

**TOWN OF WHITE LAKE
WHITE LAKE, NORTH CAROLINA
FINANCIAL STATEMENTS
June 30, 2020**

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MAYOR

H. Goldston Womble, Jr.

TOWN COUNCIL

Thomas E. Riel, Mayor, Pro-Tem
Timothy G. Blount
Timothy L. Clifton
Michael J. Suggs
Dean C. Hilton
Paul A. Evans

TOWN CLERK

Brenda Clark

ATTORNEY

H. Clifton Hester

TOWN OF WHITE LAKE, NORTH CAROLINA
TABLE OF CONTENTS
June 30, 2020

Exhibit		Page
FINANCIAL SECTION:		
	Independent Auditor's Report	1-2
	Management's Discussion and Analysis	3-10
	Basic Financial Statements:	
	Government-wide Financial Statements:	
1	Statement of Net Position	11
2	Statement of Activities	12
	Fund Financial Statements:	
3	Balance Sheet – Governmental Funds	13
3	Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	14
4	Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	15
4	Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	16
5	Statement of Revenues, Expenditures, and Changes in Fund Balances – Annual Budget and Actual – General Fund	17
6	Statement of Fund Net Position – Proprietary Fund	18
7	Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Fund	19
8	Statement of Cash Flows – Proprietary Fund	20
	Notes to the Financial Statements	21-39
	Required Supplemental Financial Data:	
	Schedule of Proportionate Share of Net Pension Liability (Asset) - Local Government Employees' Retirement System	40
	Schedule of Contributions - Local Government Employees' Retirement System	41
	Schedule of Changes in Total Pension Liability - Law Enforcement Officers' Special Separation Allowance	42
	Schedule of Total Pension Liability as a Percentage of Covered Payroll - Law Enforcement Officers' Special Separation Allowance	43

Individual Fund Financial Schedules:

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual:	
General Fund	44-47
Lake Water Restoration Capital Project	48
Multi-Use Path Capital Project	49
Schedule of Revenues, Expenditures and Changes in Fund Balance - From Inception - Capital Project Funds	
Sidewalk Capital Project	50
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual:	
Water and Sewer Fund	51-52
Individual Metering Capital Project	53
Sewer Improvement Capital Project	54

Other Schedules:

Schedule of Ad Valorem Taxes Receivable	55
Analysis of Current Tax Levy – Town-Wide Levy	56

Compliance Section:

Report On Internal Control Over Financial Reporting And On Compliance and Other Matters Based On An Audit Of Financial Statements Performed In Accordance With <i>Government Auditing Standards</i>	57-58
Schedule of Findings and Responses	59-60
Corrective Action Plan	61
Schedule of Expenditures of State Awards Notes to the Schedule of Expenditures of State Financial Awards	

FINANCIAL SECTION



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Independent Auditor's Report

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

Report on the Financial Statements

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, 2020, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of White Lake, North Carolina as of June 30, 2020, and the respective changes in financial position and cash flows, where appropriate, thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (pages 3 to 10), the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Liability and Contributions (pages 40 & 41) and the Law Enforcement Officers' Special Separation Allowance schedules of the Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll (pages 42 & 43) be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 26, 2021 on our consideration of 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 grants agreements, and other matters. The purpose of the report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of White Lake's internal control over financial reporting and compliance.

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

Elizabethtown, North Carolina

May 26, 2021

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, 2020. 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

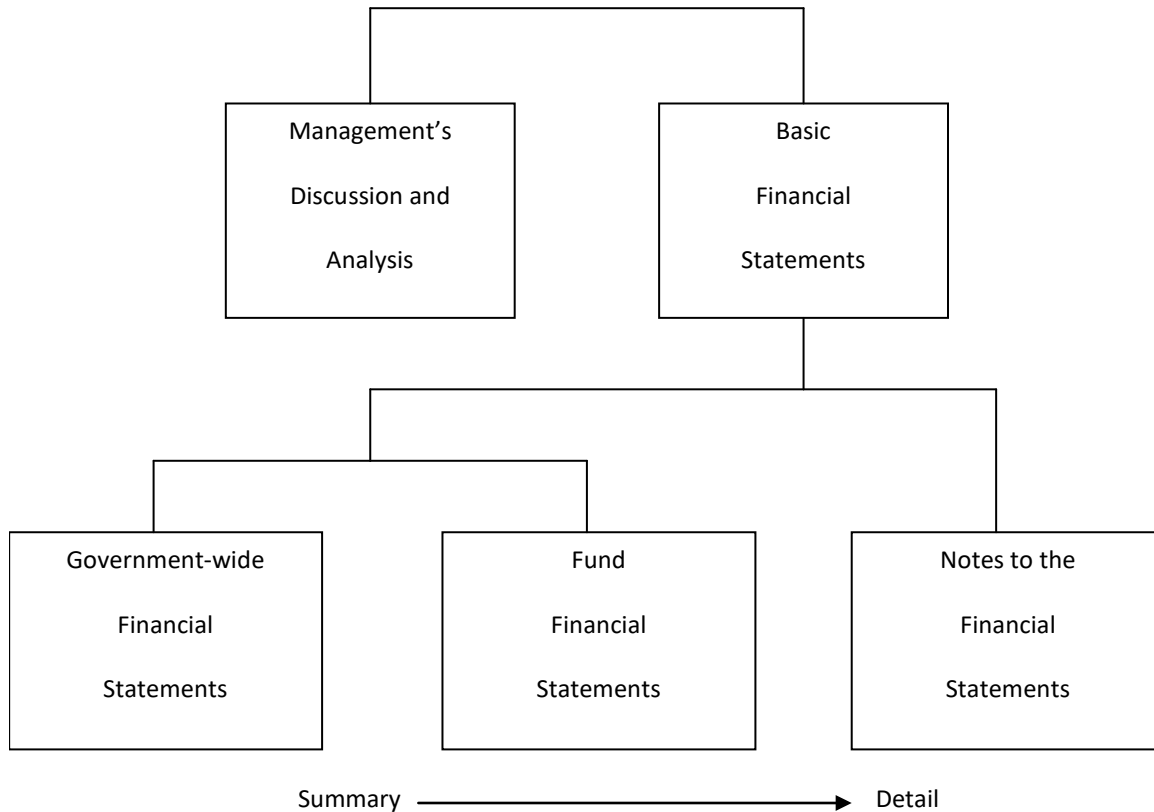
- The assets and deferred outflows of resources of the Town of White Lake exceeded its liabilities and deferred inflows or resources at the close of the fiscal year by \$9,581,204, *net position*.
- The government's total net position increased by \$132,466 due to an increase in the government-type activities 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 \$1,276,196 an increase of \$475,272. Approximately 34 percent of this total amount, or \$434,876 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 \$416,661 or 26% of total general fund expenditures for the fiscal year.
- The Town of White Lake's total debt decreased \$54,587 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 21-39 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 40 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	
	2020	2019	2020	2019	2020	2019
Assets						
Current and other assets:	\$ 1,382,190	\$ 1,096,421	\$ 2,386,384	\$ 2,075,159	\$ 3,768,574	\$ 3,171,580
Capital Assets	2,764,210	3,378,345	4,198,300	4,082,345	6,962,510	7,460,690
Total Assets	<u>4,146,400</u>	<u>4,474,766</u>	<u>6,584,684</u>	<u>6,157,504</u>	<u>10,731,084</u>	<u>10,632,270</u>
Deferred outflows of resources	<u>191,034</u>	<u>211,323</u>	<u>66,232</u>	<u>75,933</u>	<u>257,266</u>	<u>287,256</u>
Liabilities						
Long-term liabilities outstanding	409,153	417,920	363,275	366,497	772,428	784,417
Other liabilities	302,807	447,354	315,412	216,784	618,219	664,138
Total Liabilities	<u>711,960</u>	<u>865,274</u>	<u>678,687</u>	<u>583,281</u>	<u>1,390,647</u>	<u>1,448,555</u>
Deferred Inflows of Resources	<u>15,283</u>	<u>20,477</u>	<u>1,216</u>	<u>1,756</u>	<u>16,499</u>	<u>22,233</u>
Net position						
Net Investment in Capital Assets	2,604,897	3,187,158	3,944,617	3,805,949	6,549,514	6,993,107
Restricted for:						
Stabilization by State Statute	154,953	464,507	-	-	154,953	464,507
Transportation	117,674	92,196	-	-	117,674	92,196
Unrestricted	<u>732,667</u>	<u>56,477</u>	<u>2,026,396</u>	<u>1,842,451</u>	<u>2,759,063</u>	<u>1,898,928</u>
Total Net Position	<u>\$ 3,610,191</u>	<u>\$ 3,800,338</u>	<u>\$ 5,971,013</u>	<u>\$ 5,648,400</u>	<u>\$ 9,581,204</u>	<u>\$ 9,448,738</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 \$9,581,204 as of June 30, 2020. The Town's net position increased by \$132,466 for the fiscal year ended June 30, 2020. However, the largest portion \$6,549,514 (68.36%) 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, \$272,627(2.85%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$2,759,063 (28.80%) 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 97.24%, 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	
	2020	2019	2020	2019	2020	2019
Revenues						
Program Revenues						
Charges for Services	\$ 517,803	\$ 566,299	\$ 1,468,466	\$ 1,472,283	\$ 1,986,269	\$ 2,038,582
Grants and Entitlements	373,409	616,663	100,978	5,862	474,387	622,525
General Revenue						
Property Taxes	778,302	762,575	-	-	778,302	762,575
Grants and contributions not restricted to specific program	443,520	399,674	-	-	443,520	399,674
Other Taxes	4,349	4,840	-	-	4,349	4,840
Investment Earnings	9,322	18,202	13,818	30,934	23,140	49,136
Other	21,870	88,980	-	-	21,870	88,980
Total Revenues	<u>2,148,575</u>	<u>2,457,233</u>	<u>1,583,262</u>	<u>1,509,079</u>	<u>3,731,837</u>	<u>3,966,312</u>
Expenses						
General Government	578,216	517,432	-	-	578,216	517,432
Public Safety	959,116	877,992	-	-	959,116	877,992
Transportation	105,574	87,452	-	-	105,574	87,452
Environmental Protection	268,221	404,989	-	-	268,221	404,989
Cultural and Recreation	14,999	15,000	-	-	14,999	15,000
Interest on Long-Term Debt	4,083	6,216	-	-	4,083	6,216
Water and Sewer Fund	-	-	1,182,183	1,210,234	1,182,183	1,210,234
Total Expenses	<u>1,930,209</u>	<u>1,909,081</u>	<u>1,182,183</u>	<u>1,210,234</u>	<u>3,112,392</u>	<u>3,119,315</u>
Increase in Net Position Before Transfers	218,366	548,152	401,079	298,845	619,445	846,997
Transfers	-	-	-	-	-	-
Increase (Decrease) in Net Position	<u>218,366</u>	<u>548,152</u>	<u>401,079</u>	<u>298,845</u>	<u>619,445</u>	<u>846,997</u>
Net position, beginning, previously reported	3,800,338	3,229,485	5,648,400	5,372,256	9,448,738	8,601,741
Restatement	(408,513)	22,701	(78,466)	(22,701)	(486,979)	-
Net Position, beginning, restated	<u>3,391,825</u>	<u>3,252,186</u>	<u>5,569,934</u>	<u>5,349,555</u>	<u>8,961,759</u>	<u>8,601,741</u>
Net Position, ending	<u>\$ 3,610,191</u>	<u>\$ 3,800,338</u>	<u>\$ 5,971,013</u>	<u>\$ 5,648,400</u>	<u>\$ 9,581,204</u>	<u>\$ 9,448,738</u>

