Department of Commerce, and the NC Division of Water Resources to construct Phase II of the White Lake Multi-Use Path for an approximate cost of \$1,127,500. The Town is continuing the search for funding sources. Available funding will determine the continuation of the project.

White Lake “Lake Water” Management Plan

The Town continues to face long-term challenges of identifying nutrient sources entering into the lake and the development of a Lake Water Management Plan. In an effort to strengthen the General Fund’s unassigned Fund Balance, keep the Town financially sound, support the ongoing cost of the studies and the development of a Lake Water Management Program in the General Fund, a \$2.00 per month, per customer Lake Water Management Fee was approved during the FY 20/21 budgeting process for the Aquatic Control Fund.

The State Treasurer’s Office determined that the Wastewater Fund may continue sharing in the cost of on-going studies currently being conducted on the Lake water and the development of a “Lake Water Management Plan”, therefore; the Wastewater Fund also contributes to the operating cost of the Lake Water Aquatic Control Fund.

Business – Type Activities:

The Town was approved for a low interest loan in FY 17/18 (\$2,037,546 at a maximum interest rate of 1.82% and 2% loan fee) for a sanitary sewer rehab project, replacement and/or repairs that will eliminate I&I entry points and reduce I&I within the Town’s wastewater collection system. This project was completed in January 2022. The loan payment for the project is \$130,857.62 and will continue until November 2041.

The Town just began construction on Phase II of the sanitary sewer rehab project in March 2022. The project cost is approximately \$2,998,667 at a maximum interest rate of \$2.16% and a 2% loan fee and is scheduled to install approximately 630 ft of 6-inch force main; replacement of 6,380 ft of 8-inch gravity sewer line, 105 ft of 10-inch gravity sewer line, 37 4-ft manholes, and 130 sewer services; rehabilitation of 2,285 ft 8-inch, 1,350 ft 10-inch, and 1,309 ft 12-inc gravity sewer lines via CIPP, and 54 VF of manholes, relocation of 3,725 ft water main and 115 water services. Construction for Phase II is scheduled to end June 2023, with the first loan payment due November 2023 and continuing until May 2043. The loan payment for the project is \$149,868.40.

In anticipation of the two loan payments and to strengthen the Water and Wastewater Fund’s unassigned fund balance, a rate study was conducted during FY 19/20 (at no cost to the Town) to determine if an increase was necessary in the upcoming fiscal year to meet the Water/Wastewater Fund’s current obligations and loan payments for the projects resulting in a \$1.00 increase on the base rate for water and wastewater and a 30% increase on each tier. In FY 20/21, another rate study determined that the Town should reduce the minimum gallons from 0 to 2000 gallons to 0 to 1000 gallons for the base rate and implement a 25% increase on all tier rates. For the upcoming fiscal year, it has been recommended by the annual rate study that there be no base rate increase with a 5% increase on all tier rates.

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 Town’s finance officer, 1879 White Lake Dr. PMB 7250, White Lake, NC 28337 or at 910-862-4800.

Basic Financial Statements

Town of White Lake, North Carolina
Statement of Net Position
June 30, 2022

Exhibit 1

	Governmental Activities	Business-Type Activities	Total
Assets			
Current assets:			
Cash & Cash Equivalents	\$ 1,727,678	\$ 3,558,620	\$ 5,286,298
Restricted Cash & Cash Equivalents	295,666	177,840	473,506
Taxes receivable (Net)	32,276	-	32,276
Accrued interest receivable on taxes	6,248	-	6,248
Accounts Receivable (Net)	28,797	340,783	369,580
Due from other governments	176,589	-	176,589
Inventory	-	37,421	37,421
Total current assets	<u>2,267,254</u>	<u>4,114,664</u>	<u>6,381,918</u>
Non-current Assets:			
Capital Assets:			
Land and nondepreciable improvements	245,821	900,375	1,146,196
Other capital assets, net of depreciation	<u>2,195,886</u>	<u>5,664,515</u>	<u>7,860,401</u>
Total capital assets	<u>2,441,707</u>	<u>6,564,890</u>	<u>9,006,597</u>
Total assets	<u>4,708,961</u>	<u>10,679,554</u>	<u>15,388,515</u>
Deferred Outflows of Resources	<u>316,008</u>	<u>85,018</u>	<u>401,026</u>
Liabilities			
Current liabilities			
Accounts Payable and Accrued Liabilities	202,918	399,467	602,385
Accrued Interest Payable	2,762	4,403	7,165
Current Portion of Long-term Debt	72,640	148,781	221,421
Liabilities paid from Restricted Assets:			
Customer Deposits	-	177,840	177,840
Long-term Liabilities:			
Net Pension Liability	125,411	50,186	175,597
Total Pension Liability	267,249	-	267,249
Due in More Than One Year	<u>159,323</u>	<u>2,610,375</u>	<u>2,769,698</u>
Total liabilities	<u>830,303</u>	<u>3,391,052</u>	<u>4,221,355</u>
Deferred Inflows of Resources	<u>224,422</u>	<u>74,277</u>	<u>298,699</u>
Net position			
Net Investment in Capital Assets	2,273,510	3,833,202	6,106,712
Restricted for:			
Stabilization by State Statute	205,386	-	205,386
Transportation	165,124	-	165,124
Administration	8,003	-	8,003
Unrestricted	<u>1,318,221</u>	<u>3,466,041</u>	<u>4,784,262</u>
Total Net Position	<u>\$ 3,970,244</u>	<u>\$ 7,299,243</u>	<u>\$ 11,269,487</u>

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

TOWN OF WHITE LAKE

WHITE LAKE, NORTH CAROLINA

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Town of White Lake, North Carolina
Statement of Activities
For the Year Ended June 30, 2022

Exhibit 2

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business Type Activities	Total
Primary Government:							
Governmental Activities:							
General Government	\$ 646,288	\$ 301,857	\$ 39,831	\$ -	\$ (304,600)	\$ -	\$ (304,600)
Public Safety	981,531	63,341	62,208	-	(855,982)	-	(855,982)
Transportation	96,803	-	26,046	-	(70,757)	-	(70,757)
Environmental Protection	260,450	401,223	643	-	141,416	-	141,416
Cultural and Recreation	15,000	-	-	-	(15,000)	-	(15,000)
Interest on Long-Term Debt	3,957	-	-	-	(3,957)	-	(3,957)
Total Governmental Activities	<u>2,004,029</u>	<u>766,421</u>	<u>128,728</u>	<u>-</u>	<u>(1,108,880)</u>	<u>-</u>	<u>(1,108,880)</u>
Business-Type Activities:							
Water and Sewer Fund	<u>1,206,653</u>	<u>1,886,792</u>	<u>-</u>	<u>7,750</u>	<u>-</u>	<u>687,889</u>	<u>687,889</u>
Total Business-Type Activities	<u>1,206,653</u>	<u>1,886,792</u>	<u>-</u>	<u>7,750</u>	<u>-</u>	<u>687,889</u>	<u>687,889</u>
	<u>\$ 3,210,682</u>	<u>\$ 2,653,213</u>	<u>\$ 128,728</u>	<u>\$ 7,750</u>			
General Revenues:							
Taxes:							
Property taxes, levied for general purpose					778,812	-	778,812
Other taxes					9,678	-	9,678
Grants and contributions not restricted to specific programs					487,913	-	487,913
Investment earnings, unrestricted					3,463	5,039	8,502
Miscellaneous, unrestricted					24,743	-	24,743
Total general revenues and transfers					<u>1,304,609</u>	<u>5,039</u>	<u>1,309,648</u>
Change in net position					195,729	692,928	888,657
Total net position, beginning					<u>3,774,515</u>	<u>6,606,315</u>	<u>10,380,830</u>
Total net position, ending					<u>\$ 3,970,244</u>	<u>\$ 7,299,243</u>	<u>\$ 11,269,487</u>

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

Balance Sheet
Governmental Funds
June 30, 2022

	Major Funds			Non-Major Fund	Total Governmental Funds
	General Fund	Lake Water Restoration Capital Project	American Relief Plan Fund	Sidewalk Capital Project	
Assets					
Cash and cash equivalents	\$ 1,573,308	\$ 142,930	\$ -	\$ 11,440	\$ 1,727,678
Restricted cash	173,127	-	122,539	-	295,666
Receivables (net):					
Taxes	32,276	-	-	-	32,276
Accounts	28,797	-	-	-	28,797
Due from other funds	-	-	-	-	-
Due from other governments	176,589	-	-	-	176,589
Total assets	\$ 1,984,097	\$ 142,930	\$ 122,539	\$ 11,440	\$ 2,261,006
Liabilities					
Liabilities:					
Accounts payable and accrued liabilities	\$ 80,379	\$ -	\$ -	\$ -	\$ 80,379
Unearned Revenue	-	-	122,539	-	122,539
Due to other funds	-	-	-	-	-
Total liabilities	<u>80,379</u>	<u>-</u>	<u>122,539</u>	<u>-</u>	<u>202,918</u>
Deferred Inflows of Resources					
Property taxes receivable	32,276	-	-	-	32,276
Prepaid taxes	1,205	-	-	-	1,205
Total deferred Inflows of Resources	<u>33,481</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>33,481</u>
Fund Balances					
Restricted					
Stabilization by State Statute	205,386	-	-	-	205,386
Streets	165,124	-	-	-	165,124
Administration	8,003	-	-	-	8,003
Committed					
Capital Projects	482,578	142,930	-	-	625,508
Assigned					
Subsequent Years Expenditures	-	-	-	-	-
Unassigned	1,009,146	-	-	11,440	1,020,586
Total fund balances	<u>1,870,237</u>	<u>142,930</u>	<u>-</u>	<u>11,440</u>	<u>2,024,607</u>
Total liabilities, deferred inflows of resources and fund balances	\$ 1,984,097	\$ 142,930	\$ 122,539	\$ 11,440	\$ 2,261,006

Balance Sheet
Governmental Funds
June 30, 2022

Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:		
Total fund balance, governmental funds	\$	2,024,607
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Gross capital assets at historical cost	\$	5,679,060
Accumulated depreciation		<u>(3,237,353)</u>
Deferred outflows of resources related to pensions are not reported in the funds.		316,008
Other long-term assets (accrued interest receivable from taxes) are not available to pay for current-period expenditures and therefore are inflows of resources in the funds		6,248
Earned revenues considered deferred inflows of resources in fund statements.		33,481
Long-term liabilities used in governmental activities are not financial uses and therefore are not reported in the funds:		
Gross long-term debt		(231,963)
Total pension liability		(267,249)
Net pension liability		(125,411)
Deferred inflows of resources related to pensions are not reported in the funds.		(224,422)
Other long-term liabilities (accrued interest) are due and payable in the current period and therefore are not reported in the funds		<u>(2,762)</u>
Net position of governmental activities	\$	<u><u>3,970,244</u></u>

Town of White Lake, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2022

Exhibit 4

	Major Funds			Non-Major Fund	Total Governmental Funds
	General Fund	Lake Water Restoration Capital Project	American Relief Plan Fund	Sidewalk Capital Project	
Revenues:					
Ad valorem taxes	\$ 795,029	\$ -	-	\$ -	\$ 795,029
Other taxes and licenses	9,678	-	-	-	9,678
Unrestricted intergovernmental	487,913	-	-	-	487,913
Restricted intergovernmental	116,434	-	-	-	116,434
Permits and fees	18,198	-	-	-	18,198
Sales and services	748,223	-	-	-	748,223
Other revenues	40,500	-	-	-	40,500
Total revenues	<u>2,215,975</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,215,975</u>
Expenditures:					
Current:					
General government	608,785	-	-	-	608,785
Public safety	943,426	-	-	-	943,426
Transportation	39,720	-	-	-	39,720
Environmental protection	261,766	-	-	-	261,766
Cultural and recreation	15,000	-	-	-	15,000
Debt service					
Principle	32,788	-	-	-	32,788
Interest	4,074	-	-	-	4,074
Total expenditures	<u>1,905,559</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,905,559</u>
Revenues over (under) expenditures	<u>310,416</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>310,416</u>
Other financing sources (uses):					
Transfers to other funds	-	-	-	-	-
Transfers from other funds	-	-	-	-	-
Proceeds From Installment Purchase	43,507	-	-	-	43,507
Total other financing sources (uses)	<u>43,507</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>43,507</u>
Net change in fund balance	353,923	-	-	-	353,923
Fund balances, beginning	1,516,314	142,930	-	11,440	1,670,684
Fund balances, ending	<u>\$ 1,870,237</u>	<u>\$ 142,930</u>	<u>-</u>	<u>\$ 11,440</u>	<u>\$ 2,024,607</u>

Town of White Lake, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2022

Exhibit 4, continued

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

Net changes in fund balances - total governmental funds	\$	353,923
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.</p>		
Capital outlay expenditures which were capitalized	69,908	
Depreciation expense for government assets	<u>(177,781)</u>	(107,873)
<p>Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities</p>		
		74,216
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
Change in unavailable revenue for tax revenues		(16,217)
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.</p>		
New long-term debt issued	(43,507)	
Principal payments on long-term debt	32,788	
Change in accrued interest payable	<u>117</u>	(10,602)
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>		
Pension expenses	(96,408)	
Compensated absences	<u>(1,310)</u>	<u>(97,718)</u>
Total changes in net position of governmental activities.	\$	<u><u>195,729</u></u>

Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual
General Fund

For the Year Ended June 30, 2022

	General Fund			Variance With Final Budget Positive (Negative)
	Original	Final	Actual Amounts	
Revenues:				
Ad valorem taxes	\$ 785,740	\$ 787,340	\$ 795,029	\$ 7,689
Other taxes and licenses	6,000	4,400	9,678	5,278
Unrestricted intergovernmental	459,839	459,839	487,913	28,074
Restricted intergovernmental	48,720	71,984	116,434	44,450
Permits and fees	12,105	12,105	18,198	6,093
Sales and services	692,381	749,345	748,223	(1,122)
Other revenues	315	30,074	40,500	10,426
Total revenues	<u>2,005,100</u>	<u>2,115,087</u>	<u>2,215,975</u>	<u>100,888</u>
Expenditures:				
Current:				
General government	601,775	624,236	608,785	15,451
Public safety	947,006	1,046,528	943,426	103,102
Transportation	80,965	85,215	39,720	45,495
Environmental protection	370,605	373,809	261,766	112,043
Cultural and recreation	15,000	15,000	15,000	-
Debt service	36,864	36,864	36,862	2
Total expenditures	<u>2,052,215</u>	<u>2,181,652</u>	<u>1,905,559</u>	<u>276,093</u>
Revenues over (under) expenditures	<u>(47,115)</u>	<u>(66,565)</u>	<u>310,416</u>	<u>376,981</u>
Other financing sources (uses):				
Transfers to other funds	-	-	-	-
Transfers from other funds	-	-	-	-
Proceeds From Installment Purchase	47,115	47,115	43,507	(3,608)
Total other financing sources (uses)	<u>47,115</u>	<u>47,115</u>	<u>43,507</u>	<u>(3,608)</u>
Fund Balance Appropriated	<u>-</u>	<u>19,450</u>	<u>-</u>	<u>(19,450)</u>
Net Change in Fund Balance	\$ <u>-</u>	\$ <u>-</u>	353,923	\$ <u>353,923</u>
Fund balances, beginning			<u>1,516,314</u>	
Fund balances, ending			\$ <u><u>1,870,237</u></u>	

Town of White Lake, North Carolina
Statement of Fund Net Position
Proprietary Fund
June 30, 2022

Exhibit 6

	<u>Water and Sewer Fund</u>
Assets	
Current assets:	
Cash and cash equivalents	\$ 3,558,620
Restricted Cash	177,840
Accounts receivable (net)	253,288
Accounts receivable - other	87,495
Restricted receivable	-
Inventories	<u>37,421</u>
Total current assets	<u>4,114,664</u>
Non-Current Assets:	
Capital assets:	
Land and other non-depreciable assets	900,375
Other capital assets, net of depreciation	<u>5,664,515</u>
Capital assets (net)	<u>6,564,890</u>
Total assets	<u>10,679,554</u>
Deferred Outflows of Resources	<u>85,018</u>
Liabilities	
Current liabilities:	
Accounts payable	399,467
Accrued Interest	4,403
Accrued Vacation	16,271
Current Portion of Long Term Debt	132,510
Liabilities paid from Restricted Assets:	
Customer deposits	<u>177,840</u>
Total liabilities	<u>730,491</u>
Noncurrent liabilities:	
Notes Payable	2,599,178
Net Pension Liability	50,186
Accrued Vacation	<u>11,197</u>
Total noncurrent liabilities	<u>2,660,561</u>
Total liabilities	<u>3,391,052</u>
Deferred Inflows of Resources	<u>74,277</u>
Net position	
Net investment in capital assets	3,833,202
Unrestricted	<u>3,466,041</u>
Total net position	<u>\$ 7,299,243</u>

Town of White Lake, North Carolina
Statements of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Fund
For the Year Ended June 30, 2022

Exhibit 7

	Water and Sewer Fund
Operating revenues:	
Water Charges	\$ 719,000
Wastewater Charges	985,212
Late Fees	50,350
Structure Fees	17,486
Impact Fees	3,950
Transfer Charges	17,955
Water and Sewer Taps	21,335
Miscellaneous	71,504
Total	1,886,792
Operating Expenses:	
Water	
Salaries	107,413
Employee Benefits	46,771
Professional Fees	7,445
Other Operating Expenses	211,638
Repairs	79,192
Contracted Service	1,463
Depreciation	100,166
Total Water	554,088
Wastewater	
Salaries	119,017
Employee Benefits	48,335
Professional Fees	2,195
Other Operating Expenses	254,211
Repairs	59,544
Contracted Service	9,350
Depreciation	100,165
Total Sewer	592,817
Operating income	739,887
Nonoperating revenues (expenses):	
Investment earnings	5,039
Loss on disposal of fixed assets	-
Interest and fees	(59,748)
Total nonoperating revenues (expenses)	(54,709)
Income (loss) before contributions	685,178
Capital Contribution	7,750
Change in net position	692,928
Total net position, beginning	6,606,315
Total net position, ending	\$ 7,299,243

Town of White Lake, North Carolina
Statement of Cash Flows
Proprietary Fund
For The Year Ended June 30, 2022

Exhibit 8

	Water and Sewer Fund
Cash flows from operating activities:	
Cash received from customers	\$ 1,781,762
Cash paid for goods and services	(644,640)
Cash paid to employees for services	(231,940)
Customer deposits received - Net	<u>3,100</u>
Net cash provided by operating activities	<u>908,282</u>
Cash flows from noncapital financing activities:	
Operating transfers in(out)	<u>-</u>
Cash flows from capital and related financing activities	
Acquisition and construction of capital assets	(1,220,466)
State Grants	7,750
Principal paid on bond maturities	(131,450)
Interest paid on bond maturities	(60,278)
Proceeds from Loan Proceeds	<u>1,120,316</u>
Net cash used by capital and related financing activities	<u>(284,128)</u>
Cash flows from investing activities:	
Interest on investments	<u>5,039</u>
Net increase in cash and cash equivalents	629,193
Cash and cash equivalents:	
Balances, beginning	<u>3,107,267</u>
Balances, ending	<u>\$ 3,736,460</u>
Reconciliation of operating income to net cash provided by operating activities	
Operating income (loss)	\$ <u>739,887</u>
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	200,331
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	(105,030)
(Increase) decrease in inventory	(30,601)
(Increase)/decrease in net pension asset	-
(Increase)/decrease in deferred outflows of resources-pensions	(20,096)
Increase (decrease) in accounts payable and accrued liabilities	110,527
Increase/(decrease) in net pension liability	(54,700)
Increase/(decrease) in deferred inflows of resources-pensions	70,374
Increase (decrease) in customer deposits	3,100
Increase (decrease) in accrued vacation pay	<u>(5,510)</u>
Total adjustments	<u>168,395</u>
Net cash provided by operating activities	<u>\$ 908,282</u>

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

TOWN OF WHITE LAKE

WHITE LAKE, NORTH CAROLINA

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TOWN OF WHITE LAKE, NORTH CAROLINA
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2022

NOTE 1: DESCRIPTION OF UNIT

The Town of White Lake is located in the southeastern area of the State. The Town maintains its own police, fire, and sanitation departments. In addition, the Town of White Lake operates water and sewer utilities.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Town of White Lake 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 White Lake is a municipal corporation that is governed by an elected mayor and a six-member council. The Town has no component units.