Governmental activities. Governmental activities decreased the Town of White Lake's net position by \$190,147, which is due to a restatement of depreciation for \$(408,513).

Business-type activities: Business-type activities increased the Town of White Lake's net position by \$322,613 after the effects of a prior period adjustment of \$(78,466) due to a restatement of depreciation. Key elements of the current year operating increases were:

- The Town incurred expenses related to the Water Restoration Capital Project, due to the nature of the project is being allocated between governmental and business type activities.
- Increase in revenues.
- Expenses were reduced.
- Insurance and FEMA proceeds from Hurricane Florence.

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 \$416,661, while total fund balance reached \$1,121,826. 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 34%.

At June 30, 2020, the governmental funds of the Town of White Lake reported a combined fund balance of \$1,276,196, a \$475,272 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 \$2,026,396. The increase in net position for this fund was \$322,613. 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, 2020, totals \$6,962,510 (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.

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

	Governmental Activities		Business-Type Activities		Totals	
	2020	2019	2020	2019	2020	2019
Land	\$ 245,821	\$ 245,821	\$ 43,898	\$ 43,898	\$ 289,719	\$ 289,719
Construction in Progress	-	-	237,168	30,000	237,168	30,000
Buildings and Improvements	2,215,908	2,340,735	3,713,884	3,887,959	5,929,792	6,228,694
Equipment	56,154	66,604	167,214	52,896	223,368	119,500
Vehicles and Motor Equipment	246,327	725,185	36,136	67,592	282,463	792,777
	<u>\$ 2,764,210</u>	<u>\$ 3,378,345</u>	<u>\$ 4,198,300</u>	<u>\$ 4,082,345</u>	<u>\$ 6,962,510</u>	<u>\$ 7,460,690</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, 2020, 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 decreased by \$54,587 during this past fiscal year, primarily due to continued payments were made on existing debt.

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 \$21,906,573. The Town has \$0 in authorized bonds as of June 30, 2020.

	Governmental Activities		Business-Type Activities		Totals	
	2020	2019	2020	2019	2020	2019
Direct Placement						
Installment Contract	\$ 159,313	\$ 191,187	\$ 253,683	\$ 276,396	\$ 412,996	\$ 467,583
	<u>\$ 159,313</u>	<u>\$ 191,187</u>	<u>\$ 253,683</u>	<u>\$ 276,396</u>	<u>\$ 412,996</u>	<u>\$ 467,583</u>

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, 2021

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 19/20 did not appear to decrease, it is anticipated the impact will be felt during Fiscal Year 20/21. 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 have an impact on Fiscal Year 20/21.

Multi-Use Trail – Phase II

The Town has applied for grants from PARTF and the NC Division of Water Resources to construct Phase II of the White Lake Multi-Use Path for an approximate cost of \$747,356. Awarding of the grants are scheduled for the end of September 2020. 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 is currently under construction and will last approximately 6 to 8 months. The loan payment for the project is \$130,857.62 in November of FY 20/21.

The Town is also in the planning stages for Phase II of the sanitary sewer rehab project. The project is eligible to receive funding, (\$2,998,667 at a maximum interest rate of \$2.16% and a 2% loan fee) 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 begin July 1, 2021.

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.

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, 2020

Exhibit 1

	Governmental Activities	Business-Type Activities	Total
Assets			
Current assets:			
Cash & Cash Equivalents	\$ 1,071,907	\$ 2,067,477	\$ 3,139,384
Restricted Cash & Cash Equivalents	117,674	149,690	267,364
Taxes receivable (Net)	32,018	-	32,018
Accrued interest receivable on taxes	5,638	-	5,638
Accounts Receivable (Net)	29,388	162,397	191,785
Due from other governments	125,565	-	125,565
Inventory	-	6,820	6,820
Total current assets	<u>1,382,190</u>	<u>2,386,384</u>	<u>3,768,574</u>
Non-current Assets:			
Capital Assets:			
Land and nondepreciable improvements	245,821	281,066	526,887
Other capital assets, net of depreciation	<u>2,518,389</u>	<u>3,917,234</u>	<u>6,435,623</u>
Total capital assets	<u>2,764,210</u>	<u>4,198,300</u>	<u>6,962,510</u>
Total assets	<u>4,146,400</u>	<u>6,584,684</u>	<u>10,731,084</u>
Deferred Outflows of Resources	<u>191,034</u>	<u>66,232</u>	<u>257,266</u>
Liabilities			
Current liabilities			
Accounts Payable and Accrued Liabilities	67,653	126,105	193,758
Accrued Interest Payable	3,516	5,929	9,445
Current Portion of Long-term Debt	55,738	33,688	89,426
Liabilities paid from Restricted Assets:			
Customer Deposits	-	149,690	149,690
Long-term Liabilities:			
Net Pension Liability	227,510	103,751	331,261
Total Pension Liability	175,900	-	175,900
Due in More Than One Year	<u>181,643</u>	<u>259,524</u>	<u>441,167</u>
Total liabilities	<u>711,960</u>	<u>678,687</u>	<u>1,390,647</u>
Deferred Inflows of Resources	<u>15,283</u>	<u>1,216</u>	<u>16,499</u>
Net position			
Net Investment in Capital Assets	2,604,897	3,944,617	6,549,514
Restricted for:			
Stabilization by State Statute	154,953	-	154,953
Transportation	117,674	-	117,674
Unrestricted	<u>732,667</u>	<u>2,026,396</u>	<u>2,759,063</u>
Total Net Position	<u>\$ 3,610,191</u>	<u>\$ 5,971,013</u>	<u>\$ 9,581,204</u>

Town of White Lake, North Carolina
Statement of Activities
For the Year Ended June 30, 2020

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	\$ 578,216	\$ 240,579	\$ 55,813	\$ -	\$ (281,824)	\$ -	\$ (281,824)
Public Safety	959,116	29,942	-	14,438	(914,736)	-	(914,736)
Transportation	105,574	-	24,136	-	(81,438)	-	(81,438)
Environmental Protection	268,221	247,282	662	-	(20,277)	-	(20,277)
Cultural and Recreation	14,999	-	-	278,360	263,361	-	263,361
Interest on Long-Term Debt	4,083	-	-	-	(4,083)	-	(4,083)
Total Governmental Activities	<u>1,930,209</u>	<u>517,803</u>	<u>80,611</u>	<u>292,798</u>	<u>(1,038,997)</u>	<u>-</u>	<u>(1,038,997)</u>
Business-Type Activities:							
Water and Sewer Fund	<u>1,182,183</u>	<u>1,468,466</u>	<u>-</u>	<u>100,978</u>	<u>-</u>	<u>387,261</u>	<u>387,261</u>
Total Business-Type Activities	<u>1,182,183</u>	<u>1,468,466</u>	<u>-</u>	<u>100,978</u>	<u>-</u>	<u>387,261</u>	<u>387,261</u>
	<u>\$ 3,112,392</u>	<u>\$ 1,986,269</u>	<u>\$ 80,611</u>	<u>\$ 393,776</u>			
General Revenues:							
Taxes:							
Property taxes, levied for general purpose					778,302	-	778,302
Other taxes					4,349	-	4,349
Grants and contributions not restricted to specific programs					443,520	-	443,520
Investment earnings, unrestricted					9,322	13,818	23,140
Miscellaneous, unrestricted					21,870	-	21,870
Total general revenues not including transfers					<u>1,257,363</u>	<u>13,818</u>	<u>1,271,181</u>
Total general revenues and transfers					<u>1,257,363</u>	<u>13,818</u>	<u>1,271,181</u>
Change in net position					218,366	401,079	619,445
Total net position, beginning as previously reported					3,800,338	5,648,400	9,448,738
Restatement					(408,513)	(78,466)	(486,979)
Total net position, beginning restated					<u>3,391,825</u>	<u>5,569,934</u>	<u>8,961,759</u>
Total net position, ending					<u>\$ 3,610,191</u>	<u>\$ 5,971,013</u>	<u>\$ 9,581,204</u>

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

Balance Sheet
Governmental Funds

June 30, 2020

	Major Funds			Total Non-Major Funds	Total Governmental Funds
	General Fund	Lake Water Restoration Capital Project	Multi-Use Path Capital Project		
Assets					
Cash and cash equivalents	\$ 915,892	\$ 144,575	\$ -	\$ 11,440	\$ 1,071,907
Restricted cash	117,674	-	-	-	117,674
Receivables (net):					
Taxes	32,018	-	-	-	32,018
Accounts	29,257	131	-	-	29,388
Due from other governments	125,565	-	-	-	125,565
Total assets	<u>\$ 1,220,406</u>	<u>\$ 144,706</u>	<u>\$ -</u>	<u>\$ 11,440</u>	<u>\$ 1,376,552</u>
Liabilities					
Liabilities:					
Accounts payable and accrued liabilities	\$ 65,877	\$ 1,776	\$ -	\$ -	\$ 67,653
Total liabilities	<u>65,877</u>	<u>1,776</u>	<u>-</u>	<u>-</u>	<u>67,653</u>
Deferred Inflows of Resources					
Property taxes receivable	32,018	-	-	-	32,018
Prepaid taxes	685	-	-	-	685
Total deferred Inflows of Resources	<u>32,703</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>32,703</u>
Fund Balances					
Restricted					
Stabilization by State Statute	154,822	131	-	-	154,953
Streets	117,674	-	-	-	117,674
Committed					
Capital Projects	314,905	142,799	-	-	457,704
Assigned					
Subsequent Years Expenditures	117,764	-	-	-	117,764
Unassigned	416,661	-	-	11,440	428,101
Total fund balances	<u>1,121,826</u>	<u>142,930</u>	<u>-</u>	<u>11,440</u>	<u>1,276,196</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,220,406</u>	<u>\$ 144,706</u>	<u>\$ -</u>	<u>\$ 11,440</u>	<u>1,376,552</u>

Balance Sheet
Governmental Funds
June 30, 2020

Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:		
Total fund balance, governmental funds	\$	1,276,196
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Gross capital assets at historical cost	\$	5,503,082
Accumulated depreciation		<u>(2,738,872)</u>
Deferred outflows of resources related to pensions are not reported in the funds.		191,034
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		5,638
Earned revenues considered deferred inflows of resources in fund statements.		32,018
Long-term liabilities used in governmental activities are not financial uses and therefore are not reported in the funds:		
Gross long-term debt		(237,381)
Total pension liability		(175,900)
Net pension liability		(227,510)
Deferred inflows of resources related to pensions are not reported in the funds.		(14,598)
Other long-term liabilities (accrued interest) are due and payable in the current period and therefore are not reported in the funds		<u>(3,516)</u>
Net position of governmental activities	\$	<u><u>3,610,191</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, 2020

Exhibit 4

	Major Funds			Total Non-Major Funds	Total Governmental Funds
	General Fund	Lake Water Restoration Capital Project	Multi-Use Path Capital Project		
Revenues:					
Ad valorem taxes	\$ 778,848	\$ -	-	\$ -	\$ 778,848
Other taxes and licenses	4,349	-	-	-	4,349
Unrestricted intergovernmental	443,520	-	-	-	443,520
Restricted intergovernmental	95,048	-	278,360	-	373,408
Permits and fees	13,350	-	-	-	13,350
Sales and services	504,453	-	-	-	504,453
Other revenues	31,193	-	-	-	31,193
Total revenues	<u>1,870,761</u>	<u>-</u>	<u>278,360</u>	<u>-</u>	<u>2,149,121</u>
Expenditures:					
Current:					
General government	506,116	-	-	-	506,116
Public safety	767,816	-	-	-	767,816
Transportation	90,549	-	-	-	90,549
Environmental protection	209,850	46,078	-	-	255,928
Cultural and recreation	15,000	-	1,863	-	16,863
Debt service					
Principle	31,874	-	-	-	31,874
Interest	4,703	-	-	-	4,703
Total expenditures	<u>1,625,908</u>	<u>46,078</u>	<u>1,863</u>	<u>-</u>	<u>1,673,849</u>
Revenues over (under) expenditures	<u>244,853</u>	<u>(46,078)</u>	<u>276,497</u>	<u>-</u>	<u>475,272</u>
Other financing sources (uses):					
Transfers to other funds	(11,416)	-	-	-	(11,416)
Transfers from other funds	-	-	11,416	-	11,416
Total other financing sources (uses)	<u>(11,416)</u>	<u>-</u>	<u>11,416</u>	<u>-</u>	<u>-</u>
Net change in fund balance	233,437	(46,078)	287,913	-	475,272
Fund balances, beginning	888,389	189,008	(287,913)	11,440	800,924
Fund balances, ending	<u>\$ 1,121,826</u>	<u>\$ 142,930</u>	<u>-</u>	<u>\$ 11,440</u>	<u>\$ 1,276,196</u>