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. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental and business-type activities* of the Town. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

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

Fund Financial Statements: The fund financial statements provide information about the Town's funds. Separate statements for each fund category-*governmental and proprietary* - are presented. The Town has no fiduciary funds to report. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as non-major funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating 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 – The General Fund is the general operating fund of the Town. The General Fund accounts for all financial resources of the general government except those 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 public safety, street maintenance and construction, and sanitation services.

Lake Water Restoration Capital Project – This fund is used to account for determination of water quality issues and treatment of the lake water.

American Rescue Plan Act Fund – Which reports the activity of ARP Act funding received.

The Town reports the following non-major governmental fund:

Sidewalk Capital Project - This is used to account for grant funds for the construction of sidewalks within the Town.

The Town reports the following major enterprise funds:

Water and Sewer Fund - This fund is used to account for the Town's water and sewer operations. A Water and Sewer Capital Projects Fund has been consolidated into the Water and Sewer Fund for financial reporting purposes. The budgetary comparison for the Water and Sewer Capital Projects Fund has been included in the supplemental information.

C. Measurement Focus and 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 and Proprietary Fund Financial Statements. The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the Town gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town enterprise funds are charges to customers for sales and services. The Town also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the water and sewer system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

The Town considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem taxes receivable are not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable for property other than motor vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, 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, the State of North Carolina 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 the beer and wine tax, collected and held by the State at year-end on behalf of the Town are recognized as revenue. Sales taxes are considered a shared revenue for the Town of White Lake because the tax is levied by Bladen County and then remitted to and distributed by the State. Most intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. All taxes, including those dedicated for specific purposes are reported as general revenues rather than program revenues. 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 is 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 general revenues.

D. Budgetary Data

The Town's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund, Capital Reserve Fund and the Enterprise Fund. All annual appropriations lapse at fiscal year-end. Project ordinances are adopted for the Capital Project Funds. The enterprise fund capital projects are consolidated with their respective operating fund for reporting purposes. 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 Town clerk is authorized by the budget ordinance to transfer appropriations between departments within a fund; however, any revisions that alter total expenditures of any fund must be approved by the governing board. During the year, several 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 the time until annual ordinance can be adopted.

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Fund Equity

Deposits and Investments - All deposits of the Town 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 may establish time deposit accounts such as Now and SuperNow accounts, money market accounts, and certificates of deposit.

State law [G.S. 159-30(c)] authorizes the Town 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 Town'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 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 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.

TOWN OF WHITE LAKE, NORTH CAROLINA
Notes to the Financial Statements

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.

Restricted Assets – Customer deposits held by the Town before any services are supplied are restricted to the service for which the deposit was collected. Powell Bill funds are also classified as restricted cash because it can be expended only for the purposes outlined in G.S. 136-41.1 through 136-41.4. Unspent grant funds are classified as restricted until expended.

Governmental Activities	
General Fund	
Streets	\$ 165,124
American Rescue Plan	\$ 122,539
Resiliency Grant Funds	8,003
Total government activities	<u>\$ 295,666</u>
Business-type Activities	
Water and Sewer Fund	<u>\$ 177,840</u>
Customer deposits	<u>\$ 177,840</u>
Total Business-type Activities	
Total Restricted Cash	<u>\$ 473,506</u>

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 1st, the beginning of the fiscal year. The taxes are due on September 1st (lien date); however, interest does not accrue until the following January 6th. These taxes are based on the assessed values as of January 1, 2021. As allowed by State law, the Town has established a schedule of discounts that apply to taxes, which are paid prior to the due date. In the Town's General Fund, ad valorem tax revenues are reported net of such discounts.

Allowances 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.

Inventory - The inventories of the Town are valued at cost (first-in, first-out), which approximates market.

The inventories of the Town's enterprise fund consist of materials and supplies held for subsequent use. The cost of these inventories are recorded as an expense as the inventories are consumed.

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, \$1,000; buildings, improvements, substations, lines, and other plant and distribution systems, \$1,000; infrastructure, \$50,000; furniture and equipment, \$1,000; and vehicles, \$1,000. 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.

TOWN OF WHITE LAKE, NORTH CAROLINA
Notes to the Financial Statements

Capital assets are depreciated using the straight line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Infrastructure	30
Buildings	40
Motor Vehicles	5
Equipment	7
Plant Assets	50

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 meet this criterion, pension deferrals for 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 for the 2022 fiscal year.

Long-Term Obligations - In the government-wide financial statements and in the 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.

In the fund financial statements for governmental fund types, the face amount of debt issued is reported as other financing sources.

Compensated Absences - The vacation policy of the Town provides for the accumulation of up to thirty (30) days earned vacation leave with such leave being fully vested when earned. For the Town's governments-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 current portion of the accumulated vacation pay is not considered to be material; therefore, no expenditure or liability has been reported in the governmental-wide or proprietary funds.

The Town's sick leave policy provides 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 accrual for sick leave has been made.

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 externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or 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:

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 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.

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 Administration – portion of fund balance that is restricted for future administration cost as required by grant funds that were received.

Committed Fund Balance – portion of fund balance that can only be used for specific purposes imposed by majority vote by quorum of Town of White Lake'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. Any changes or removal of specific purpose requires majority action by the governing body. Below is the only description of committed fund balance.

Committed for Capital Projects – portion of fund balance assigned for the purchase of fixed assets.

Assigned fund balance – portion of fund balance that Town of White Lake 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 and any modifications to the original budget.

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

The Town of White Lake adheres to the North Carolina Local Government Commission's recommendation of a minimum fund balance for the general fund which instructs management to conduct the business of the Town in such a manner that available fund balance does not go below eight percent of budgeted expenditures. Any portion of the general fund balance in excess of 8% of budgeted expenditures may be appropriated for one-time expenditures and may not be used for any purpose that would obligate the Town in a future budget.

Defined Benefit Cost-Sharing Plans - For purposes of measuring the net pension (asset)/liability, deferred outflows of resources and deferred inflows of 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 White Lake's employer contributions are recognized when due and the Town of White Lake 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.

NOTE 3: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Noncompliance with N.C. General Statutes

Timeliness of Audit

N.C. General Statute 159-34 requires the Town to have an audit as soon as possible after the close of each fiscal year. The audit report was issued sixteen months after the required due date of October 31, 2022. The Town needed additional time to allow the financial statements to be prepared due to turnover in the finance department. This is a repeat finding from the prior year, however the reason is unrelated. The Town had implemented a new process with an outside CPA firm, but turnover did affect the ability to provide information. Management is in the process of evaluating policies and procedures and expects this to be completed and not affect future audits.

NOTE 4: DETAIL NOTES ON ALL FUNDS

A. Assets

Deposits - All the deposits of the Town 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 Town'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, these deposits are considered to be held by the Town's agents in the Town's 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 Town or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the Town 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 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.

At June 30, 2022, the Town's deposits had a carrying amount of \$769,789 and a bank balance of \$1,073,620. All of the Town's deposits were covered by federal depository insurance. No remaining balance was covered under the pooling method. At June 30, 2022, petty cash accounts totaled \$3,095.

Investments

At June 30, 2022, the Town of White Lake had \$4,986,920 invested with the North Carolina Capital Management Trust Government Portfolio which carried a credit rating of AAAM by Standard and Poor's. The Town has no formal policy regarding credit risk.