Town of White Lake, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2020

Exhibit 4, continued

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

Net changes in fund balances - total governmental funds	\$	475,272
<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	29,897	
Depreciation expense for government assets	<u>(235,519)</u>	(205,622)
<p>Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities</p>		
		53,928
<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		(546)
<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>		
Principal payments on long-term debt	31,874	
Change in accrued interest payable	<u>620</u>	32,494
<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	(125,117)	
Compensated absences	<u>(12,043)</u>	<u>(137,160)</u>
Total changes in net position of governmental activities.	\$	<u><u>218,366</u></u>

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

For the Year Ended June 30, 2020

	General Fund			Variance With Final Budget Positive (Negative)
	Original	Final	Actual Amounts	
Revenues:				
Ad valorem taxes	\$ 774,825	\$ 777,339	\$ 778,848	\$ 1,509
Other taxes and licenses	5,000	4,000	4,349	349
Unrestricted intergovernmental	408,366	402,313	443,520	41,207
Restricted intergovernmental	27,680	44,205	95,048	50,843
Permits and fees	12,345	10,045	13,350	3,305
Sales and services	487,227	505,906	504,453	(1,453)
Other revenues	14,868	19,517	31,193	11,676
Total revenues	<u>1,730,311</u>	<u>1,763,325</u>	<u>1,870,761</u>	<u>107,436</u>
Expenditures:				
Current:				
General government	505,656	531,533	506,116	25,417
Public safety	783,962	821,189	767,816	53,373
Transportation	102,465	124,227	90,549	33,678
Environmental protection	323,728	309,377	209,850	99,527
Cultural and recreation	14,500	15,100	15,000	100
Debt service	-	36,578	36,577	1
Total expenditures	<u>1,730,311</u>	<u>1,838,004</u>	<u>1,625,908</u>	<u>212,096</u>
Revenues over (under) expenditures	<u>-</u>	<u>(74,679)</u>	<u>244,853</u>	<u>319,532</u>
Other financing sources (uses):				
Transfers to other funds	-	(11,416)	(11,416)	-
Transfers from other funds	-	5,680	-	(5,680)
Total other financing sources (uses)	<u>-</u>	<u>(5,736)</u>	<u>(11,416)</u>	<u>(5,680)</u>
Fund Balance Appropriated	<u>-</u>	<u>80,415</u>	<u>-</u>	<u>(80,415)</u>
Net Change in Fund Balance	\$ <u>-</u>	\$ <u>-</u>	233,437	\$ <u>233,437</u>
Fund balances, beginning			<u>888,389</u>	
Fund balances, ending			\$ <u>1,121,826</u>	

Town of White Lake, North Carolina
Statement of Fund Net Position
Proprietary Fund
June 30, 2020

Exhibit 6

	Water and Sewer Fund
Assets	
Current assets:	
Cash and cash equivalents	\$ 2,067,477
Restricted Cash	149,690
Accounts receivable (net)	156,672
Accounts receivable - other	5,725
Restricted receivable	-
Inventories	6,820
Total current assets	2,386,384
Non-Current Assets:	
Capital assets:	
Land and other non-depreciable assets	281,066
Other capital assets, net of depreciation	3,917,234
Capital assets (net)	4,198,300
Total assets	6,584,684
Deferred Outflows of Resources	
	66,232
Liabilities	
Current liabilities:	
Accounts payable	126,105
Accrued Interest	5,929
Accrued Vacation	10,000
Current Portion of Long Term Debt	23,688
Liabilities paid from Restricted Assets:	
Customer deposits	149,690
Total liabilities	315,412
Noncurrent liabilities:	
Notes Payable	229,995
Net Pension Liability	103,751
Accrued Vacation	29,529
Total noncurrent liabilities	363,275
Total liabilities	678,687
Deferred Inflows of Resources	
	1,216
Net position	
Net investment in capital assets	3,944,617
Unrestricted	2,026,396
Total net position	\$ 5,971,013

Town of White Lake, North Carolina
Statements of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Fund
For the Year Ended June 30, 2020

Exhibit 7

	Water and Sewer Fund
Operating revenues:	
Water Charges	\$ 561,916
Wastewater Charges	822,918
Late Fees	31,272
Structure Fees	17,322
Impact Fees	22,415
Transfer Charges	2,500
Water and Sewer Taps	6,428
Miscellaneous	3,695
Total	1,468,466
Operating Expenses:	
Water	
Salaries	136,139
Employee Benefits	71,711
Professional Fees	4,613
Other Operating Expenses	166,638
Repairs	34,422
Contracted Service	4,133
Depreciation	79,425
Total Water	497,081
Wastewater	
Salaries	172,350
Employee Benefits	75,029
Professional Fees	2,360
Other Operating Expenses	247,285
Repairs	81,729
Contracted Service	15,068
Depreciation	79,424
Total Sewer	673,245
Operating income	298,140
Nonoperating revenues (expenses):	
Investment earnings	13,818
Loss on disposal of fixed assets	-
Interest and fees	(11,857)
Total nonoperating revenues (expenses)	1,961
Income (loss) before contributions	300,101
Capital Contribution	100,978
Change in net position	401,079
Total net position, beginning as previously reported	5,648,400
Restatement	(78,466)
Total net position, beginning restated	5,569,934
Total net position, ending	\$ 5,971,013

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

Town of White Lake, North Carolina
Statement of Cash Flows
Proprietary Fund
For The Year Ended June 30, 2020

Exhibit 8

	Water and Sewer Fund
Cash flows from operating activities:	
Cash received from customers	\$ 1,459,965
Cash paid for goods and services	(591,744)
Cash paid to employees for services	(303,834)
Customer deposits received - Net	<u>13,740</u>
Net cash provided by operating activities	<u>578,127</u>
Cash flows from capital and related financing activities	
Acquisition and construction of capital assets	(353,270)
State Grants	100,978
Principal paid on bond maturities	(22,714)
Interest paid on bond maturities	<u>(11,857)</u>
Net cash used by capital and related financing activities	<u>(286,863)</u>
Cash flows from investing activities:	
Interest on investments	<u>13,818</u>
Net increase in cash and cash equivalents	305,082
Cash and cash equivalents:	
Balances, beginning	<u>1,912,085</u>
Balances, ending	<u>\$ 2,217,167</u>
Reconciliation of operating income to net cash provided by operating activities	
Operating income (loss)	\$ <u>298,140</u>
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	158,849
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	(8,501)
(Increase) decrease in inventory	2,359
(Increase)/decrease in deferred outflows of resources-pensions	9,701
Increase (decrease) in accounts payable and accrued liabilities	83,966
Increase/(decrease) in net pension liability	15,758
Increase/(decrease) in deferred inflows of resources-pensions	(540)
Increase (decrease) in customer deposits	13,740
Increase (decrease) in accrued vacation pay	<u>4,655</u>
Total adjustments	<u>279,987</u>
Net cash provided by operating activities	<u>\$ 578,127</u>

TOWN OF WHITE LAKE, NORTH CAROLINA
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2020

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 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.

Multi-Use Path Capital Project – This is used to account for grant funds for the construction of a multi-use pathway.

The Town reports the following non-major governmental funds:

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. Non-participating interest earning contracts are accounted for at cost. The NCCMT-Government Portfolio, a SEC-registered (2a-7) money market mutual fund, is measured at fair value. The NCCMT-Term Portfolio is bond fund, has no rating and is measured at fair value. As of June 30, 2020, the Term portfolio has a duration of .15 years. Because the NCCMT Government and Term Portfolios have a weighted average maturity of less than 90 days, they are 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.

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. Controlled substance tax and other forfeiture funds are held as restricted until expended for that purpose.

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

Governmental Activities	
General Fund	
Streets	\$ 117,674
Total government activities	<u>\$ 117,674</u>
Business-type Activities	
Water and Sewer Fund	\$ 149,690
Customer deposits	<u>\$ 149,690</u>
Total Business-type Activities	
Total Restricted Cash	<u>\$ 267,364</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, 2019. 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 expensed when consumed rather than when purchased.