TOWN OF WHITE LAKE, NORTH CAROLINA
Notes to the Financial Statements

Receivables – Allowances for Doubtful Accounts

The amounts presented in the Balance Sheet and the Statement of Net Position are net of the following allowances for doubtful accounts:

Fund	June 30, 2022	
General Fund		
Taxes Receivable	\$	15,000
Accounts Receivable		-
Total	\$	15,000
Enterprise Fund		
Accounts Receivable	\$	23,313
Total	\$	23,313

Capital Assets

Primary Government

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

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental Activities:				
Capital Assets not Being Depreciated:				
Land	\$ 245,821	\$ -	\$ -	\$ 245,821
Total Capital Assets not Being Depreciated:	245,821	-	-	245,821
Capital Assets Being Depreciated:				
Buildings	2,142,838	-	-	2,142,838
Other Improvements	1,186,656	-	-	1,186,656
Equipment	637,374	25,058	-	662,432
Vehicles and Motor Equipment	1,396,463	44,850	-	1,441,313
Total Capital Assets Being Depreciated:	5,363,331	69,908	-	5,433,239
Less Accumulated Depreciation				
Buildings	1,005,217	57,560	-	1,062,777
Other Improvements	184,022	28,939	-	212,961
Equipment	556,895	45,285	-	602,180
Vehicles and Motor Equipment	1,313,438	45,997	-	1,359,435
Total Accumulated Depreciation	3,059,572	\$ 177,781	\$ -	3,237,353
Total Capital Assets Being Depreciated, net	2,303,759			2,195,886
Governmental Activity Capital Assets, net	\$ 2,549,580			\$ 2,441,707

Primary Government

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

General Government	\$ 40,692
Public Safety	78,560
Transportation	58,475
Environmental Protection	54
Total Depreciation Expense	\$ 177,781

	Beginning Balances	Increases	Decreases	Ending Balances
Business-type Activities:				
Water and Sewer Fund				
Capital Assets not Being Depreciated:				
Land	\$ 43,898	\$ -	\$ -	\$ 43,898
Construction in Progress	1,663,019	1,165,241	(1,971,783)	856,477
Total Capital Assets not Being Depreciated:	1,706,917	1,165,241	(1,971,783)	900,375
Capital Assets Being Depreciated:				
Plant and Distribution	7,064,379	1,971,783	-	9,036,162
Equipment	576,106	55,225	-	631,331
Vehicles and Motor Equipment	185,212	-	-	185,212
Total Capital Assets Being Depreciated:	7,825,697	2,027,008	-	9,852,705
Less Accumulated Depreciation				
Plant and Distribution	3,409,826	167,194	-	3,577,020
Equipment	415,538	19,718	-	435,256
Vehicles and Motor Equipment	162,495	13,419	-	175,914
Total Accumulated Depreciation	3,987,859	\$ 200,331	\$ -	4,188,190
Total Capital Assets Being Depreciated, net	3,837,838			5,664,515
Water and Sewer Capital Assets, Net	\$ 5,544,755			\$ 6,564,890

B. Liabilities

Pension Plan Obligations

Local Governmental Employees' Retirement System

Plan Description. The Town of White Lake 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, 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 or 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 Statute 128-30 and may be amended only by the North Carolina General Assembly. Town of White Lake 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 White Lake's contractually required contribution rate for the year ended June 30, 2022, was 12.04% of compensation for law enforcement officers and 11.46% 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 White Lake were \$103,915 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 \$175,597 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 (measurement date), the Town's proportion was 0.01145%, which was an increase of 0.00188% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the Town recognized pension expense of \$88,443. 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	\$ 55,864	\$ -
Changes of assumptions	110,320	-
Net difference between projected and actual earnings on pension plan investments	-	250,875
Changes in proportion and differences between Town contributions and proportionate share of contributions	27,376	9,017
Town benefit payments subsequent to the measurement date	103,915	-
Total	<u>\$ 297,475</u>	<u>\$ 259,892</u>

TOWN OF WHITE LAKE, NORTH CAROLINA
Notes to the Financial Statements

\$103,915 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, 2023. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Years Ending June 30:</u>	
2023	\$ 20,868
2024	(526)
2025	(9,906)
2026	(76,769)
2027	-
Thereafter	-
	<u>\$ (66,333)</u>

Actuarial Assumptions. 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	3.0 percent
Salary increases	3.5 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 return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors 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 of return for each major asset class as of June 30, 2021 are summarized in the following table:

TOWN OF WHITE LAKE, NORTH CAROLINA
Notes to the Financial Statements

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
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%	

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

Discount rate. The discount rate used to measure the total pension liability was 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 liability to changes in the discount rate. The following presents the Town's proportionate share of the net pension liability 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:

	<u>1% Decrease (5.50%)</u>	<u>Discount Rate (6.50%)</u>	<u>1% Increase (7.50%)</u>
Town's proportionate share of the net pension liability (asset)	\$ 681,652	\$ 175,597	\$ (240,857)

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.

Law Enforcement Officers' Special Separation Allowance

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

TOWN OF WHITE LAKE, NORTH CAROLINA
Notes to the Financial Statements

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

Retirees receiving benefits	0
Terminated plan members entitled to but not yet receiving benefits	0
Active plan members	<u>6</u>
Total	<u>6</u>

A separate report was not issued for the plan.

Summary of Significant Accounting Policies:

Basis of Accounting - The Town has chosen to fund the Separation Allowance on a pay as you go basis. However, the Town has assigned a portion of fund balance designated for this. 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.

Actuarial Assumptions

The entry age actuarial cost method was used in the December 31, 2020 valuation. The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary Increases	3.25% to 7.75%, including inflation and productivity factor
Discount Rate	2.25%

The discount rate is based on the yield of the S&P Municipal Bond 20 Year High Grade Rate Index as of December 31, 2020.

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

Contributions

The Town is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the benefit payments 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 \$267,249. 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 \$33,242.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 35,967	\$ 26,600
Changes of assumptions	67,584	11,002
Town benefit payments and plan administrative expense made subsequent to the measurement date	-	-
	<u>\$ 103,551</u>	<u>\$ 37,602</u>

\$0 paid as benefits came due and \$0 of administrative expenses subsequent to the measurement date have been reported as deferred. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ending June 30:

2023	\$ 14,053
2024	14,057
2025	12,866
2026	11,186
2027	9,718
Thereafter	4,069
	<u>\$ 65,949</u>

Sensitivity of the Town's total pension liability to changes in the discount rate. The following presents the Town's total pension liability calculated using the discount rate of 1.93 percent, as well as what the Town's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.25 percent) or 1-percentage-point higher (3.25 percent) than the current rate:

	1% Decrease (1.25%)	Discount Rate	1% Increase (3.25%)
Total Pension Liability	\$ 292,115	(2.25%)	\$ 244,241

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

	2022
Beginning Balance	\$ 238,101
Service Cost	14,594
Interest on the total pension liability	4,595
Changes in benefit terms	-
Differences between expected and actual experience in the measurement of the total pension liability	17,710
Changes of assumptions or other inputs	(7,751)
Benefit payments	-
Other changes	-
Ending balance of the total pension liability	<u>\$ 267,249</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 for the period January 1, 2010 through December 31, 2014.

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>
Proportionate Share of Net Pension Liability (Asset)	\$ 175,597	\$ -	\$ 175,597
Proportion of the Net Pension Liability (Asset)	0.01027%	n/a	
Total Pension Liability	\$ -	\$ 267,249	\$ 267,249
Pension Expense	\$ 88,443	\$ 33,242	\$ 121,685

Deferred Outflows of Resources

Differences between expected and actual experience	\$ 55,864	\$ 35,967	\$ 91,831
Changes of assumptions	110,320	67,584	177,904
Net difference between projected and actual earnings on pension plan investments	-	-	-
Changes in proportion and differences between County contributions and proportionate share of contributions	27,376	-	27,376
County contributions (LGERS, ROD)/benefit payments and administration costs (LEOSSA) subsequent to the measurement date	103,915	-	103,915

Deferred Inflows of Resources

Differences between expected and actual experience	-	26,600	26,600
Changes of assumptions	-	11,002	11,002
Changes in proportion and differences between County contributions and proportionate share of contributions	9,017	-	9,017

Supplemental Retirement Income Plan

Plan Description - The Town contributes to the Supplemental Retirement Income Plan (Plan), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to all qualifying employees 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.

Funding Policy – Article 12E of G.S. Chapter 143 requires the Town to contribute each month an amount equal to five percent of each law enforcement officer's salary, and all amounts contributed are vested immediately. For all other plan members, the Town contributes two percent. Also, plan members may make voluntary contributions to the plan. Contributions for the year ended June 30, 2022 were \$46,568, which consisted of \$29,395 from the Town and \$17,173 from employees.

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.

Deferred Outflows/Inflows of Resources

The Town has several deferred outflows of resources, as follows:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension - difference between expected and actual experience		
LGERS	\$ 55,864	\$ -
LEOSSA	35,967	26,600
Changes of Assumptions	177,904	11,002
Net difference between projected and actual earnings on pension plan investments	-	250,875
Changes in proportion and differences between Town contributions and proportionate share of contributions	27,376	9,017
Town contributions subsequent to the measurement date	103,915	-
Benefit payments for the OPEB plan paid subsequent to the measurement date	-	-
Prepaid Regular Property Taxes Not Yet Earned	-	1,205
Total - Government Wide	<u>\$ 401,026</u>	<u>\$ 298,699</u>
Taxes Receivable (Net) - General	<u>\$ -</u>	<u>\$ 32,276</u>
Total - General Fund	<u>\$ -</u>	<u>\$ 330,975</u>

Commitment – The Town is under contract with Bladen County to provide fire protection within the district described in the agreement. The term is for one year in the amount of \$32,170.

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 insured values of the property policy, workers' compensation coverage up to statutory limits. The liability and property exposures are reinsured through commercial carriers for claims in excess of retentions as selected by the Board of Trustees each year. Specific information on the limits of the reinsurance, excess and stop loss policies purchased by the Board of Trustees can be obtained by contacting the Risk Management Services Department of the NC League of Municipalities. The pools

TOWN OF WHITE LAKE, NORTH CAROLINA
Notes to the Financial Statements

are audited annually by certified public accountants, and the audited financial statements are available to the Town upon request. Health insurance is obtained for employees through a different private provider.

Flood insurance coverage has been purchased those locations designated to be at risk of flooding.

The Town carries commercial coverage for all other risks of loss. There have been no significant reductions in insurance coverage in the prior year, and settled claims have not exceeded commercial insurance coverage in any of the past three fiscal years.

In accordance with G.S. 159-29, the Town's employees that have access to \$100 or more at any given time of the Town's funds are performance bonded through a commercial surety bond. The finance officer and tax collector are each individually bonded for \$50,000 and \$25,000, respectively.

Claims and Judgements - There are no pending monetary suits against the Town as of June 30, 2022.

Long-Term Obligations

Notes Payable

Governmental Activities

First Bank \$237,772 dated March 2, 2016 for a direct placement contract to purchase a 2016 E-One Pumper is payable in annual payments of \$26,889 including interest at 2.75%, beginning April 2, 2016. The property is pledged as collateral for the debt while the debt is outstanding. Principal balance at year-end was \$106,781 with final payment expected in April 2025.

First Bank dated December 9, 2020 for a direct placement contract to purchase a 2020 Jeep Cherokee is payable in annual payments of \$9,225 including interest at 1.98% beginning December 1, 2021. The property is pledged as collateral for the debt while the debt is outstanding. Principal balance at year-end was \$17,909 with final payment expected in December 2023.

First Bank dated March 2, 2022 for a direct placement contract to purchase a 2020 Ford Explorer is payable in annual payments of \$15,169 including interest at 2.25% beginning March 2, 2023. The property is pledged as collateral for the debt while the debt is outstanding. Principal balance at year-end was \$43,507 with final payment expected in March 2025.

Business-Type Activities

BB&T \$457,993 dated December 18, 2008 for a direct placement contract to extend water lines payable in 20 annual payments of \$34,571 including interest at 4.29%, beginning December 2009. The property is pledged as collateral for the debt while the debt is outstanding. Principal balance at year-end was \$205,291 with final payment expected in December 2028.

NC Department of Environmental Quality \$2,134,924 dated January 14, 2021 for a Water Pollution Control Revolving Fund loan for sewer improvements payable in 20 payments of varying amounts including interest at 1.82%, beginning May 1, 2022. \$106,746 principal payments are made annually, and interest payments are semi-annually. The property is pledged as collateral for the debt while the debt is outstanding. Principal balance at year-end was \$2,028,178 with final payment expected in May 2041.

TOWN OF WHITE LAKE, NORTH CAROLINA
Notes to the Financial Statements

NC Department of Environmental Quality \$2,647,015 dated October 3, 2021 for a Water Pollution Control Revolving Fund loan for sewer improvements payable in 20 payments of varying amounts including interest at 1.13%, beginning November 1, 2023. \$132,351 principal payments are made annually, and interest payments are semi-annually. The property is pledged as collateral for the debt while the debt is outstanding. Principal balance at year-end was \$498,219 with final payment expected in May 2041. Debt service payments reflect the entire loan, but the balance sheet only reflects the \$498,219 that has been drawn down as of June 30, 2022.

The future minimum payments of the installment purchases as of June 30, 2022, separating principal and interest are as follows:

Year Ending 30-Jun	Governmental Activities		Business Type Activities	
	Principal	Interest	Principal	Interest
2023	47,130	4,154	132,510	47,089
2024	48,303	3,179	265,966	85,886
2025	40,281	1,777	267,119	69,217
2026	32,483	729	268,321	64,485
2027	-	-	269,575	59,741
2028-2032	-	-	1,260,419	229,762
2033-2037	-	-	1,195,485	189,250
2038-2042	-	-	1,088,739	
2043-2047	-	-	132,350	-
Total	\$ 168,197	\$ 9,839	\$ 4,880,484	\$ 745,430

Changes in Long Term Liabilities

	Balance July 1, 2021		Balance June 30, 2022		Current Portion
		Increases	Decreases		
Governmental Activities:					
Compensated Absences	\$ 62,456	\$ 25,330	\$ (24,020)	\$ 63,766	\$ 25,330
Net pension liability (LGERS)	262,105	-	(136,694)	125,411	-
Total pension liability (LEO)	238,101	29,148	-	267,249	-
Direct Placement Installment Contract	157,478	43,507	(32,788)	168,197	47,130
Total Governmental Activities	\$ 720,140	\$ 97,985	\$ (193,502)	\$ 624,623	\$ 72,460
Business-Type Activities:					
Water and Sewer Fund					
Compensated Absences	\$ 32,978	\$ 16,271	\$ (21,781)	\$ 27,468	\$ 16,271
Net pension liability (LGERS)	104,886	-	(54,700)	50,186	-
Direct Placement Installment Contract	1,742,822	1,120,316	(131,450)	2,731,688	132,510
Total Water District	\$ 1,880,686	\$ 1,136,587	\$ (207,931)	\$ 2,809,342	\$ 148,781

Compensated absences for governmental activities have typically been liquidated in the General Fund.

The legal debt margin of the Town at June 30, 2022 was \$22,379,574.

C. Interfund Balances and Activities

There were no transfers during the year.

D. Fund Balance

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

<i>Total fund balance-General Fund</i>	\$ 1,870,237
Less:	
Stabilization by State Statute	205,386
Streets - Powell Bill	165,124
Resiliency Grant Funds	8,003
Committed for Capital Projects	482,578
Appropriated Fund Balance in 2023 Budget	-
Remaining Fund Balance	\$ 1,009,146

NOTE 5: JOINTLY GOVERNED ORGANIZATION

The Town, along with several other counties and municipalities participate in the Lumber River Council of Governments (COG). The participating governments established the Council to coordinate various funding received from Federal and State agencies. Each participating government appoints one member to the Council's governing board. The Town paid \$140 to the Council during the fiscal year ended June 30, 2022.

NOTE 6: SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES

Federal and State Assisted Programs - The Town has received proceeds from 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.

NOTE 7: SUBSEQUENT EVENTS

Management has evaluated subsequent events through February 29, 2024 the date which the financial statements were available for issue.

TOWN OF WHITE LAKE

WHITE LAKE, NORTH CAROLINA

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Required Supplementary Financial Data

The section contains additional information required by the generally accepted accounting principles.

Schedule of Proportionate Share of Net Pension Liability (Asset) for Local Government Employees' Retirement System

Schedule of Contributions to Local Government Employees' Retirement System

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

Schedule of Total Pension Liability as a Percentage of Covered Payroll - Law Enforcement Officers' Special Separation Allowance

Town of White Lake, North Carolina
Schedule of Proportionate Share of Net Pension Liability (Asset)
Required Supplementary Information
Last Nine Fiscal Years *

Local Government Employees' Retirement System									
	2022	2021	2020	2019	2018	2017	2016	2015	2014
Town's proportion of the net pension liability (asset) (%)	0.01145%	0.01027%	0.01213%	0.01279%	0.01297%	0.00874%	0.01149%	0.01070%	0.01170%
Town's proportion of the net pension liability (asset) (\$)	\$ 175,597	\$ 366,991	\$ 331,261	\$ 303,423	\$ 198,147	\$ 185,493	\$ 51,567	\$ (63,104)	141,030
Town's covered-employee payroll	\$ 906,446	\$ 881,046	\$ 870,366	\$ 817,277	\$ 799,311	\$ 677,602	\$ 662,009	\$ 640,075	702,746
Town's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	19.37%	41.65%	38.06%	37.13%	24.79%	27.37%	7.79%	-9.86%	20.07%
Plan fiduciary net position as a percentage of the total pension liability**	95.51%	88.61%	90.86%	91.63%	94.18%	91.47%	98.09%	102.64%	94.35%

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

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

Town of White Lake, North Carolina
Schedule of Contributions
Required Supplementary Information
Last Nine Fiscal Years

Local Government Employees' Retirement System									
	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 103,915	\$ 94,781	\$ 78,521	\$ 70,318	\$ 64,113	\$ 60,792	\$ 47,453	\$ 48,272	45,755
Contributions in relation to the contractually required contribution	\$ 103,915	\$ 94,781	\$ 78,521	\$ 70,318	\$ 64,113	\$ 60,792	\$ 47,453	\$ 48,272	45,755
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Town's covered-employee payroll	\$ 890,864	\$ 906,446	\$ 881,046	\$ 870,366	\$ 817,277	\$ 799,311	\$ 677,602	\$ 662,009	\$ 640,075
Contributions as a percentage of covered-employee payroll	11.66%	10.46%	8.91%	8.08%	7.84%	7.61%	7.00%	7.29%	7.15%

Town of White Lake, North Carolina
Schedule of Changes in Total Pension Liability
Law Enforcement Officers' Special Separation Allowance
June 30, 2022

	2022	2021	2020	2019	2018
Beginning balance	\$ 238,101	\$ 175,900	\$ 133,122	\$ 133,713	\$ 87,072
Service Cost	14,594	7,608	9,190	9,409	8,861
Interest on the total pension liability	4,595	5,734	4,846	4,225	3,361
Changes of benefit terms	-	-	-	0	0
Differences between expected and actual experience in the measurement of the total pension liability	17,710	(32,478)	21,412	(6,484)	22,855
Changes of assumptions or other inputs	(7,751)	81,337	7,330	(7,741)	11,564
Benefit payments	-	-	-	0	0
Other changes	-	-	-	0	0
Ending balance of the total pension liability	<u>\$ 267,249</u>	<u>\$ 238,101</u>	<u>\$ 175,900</u>	<u>\$ 133,122</u>	<u>\$ 133,713</u>

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

Town of White Lake, North Carolina
 Schedule of Total Pension Liability as a Percentage of Covered Payroll
 Law Enforcement Officers' Special Separation Allowance
 June 30, 2022