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.

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 2020 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

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

items that meet the criterion for this category - prepaid taxes, property taxes receivable, and pension deferrals for the 2020 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/fund Balance

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.

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

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

1. Noncompliance with N.C. General Statutes

None.

2. Contractual Violations

None.

B. Deficit in Fund Balance or Net Position of Individual Funds

None.

C. Excess of Expenditures over Appropriations

None.

D. Timeliness of Audit

The audit report was issued 3 months after the required due date of January 31, 2021. Due to COVID-19 the audit was delayed. Management is considering what plans can be put in place to reduce the affect on financial reporting based on rare scenarios.

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, 2020, the Town's deposits had a carrying amount of \$315,306 and a bank balance of \$370,471. All of the Town's deposits were covered by federal depository insurance. No remaining balance was covered under the pooling method. At June 30, 2020, petty cash accounts totaled \$3,075.

Investments

At June 30, 2020, the Town of White Lake had \$3,088,367 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.

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, 2020
General Fund	
Taxes Receivable	\$ 15,000
Accounts Receivable	-
Total	\$ 15,000
Enterprise Fund	
Accounts Receivable	\$ 23,465
Total	\$ 23,465

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

Capital Assets

Primary Government

Capital asset activity for the year ended June 30, 2020, was as follows:

	Beginning Balances	Adjustments	Increases	Decreases	Ending Balances
Governmental Activities:					
Capital Assets not Being Depreciated:					
Land	\$ 245,821	\$ -	\$ -	\$ -	\$ 245,821
Total Capital Assets not Being Depreciated:	<u>245,821</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>245,821</u>
Capital Assets Being Depreciated:					
Buildings	2,142,838	-	-	-	2,142,838
Other Improvements	1,180,722	-	1,864	-	1,182,586
Equipment	545,583	-	28,033	-	573,616
Vehicles and Motor Equipment	1,358,221	-	-	-	1,358,221
Total Capital Assets Being Depreciated:	<u>5,227,364</u>	<u>-</u>	<u>29,897</u>	<u>-</u>	<u>5,257,261</u>
Less Accumulated Depreciation					
Buildings	899,115	-	53,051	-	952,166
Other Improvements	83,710	46,968	26,672	-	157,350
Equipment	478,979	23,552	14,931	-	517,462
Vehicles and Motor Equipment	633,036	337,993	140,865	-	1,111,894
Total Accumulated Depreciation	<u>2,094,840</u>	<u>\$ 408,513</u>	<u>\$ 235,519</u>	<u>\$ -</u>	<u>2,738,872</u>
Total Capital Assets Being Depreciated, net	<u>3,132,524</u>				<u>2,518,389</u>
Governmental Activity Capital Assets, net	<u>\$ 3,378,345</u>				<u>\$ 2,764,210</u>

Adjustment was made to correct the accumulated depreciation beginning balance, see Note 8.

Primary Government

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

General Government	\$ 51,814
Public Safety	160,053
Transportation	13,189
Environmental Protection	10,463
Total Depreciation Expense	<u>\$ 235,519</u>

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

	<u>Beginning Balances</u>	<u>Adjustments</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Business-type Activities:					
Water and Sewer Fund					
Capital Assets not Being Depreciated:					
Land	\$ 43,898	\$ -	\$ -	\$ -	\$ 43,898
Construction in Progress	30,000	-	207,168	-	237,168
Total Capital Assets not Being Depreciated:	<u>73,898</u>	<u>-</u>	<u>207,168</u>	<u>-</u>	<u>281,066</u>
Capital Assets Being Depreciated:					
Plant and Distribution	6,989,379	-	-	-	6,989,379
Equipment	430,954	-	146,102	(8,500)	568,556
Vehicles and Motor Equipment	185,212	-	-	-	185,212
Total Capital Assets Being Depreciated:	<u>7,605,545</u>	<u>-</u>	<u>146,102</u>	<u>(8,500)</u>	<u>7,743,147</u>
Less Accumulated Depreciation					
Plant and Distribution	3,101,420	42,751	131,324	-	3,275,495
Equipment	378,058	17,678	14,106	(8,500)	401,342
Vehicles and Motor Equipment	117,620	18,037	13,419	-	149,076
Total Accumulated Depreciation	<u>3,597,098</u>	<u>\$ 78,466</u>	<u>\$ 158,849</u>	<u>\$ (8,500)</u>	<u>3,825,913</u>
Total Capital Assets Being Depreciated, net	<u>4,008,447</u>				<u>3,917,234</u>
Water and Sewer Capital Assets, Net	<u>\$ 4,082,345</u>				<u>\$ 4,198,300</u>

Adjustment was made to correct the accumulated depreciation beginning balance, see Note 8.

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 Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR 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, 2020, was 9.70% of compensation for law enforcement officers and 9.05% 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 \$78,521 for the year ended June 30, 2020.

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, 2020, the Town reported a liability of \$331,261 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018. The total pension liability was then rolled forward to the measurement date of June 30, 2019 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, 2019 (measurement date), the Town's proportion was 0.01213%, which was a decrease of 0.00066% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the Town recognized pension expense of \$154,556. At June 30, 2020, 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	\$ 56,720	\$ -
Changes of assumptions	53,990	-
Net difference between projected and actual earnings on pension plan investments	8,080	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	14,157	3,883
Town benefit payments subsequent to the measurement date	78,521	-
Total	<u>\$ 211,468</u>	<u>\$ 3,883</u>

\$78,521 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, 2021. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

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

<u>Years Ending June 30:</u>	
2021	\$ 64,041
2022	24,746
2023	31,477
2024	8,800
2025	-
Thereafter	-
	<u>\$ 129,064</u>

Actuarial Assumptions. The total pension liability in the December 31, 2017 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, 2018 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, 2019 are summarized in the following table:

<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	<u>100%</u>	

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

The information above is based on 30 year expectations developed with the consulting actuary for the 2018 asset liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

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

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

	<u>1% Decrease</u> <u>(6.00%)</u>	<u>Discount Rate</u> <u>(7.00%)</u>	<u>1% Increase</u> <u>(8.00%)</u>
Town's proportionate share of the net pension liability (asset)	\$ 757,654	\$ 331,261	\$ (23,158)

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued Comprehensive Annual Financial Report (CAFR) 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.

All full-time law enforcement officers of the Town are covered by the Separation Allowance. At December 31, 2018, 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.

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

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, 2018 valuation. The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary Increases	3.50% to 7.35%, including inflation and productivity factor
Discount Rate	3.26%

The discount rate is based on the yield of the S&P Municipal Bond 20 Year High Grade Rate Index as of December 31, 2018.

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, 2020, the Town reported a total pension liability of \$175,900. The total pension liability was measured as of December 31, 2019 based on a December 31, 2018 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2019 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2020, the Town recognized pension expense of \$20,072.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 32,425	\$ 4,722
Changes of assumptions	13,373	7,209
Town benefit payments and plan administrative expense made subsequent to the measurement date	-	-
	<u>\$ 45,798</u>	<u>\$ 11,931</u>

\$0 paid as benefits came due and \$0 of administrative expenses subsequent to the measurement date have been reported as deferred outflows of resources and will be recognized as a decrease of the total pension liability in the year ended June 30, 2020. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

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

Years Ending June 30:

2021	\$ 6,036
2022	6,036
2023	6,036
2024	6,040
2025	4,849
Thereafter	4,870
	<u>\$ 33,867</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 3.26 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 (2.26 percent) or 1-percentage-point higher (4.26 percent) than the current rate:

	<u>1% Decrease</u> <u>(2.26%)</u>	<u>Discount Rate</u> <u>(3.26%)</u>	<u>1% Increase</u> <u>(4.26%)</u>
Total Pension Liability	\$ 196,541	\$ 175,900	\$ 157,197
	<u>2020</u>		
Beginning Balance	\$ 133,122		
Service Cost	9,190		
Interest on the total pension liability	4,846		
Changes in benefit terms	-		
Differences between expected and actual experience in the measurement of the total pension liability	21,412		
Changes of assumptions or other inputs	7,330		
Benefit payments	-		
Other changes	-		
Ending balance of the total pension liability	<u>\$ 175,900</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, 2018 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)	\$ 331,261	\$ -	\$ 331,261
Proportion of the Net Pension Liability (Asset)	0.01213%	n/a	
Total Pension Liability	-	175,900	175,900
Pension Expense	154,556	14,036	168,592
<u>Deferred Outflows of Resources</u>			
Differences between expected and actual experience	\$ 56,720	\$ 32,425	\$ 89,145
Changes of assumptions	53,990	13,373	67,363
Net difference between projected and actual earnings on pension plan investments	8,080	-	8,080
Changes in proportion and differences between County contributions and proportionate share of contributions	14,157	-	14,157
County contributions (LGERS, ROD)/benefit payments and administration costs (LEOSSA) subsequent to the measurement date	78,521	-	78,521
<u>Deferred Inflows of Resources</u>			
Differences between expected and actual experience	-	4,722	4,722
Changes of assumptions	-	7,209	7,209
Changes in proportion and differences between County contributions and proportionate share of contributions	3,883	-	3,883

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, 2020 were \$56,082, which consisted of \$28,992 from the Town and \$27,090 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

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

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

Deferred outflows of resources reported on the Statement of Net Position is comprised of the following:

<u>Source</u>	<u>Amount</u>
Pension - difference between expected and actual experience	
LGERS	\$ 56,720
LEOSSA	32,425
Changes of Assumptions	67,363
Net difference between projected and actual earnings on pension plan investments	8,080
Changes in proportion and differences between Town contributions and proportionate share of contributions	14,157
Town contributions subsequent to the measurement date	<u>78,521</u>
Total - Government Wide	<u>\$ 257,266</u>

Deferred inflows of resources at year-end is comprised of the following:

<u>Source</u>	<u>Statement of Net Position Amount</u>	<u>General Fund Balance Sheet Amount</u>
Pension - difference between expected and actual experience		
LGERS	\$ -	\$ -
LEOSSA	4,722	-
Changes of Assumptions	7,209	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	3,883	-
Unearned Revenue	685	685
Taxes Receivable (Net) - General	-	32,018
Total - General Fund	<u>\$ 16,499</u>	<u>\$ 32,703</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 for 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, 2020.

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 \$150,589 with final payment expected in April 2025.

First Bank dated January 4, 2018 for a direct placement contract to purchase a 2017 Dodge Charger is payable in annual payments of \$8,939 including interest at 2.43% beginning January 4, 2019. The property is pledged as collateral for the debt while the debt is outstanding. Principal balance at year-end was \$8,724 with final payment expected in January 2021.

Business-Type Activities

BB&T \$457,993 dated December 18, 2008 for a direct placement control 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 \$253,682 with final payment expected in December 2028.

The future minimum payments of the installment purchases as of June 30, 2020, separating principal and interest are as follows:

Year Ending 30-Jun	Governmental Activities		Business Type Activities	
	Principal	Interest	Principal	Interest
2021	31,523	4,305	23,688	10,883
2022	23,435	3,454	24,704	9,867
2023	24,088	2,801	25,764	8,807
2024	24,760	2,129	26,869	7,702
2025	25,450	1,439	28,022	6,549
2026-2030	30,057	729	124,636	13,648
Total	\$ 159,313	\$ 14,857	\$ 253,683	\$ 57,456

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

Changes in Long Term Liabilities

	Balance July 1, 2019	Increases	Decreases	Balance June 30, 2020	Current Portion
Governmental Activities:					
Compensated Absences	\$ 66,025	\$ 24,215	\$ (12,172)	\$ 78,068	\$ 24,215
Net pension liability (LGERS)	215,430	12,080	-	227,510	-
Total pension liability (LEO)	133,122	42,778	-	175,900	-
Direct Placement Installment Contract	191,187	-	(31,874)	159,313	31,523
Total Governmental Activities	\$ 605,764	\$ 79,073	\$ (44,046)	\$ 640,791	\$ 55,738
Business-Type Activities:					
Water and Sewer Fund					
Compensated Absences	\$ 34,874	\$ 10,200	\$ (5,545)	\$ 39,529	\$ 10,000
Net pension liability (LGERS)	87,993	15,758	-	103,751	-
Direct Placement Installment Contract	276,396	-	(22,713)	253,683	23,688
Total Water District	\$ 399,263	\$ 25,958	\$ (28,258)	\$ 396,963	\$ 33,688

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

The legal debt margin of the Town at June 30, 2020 was \$21,906,573.

C. Interfund Balances and Activities

	Transfers	
	From	To
Transfers From/To Other Funds		
General Fund	\$ 11,416	\$ -
Multi-Use Path Capital Project	-	11,416
Transfer local match for the capital project, and close it out		

D. Fund Balance

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

Total fund balance-General Fund	\$ 1,121,826
Less:	
Stabilization by State Statute	154,822
Streets - Powell Bill	117,674
Committed for Capital Projects	314,905
Appropriated Fund Balance in 2021 Budget	117,764
Remaining Fund Balance	\$ 416,661

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

NOTE 5: JOINTLY GOVERNED ORGANIZATION

The Town, along with several other counties and municipalities participate in the Lumber River Council of Governments (Council). 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, 2020.

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 May 26, 2021, the date which the financial statements were available for issue.

NOTE 8: RESTATEMENT

There was an error correction of depreciation in the prior year. This correction resulted in a decrease in beginning net position of \$408,513 for the governmental type activities and a decrease in the business type activities by \$78,466.

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 Seven Fiscal Years *

Local Government Employees' Retirement System

	2020	2019	2018	2017	2016	2015	2014
Town's proportion of the net pension liability (asset) (%)	0.01213%	0.01279%	0.01297%	0.00874%	0.01149%	0.01070%	0.01170%
Town's proportion of the net pension liability (asset) (\$)	\$ 331,261	\$ 303,423	\$ 198,147	\$ 185,493	\$ 51,567	\$ (63,104)	\$ 141,030
Town's covered-employee payroll	\$ 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	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**	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 Seven Fiscal Years

Local Government Employees' Retirement System

	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 78,521	\$ 70,318	\$ 64,113	\$ 60,792	\$ 47,453	\$ 48,272	\$ 45,755
Contributions in relation to the contractually required contribution	\$ 78,521	\$ 70,318	\$ 64,113	\$ 60,792	\$ 47,453	\$ 48,272	\$ 45,755
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Town's covered-employee payroll	\$ 881,046	\$ 870,366	\$ 817,277	\$ 799,311	\$ 677,602	\$ 662,009	\$ 640,075
Contributions as a percentage of covered-employee payroll	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, 2020

	2020	2019	2018	2017
Beginning balance	\$ 133,122	\$ 133,713	\$ 87,072	\$ 81,593
Service Cost	9,190	9,409	8,861	5,714
Interest on the total pension liability	4,846	4,225	3,361	2,913
Changes of benefit terms	-	-	-	0
Differences between expected and actual experience in the measurement of the total pension liability	21,412	(6,484)	22,855	0
Changes of assumptions or other inputs	7,330	(7,741)	11,564	(3,148)
Benefit payments	-	-	-	0
Other changes	-	-	-	0
Ending balance of the total pension liability	<u>\$ 175,900</u>	<u>\$ 133,122</u>	<u>\$ 133,713</u>	<u>\$ 87,072</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, 2020

	2020	2019	2018	2017
Total pension liability	\$ 175,900	\$ 133,122	\$ 133,713	\$ 87,072
Covered payroll	296,714	298,009	274,323	192,588
Total pension liability as a percentage of covered payroll	59.28%	44.67%	48.74%	45.21%

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.