	2022	2021	2020	2019	2018
Total pension liability	\$ 267,249	\$ 238,101	\$ 238,101	\$ 175,900	\$ 133,122
Covered payroll	330,125	303,842	296,714	298,009	274,323
Total pension liability as a percentage of covered payroll	80.95%	78.36%	80.25%	59.03%	48.53%

Notes to the schedules:

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

TOWN OF WHITE LAKE

WHITE LAKE, NORTH CAROLINA

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Individual Fund Statements and Schedules

Town of White Lake, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2022

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues:			
Ad valorem taxes:			
Current Year		\$ 789,433	
Penalties and interest		5,596	
Total	<u>\$ 787,340</u>	<u>795,029</u>	<u>\$ 7,689</u>
Other taxes and licenses:			
Vehicle tags		9,678	
Total	<u>4,400</u>	<u>9,678</u>	<u>5,278</u>
Unrestricted intergovernmental:			
Local option sales taxes		351,628	
Utility sales tax		105,262	
Telecommunications sales tax		3,439	
Video franchise tax		24,262	
Beer and wine tax		3,322	
Total	<u>459,839</u>	<u>487,913</u>	<u>28,074</u>
Restricted intergovernmental:			
Powell Bill Allocation		26,046	
FEMA Proceeds		39,831	
Fire Department Grant		26,441	
Solid waste disposal tax		643	
Grants		23,473	
Total	<u>71,984</u>	<u>116,434</u>	<u>44,450</u>
Permits and fees:			
Business Registration Fees		210	
Zoning Permits		17,988	
Total	<u>12,105</u>	<u>18,198</u>	<u>6,093</u>
Sales and services:			
Court Fees		36	
Administrative Fee		257,498	
Building Rent		1,000	
Sanitation		401,223	
Fire Protection		63,305	
Post Office Sales		25,161	
Total	<u>749,345</u>	<u>748,223</u>	<u>(1,122)</u>

Town of White Lake, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2022

	Budget	Actual	Variance Positive (Negative)
Other Revenues:			
Investment earnings		3,124	
Contributions		12,294	
Sales of Property		-	
Insurance Proceeds		20,633	
Miscellaneous:		4,449	
Total Other Revenues	<u>30,074</u>	<u>40,500</u>	<u>10,426</u>
Total Revenues	<u>2,115,087</u>	<u>2,215,975</u>	<u>100,888</u>
Expenditures			
General Government:			
Governing Body			
Salaries		29,400	
Benefits		2,299	
Capital Outlay		-	
Other Operating Expenses		8,999	
Total	<u>49,190</u>	<u>40,698</u>	<u>8,492</u>
Administration			
Salaries		273,423	
Benefits		109,071	
Professional Expenses		7,125	
Contract Services		32,057	
Other Operating Expenses		62,054	
Capital Outlay		6,653	
Total	<u>492,818</u>	<u>490,383</u>	<u>2,435</u>
Post Office			
Salaries		9,764	
Benefits		780	
Stock Purchases		6,153	
Other Operating Supplies		3,988	
Capital Outlay		-	
Total	<u>22,532</u>	<u>20,685</u>	<u>1,847</u>
Zoning			
Salaries		30,676	
Benefits		13,650	
Professional Expenses		11,670	
Other Operating Expenses		1,023	
Total	<u>59,696</u>	<u>57,019</u>	<u>2,677</u>
Total General Government	<u>624,236</u>	<u>608,785</u>	<u>15,451</u>

Town of White Lake, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2022

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Public safety:			
Police:			
Salaries		330,594	
Benefits		135,779	
Other Operating Expenses		115,954	
Capital Outlay		63,255	
Contract Services		4,822	
Total	<u>690,680</u>	<u>650,404</u>	<u>40,276</u>
Fire:			
Salaries		71,737	
Benefits		36,643	
Other Operating Expenses		158,929	
Contract Services		22,713	
Grant Expenditures-Capital Outlay		-	
Capital Outlay - Equipment		-	
Total	<u>352,848</u>	<u>290,022</u>	<u>62,826</u>
Contribution to Rescue Squad	<u>3,000</u>	<u>3,000</u>	
Total	<u>3,000</u>	<u>3,000</u>	<u>-</u>
Total Public Safety	<u>1,046,528</u>	<u>943,426</u>	<u>103,102</u>
Transportation:			
Streets and Highways:			
Salaries		399	
Benefits		-	
Other Operating Expenses		32,596	
Capital Outlay		-	
Contracted Services		5,850	
Total	<u>63,320</u>	<u>38,845</u>	<u>24,475</u>
Streets - Powell Bill			
Professional Services		-	
Other Operating Expenses		875	
Capital Outlay		-	
Contracted Services		-	
Total	<u>21,895</u>	<u>875</u>	<u>21,020</u>
Total Transportation	<u>85,215</u>	<u>39,720</u>	<u>45,495</u>
Environmental protection:			
Solid Waste			
Salaries		-	
Benefits		-	
Other Operating Expenses		1,018	
Contracted Services		213,409	
Capital Outlay		-	
Total Solid Waste	<u>245,964</u>	<u>214,427</u>	<u>31,537</u>

Town of White Lake, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2022

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Mosquito/Aquatic Control:			
Salaries		538	
Benefits		41	
Other Operating Expenses		4,499	
Contracted Services		42,261	
Capital Outlay		-	
Total Mosquito/Hydrilla Control	<u>127,845</u>	<u>47,339</u>	<u>80,506</u>
Total Environmental Protection	<u>373,809</u>	<u>261,766</u>	<u>112,043</u>
Culture and recreation:			
Parks and recreation:			
Contribution to Dixie Youth Baseball		800	
Contribution to Firework Display		4,000	
Contribution to Tourism		3,500	
Contribution to White Lake			
Water Festival		4,000	
Miscellaneous Contributions		2,700	
Total Culture and Recreation	<u>15,000</u>	<u>15,000</u>	<u>-</u>
Debt service:			
Principal retirement		32,788	
Interest and fees		4,074	
Total Debt Service	<u>36,864</u>	<u>36,862</u>	<u>2</u>
Total Expenditures	<u>2,181,652</u>	<u>1,905,559</u>	<u>276,093</u>
Revenues over (under) expenditures	<u>(66,565)</u>	<u>310,416</u>	<u>376,981</u>
Other Financing Sources (Uses):			
Note Proceeds	<u>47,115</u>	<u>43,507</u>	<u>(3,608)</u>
Total Other Financing Sources(Uses)	<u>47,115</u>	<u>43,507</u>	<u>(3,608)</u>
Fund Balance Appropriated	<u>19,450</u>	<u>-</u>	<u>(19,450)</u>
Increase in Designated Fund Balance	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>353,923</u>	<u>\$ 353,923</u>
Fund Balances, beginning		<u>1,516,314</u>	
Fund Balances, ending		<u>\$ 1,870,237</u>	

Town of White Lake, North Carolina
Lake Water Restoration Capital Project
Schedule of Revenues and Expenditures
Budget and Actual (Non - GAAP)
For the Fiscal Year Ended June 30, 2022

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Positive (Negative)
Revenues:					
Service Cost	\$ 791,724	\$ 746,389	\$ -	\$ 746,389	\$
Grant	-	125,000	-	125,000	
Donations	-	30,000	-	30,000	
Total	<u>791,724</u>	<u>901,389</u>	<u>-</u>	<u>901,389</u>	<u>109,665</u>
Expenditures:					
Contract Services		738,368	-	738,368	
Construction		20,091	-	20,091	
Total Expenditures	<u>791,724</u>	<u>758,459</u>	<u>-</u>	<u>758,459</u>	<u>33,265</u>
Revenues Over(Under) Expenditures	<u>\$ -</u>	<u>\$ 142,930</u>	-	<u>\$ 142,930</u>	<u>\$ 142,930</u>
Fund Balance					
Fund Balances, beginning			<u>142,930</u>		
Fund Balances, ending			<u>\$ 142,930</u>		

Town of White Lake, North Carolina
American Relief Plan 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

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Positive (Negative)</u>
Revenues:					
Restricted Intergovernmental					
Local Funds	\$ -	\$ -	\$ -	\$ -	\$ -
USDA Grant	122,539	-	-	-	-
NC PARTF Grant	-	-	-	-	-
Total Revenue	<u>122,539</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(122,539)</u>
Expenditures:					
Cultural and recreation					
Repairs		-	-	-	
Capital Outlay		-	-	-	
Total Expenditures	<u>122,539</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>122,539</u>
Revenues and Other Sources Over Other Uses	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>	<u>\$ -</u>
Fund Balance					
Fund Balances, beginning			<u>-</u>		
Fund Balances, ending			<u>\$ -</u>		

Town of White Lake, North Carolina
Sidewalk Capital Project
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	Positive (Negative)
Revenues:					
Restricted Intergovernmental					
NCDOT	\$	\$ 175,000	\$ -	\$ 175,000	\$
Local Donations		-	-	-	
Total Revenue	<u>160,000</u>	<u>175,000</u>	<u>-</u>	<u>175,000</u>	<u>15,000</u>
Expenditures:					
Capital Outlay-Sidewalk		293,352	-	293,352	
Total Expenditures	<u>308,603</u>	<u>293,352</u>	<u>-</u>	<u>293,352</u>	<u>15,251</u>
Revenues Over(Under)					
Expenditures	<u>(148,603)</u>	<u>(118,352)</u>	<u>-</u>	<u>(118,352)</u>	<u>30,251</u>
Other Financing Sources(Uses)					
Transfers - In (Out)					
From/(To) General Fund	<u>148,603</u>	<u>129,792</u>	<u>-</u>	<u>129,792</u>	<u>(18,811)</u>
Total Other Financing Sources (Uses)	<u>148,603</u>	<u>129,792</u>	<u>-</u>	<u>129,792</u>	<u>(18,811)</u>
Revenues and Other Sources Over Other Uses	<u>\$ -</u>	<u>\$ 11,440</u>	<u>-</u>	<u>\$ 11,440</u>	<u>\$ 11,440</u>
Fund Balance					
Fund Balances, beginning			<u>11,440</u>		
Fund Balances, ending			<u>\$ 11,440</u>		

Town of White Lake, North Carolina
Water and Sewer Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non - GAAP)
For the Fiscal Year Ended June 30, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Charges for services:			
Water Charges	\$	\$ 719,000	\$
Sewer Charges		985,212	
Late Fees		50,350	
Structure Fees		17,486	
Taps and Connection Fees		21,335	
Impact Fees		3,950	
Service and Transfer Charges		17,955	
Miscellaneous		71,504	
Total	<u>1,853,201</u>	<u>1,886,792</u>	<u>33,591</u>
Nonoperating Revenues			
Interest Earned on Investment		5,039	
Total	<u>800</u>	<u>5,039</u>	<u>4,239</u>
Total revenues	<u>1,854,001</u>	<u>1,891,831</u>	<u>37,830</u>
Expenditures:			
Water:			
Salaries		110,168	
Employee Benefits		49,026	
Professional Fees		7,445	
Other Operating Expenses		226,939	
Repairs		79,192	
Contracted Service		1,463	
Total Water	<u>711,486</u>	<u>474,233</u>	<u>237,253</u>
Wastewater:			
Salaries		121,772	
Employee Benefits		50,502	
Professional Fees		2,195	
Other Operating Expenses		259,761	
Repairs		59,544	
Contracted Service		9,350	
Total Sewer	<u>817,435</u>	<u>503,124</u>	<u>314,311</u>
Total General Expenses	<u>1,528,921</u>	<u>977,357</u>	<u>551,564</u>

Town of White Lake, North Carolina
Water and Sewer Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non - GAAP)
For the Fiscal Year Ended June 30, 2022

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Debt service:			
Interest and fees		59,748	
Principal retirement		131,450	
Total debt service	<u>197,567</u>	<u>191,198</u>	<u>6,369</u>
Capital outlay:			
Land & Equipment		55,225	
Total capital outlay	<u>162,736</u>	<u>55,225</u>	<u>107,511</u>
Total expenditures	<u>1,889,224</u>	<u>1,223,780</u>	<u>665,444</u>
Capital Contributions			-
Other financing sources (uses):			
Fund Balance Appropriated	<u>35,223</u>	-	<u>(35,223)</u>
Total other financing sources (uses)	<u>35,223</u>	-	<u>(35,223)</u>
Revenues and other sources over expenditures and other uses	\$ <u>-</u>	\$ <u>668,051</u>	\$ <u>668,051</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Revenues over expenditures		\$ <u>668,051</u>	
Reconciling items:			
Principal retirement		131,450	
Income received in Capital Project Fund		7,750	
Operating Expenses in Capital Projects		(9,750)	
Capital outlay		55,225	
Increase(Decrease) in Inventory		30,601	
Increase/(Decrease) in deferred outflows of resources-pensions		20,096	
(Increase)Decrease in accrued vacation		5,510	
(Increase)/Decrease in net pension liability		54,700	
(Increase)/Decrease in deferred inflows of resources-pensions		(70,374)	
Depreciation		<u>(200,331)</u>	
Total reconciling items		<u>24,877</u>	
Change in Net Position		\$ <u>692,928</u>	

Town of White Lake, North Carolina
WWMRF Grant Project
Schedule of Revenues and Expenditures
Budget and Actual (Non - GAAP)
From Inception and for the Fiscal Year Ended June 30, 2022

	2022				Variance Positive (Negative)
	Project Authorization	Prior Year	Actual	Project Totals	
Revenues:					
Grant Revenue	\$ 50,000	\$ -	\$ 7,750	\$ 7,750	\$ 42,250
Interest Earned	-	-	-	-	-
Total	<u>50,000</u>	<u>-</u>	<u>7,750</u>	<u>7,750</u>	<u>(42,250)</u>
Expenditures:					
Construction Project					
Operating Expenses		-	9,750		
Construction Cost		-	-		
Total Expenditures	<u>50,000</u>	<u>-</u>	<u>9,750</u>	<u>-</u>	<u>50,000</u>
Other Financing Sources (Uses)					
From Water Fund	-	-	-	-	-
Total Transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues Over(Under) Expenditures	\$ <u>-</u>	\$ <u>-</u>	\$ <u>(2,000)</u>	\$ <u>(2,000)</u>	\$ <u>7,750</u>

Town of White Lake, North Carolina
Sewer Improvements
Schedule of Revenues and Expenditures
Budget and Actual (Non - GAAP)
From Inception and for the Fiscal Year Ended June 30, 2022

	2022				Variance Positive (Negative)
	Project Authorization	Prior Year	Actual	Project Totals	
Revenues:					
Grant Income	\$ -	\$ -	\$ -	\$ -	\$ -
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:					
Sewer Extension					
Phase I					
Construction	2,037,546	1,611,019	360,764	1,971,783	65,763
Phase II					
Construction	2,647,015	52,000	804,477	856,477	1,790,538
Total Expenditures	<u>4,684,561</u>	<u>1,663,019</u>	<u>1,165,241</u>	<u>2,828,260</u>	<u>1,856,301</u>
Other Financing Sources (Uses)					
State Reserve Loan Proceeds	2,037,546	1,512,827	622,097	2,134,924	97,378
State Reserve Loan Proceeds	2,647,015	-	498,219	498,219	(2,148,796)
Total Transfers	<u>4,684,561</u>	<u>1,512,827</u>	<u>1,120,316</u>	<u>2,633,143</u>	<u>(2,051,418)</u>
Revenues Over(Under)					
Expenditures	\$ -	\$ (150,192)	\$ (44,925)	\$ (195,117)	\$ (195,117)

TOWN OF WHITE LAKE

WHITE LAKE, NORTH CAROLINA

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OTHER SCHEDULES

This section includes additional information on property taxes.

- Schedule of Ad Valorem Taxes Receivable
- Analysis of Current Tax Levy

Town of White Lake, North Carolina
General Fund
Schedule of Ad Valorem Taxes Receivable
June 30, 2022

<u>Fiscal Year</u>	<u>Uncollected Balance July 1, 2021</u>	<u>Additions</u>	<u>Collections And Credits</u>	<u>Uncollected Balance June 30, 2022</u>
2021 - 2022	\$	\$ 790,970	\$ 774,659	\$ 16,311
2020 - 2021	18,161	-	9,985	8,176
2019 - 2020	9,788	-	3,052	6,736
2018 - 2019	4,333	-	845	3,488
2017 - 2018	2,843	-	626	2,217
2016 - 2017	2,288	-	267	2,021
2015 - 2016	1,751	-	190	1,561
2014 - 2015	2,292	-	35	2,257
2013 - 2014	3,403	-	832	2,571
2012 - 2013	2,626	-	688	1,938
2011 - 2012	964	-	964	-
	<u>\$ 48,449</u>	<u>\$ 790,970</u>	<u>\$ 792,143</u>	<u>\$ 47,276</u>
			Less Allowance for Doubtful Accounts	<u>(15,000)</u>
				<u>\$ 32,276</u>
<u>Reconciliation with revenues:</u>				
	Ad valorem taxes - General Fund			\$ 795,029
	Reconciling items:			
	Interest collected			(5,596)
	Releases			<u>2,710</u>
	Subtotal			<u>(2,886)</u>
	Total collections and credits			<u>\$ 792,143</u>

Town of White Lake, North Carolina
Analysis of Current Tax Levy
Town - Wide Levy
For the Fiscal Year Ended June 30, 2022

	Town - Wide			Total Levy	
	Property Valuation	Rate	Total Levy	Property excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property taxed at current year's rate	\$ 282,615,357	\$ 0.28	\$ 791,323	\$ 748,303	\$ 43,020
Penalties			1,798	1,798	-
Total	282,615,357		793,121	750,101	43,020
Discoveries:					
Current year taxes	635,000	0.28	1,778	1,778	-
Penalties			-	-	-
Total	635,000		1,778	1,778	-
Releases	(1,403,214)	0.28	(3,929)	(3,929)	-
Total property valuation	\$ <u><u>281,847,143</u></u>				
Net levy			790,970	747,950	43,020
Uncollected taxes at June 30, 2022			16,311	16,311	-
Current year's taxes collected			\$ <u><u>774,659</u></u>	\$ <u><u>731,639</u></u>	\$ <u><u>43,020</u></u>
Current levy collection percentage			<u><u>97.89%</u></u>	<u><u>97.77%</u></u>	<u><u>100.00%</u></u>

TOWN OF WHITE LAKE

WHITE LAKE, NORTH CAROLINA

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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 Auditor's Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, business-type activities, each major fund and the aggregated remaining fund information of the Town of White Lake, North Carolina, as of and for the year ended June 30, 2022 and the related notes to the financial statements, which collectively comprises the Town of White Lake's basic financial statements, and have issued our report thereon dated February 29, 2024.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of White Lake'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 the Town of White Lake's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

Our consideration of internal control was for limited purpose described in the preceding paragraph 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. However, as described in the accompanying schedule of findings and questioned cost, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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 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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2022-002 to be a material weakness.

A *significant deficiency* is a deficiency or a 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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as item 2022-001 to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of White Lake's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed 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 item 2022-003.