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, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Ad valorem taxes:			
Current Year		\$ 751,078	
Prior Year		19,238	
Penalties and interest		8,532	
Total	<u>\$ 777,339</u>	<u>778,848</u>	<u>\$ 1,509</u>
Other taxes and licenses:			
Vehicle tags		4,349	
Franchise tax - cable		-	
Total	<u>4,000</u>	<u>4,349</u>	<u>349</u>
Unrestricted intergovernmental:			
Local option sales taxes		315,323	
Utility sales tax		93,102	
Telecommunications sales tax		4,614	
Video franchise tax		26,722	
Beer and wine tax		3,759	
Total	<u>402,313</u>	<u>443,520</u>	<u>41,207</u>
Restricted intergovernmental:			
Powell Bill Allocation		24,136	
FEMA Proceeds		55,813	
Solid waste disposal tax		661	
Grants		14,438	
Total	<u>44,205</u>	<u>95,048</u>	<u>50,843</u>
Permits and fees:			
Business Registration Fees		75	
Zoning Permits		13,275	
Total	<u>10,045</u>	<u>13,350</u>	<u>3,305</u>
Sales and services:			
Court Fees		131	
Administrative Fee		193,392	
Building Rent		14,558	
Sanitation		247,282	
Fire Protection		29,811	
Post Office Sales		19,279	
Total	<u>505,906</u>	<u>504,453</u>	<u>(1,453)</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, 2020

	Budget	Actual	Variance Positive (Negative)
Other Revenues:			
Investment earnings		9,322	
Contributions		6,814	
Insurance Proceeds		4,779	
Miscellaneous:		10,278	
Total Other Revenues	19,517	31,193	11,676
Total Revenues	1,763,325	1,870,761	107,436
Expenditures			
General Government:			
Governing Body:			
Salaries		29,400	
Benefits		2,313	
Capital Outlay		-	
Other Operating Expenses		10,022	
Total	44,291	41,735	2,556
Administration:			
Salaries		202,928	
Benefits		97,284	
Professional Expenses		24,331	
Contract Services		23,773	
Other Operating Expenses		47,750	
Capital Outlay		-	
Total	412,403	396,066	16,337
Post Office:			
Salaries		9,928	
Benefits		51	
Stock Purchases		3,541	
Other Operating Supplies		3,418	
Capital Outlay		-	
Total	21,056	16,938	4,118
Zoning:			
Salaries		30,068	
Benefits		14,249	
Professional Expenses		6,450	
Other Operating Expenses		610	
Total	53,783	51,377	2,406
Total General Government	531,533	506,116	25,417

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, 2020

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Public safety:			
Police:			
Salaries		319,488	
Benefits		142,008	
Other Operating Expenses		58,404	
Capital Outlay		-	
Contract Services		6,370	
Total	<u>557,704</u>	<u>526,270</u>	<u>31,434</u>
Fire:			
Salaries		68,605	
Benefits		36,365	
Other Operating Expenses		87,312	
Contract Services		14,801	
Grant Expenditures-Capital Outlay		29,463	
Capital Outlay - Equipment		-	
Total	<u>258,485</u>	<u>236,546</u>	<u>21,939</u>
Contribution to Rescue Squad	5,000	5,000	
Total	<u>5,000</u>	<u>5,000</u>	<u>-</u>
Total Public Safety	<u>821,189</u>	<u>767,816</u>	<u>53,373</u>
Transportation:			
Streets and Highways:			
Salaries		16,211	
Benefits		4,987	
Other Operating Expenses		40,916	
Capital Outlay		-	
Contracted Services		28,435	
Total	<u>100,436</u>	<u>90,549</u>	<u>9,887</u>
Streets - Powell Bill			
Professional Services		-	
Other Operating Expenses		-	
Capital Outlay		-	
Contracted Services		-	
Total	<u>23,791</u>	<u>-</u>	<u>23,791</u>
Total Transportation	<u>124,227</u>	<u>90,549</u>	<u>33,678</u>
Environmental protection:			
Solid Waste			
Salaries		10,275	
Benefits		3,557	
Other Operating Expenses		710	
Contracted Services		192,922	
Capital Outlay		-	
Total Solid Waste	<u>236,198</u>	<u>207,464</u>	<u>28,734</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, 2020

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Mosquito/Aquatic Control:			
Salaries		1,513	
Benefits		116	
Other Operating Expenses		694	
Capital Outlay		63	
Total Mosquito/Hydrilla Control	<u>73,179</u>	<u>2,386</u>	<u>70,793</u>
Total Environmental Protection	<u>309,377</u>	<u>209,850</u>	<u>99,527</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>15,100</u>	<u>15,000</u>	<u>100</u>
Debt service:			
Principal retirement		31,874	
Interest and fees		4,703	
Total Debt Service	<u>36,578</u>	<u>36,577</u>	<u>1</u>
Total Expenditures	<u>1,838,004</u>	<u>1,625,908</u>	<u>212,096</u>
Revenues over (under) expenditures	<u>(74,679)</u>	<u>244,853</u>	<u>319,532</u>
Other Financing Sources (Uses):			
Transfers To/From Other Funds:			
From Capital Project	5,680	-	(5,680)
To Multi-Use Path Project Capital Project	(11,416)	(11,416)	-
Total Other Financing Sources(Uses)	<u>(5,736)</u>	<u>(11,416)</u>	<u>(5,680)</u>
Fund Balance Appropriated	<u>80,415</u>	-	<u>(80,415)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>233,437</u>	<u>\$ 233,437</u>
Fund Balances, beginning		888,389	
Fund Balances, ending		<u>\$ 1,121,826</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, 2020

	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	791,724	901,389	-	901,389	109,665
Expenditures:					
Contract Services		699,322	39,046	738,368	
Construction		13,059	7,032	20,091	
Total Expenditures	791,724	712,381	46,078	758,459	33,265
Revenues Over(Under) Expenditures	\$ -	\$ 189,008	(46,078)	\$ 142,930	\$ 142,930
Fund Balance					
Fund Balances, beginning			189,008		
Fund Balances, ending			\$ 142,930		

Town of White Lake, North Carolina
Multi-Use Path Project Capital Project
Schedule of Revenues, Expenditures and
Changes in Fund Balance-Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2020

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Positive (Negative)
Revenues:					
Restricted Intergovernmental					
Local Funds	\$ -	\$ -	\$ -	\$ -	\$ -
USDA Grant	250,000	246,560	3,440	250,000	
NC PARTF Grant	305,285	30,365	274,920	305,285	
Total Revenue	<u>555,285</u>	<u>276,925</u>	<u>278,360</u>	<u>555,285</u>	<u>-</u>
Expenditures:					
Cultural and recreation					
Repairs		745,493	1,863	747,356	
Capital Outlay		-	-	-	
Total Expenditures	<u>747,356</u>	<u>745,493</u>	<u>1,863</u>	<u>747,356</u>	<u>-</u>
Revenues Over(Under)					
Expenditures	<u>(192,071)</u>	<u>(468,568)</u>	<u>276,497</u>	<u>(192,071)</u>	<u>-</u>
Other Financing Sources(Uses)					
Transfers - In (Out)					
From/(To) General Fund	<u>192,071</u>	<u>180,655</u>	<u>11,416</u>	<u>192,071</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>192,071</u>	<u>180,655</u>	<u>11,416</u>	<u>192,071</u>	<u>-</u>
Revenues and Other Sources Over Other Uses	<u>\$ -</u>	<u>\$ (287,913)</u>	287,913	<u>\$ -</u>	<u>\$ -</u>
Fund Balance					
Fund Balances, beginning			<u>(287,913)</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, 2020

	<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					
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, 2020

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues:			
Charges for services:			
Water Charges	\$	\$ 561,916	\$
Sewer Charges		822,918	
Late Fees		31,272	
Structure Fees		17,322	
Taps and Connection Fees		22,415	
Impact Fees		2,500	
Service and Transfer Charges		6,428	
Miscellaneous		3,695	
Total	<u>1,536,947</u>	<u>1,468,466</u>	<u>(68,481)</u>
Nonoperating Revenues			
Interest Earned on Investment		13,818	
Total	<u>10,000</u>	<u>13,818</u>	<u>3,818</u>
Total revenues	<u>1,546,947</u>	<u>1,482,284</u>	<u>(64,663)</u>
Expenditures:			
Water:			
Salaries		133,811	
Employee Benefits		59,002	
Professional Fees		4,613	
Other Operating Expenses		164,279	
Repairs		34,422	
Contracted Service		4,133	
Total Water	<u>839,040</u>	<u>400,260</u>	<u>438,780</u>
Wastewater:			
Salaries		170,023	
Employee Benefits		62,819	
Professional Fees		2,360	
Other Operating Expenses		247,285	
Repairs		81,729	
Contracted Service		15,068	
Total Sewer	<u>634,255</u>	<u>579,284</u>	<u>54,971</u>
Total General Expenses	<u>1,473,295</u>	<u>979,544</u>	<u>493,751</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, 2020

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Debt service:			
Interest and fees		11,857	
Principal retirement		22,714	
Total debt service	<u>34,572</u>	<u>34,571</u>	<u>1</u>
Capital outlay:			
Land & Equipment		146,102	
Total capital outlay	<u>148,722</u>	<u>146,102</u>	<u>2,620</u>
Total expenditures	<u>1,656,589</u>	<u>1,160,217</u>	<u>496,372</u>
Capital Contributions	-	100,978	100,978
Other financing sources (uses):			
Transfers to Capital Project	-	-	-
Fund Balance Appropriated	<u>109,642</u>	<u>-</u>	<u>(109,642)</u>
Total other financing sources (uses)	<u>109,642</u>	<u>-</u>	<u>(109,642)</u>
Revenues and other sources over expenditures and other uses	\$ <u>-</u>	\$ <u>423,045</u>	\$ <u>423,045</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Revenues over expenditures		\$ <u>423,045</u>	
Reconciling items:			
Principal retirement		22,714	
Capital outlay		146,102	
Increase(Decrease) in Inventory		(2,359)	
Increase/(Decrease) in deferred outflows of resources-pensions		(9,701)	
(Increase)Decrease in accrued vacation		(4,655)	
(Increase)/Decrease in net pension liability		(15,758)	
(Increase)/Decrease in deferred inflows of resources-pensions		540	
Depreciation		<u>(158,849)</u>	
Total reconciling items		<u>(21,966)</u>	
Change in Net Position		\$ <u>401,079</u>	

Town of White Lake, North Carolina
Individual Metering Project Capital Project
Schedule of Revenues and Expenditures
Budget and Actual (Non - GAAP)
From Inception and for the Fiscal Year Ended June 30, 2020

	2020				Variance Positive (Negative)
	Project Authorization	Prior Year	Actual	Project Totals	
Revenues:					
Meter Revenue	\$ 37,024	\$ 69,952	\$ -	\$ 69,952	\$ (32,928)
Interest Earned	-	-	-	-	-
Total	<u>37,024</u>	<u>69,952</u>	<u>-</u>	<u>69,952</u>	<u>32,928</u>
Expenditures:					
Construction Project					
Construction	456,882	464,904	-	464,904	(8,022)
Total Expenditures	<u>456,882</u>	<u>464,904</u>	<u>-</u>	<u>464,904</u>	<u>(8,022)</u>
Other Financing Sources (Uses)					
From Water Fund	419,858	429,294	-	429,294	9,436
Total Transfers	<u>419,858</u>	<u>429,294</u>	<u>-</u>	<u>429,294</u>	<u>9,436</u>
Revenues Over(Under) Expenditures	\$ <u>-</u>	\$ <u>34,342</u>	\$ <u>-</u>	\$ <u>34,342</u>	\$ <u>34,342</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, 2020

	2020				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					
Other	-	-	-	-	-
Construction	<u>2,037,546</u>	<u>30,000</u>	<u>207,168</u>	<u>237,168</u>	<u>1,800,378</u>
Total Expenditures	<u>2,037,546</u>	<u>30,000</u>	<u>207,168</u>	<u>237,168</u>	<u>1,800,378</u>
Other Financing Sources (Uses)					
State Reserve Loan Proceeds	<u>2,037,546</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,037,546)</u>
Total Transfers	<u>2,037,546</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,037,546)</u>
Revenues Over(Under) Expenditures	<u>\$ -</u>	<u>\$ (30,000)</u>	<u>\$ (207,168)</u>	<u>\$ (237,168)</u>	<u>\$ (237,168)</u>

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, 2020

<u>Fiscal Year</u>	<u>Uncollected Balance July 1, 2019</u>	<u>Additions</u>	<u>Collections And Credits</u>	<u>Uncollected Balance June 30, 2020</u>
2019 - 2020	\$	\$ 774,197	\$ 753,376	\$ 20,821
2018 - 2019	14,454	26	8,692	5,788
2017 - 2018	10,852	-	7,299	3,553
2016 - 2017	3,698	-	925	2,773
2015 - 2016	3,307	-	829	2,478
2014 - 2015	3,107	-	476	2,631
2013 - 2014	4,110	-	497	3,613
2012 - 2013	3,290	-	440	2,850
2011 - 2012	1,296	-	144	1,152
2010 - 2011	1,506	-	147	1,359
2009 - 2010	1,752	-	1,752	-
	<u>\$ 47,372</u>	<u>\$ 774,223</u>	<u>\$ 774,577</u>	<u>\$ 47,018</u>
			Less Allowance for Doubtful Accounts	(15,000)
				<u>\$ 32,018</u>
<u>Reconciliation with revenues:</u>				
	Ad valorem taxes - General Fund			\$ 778,848
	Reconciling items:			
	Interest collected			(8,532)
	Releases			4,261
	Subtotal			<u>(4,271)</u>
	Total collections and credits			<u>\$ 774,577</u>

Town of White Lake, North Carolina
Analysis of Current Tax Levy
Town - Wide Levy
For the Fiscal Year Ended June 30, 2020

	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	\$ 277,568,571	\$ 0.28	\$ 777,192	\$ 745,385	\$ 31,807
Penalties			1,891	1,891	-
Total	277,568,571		779,083	747,276	31,807
Discoveries:					
Current year taxes	482,143	0.28	1,350	1,350	-
Penalties			-	-	-
Total	482,143		1,350	1,350	-
Releases	(2,227,143)	0.28	(6,236)	(6,236)	-
Total property valuation	\$ <u>275,823,571</u>				
Net levy			774,197	742,390	31,807
Uncollected taxes at June 30, 2020			20,821	20,821	-
Current year's taxes collected			\$ <u>753,376</u>	\$ <u>721,569</u>	\$ <u>31,807</u>
Current levy collection percentage			<u>97.24%</u>	<u>97.11%</u>	<u>100.00%</u>

COMPLIANCE SECTION



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

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

Independent 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, 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, 2020, 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 May 26, 2021.

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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of White Lake's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

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

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses, that we consider to be material weaknesses, 2020-001.

Compliance and Other Matters

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

Town of White Lake's Response to Findings

The Town of White Lake's response to the findings identified in our audit are described in the accompanying schedule of findings and responses. 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

White Lake, North Carolina

May 26, 2021

Town of White Lake, North Carolina
Schedule of Findings and Responses
For the Fiscal Year Ended June 30, 2020

Section I. Summary of Auditors' Results

Financial Statements

Type of auditors' 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? yes X none reported

- Noncompliance material to financial statements noted? yes X no

Town of White Lake, North Carolina
Schedule of Findings and Responses
For the Fiscal Year Ended June 30, 2020

Section II – Financial Statement Findings

MATERIAL WEAKNESS

Finding:

2020 - 001 Restatement of previously issued financial statements to reflect the correction of a material misstatement.

Criteria: Governmental type activities beginning net position was decreased by \$408,513 and the business type activities beginning net position was decreased for \$78,466.

Condition: Items on the depreciation schedule were not marked as items to be depreciated.

Effect: Assets were overstated.

Cause: The Town did not have items identified in the asset management software as depreciable items. The system was not calculating depreciation on those assets.

Recommendation: All capital assets should be identified as depreciable once it is determined depreciation can start.

Views of responsible officials and planned corrective actions: The Town agrees with this finding and will create such controls.



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Corrective Action Plan
For the Fiscal Year Ended June 30, 2020

Section II – Financial Statement Findings

Finding 2020 – 001 Name of contact person: H. Goldston Womble, Jr. Mayor

Corrective Action: Town personnel review items on the depreciation schedule to determine correct annual depreciation amount.

Proposed Completion Date: Certain controls have been established. Management will continue to monitor the progress of this issue and modify the controls as needed.