Town of White Lake's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the Town of White Lake's questioned cost to the findings identified in our audit are described in the accompanying schedule of findings and questioned cost. 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., PA

Elizabethtown, North Carolina

February 29, 2024



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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 Auditor's Report**

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

Report on Compliance for Each Major State Program

Opinion on Each Major State Program

We have audited the Town of White Lake, 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 White Lake's major State programs for the year ended June 30, 2022. The Town of White Lake'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, the Town of White Lake 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 White Lake 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 the Town of White Lake's compliance with the compliance requirements referred to above.

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 White Lake State programs.

Auditor's Responsibilities for the Audit of the Financial Statements

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 White Lake'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 White Lake'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 White Lake'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 White Lake'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 White Lake 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.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2022-004. Our opinion on each major State program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on White Lake's response to the noncompliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. White Lake's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

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 a 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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2022-004 to be significant deficiency.

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.

Government Auditing Standards requires the auditor to perform limited procedures on White Lake's response to internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. White Lake's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

White Lake is responsible for preparing a corrective action plan to address each audit finding included in our auditor's report. White Lake's corrective action plan was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

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., PA

Elizabethtown, North Carolina

February 29, 2024

Town of White Lake, North Carolina
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2022

Section I. Summary of Auditor's Results

Financial Statements

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

Internal control over financial reporting:

- Material weakness(es) identified? X yes no

 - Significant Deficiency(s) identified? X yes none reported
- Noncompliance material to financial statements noted? X yes no

State Awards

Internal control over major State programs:

- Material weakness(es) identified? yes X no

- Significant Deficiency(s) identified? X yes 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 X yes no

Identification of major State programs:

Program Name
Dept of Environmental Quality - Division of Water Infrastructure
NC Connect Bonds (SRP)E-SRP-W-17-0122/E-SRP-W-19-0181

Town of White Lake, North Carolina
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2022

Section II – Financial Statement Findings

MATERIAL WEAKNESS

2022 – 002 Failure to perform reconciliations of significant accounts.

Criteria: Bank accounts were not reconciled to the general ledger accounts in a timely or accurate manner.

Condition: There is a lack of ability to reconcile these subsidiary ledgers to the general ledger.

Effect: Information obtained from interim reports could be incorrect.

Cause: Turnover with staff and inadequate training for the new staff.

Recommendation: The Town has filled the finance position with a Certified Public Accountant.

Views of responsible officials and planned corrective actions: The Town agrees with this finding and will adhere to the corrective action plan on page 65.

SIGNIFICANT DEFICIENCY

2022 – 001 Segregation of Duties

Criteria: The assignment of responsibilities should be segregated so that one person is not responsible for the authorization and recording of a transaction and the custody of the related asset. There needs to be a reconciliation or control activity to provide reasonable assurance that transactions are handled appropriately.

Condition: Key duties and functions are not segregated amount Town personnel. This is especially a concern in cash management, accounts receivable, purchasing, and payroll functions in all departments.

Effect: Transactions could be mishandled, due to errors or fraud that could lead to loss of assets or the reporting of misleading financial information.

Cause: There are a limited number of personnel for certain functions and lack of board oversight. Staff turnover contributed to this finding.

Recommendation: The duties should be separated as much as possible, by possibly training and utilizing non-financial personnel and utilizing alternative controls. In addition, the recent hiring of the finance officer should allow the Town to create new policies. The governing board should provide some of these controls.

Views of responsible officials and planned corrective actions: The Town agrees with this finding and will adhere to the correction action plan on page 65 in this audit report.

Town of White Lake, North Carolina
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2022

Section II – Financial Statement Findings, continued

MATERIAL NONCOMPLIANCE / SIGNIFICANT DEFICENCY

2022 – 003 Financial Audit Not Completed Timely

Criteria: N.C. General Statute 159-34 requires the Town to have an audit as soon as possible after the close of each fiscal year.

Condition: The audit report was issued sixteen months after the required due date of October 31, 2022.

Effect: Town Council was not provided financial information on a timely basis to be able make financial decisions based on audited financial information.

Cause: The Town needed additional time to allow the financial statements to be prepared due to the turnover of the finance office.

Recommendation: Create procedures to cross-train employees to perform other employees' functions in their absence.

Views of responsible officials and planned corrective actions: The Town agrees with this finding. The town has been able to hire a Certified Public Accountant. Please refer to the corrective action plan on page 65.

Section III – Federal Award Findings and Questioned Costs

None.

Town of White Lake, North Carolina
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2022

Section IV – State Award Findings and Questioned Costs

The NC Dept. of Environmental Quality
Division of Infrastructure
Program Name: NC Connect Bonds (SRP)
Grant Number: E-SRP-W-17-0122/E-SRP-W-19-0181

Finding: 2022 – 004

SIGNIFICANT DEFICIENCY/
MATERIAL NONCOMPLIANCE

Cash Management

Criteria: There should be an expeditious expenditure of funds. Funds derived from bond proceeds must be expended within three days of receipt.

Condition: Expenditures were made in excess of the three day requirement.

Effect: Funds derived from bond proceeds were not disbursed within the required time limit of within three days of reimbursement by the Division of Infrastructure.

Cause: The Town was experiencing turnover in the finance office and grant requirements were not known by those filling in to assist in the vacant position.

Recommendation: Create procedures to cross-train employees to perform other employees' functions in their absence.

Views of responsible officials and planned corrective actions: The Town agrees with this finding. The town has been able to hire a Certified Public Accountant. Please refer to the corrective action plan on page 66.



TOWN OF WHITE LAKE
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Corrective Action Plan
For the Fiscal Year Ended June 30, 2022

Section II – Financial Statement Findings

MATERIAL WEAKNESS

2022 – 002 Failure to perform reconciliations of significant accounts.

Name of contact person: H. Goldston Womble, Jr, Mayor

Corrective Action: Management will install measures to ensure all reconciliations are performed timely. This includes the hiring of a Certified Public Accountant.

Proposed Completion Date: The Board will implement the above procedure immediately.

SIGNIFICANT DEFICIENCIES

2022 – 001 Segregation of Duties

Name of contact person: H. Goldston Womble, Jr, Mayor

Corrective Action: The duties will be separated as much as possible, by possibly training and utilizing non-financial personnel and utilizing alternative controls. The recent filing of the finance position should allow the Town to create new policies that will enhance controls.

Proposed Completion Date: The Board will implement the above procedure immediately.

MATERIAL NONCOMPLIANCE / SIGNIFICANT DEFICENCY

2022 – 004 Cash Management

Name of contact person: H. Goldston Womble, Jr, Mayor

Corrective Action: Management will install measures to create cross training in the finance department.

Proposed Completion Date: The Board will implement the above procedure immediately.



TOWN OF WHITE LAKE
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Corrective Action Plan
For the Fiscal Year Ended June 30, 2022

Section III – Federal Award Findings and Questioned Costs

None.

Section IV – State Award Findings and Questioned Costs

MATERIAL NONCOMPLIANCE / SIGNIFICANT DEFICIENCY

2022 – 003 Financial Audit Not Completed Timely

Name of contact person: H. Goldston Womble, Jr, Mayor

Corrective Action: Management will install measures to ensure future audits are performed timely. This includes the hiring of a Certified Public Accountant in the finance office.

Proposed Completion Date: The Board will implement the above procedure immediately.

Town of White Lake, North Carolina
Summary Schedule of Prior Audit Findings
For the Fiscal Year Ended June 30, 2022

Finding: 2020-001

Status: Has been corrected.

Town of White Lake, North Carolina
SCHEDULE OF EXPENDITURES OF STATE AWARDS
For the Year Ended June 30, 2022

<u>Grantor/Pass-through Grantor/Program Title</u>	<u>State/ Pass-through Grantor's Number</u>	<u>State Expenditures</u>	<u>Pass-through To Subrecipients</u>
State Awards:			
<u>N.C. Department of Environmental Quality</u>			
Division of Water Infrastructure	E-SRP-W-17-0122	\$ 360,764	\$ -
Division of Water Infrastructure	E-SRP-W-19-0181	717,745	
Asset and Inventory Assessment Grant	E-AIA-W-20-0204	63,875	
Asset and Inventory Assessment Grant	E-MRF-W-21-0041	9,750	
<u>N.C. Department of Transportation</u>			
Powell Bill		875	-
<u>NC Department of Insurance</u>			
Office of the State Fire Marshal			
Volunteer Fire Department Grant		26,441	-
<u>N.C. Department of Public Safety</u>			
N.C. Office of Recovery and Resiliency		110,267	-
Total Assistance - State Programs		<u>\$ 1,289,717</u>	<u>\$ -</u>

Notes to the Schedule of Expenditures of State Financial Awards:

1. Basis of Presentation

The accompanying schedule of expenditures of State awards (SESA) includes the State grant activity of the Town of White Lake under the programs of the State of North Carolina for the year ended June 30, 2022. The information in this SESA is presented in accordance with the requirements of the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of the Town of White Lake, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Town of White Lake.

2. Summary of Significant Accounting Policies

Expenditures reported in the SESA 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 reimbursement.

3. Loans Outstanding

The Town of White Lake had the following loan balance outstanding at June 30, 2022 for loans that the grantor/pass-through grantor has still imposed continuing compliance requirements. Loans outstanding at the beginning of the year and loans made during the year are included in the SESA. The balance of loans outstanding at June 30, 2022 consist of:

<u>Program Title</u>	<u>UAL Number</u>	<u>Pass-through Grantor's Number</u>	<u>Amount Outstanding</u>
Division of Water Infrastructure-NC Connect Bonds	N/A	E-SRP-W-17-0122	\$ 2,028,178
Division of Water Infrastructure-NC Connect Bonds	N/A	E-SRP-W-19-0181	498,219

TOWN OF WHITE LAKE

WHITE LAKE, NORTH CAROLINA

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